

Exploration Licence
EL18/2013

Year 2 Annual Report

February 2016-2017

NORTH SCOTTSDALE RESOURCES PTY LTD

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ABSTRACT

EL18/2013 is a 12 km² Category 3 licence located adjacent to Boobyalla Beach and the Cape Portland Road, on the “Rushy Lagoon” property.

The EL is held by North Scottsdale Resources Pty Ltd and was issued on 13th February 2015.

The exploration program seeks to determine the extent of the sand resource and the viability of the resource for construction purposes.

The exploration program for the second year included the anticipated commencement of drilling by KMR Drilling, using an Aircore rig. This work has not yet commenced due to other commitments by the drilling company. Alternative drilling companies, both in Tasmania and in Victoria, were contacted to seek their proposals for the drilling work however no agreement has been reached re the undertaking of the work.

The exploration has identified a high quality sand deposit ideally suited to construction purposes.

INTRODUCTION AND TENEMENT DETAILS

The exploration licensee has identified a high quality sand deposit on the mobile dune system to the east of Boobyalla Beach on the “Rushy Lagoon” property. The sand is expected to supplement existing sand deposits held under mining lease by a related party from 25/30 years to 45/50 years.

Licensee: North Scottsdale Resources Pty Ltd

Exploration Licence Number: EL18/2013

Location: Boobyalla Beach, “Rushy Lagoon”.

Reporting period: 13/2/2016 to 13/2/2017

REVIEW OF PREVIOUS WORK

The licensee has no knowledge of any previous exploration work undertaken on the sand resource.

North Scottsdale Resources Pty Ltd was established with the aim of determining the economic viability of the sand resource for local and interstate use.

EXPLORATION COMPLETED

Desk top studies of historic aerial photography have been undertaken to determine the geographical extent of the resource and to provide the basis for the preparation of an exploration drilling program to determine the estimated volume of the sand resource and to provide additional sampling for detailed analysis.

Field survey work undertaken over the past year has determined that the anticipated large sand resource at the north east portion of the exploration area is in fact a relatively thin sheet of sand lying over the hilly natural terrain. The sand resource in this portion of the exploration area is now estimated to be approximately one million tonnes. Further exploratory work is now required prior to engaging the drill crew.

DISCUSSION OF RESULTS

From the desk top study and the field surface sampling the deposit appears to hold a great deal of potential for construction purposes.

Rushy Lagoon – Sand Grading

Sieve Size (mm)	NSR1
4.75	100%
2.360	100%
1.180	100%
0.600	99%
0.425	92.5%
0.300	56%
0.150	2%
0.075	0.1%

CONCLUSIONS

Work during the reporting period has indicated that the existing sand resource is ideally suited to construction work, specifically for the manufacture of concrete.

Field work has determined that the sand resource at the north east portion of the exploration area is significantly less than originally anticipated. Further field work, including the drilling program, is required to determine the full extent of the sand resource across the exploration area.

ENVIRONMENTAL ACTIVITIES

No field work was undertaken in the reporting period that would represent any threat to the environment.

Field work over the next reporting period will be limited to a drilling program that will take place over previously disturbed ground so it is not contemplated that there will be any adverse environmental impact.

EXPENDITURE

The total annual expenditure on EL18/2013 up to 13th February 2017 was \$2,000 as follows;

Site assessment and sample collection	\$1,500
Administration *	\$500
<u>TOTAL:</u>	<u>\$2,000</u>

* it is acknowledged that the administration costs for the year should not exceed 10% of the annual expenditure however the unavailability of the drill crew meant that exploration costs were lower than programmed.

Appendix 1

Location Map

