



SEDIMENTARY HOLDINGS LTD

**EL15/2002, FORSTER PROJECT,
ANNUAL TECHNICAL REPORT
FOR THE PERIOD
10 January 2003 to 10 January 2004**

Licensee: Sedimentary Holdings Ltd
40 Dudley Street
West Melbourne VIC 3003

ABN: 92 000 697 183

Author: Jacqueline James

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DIGITAL REPORTING

A digital copy of this report has been submitted to Mineral Resources Tasmania. The files comprising this report are:

EL152002_200312_01_report.pdf
EL152002_200312_02_appendix1.csv
EL152002_200312_03_appendix2.csv

KEYWORDS

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



INTRODUCTION

This report comprises activities undertaken on EL15/2002 for the period 10 January 2003 to 10 January 2004.

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 and 2) Sedimentary owns 100% interest in Exploration Licence EL15/2002 and Retention Licence RL3/1998, totalling 17km². Due to the availability of new ground within the area, an application for Exploration Licence EL15/2002 was submitted in April 2002 and subsequently granted. This is the first annual technical report for that tenement.

The land status is State Forest/Multiple Use Forest Land, managed by Forestry Tasmania. A recent logging program has taken place in the area.

Figure 1 – Forster Project Location

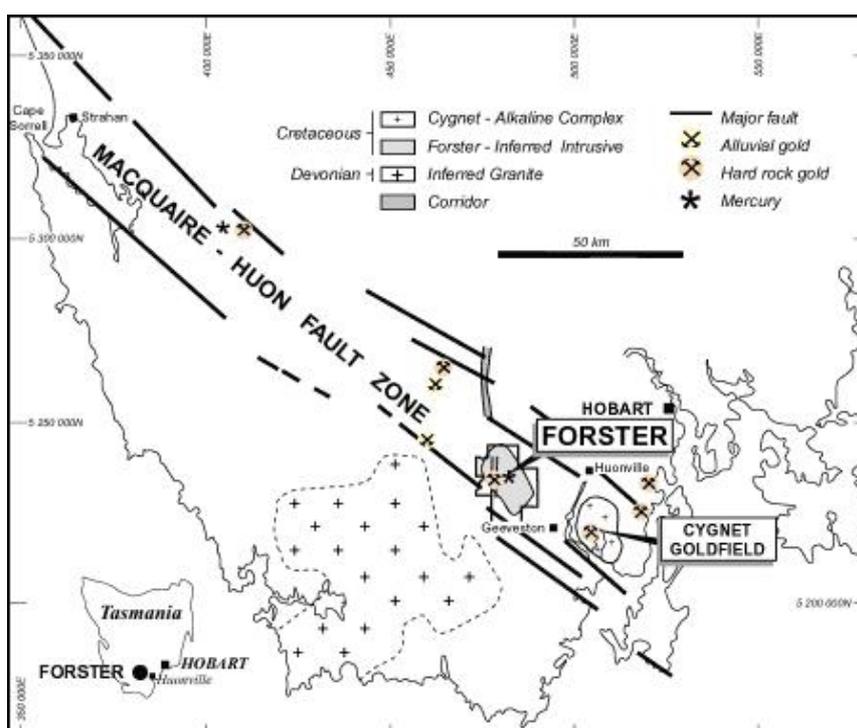
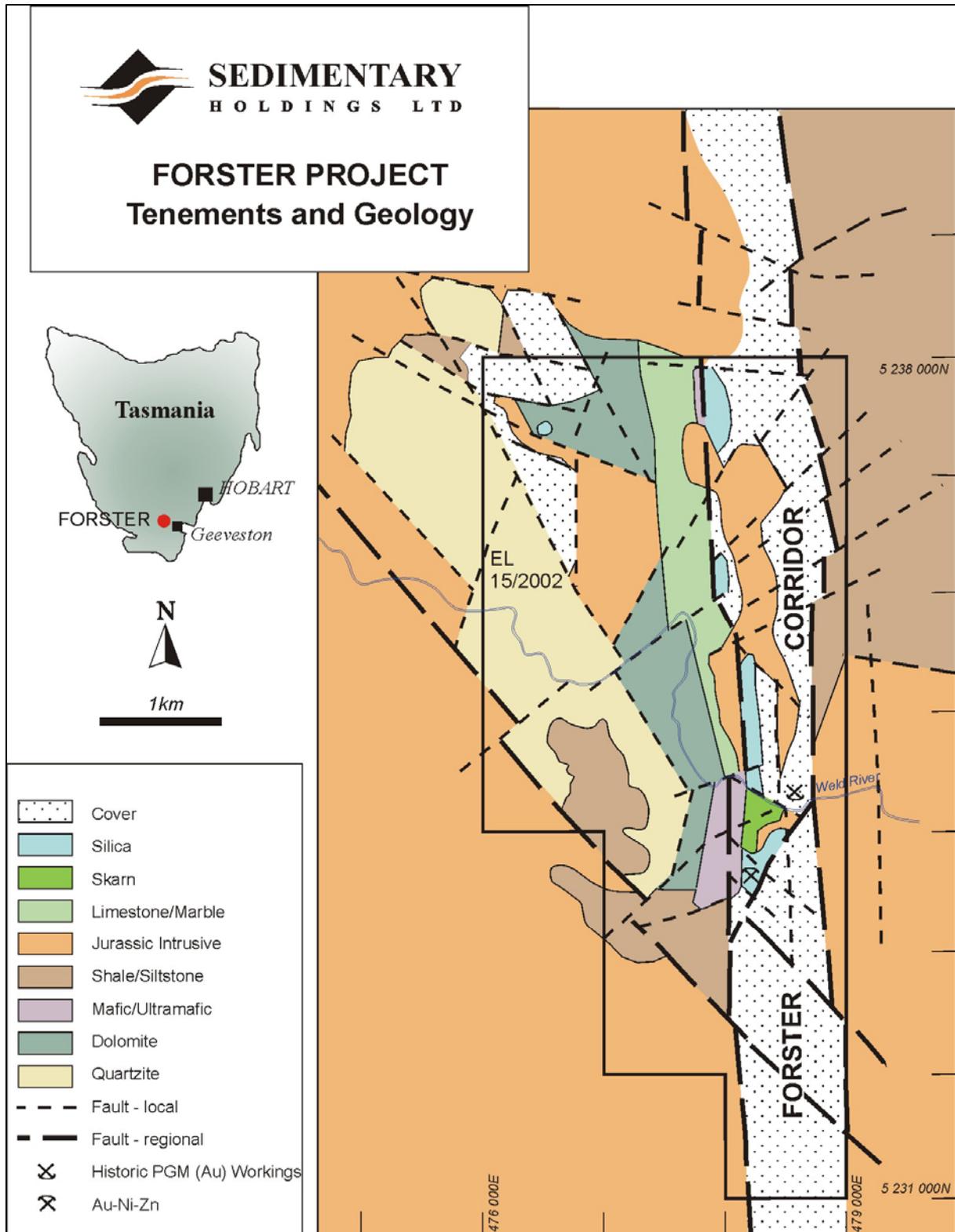




Figure 2 – Forster Project Tenements and Geology





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 (Figure 2).

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.



WORK COMPLETED DURING THE 2003-04 REPORTING PERIOD

A substantial amount of time and expenditure was spent on the Forster project (both EL15/2002 and RL3/1998) in this reporting period. The major activities were a search for a joint venture partner – to assist with exploration and funding, and a sizeable exploration program.

Joint Venture

Both the Managing Director and Geological Consultant spent time during the year seeking joint venture partners in an effort to farm-out the project. Several companies were approached and an information memorandum issued, however there was little interest in the project due to the difficulties generally facing the minerals industry at present, and grass roots exploration in particular.

Exploration Program

A detailed exploration program was carried out during the year on both EL15/2002 and RL3/1998. The aim of this program was to follow-up on previous assays results with a more detailed sampling program to test all geological anomalies and to define all areas of mineral potential. The majority of the work was undertaken by a consultant, K.C. Morrison Pty Ltd.

This program initially involved a detailed literature review of prior company reports, drill results, soil sampling results and the geological database to identify target areas and obtain a thorough understanding of the geology of the area.

It was decided to establish an east-west orientation line on 10,500N (local grid). Soil samples were collected every 25m. Two samples were taken per location – an A-horizon sample and C-horizon sample.

21 samples were collected from the A-horizon and sent to Amdel for processing via partial leaching. These were assayed for a total of 25 elements (Appendix 1).

A total of 21 samples (1001 to 1021) were collected from the C-horizon and were assayed for Au, Pt, Pd, Ni, Cu and Cr by Analabs Pty Ltd (Appendix 2).

It was ascertained that the best character was identified in the C-horizon samples, with particularly encouraging assays from the Ni and Cr to warrant an addition (C-horizon only) sampling program over a larger grid area.

In April 2003, consultants were hired to establish a soil sampling grid (based on the previously established project grid) which crossed the skarn units to the east, the Forster Corridor and into the ultramafics units to the west. Samples were collected approximately every 20 metres with a total of 168 samples (1022 – 217614) were taken from the C-horizon. These were assayed for Cr, Ni, Co, Cu and Zn (Appendix 2) by Analabs Pty Ltd.

Best results came from Ni and Cr which could be contoured with confidence. A template basemap using geology mapped in 1996 was constructed and the Ni and Cr results were contoured. Plots showing geology with Ni contour overlay (C-horizon) and geology with Cr



contour overlay (C-horizon) are shown in Appendices 3 and 4 respectively. Areas of high Ni and Cr were seen in the ultramafic units and were particularly strong in the southwest. Anomalous values were contoured on line 10,400N with Ni reaching 1580ppm in sample 217478 and Cr 7990ppm on 217482. However Cr assayed 14,500ppm in sample 217453 located close to the north trending fault.

A simultaneous review of results from a 1996/97 drilling program showed prospective Ni and Au mineralisation in the area, which was compared to the location and assays of the soil sampling program. Several holes, (drilled at the end of the drilling program in 1996) were only assayed for gold. As the pulps had been destroyed by the lab, and the remaining rock chip samples too small for re-analysis, the RC chips were located to see if there was any evidence of sulphide mineralisation. No sulphide mineralisation was observed.

It was decided to focus efforts on the prospectivity of ultramafic bearing conglomerates located to the western of the fault termed the “Forster Corridor”, south of the Weld River. Samples on line 10,400N (217472 to 217492) were assayed for 3E elements (Au, Pd, Pt) by Analabs. The results are shown in Appendix 2. However these were no significant results obtained, nor did they show any correlation to the Ni anomaly on line 10,400N.

Geophysical data (from a 1996 survey) was reprocessed for comparison with soil sample results. This was done by Hugh Rutter of Flagstaff GeoConsultants, Melbourne. Various images were presented to Sedimentary for use, however the image ‘WR-tmi-5b’ processed using total magnetic intensity, pseudocolour, histogram equalized was selected as it best highlighted the geology and structure of the area. A plot showing magnetics with Ni contour overlay is shown in Appendix 5. As can be seen the magnetics correlates well with geology, structure and the higher contours of Ni.

FUTURE WORK PROGRAM

Drilling

Following receipt of the detailed magnetics and assay data, the project underwent a detailed review to determine the future work program. Using knowledge gained from this year’s exploration, a follow-up study of anomalous gold results (found in several drill holes in the 1996/97 drilling program) was warranted.

It was found that the faulted contact between the skarn (shown in blue in Appendix 5) and the ultramafic conglomerate (pink) is cut by a major east-west structure centered about the Forster – Fletchers Road intersection. This has a left lateral sense of movement which seems to have created a dilational opening at the structural intersection. All the holes drilled to date with intersections >3ppm are within this zone.

It was decided that a drill program be conducted in the area to determine if this structural configuration is the main control on focusing higher grades of gold and if a small ore-grade resource could be located.

The program is for a north-south fence of 6 x 50 metre RC holes drilled at –55 degrees, all on a continuous AMG north-south fence with east-west offsets to take advantage of existing road works. Expenditure on this program is estimated at \$30,000.



The work program has been presented to MRT and Forestry Tasmania for approval. A drilling contractor has been sought and at date of writing, the contractor has been mobilised to site.

If the program is successful, ground magnetics could be used to look for other dilational intersections to target additional gold mineralisation.

2003/04 EXPENDITURE

Although the Forster project comprises both EL15/2002 and RL3/1998, for reporting purposes, expenditure solely for EL15/2002 for the annual period 10 January 2003 to 10 January 2004 is reported below:

Geology	\$5,980.57
Geochemistry	\$1,539.42
Geophysics	\$295
Administration	\$361.67
	<hr/>
	\$8,176.66

Additional expenditure is likely to be attributed to the project in this reporting period, however due to requirements regarding submission dates of the report one month prior to the end of the reporting period, this expenditure will not be included until the next report.



APPENDIX 1 –

Soil Sampling Program
A- horizon soil results

Metadata:

File: EL152002_200312_02_appendix1.csv

Sedimentary Holdings Ltd

EL15/2002 and RL3/1998 (Forster Project)

Data for the annual technical report for EL15/2002 from 10 Jan 2003 to 10 Jan 2004

Soil Sampling Program (A-horizon on line 10500N local grid)

Data received from Amdel 17 April 2003



APPENDIX 2 –

Soil Sampling Program
C- horizon soil results

Metadata:

File: EL152002_200312_02_appendix2.csv

Sedimentary Holdings Ltd

EL15/2002 and RL3/1998 (Forster Project)

Data for the annual technical report for EL15/2002 from 10 Jan 2003 to 10 Jan 2004

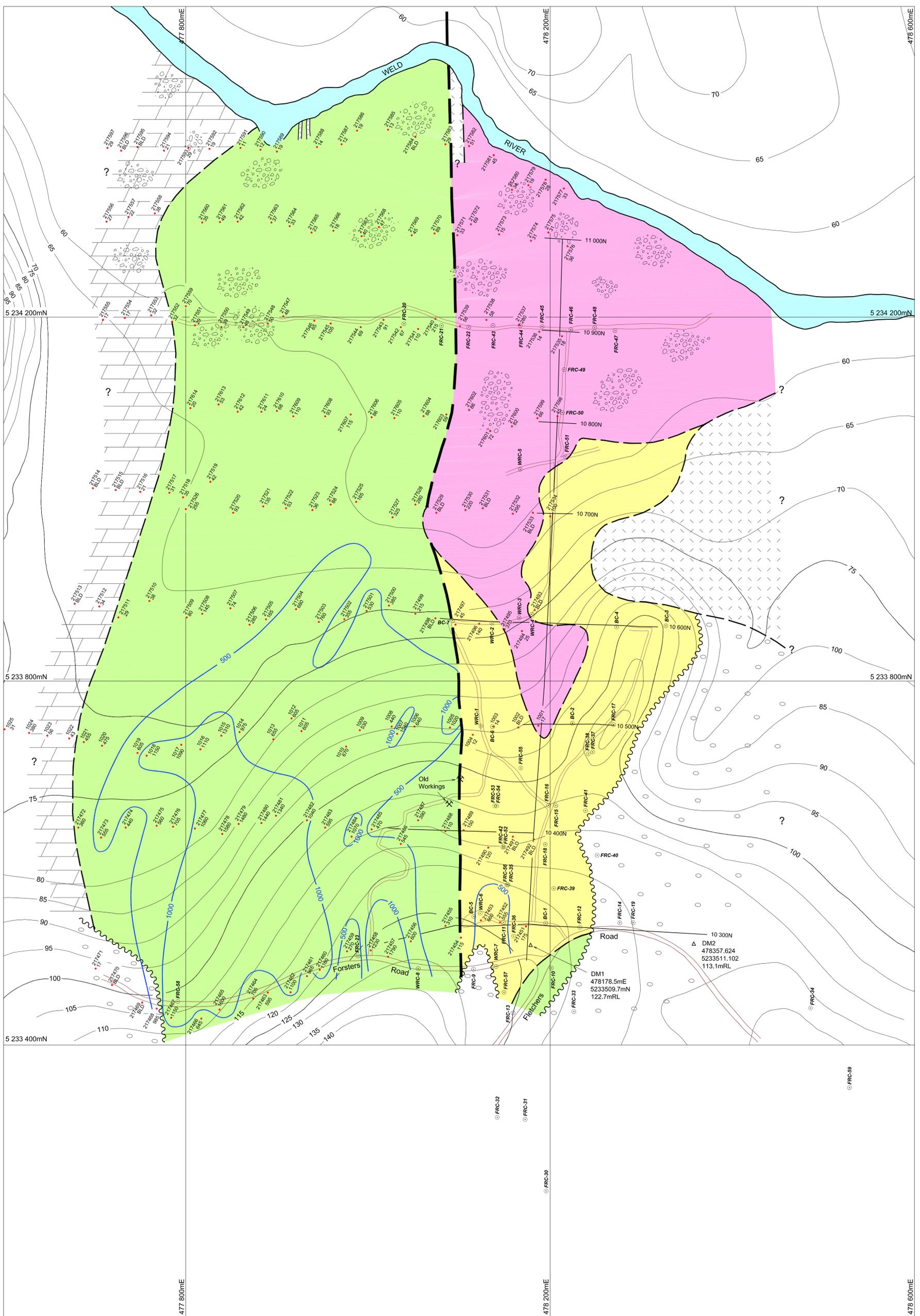
Soil Sampling Program (C-horizon)

Data received from Analabs June 2003



APPENDIX 3 –

Soil Sampling Program
C-horizon soil survey
Geology and Ni results (in ppm)



LEGEND

- QUATERNARY**
- Alluvial Gravels
- JURASSIC - CRETACEOUS**
(Probable Cainozoic overprint on yellow unit)
- Quartz Breccia, Clay, Chalcedony, Silica Flour, Sand
 - Calc Silicate Skarn
- JURASSIC**
- Dolerite

- PERMIAN**
- Tillite, Mudstone
- CAMBRIAN**
- Schistose Conglomerate of Ultramafic, Mafic, Volcaniclastic Lithologies and Serpentine
- PROTEROZOIC**
- Dolomite

- Major Fault
- Geological Boundary
- Unconformity

- Drill Hole Collars (Skarn Gold Project)
- Grid Base Line (N-S) and Cross Line (E-W) Intersection
- Soil Sample Location and Number Assay Result - Nickel in ppm (BLD= Below Detection)
- Assay Contour 500ppm

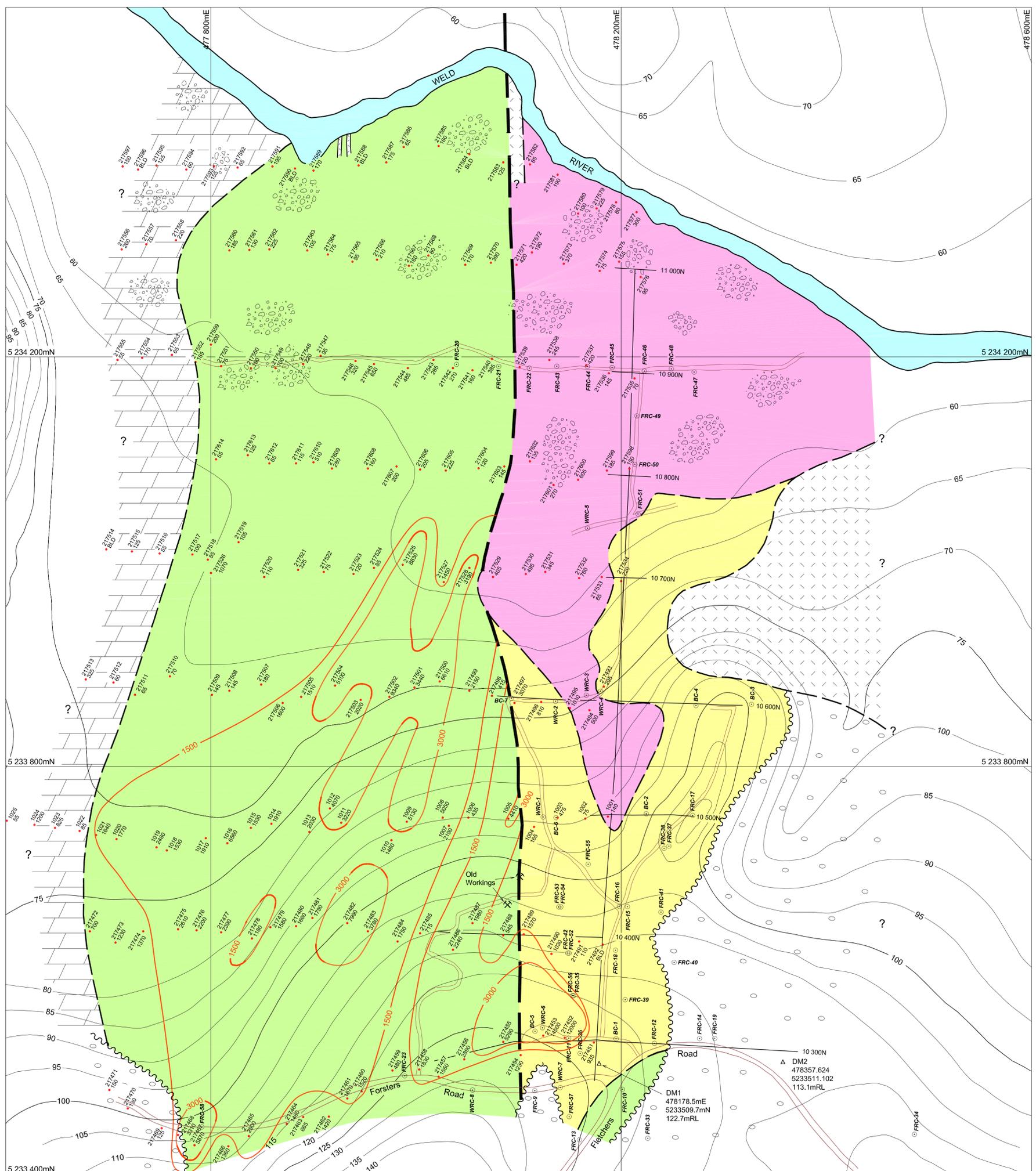
(Geology adapted from Morrison, 1996 for Sedimentary Holdings NL)

SEDIMENTARY HOLDINGS LTD			
RL 9803 and EL 15/2002			
FORSTER PROJECT			
C-HORIZON SOIL SURVEY - 2003			
GEOLOGY and NICKEL RESULTS (in ppm)			
Compiled : K.C. Morrison	Drawn : G.M. Bennett	Date : 20 May 2003	File : Ni Assay Results.dwg
Scale : 1:2000			
			MAP 2



APPENDIX 4 –

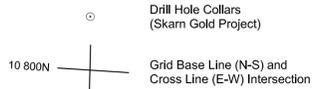
Soil Sampling Program
C-horizon soil survey
Geology and Cr results (in ppm)



- LEGEND**
- QUATERNARY**
- Alluvial Gravels
- JURASSIC - CRETACEOUS**
(Probable Cainozoic overprint on yellow unit)
- Quartz Breccia, Clay, Chalcedony, Silica Flour, Sand
 - Calc Silicate Skarn
- JURASSIC**
- Dolerite

- PERMIAN**
- Tillite, Mudstone
- CAMBRIAN**
- Schistose Conglomerate of Ultramafic, Mafic, Volcaniclastic Lithologies and Serpentinite
- PROTEROZOIC**
- Dolomite

- Major Fault
- Geological Boundary
- Unconformity



Soil Sample Location and Number
Assay Result - Chromium in ppm
(BLD= Below Detection)

Assay Contour 1500ppm

(Geology adapted from Morrison, 1996 for Sedimentary Holdings NL)

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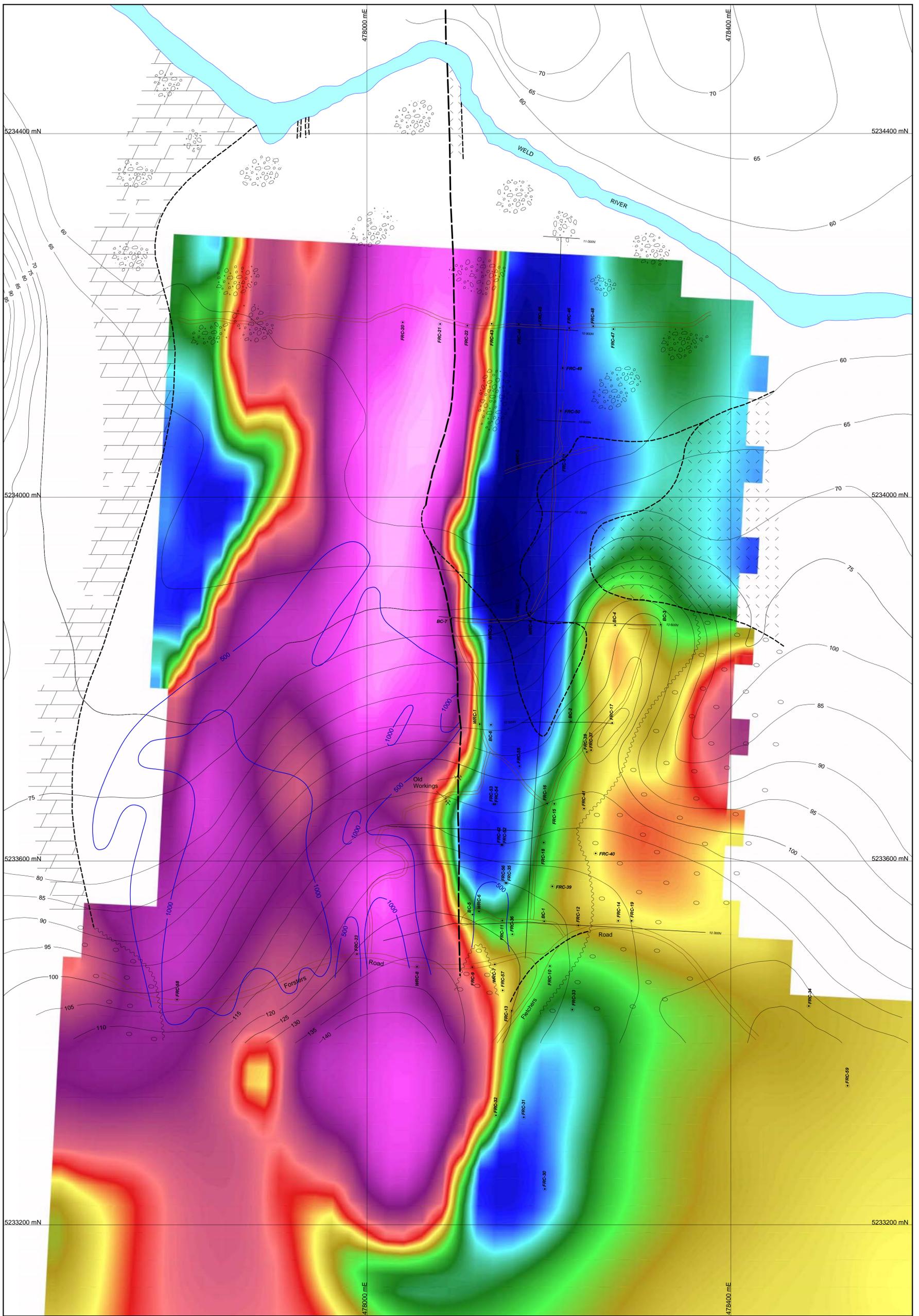
**RL 9803 and EL 15/2002
FORSTER PROJECT
C-HORIZON SOIL SURVEY - 2003
GEOLOGY and CHROMIUM RESULTS (in ppm)**

Compiled : K.C. Morrison	Drawn : G.M. Bennett	Date : 20 May 2003	File : Cr Assay Results.dwg
Scale : 1:2000			MAP 1



APPENDIX 5 –

**Total Magnetic Intensity
Pseudocolour, histogram equalized
With geology and Ni contours (in ppm)**



NOTE: For Geology Legend - See Map 1

 SEDIMENTARY HOLDINGS LTD			
RL9803 and EL 15/2002 FORSTER PROJECT TOTAL MAGNETIC INTENSITY PSEUDOCLOUR, HISTOGRAM EQUALISED WITH GEOLOGY and NICKEL CONTOURS (in ppm)			
Compiled: Flagstaff	Drawn: G. M. Bennett	Date: 23/7/2003	File: WR TMI-5 Geology-N6 2000
Scale: 1:2000			MAP 3
			