

BARFUSS CORPORATION PTY LTD

HARTS RANGE PROJECT
NORTHERN TERRITORY OF AUSTRALIA

ANNUAL TECHNICAL REPORT FOR
EXPLORATION LICENCE
EL 29690

FOR THE YEAR ENDING 03rd DECEMBER 2014.

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Exploration & Discovery Services Pty Ltd
Date: 25 March, 2015
Licensee: Barfuss Corporation Pty Ltd
A.C.N. 006 917 666

Target Commodities: thorium, uranium, rare earth elements,
gemstones, muscovite

1:250,000 MAP SHEETS: Alcoota SF 53-10, Huckitta SF 53-11,
Alice Springs SF 53-14, Illogwa Creek SF 53-15

1:100,000 MAP SHEETS: Riddoch 5851, Delny 5852, Quartz 5951, Dneiper 5952

Datum / Zone: GDA94 / MGA zone 53

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

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LICENCE DETAILS:

Licence Number: EL 29690
Project Name: Harts Range
Licensee: Barfuss Corporation Pty Ltd
Licensee ACN: 006 917 666

Licence details:

Area: 334.06 square kilometres
106 square graticular units
(1 minute x 1 minute longitude/latitude)

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DIGITAL REPORT FILES

EL29690_2014_A_01_ReportBodyText.pdf
EL29690_2014_A_02_FileList.txt

EXECUTIVE SUMMARY

Exploration Licence 29690 is part of Barfuss Corporation's Harts Range Project. The bulk of the project area comprises ELs 29690, 25063 and 25430, plus more recent licences ELs 29950 and 29920. Existing Mineral Claims are also considered part of the project. The Harts Range Project licences cover about 600 square kilometres, of which EL 29690 covers nearly half, surrounding some smaller licences, and the Hart Range Ruby Mine (over which Barfuss Corporation has Mineral Claim coverage). The licence was granted on 04 December 2013 and covers the eastern part of former EL 24552 (surrendered).

Underlying geology through most of 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).

Field activity to date has included reconnaissance mapping, extensive rock-chip sampling and detailed ground spectrometer surveying in a number of areas of interest. Detailed air-borne geophysical surveying is considered an optimal assessment tool for the Project area and selective drill testing with the company's own track-mounted diamond drill rig is being considered. More recent work has focused to some extent on specialised prospecting for possible muscovite mica resources, based on interest expressed by the Merck Group (Germany).

A significant number of prospects have been identified. In and proximal to EL 29690 these include pegmatite dykes with very strong uranium-niobium-yttrium-tantalum(-REE) mineral enrichment (assays to over 10 % uranium) ("Bobs", "Cusp" and "Malex" prospects).. Significant interest has been shown by the Merck Group (Germany) in the muscovite deposits in the licence areas. Merck representatives have visited the project and sampled several areas for analysis, with a number of follow-up bulk samples sent to them, on request, for further analysis. Prospectivity for other minerals is indicated by, for example, the Harts Range Ruby Mine and a near-by vermiculite prospect (surrounded by ELs 25764 & 25063), and the extensive recent exploration for, and discovery of, copper-cobalt and nickel-copper mineralisation in the region, by Mithril Resources Limited.

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

Activities during the reporting period included additional and on-going prospecting of pegmatite dykes for specific types of muscovite, of prospective interest to the Merck Group, plus prospecting for vermiculite occurrences and regional prospecting for gems and gem materials. Many indications were seen, but none of quality to date. No numerical results are available.

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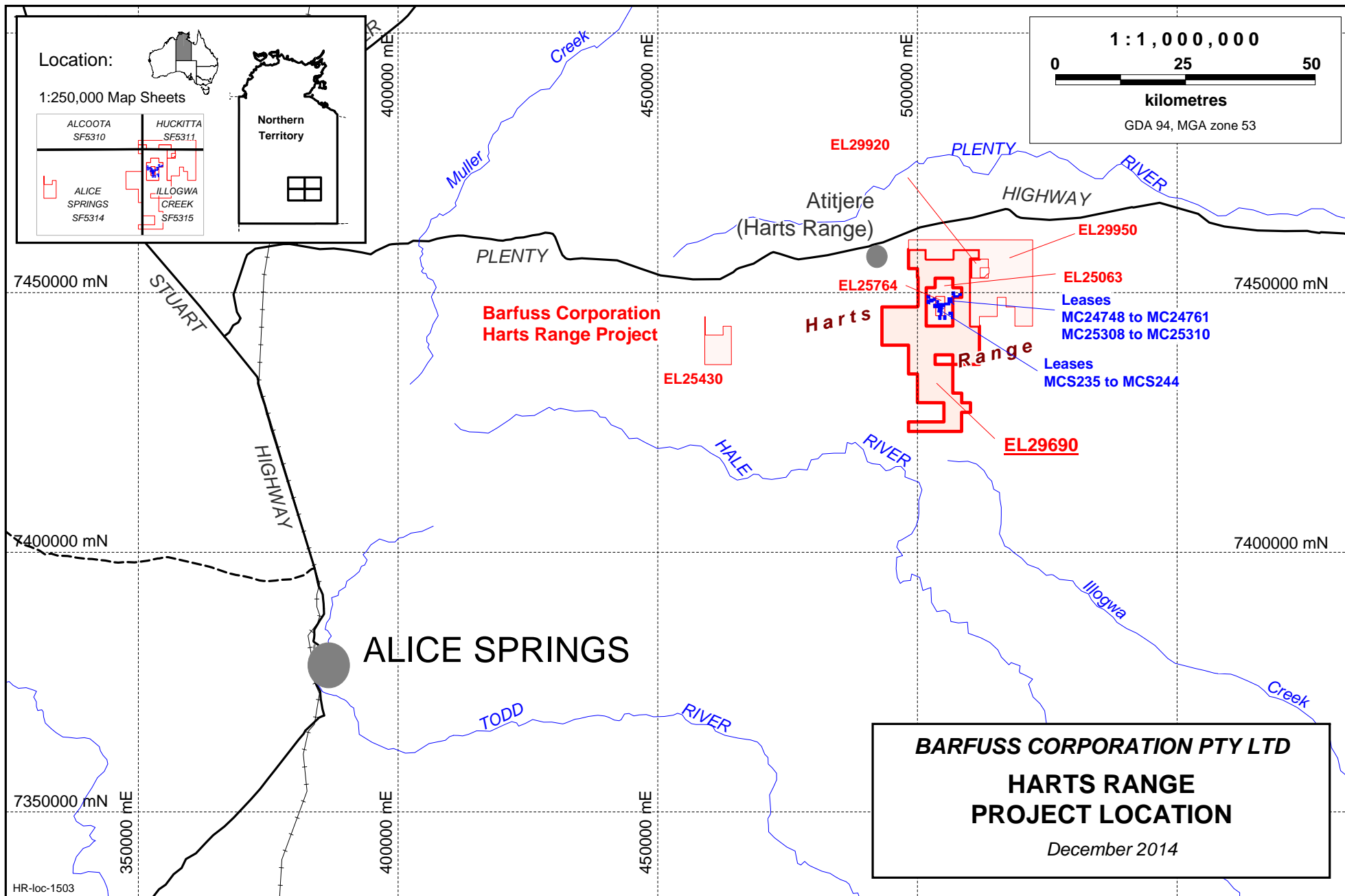


Figure 1

1. INTRODUCTION & SUMMARY

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

- EL 29690 (334.06 square kilometres)
- EL 25063 (40.77 square kilometres)
- EL 25430 (32.37 square kilometres)
- EL 25764 (6 square kilometres)
- EL 29920 (10.03 square kilometres) (*granted 23 April 2014, during the period*)
- EL 29950 (192.7 square kilometres) (*granted 23 April 2014, during the period*)
- 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 MCs are within the area of ELs 25063 and 25764. The company also has granted Mineral Claim coverage of the Harts Range Ruby Mine (MCS235-244, 172 hectares) which is also surrounded by EL 25764.

This report covers only EL 29690.

[Licences EL 25063 and EL 25430 (and former EL 24552) – granted prior to EL 29690 – were grouped for reporting purposes as GR-132/09.]

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

Topography and terrain are the Harts Range is frequently rugged, with relief up to 300 to 400 metres 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 established tracks.

The project is in the Harts Range area, which is dominated by gneisses and amphibolites of the Riddock Amphibolite Member, part of the Harts Range Group in the Irindina Province (formerly considered Early Proterozoic, now recognised as Late Proterozoic to Cambrian), in Division 2 of the eastern Arunta Block. The project also covers adjacent rocks, predominantly 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).

EL 25430, to the southwest, is also underlain by older Aileron province rocks (Strangways Metamorphic Complex), though these are dominated here by younger deformation forming the Gough Dam Schist Zone. Geology is generally dominated by high-grade quartzofeldspathic gneisses and schist, with subordinate amphibolite and calcsilicates.

The Harts Range was 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 gem minerals. Small-scale base metals mineralisation occurs in several areas, however, 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

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prospects in 2001-2005 (following earlier work by Kinex at its White Hill Dam prospect in 1984-1987), and Power Nuclear Corporation of Japan (PNC) explored the area for uranium in the 1990s (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 Corporation's 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 south-east 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 1970s and mined from then into the early 1980s by Hillrise Properties and Mistral Mines. Barfuss Corporation has mineral claim coverage of the ruby mine, which is surrounded by EL 25764, and has its site office and camp located there.

In addition to gemstones, and base and precious metals, the Harts Range is also prospective for a variety of industrial minerals. As well as the historic mica deposits, the Mud Tank vermiculite mine is 25-30 km to the west, other vermiculite deposits are known in the area, and potential garnet sand resources have been identified in the region. Barfuss Corporation has a vermiculite-rich deposit within its Ruby Mine mineral claims, within the Riddoch Amphibolite unit, 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 areas of the licences. Investigations included analysis of available geophysical data, geological mapping, rock-chip sampling 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 reconnaissance and more detailed investigations, including mapping, rock-chip sampling and ground spectrometer surveys. Identified mineralisation and anomalism includes copper-gold, rare earth elements (REE), uranium, thorium and nickel. This work is documented in detail in previous Annual Reports for the various licences.

Barfuss Corporation's activities were severely curtailed for a number of years by: a protracted legal dispute, involving the freezing of funds earmarked for exploration, from 2007 to late 2009; the failure of a subsequent signed agreement with a South Korean corporation which was to invest \$12m on exploration of Barfuss' Harts Range project; protracted negotiations with a number of other companies, including D'Aguilar Gold Ltd, Commissioners Gold Ltd, the Merck Group (Germany), BOA Advisors Trust LLC (Indiana, USA), and a Chinese group (via a third party); and a very severe, near fatal, illness which afflicted Mr Uwe Barfuss, and required protracted hospitalisation, in 2010-2011.

Discussions are on-going with the Merck Group and the Chinese group, plus prospective German investors and other private investors, and Barfuss has received a written commitment to invest \$5 million in the Project. A Swiss investment group, known to have provided capital for diamond mining in Sierra Leone and gold mining in Mexico, has also approached Barfuss with a view to investing in the project. Barfuss has also signed a Confidentiality Agreement with MMG Limited, which is interested in the project's nickel prospectivity.

Field activity on the licence during the reporting period included careful examination and prospecting of pegmatite dykes for muscovite mica, of a specific type, of potential interest to the Merck Group (Germany), plus on-going search for vermiculite occurrences, and general detailed prospecting of the region for gems and gem materials.

Work being considered for the coming reporting period includes a detailed airborne survey over much of the Harts Range Project area and/or drilling, subject to the potential involvement of joint venture partners. Different

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companies with which Barfuss is in discussions are interested in different resources or commodities, so there may be potential for more than one additional company to become involved in the Project.

Expenditure figures are provided in the separate Exploration Expenditure Report.

2. WORK CONDUCTED DURING THE REPORT PERIOD

Activities were similar to those conducted on the adjoining licences (reported separately).

Muscovite Exploration.

Muscovite samples collected from the project area in 2011, and sent to Germany for analysis, prompted a reconnaissance visit to the project by representatives of the Merck Group, a major global pharmaceutical and chemical company, with headquarters in Germany.

Merck investigated the Harts Range as one of a number of areas in Australia deemed to be potential sources for muscovite mica with chemical and physical properties suitable for its purposes. Historically, the Harts Range mica deposits were sources of large (decimetre-plus) book mica, for uses requiring large mica sheets. Merck's requirements are different, being principally 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 mica supplier for Merck*". It declared that it regards Barfuss Corporation as its "*most important potential partner in the Harts Range*" and hoped to make use of the Barfuss site camp and infrastructure, if any mica mining eventuates. Personal communications from the Merck report's author to Barfuss Corporation state that "*until now, the best quality Australian mica comes from your leases*" (email, December 2011).

Barfuss is conducting on-going careful examination and prospecting of pegmatite dykes for muscovite mica of the specific type of potential interest to Merck.

Other activities.

The area was also closely examined for further indications of vermiculite occurrence, such as is known on some of the Mineral Claims which the licence surrounds. The geological stratigraphy (Riddoch Amphibolite) hosting this vermiculite was prospected. Other work included general regional ground prospecting for gems and gem materials. Many indications were seen but to this time none of any quality.

The nature of the work conducted means that no numerical results have been generated.

Other activities largely focussed on discussions with prospective joint venture partners and investors. Discussions are on-going with the Merck Group and a Chinese group, plus prospective German investors (who have visited the project) and other private investors. Barfuss has signed a Confidentiality Agreement with MMG

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Limited, which is interested in the project's nickel prospectivity.

4. WORK PROGRAM FOR THE NEXT TWELVE MONTHS.

The next phases of work on the project will be partly subject to the involvement of potential joint venture partners. Different companies with which Barfuss is in discussions are interested in different resources or commodities, so there may be potential for more than one additional company to become involved in the project. Work to be conducted may be largely dependent on the interests of such companies.

The company is considering preliminary drill testing of selected prospects. Subject to funding and joint venture arrangements, a detailed geophysical survey (magnetic and radiometric) over much or all of the project area may also be conducted. This would help identify areas warranting more detailed investigation, and would aid in the geological interpretation of areas already of interest.

Prospect areas discussed in prior reports, and shown in Figure 2, warrant more immediate field investigation. These include the area between Bobs prospect and Cusp prospect. These two prospects contain high-grade uranium-niobium-tantalum-yttrium-REE (rare earth element) mineralisation. Selective sampling of masses of samarskite(?) mineral have consistently returned assays of the order of over 7% uranium, over 4.75% yttrium, mostly over 7.5% niobium, over 4% tantalum and mostly over 4% REE (rich in the more valuable heavy REE). These two prospects comprise similar pegmatite bodies, along strike from one another. The intervening 1.6 kilometre strike length has not yet been investigated. Cusp and Bobs (and Malex further south on EL application 29690), all require further investigation also.

Ross Caughey
(Exploration & Discovery Services Pty Ltd)
25 March, 2015

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- 2002 to 2013: various unpublished reports for Barfuss Corporation Pty. Ltd.
- 2003 to present: various statutory reports (Annual, Surrender) for Barfuss Corporation Pty Ltd Northern Territory licences, including
 - EL 24552
 - EL 25063
 - EL 25430
 - EL 25764
 - Group GR-131/09 (Mineral Claims MCS 235, 236, 237, 238, 239, 240, 241, 242, 243, 244; MC 24748, 24749, 24750, 24751, 24752, 24753, 24754, 24755, 24756, 24757, 24758, 24759, 24760, 24761; MC 25308, 25309, 25310)
 - Group GR-132/09 (ELs 24552, 25063, 25430)
 - Mineral Claims MCS 235, 236, 237, 238, 239, 240, 241, 242, 243, 244
 - Mineral Claims MC 24748, 24749, 24750, 24751, 24752, 24753, 24754, 24755, 24756, 24757, 24758, 24759, 24760, 24761 & MC 25308, 25309, 25310

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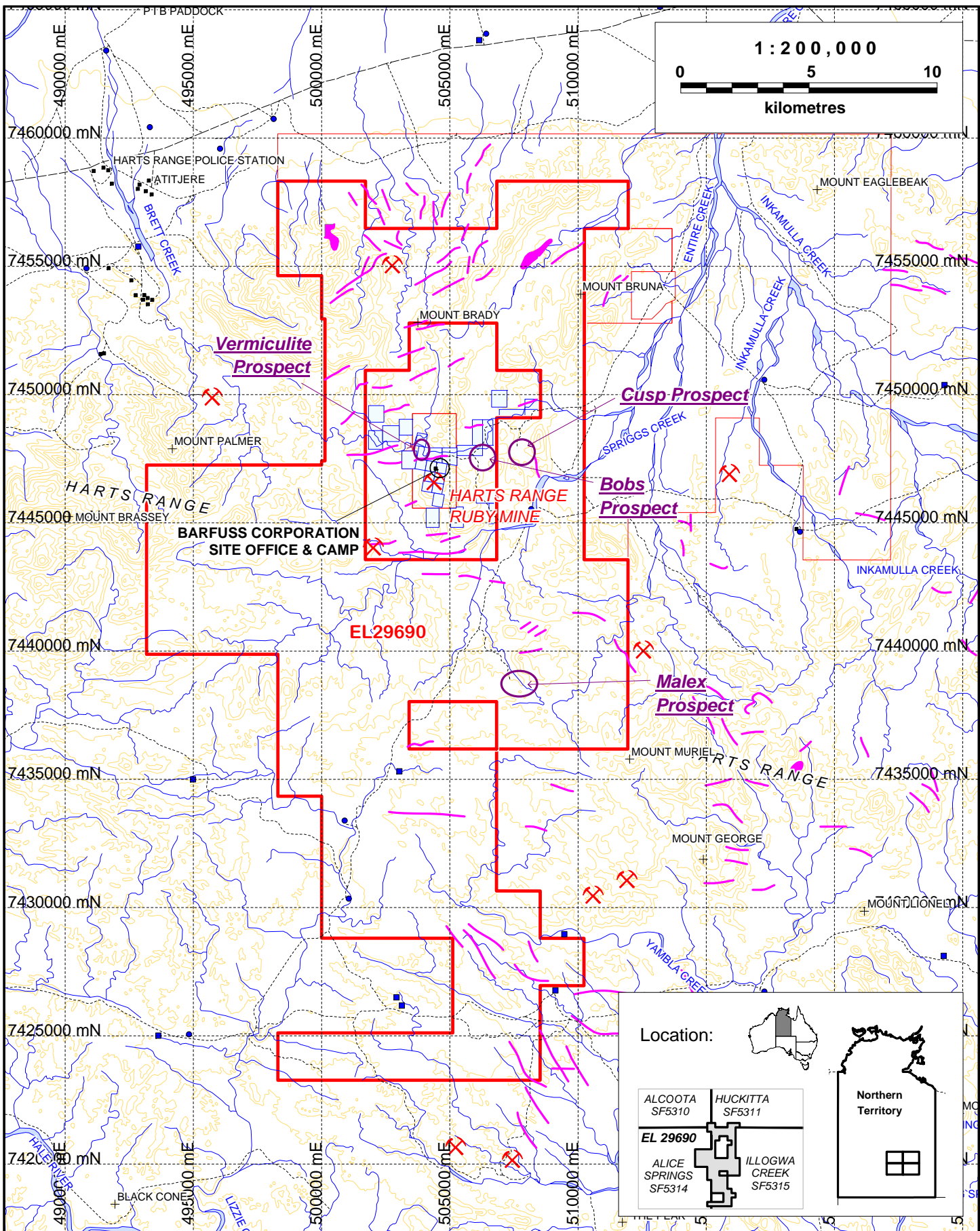
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
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* Open file company reports sourced previously from the Northern Territory Mineral Industry Reports Management System (IRMS) (<http://apps.minerals.nt.gov.au/irmsmin/>).



 Pegmatite dykes (major) - these and others selectively examined and prospected for specific muscovite types

 Barfuss Corporation Mineral Claims

Topographic Data from the 1:250,000 Geological Map Sheet digital datasets for Alice Springs, Alcoota, Huckitta, Illogwa Creek.
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Harts Range Project - EL 29690 - Northern Territory

Field Activities
Year Ending 03 December 2014

Workspace: EL29690-activities-1412	Date: March 2015
Plot file:	Scale: 1:200,000
Author: ARC	Projection: GDA94, MGA Zone 53
Drawn: ARC	Plotter:

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Figure 2