GLASSHOUSE PROJECT

PARTIAL RELINQUISHMENT REPORT

FOR

EXPLORATION LICENCE

EL26701

GLASSHOUSE 12

For the period ending 26th March 2013

April 2013
EL26701 is one of four tenements that comprise the Glasshouse Project. The company Australis Exploration Ltd was acquired in November 2009 by Cape Lambert Resources.

In accordance with statutory permit conditions, Australis Exploration Ltd has undertaken a partial relinquishment of EL 26701 reducing the EL in size by 80 sub-blocks. This report details all work undertaken on the 80 relinquished sub-blocks of EL26701 from the grant of the tenement until the relinquishment in March 2013.

Australis carried out the following work on the project:

- Compilation and Evaluation of the Available Geophysical Data
- Prospectivity Assessment and Valuation
- Reconnaissance trip to assess mineralisation potential

The work concluded that the area relinquished does not have the potential to host shallow rock phosphate.

In conclusion, 80 sub-blocks were selected for partial relinquishment during this reporting period.
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EL26701 is one of a package of tenements that Australis Exploration Limited (Australis) has in Queensland and the Northern Territory. Australis was a wholly owned subsidiary of Mineral Securities Operations Limited (Minsec) A. C. N. 077 507 521, which merged with CopperCo Limited ("CUO") in 2008. CUO subsequently entered administration and receivership in November 2008. Cape Lambert Resources purchased the project in June 2009. The tenure is given in Figure 3 with the entire project shown in Figure 4.

The tenure is located in the Barkly Tableland region within the Tennant Creek Mineral Field of the Northern Territory. The tenure was acquired for its potential to host phosphate mineralisation.
1.1 TENURE

The tenure is located within the Mt Drummond (SE5312) Brunette Down (SE5311), Raken (SE5316) and Alroy (SE5315) 1: 250 000 Geological sheets. Figure 2 showing the relinquished and retained sub blocks and Figure 3 shows the tenure location. Tenure detailed Table 1, 2 and 3.

Table 1 - Tenure Schedule

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1.2 DETAILS OF SUB BLOCKS

The tenure is comprised of 156 sub-blocks as detailed in Tables 2 and 3:

Table 2 - Retained Sub Block Details

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TOTAL SUB BLOCKS RETAINED 76
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| TOTAL SUB BLOCK RELINQUISMENT | 80 |

Figure 2- RELINQUISHED & RETAINED SUB BLOCKS
1.3 LOCATION, TOPOGRAPHY, CLIMATE AND VEGETATION

The Glasshouse Project is located in the Barkly Tableland region within the Tennant Creek Mineral Field of the Northern Territory (Figure 4). It is part of a larger tenement package that extends to the east and south east into Queensland.

The tenements extend in a generally north west trending belt from the Northern Territory-Queensland border (150 km west of Mount Isa) to 300 km north west of Camooweal. The Avon Downs (SF53-04), Ranken (SE53-16), Alroy (SE-15), Mount Drummond (SE-12) and Brunette Downs (SE-11) 250K geological map sheets are partly covered.

The tenements can be accessed by the bitumen Barkly Highway from Camooweal (in Queensland) or Tennant Creek (in Northern Territory), which crosses the tenement group. Within the tenements, there is a network of dirt roads and station tracks. As some of the tracks traverse black soil plains they can become impassable in wet weather.

Relief within EL26701 is generally low. With the low relief and seasonal high rainfall, the drainages form broad braided channels that flow in a general southwards direction. Locally, the southern part of this region is referred to as ‘channel country’.

Vegetation in the Tableland region is dominated by open savannah woodland and grassland. Taller and more abundant trees are restricted to the banks of the major drainage systems which only flow for short periods after storms.
Figure 4 - AUSTRALIS PROJECT LOCATION
2.0 REGIONAL GEOLOGY

The Georgina Basin, together with the Wiso, Daly, Amadeus and Ngalia basins, are remnants of the stratigraphically continuous Centralian Superbasin that extended over most of central Australia from the Neoproterozoic to Palaeozoic. Structural dismemberment of the Superbasin during Palaeozoic intraplate orogenic events (400–300 Ma Alice Springs Orogeny) has resulted in the exposure of Palaeoproterozoic to Mesoproterozoic basement between basin fragments in their current configuration (Khan, Ferenczi, Ahmad and Kruse, 2007), see Figure 5.

The Georgina Basin is the largest of the intracratonic Neoproterozoic to Palaeozoic basins. It covers a large part of eastern Northern Territory and extending into northwest Queensland, for a total area of about 325,000 km², of which 185,000 km² lies within the Northern Territory. Downfaulted blocks and half-grabens typically contain up to 1.5 km of Neoproterozoic sedimentary rocks. Up to 2.2 km of overlying Palaeozoic succession is preserved in depocentres and synclines. Cambrian platform carbonate rocks dominate the basin fill. Accompanying sandstone and shale were deposited during relative uplift and subsidence, respectively. The Cambrian–Ordovician succession is most complete in the southern portion of the basin. In contrast, the central region contains only a relatively thin Middle Cambrian succession (Khan, Ferenczi, Ahmad and Kruse, 2007).

Basement rocks consist of Mesoproterozoic and minor Neoproterozoic sediments, characterised by shallow marine epicontinental successions of carbonate and marine clastic rocks, evaporite, and fluvial and lacustrine continental sandstone, glaciogenic sediments, shale and siltstone. These sediments were succeeded by marine carbonate and clastic deposits, which accumulated in Cambrian and Ordovician times. Younger, non-marine Silurian to Early Carboniferous successions are restricted in areal extent. In addition, extensive sub-aerial flood basalt (Peaker Piker Volcanics and Antrim Plateau Volcanics) of Early Cambrian age (540 Ma) floor these basins in much of the northern part of the Northern Territory. The volcanics are amygdaloidal and porphyritic tholeiitic basalts and have associated dolerites (McCrow, 2008; Gifford, 2006; Khan, Ferenczi, Ahmad and Kruse, 2007).

The Georgina Basin is bounded by the South Nicholson and McArthur Basins on the north, Tennant Inlier on the west and Arunta Province on the south, and continues eastward into western Queensland to abut the Mt Isa Block. It has been subdivided into several sub-basins that primarily reflect the thickness of Cambrian deposition (Khan, Ferenczi, Ahmad and Kruse, 2007).

In the northern part of the project area, the central Georgina Basin contains a relatively thin stratigraphic succession, up to 450m thick, deposited on a tectonically quiescent platform. Deposition commenced with a marine transgression in the early Middle Cambrian and may have extended into the Late Cambrian (McCrow, 2008). This central basin has been subdivided into an eastern Undilla Sub-basin and a western Barkly Sub-basin, separated by a NNE – SSW striking structural ridge known as the Alexandria-Wonarah Basement High (McCrow, 2008, Gifford, 2006). In the northern tenements, this structural ridge outcrops as two north-east trending Precambrian basement highs as inliers within Georgina Basin sediments, with the Buchanan-Alroy-Alexandria phosphate occurrences occurring nearby. The Mittiebah Range forms the northern Pre-Cambrian inlier, the western end extending into EL26701, while the southern Pre-Cambrian inlier, south of Alexandria homestead and phosphate occurrence, outcrops in the north-east part of EL26310.

By Middle Cambrian, marine conditions prevailed in the basin and phosphogenesis was widespread (McCrow, 2008). The Middle Cambrian succession has been subdivided into two depositional sequences
with three discrete phosphogenic episodes. Sequence 1 (early Middle Cambrian) comprises terrigenous siliciclastic rocks, peritidal and shelf carbonate rocks, carbonaceous shale and phosphatic carbonate rocks; sequence 2 (remainder of Middle Cambrian) comprises siliciclastic and carbonate rocks, phosphorite and phosphatic limestone, and carbonaceous shale. Major phosphate deposits are apparently in sequence 2, including the Wonarah, Alexandria and Alroy deposits in the Northern Territory. All three appear to be hosted in the Wonarah Formation, although others have assigned the Wonarah deposit to the Gum Ridge Formation (sequence 1) (Khan, Ferenczi, Ahmad and Kruse, 2007). There have been efforts to correlate sedimentary horizons from one area to another but this has been difficult to achieve, other than in the broadest terms, due to rapid lateral facies changes, see Figure 6.

Figure 5 - Simplified geology of the Georgina, Wiso and Daly basins showing the distribution of phosphorite facies depocentres and major phosphate deposits. Source: Khan, M, Ferenczi, PA, Ahmad, M and Kruse, PD (2007), Figure 4.
2.1 REGIONAL PHOSPHATE PROSPECTIVITY

Australia’s largest phosphate deposits (phosphorites) are the shallow marine siliciclastic and carbonate sediments of the Lower to Middle Cambrian Georgina Basin sequence in north-west Queensland and Northern Territory. These sedimentary phosphorite deposits occur where the phosphorus has been chemically and biologically precipitated as apatite group minerals (McCrow, 2008). An up-welling process of phosphogenesis of cold phosphate enriched water onto warm shallow marine shelves and embayments is the mechanism of favouring precipitation.

Exploration and phosphate resource development has largely focused on the well endowed Georgina Basin, which contains significant deposits in the Northern Territory (Wonarah, Highland Plains, Alexandria, Alroy and Buchanan Dam) and Queensland (Duchess, Lady Annie, D Tree, Lady Jane, Galah, Sherrin Creek and others) (McCrow, 2008). Previous studies have also outlined the presence of phosphorite in the Wiso and Daly basins (Khan, Ferenczi and Ahmad, 2005a).

Economic phosphate deposits in Middle Cambrian Georgina Basin sediments are being mined at Duchess (Phosphate Hill) in Queensland (Figure 5.3). These phosphatic sediments were deposited in a restricted embayment that was bounded by land on its northern, western, and southern sides, and whose eastern connection with the Burke River Outlier, an appendage of the Georgina Basin, was restricted by shallow banks (McCrow, 2008). Incitec’s (ex WMC) Phosphate Hill, Duchess Mine and DAP plant produces 648,000 t of di-ammonium phosphate and 236,000t of mono-ammonium phosphate (from 2 Mt of phosphate rock) annually from a deposit containing a total resource of 131
Mt @ 23.5% P2O5 (McCrow, 2008; Ferenczi, Khan and Ahmad, 2005b). That facility commenced production in December 1999 (Gifford, 2006).

The host rocks for these deposits are typically recessive and often covered with surficial sediments. Previous exploration and discovery of known deposits involved shallow reconnaissance drilling programs (and phosphate testing of drill cuttings) in favourable stratigraphy in close proximity to palaeo-highs (Ferenczi, Khan and Ahmad, 2005b). Future targeting of phosphorite deposits would involve a structural interpretation which would include identifying possible embayments and structural palaeo-highs (McCrow, 2008).

Howard (1990) examined the distribution of phosphatic facies in the Georgina, Wiso and Daly River Basins. He used lithological logs and analyses of cuttings from water bores and Bureau of Mineral Resources stratigraphic holes, together with aeromagnetic, gravity and elevation data, to define a carbonate-siltstone- chert phosphatic lithofacies of Middle Cambrian age within the basins. The deposition of these phosphatic lithofacies is related to the basement configuration and its depth. They occur as belts, peripheral to and within the basins, with an average width of 32 km, a thickness of 10 to 190 metres, and have been traced over a distance of 2,100 km. Some phosphorite deposits (such as the Lady Judith in the Wiso Basin) rest on volcanic rocks and interdigitate with carbonates of the Montejinni Limestone, while others, such as the Ammaroo phosphatic belt in the southwestern portion of the Georgina Basin, is contained within a depression bounded by limestones of the Arthur Creek Formation. The phosphatic sediments are believed to have been deposited primarily as an Ordian Middle Cambrian event in the west with a ‘younging’ transition through Ordian and/or Early Templetonian to Late Templetonian in the southeast. The basins are extensional, exhibiting a series of broad downwarps crossed by peripheral aulacogens, grabens, half grabens formed in the Late Proterozoic and modified subsequently by the development of plateau, narrow horst blocks and adjacent deeps during the Middle Cambrian along basin-dividing arches. The basement to the shallow-water phosphatic lithofacies consists of Proterozoic sediment or Early Cambrian volcanic plateau or peripheral sloping platforms which in the Brunette Sub-basin have present elevations of 0-300 metres ASL (Howard, 1990).

### 2.2 PROJECT GEOLOGY

**Alexandria-Alroy-Buchanan Dam Geology**

In the Alexandria Region, the early Middle Cambrian sediments include the Wonarah Beds, Burton Beds and Anthony Lagoon Beds. They all consist predominantly of siltstone, sandstone, chert, limestone and dolomite. IMC reported that sequences of Middle Cambrian siltstone/sandstone deposition in close proximity to mapped Precambrian basement highs almost invariably overlie Peaker Piker volcanics of Lower Middle Cambrian age (northern Alexandria) or Precambrian Mittiebah Sandstone/ Mullera Formation (most of Alexandria) (McCrow, 2008).

In 1976 ICI reported no Pre-Cainozoic outcrops in the Alroy area which is totally covered by pedocalcic black/grey soils, with alluvium in the seasonal swamps associated with the Playford and Buchanan Rivers. The underlying rocks were siltstones, shales, cherts, limestone and dolomite. These are probably the Lower Middle Cambrian Burton Beds, considered to be the stratigraphic equivalent of the Wonarah Beds to the south and the Beetle Creek Formation in Queensland, both of
which are phosphatic in parts. No information is available about rocks below the Middle Cambrian (McCrow, 2008).

**Wonarah Deposit Geology**

The Wonarah deposits occur along the flanks of the Alexandria – Wonarah High. On lapping dolomitic members equivalent to the Middle Cambrian Thorntonia Limestone are present on the lower flanks of this structural ridge and, when present, the phosphorus-bearing sediments (Upper Gum Ridge Formation) occur on the limestone and extend in thicker beds, lying directly on the Peaker Piker Volcanics, on the upper flanks of the ridge. This succession is then overlain by the Convolute Mudstone followed by the Hanging Wall Mudstone. Two basal sedimentary units that are not always present are the Transitional Sediments and the Potassium Marker Horizon. The transitional sediments consist of mixed mudstone, siltstone, sandstone, and a possible palaeo soil. The overlying Potassium Marker Horizon is a clay rich mudstone (Gifford, 2006).

There are two mineralised rock types at Wonarah – Mudstone Phosphorite and the Chert Breccia Phosphorite (Gifford, 2006). The Mudstone Phosphorite contains most of the mineralisation, forming friable and fine grained beds 2 metres to 10 metres thick with grades up to 40% P2O5 but typically between 20% and 30% P2O5. The Chert Breccia Phosphorite occurs beneath the Mudstone Phosphorite with a gradational boundary and contains discrete clasts of chert breccia in a phosphorite matrix. The grade ranges from 5% to 20% P2O5 but is typically between 10% and 15% P2O5 (Gifford, 2006).
3.0 EXPLORATION COMPLETED

Exploration completed on the relinquished sub-blocks from 2008 to 2013 has included:

- Prospectivity assessment using open file geology, geophysics and reports
- Compilation of previous exploration data
- Reconnaissance trip to assess mineralisation potential

3.1 GEOPHYSICAL INTERPRETATION

Consultant Resource Potentials was contracted to carry out processing of all available geophysical data sets and provide targets for further exploration. The report is presented in part only as the report also covered a number of other tenements which are not part of this partial surrender report.

The report concluded that the tenure had some potential to host phosphate mineralisation due to its location on the edge of the Georgina Basin. Outcrops of Wonarah Formation are mapped within EL26701 and could potentially extend under recent overlying Cenozoic cover. As such the project is considered prospective for phosphate mineralisation. The report indicated that the northern half of the tenure has the least prospectivity.

3.2 PROSPECTIVITY AND VALUATION

Consultant Geologists Ravensgate carried out an assessment of the potential of the project to host economic mineralisation together with a valuation of the projects worth. The Glasshouse Project tenements were included in the assessment together with other tenements owned by Australis.

The report determined that the northern half of the tenure had a low prospectivity for phosphate and uranium.

3.3 RECONNAISSANCE TRIP

Between November 2011 and November 2012 five soil sampling programs have been undertaken within the Glasshouse Project. Many of these trips have been reconnaissance trips with the aim of testing lithological or geophysical anomalies within the tenement package, many defined by Ravensgate and Resource Potential.

During these trips areas of EL26701 were traversed and several sites inspected; however no soil samples were collected.

4.0 CONCLUSIONS

The consultant reports determined that the northern half of the tenure has the least prospectivity with respect to phosphate and uranium. This area was therefore relinquished.
### 5.0 REFERENCES

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