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Further Disclosure Document in respect of Independent Geological Report

The Myrtle Springs Magnesite Mine,

Mineral Leases 5000 and 5001

Miscellaneous Purpose Licences 18 and 27

Leigh Creek, South Australia

13 July 2018

Prepared for

Calix Limited

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Introduction

This disclosure document has been prepared in response to questions raised by the Australian Stock Exchange (ASX) in respect of the Independent Geological Report dated 25 June 2018 prepared by Hornet Resource Assessment Services Pty Ltd. (IGR), and included in the Calix Limited prospectus, dated June 25 2018.

The following information is provided to meet the reporting requirements of the ASX Listing Rules, and otherwise supplement the information included in the IGR.

1. Reserves

Table 8 Summary of JORC Proved Ore Reserves Estimate ML 5000

Table 8 of the IGR – “Summary of JORC proved ore reserves estimate ML 5000” is based on the exposure of beds 3 – 9 in the north-west extension of the current mining operations i.e. bench 1. A proved ore reserve is also calculated for beds 1-9 to a depth of 10m below the floor of the current pit and 10m below the floor of the north-west extension. The location of the north-west extension and the floor of the current open pit are shown on figure 6 of the IGR.

The proved reserves are based on measured thickness of beds 1 – 9 as shown in Table 5 and on the known specific gravity of the magnesite, dolomite and waste as shown in Table 5.

Mining panels contained in the “Program for Environment Protection and Rehabilitation” for ML 5000 and ML 5001 (PEPR) and approved by the South Australian Mines and Energy are designed at a 50m length parallel to the strike of the beds. Bed 3 in Panels 1 and 3 of the approved PEPR is currently being mined. Beds 4 and 5 have had the overburden removed and stockpiled for future rehabilitation and are exposed for the next mining campaign.

Grades assigned to beds 1 – 9 is a combination of assay data from samples collected from the north face of the current open pit and from stockpiles of mined ore for beds 7 and 9.

The proved ore reserve calculated below the pit floor assumes a depth for bench 2 of 10m, verified by a mining slot excavated in 2000 on beds 6 and 7 which demonstrated continuity to a depth of at least 20m below the land surface.

Table 9 Summary of JORC Probable Ore Reserves Estimate ML 5000

The probable ore reserve for the west extension i.e., the western side of the existing pit which includes beds 10 – 17 is calculated on a 10m bench 1 currently being mined in the open cut. Beds 10 – 17 were exposed in a shallow costean excavated adjacent to section 420 shown on figure 6 of the IGR.

The grades used for the probable ore reserve in the west extension are based on the weighted average for beds 10 – 17 from drill hole data from the Mount Hutton magnesite deposit and assumes that there is a consistency of grades throughout the

deposits. The magnesite beds have been found to have a uniformity of thickness and grade although grades from bed to bed may vary due to variations of the dolomite and talc content.

A probable ore reserve has been calculated for beds 1 – 9 in the north-west extension for benches 1 and 2 extending north of the current pit to the northern boundary of ML 5000. Beds 1 – 9 have been mapped by GPS and extend to the northern boundary. The grade assigned to the probable ore reserve in the north-west extension is the same as that used for the proved ore reserve and is based on sampling of the exposed beds in the current mine pit.

Table 10 Summary of JORC Indicated Mineral Resource Estimate ML 5000

An indicated mineral resource of 210,000 tonnes at 23%Mg and 2%Ca has been calculated for a second bench i.e. to a depth of 20m for beds 10 – 17 in the west extension.

There is no drill hole data or exposure of the magnesite beds within the area defined as the west extension and therefore it is not possible to assign an ore reserve at this stage although there is a high degree of certainty that these beds are continuous along strike and down dip and are of a uniform grade similar to the grades encountered for beds 10 – 17 at Mount Hutton.

Table 11 Summary of JORC Indicated Mineral Resource Estimate ML 5001

Magnesite beds have been mapped extending continuously throughout Mineral Lease 5001 and beyond the southern boundary using a differential GPS technique. The beds are continuous and uniform in thickness and can be mapped as the same beds outcropping in ML 5000. However, there is insufficient data including analytical data to confirm depth, continuity and grade of the beds to assign a mineral reserve status.

Based on the outcropping beds 8 – 17 and assuming a depth of 10m i.e. bench 1 level, an indicated resource of 182,000 tonnes of magnesite with a grade of 23% Mg has been calculated. The grades assigned to the beds within M 5001 are the grades used for beds 8 – 17 in the adjoining ML 5000. The bed thicknesses and specific gravity used in the calculation of the indicated mineral resource are also those derived from the adjoining ML 5000.

Mine Plan and Program for Environmental Protection and Rehabilitation (PEPR)

In 2013 MS Minerals Pty Ltd, owner of the mining tenements at Myrtle Springs was required by the South Australian Department of Mines and Energy to prepare and submit a mine plan for the continuing mining operations at the Myrtle Springs magnesite mine. Ministerial Determination 005 published in the South Australian

Government Gazette 50.3049-3063 on 12 July 2012 in a notice in accordance with Regulation 65 (7) of the Mining Regulations 2011 defines the minimum information required to be provided in a "Program for environment Protection and Rehabilitation (PEPR) for a Mineral Lease. The PEPR which is required to detail the proposed mining operations and mine plan together with a mine closure strategy was prepared and submitted to the Department in November 2013.

Mining operations are by open cut with the current development of a one 10m bench with a current footprint in strike length and 60m in width. This pit is located almost exclusively in ML 5000 with a small original opening in the north-east end of ML 5001. The mineral resources and ore reserves essentially confined to the area of the pit in ML 5000 where the thicknesses of the magnesite beds can be readily measured and the grades determined by systematic sampling of the operating face and stockpiled magnesite.

The magnesite beds occur as interbeds within an alternating sequence of dolomite-dolomitic siltstones and magnesite. The beds strike continuously north-west south-east through the 2 granted Mineral Leases and form bold, readily mappable outcrops.

The magnesite deposit at Myrtle Springs comprises a steeply dipping sequence of magnesite and dolomite interbeds. These beds dip at approximately 60° to the north-east and extend throughout the mining leases over a strike length of 1km.

The mining operations commence with the removal and stockpiling of the vegetation cover and the removal and stockpiling of topsoil and weathered magnesite and dolomite. Dolomite and dolomitic siltstone beds because of their competency often require drilling and blasting. Waste rock is hauled out of the pit to a waste dump in MPL 18.

Mining of the magnesite beds which range in thickness from 0.3m to 2.1m is easily achieved using a hydraulic rock breaker attached to a 30-tonne excavator to peel the ore layers (beds) from the mining face which is generally opened in 50m – 100m panels. Mining is sequentially from east to west enabling the pit to propagate along the length of the deposit. In some cases, the magnesite beds require toe hole drilling to create a void for the broken ore. Cuttings from toe holes may be collected and submitted for analysis for grade control although it is rare for the grade of a bed to vary very significantly.

The magnesite ore is crushed on site in a jaw crusher to -30mm for stockpiling prior to trucking to the Bacchus Marsh plant in Victoria. The mined magnesite provides the plant with a high grade feed stock which is used to produce various "hydrated" MgO products.

2. Exploration Target

An Exploration Target is an estimate of the exploration potential of a mineral deposit in a defined geological setting. In the case of the Myrtle Springs mine, exploration away from the mine workings, but still within the mining tenements, has been limited to GPS mapping of the outcropping magnesite beds.

- ML 5000

Within ML 5000 the magnesite beds are known to persist to a depth of 20m from a mining slot excavated on beds 6 and 7 below the existing bed floor. An exploration target exists below bench 2 for beds 4 – 17 and is estimated between 280,000 and 300,000 tonnes to a depth from 20m - 40m over a strike length of 450m. Based on the known grades of beds 4 – 17 it is anticipated that a grade between 22% and 25% Mg could be achieved.

This is clearly a conceptual target that requires drilling to confirm a resource and grade. This Exploration Target must not be construed as an estimate of a mineral resource or ore reserve as there has been insufficient exploration to complete an estimate of a mineral resource.

The exploration target has been calculated assuming that the beds continue in a uniform thickness, down dip to a depth of at least 40m i.e., 2 benches below the current mine plan approval. The grade for the beds are assumed to be the same as the beds within the current mine workings. Exploration target tonnages have been estimated based on the thickness of the beds, the known specific gravity of the magnesite and dolomite and the strike length of the beds within the current mining operations.

Timing of exploratory drilling will depend on the mine output and whether there is a continued increase in demand from the Bacchus Marsh processing plant. At current demand growth rates, exploratory testing of the exploration target might be warranted within 2 – 3 years.

- ML 5001

Within ML 5001 beds 1 – 9 inclusive are outside the eastern boundary of the tenement and are covered by Miscellaneous Purpose Licence (MPL) 18. Mining is not permitted on an MPL which is granted for the purpose of providing amenities for the persons engaged in the conduct of mining operations or for the disposal of overburden or waste from mining operations.

Outcrop mapping of the magnesite beds clearly demonstrate that they are continuous through ML 5001 but there is insufficient data from mine workings for drilling to confirm the down dip potential of these beds in ML 5001.

The exploration target below bench 2 level in ML 5001 is estimated between 350,000 and 450,000 tonnes to a depth of 40m over a strike length of 350m with an estimated grade between 23% and 24%.

This is clearly a conceptual target that requires at least 2 fully cored diamond drill holes to confirm continuity of the beds at depth and the consistency of the grade and it must not be construed as an estimate of a mineral resource or ore reserve as there has been insufficient exploration to complete an estimate of a mineral resource. Despite the continuity of the magnesite beds and the overall consistency of the grade it is still uncertain as to whether further exploration will result in a mineral resource. Figure 13 in the IGR shows the location of the proposed drill holes in ML 5001.

The Exploration Target has been calculated assuming the same bed thicknesses, specific gravities and bed grades as is known from ML 5000 and from drilling at the Mount Hutton deposit.

The deposit in ML 5001 is held in reserve for mining in the long term should processing requirements at the Bacchus Marsh plant require an increase in mine production in the main operating pit in ML 5000. At current demand growth rates, it is unlikely that exploratory testing of the Exploration Target will be required within the next 5 – 7 years.

3. Table 1

Table 1 of The JORC Code is a checklist of assessment and reporting criteria with comment provided on an “if not, why not” basis

Section 1 of Table 1 requires “Sampling Techniques and Data” to be clearly addressed and this section was omitted from the IGR.

Sampling of the magnesite beds at Myrtle springs has been limited to modified chip channel samples across the beds exposed in the mine pit face. Samples of broken ore stockpiled on site have also been collected for whole rock analysis for MgO, CaO, Al₂O₃, Fe₂O₃, Na₂O, MnO, P₂O₅, K₂O₂ and TiO₂. Typical analytical results are shown in Table 5 of the IGR.

Appendix A below provides an explanation of the JORC Code criteria of sampling techniques and data from the Myrtle Springs magnesite mining operations.

APPENDIX A: JORC CODE CRITERIA AND EXPLANATION OF SAMPLING TECHNIQUES AND DATA

CRITERIA	JORC CODE EXPLANATION	EXPLANATION
Sampling techniques	<p>Nature and quality of sampling (e.g.) cut channels, random chips or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand held XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report in cases where "industry standard" work has been done this would be relatively simple (e.g. "reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay"). In other cases.</p>	<p>Sampling of the magnesite beds has comprised random chips across the beds, sampling of cuttings of drill blast holes and random samples of crushed ore stockpiles from the beds.</p> <p>No specialised industry measuring equipment used.</p> <p>Samples of the magnesite beds are a combined chip channel using a mallet and brick layer's tool to obtain representative samples across the quarry face.</p> <p>Stockpiles of mined magnesite are sampled using a pelican pick and representatively channelling, as far as practical from top to bottom of the stockpile at random intervals around the stockpile.</p> <p>No drilling has been undertaken within the Mining Leases 5000 and 5001. However, 61 fully cored holes for 3952m were drilled at the Mount Hutton deposit 4kms south east of Myrtle Springs between 1998 and 1999. Six fully cored holes were drilled at the Mount Playfair deposit, 2kms north west of Myrtle Springs mine in 1999. A rigorous sampling protocol was adopted for these programs and reported to the Department of Mines and Energy by the then tenement holder Magnesium Developments Limited, and the data is held in the South Australian Department of Mines and Energy SARIG data base.</p>
Drilling techniques	<p>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</p>	<p>No drilling has been undertaken within ML's 5000 and 5001 at the time of writing, because this is an operating mine and the magnesite beds are clearly defined in outcrop and in the quarry face to enable resource estimates.</p> <p>The diamond drilling undertaken at Mount Hutton and Munt Playfair deposits demonstrate the continuity of the magnesite beds both along strike and down dip and provide adequate information for the basis of the resource estimates at Myrtle Springs.</p>
Drill sample recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to</p>	<p>Not applicable as there has been no drilling within ML's 5000 and 5001.</p> <p>The magnesite being mined is subject to sampling for quality control applying the analytical technique Code: FB6/OE lithium metaborate/tetraborate fusion analysed by inductively coupled plasma (ICP) optical (atomic) emission spectrometry.</p>

	preferential loss/gain of fine/coarse material.	Typical sample analytical results are contained within Table 5 of the IGR.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	No drilling undertaken therefore no logging of core or rotary percussion chips is required. Samples of the magnesite outcropping in the face and chips from blast holes are documented and submitted to Intertek Genalysis laboratories for analysis.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.	No core collected, not applicable. Not applicable Sample preparation is undertaken at Intertek Genalysis Laboratories. The production of a homogeneous subsample representative of the submitted to the laboratory comprises drying, crushing to 10mm and pulverising of a minimum 1kg sample of magnesite ore. The crushed ore is subject to splitting using a riffle splitter in the laboratory and 1 split is pulverised to 75 microns or better. Quality control is rigorous in the laboratory. Splits of the samples submitted to Intertek Genalysis have also been submitted to the Calix laboratory at Bacchus Marsh using X-ray fluorescence (XRF). Comparison of the results are shown in Table 6 of the IGR Samples are pulverised to 75 microns and is consistent with the grain size and crypto-crystalline nature of the magnesite.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	The analytical technique used for whole rock geochemistry is appropriate for the analysis of magnesite and other carbonate and silicate minerals. No geophysical tools or instruments have been applied in the field. However, XRF analysis is applied to samples of the ore supplied to the Bacchus Marsh calcining and manufacturing plant. Duplicate samples may be submitted to Intertek Genalysis laboratories. These samples are half the sample collected from cone and quartering of the original sample. Accuracy of the analyses using both XRF and ICP analytical techniques has been demonstrated to be of an exceptional standard (see Table 6 in the IGR).

Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>Sampling in general at the mine has been carried out in most instances by the author. Sampling of chips from the blast holes has been the responsibility of the mining contractor.</p> <p>No drilling yet undertaken within the tenements. Not applicable.</p> <p>Analytical data is included in reports submitted to the Department of Mines and Energy South Australia</p> <p>Not applicable because the assays represent the true grade of the magnesite ore supplied to the Bacchus Marsh processing plant.</p>
Location of data points	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Not applicable because no drilling has been undertaken within Mining Leases 5000 and 5001.</p> <p>Not applicable, as above.</p> <p>The mine was surveyed in 2012 and 2014 and will be surveyed following the 2018 mining campaign.</p>
Data spacing and distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <p>Whether sample compositing has been applied.</p>	<p>The Mining Leases have not, as yet, been subject to exploration due to the adequacy of the surface exposure of the magnesite beds and the existing mine workings.</p> <p>Not applicable</p> <p>Not applicable, no exploration.</p>
Orientation of data in relation to geological structure	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</p> <p>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</p>	<p>The magnesite beds within the pit dip at 60° and sampling is across the face perpendicular to the beds.</p> <p>Not applicable.</p>
Sample security	The measures taken to ensure sample security.	Samples collected by the author have in the past been submitted in person to the Intertek Genalysis Laboratories in Adelaide with adequate security.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits have been applied, sampling has been independently carried out by a Fellow and CP of the AusIMM.

Section 2 of Table 1 covers the reporting of exploration results.

Exploration activities at the Myrtle Springs mine have been limited to the geological mapping of the magnesite beds defined as 1 – 17 using differential GPS mapping to provide topography, magnesite bed outcrop location and the extent of the mine workings. Mapping was undertaken in 2012 and 2013.

The magnesite beds within the mine area have been shown to be continuous throughout both Mineral Lease 5000 and Mineral Lease 5001 and are considered to extend south-east to the Mount Hutton deposit located 4kms south-east of Myrtle Springs and north-west to the Mount Playfair deposit located 2kms north-west of the Myrtle Springs mine.

A major exploration program, at Mount Hutton, consisting of 61 fully cored drill holes, geological and structural mapping, environmental surveys, a trial mine pit which extracted 100 tonnes for metallurgical test work was undertaken by Magnesium Developments Limited (MDL) between 1999 and 2002. MDL also drilled six inclined, fully cored drill holes to test the Mount Playfair magnesite deposit. Results from these 2 programs have assisted in the assessment of the Myrtle Springs magnesite.

Appendix B below provides reporting of exploration results required in Section 2 (Reporting of Exploration Results) of Table 1 in the JORC Code which was omitted from the IGR.

APPENDIX B: JORC CODE CRITERIA AND EXPLANATION OF REPORTING OF EXPLORATION RESULTS

CRITERIA	JORC CODE EXPLANATION	EXPLANATION
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	<p>Two Mineral Leases (ML 5000 and M 5001) registered to MS Minerals Pty Ltd (MSM), a wholly owned subsidiary of Calix Limited. The tenements are 100% owned by MSM with no joint venture partners and expire on 29 March 2022 and can be renewed at the discretion of the relevant Minister.</p> <p>The mine is located 25kms north west of Leigh Creek town site on the Myrtle Springs Crown Pastoral Lease No. 2306A owned by the PIDIA Aboriginal corporation.</p> <p>MSM have an Under-lease Agreement with PIDIA covering the southern half of the Pastoral Lease which provides haulage road access from the mining operations and unrestricted use of the mining tenements for mining operations.</p>

CALIX LIMITED

HORNET RESOURCE ASSESSMENT SERVICES PTY LTD

Independent Geologist's Report

Myrtle Springs Magnesite Mine

Leigh Creek, South Australia

	<p>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</p>	<p>An Under-lease rental with PIDIA is applicable. The Under-lease agreement expires on 30 June 2020.</p> <p>No aboriginal or European Heritage sites have been identified within the tenements and there are no Wilderness or National Parks in close proximity.</p> <p>The environmental aspects of the lease areas are discussed in the Description of the Environment, page 15 of the IGR and a Program for Environment and Rehabilitation (PEPR) has been approved by the South Australian Department of Mines and Energy on 14 February 2014 (Appendix 1 of the IGR).</p> <p>The leases have been subjected to a Significant Environmental benefit Assessment (SEB) and a payment of \$11,250 has been made to the Native Vegetation Council SEB fund.</p> <p>The mining tenements were granted prior to the Native Title Act 1993 being passed by the Australian Parliament. The tenements do not require a Mining Native Title Agreement. The mining operations are in good standing and are compliant with all Lease conditions and the approved PEPR.</p> <p>There are no known impediments to continuing the mining operations.</p>
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<p>The deposit was originally opened up by Commercial Minerals Limited in 1994. Mining has continued intermittently to the present day.</p> <p>Of significance is the detailed exploration program by Magnesium International Limited on the adjoining Exploration Licences from 1999 – 2002. This included the drilling of 61 fully cored diamond drill holes, geological and structural mapping and metallurgical test work for the Munt Hutton deposit, located 4km south east of Myrtle Springs mine.</p> <p>In 2013 a detailed survey of the mine workings including a topographic survey of both ML's and the construction of cross sections was compiled by Lester Franks Pty Ltd.</p>
Geology	Deposit type, geological setting and style of mineralisation.	<p>The geology is simple and is part of the well mapped and documented Skilogalee dolomite sequence, a wide spread Late Proterozoic sequence in the Adelaide Geosyncline.</p> <p>Magnesite occurs as interbeds within the carbonate sequence that extends for</p>

CALIX LIMITED

HORNET RESOURCE ASSESSMENT SERVICES PTY LTD

Independent Geologist's Report

Myrtle Springs Magnesite Mine

Leigh Creek, South Australia

		<p>120kms north west from Leigh Creek. Nine significant deposits have been identified within this sequence including the Myrtle Springs mine.</p> <p>Magnesite beds vary in thickness from 0.3m to 2.2m within the "economic" package of beds numbers 1 – 17. They strike North-West South-East and dip steeply (60°) to the east and are continuous in outcrop along strike and are of a uniform thickness.</p>
Drill hole Information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <p>Easting and northing of the drill hole collar</p> <p>Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</p> <p>Dip and azimuth of the hole</p> <p>Down hole length and interception depth Hole length.</p> <p>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	<p>There has been no exploration undertaken as the magnesite beds outcrop and are clearly observable within the open pit.</p> <p>Not applicable</p> <p>Not applicable</p> <p>Not applicable</p> <p>Not applicable</p> <p>The style of the magnesite deposits is well understood and has been subject to mining operations for the past 24 years.</p>
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>No exploration has been undertaken to date as the magnesite beds are clearly outcropped within the open pit quarry. Exploration may be required at some future time to determine the total down-dip extent of the beds which are expected to be in excess of 70m based on drilling undertaken at the Mount Hutton deposit 4kms south east of Myrtle Springs.</p> <p>Not applicable</p> <p>Not applicable</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p>	<p>Not applicable.</p> <p>Magnesite beds are clearly defined and have been shown to have uniformity in thickness, consistency of grade and remarkable continuity along strike.</p>

<p>CALIX LIMITED</p> <p>HORNET RESOURCE ASSESSMENT SERVICES PTY LTD</p>		<p>Independent Geologist's Report</p> <p>Myrtle Springs Magnesite Mine</p> <p>Leigh Creek, South Australia</p>
	<p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<p>Not applicable, no drilling magnesite beds are near vertical and samples are collected perpendicular to the beds.</p> <p>Not applicable, magnesite beds outcrop and are visible in the quarry face.</p>
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	No exploration drilling undertaken. Geological cross sections prepared from surveyed data prepared by Lester Franks Pty Ltd are shown in Figures 11 and 12 of the IGR.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	<p>Not applicable no exploration has been undertaken and therefore no results have been reported to date.</p> <p>When exploration drilling is undertaken in ML 5001 at some future date, results will be reported according to the JORC Code.</p>
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	<p>Not applicable, no exploration data.</p> <p>This is an existing mining operation producing 3000 – 4000 tonnes per annum to a processing plant owned solely by Calix Limited, located in Bacchus Marsh in Victoria</p>
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	<p>The magnesite beds dip to the east and at a depth of 10m, beds 1 – 9 are calculated to extend outside the eastern boundary of ML 5001 and are covered by Miscellaneous Purpose Licence (MPL) 18 as shown in Figure 12 of the IGR. These beds and the remaining beds below the No 1 bench level present an exploration target for future drilling to determine the depth extent of the magnesite beds</p> <p>Figure 12 in the IGR shows the location of 2 proposed drill holes designed to test the exploration target below bench 2 in ML 5001 to a depth of 40m over a strike length of 350m.</p>

Future Mining

The 2018 Mining campaign is about to commence and is estimated to continue through July- August and September.

Magnesite Ore will be extracted from beds 3 and 4 in the North West Extension (Photo 1 below).



Photo 1 mining face in north-west extension

The overburden pre-strip was completed at the end of the 2017 mining campaign and exposed beds 3 – 4 and 5 on the surface.

A bed of dolomite and dolomitic siltstone, 1.3m in thickness, overlying magnesite bed 3 will require removal as the first stage of the campaign. Drilling and blasting of this bed is required as the bed is dense and competent and not easily removed by rock breaker. (Photo 2 below)



Photo 2 showing dolomite bed overlying magnesite bed no. 3

Magnesite Bed 3 is measured at 0.8m in thickness. Extraction of bed 3 should produce approximately 2300 tonnes of magnesite from panels 1 and 3 in the north-west extension i.e. 100m in strike length, 10m in bench height and 0.8m in bed thickness.

The footwall tends to be more thinly laminated and does contain stingers of dolomite which could slightly lower the grade due to inclusion of dolomite and talc fragments. The grade is anticipated to be 22% Mg.



Photo 3 showing bed 3 nodular magnesite with sheared foot wall.

Between bed 3 and bed 4 is a 1.5m thick bed of dolomite and dolomitic siltstone that requires removal before the mining of bed 4 can occur (Photo 4 below). This bed may require drilling and blasting for removal to the waste dump in MPL 18.



Photo 4 dolomite and dolomitic siltstone between magnesite beds 3 and 4.

Bed 4 is a thicker (1.1 m) more massive, finer grained magnesite mud, thinly laminated on the footwall. This bed is estimated to produce 3100 tonnes at a grade of 24.7 Mg (Photo 5 below). Bed 4 will be mined over a strike length of 100m and a bench height of 10m. The specific gravity of the magnesite is 2.93g/cc.



Photo 5 magnesite bed No 4 massive fine grained magnesite mud.

This will complete the mining campaign for 2018.

The mining of beds 3 and 4 will produce sufficient tonnage to supply the plant for the next 12 months and it will not be necessary to mine bed 5 during the 2018 campaign. However, this bed is ready for extraction should the need arise.