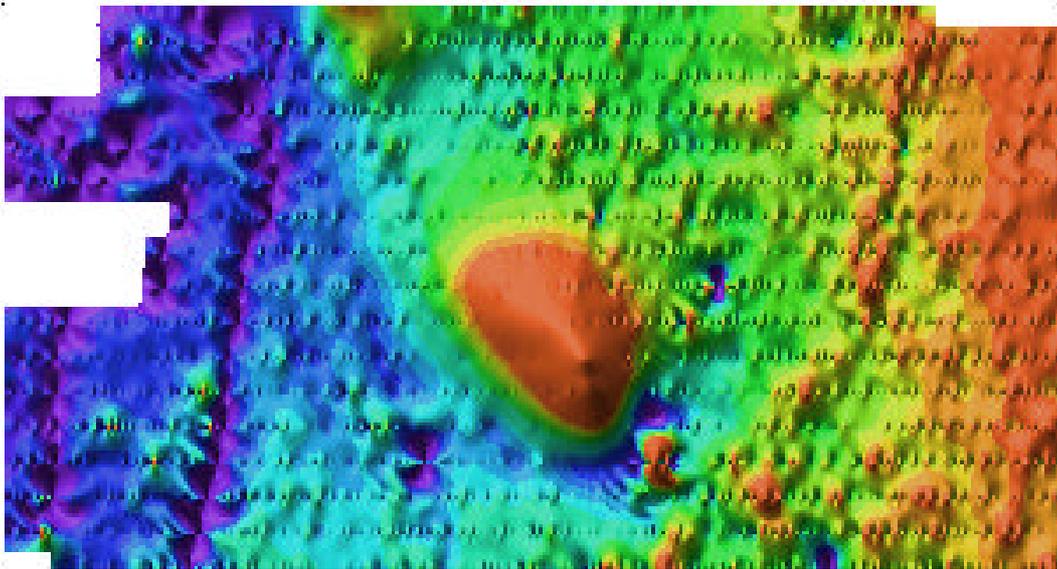


SALISBURY HILL EL 20/94
ANNUAL REPORT
2001/02



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1.0 SUMMARY

EL 20/94 lies less than 1 kilometre south from the Beaconsfield Gold Mine and is current until 28th October 2004 at which time full relinquishment is required.

EL 20/94 covers 6.5 kilometres of the total 11.5 kilometres of strike length of the Cabbage Tree thrust slice and therefore represents a very significant position regarding the likelihood of future discovery of reserves at Beaconsfield.

Exploration by the Beaconsfield Mine Joint Venture in the area prior to June 2001 principally targeted the Tasmania Reef model of a northeast striking reef hosted in the Cabbage Tree thrust slice of the imbricate Palaeozoic stratigraphy.

In June 2001 Allstate Explorations NL, manager of the BMJV, was placed in Voluntary Administration and partner Beaconsfield Gold NL was placed in Voluntary Receivership. Allstate Exploration NL continues to manage the Beaconsfield Mine Joint Venture, and particularly, operation of the Beaconsfield Gold Mine subject to a *Deed of Company Arrangement*. However, no exploration work has been undertaken since June 2001.

An Exploration Agreement was signed between parties representing the BMJV and Diamond Ventures NL (DDV) on 30 September 2002. This will see an immediate resumption of exploration activity on EL 20/94 with the aim of fully realizing the potential of the tenement over the remaining two years of the current tenure.

2.0 INTRODUCTION

2.1 LOCATION AND ACCESS

EL 20/94 lies to the south of the township of Beaconsfield 40 kilometres northwest of Launceston on the western side of the Tamar River near Tasmania's central north coast (see figure 1). Access to the EL is by bitumen road from Launceston. Access within the EL is generally good with a number of bitumen roads and numerous gravel roads crossing the licence area.

2.2 TENURE

The licence was granted to Allstate Prospecting Pty Ltd and is held on behalf of the Beaconsfield Mine Joint Venture which operates the Beaconsfield Gold Mine. The original licence covered 45 skm of which slightly more than 5 skm was excluded by pre-existing mining leases. 19 skm was relinquished on 28th October, 1999 as required by statute and approximately 21 skm was retained. The licence is due for final relinquishment on 28th October 2004.

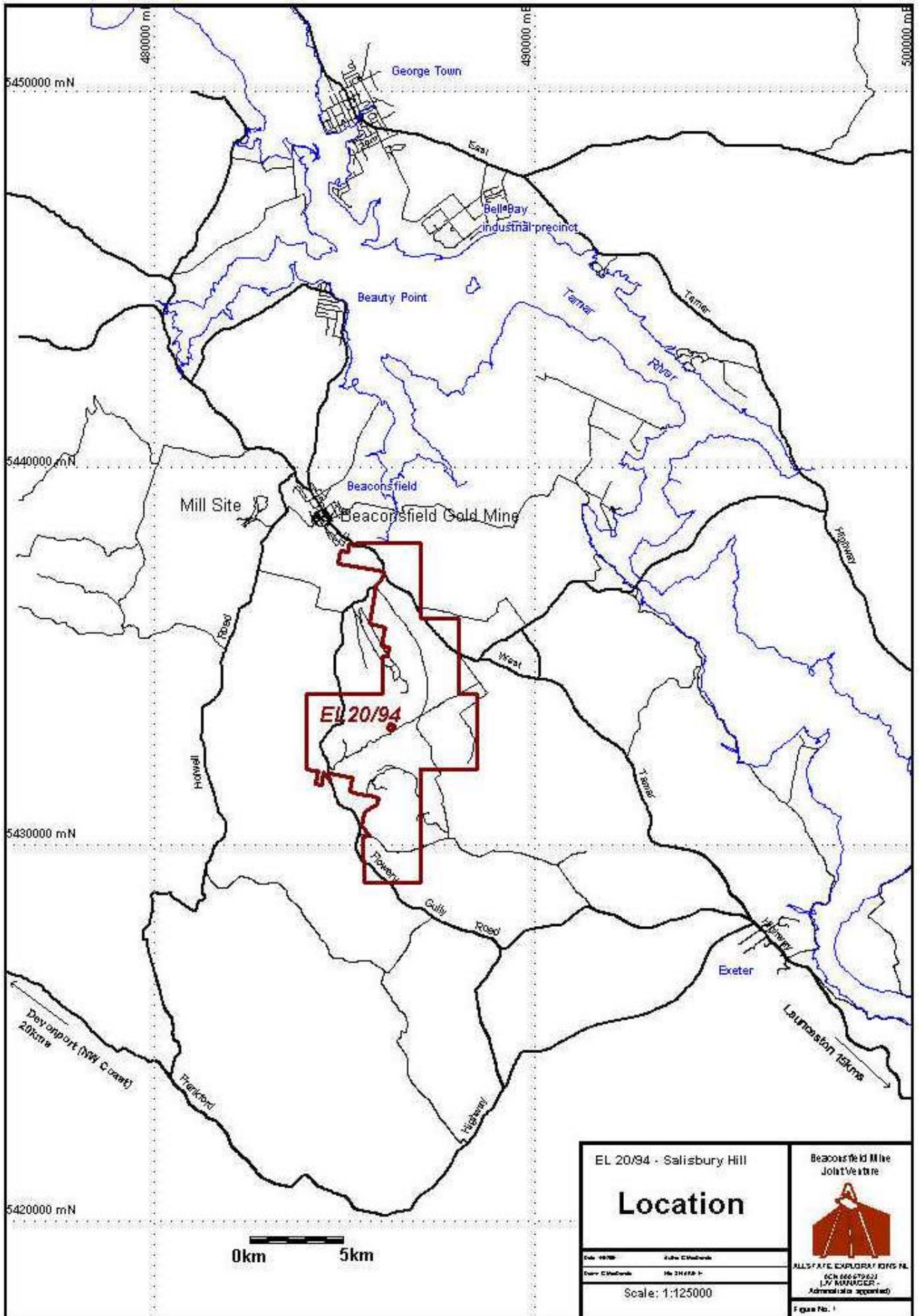
On 30 September 2002, an Exploration Agreement was signed between parties representing the Beaconsfield Mine Joint Venture (BMJV) and Diamond Ventures NL (DDV) which will see the latter manage and fund exploration activities in future. Details of the Exploration Agreement are not material to the current report. However, an *Application for Approval of a Written Instrument* (Form : MRDA_C5) was filed on 9 October 2002.

2.3 TOPOGRAPHY, VEGETATION AND LAND USE

The topography is dominated by the ridge line of Salisbury Hill (and the southern end of Cabbage Tree Hill) with lower lying flat country on either side in the northern half of the licence, becoming generally more hilly in the south.

Most of the licence area is covered by dry sclerophyll vegetation on the slopes becoming more of a wet sclerophyll community in the gullies and on shaded slopes.

Forestry is the dominant land use across the licence although a portion of the flatter land is used for grazing livestock and other agricultural pursuits.



EL 20/94 - Salisbury Hill		Beaconsfield Mine Joint Venture 
Location		
Date: 04/08 Drawn: C Macdonald Scale: 1:125000	Title: C Macdonald No: 201000-1 ALLSTATE EXPLORATION PTY LTD 628 666 676/31 (JV MANAGER - Admitted (as appointed))	Figure No. 1

3.0 EXPLORATION PHILOSOPHY

Exploration models have been discussed in some detail in past reports (MacDonald, 1998; 1999; 2000) and were summarized by Hills (2001). As no work was undertaken on the tenement during the 2001-02 reporting year, much of the past thinking remains current.

With the imminent recommencement of exploration activities under the BMJV/DDV Exploration Agreement, under the management of DDV, it is possible that exploration activities will have a slightly different focus to that held in the past. However, DDV has indicated that the Tasmania Reef clearly remains the prime region model for targeting gold deposits and close co-operation between the new Joint Venture parties will ensure that knowledge gained in the existing mine is brought to bear in the design of exploration programmes in the future.

It is understood that drilling of targets in the Salisbury Gold Field will be one of DDV's exploration priorities.

4.0 PREVIOUS EXPLORATION

The previous report (MacDonald, 2000) contained an in-depth synopsis of past exploration conducted over the area of EL 20/94 and particularly in the vicinity of the historical Salisbury Gold Field. As no further work of any substance has occurred since that report was written, the existing information has not been reiterated.

5.0 GEOLOGY

The reader is referred to Hills (2001) for the most recent synopsis of the geology of EL 20/94. Previous work is referenced therein.

6.0 WORK COMPLETED AND RESULTS, 2001/02

No work was carried out during the 2001/02 reporting year.

7.0 EXPENDITURE

7.1 2001-02 EXPENDITURE

Nil

7.2 FUTURE EXPENDITURE

The Year 9 expenditure commitment is statutorily set at \$210,000. In addition to this a shortfall in expenditure to date of \$176,022 which was due by 28th October 2002.

The BMJV/DDV Exploration Agreement will ensure that the shortfall will be met, and that depending on results, the ongoing Year 9 commitment will also be satisfied.

8.0 PROPOSED EXPLORATION

EL 20/94 expires in September 2004 leaving a total of 2 years in which to explore this licence before it is compulsorily relinquished.

With the establishment of the Exploration Agreement, DDV will have carriage of explorations programmes in the future.

9.0 REFERENCES

Hills, P.B., 2001. EL 20/94 Annual Report 2000/01. Allstate Explorations NL (Administrators Appointed).

MacDonald, G., 1998. EL 20/94 Annual Report 1997/98. Allstate Explorations NL.

MacDonald, G., 1999. EL 20/94 Annual Report 1998/99. Allstate Explorations NL.

MacDonald, G., 2000. EL 20/94 Annual Report 1999/2000. Allstate Explorations NL.