

BARFUSS CORPORATION PTY LTD

HARTS RANGE PROJECT NORTHERN TERRITORY OF AUSTRALIA

ANNUAL TECHNICAL REPORT FOR EXPLORATION LICENCE EL 25764 FOR THE YEAR ENDING 15TH SEPTEMBER 2016

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Licensee: Barfuss Corporation Pty Ltd
A.C.N. 006 917 666

Target Commodities: copper, gold, thorium, uranium, rare-earth elements,
gemstones, muscovite

1:250,000 MAP SHEETS: Illogwa Creek SF 53-15

1:100,000 MAP SHEETS: Quartz 5951

Datum / Zone: GDA94 / MGA Zone 53

KEYWORDS: Harts Range, Arunta Block, Harts Range Group,
Riddock Amphibolite, uranium, thorium, rare-earth elements,
copper-gold, niobium, tantalum, yttrium, samarskite,
muscovite

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LICENCE DETAILS:

Licence Number: EL 25764
Project Name: Harts Range Project
Licensee: Barfuss Corporation Pty Ltd
Licensee CAN: 006 917 666

Licence Details:

Area: 6.32 square kilometres*
within 2 square graticular units
(1 minute x 1 minute longitude/latitude)

*actual area, excluding Mineral Claims, is 3.81 square kilometres

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EXECUTIVE SUMMARY

Exploration licence 25764 is part of the Barfuss Corporation's Harts Range Project. The majority of the project area comprises of ELs 29690, 25063, 25430, 29950 and 29920. Existing Mineral Claims are also considered part of the project. The Harts Range Project licences cover about 600 square kilometres though EL25764 only covers a small area surrounding the Harts Range Ruby Mine (which Barfuss Corporation has Mineral Claim Coverage over). The licence surrounding the Harts Range Ruby Mine was granted on the 16th of September 2010 and covers an area originally excised from the grant of EL25063. At the time of the licences grant, it was then covered by a "Reserve from Occupation" RO1357.

The underlying geology throughout the project area consists of high-grade metamorphic rocks of the Arunta Block, including the Harts Range Group (part of the Late Proterozoic to Cambrian Irindina Province), with older Aileron Province rocks in the east ("Entia Dome") and west (Strangways Metamorphic Complex, including younger deformation in the Gough Dam Schist Zone). EL25764 is underlain predominately by the Riddock Amphibolite unit, west of the Entia Dome. The licence covers only a small area amongst prospects recognised by the company on adjoining Licences and Claims.

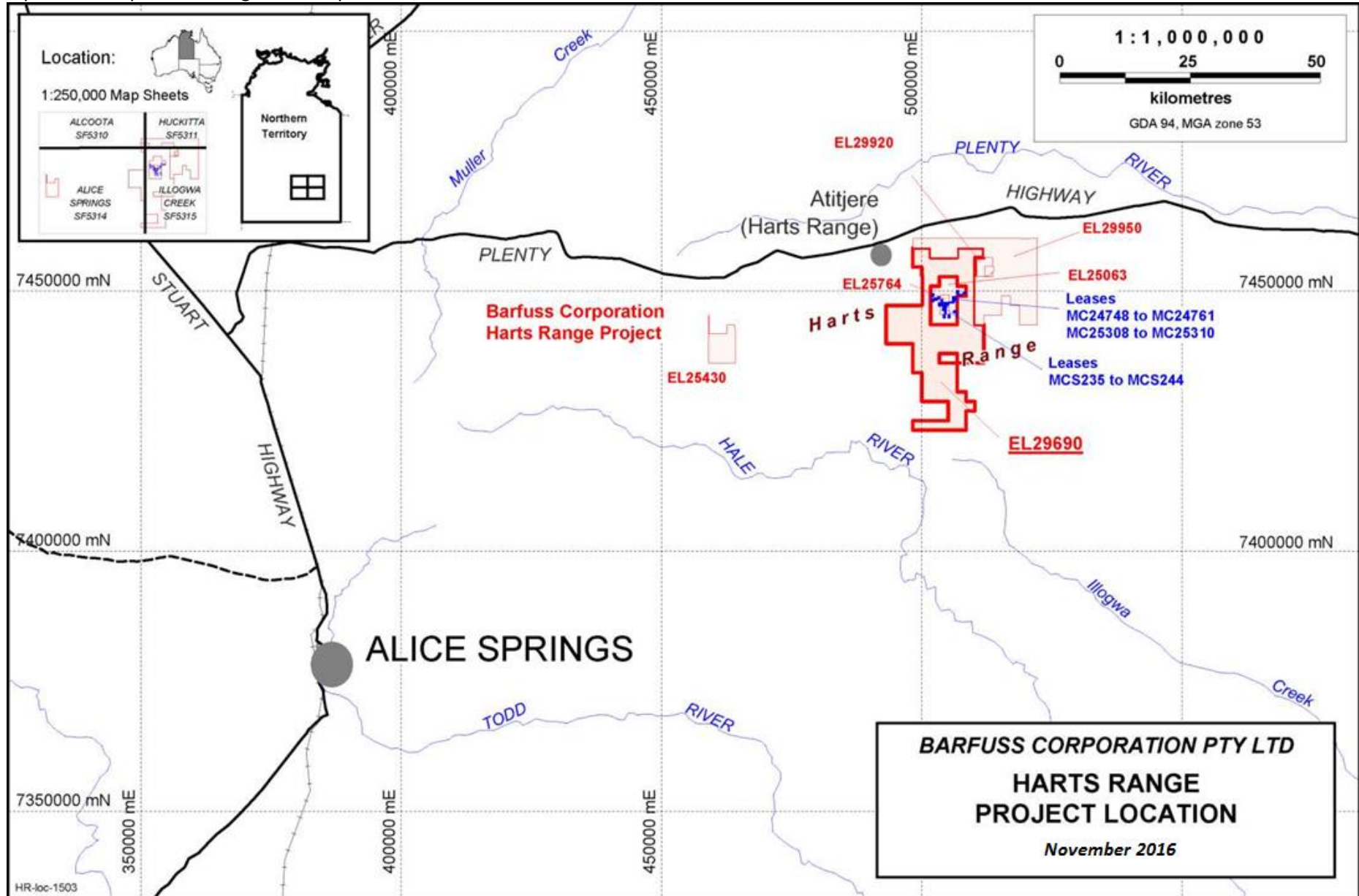
Field Activity has included mapping and prospecting, and inspection of the area for economic amounts of muscovite potential by geologists from the Merck Group of Germany. Mineralisation close to the licence includes the Ruby Deposits and a Vermiculite Deposit in the Mineral Claims within the licence, and east-west pegmatite dykes to the east with very strong uranium-niobium-yttrium-tantalum(-REE) mineral enrichment ("Bobs", "Cusp", and "Malex" Prospects). Detailed air-borne geophysical surveying is being considered for the area along with diamond core drill testing.

Barfuss is in on-going negotiations with a number of companies regarding possible investment and joint ventures, including the Merck Group mentioned above, and a separate prospective investor has travelled from Germany to inspect the Project. A Chinese group is also considering investing in parts of the Project (via DDM Capital, a Melbourne-based corporate advisory firm) and Barfuss has visited China and Germany for further discussions. A Confidentiality Agreement has been signed with MMG Limited, which is interested in the Harts Range Project's nickel prospectivity.

Activities during the reporting period have included on-going prospecting and selective sampling of specific types of muscovite from pegmatite dykes for high-temperature testing. Some results are very encouraging and more work will be undertaken, however no numerical results are available. Other work includes on-going prospecting for gems, gem materials and vermiculite occurrences.

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1. INTRODUCTION & SUMMARY

Barfuss Corporation's Harts Range Project comprises ELs 29690, 25063, 25430, 29950 and 29920, plus a number of Mineral Claims within ELs 25063 and 25764.

- EL29690 334.06km²
- EL25063 40.77km²
- EL25430 32.37km²
- EL25764 6km²
- EL29950 192.7km²
- EL29920 10.03km²
- Mineral Claims MC 24748 – 24761 & 25308 – 25310 (621 hectares)

The exploration licences are contiguous with the exception of EL25430 which lies to the west. The company has granted Mineral Claim coverage of the Harts Range Ruby Mine (MSS235-244, 172 hectares) which is also surrounded by EL25764.

This report only covers EL25764

[Licences EL25063 and 25430 (and formerly EL24552) – granted prior to EL25764, were grouped for reporting purposes as GR-132/09.]

The area of EL25764 was formerly covered by "Reserve from Occupation" RO1357. This RO was in operation at the time the surrounding larger exploration licences were granted – otherwise this small EL area would have been part of the larger EL.

The Harts Range Project lies in the southeast of the Northern Territory, roughly 100 – 160km northeast of Alice Springs (170 – 260km by road, via the Plenty Highway)(Figure 1).

Topography and terrain in the Harts Range area is frequently rugged and rocky, with relief of up to 400m in some areas. Access is predominantly from the north via station tracks running south from the Plenty Highway. The rugged terrain generally restricts vehicle access to only the established tracks.

The Harts Range Project area is dominated by gneisses and amphibolites of the Riddock Amphibolite Member, part of the Harts Range group in the Irindina Province, in Division 2 of the Eastern Arunta Block. The project also covers adjacent rocks, predominately schist, gneiss and some calcsilicates which also belong to the Harts Range Group. The far eastern part of the project also overlies the older Bruna and Entia Gneisses on the western flank of the Entia Dome (Aileron Province, Arunta Division 1).

EL25430 to the southeast is also underlain by older Aileron Province rocks (Strangways Metamorphic Complex), though these are dominated by younger deformation forming the Gough Dam Schist Zone. Geology is generally dominated by high-grade quartzofeldspathic gneisses and schist, with subordinated amphibolite and calcsilicates.

The Harts Ranges were a major area of pegmatite-related mica mining in the early-mid 20th century. Other mining in the project area has generally been very small scale targeting semi-precious gemstones. Small scale base metals mineralisation also occurs in several areas, and some larger deposits have been identified. Base metal mineralisation in the region includes the Jervois Copper Deposits to the northeast, the Molyhil Mine (scheelite-molybdenite (tungsten)) and the Oonagalabi copper-lead-zinc deposit.

More recently, copper-gold mineralisation was investigated by Tanami Gold NL at its Copper Queen group of prospects in 2001-5 (following earlier work by Kinex at its White Hill Dam prospect in 1984-87), and Power Nuclear Corporation of Japan (PNC) explored the area for uranium in the 1990's. (Company reports are listed in the References at the end of this report). The Copper Queen prospects are now mostly east and northeast of Barfuss Corporations EL25430, with some overlap. Areas investigated by PNC are also covered by the project. Recent activity has included that of Mithril Resources Limited at its Huckitta Project (mostly southeast of the Barfuss Harts Range Project) where significant copper-cobalt and nickel-copper sulphide mineralisation is being investigated.

The Harts Range Ruby Deposit was found in the late 1970's and mined from then till the early 1980's by Hillrise Properties and Mistral Mines. Barfuss Corporation has Mineral Claim coverage of the Ruby mine, that is surrounded by EL25764, as well as its site office and camp located there.

In addition to gemstones, base and precious metals, the Harts Range area is also prospective for a variety of industrial minerals. As well as the historic mica deposits, the now finished Mud Tank vermiculite mine located 30km to the west, and other vermiculite deposits are known in the area. Potential garnet sand resources have also been identified in the region. Barfuss Corporation has a vermiculite-rich deposit within its Ruby Mine Mineral Claims, and considers that there is potential for more such mineralisation within the project area.

Barfuss Corporation has conducted mostly non-invasive work on the Harts Range Project Leases. Several prospect areas have been identified in different parts of the licences. Investigations included analysis of available geophysical data, geological mapping, rock-chip sampling analysis and ground spectrometer surveys. Several areas are recognised as significantly prospective, requiring further investigation. Rock-chip assays include some highly anomalous results. Numerous areas have been subject to detailed investigations and anomalies include copper-gold, rare earth elements, uranium, thorium and nickel. This work is documented in detail in the previous Annual Reports for the various licences. EL25764 however only covers a small area amongst the other licences and prospects. Mineralisation proximal to the licence includes the Harts Range Ruby Mine and a Vermiculite deposit in Mineral Claims surrounded by the licence. As well as east-west pegmatite dykes to the east with very strong uranium-niobium-yttrium-tantalum(-REE) mineral enrichment ("Bobs", "Cusp" and "Malex" prospects, in ELs 25063 and 29690).

Discussions are ongoing with potential investors from China and Germany, and has received a written commitment to invest \$5 million into the Harts Range Project. Discussions are also taking place with possible investors in the USA. A Confidentiality Agreement has been signed with MMG Limited, which is interested in the project's nickel prospectivity.

Field activity on EL25764 during the reporting period also included high temperature heat treating of selected muscovite mica samples and prospecting for further vermiculite mineralisation, and general ground prospecting for gems.

Work that is also being considered for the upcoming reporting period includes a detailed airborne survey over the Harts Range Project area, as well as diamond core drilling, subject to the potential involvement of investors and joint venture partners. Different companies with which Barfuss is in discussions are interested in different resources, so there is potential for more than one additional company to become involved in the Project.

Expenditure figures are available in the separate Exploration Expenditure Report.

1. WORK CONDUCTED DURING THE REPORTING PERIOD

Activities were similar to those of the previous period. Given the very small size of EL25764, the company's focus is principally on the prospects in the adjoining larger licences, or the enclosed mineral claims.

Muscovite Sampling

Merck Group, a global pharmaceutical and chemical company with its headquarters in Germany, investigated the Harts Range area as one of a number of areas in Australia deemed to be potential resources for muscovite mica with properties suitable for its purposes. Historically, the Harts Range mica deposits were sources of large (10cm+) book mica, for uses requiring mica sheets. Merck's requirements are different however, being mainly based on the chemistry of the mineral rather than its crystal size.

Merck reported that it considers the potential of the Harts Range region to be huge, and *"the Northern Territory has a large potential as a mica supplier for Merck"*. Merck declared that it regards Barfuss Corporation's Harts Range Project as its *"most important potential partner in the Harts Range area"* and hopes to make use of the Barfuss camp site and infrastructure if mica mining eventuates.

Additional mica samples have been collected from EL25764 during the reporting period and tested with a special high-temperature heat treatment using Barfuss' own furnace. Results are very encouraging and further work will be conducted, though no numerical results have been generated.

Sampling was conducted from various pegmatite dykes within the EL25764 area, as shown in Figure 2.

Other Activities

The area was also explored for further vermiculite occurrences, as it is known to be on some of the Mineral Claims within the licence. Other work included ground prospecting for gems and gem associated minerals. No new occurrences have been located, however float rock material in drainages to the north is considered to possibly indicate prospective gem areas of interest.

Other activities largely focused on the discussions with prospective investors and joint venture partners. Discussions are still on-going with groups in Germany and China, as well as USA. Barfuss has signed a Confidentiality Agreement with MMG Limited in regards to the projects nickel prospectivity.

2. WORK PROGRAM FOR THE NEXT 12 MONTHS

EL25764 is a small but central part of the Harts Range Project. The next phase of work will be partly subject to the involvement of potential investors and joint venture partners. Different companies with which Barfuss is in discussions with are interested in different resources. Therefore there may be potential for more than one additional company to become involved in the project. Work to be conducted on the area will largely depend on the interests of such companies.

The company is planning to fly a detailed geophysical airborne survey over the Harts Range project. This will be a great help in identifying areas that warrant a detailed ground level investigation, and will aid in the geological interpretation of the areas already of interest.

The company is also considering locations for further diamond core drill testing of selected prospects.

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Barfuss Corporation Pty Ltd
23rd of November, 2016

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- 2003 to present: various statutory reports (Annual, Surrender) for Barfuss Corporation Pty Ltd Northern Territory licences, including
 - EL24552
 - EL24036
 - EL25430
 - EL25764
 - Group GR-131/09 (Mineral Claims MCS 235 - 244; MC 24748 - 24761; MC 25308 - 25310)
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* *Open file company reports sources from the Northern Territory former "Mineral Industry Reports Management System" ("IRMS") online system (<http://apps.minerals.nt.gov.au/irmsmin/>)*

[Now the Mineral Exploration Reports ("MEX") system (<http://geoscience.nt.gov.au/mex.html>)]

