



SEDIMENTARY HOLDINGS LTD
in joint venture with
Northwest Bay Co. Ltd

FORSTER PROJECT, TASMANIA
EL's 3/94, 33/96 & RL9803

ANNUAL TECHNICAL REPORT
FOR
THE PERIOD
30 September 2000 to 30 September 2001

Licensee: Sedimentary Holdings Ltd
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Distribution: Sedimentary Holdings Ltd
Mineral Resources Tasmania
Mrs H.S. Forster (North West Bay Co. Ltd)



ABSTRACT

Sedimentary Holdings Ltd owns 100% interest in two Exploration Licences (EL3/1994, EL 33/1996) and one Retention Licence (RL9803) totalling 247km² that comprise the Forster Project. These are located 50km west of Hobart in southern Tasmania.

The Forster Project is part of a new metallogenic district, located at the junction of crustal scale northwest (Macquarie-Huon Fault Zone) and north-south trending (Forster Corridor) fault zones. The intrusion of granitoid bodies into this fault junction introduced different styles of mineralisation according to the rock and hydrothermal fluid types.

Exploration by Sedimentary has located a large gold and base metal complex, with the setting and style of mineralisation analogous to multi-million ounce gold deposits currently being mined around the world, including western USA. Accordingly, the model developed for Forster has similar potential for a multi-million ounce gold resource.

Work to date has outlined resources of gold, nickel and zinc mineralisation with considerable untested potential for continuation both along strike and at depth.

Work conducted during this reporting period includes a grab sample analysis for gold, promotion of the project to attract joint venture partners, a review of the document "The nature and origin of gold mineralisation at the Forster Prospect..." by Bottrill, Taheri and Claver, received from Mineral Resources Tasmania in late March 2001, evaluation of the necessity for an airborne geophysical survey over the Forster area, and discussions between Sedimentary and Mineral Resources Tasmania, and landholders, to evaluate the future of the project.

Although in excess of \$1.1 million has been spent on the Forster project since acquisition in 1994, with the majority spent on grass roots exploration on new mineralisation concepts, the Company has reluctantly decided to surrender the Forster Exploration Licences (ELs 3/94 and 33/96) due to market conditions for exploration funding and tenement expenditure requirements.

The Retention Licence (RL9803) will be retained, and the obligations for its retention will be met by the Company

KEYWORDS

Location name;	Forster, Glovers Bluff, Weld River
Environment of mineralisation;	Base metal skarn & epithermal style gold mineralisation
Commodities;	Gold, base metals, platinum group minerals



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DIGITAL REPORTING

A digital copy of this report has been submitted to Mineral Resources Tasmania as a Word document titled: EL3943396RL9803_200110_01_report.doc



INTRODUCTION

This report comprises activities undertaken on the Forster Project (Exploration Licences 3/94, EL33/96 and Retention Licence RL9803) for the period September 2000 to September 2001.

This is the final annual technical report for Exploration Licences 3/94 and EL33/96, which are to be relinquished upon receipt of this report and the accompanying Application to Surrender forms. Retention Licence 9803 will still be retained by the Company.

Exploration Rationale

Sedimentary Holdings Ltd is a publicly listed mineral resource company with its corporate mission to participate in projects with the potential for low-cost production, long life and exploration upside.

The Forster Project is an example of new or enigmatic source of mineralisation, and represents a departure from the conventional wisdom regarding the historic wealth-generating areas of mineralisation in Tasmania.

Location, Land Status and Tenure

The Forster Project is located in southern Tasmania, 50 km west of Hobart and 22 km northwest of Geeveston. (*Figure 1*) Sedimentary owns 100% interest in two Exploration Licences (EL3/1994, EL 33/1996) and one Retention Licence (RL9803), totalling 247km².

The land status is State Forest/Multiple Use Forest Land, managed by Forestry Tasmania. Logging activities in the area have been in progress for some time.

Geological Setting

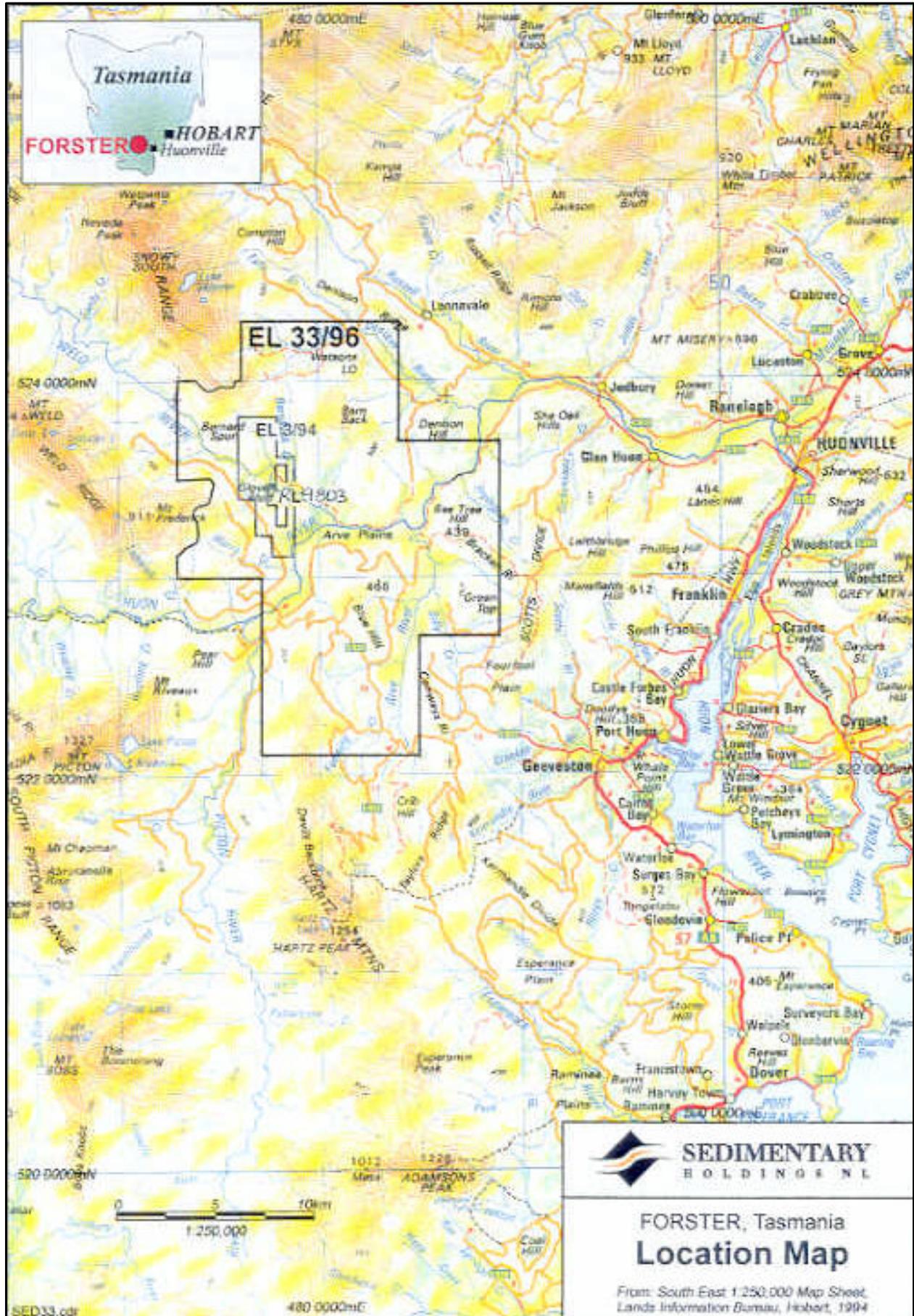
LITHOLOGIES

The prospect is exposed in a Precambrian - Palaeozoic age inlier surrounded by Permian age cover sediments. The Precambrian rocks consist of a conglomerate-orthoquartzite-dolomite sequence juxtaposed by Palaeozoic mafic to ultramafic intrusives, volcanics, and volcanogenic sediments. These are covered by flat-lying Permian age shale and siltstones.

Jurassic aged dolerite sills comprise local igneous intrusives. Regional intrusives include an inferred Devonian age granitoid to the southwest of the project, and two Cretaceous acid/intermediate bodies; the Cygnet Alkaline Complex to the southeast and an inferred body located under the Forster Project area.

REGIONAL STRUCTURE

The structural setting around Forster is complex, with the project located at the junction of the prominent MacQuarie-Huon Fault Zone (30km wide and 230km long) and a north trending fault zone known as the Forster Corridor.





LOCAL STRUCTURE

Local structures in the area are aligned north south, northeast and northwest. The dominant structural fabric is north south as observed along the Forster Corridor and represented by mapped faults, magnetic linears, and dolerite dykes.

A strong probably complementary grain, trends northeast and is represented by mapped faults, magnetic linears and mobile ion geochemical trends. The north-south and northeast orientations are supported by interpretation on consecutive drill sections.

Gold mineralisation at Forster is interpreted to occur along both north south and northeast trending faults.

Faults aligned northwest appear late, although some evidence suggests they played a role in the epithermal veining.

Mineralisation Models

Shallow drilling of a small part of the Forster Corridor, has outlined pervasive low-grade gold mineralisation including an intersection of 11m@3.1gAu/t, and zones of zinc and nickel mineralisation exceeding 1%.

Research has concluded that the style of mineralisation at Forster is analogous with numerous world-class sediment-hosted gold deposits such as Bau, Pinson, Alsar, Mesel, Jerritt Canyon, and Buffalo Valley.

One of the stronger analogues with Forster is the +1 million ounce Archimedes gold deposit in the Battle Mountain-Eureka trend in Nevada, particularly in regard to the structural setting, host lithologies, and the styles of alteration and mineralisation. The current model in use for Forster is a close analogue to the Archimedes deposit.



PREVIOUS EXPLORATION ACTIVITIES & REPORTS LODGED

Exploration activities on the Forster Project from 1995 to 2000 are recorded below. Full details of work completed on the tenements can be obtained from the annual technical report submitted for that year. Note: EL11/84 (which became RL9803) was held by Sedimentary Holdings prior to 1995.

1995

Exploration Licences 11/84, & 3/94, Weld River, combined annual report for the period ended September 1995. T.G. Summons.

- The discovery of gold mineralisation by T.G. Summons and M.C. Forster on EL11/84 some years prior, prompted an investigation into the nature of the mineralisation, with the potential for a variety of gold mineralisation styles
- The objective for Sedimentary Holdings during 1995 was to evaluate the tenement and surrounding areas in terms of metaliferous and other industrial mineralisation models
- EL3/94 was granted on 19 August 1994 for a period of up to ten years.
- The 1995 annual technical report covered a review of previous exploration in the area (mainly Pegasus Australia) and the exploration program formulation
- Expenditure for the year was \$10,672

1996

Exploration Licences 11/84, & 3/94, Forster Project, combined annual report for the period ended September 1996. T.G. Summons.

- In 1995/96 the project was named the Forster Project in honour to Mac Forster's contribution to mineral exploration in the district
- In the period Sedimentary commenced an exploration program to define one or more gold deposits suitable for commercial mining. The newly constructed Forster Road was utilised for:
 - Mapping
 - Collection of 98 chip samples with analyses for Au, As, Cu, Cr, Ni, Sb and Zn. Elevated gold values were obtained in blue/white clay from the silica-clay zone in Forster Road, from the iron stained silica and from a chloritic and silicified mafic volcanics
 - Channel sampling and analysis for Au, As, Cu, Cr, Ni, Sb and Zn. Gold mineralisation was seen in the silica-clay breccia and in talcose serpentine near the western end of the road
 - Recording magnetic susceptibility and correlation with lithologies along the road
- Other work included:
 - A ground magnetics survey conducted over the re-established Pegasus grid
 - Age dating of sample of galena in massive silica giving an Pb isotope age of 150 ± 20 Ma
 - Two drilling programs comprising 23 holes totalling 1696 metres with analysis of rock types, structures, alteration and mineralisation. The drill sites were fully rehabilitated by removing sample bags and rubbish from the area. Once the drill pads and tracks were no longer required, damaged foliage was raked back across the affected areas to allow seeds to naturally regenerate.



- An honours thesis on the origin of the silica and skarn assemblages present at Forster, completed at CODES, Tasmania, during the year.
- Expenditure for the year was \$266,038

1997

1996-97 Annual Report for the Forster Project, Southern Tasmania, ELs 11/84, 3/94, and 33/96. Stephen Young. Two volumes.

- Significant exploration progress was made during 1997
- A southern extension to the original soil grid was completed and utilised for soil sampling and a ground magnetics survey
- An advanced mobile metallic ion analytical technique was used, and located zones of elevated Au, Ni and base metals.
- These anomalies were targeted with a 37 hole RC drilling program, completed in July 1997
- Additional mapping, petrological and geochemical work was also completed
- All earthworks were undertaken with thought to effective rehabilitation. Trees and undergrowth affected during the building of tracks and pads were placed nearby to allow easy rehabilitation at a later stage. Where tracks crossed creeks, log cording was constructed so not to disrupt the natural flow of the drainage
- Once the drill pads and tracks were no longer required, damaged foliage was raked back across the affected areas to allow seeds to naturally regenerate. The wet temperate climate of Tasmania provided suitable conditions for rapid re-growth
- Expenditure for the year exceeded \$297,500

1998

Annual Report for the Forster Project, Southern Tasmania, ELs 11/84, 3/94, and, and 33/96 for the period ended September 1998, T.G. Summons.

- In 1997/98 compilation and interpretation of the results of all previous exploration was undertaken which led to the estimation of in-situ gold, nickel and zinc resources at Forster Central
- Research studies at the University of Tasmania (two honours thesis) were completed with financial and technical assistance from Sedimentary. These were titled “Geophysics of the Forster Gold Prospect, Weld River Area, Southern Tasmania” and “Mineralogy and Trace Element Geochemistry of Skarn, Skarnoid and Silica Alteration a the Forster Gold Prospect, Weld River, Southern Tasmania”.
- Development of mineralisation models to focus future exploration were completed. The styles of mineralisation at Forster were deemed analogous with numerous world-class deposits such as Archimedes, Nevada.
- Expenditure for the year was \$78,017



1999

Annual Report for the Forster Project, Southern Tasmania, RL9803, ELs 3/94, and 33/96 for the period ended September 1999, T.G. Summons

- EL11/84 became Retention Licence 9803 in September 1998
- Rock chip samples from outcrop and drill core were submitted for multi-element analyses to allow recognition of geochemical characteristics of the different paragenetic trends.
- Selected XY scatter plots were compiled to compare gold and base metal relationships.
- Alteration studies were undertaken and an alteration paragenesis devised.
- Further discussion was made on Forster mineralisation models in relation to world-class orebodies.
- Expenditure for the year was \$62,682

2000

Forster Project, Tasmania, ELs 3/94, 33/96 and RL9803, Annual Technical Report for the period September 1999 to September 2000, Jacqueline James.

During the 2000 reporting period, work undertaken included:

- Review of economics of existing resource
- Review of geological models and base metal drilling results
- Review of paragenesis of alteration and mineralisation.
- An active program to farm-out the project to a joint venture partner, including the preparation of an information memorandum
- Expenditure for the year was \$15,000

Rehabilitation

Sedimentary Holdings Ltd have a strong commitment to rehabilitation. All exploration conducted on the Forster Project (including drilling programs) was completed with regard to final rehabilitation and to comply with all rehabilitation guidelines.

WORK COMPLETED DURING THE 2001 REPORTING PERIOD

Grab sampling

During a visit to Mineral Resources Tasmania by the Managing Director and Geological Consultant (Mr. Tim Summons, Summons Geoservices Pty Ltd) in September 2001, a grab sample was collected from a recently constructed road cutting east of the Forster Corridor on the Arve Link Road (481500mE, 5231250mN). This was sent to Aminya Laboratories, Ballarat, Victoria for assaying for gold, however the sample only recorded a gold value of 0.01ppm. (Appendix 1)

Other work

Both the Managing Director and Geological Consultant spent considerable effort during the year seeking joint venture partners in an effort to farm-out the project. The project was promoted during an overseas trip and at mining conferences around Australia. Several



companies were approached and an information memorandum issued, however there was little interest in the project due to the difficulties facing the minerals industry at present. During the quarter consultants time was spent reviewing the document “The nature and origin of gold mineralisation at the Forster Prospect...” by Bottrill, Taheri and Claver, received from Mineral Resources Tasmania in late March 2001.

Commonwealth funding provided under the Western Tasmanian Regional Minerals Program was used during 2000/01 to fund airborne geophysical surveys over northwestern Tasmania. The requirement for an airborne geophysical survey over the Forster area was evaluated by Sedimentary’s Geological Consultant, as major cost savings could be made with geophysical contractors already working in Tasmania. The requirement and costs involved to conduct a survey of this type were evaluated, however due to the large expense, especially during these difficult economic times, it was decided not to proceed with the survey.

2000/01 EXPENDITURE

Expenditure on the Forster Project (EL3/94, 33/96 and RL9803) for the annual period 1st October 2000 to 30th September 2001 was:

Geology	\$7,504.30
Administration	\$7,943.50
	<u>\$15,447.80</u>

EXPLORATION LICENCE RELINQUISHMENT

Discussions between Sedimentary, Mineral Resources Tasmania and landholders took place during the latter half of the year, to evaluate the future of the project with regard to exploration expenditure.

Sedimentary has spent in excess of \$1.1 million on grass roots exploration on very new concepts for mineralisation in that part of Tasmania. The work in Tasmania has included support for postgraduate research at the University of Tasmania, utilisation of the services of the CODES centre in Hobart to undertake global comparative analysis of the mineralisation at Forster, and considerable fieldwork including drilling.

However, the present situation for exploration funding in Australia is of grave concern for the medium term. With no interest by potential joint venture partners, at the date of writing this report, it was reluctantly decided to surrender the Forster Exploration Licences (ELs 3/94 and 33/96) due to market conditions for exploration funding and tenement expenditure requirements.

The Retention Licence (RL9803) will be retained, and the obligations for its retention will be met by the Company



**APPENDIX 1 –
GRAB SAMPLE ANALYSIS**



AMINYA LABORATORIES
BALLARAT
Project:

Job: BR007600
O/N:
No : 00010349
Date Received: 13/09/01
Date Required: 20/09/01
Date Reported: 20/09/01

ANALYTICAL REPORT

SAMPLE	Au	AuD
SED:FOR	0.01	0.01

UNITS	ppm	ppm
DET.LIM	0.01	0.01
SCHEME	PE01	PE01

Mr Rob Devereux
SEDIMENTARY HOLDINGS
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WEST MELBOURNE