

Exploration Licence
EL21/2013

Year 3 Annual Report

September 2016 - 2017

NORTH SCOTTSDALE RESOURCES PTY LTD

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ABSTRACT

EL21/2013 is a 4 km² Category 3 and 5 licence located at Barnbougale Road approximately 10km south east of Bridport. The EL is held by North Scottsdale Resources Pty Ltd and was issued on 15th September 2014.

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

It was initially intended that the exploration program in the second year would include a drilling program, however further site investigation led to the decision to forgo the drilling program in favour of further exploration via the excavation of a series of test holes across the site. This work was completed in September 2016 the collected sand samples have now been analysed.

INTRODUCTION AND TENEMENT DETAILS

The exploration licensee has identified a high quality, diverse, sand deposit to the south east of Bridport on the north coast Tasmania. 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: EL21/2013

Location: Barnbougale Road, Bridport

Reporting period: 15/9/2016 to 14/9/2017

REVIEW OF PREVIOUS WORK

The deposit was first identified by Mr Reg Huett in 2012. It is understood that Mr Huett undertook some drilling on the deposit however no records of that work are currently available.

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

In the third year of the Exploration Licence it was determined to forgo the original plan to undertake an additional drilling program to complete the laboratory testing – both grading and more importantly chemical analysis as well as further desk top analysis and value adding prospects of the sand.

The chemical analysis was undertaken at the Boral NATA laboratory in Sydney. The results have thrown up more questions and answers. There is an inconsistency within the chemical results which we are examining with specialist sand experts.

It has been determined that the finer fractions of the sand have a commercial value. However, due to the curtailment of coal seam gas exploration and installation the bulk of the market needs further study.

With the inconsistencies from the shallow pit analysis it has been determined that only a deep drilling program will give a better determination of the value of the sand.

DISCUSSION OF RESULTS

As noted above the results have shown inconsistencies across the deposit that we believe will only be run down with a deep drilling program.

CONCLUSIONS

Work during the reporting period has shown that the existing sand resource has a number of potential commercial uses.

A drilling program will now be developed based on the knowledge acquired from the test hole program so that the depth of the resource can be properly determined. The drilling program will also provide sufficient sampling to allow more detailed analysis of the resource.

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.

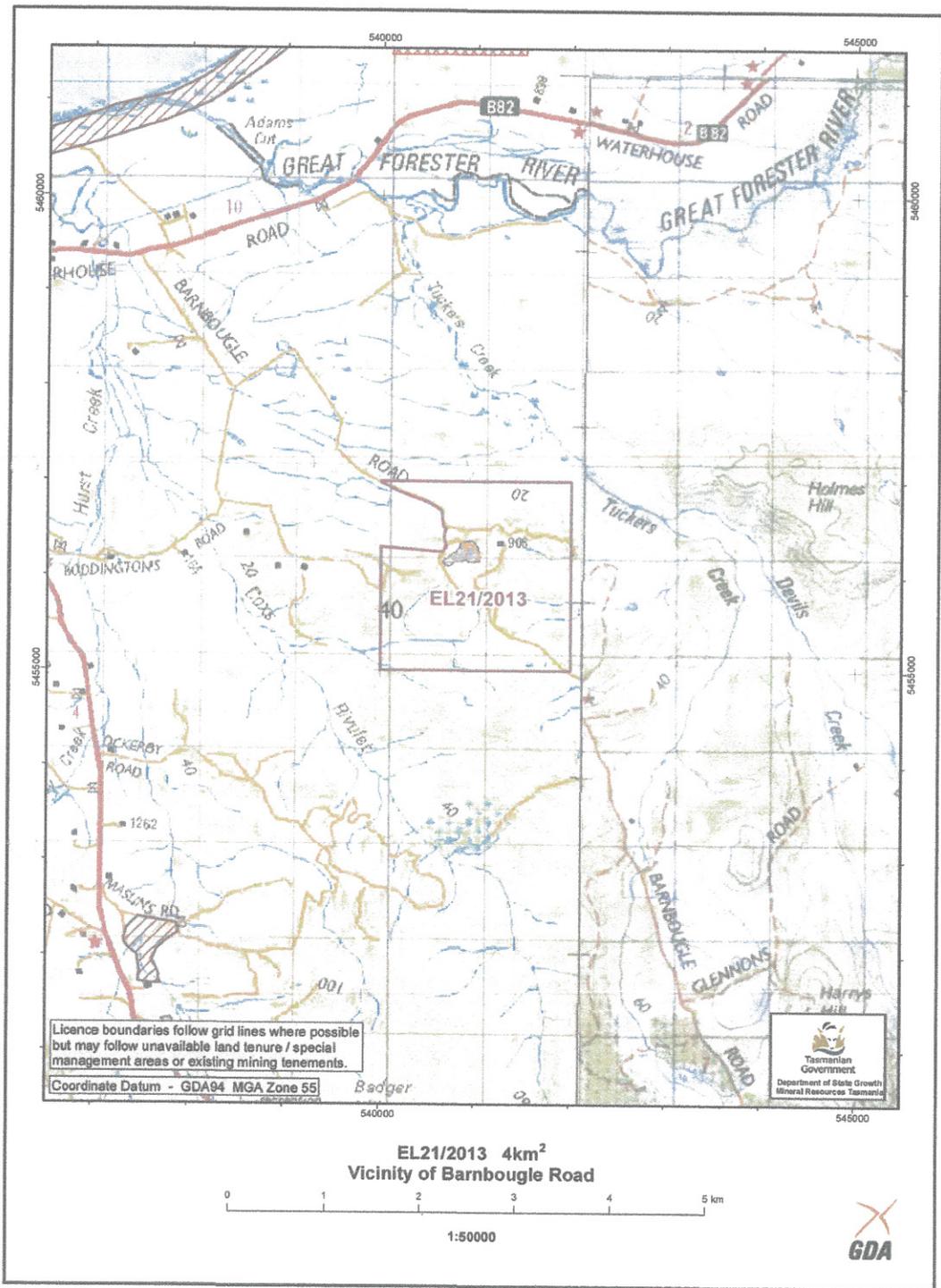
EXPENDITURE

Total expenditure on EL21/2013 up to 5th September 2017 was \$14,200 as follows;

Preparation of Exploration Programs based on sample analysis.	\$2,500
Project Management	\$3,700
Reporting and Administration	\$1,800
Sample testing and analysis	\$6,200
<u>TOTAL:</u>	<u>\$14,200</u>

Annexure 1

Location Map



Annexure 2

Tasmanian Test Result Comparisons

TASMANIA TEST RESULT COMPARISONS									
TEST TYPE	Lost Farm Dune	Lost Farm Dune	Rushy Dune	Silica Deposit NSR #1	Silica Deposit NSR#2	Silica Deposit NCR#2A	Sark Wood Dune	Kermell Dune	21-Jul-16 Miscoy's web site
Grainings	100%	100%	100%	100%	100%	100%	100%	100%	100%
% Passing	4.750	3.500	2.350	1.180	0.600	0.425	0.300	0.150	0.075
	100%	100%	100%	100%	100%	100%	100%	100%	100%
	100%	100%	100%	100%	100%	100%	100%	100%	100%
	96%	81%	58%	59%	51%	65%	89%	96-100%	100%
	82%	64%	59%	41%	43%	43%	66%	45-65%	55%
	5%	2%	2%	44%	17%	22%	1%	0-2%	1%
	1%	0.1%	0.1%	2%	1%	1%	0%	0%	0%
Mix finer 75micron%									
Comments						Organics - fail			
washed ASI143.11.1									
Test Results									
Chloride as Cl (%)	0.002	0.005	0.005	0.001	0.001	0.001			
Sulphate as SO3 (%)	0.02	0.05	0.05	0.02	0.02	0.01			
Chemical Test Results									
				SESL	Boral				clean fine to med quartz sand
Silicon SiO2 (%)	90.61	85.88	98.4	98.4	98.4	91.75			98.99
Alum as Al2O3 (%)	2.34	3.97	0.09	0.36	0.36	<0.01			0.49
Iron as Fe2O3 (%)	0.47	0.21	0.95	0.72	0.72	0.04			0.14
Calcium Ox (%)	1.75	4.38	0.02	0.45	0.45	0.93			0.02
Magnesium MgO (%)	0.5	0.1	X	0.03	0.03	<0.01			<0.01
Sodium Na2O (%)	1.05	2.54	X	0.15	0.15	2.29			0.14
Potassium K2O (%)	1.1	2.19	0.01	0.03	0.03	0.26			0.14
Sulphur SO3 (%)	0.24	0.28	0.01	<0.01	<0.01	0.01			0.17
Manganese Mn2O3 (%)	0.01	<0.01	0.02	0.02	0.02	0.16			0.0006
Titanium TiO2 (%)	0.24	0.06	0.29	0.24	0.24	0.01			0.17
Chromium Cr2O3 (%)	<0.01	<0.01	<0.01	<0.01	<0.01	0.01			0.0006
Phosphorus P2O5 (%)	<0.01	0.65	X	0.01	0.01	0.01			0.0006
Strontium SrO (%)	0.02	0.03	0.01	<0.01	<0.01	<0.01			0.18
MnO			0.01	0.01	0.01	sum above			5.75%
Loss of Ignition (%)	1.3	0.15	-0.137	0.2	0.2	3.2			0.18
Avg Roundness						0.69			
Avg Sphericity						0.71			

TEST TYPE	TASMANIA TEST RESULT COMPARISONS										21-Jul-16
	Loft Farmy/METs Dune	Loft Farmy/METs Dune	Rushy/NSR Dune	Silica/NSR Deposit	Silica/NSR Deposit	Silica/NSR Deposit	Silica/NSR Deposit	Salt Wood/NS-orig. Dune	Kurnall web site	Mascot's web site	
% Passing	100%	100%	100%	NSR EL	NSRIZ	NSRIZ	NSRIZ				
4.750	100%	100%	100%	100%	100%	100%	100%				
2.360	100%	100%	100%	100%	100%	100%	100%				
1.180	100%	100%	100%	100%	92%	92%	92%				
0.600	95%	94%	95%	97%	72%	72%	100%				
0.425	81%	82%	89%	97%	51%	51%	89%				
0.300	55%	64%	92.5%	95%	41%	41%	66%				
0.150	3%	5%	56%	84%	33%	33%	23%				
0.075	1%	1%	2%	44%	17%	17%	1%				
Max finer 75micron%				2%	1%	1%	0%				
Comments							Organics - fail				
washed AS11/11.1.1											
Testing	Benedict	Benedict	Benedict/Boral	Boral/SESL	Boral	Boral	Benedict	Benedict			