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25th July 2023

To whom this may concern,

Please find attached a nil activity monitoring report in accordance with the condition 38 and 39 of Thessally Resources' Waste Discharge Licence WDL 250.

Kind regards,

Jeff Elliott

Director

THESSALLY RESOURCES PTY LTD

HUANDOT MAGNESITE PROJECT

Waste Discharge Monitoring Report

Reporting period: 22nd February 2023 to 30th April 2023

Date of submission: 25th July 2023

Version number: 1

Licence/approval number: WDL250

Commencement date: 22nd February 2023

Expiry date: 21st February 2025

Report author: Jeff Elliott, Director, Thessally Resources Pty Ltd

Executive Summary

During the reporting period there were no discharge of waste at the Huandot Magnesite Project and no ground disturbing activities were completed. No additional environmental monitoring was undertaken, other than that completed in preparation for the Company's application to NT EPA for a Waste Discharge Licence (WDL250).

The Company has subsequently completed additional monitoring of adjacent water courses as part of ongoing baseline environmental monitoring. The results of this sampling will be presented in the next annual monitoring report.

1. Introduction

The Huandot Magnesite Project (here-in referred to as the Project) is 100% owned by Thessally Resources Pty Ltd (Thessally), a subsidiary of Red Terra Investments Pty Ltd and is held under an exploration licence EL30879.

Thessally have approval from the Department of Industry Tourism and Trade (DITT) for a variation of authorisation (VOA) 0900-01, to undertake exploration drilling and a bulk test sample within the existing Huandot Pit, located within EL30879, approximately 85 km south of Darwin and 10 km east of the township of Batchelor, NT.

A bulk test sample size of 18,000 tonnes of magnesite ore is proposed to enable shipping of 15,000 tonnes sized direct shipping ore (DSO). If the results of the bulk test sample prove successful for trial use in an industrial process overseas, Thessally intend to commit to an off-take agreement and commence the environmental approval process under the NT Environmental Protection Act 2019 (as required), and subsequent operational mining authorisation under the NT Mining Management Act 2001.

1.1 Project Background

The existing Huandot Pit contains approximately 15 ML of surface water and groundwater inflows. To undertake the bulk test sample within the existing Huandot Pit, Thessally are first required to dewater the pit.

Thessally applied for an obtained Waste Discharge Licence (WDL250) to allow the controlled discharge of wastewater from Huandot Pit to Paperbark Creek (Adelaide River catchment) for the purposes of bulk sampling works via the authorised discharge point and subject to the conditions of the licence.

Thessally originally proposed to dewater the pit to the nearby Paperback Creek during the 2022-23 wet season and commence bulk sampling during the 2023 dry season. However, delays in the permitting process and with commercial negotiations have meant that dewatering and excavation activities are unlikely to commence until dry season 2024 and therefore it is likely that the pit water will be discharged during the dry season via land-based application.

During excavation, pit dewatering will be required during mining to manage groundwater inflows, estimated at a maximum flow of 2 ML per week (maximum flow during wet season, including any surface run off in rainfall events) and average flow range of 0.3 ML to 0.5 ML per week groundwater inflow during the dry season.

Both the existing pit water and any groundwater inflows can be reused for dust suppression and/or land irrigation as authorised under the MMP (Mining authorisation: 0900-01) during the dry season.

The mining schedule including site mobilisation, pit dewatering, blasting, excavation, screening, haulage to the Darwin Port, demobilisation, and rehabilitation, is estimated to be 6 months.

1.2 Certification

I, Jeff Elliott, Director, have reviewed this report and I confirm that to the best of my knowledge and ability all the information provided in the report is true and accurate.

2. Monitoring Objective and Method

2.1 Monitoring objective

The objectives of monitoring are to ensure compliance with the conditions of the Waste Discharge Licence (WDL250). WDL250 allows the controlled discharge of wastewater from Huandot Pit to Paperbark Creek (Adelaide River catchment) for the purposes of bulk sampling works via the authorised discharge point.

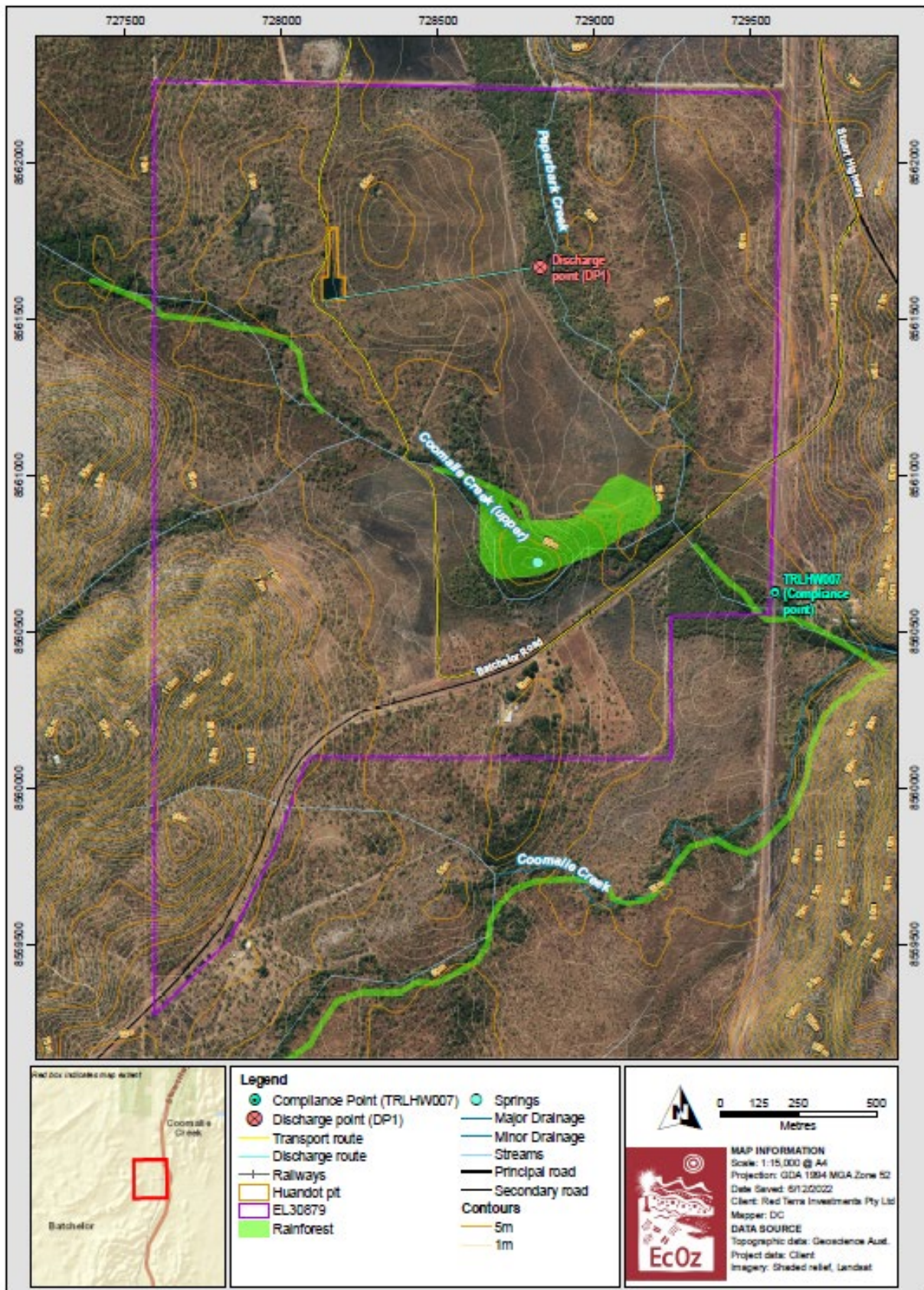
The boundaries of the exploration lease (EL30879) are provided below in Table 1-1. The coordinates of the proposed discharge point and compliance point are also included. Figure 1-1 shows the EL30879 boundary, discharge point and compliance point.

Table 1-1. Relevant site coordinates

Site component	Boundary Corner	Coordinates (GDA94 Zone 52L)		Comments
		Latitude	Longitude	
EL30879	NW	-12.99697	131.09830	EL Granted 07/07/2015 date expiry 06/07/2023 date. EL contains all mine infrastructure and discharge point.
	NE	-12.99697	131.11667	
	SE	-13.01250	131.11646	
	SW	-13.02407	131.09825	
Discharge point (DP1)		-13.002248	131.109756	Located within Paperbark Creek, approx. 650m east of the Huandot Pit
Compliance Point (TRLHW007)		-13.011629	131.116746	Coomalie Creek ~400m downstream of Paperbark Creek and Coomalie Creek confluence. Located on EL30879 South tenement boundary, upstream of rail crossing bridge.

2.2 Monitoring method

No monitoring has been undertaken (as no discharge has occurred) during the reporting period.



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Figure 1-1. Map of EL30879, discharge point and compliance point

3. Results

No monitoring has been undertaken (as no discharge has occurred) during the reporting period.

4. Discussion

Whilst no monitoring was undertaken during the reporting period, the Company has subsequently completed additional monitoring of adjacent water courses as part of ongoing baseline environmental monitoring. The results of this sampling will be presented in the next annual monitoring report.

5. Conclusion

The Company is aware of its licence conditions for WDL250 and the objectives of the monitoring program referred to in Appendix 2 of the licence document.

Due to delays in the permitting process and commercial negotiations the planned bulk sampling activities at Huandot have been deferred until dry season 2024.

Therefore, no discharge occurred during the reporting period (or subsequent to the reporting period up to the date of this report) and therefore the Company has complied with the assessment criteria and the monitoring objectives.

The Company has subsequently completed additional monitoring of adjacent water courses as part of ongoing baseline surface water quality program and it plans to continue monitoring throughout the year.