Shaw Excavations Pty Ltd

EL 6/99 – Golden Ridge

Year 3 Annual Report

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LIST OF CONTENTS

SUMMARY

A mapping and magnetics survey was conducted over the largest body of Hogans Road Diorite (HRD), in the north of the EL. Two major bodies of mafic intrusives are exposed and subcrop and float distribution suggests that more HRD exists at shallow depth, below magnetically high biotite-rich granoblastic hornfelsed Mathinna Beds roof cover.

A single magnetic high anomaly was located upslope from talus boulders of a pegmatitic horneblende peridotite, which is the facies showing the highest magnetic susceptibility within the various lithologies comprising the HRD. This facies also appears to have the highest potential as a dimension stone.

Year 4 exploration will drill test the magnetic high and determine the dimension stone suitability of the hornblende peridotite, from core samples.

TENEMENT INFORMATION

EL 6/99 is a 30 km^2 licence in the Golden Ridge area, NE Tasmania (Figure 1).

The licence was issued to Shaw Excavations Pty Ltd on 27 July 1999 for a 5 year period, with the Year 3 anniversary due on 9 July 2002. Shaw Excavations hold 100% equity in the licence.

Access is via the all weather gravel forestry roads, Hogans Road and Granite Knob Road, which link the South Esk Valley to the east coast towns of St Helens and Scamander. An extensive network of forestry roads and vehicular tracks connect to Hogans Road within the EL boundary.

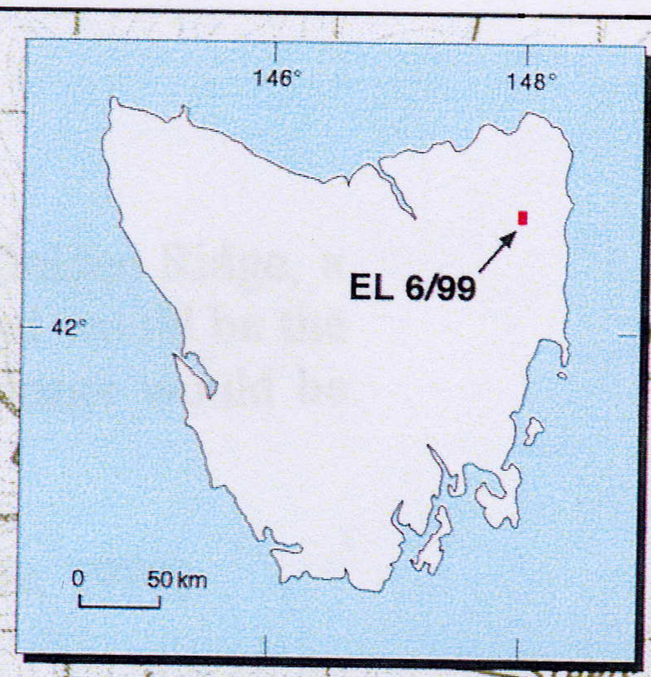
Land Tenure is entirely State Forest (multiple use), with wood production and plantation establishment currently active over much of the licence area.

EXPLORATION PHILOSOPHY

The ground is considered prospective for both gold and black granite dimension stone and two separate exploration programs have progressed.

Gold

The principal aim was to explore the ridges of contact metamorphosed Mathinna Beds, from Golden Ridge to Risky Ridge, for resources of low grade (1-3 g/t) non refractory gold mineralisation at shallow depth and high grade narrow vein reefs with underground mining potential.



Haleys New Country

BILLY OF TIN TIER

RAYNERS HILL

Scamander

Steels Marsh

N5420

RISKY RIDGE

Big Gum Gully Creek

River CARTERS

Treloggens Creek

ROAD

Raingauge Hill

To Scamander

HOGANS

Ryans ROAD

DOUBLE EVENT Au

Trafalgar Flat

NEW CARTHAGE Au

Au TRAFALGAR

GOLDEN RIDGE Au Au Au BRILLIANT

QUEEN OF THE EARTH Au

Beahrs Creek

Bridge Creek

Granite Falls

Brilliant Creek

Brooks Creek

Queen of the Earth

Horrible Hollow

To Mathinna

N5415

E585

E590

Scale 1: 50 000 (1 grid space =1km)

Devonian Diorite Intrusions (Black Granite Project)

Contact Metamorphic Aureole in Mathinna Beds (Gold Project)

(Geology from St Helens 1: 50000 sheet)

Figure 1

SHAW EXCAVATIONS PTY LTD

EL 6/99 Golden Ridge

Location Map

Compiled: K.C.Morrison	Drawn: R.Carroll	Date: June 2002

On the basis of the results achieved by previous companies exploring Golden Ridge, a target in the order of 30,000 to 60,000 oz gold in ground is realistic, and would be the minimum necessary to achieve viability. It is likely that the target tonnage would be contained in at least two separate ore bodies.

Two distinct styles of gold mineralisation exist at Golden Ridge (Dugdale, 1998).

1. discrete quartz veins, 0.5 – 1 metre wide, hosted either in granite or in Mathinna Beds *outside* the hornfels aureole. Gold is associated with abundant sulphide, and geochemically anomalous arsenic and antimony zonation are characteristic. Mineralisation is confined to the veins (Trafalgar, Double Event, Queen of the Earth).

2. en echelon, steeply dipping narrow vein sets and cross cutting mineralised fractures, hosted in folded, interbedded sandstones and siltstones, *within* the hornfels aureole. Gold occurs in quartz veinlets, on limonitic fractures and in a diffuse form through siltstone beds. This style is low in sulphides and is best defined by gold geochemistry (Golden Ridge, Brilliant, New Carthage).

Black Granite

A second program is aimed at testing the Devonian diorites in the EL for their potential in the high value "black granite" end of the dimension stone industry. A resource of high quality dimension stone would have export potential and the initial exploration will determine if any portion of the Hogans Road Diorite is of sufficient quality and in a location suitable for low cost quarrying. A means of discriminating between the various rock types within the diorite bodies is necessary to enable drill site targetting. If the initial investigations into the dimension stone geology are positive then this program has the potential to become the exploration priority of EL 6/99.

PREVIOUS EXPLORATION AND MINING

Small scale open pit and underground gold mining occurred at the now abandoned workings marked on Figure 1, between the late 1890s and the mid 1930s. Several unpublished reports by W. H. Twelvetrees and Q. J. Henderson, archived in the MRT library, describe these workings, most of which only produced small parcels of ore grade vein quartz for testing. The Brilliant workings were by far the largest, with ferruginous sandstone as well as vein quartz mined from a small pit and limited shallow underground stopes. Evidence of a mill and eroded tailings are still visible down slope from the Brilliant and Golden Ridge workings, extending to Brilliant Creek.

The only significant modern gold exploration in the Golden Ridge area consists of two programs conducted between 1989 and 1998.

1989-1992 Billiton Australia and Joint Venture partners; Aureole NL, American Horizon Resources Inc; Federation Resources NL EL 58/88

- Rock chip, stream sediment sampling, reconnaissance mapping and sampling of workings.

- Grid based mapping, BLEG soil survey, costeans, further stream sediment sampling. Consultants studies on structural, geochemical and contact metamorphic controls on mineralisation.

- Support for two Honours projects.

- 7 RC percussion drill holes (574 m) tested the Brilliant and Trafalgar-New Carthage prospects.

Billiton withdrew from the JV late in 1992 because they considered that the potential was too small for their objectives and no further work was done by the licencee group.

1993-1998 MPI Gold Pty Ltd EL 12/93

- Extension of the Billiton stream sediment survey.

- Re-establishment and survey control of grid.

- Mapping, soil, rock chip survey.

- 10 cored diamond drill holes (2125 m) under the Brilliant-Golden Ridge workings.

- Petrography, geological interpretation of Brilliant-Golden Ridge mineralisation.

MPI relinquished the EL in 1998, due to a perceived lack of size potential and continuity of mineralisation.

Shaw Excavations Pty Ltd submitted a successful bid for ETA 495 in February 1999 and EL 6/99 was subsequently granted in July 1999.

During licence Year 1 Surpac modelling of previous exploration drilling around the Golden Ridge-Brilliant workings identified a steeply plunging envelope of low grade gold mineralisation containing approximately 25,000 ounces @ 1.6 – 1.9 g/t (depending on the model parameters) from surface to 300 metres vertical depth. The mineralisation was modelled to a confidence level sufficient for an Inferred Resource estimate but the overall grade is too low on such a small resource. Mineralisation is open at depth and to the northeast and the distribution of higher grade intersections inside the envelope suggests there is reasonable potential, via infill and extensional drilling, to double the resource and delineate a higher grade deep zone beneath a low grade surficial oxide zone deposit (Morrison, et al., 2000).

Preliminary investigations into the potential for discovering a "black granite" dimension stone resource within the Hogans Road Diorite identified one facies – a coarse grained hornblendite – which at the hand specimen scale exhibits the colour, texture and polishing properties sufficient to justify an exploration program.

Magnetic susceptibility measurements on cut boulders showed the hornblendite to be consistently more magnetic than other rock types within the Hogans Road Diorite and therefore magnetics was considered a promising mapping tool.

In Year 2, two inclined 60 metre RC percussion holes were drilled to test the east-west strike option for mineralisation sourcing the surface rock chip anomalies discovered by Billiton in the New Carthage portion of the area currently called the Trafalgar prospect (Morrison, 2001).

Both holes were drilled within the contact aureole, approximately 100 metres east of outcropping granite at the Trafalgar workings and confirmed a broad zone of very low grade gold dispersed through the mainly granoblastic biotite hornfels in that part of the aureole. Although 22 one metre intervals returned assays of >0.1 ppm Au, only three disconnected intervals returned >1 ppm Au. The dispersed nature of the gold, the lack of correlation between gold values and logged visible pyrite and the absence of evidence for a structural control on gold, all downgrade the prospect. The results are essentially identical to those achieved by Billiton in their three hole east-west fence of percussion holes drilled in 1992, suggesting that the aureole carries widespread elevated gold (which may be fracture hosted at the very small scale) and that supergene enrichment during regolith development may explain both the rock chip anomalies and the frequent shallow prospectors diggings around the prospect area.

The results to date provide little encouragement for a near surface economic deposit remaining undetected inside the 10 ppb soil BLEG contour anomaly threshold.

YEAR 3 EXPLORATION RESULTS

The area of the largest body of HRD indicated on the Tasmanian Gelogical Survey St Helens 1:50,000 sheet, in the far north of EL 6/99, was walked with close spaced traverses and most outcrops tested for magnetic susceptibility (Map 1). The HRD rocks can be considered in two groups; 1) medium grained grey – green plagioclase phyric diorites and tonolites with susceptibility values $<1 \times 10^{-5}$ SI, and 2) coarse grained to pegmatitic green – black low plagioclase hornblende peridotites with susceptibility values $>2 \times 10^{-5}$ SI. There is no apparent systematic distribution of the various HRD facies but group 1) is much more abundant than group 2).

Map 1 shows that two main bodies of HRD exist. The larger northern body projects outside EL 6/99, to the NW, and has not been closed. The area between the two HRD bodies, and around the margin of the smaller body, is characterised by magnetically high granoblastic biotite hornfels. This hornfels is as magnetic as the group 1) HRD rocks and always more magnetic than the adjacent granites. Several small isolated occurrences of HRD rocks were observed within the area of mapped hornfels, suggesting that the biotite hornfels is roofing shallow subsurface HRD. Estimations of HRD extent using magnetics may be too large because of the difficulty in

magnetically discriminating the hornfels.

One outstanding susceptibility anomaly in the range 7 – 17 is located at 586,958E, 5,419,660N (Map 1) on talus boulders of pegmatitic hornblende peridotite containing almost no plagioclase. Samples of this material were cut and polished and in terms of texture, colour and polishing behaviour it appears to have the greatest dimension stone potential of the HRD facies seen in outcrop date.

Two lines of proton Precession magnetometer readings in the area of these boulders indicate a discreet magnetic high of 61,600 – 800 gammas located some 60 metres upslope from the boulders, and on thick forest soil with no outcrop (Map 1).

The position of this anomaly is an ideal site to drill test for the source of the peridotite boulders.

Expenditure

$10,200 was spent on black granite exploration within EL 6/99 during the year ending 9 July 2002. Expenditure occurred in the following categories.

Geology	$5,200.00
Geophysics	$3,000.00
Licence & Reporting	$2,000.00
Total	**$10,200.00**

YEAR 4 WORK PROGRAM AND BUDGET

The Company aims to spend $15,000 on black granite exploration in Year 4. Work will comprise a short drill hole on the magnetic high over the coarse horneblende peridotite facies of the Hogans Road Diorite and the test work needed for dimension stone accreditation will be done on core samples.

Partial relinquishment of that portion of the EL which is not prospective for dimension stone, or a joint venture with a gold exploration company, are options currently under consideration for the Year 4 renewal.

REFERENCES

Dugdale, J., 1998, Final Technical Report, EL 12/93 - Scamander River Prospect: TCR 98-4223.

Morrison, K., Garrard, D. and Fulton, R. 2000. EL 6/99 Golden Ridge Year 1 Annual Report.

Morrison, K. 2001. EL 6/99 Golden Ridge Year 2 Annual Report.