

MINERAL HOLDINGS AUSTRALIA PTY LTD

**EXPLORATION LICENCE EL12/2008
REDPA**

**FINAL REPORT ON EXPLORATION
FEBRUARY 2017**

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ABSTRACT

EL12/2008 was applied for on 17 January 2008 and granted to Mineral Holdings Australia Pty Ltd on 23 February 2009 for a period of 5 years, over an area of 200km² in north-west Tasmania. The Licence covered Category 5 Industrial Minerals and Semi-Precious Gemstones.

The Licence, along with EL13/2008 and EL14/2008, was applied to cover potential resources of dolomite, dolomitic limestone and especially limestone in the Smithton Dolomite and the underlying Black River Dolomite within the Smithton Basin of north-western Tasmania. Of particular interest was the possibility of high-grade limestone lenses occurring near the top of the dolomite sequence.

Although the potential extent of the dolomite/limestone horizon is very extensive, the carbonate rocks are generally eroded down to the water table and only occur in large, flat areas with a thin, black soil cover. Detailed mapping and traversing failed to locate any new outcrop areas and thorough evaluation would involve extensive RAB drill hole traversing. The potential for high-grade limestone near the top of the sequence was also downgraded after detailed drilling and costeaning of the limestone horizon at Montagu (EL15/2005) showed the limestone was finely interbedded with shale bands.

As a result, 164km² of the Licence area was relinquished in February 2013 and a small area of 36km², covering possible extensions of the Tertiary limestone within RL9/1997, was retained to allow further evaluation of that resource. A further 10km² in the south of the Licence was relinquished at the last renewal in 2016. The remaining area of the licence is 26km².

Mapping around the basalt margin failed to locate any outcrops of limestone extending out from under the basalt as in RL9/1997, but detailed sections from previous drilling indicate a possible large area of limestone under the northern edge of the basalt. Four drill holes were planned to see whether the limestone extended below the alluvial cover, to test the northern extent of the limestone under the basalt and to determine if the basalt is sufficiently competent to allow mining beneath it.

These holes were to have been drilled in the 2015-16 season but local farmers have refused access for the proposed drilling program and the road verge has proved too narrow to allow drilling along the roadside. MHA now believes the limestone will be hard and consolidated only where basalt overlies the Tertiary lime sand. It is likely that if any lime sand occurred below the soil cover it would most likely to have been unconsolidated and very likely completely eroded. In view of the poor likelihood of significant limestone resources under the soil cover and landholder intransigence, MHA has decided to relinquish title to EL12/2008.

1.0 INTRODUCTION

EL12/2008 was applied for on 17 January 2008 and granted to Mineral Holdings Australia Pty Ltd (MHA) on 23 February 2009 for a period of 5 years, over an area of 200km² in north-west Tasmania. The Licence covered Category 5 Industrial Minerals and Semi-Precious Gemstones.

The Licence, along with EL13/2008 and EL14/2008, was applied to cover potential resources of dolomite, dolomitic limestone and especially limestone in the Smithton Dolomite and the underlying Black River Dolomite within the Smithton Basin of North-western Tasmania. Of particular interest was the possibility of high-grade limestone lenses occurring near the top of the dolomite sequence.

Although the potential extent of the dolomite/limestone horizon is very extensive the carbonate rocks are generally eroded down to the water table and only occur in large flat areas with a thin black soil cover. Detailed mapping and traversing failed to locate any new outcrop areas and thorough evaluation would involve extensive RAB drill hole traversing. The potential for high-grade limestone near the top of the sequence was also downgraded after detailed drilling and costeaming of the limestone horizon at Montagu (EL15/2005) showed the limestone was finely interbedded with shale bands.

As a result 164km² of the Licence area was relinquished in February 2013 and a small area of 36km², covering possible extensions of the Tertiary limestone within RL9/1997, was retained to allow further evaluation of that resource. An area of 10km² was relinquished from the south of the licence area at the 2016 renewal as that area was considered unlikely to contain any Tertiary limestone.

Mapping around the basalt margin failed to locate any outcrops of limestone extending out from under the basalt as in RL 9/1997, but detailed sections from previous water bore drilling indicate the possibility of an area of Tertiary limestone under the northern edge of the basalt and possibly extending out under soil cover to the north of the Redpa limestone resource within RL9/1997. Four drill holes were planned to test the possibility of the limestone extending below the alluvial cover, to test the southern extent of the limestone under the basalt and to determine if the basalt is sufficiently competent to allow mining beneath it.

These holes were to have been drilled in the 2015-16 season but local farmers have refused access for the proposed drilling program and the road verge has proved too narrow to allow drilling along the roadside. MHA now believes the limestone will be hard and consolidated only where basalt overlies the Tertiary lime sand. It is likely that if any lime sand occurred below the soil cover it would most likely to have been unconsolidated and very likely completely eroded. In view of the poor likelihood of significant limestone resources under the soil cover and landholder intransigence, MHA has decided to relinquish title to EL12/2008.

2.0 GEOLOGY

The geological sequence within the retained 26km² of the Licence consists of a basement of Proterozoic orthoquartzites of the Rocky Cape Group in the south, overlain unconformably by dolomite and dolomitic limestone of the Smithton dolomite in the area of RL9/1997, and by turbidite rocks and siltstones dipping at about 30 degrees to the north-east.

A hard, dense Tertiary limestone occurs as an essentially flat sheet from 10 to 30 metres thick, lying unconformably on the basement rocks and immediately below an extensive area of Tertiary aged basalt. The heat from the basalt has case hardened the limestone, converting it from a lime sand to a hard dense marble.

3.0 EXPLORATION AND EVALUATION

MHA's original aim was to search for potential limestone horizons in the stratigraphic upper part of the Smithton Dolomite, similar to the three horizons located within EL15/2005 at Montagu. Although the potential extent of the dolomite/limestone horizon is very extensive, the carbonate rocks are generally eroded down to the water table and only occur in large flat areas with a thin black soil cover. Detailed mapping and traversing over the whole of the EL failed to locate any new outcrop areas and thorough evaluation would involve very extensive RAB drill hole traversing. The potential for high-grade limestone near the top of the sequence was also downgraded after detailed drilling and costeaming of the limestone horizon at Montagu (EL15/2005) showed the limestone was finely interbedded with shale bands and would be completely unsalable.

The Precambrian/Cambrian limestone was therefore no longer a valid target and 164km² of the Licence area was relinquished in February 2013, and a further 10km² in 2016. However, high-quality Tertiary limestone within RL9/1997 does extend into EL12/2008, below soil and basalt cover, and an area of 26km² was retained to allow further exploration and evaluation of the Tertiary limestone.

The Tertiary limestone outcrops south-east of the basalt at Redpa in RL9/1997 and is reported in water bores along the north-eastern margin of the basalt. Sections of the possible extent of the Tertiary limestone within EL12/2008 are shown in Figures 1, 2 and 3 and a plan of the possible extent of the limestone is shown in Figure 4.

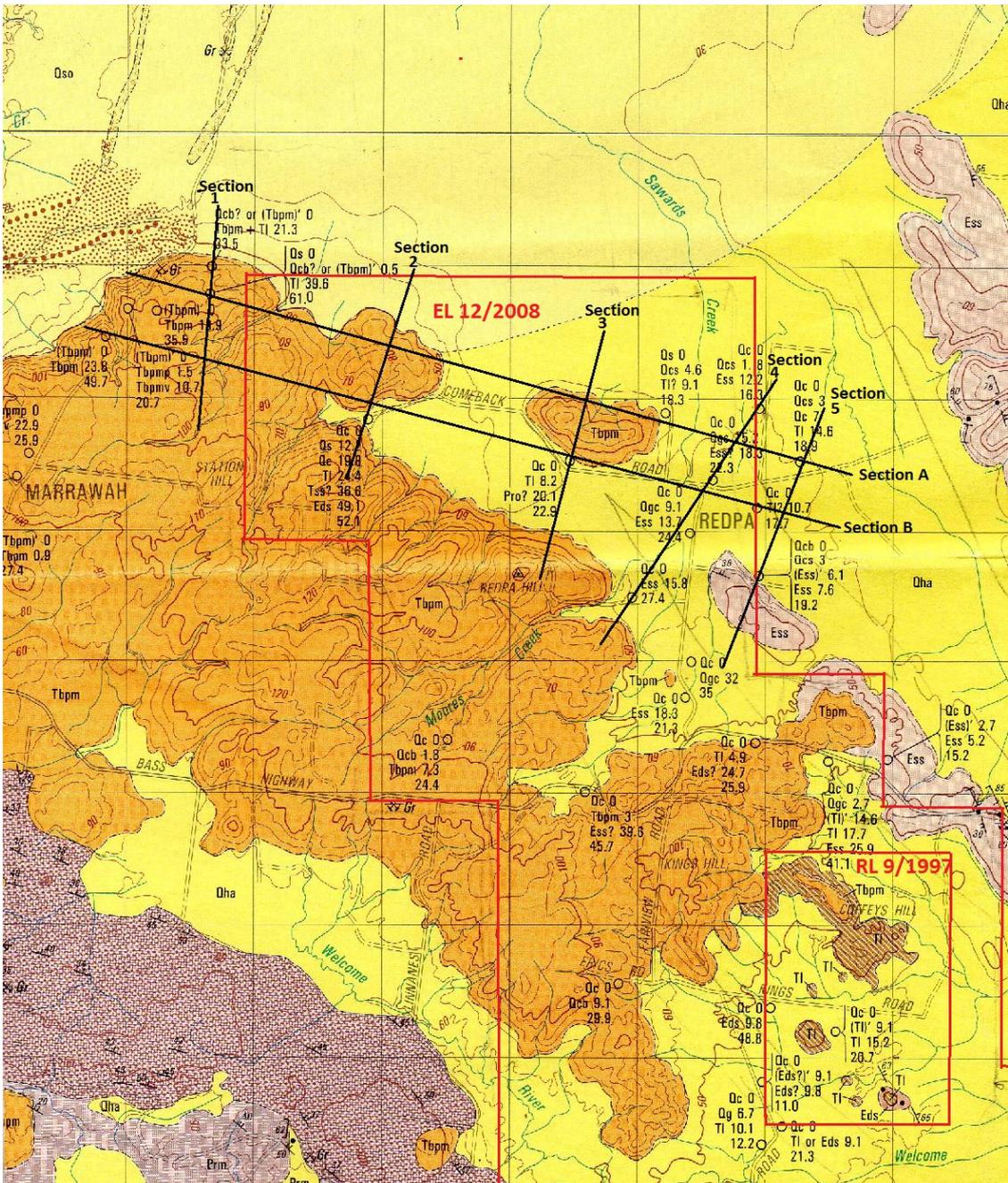


Figure 1: Location of cross sections in the northern section of EL12/2008

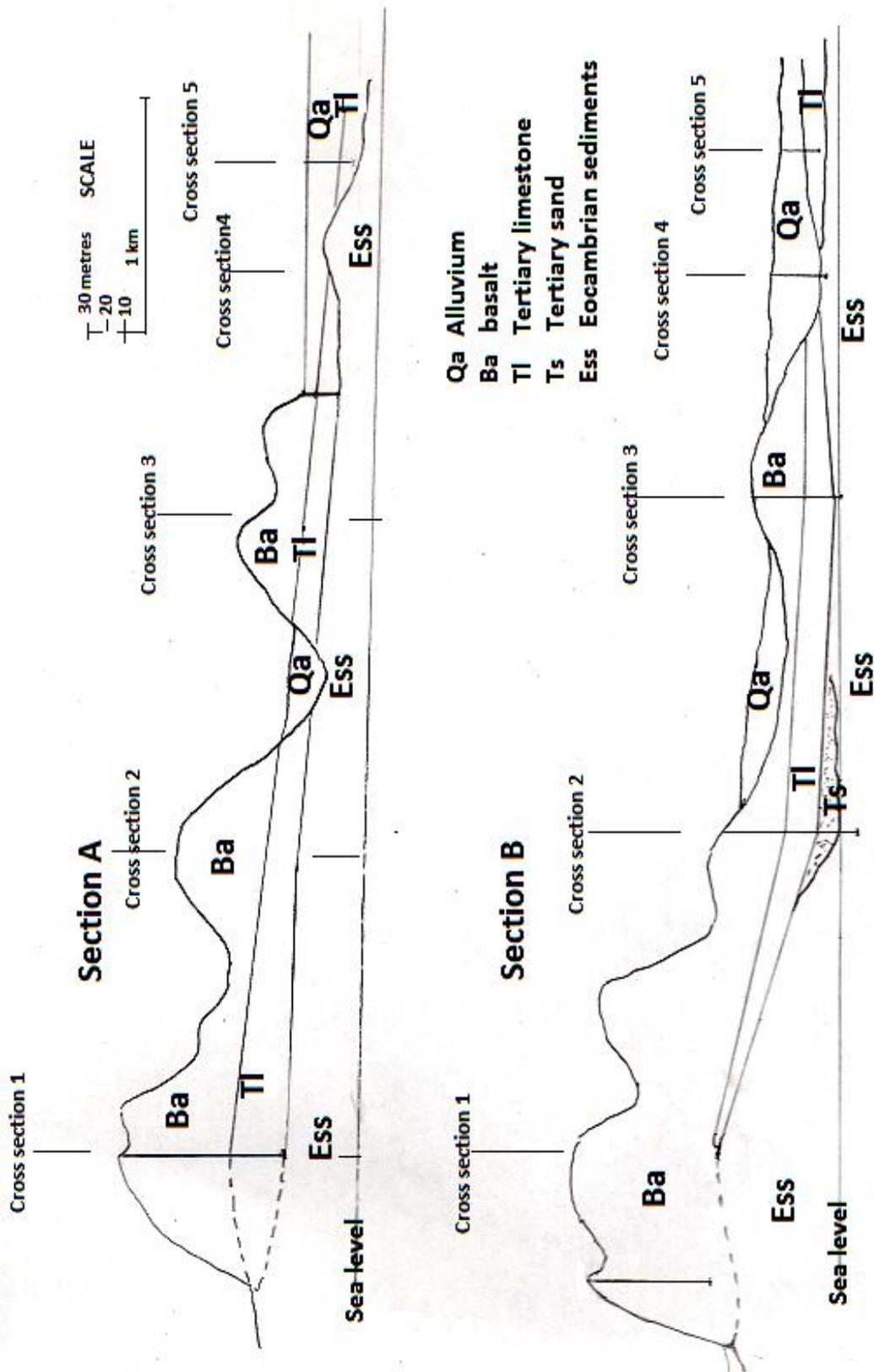


Figure 2: East-west cross sections limestone in northern section of EL12/2008

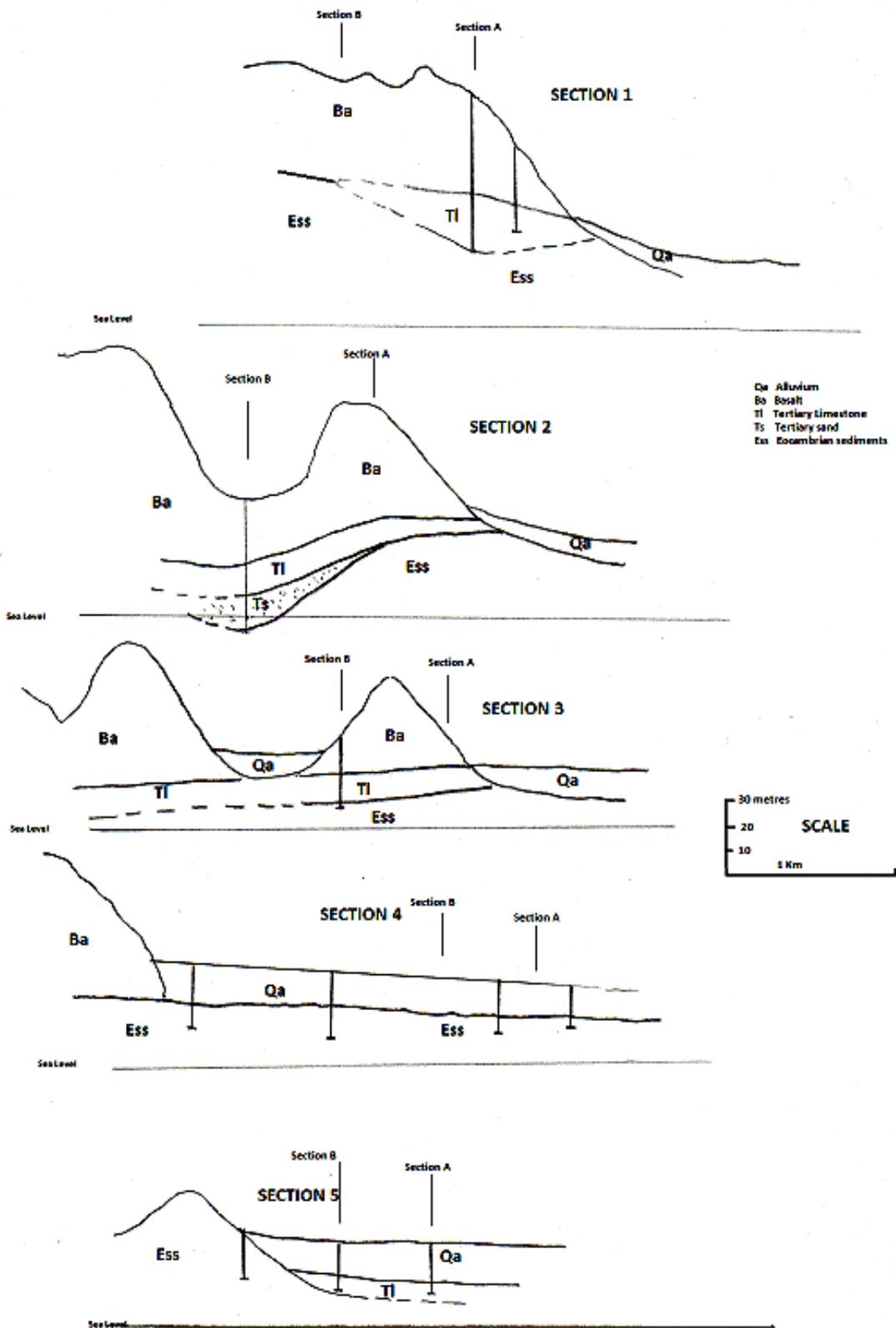


Figure 3: North-south cross sections of EL12/2008

MHA intended to test the area between Comeback Road and the basalt margin immediately west of the town of Redpa in the belief the basalt could have extended across this area to the outcrop of the basalt at the Rock of Ages. A program of 5 x 30 metre drill holes was proposed to test this area. These holes were to have been drilled in the 2016 season but local farmers have refused access for the proposed drilling program and the road verge has proved too narrow to allow drilling along the roadside.

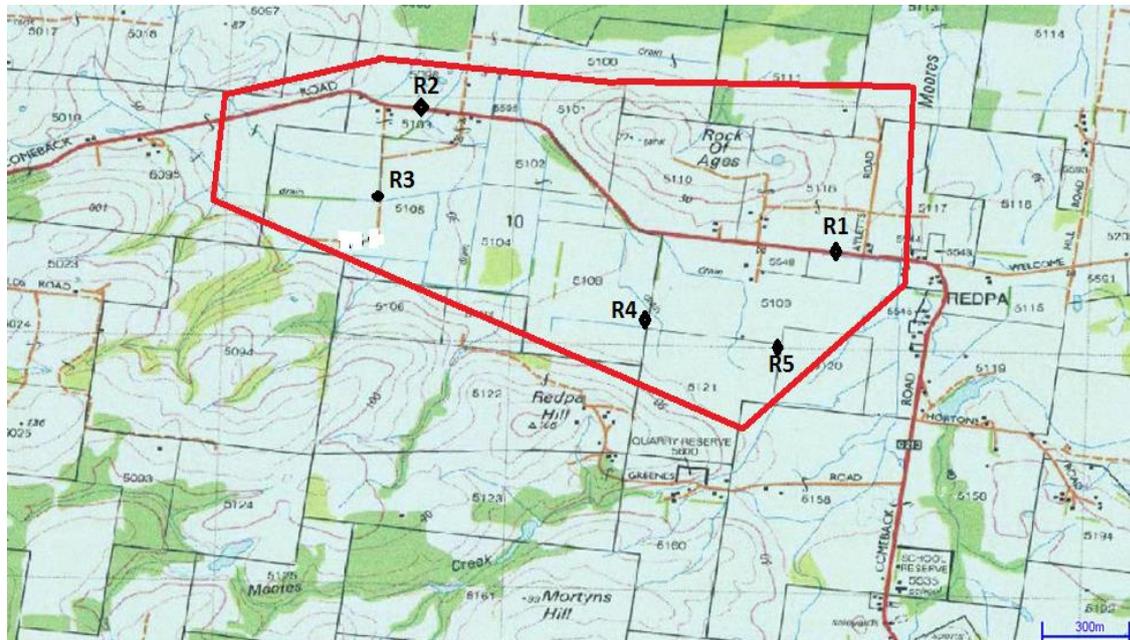


Figure 5: Proposed Drill Hole Locations - EL12/2008 – Redpa

Hard, dense limestone recorded in the existing water bores only occurs under or immediately adjacent to the basalt outcrop. It is quite possible the Tertiary limestone under soil cover between the main basalt outcrop and the basalt outlier at the Rock of Ages could have remained unconsolidated and could have been eroded away.

MHA has title to a resource of some 6 million tonnes of limestone within RL9/1997 and in view of the difficulty with landowners in the area it has been decided to not carry out the drill program and to relinquish title to EL12/2008.

4.0 ENVIRONMENT

All work on EL12/2008 has consisted of foot and vehicle traversing and no environmental disturbance has been caused.

5.0 REFERENCES

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6.0 KEYWORDS

Smithton Dolomite, Black River Dolomite, Redpa, Tertiary Limestone, Dolomite resources.

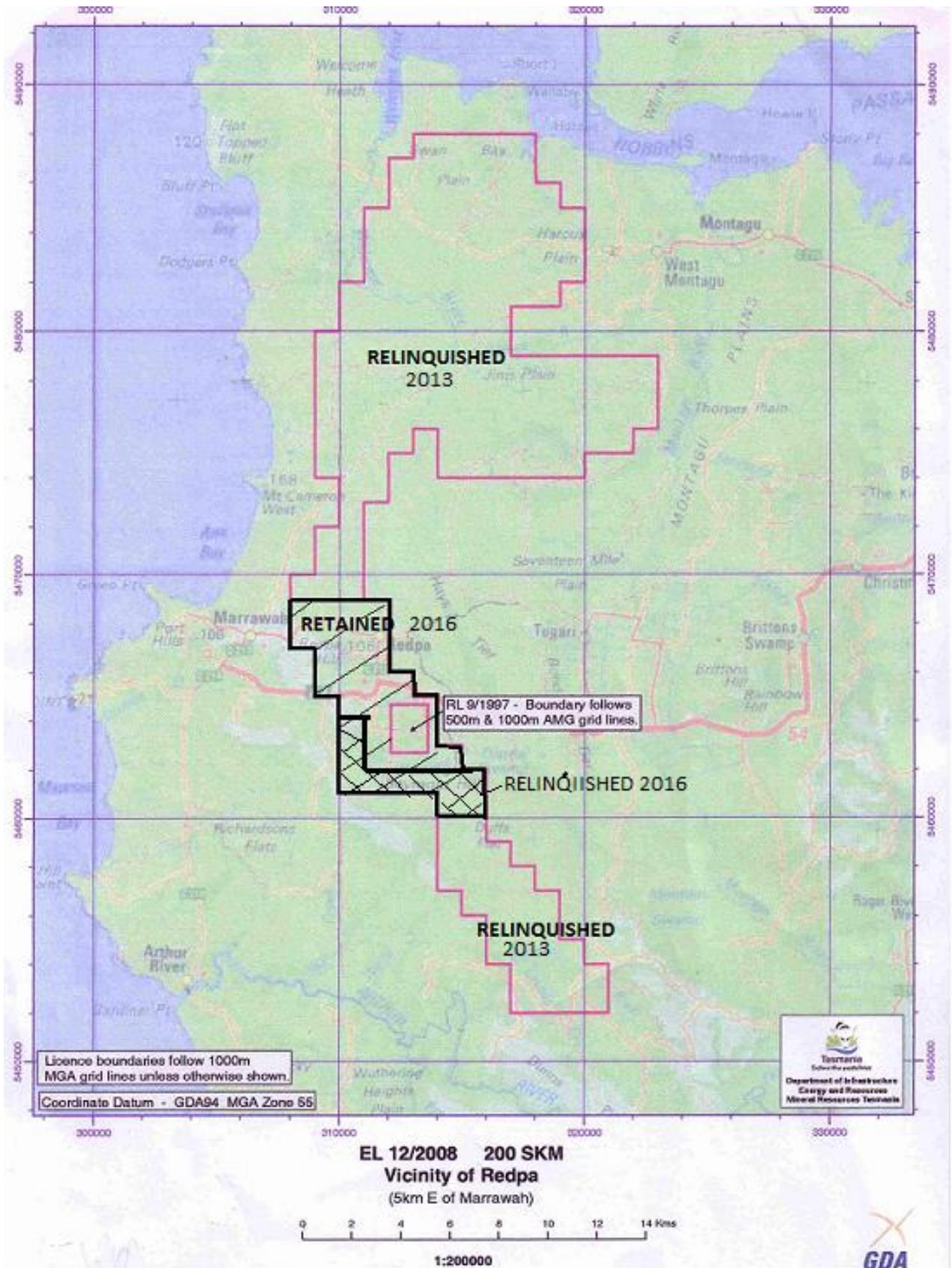


Figure 6: EL12/2008 Redpa Location Diagram (showing areas relinquished and retained to February 2017)