

Exploration licence

EL18/2015

YEAR 2 ANNUAL REPORT

FEBRUARY 2017-2018

NORTH EAST EXCAVATIONS (TAS) Pty Ltd

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19th March 2018

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Abstract:

EL 18/2015 is a 3km² Category 3 licence located on the northern side of Basin Creek road and is approximately 4 kms south of the township of St Helens. The EL is held by North East Excavations (tas) Pty Ltd and was issued on the 2nd day of February 2016.

The exploration program for the first two years of the licence seeks to determine the extent of the rock resource and viability of the resources for road construction and sealing aggregates.

Introduction and Tenement Details:

The exploration licensee currently operates the Diana's Basin quarry which abuts the south-eastern corner of the licence area.

The licensee seeks to ensure a continuous supply of high skid resistance aggregate (PSV) to the Tasmanian market into the future to satisfy the annual requirements of Department of State Growth.

Licensee: North East Excavations (tas) Pty Ltd

Exploration Licence Number: EL 18/2015

Location: Basin Creek Road St Helens

Reporting Period: 2/2/2017 to 1/2/2018

Review of Previous Work:

The licensee has no knowledge of any previous exploration work being undertaken within the licence area.

The adjoining Diana's Basin Quarry exploits a Devonian aged quartzite derived from sedimentary successions of the extensive Mathinna Group, as indicated by the MRT 1:25,000 scale geology map. The rock is used as a source road construction materials and sealing aggregate. The quarry is currently G6 compliant and compliant with VicRoads specifications. The quarry has supplied materials to various Department of State Growth (DSG) road construction and reconstruction project in recent years.

The quarry was inspected by VicRoads in June 2016 and sampling and testing was undertaken on behalf of the DSG in accordance with VicRoads Code of practice 500.00 Source Rock Investigation. Representative aggregates samples were collected and tested for Los Angeles Value and Polished Stone value with the following results

Assigned Los Angeles value: 13
Assigned Polished Stone Value: 57

This quarry being a PSV 57, NEE is able to supply DIER with *High Skid Resistant* PSV rock, there are only a couple of quarries in Tasmania able to supply the 57 PSV, with NEE being the only quarry on the east coast of Tasmania..

Please Note: We are currently the major supplier of aggregate to the Downer Group Asphalt plant in Hobart, Downer is completing major works with the Hobart city council and state growth with our high PSV aggregate

The next VicRoads accreditation inspection and testing is proposed for Early April 2018.

Exploration Completed:

Exploration in the second year was limited to continue walking of the ground to check the extent of the license area.

Early December 2017 we had a site visit from David Gatehouse- (Environmental Officer Mineral Resources Tasmania), to help mark out and plot proposed test pits, we are also engaging a consultant to help mark out more proposed test pits, these will be marked with a GSP, mapped and on sent to David Gatehouse for approval for exploration works, which are to commence over the period of the next few months.

The excavator will excavate test pit holes at the mapped sites these samples will then be sent off to the labs for testing; there will be minimal disturbance to the ground with the use of a small excavator with rubber tracks.

Discussion of Results:

The sampling and testing of the rock materials in the adjoining quarry has determined the PSV to be 57. State Grow and VicRoads sealing aggregate specification requires a minimum PSV 52, and for High Skid Resistant projects a minimum PSV is 54, with NEE being PSV 57 we want to ensure we have enough resources available for the future of the Tasmania roads.

Conclusions:

It is evident from the work undertaken by VicRoads in sampling and testing the source rock materials in the adjoining Diana's basin quarry that the rock material, with a polished stone value of 57, is a very important resource for the state of Tasmania.

Environmental Activities:

Activity will commence shortly once NEE have received approval from Mr David Gatehouse.

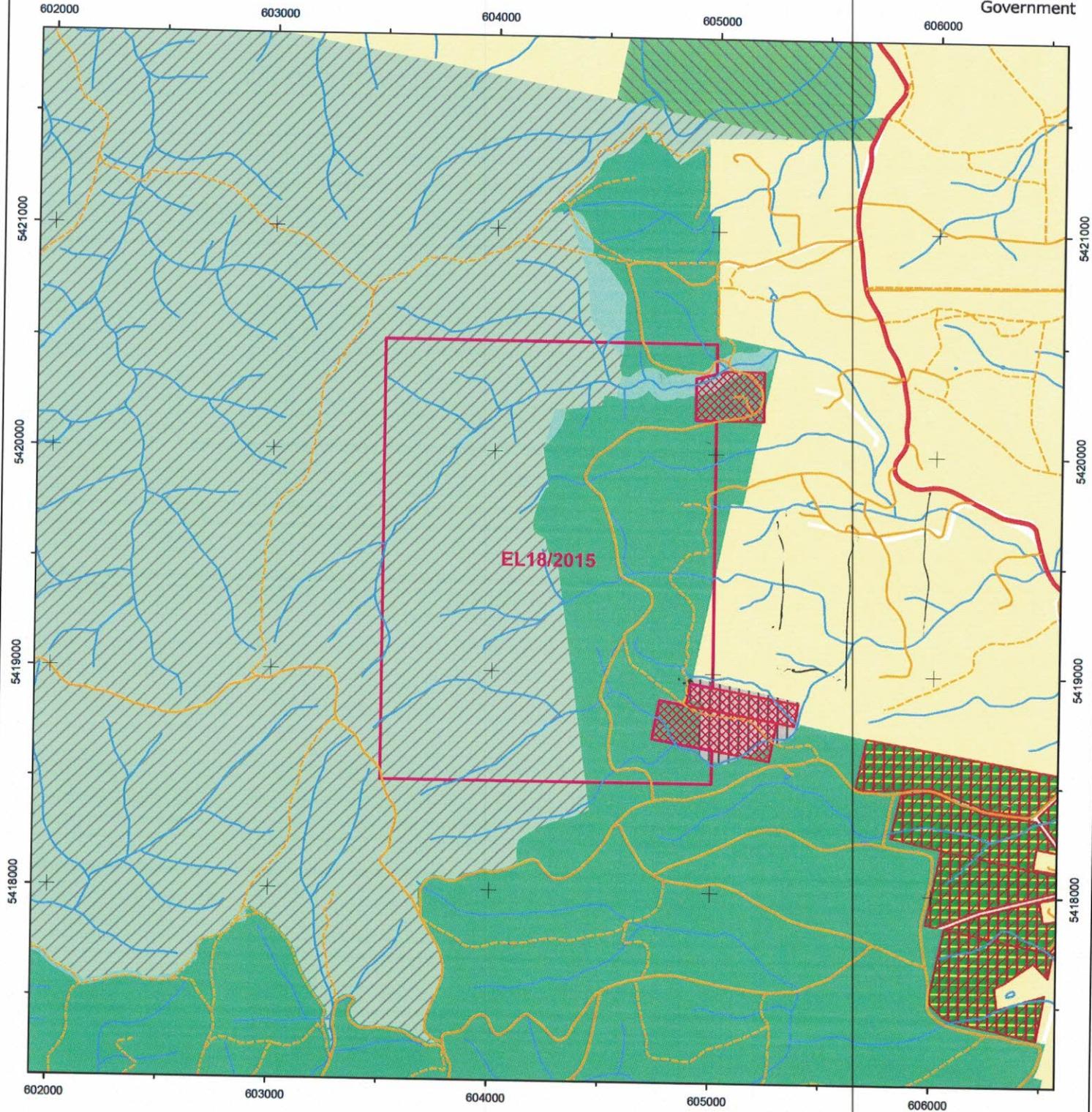
Expenditure:

As per last year.. The bulk of the expenditure in the second year of the exploration licence is attributed to the sampling and testing of the rock materials in the adjoining Diana's basin quarry.

Total expenditure on EL 18/2015 up to 1st February 2018 was \$1,450

Annexure 1

Location Map



EL18/2015 - 3km²
Vicinity of Basin Creek Road (5km S of St Helens)

1:25,000
Coordinate Datum - GDA94 MGA Zone 55

Land Tenure / Special Management Areas (Guide Only)

- | | | | |
|---------------------------------|---|------------------------|--|
| Unavailable Areas | Future Potential Production Forest (HEC) | Game Reserve | Future Potential Production Forest (Crown) |
| Administratively Excluded Areas | Informal Reserve (Forestry Operations) - Private Land | Historic Site | Informal Reserve - FT Managed Land |
| RAMSAR Site | Private Land | National Park | Permanent Timber Production Zone Land |
| Gas Pipeline Corridor | Indigenous Protected Areas | Nature Recreation Area | Authority Land |
| Fossicking Area | Aboriginal Administered Land | Nature Reserve | Crown Land |
| Fossil Site | Wellington Park | Regional Reserve | Private Reserves |
| Commonwealth Land | Conservation Area | State Reserve | Available under the MRDA but not available under administrative arrangements |
| Aurora / Hydro / Transend Lands | | Public Reserve | Available under the MRDA |



Note: Land tenure is derived from the LIST and other sources and may be incomplete. Not all land tenure depicted in legend may appear on the map. Relevant tenement land tenure / land management area indicated *