

ABx Group (ABX)

Upgrades to Deep Leads IAC Rare Earths keep coming

Increases across the board for the Deep Leads Resource – Grade, tonnage & target area

ABx Group have reported a 30% increase to their Mineral Resource Estimate (MRE) at the Deep Leads Ionic Adsorption Clay (IAC) Rare Earths deposit in Northern Tasmania. The increase to the MRE comes from 36 assayed step-out holes – representing a significant extension to the north for the existing Deep Leads prospect.

The new assays also confirm continuity of the high levels of Permanent Magnet Rare Earth Oxides seen in the main Deep Leads-Rubble Mound Resource.

Of particular note are the high ratios of Dysprosium and Terbium making up 4.3% of Total Rare Earth Oxides (TREO) that continue to be discovered with the Dysprosium grades being the highest of any of the IAC deposits that we have seen for Australian listed explorers.

Corporate Connect maintains a price target of \$0.33 per share (See Corporate Connect ABX Report 16/5/2023) and has confidence that growth in the Northern Tasmanian MRE will be maintained given these latest results.

Mineral Resource Estimate growth

The size of the Deep Leads-Rubble Mound Resource estimate has increased by 30% to 27million tonnes (from last update on 8th May 2022). The overall grade has also improved by 8% to 803ppm Total Rare Earth Oxides (TREO) while the Permanent Magnet REO grade is unchanged at 196ppm.

Corporate Connect continues to be impressed by the increases being made in the MRE since the maiden Rare Earths MRE of 7 million tonnes was announced in November 2022.

Significant increase in prospect size

The target area for further exploration has tripled and is now approximately 100km² – up significantly from the previous 35km². The increased target area now takes in the Wind Break prospect (16km to the Northeast) and is partly subject to an exploration lease application.

Improved understanding of geological conditions

The announcement states that the company is becoming more selective in targeting new drill sites, which suggests that an improved understanding is forming on controls behind rare earth mineralisation. We believe has the potential to improve future drilling results from a grade and width perspective.

In particular, Hole RM302 recorded Permanent Magnet REE grades that were commensurate with the higher-grade IAC deposits seen in China. The hole's location is also important – being at the northern most edge of current drilling, it opens the possibility of a new higher grade target area.

Richard Close

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Company Data

ASX code	ABX
ASX price	\$0.10
Shares on issue	223.6 mill.
Market capitalisation	\$22.7 mill.
Cash on hand	~\$4.5mill ¹
12-month price range	\$0.10 – \$0.17

¹ as at 31/3/2023

Key Personnel

Paul Lennon	Chairman
Dr Mark Cooksey	Managing Director/CEO
Ian Levy	Executive Director
Leon Hawker	Chief Operating Officer

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Resource Category	Million Tonnes	From (m)	To (m)	Thickness (m)	TREO ppm	TREO-CeO ₂ ppm	Perm Mag ppm	Permanent Magnet REOs				Ratios	
								Nd ₂ O ₃ ppm	Pr ₆ O ₁₁ ppm	Tb ₄ O ₇ ppm	Dy ₂ O ₃ ppm	PermMag TREO %	Tb+Dy TREO %
Inferred	24	4.5	12.1	7.6	801	602	195	128	33	4.8	29	25%	4.3%
Indicated	4	4.6	11.2	6.7	901	660	217	144	36	5.3	32	24%	4.1%
Totals	27	4.5	12.1	7.6	803	603	196	128	33	4.8	30	24%	4.3%

Other Rare Earth oxides												Low radioactivity	
Resource Category	CeO ₂ ppm	Er ₂ O ₃ ppm	Eu ₂ O ₃ ppm	Gd ₂ O ₃ ppm	Ho ₂ O ₃ ppm	La ₂ O ₃ ppm	Lu ₂ O ₃ ppm	Sm ₂ O ₃ ppm	Tm ₂ O ₃ ppm	Yb ₂ O ₃ ppm	Y ₂ O ₃ ppm	U ₃ O ₈ ppm	ThO ppm
Inferred	199	17	7.4	29	6.0	115	2.3	29	2.4	16	183	0.9	3.3
Indicated	240	17	9.6	34	6.2	129	2.1	33	2.4	14	196	0.8	3.2
Totals	200	17	7.5	29	6.0	115	2.3	29	2.4	15	183	0.9	3.3

Parameters Cut-off grade = 250ppm TREO-CeO₂ Minimum thickness = 2 metres Maximum extrapolation = 80m Density = 1.9 tonnes/cubic metre
 TREO = total rare earth elements as oxides. TREO-CeO₂ = TREO minus cerium oxide

Figure 1: Deep Leads Mineral Resource Estimate - July 2023

Rare Earths explorers and developers will often refer to Neodymium and Praseodymium as the important rare earths for permanent magnet production but fewer reference Dysprosium (Dy) and Terbium (Tb). Dysprosium and Terbium are generally considered to be the most valuable REE's given their scarcity in most "hard rock" rare earth deposits like bastnasite and monazite - but they are found in relatively higher proportions in Ionic Adsorption Clay (IAC) rare earth deposits. Most of the world's supply of Dy and Tb is sourced from the IAC deposits in China – exacerbating their position as strategic metals.

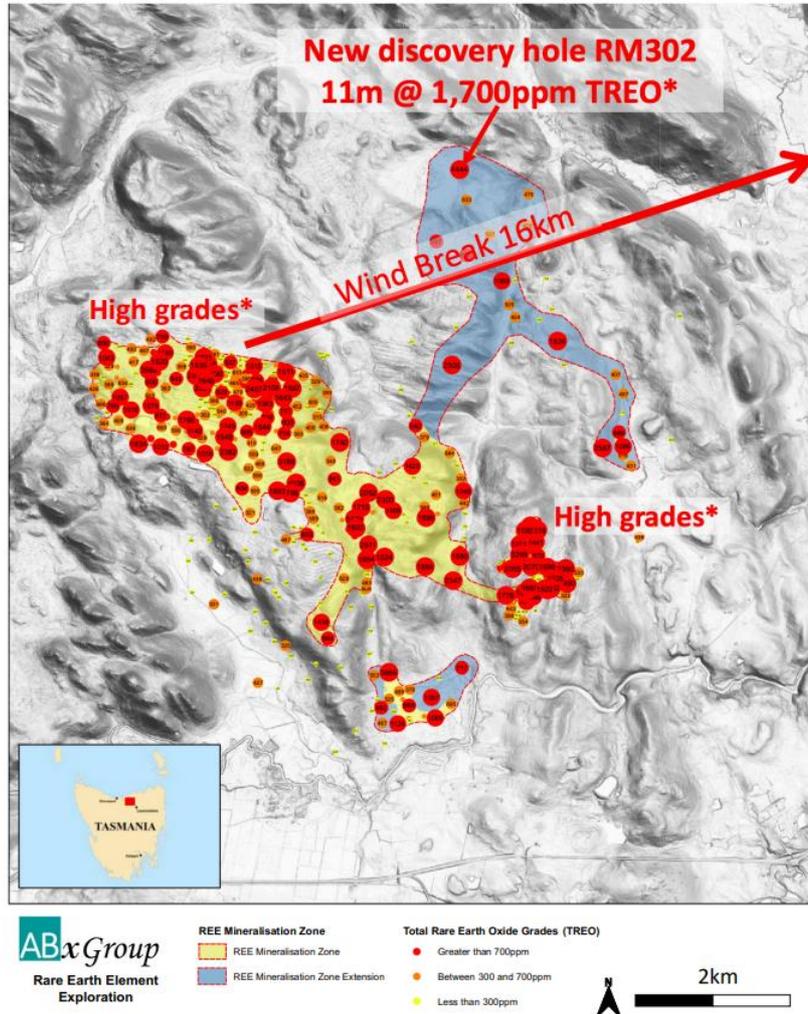
The Deep Leads prospect is demonstrating higher levels of Dy than other Australian companies with IAC prospects and Tb grades are commensurate with those found in Meteoric Resources Caldeira prospect (Fig.2).

	Grade (ppm)			
	Pr	Nd	Tb	Dy
ABx - Deep Leads	33	128	5	30
Ionic Rare Earths - Makuutu	30	110	2	10
Australian Rare Earths - Koppamurra	37	139	4	21
Meteoric Resources - Caldeira	154	447	5	25
Average	64	206	4	22

Figure 2: Grades of Magnet Rare Earths in Australian listed IAC deposits.

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RM302 – new discovery hole with outstanding results

RM302 was drilled at the northern most point of the Deep Leads prospect and has achieved outstanding grades over 11 metres, starting from only 2 metres below surface.

Fig.3 shows the location of RM302 – with open ground to the north, this area stands out as a likely target for further drilling

Fig. 4 shows the assay results for RM302. Of note are the grades between 4m and 10m – these are elevated in all the Permanent Magnet REE's but particularly in Dy and Tb. From an exploration perspective, this hole should be important for guiding further drilling targets.

Figure 3: Location of REE mineralisation extension

Hole ID	From (m)	To (m)	Metres (m)	TREO max ppm	TREO avg ppm	TREO-CeO ₂ ppm	Perm Mag ppm	Permanent Magnet REE				Ratios	
								Nd ₂ O ₃ ppm	Pr ₆ O ₁₁ ppm	Tb ₄ O ₇ ppm	Dy ₂ O ₃ ppm	PermMag TREO %	Tb+Dy TREO %
RM302	2	3	1	724	724	300	104	70	17	2.3	15.1	14%	2.4%
RM302	3	4	1	1648	1648	628	245	167	43	4.7	30.5	15%	2.1%
RM302	4	5	1	2932	2932	1660	773	545	155	11.0	62.5	26%	2.5%
RM302	5	6	1	1222	1222	805	334	230	63	5.5	35.6	27%	3.4%
RM302	6	7	1	1723	1723	1422	460	286	76	12.9	85.3	27%	5.7%
RM302	7	8	1	4444	4444	4014	902	496	124	36.2	245.6	20%	6.3%
RM302	8	9	1	3269	3269	2893	742	442	112	24.7	162.4	23%	5.7%
RM302	9	10	1	1408	1408	1219	320	195	50	10.0	65.3	23%	5.3%
RM302	10	11	1	640	640	540	150	95	24	4.2	27.0	23%	4.9%
RM302	11	12	1	421	421	348	95	59	15	2.6	18.0	23%	4.9%
RM302	12	13	1	453	453	375	103	65	16	2.9	19.0	23%	4.8%
Totals	2	13	11	1717	1717	1291	385	241	63	10.6	69.7	22%	4.7%

Figure 4: Assay results from drill hole RM302

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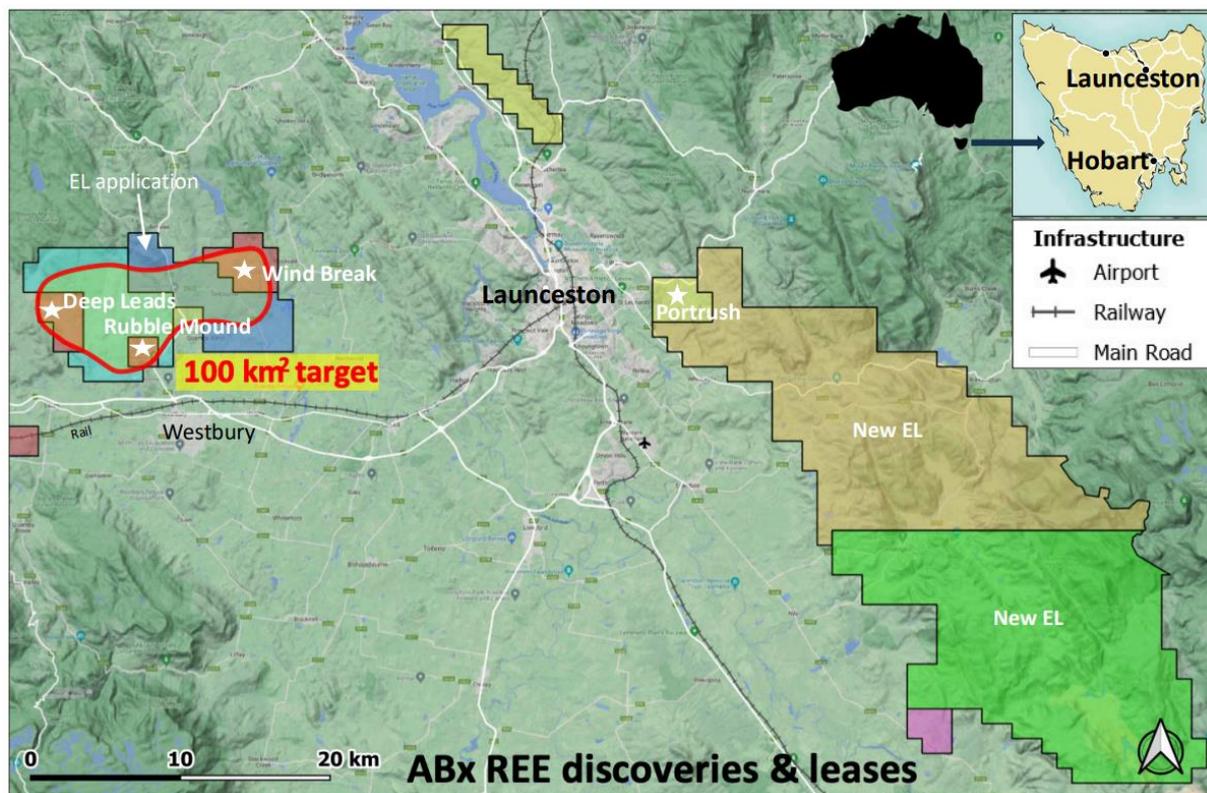


Figure 5: Location of ABx Group REE prospects and EL's

Figure 5 is a map of ABX's exploration leases in the Northern Tasmanian region. With the anticipated success of the EL application between Deep Leads and Wind Break, the map highlights the size of the western prospects (~100km²). It is also worth noting that with Launceston being little over 30km away by road, the company will be able to access low-cost labour and resources should development proceed.

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