Seventh Annual Report

on

EL 9/2010 – Deloraine

Reporting Period:	14 September 2016 – 13 September 2017
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1 ABSTRACT

Objective

Exploration Licence EL9/2010 "Deloraine" was applied for by ABx4 Pty Ltd (ABx4) in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics and Jurassic Dolerite, in an area with old peneplained surfaces preserved as plateaus. The goal of the program is to determine the quality and quantity of the bauxite in the area using an RC drill rig mounted on a light Mitsubishi 12 tonne truck.

Methodology

1. Detailed geological mapping, including geomorphological mapping, to define the areas with best potential for bauxite.
2. Systematic sampling of natural outcrops and exposures in road cuts of bauxite profile.
3. Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and other analyses as required in bauxite search.
4. Drill testing of zones with best potential defined by work under 1, 2. and 3, by an RC drill rig mounted on a light truck to get samples representing the whole bauxite profile.
5. Systematic drill testing at close spacings to obtain data for resource estimation in the best target areas defined by programme under 4.

Results

On 21 March 2017, adjacent ABx4-held tenement EL37/2010 "Westbury" was consolidated into EL9/2010 "Deloraine" enlarging its total area to 211 km^2.

A desktop prospectivity review was undertaken to determine areas suitable for relinquishment at the end of the seventh year of tenure. An area totalling 75 km^2 was selected for relinquishment – some area from the original EL9/2010 tenement and some area from the original EL37/2012 tenement – bringing the total EL9/2010 area back down to 136 km^2.

Recommendations for future work

The following exploration activities are planned for EL 9/2010:

- Detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite.
- Systematic sampling of natural outcrops and exposures in road cuts of bauxite profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive silica, loss on ignition and sieving.
- Drill testing of zones with best potential with an RC drill rig mounted on a light six wheel truck to get samples representing the whole bauxite profile.
- Detailed analysis of assay results to determine assaying strategy for future drilling.
- Pit testing of the DL-130 target to test mineability of the deposit.
- Testing new sample processing techniques to improve silica reduction.
- Re-logging of 2015 Drill holes to improve data collection and detail
- New Assays for DL-130 South on current drilling to assay all of bauxite.

2 INTRODUCTION

Exploration Rationale

EL 9/2010 "Deloraine" was applied for in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics and Jurassic Dolerite in an area with old peneplained surfaces preserved as plateaus. The goal of the program was to determine the quality and quantity of the bauxite in the area using an RC drill rig mounted on a light 12 tonne truck.

Geological Setting

The historic work done by H.B. Owen ('Bauxite in Australia', 1954) demonstrated that bauxite in Tasmania can be found in both Jurassic Dolerite and Tertiary Basaltic Volcanics. According to Owen, these bauxite deposits - regardless of parent rock type - are thought to form either as 'grouped remnants of former continuous sheet' or 'formed in lenticular or pod shaped bodies in localised depressions'.

Tenement Information

EL 9/2010 "Deloraine" was granted on and from 14 September 2010 for a period of 5 years to ABx4. The tenement has been renewed for 12 months twice since and now expires on 13 September 2017.

This is the Seventh Annual Report for the reporting period 14 September 2016 - 13 September 2017 incorporating the results of work completed during the seventh year of tenure.

On 21 March 2017, adjacent ABx4-held tenement EL37/2010 "Westbury" was consolidated into EL9/2010 "Deloraine" enlarging the tenement area to 211 km^2. ABx4 applied to reduce the tenement area by 75 lm^2 at the end of the seventh year of tenure, reducing it to 136 km^2.

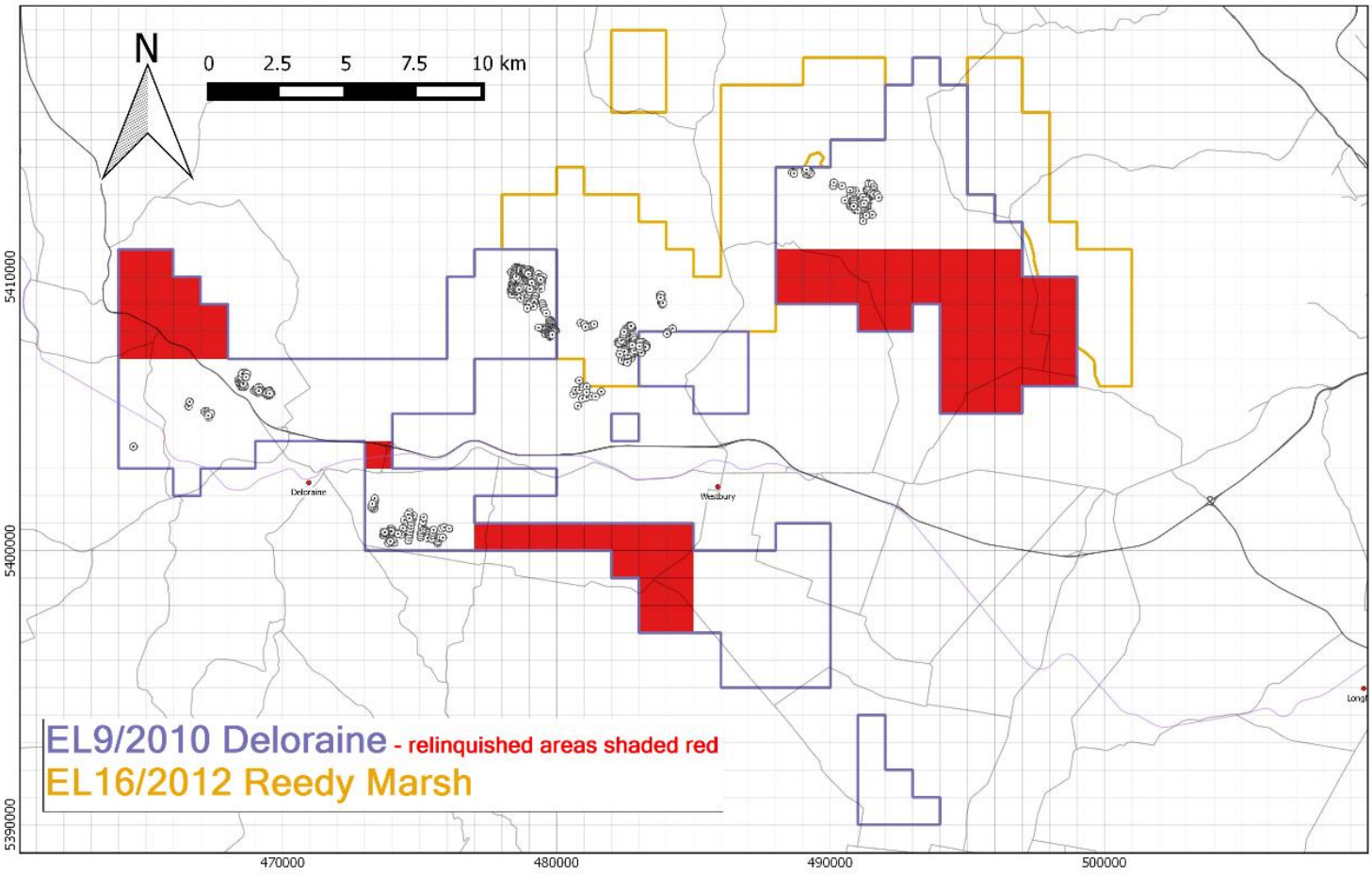
The Mineral Category of EL 9/2010 is 1 – Metallic Minerals and Atomic Substances.

Location

EL 9/2010 is located around the town of Deloraine where there is a rail line which connects all the ports of Tasmania. Ports and rail way lines in Tasmania are generally under capacity and the Deloraine Tenement is only 42km from Devonport. EL 9/2010 is close to the city of Launceston and could offer a wide range of services and skilled work force.

Tenure, including joint venture details and title transfers

EL 9/2010 "Deloraine" is 100% owned by ABx4 which is a wholly-owned subsidiary of Australian Bauxite Limited.



Map 1. Location of EL 9/2010 “Deloraine”. ABx4 drillholes shown as black circles. Datum GDA94 (MGA94 Zone 55).

3 REVIEW OF PREVIOUS WORK

Prior to Current Reporting Period

In the years prior to the current annual reporting period a total of 388 reverse circulation (RC) holes were drilled for a total of 2,921 metres. A total of 2,025 drill hole samples have underwent specialist chemical analysis at ALS Laboratories, Brisbane. 1,432 of these tests involved wet sieving of the drill sample at +0.26mm prior to analysis, with the remaining samples being tested unsieved.

Another 1,062 assays on drilling samples were conducted in-house using a hand-held Niton XRF device.

The majority of holes drilled - and samples assayed - originate from ABx4's "DL-130" (formerly "Blackwood") deposit, including its southern extension “DL-130 South”. The greater DL-130 area has a JORC-compliant inferred resource base of 5.7 million tonnes of bauxite. The DL-130 bauxite is derived from both volcanics and Dolerite.

Additional Drilling was completed in the western part of the Historical Rosevale Target, where minor volcanogenic and doleritic bauxite's were intersected. EL9/2010 is contiguous with EL37/2010 which hosts the majority of the Rosevale bauxite Target.

A great amount of field reconnaissance, geological mapping and surface sampling (for chemical analysis) has been undertaken and has allowed geologists to prioritise targets for drilling and/or other works. Numerous botanical surveys have been undertaken during the term of the exploration licence.

4 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

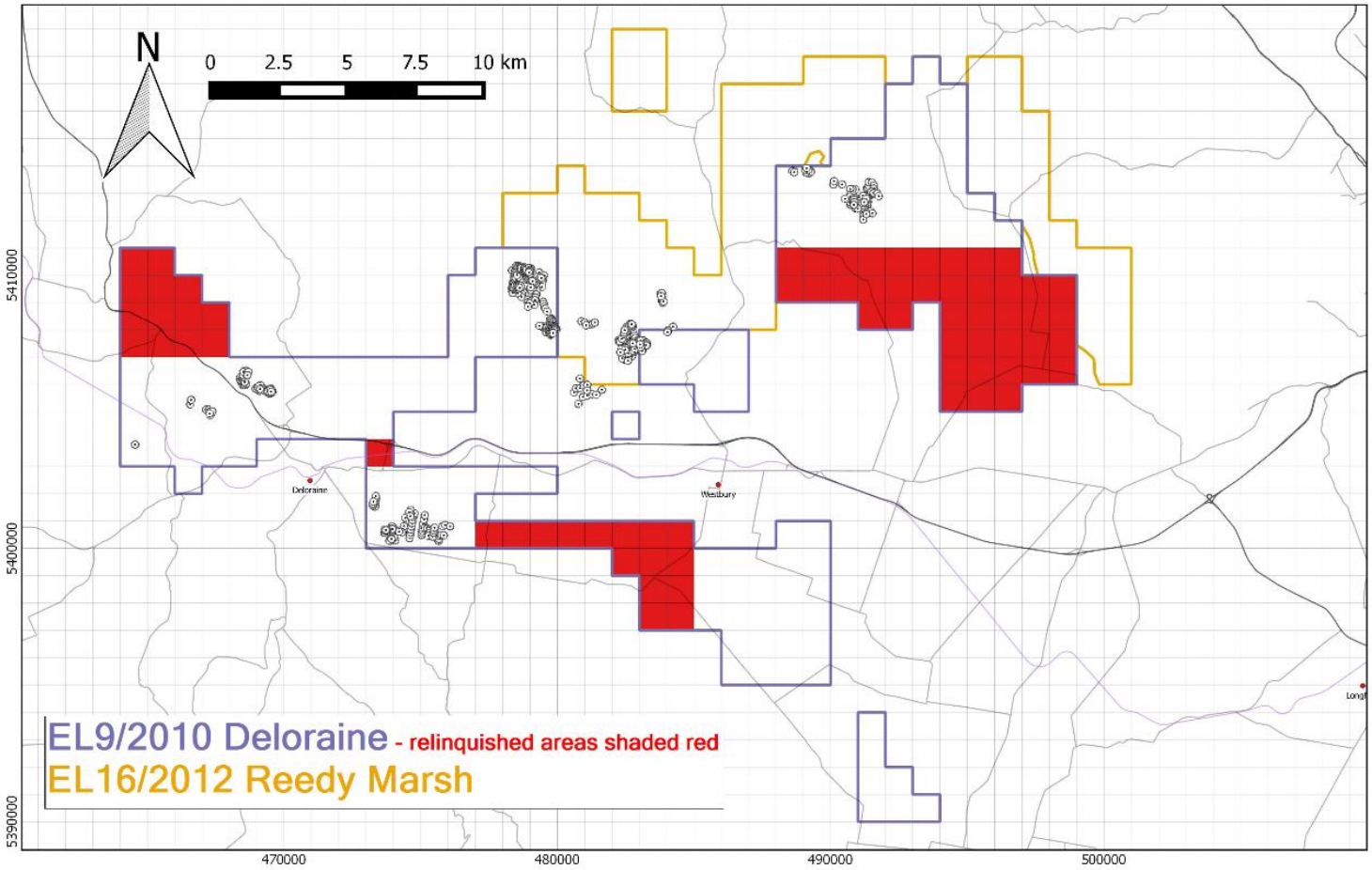
Regional Exploration Activities

Desktop Prospectivity Review

A desktop prospectivity review was undertaken to determine areas suitable for relinquishment at the end of the seventh year of tenure. An area totalling 75 km^2 was selected for relinquishment. The remaining areas were proposed to be retained for a further 12-month renewal period.

One area unit near Deloraine was proposed for relinquishment as it is heavily dissected by highways, railways and main roads (1 km^2) which leaves little land suitable for exploration.

The remaining areas proposed for relinquishment fall within three large land parcels. These areas are largely unexplored and are considered low-priority exploration areas. It is unlikely that focused exploration would have occurred in these areas in the near to mid-term. Only the traversing of public roads in a 4WD vehicle has been undertaken in these areas to date and no observations were recorded.



Map 2. Areas proposed for relinquishment shown in red. ABx4 drillholes shown as black circles. Datum GDA94 (MGA94 Zone 55).

5 DISCUSSION OF RESULTS

A desktop prospectivity review was undertaken to determine areas suitable for relinquishment at the end of the seventh year of tenure. An area totalling 75 km^2 was selected for relinquishment. The remaining areas were proposed to be retained for a further 12-month renewal period.

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6 CONCLUSIONS AND RECOMMENDATIONS

The EL9/2010 remains a highly prospective area for bauxite exploration. Exploration activities are expected to continue within the next annual reporting period.

Recommendations for future work

The following exploration activities are planned for EL 9/2010:

- Detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite.
- Systematic sampling of natural outcrops and exposures in road cuts of bauxite profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive silica, loss on ignition and sieving.
- Drill testing of zones with best potential with an RC drill rig mounted on a light six wheel truck to get samples representing the whole bauxite profile.
- Detailed analysis of assay results to determine assaying strategy for future drilling.
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7 ENVIRONMENT

Surface Disturbing Operations:

No surface disturbance activities were carried out in the current annual reporting period.

Surveys (archaeological, botanical):

No surveys were undertaken within the current annual reporting period.

Rehabilitation

No rehabilitation was required within the current annual reporting period.

8 EXPENDITURE

Table 1. Exploration expenditure for EL9/2010 over the 7th annual reporting period.

EL 9/2010 Deloraine - Expenditure over 7th Year of Tenure		
1. Geoscientific costs		
	Geology	$1,810
	Geochemistry	
	Geophysics	
	Remote sensing	
2. Drilling and Gridding Costs		
	Gridding	
	Drilling	
	Holes/metres	
3. Land Access Costs		
4. Rehabilitation Costs		
5. Feasibility Study Costs		
6. Other Costs		
7. Administration Costs (< 10%)		
8. Total Costs		$1,810

Note: Office Administration was met by parent company – Australian Bauxite Limited.

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