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**EL61/94 ARTHUR RIVER.
ANNUAL REPORT TO 9th JUNE 2001**

Volume 1 of 1

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20th May 2001

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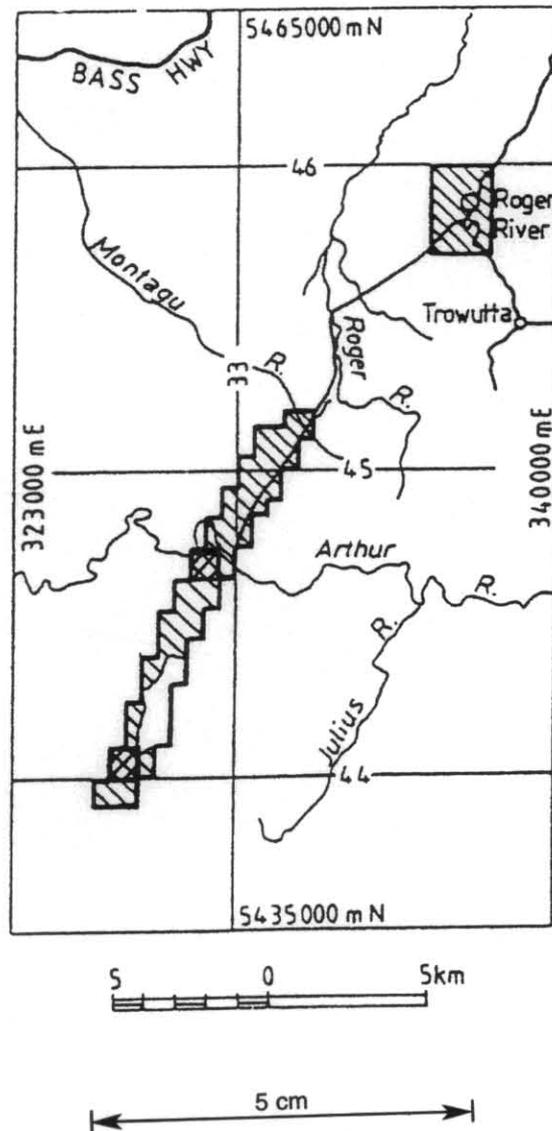


Figure 1 Locality map. The current northern and southern blocks of EL61/94 are shown as cross-hatched areas within the original southern block of the tenement.

1.0 Summary

- The northern block of EL61/94 contains a possible resource of 90 000 tonnes of pale greyish cream silica flour.
- Further auger drilling is required to delineate the possible resource, whilst pitting will be necessary in order to obtain suitable material for analysis.

2.0 Introduction

Exploration Licence 61/94 was reduced at 9.06.2000 to two blocks, each of 1 skm (Figure 1). Work during the current year has been carried out in the more northerly of these two blocks, which is crossed by the Blackwater No.1 Spur Road (Figure 2). The work has been concentrated on the silica flour potential of the block.

3.0 Work carried out

Aspects of the regional geological setting of EL61/94, and the results of initial reconnaissance mapping and sampling by Cominex, are covered in previous reports (Turner 1997, 2000). In the current year the ridge that occupies the central part of the northern block of EL61/94 has been mapped in more detail and a shallow auger drilling program has been carried out.

The auger drilling was carried out by Barry Cox of Blackmans Bay, using a small Mole rig that is mounted on a rubber-tired trailer, pulled by a 4WD Hilux. In very soft ground the rig has a penetration capacity of about 15m.

4.0 Results

Most of the main ridge in the northern block of EL61/94 is underlain by silica flour and related quartzose materials (Figure 2) whereas the areas of low elevation to the east, north and west of the ridge are underlain by medium-brown clay. The clay is thought to be a weathering product of the Smithton Dolomite, which is of Neoproterozoic age. The geological mapping suggests that the boundary between the clay and the overlying siliceous materials is generally planar and dips very shallowly towards the west.

The siliceous materials above the weathered dolomite, and extending to near the top of the ridge, consist predominantly of friable lump silica with flour developed as a matrix to the lumps and in relatively small pockets. Though some of the lump material exhibits colloform banding, much is relatively massive and consists of silt-sized and fine-sand-sized quartz grains that form flour when the friable lumps disaggregate. This disaggregation, as well as the conversion of the underlying dolomite to clay, is thought to be part of the Quaternary weathering cycle. However, it is not clear that the actual formation of the siliceous materials can be attributed to near surface, Recent or Tertiary processes. A subsurface

origin is suggested by the presence of intense, regular jointing in lump material in the cutting on the south side of road near Auger-drill Hole 1. The common presence of milky-white vein quartz may also suggest formation at depth. Temperature determinations from possible fluid inclusions in the various types of quartz would be useful in determining the likely origin of the siliceous materials.

Around the top of the ridge the siliceous materials are much more thoroughly disaggregated, and there is relatively little near-surface, hard, lump material. Auger-drill Holes 2, 3, 4, 5A and 5B (Appendix 1) indicate that there is a shallow resource of soft, easy-to-excavate, silica flour on the ridge top (Figure 2). Further drilling will be necessary to properly delineate this area of interest. The flour in the potential resource is not of particularly good colour, being mostly pale greyish cream rather than bright white. However, as there appears to be a general absence of secondary iron from the siliceous materials in EL61/94, the poor colour of the silica flour may be entirely attributable to organic contamination and, therefore, be of less concern.

5.0 Conclusions

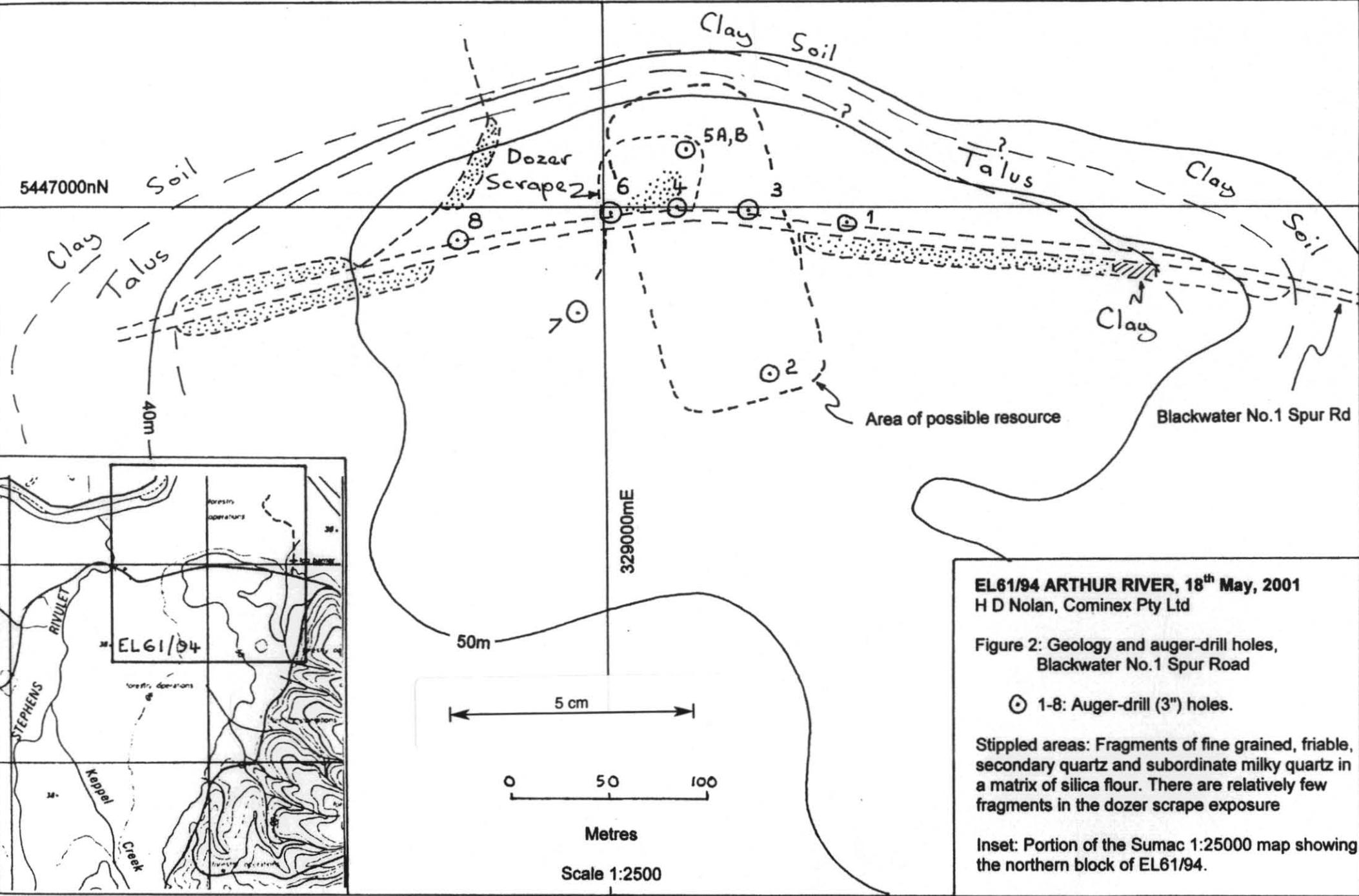
Geological mapping and auger drilling have identified a possible resource of pale greyish cream silica flour around the top of the main hill in the northern block of EL61/94. Assuming that the dimensions of the possible resource are 150m length, 75m width and an average 5m depth, the amount of silica flour present at a density of 1.6 tonnes per cubic metre is 90,000 tonnes. Further auger drilling and pitting will be necessary to confirm the dimensions of the resource, and to obtain material suitable for analysis. Material obtained from the current round of auger drilling is not satisfactory for analysis because of likely iron contamination from the augers.

6.0 Environmental matters

No new access was created during the program of work reported here. All auger-drill holes were back-filled.

7.0 References

- Turner N.J. 1997. Exploration Licence No.61/94 Arthur River, Tasmania. Annual Report 1996-1997. H.D.Nolan.
- Turner N.J. 2000. EL61/94 Arthur River. Partial Relinquishment at 9.6.2000. Cominex Pty Ltd.



EL61/94 ARTHUR RIVER, 18th May, 2001
 H D Nolan, Cominex Pty Ltd

Figure 2: Geology and auger-drill holes,
 Blackwater No.1 Spur Road

⊙ 1-8: Auger-drill (3") holes.

Stippled areas: Fragments of fine grained, friable, secondary quartz and subordinate milky quartz in a matrix of silica flour. There are relatively few fragments in the dozer scrape exposure

Inset: Portion of the Sumac 1:25000 map showing the northern block of EL61/94.

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20th May 2001

EL61/94 Arthur River. Annual report to 9th June 2001

Appendix 1

Logs of auger-drill holes

Cominex Pty Ltd
Blackwater No.1 Spur Road

Logs of auger-drill (3") holes

Driller: Barry Cox, Blackmans Bay

Note 1: The relative levels of the hole collars were measured by clinometer from hole no.8. The height above sea level of holes 3 & 4 is about 60m.

Note 2: The local survey was laid out along Blackwater No.1 Spur Road. The origin was the centre of the track at 329430mE 5446950mN (Figure 2, inset), where it joins the spur road. Hole positions are plotted accurately relative to AMG in Figure 2.

Hole No.	Position-local survey	RL (m)	Interval (m)	Description
1	300mW	4.5	0-0.9	Pale grey silica flour containing fragments of indurated flour. Easy drilling to 0.9.
			0.9-9.1	Better coloured flour (more whitish). Harder drilling with drill-bit having to grind through common fragments of indurated flour.
			9.1-9.3	Passed into wet, black and orange-brown flour and clay.
2	324mW, 80mS	5.5	0-3.5	Very pale greyish-cream silica flour. Easy drilling with only very minor fragments of indurated flour.
			3.5-4.2	Harder drilling with common fragments of indurated flour. Drill refused at 4.2m.
3	350mW	6.2	0-0.05	Road fill
			0.05-5	Pale cream silica flour with very little hard material. Easy drilling.
			5-6.8	Same pale cream flour, but with common indurated fragments causing harder drilling. Drill refused at 6.8m.
4	385mW	6.2	0-0.1	Road fill.
			0.1-8	Pale cream silica flour with few fragments. Easy drilling.
			8-9.3	Same flour with more fragments. Drilling became difficult at 9.3m.

Hole No.	Position-local survey	RL (m)	Interval (m)	Description
5A	385mW, 31mN	4.7	0-1	Patchy pale grey and medium brown silica flour. Colour due to organic material, not iron. Easy drilling.
			1-4.7	Pale grey flour with no indurated fragments. Easy drilling until drill refused at 4.7m.
5B	385mW, 30mN	4.7	0-3.5	Pale creamy white silica flour. Much whiter than in Hole 5A. Easy drilling
			3.5	Thin band of greyish flour at about this level
			3.5-7.3	Uniform, pale cream flour with very little hard material. Easy drilling.
			7.3	Drill refused.
6	420mW	5.2	0-3.8	Pale greyish cream silica flour becoming whiter near 3.8m. Common indurated fragments. Drill refused at about 3.8m.
7	420mW, 54mS	2.7	0-1	Through organic-rich soil into pale greyish cream silica flour.
			1-5.4	Pale greyish cream flour with common indurated fragments. Difficult drilling.
			5.4-5.6	Dark reddish brown, somewhat plastic flour. Possibly organic/?clay enrichment related to a water-table stand.
8	500mW	0	0-0.7	Road fill and thin organic rich soil.
			0.7-3	Medium brown silica flour, possibly with some clay but may be entirely organic contamination. No soft/hard characteristic to drilling, just uniformly tough <i>ie</i> slow progress.