

Exploration Licence
EL18/2013

Year 3 Annual Report

February 2017-2018

NORTH SCOTTSDALE RESOURCES PTY LTD

Prepared by A D MacGregor
29/3/2018

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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 third year was limited to further site reconnaissance and the collection and testing of hand-dug sand samples. The successful testing of these samples has provided the impetus to continue with further exploration of the site and it is anticipated that in the following year excavator test-holing over the site will be followed by a full drilling program.

The exploration to date 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: 13/2/2017 to 13/2/2018

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 were initially 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 in the previous year determined that the anticipated large sand resource at the north east portion of the exploration area was 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.

In January 2018 a series of hand dug test holes were excavated and samples collected for testing – see Attachment 2 for test hole locations.

The sand samples were analysed at the Boral Testing Laboratory in Launceston – see test results at Attachment 3.

The laboratory results have proven that the sand is suitable for the required construction purposes and further test holing and drilling will now be undertaken to determine the full extent of the resource.

DISCUSSION OF RESULTS

The results have indicated that there is a consistency across a significant area of the Exploration Licence area.

In production the sand will need to be screened to take off the small amount of oversize material present for the mainland markets.

The samples 3, 4 & 5 have some material being retained on the 1.18mm sieve. This is not an impost on eventual production costs as the sand would be screened in the normal operation to remove any foreign matter that might be present.

The next stage of testing will also look for organics, which visually did not appear to be an issue in the samples taken, but will require to have results for full market potential appraisal.

The results indicate that the next stage of deeper testing over a larger area is warranted.

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.

Initial field work determined that the sand resource at the north east portion of the exploration area is significantly less than originally anticipated.

Further field work, test holing and sample analysis in the central portion of the licence area has determined that there is sufficient basis for further exploration.

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 the excavation of test holes with an excavator and a drilling program that will take place over previously disturbed ground, principally grazing land, so it is not contemplated that there will be any adverse environmental impact.

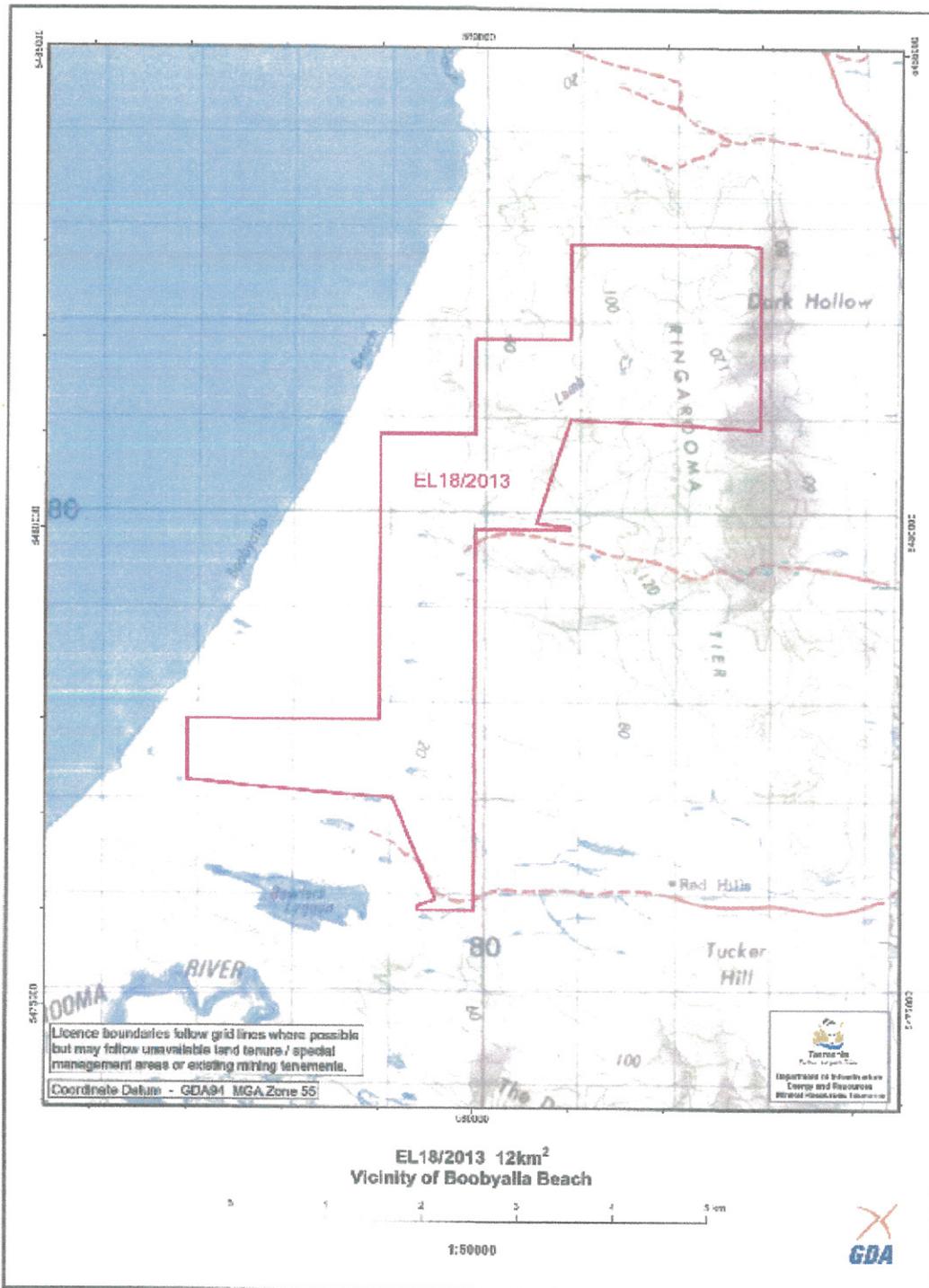
EXPENDITURE

The total annual expenditure on EL18/2013 up to 13th February 2018 was \$6,720.00 as follows;

Site assessment and sample collection	\$5,020.00
Sample analysis	\$1,200.00
Administration	\$500
<u>TOTAL:</u>	<u>\$6,720.00</u>

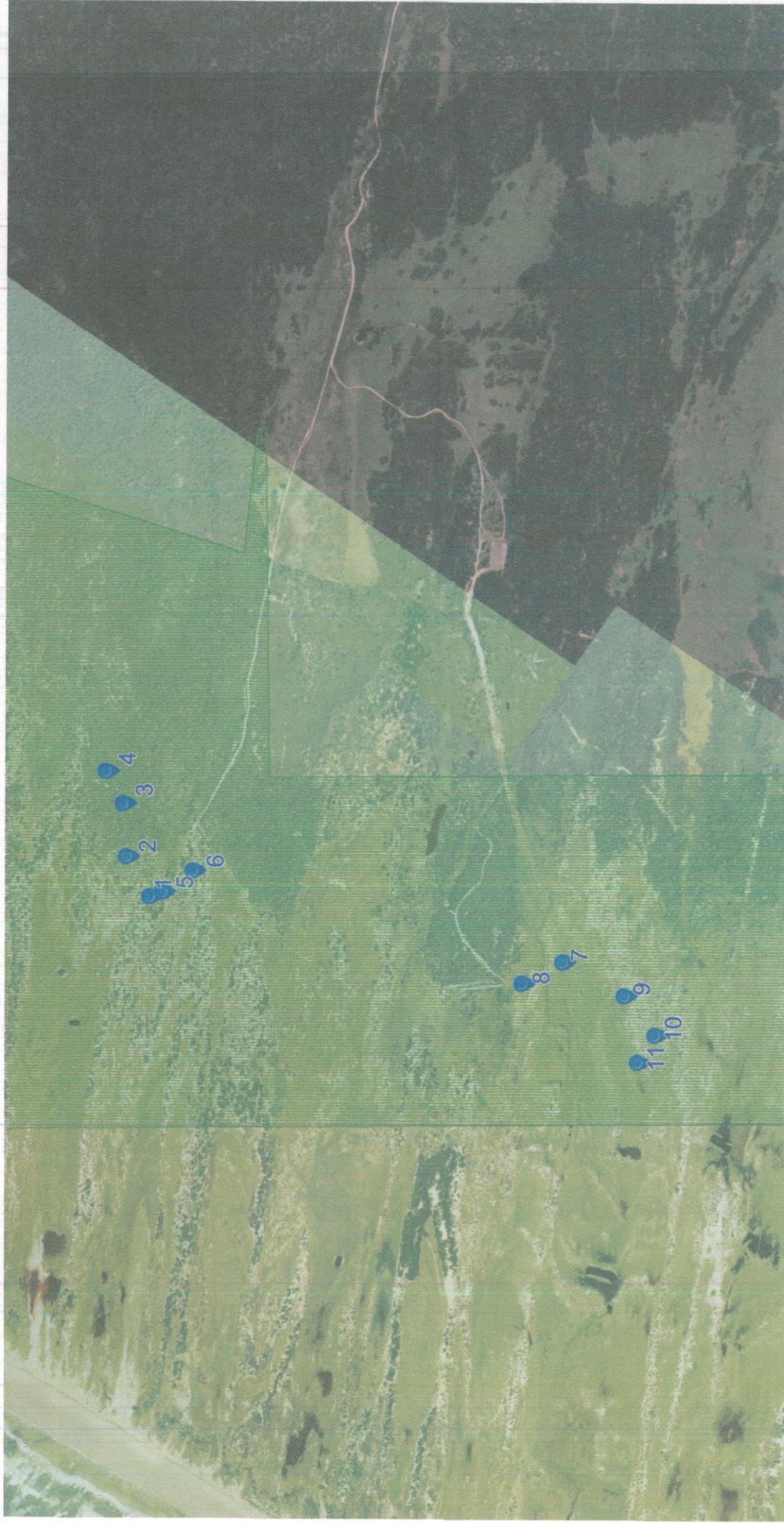
Appendix 1

Location Map



Appendix 2

Test Hole Locations



Appendix 3

Sample Analysis Results



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Launceston Laboratory

Boral Construction Materials Group Pty Ltd
 ACN: 000 028 080
 61 Lindsay Street, Invermay, TAS, 7250
 PO Box 36
 Launceston, TAS, 7250
 Phone: (03) 6336 1357
 Fax: (03) 6334 2874

Corporate Site #:

Report No: ASM:WLA-18/00040

Issue No: 1

This report replaces all previous issues of report no 'ASM:WLA-18/00040'.

Material Test Report

Client: 231 CMG Tas Cash Sales

Project: W Ellis Engineering



Accredited for compliance with ISO/IEC 17025 - Testing

NATA Accredited Laboratory
 Number: 582

Approved Signatory: Vance Donald (Lab Technician)
 Date of Issue: 1/02/2018

THIS DOCUMENT SHALL NOT BE REPRODUCED EXCEPT IN FULL

Material Details

Source	Source Unknown	Sampled From	
Description	Tas Non Specified Sand	Location	R-L Jan 2018
Specification	Tas Non Specified Sand	Sampling Method	(none)

Sample Details

Sample ID	WLA-18/00040-Q01	WLA-18/00040-Q02	WLA-18/00040-Q03	WLA-18/00040-Q04	WLA-18/00040-Q05	WLA-18/00040-Q06
Field Sample ID	1	2	3	4	5	6
Date Sampled	15/01/2018	15/01/2018	15/01/2018	15/01/2018	15/01/2018	15/01/2018

Particle Size Distribution

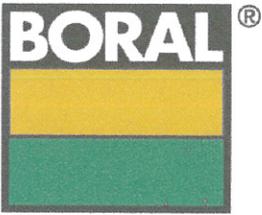
Method:	Sieve Size	% Passing						Limits
AS 1141.11.1	6.7mm							
Description:	4.75mm	100	100		100			
Particle size distribution by sieving.	2.36mm	100	100	100	100	100	100	
	1.18mm	100	100	97	99	99	100	
	600µm	97	99	94	92	93	99	
Drying by:	425µm	90	97	85	86	86	97	
Oven	300µm	78	92	74	74	76	93	
Washed:	150µm	11	14	16	21	13	15	
Sample Washed	75µm	1	0	2	2	1	0	

Other Test Results

Description	Method	Results						Limits
Moisture Content (%)	AS 1289.2.1.1	1.5	3.6	1.2	3.0	0.7	3.1	

Comments

N/A



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Launceston Laboratory

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 61 Lindsay Street, Invermay, TAS, 7250
 PO Box 36
 Launceston, TAS, 7250
 Phone: (03) 6336 1357
 Fax: (03) 6334 2874

Corporate Site #:

Report No: ASM:WLA-18/00042

Issue No: 1

This report replaces all previous issues of report no 'ASM:WLA-18/00042'.

Material Test Report

Client: 231 CMG Tas Cash Sales

Project: W Ellis Engineering

Accredited for compliance with ISO/IEC 17025 - Testing




NATA Accredited Laboratory Number: 582
 Approved Signatory: Vance Donald (Lab Technician)
 Date of Issue: 1/02/2018
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Material Details

Source	Source Unknown	Sampled From	
Description	Tas Non Specified Sand	Location	R-L Jan 2018
Specification	Tas Non Specified Sand	Sampling Method	

Sample Details

Sample ID	WLA-18/00042-Q01	WLA-18/00042-Q02	WLA-18/00042-Q03	WLA-18/00042-Q04	WLA-18/00042-Q05
Field Sample ID	7	8	9	10	11
Date Sampled	15/01/2018	15/01/2018	15/01/2018	15/01/2018	15/01/2018

Particle Size Distribution

Method:	Sieve Size	% Passing					Limits
AS 1141.11.1	6.7mm						
Description:	4.75mm						
Particle size distribution by sieving.	2.36mm	100					
	1.18mm	100	100	100	100	100	
	600µm	91	99	89	96	98	
Drying by:	425µm	71	96	70	89	87	
Oven	300µm	49	89	56	77	61	
Washed:	150µm	6	17	12	12	8	
Sample Washed	75µm	1	1	1	1	0	

Other Test Results

Description	Method	Results					Limits
Moisture Content (%)	AS 1289.2.1.1	3.3	4.2	2.2	0.5	2.3	

Comments

N/A