

Maiden Meadows Pastoral Pty Ltd

EL 19/99 Miners Ridge

3rd Annual Report on Exploration Activities

21st January 2002 – 21st January 2003

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ABSTRACT

During the second year reporting period, two diamond drill holes were completed in the vicinity of the Harris reward mine, south of Lynchford. –Results were unfavourable.

In this current reporting period, Maiden Meadows Pastoral has actively sought joint venture partners. A potential US based partner was provided with a prospect evaluation report as part of their ‘due diligence’ process.

This document, which forms the basis of the proposed future exploration program, is included as appendix 1.

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**Appendix 1: Geological review and recommendations for further exploration –
Report to Deloitte Touche Tohmatsu.**

1 INTRODUCTION

This annual report covers exploration activities by Maiden Meadows Pastoral on exploration licence 19/99 – Miners Ridge- during the period 21st January 2002 to 21st January 2003.

Exploration Licence 19/99 covers 46Km² in the Queenstown area of Western Tasmania. The area is underlain by the prospective Cambrian rocks of the Mount Reid Volcanics with the most prospective unit – the Central Volcanic Complex – forming a sinuous North-South trending belt on the eastern perimeter of the lease.

Modern exploration has focused on three genetic models of mineralisation:

1. Porphyry Style Cu-Au
2. Volcanic Hosted Massive Sulphide Pb-Zn
3. High-grade Au only deposits transitional between VHMS and epithermal.

These genetic models have provided the rationale for exploration by Maiden Meadows Pastoral during the past two years. A review of data held by MRT has identified additional genetic models that warrant further investigation.

Tenure for the EL is held exclusively by Maiden Meadows Pastoral. Currently negotiations are in place in a bid to finalise a joint venture partner.

2 PREVIOUS EXPLORATION

Appendix 1, pages 8-10, provide a summary of modern exploration specific to the areal extent of EL 19/99. Maiden Meadows Pastoral has undertaken work south of the King River in the vicinity of the Harris Reward Mine. Two diamond drill holes were completed and results were unfavourable. This work program is reported in the 2nd annual report with MRT reference 02_4636.

3 WORK CONDUCTED

No field was undertaken during the reporting period.

During the previous 12 months Maiden Meadows Pastoral has been actively seeking funding from joint venture partners. As part of the ‘due diligence’ process by a potential US based partner, Deloitte Touche Tohmatsu were briefed to provide an evaluation of the property.

As a requirement of these negotiations, Luke Vanzino - principal of the consultancy Coast and Mountain Exploration, was engaged to provide a geological review of the licence and recommendations for further exploration. This report is included as Appendix 1.

4 CONCLUSIONS

The following text, which is paraphrased from Appendix 1 pages 14-16, forms the basis of the proposed future exploration program.

The area contained by EL 19/99 has been subject to exploration on a continuous basis, since the discovery of gold in Lynch's Creek in 1881.

Since 1986, major mining houses utilising the most current techniques available have undertaken systematic and comprehensive exploration programmes. In this time only seven drill holes have been attempted over the entire lease area.

The author acknowledges that this EL is a 'brownfields' project within a mature mining field, however a conclusive determination as to the prospectivity or otherwise of this lease remains. Further work that could be undertaken includes:-

- The Henty style target that was tested by RGC in DDH/LF 04, delineated 27metres of strong alteration and remains unresolved. RGC concluded that the 600m-strike length between LF 01 (drilled by Aberfoyle) and LF 03&04 precluded any substantial ore deposit being present. This was on the basis that the Henty deposit occurs over a strike length of 1000m, and that DHEM in LF 01 did not detect an off hole conductive response that could be attributed to massive sulphides. The RGC drilling programme failed to utilise DHEM in holes LF 03 & 04 because REE and stable isotope studies suggested the jasper unit targeted was not exhalative in nature, yet the alteration observed remains unexplained.
- In RGC's relinquishment report, it is noted that DIGHEM anomalies defined by Aberfoyle during the 1989/90 period have yet to be investigated. Exploration at that time was impractical due to the placement of the HEC Lynchford camp for the King River power development. These anomalies (21/544 & 22/530) also exhibit strong aeromagnetic responses and are located within the Gordon Limestone. Sphalerite and galena veins were reported from excavations at anomaly 22/530. These anomalies are considered prospective for a small Irish style, Pb/Zn deposit and can be assessed quickly and cheaply.
- In 1989 a Bulk Cyanide Leach (BCL) stream sediment survey was conducted by the CRA-Aberfoyle Joint venture in the area south of the King River. Results show BCL values of 2950ppt just east of the King River power station plus values of 2300/1500/1200 in the middle reaches of Newell Creek above the Mount Jukes road. These responses are likely to be associated with old alluvial workings that were known to exist in the 1880's, including the Harris Reward mine. Within the Maiden Meadow's lease, a significant Au anomaly remains untested from this period. On the extreme southern perimeter of EL 19/99, hosted by Ordovician Gordon Group limestone, Sample No 482405 returned a 72-mesh value of 0.246g/t Au. Five hundred metres westward, Sample No 482452 returned a BCL value of 3350ppt Au (Noonan 1989). This drainage drains the flanks of West Jukes Peak, and is underlain by Denison Group sediments and the more prospective Central Volcanic Complex lithologies. It should be noted that substantial parts of both anomalous

drainages are covered by Holocene glacial deposits, thus contamination may be a factor. None the less this anomaly warrants follow up investigation.

- As noted in Section 6.1, during the Devonian period the Taberraberan Orogeny resulted in localised wrenching, dilation and mineralised void filling. Localised auriferous quartz veins are a feature of the Eldon Group sediments that predominate in the NW portion of EL 19/99. The Mount Read Volcanics are the underlying mineralised basement; evidence exists at the Henty deposit for Devonian remobilisation and redeposition of Au, Pb and Zn (Taheri & Green 1991). Significant northwest/southeast trending faults cut through the Mount Read Volcanics and continue into the Eldon Group and these may provide structural conduits for Devonian aged fluids in splays adjacent to these faults.
- The Victorian gold deposits of Bendigo, Ballarat, Castlemaine and Maldon provide an exploration model to guide any future work programme. There are a substantial number of criteria from this model that can be applied to the Eldon Group sediments. A brief summary is adapted from Phillips and Hughes (1998).

Target

- 1-10Mt
- Few large, many small deposits.
- Grade 10-40g/t.
- Major metal is Au, minor Ag.
- Low Cu, Pb and Zn.

Mining and Treatment

- Multiple veins required for Economic size.
- Course free gold in quartz is typical and facilitates recovery.

Geological Criteria

- Greenschist facies.
- Metasedimentary (flysh) package i.e. 'slate belt'.
- Au contemporaneous with close of deformation.

Geophysical Data

- Regional aeromagnetic and radiometrics for stratigraphy and structure.
- Low sulphides in most deposits hinder EM and electrical methods.
- Ground magnetics useful where there is mineralisation and related magnetic destruction.

Mineralisation Features

- Quartz veins are mostly hosted by strike faults of moderate to steep dip.
- Goldfields and individual deposits parallel regional structure.
- No spatial relationship to granites.
- Sphalente, Galena and Chalcopyrite only locally abundant, although slightly enriched in many ore shoots.

Genesis

- Syn-metamorphic with Au broadly synchronous with Devonian deformation and thermal anomaly.

- Recent data acquisitioned by Mineral Resources Tasmania includes radiometrics, aeromagnetics and airborne EM in conjunction with a reassessment of the stratigraphy of the Mount Read Volcanics. This data has been collected after the major work programme undertaken by RGC and should be reviewed in this light. At the University of Tasmania, the Centre for Ore Deposit and Exploration Studies (CODES) has a vast and specific knowledge of the Mount Read Volcanic belt. Specialised analysts with over 30 years experience in the Mount Read Volcanics can be accessed at this facility. It is the authors' recommendation that the new MRT geophysical data is married with the expertise that exists at CODES to finesse any future exploration programme within EL 19/99.

5 EXPENDITURE

Tenement management	\$1,616.00
<u>Literature review and recommendations</u>	<u>\$2,058.88</u>
Total	\$3,674.88