

Cala Resources Pty Ltd

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Annual Report EL 44/1994 Alberton

3 March 2003 – 3 March 2004

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Summary

Cala Resources Pty Ltd (Cala) is exploring EL 44/1994 under an option agreement with C & D Beswick.

The exploration targets are high-grade gold bearing reefs containing more than 50,000 ounces, similar in style to the New Golden Gate reefs, which are located along strike in nearby tenements held by Cala.

Cala has an integrated strategy to explore approximately 1650 square kilometres of tenements in NE Tasmania and this tenement is part of that strategy.

Introduction

EL 44/1994, of approximately one square kilometre (in three parts), is located near the township of Mathinna, approximately 70 km East of Launceston. The licence is now in its fourth year and is due for renewal on the 3rd of March.

Cala is the operator and manager and C & D Beswick are the holders of the tenement. Cala entered into a one year exclusive option agreement with the Beswicks and can acquire the tenement, 100% unencumbered, for a cash consideration of \$100,000, upon exercise of the option. As a condition of the option agreement Cala must conduct a drilling program to the value of \$30,000, at standard commercial rates.

The licence is a mixture of private land and State forest on mostly hilly country. Access is generally excellent, with a sealed road from Launceston to Mathinna and strategically placed gravel roads on or near the tenement parts.

Conclusions & Recommendations

- Soil sampling work completed by Resolute Samantha Ltd indicates that mineralisation extends into this tenement.
 - Detailed structural mapping of the tenement area needs to be completed and compiled into 3D model, along with data from the surrounding areas.
 - Further drilling of structural targets should be completed on a priority basis.
1. City Of Hobart; potential exists for defining further shoots near surface and a deeper zone beneath the mined shoot.
 2. Jubilee; potential exists for mineralisation below the deeper parts of this mine.
 3. Volunteer; potential exists for the definition of a further shoot.

Geology & Production

EL 44/1994 lies in the Mathinna field, near the southern end of the 90-km long, north-north-west trending line of gold deposits that extend from Mangana in the south to Lyndhurst on the north coast.

The gold deposits occur as auriferous quartz reefs, hosted in Mathinna Beds, a folded sequence of Silurian-Ordovician age sediments. The Mathinna Beds are intruded by younger, Devonian-Carboniferous age granites and are in part overlain by Permo-Triassic glacial marine sediments, Jurassic Dolerites and Tertiary Basalts.

The gold bearing veins are structurally controlled and occur in a range of orientations and forms within zones of shearing and tectonic deformation. Typical vein features are:

Width	0.1 – 1 m	Up to 10 m
Length	10 – 100 m	Up to 350 m
Depth	<100 m	Up to 580 m
Grade	15 – 30 g/t Au	Cut off 10 g/t
Strike	variable	NW to NE dominant
Dip	Typically steep	70 - 80°
Mineralogy	Quartz, arsenopyrite, pyrite	Minor galena, chalcopyrite, sphalerite

This overall geological setting is very similar to the high grade, quartz vein style mineralisation in the slate belts of central and eastern Victoria, which have historical production of approximately 80 million oz.

EL 44/1994 contains three main historic workings, City of Hobart, Jubilee and Volunteer.

City of Hobart

The City of Hobart was probably the third most significant mine, other than the New Golden Gate and North Gate/ Tas Consols., on the Mathinna field with 22,000 ounces estimated production from 1877 to 1882. The reef was worked to a depth of ~ 180m where the reef is reportedly offset by a fault and “lost”

Jubilee

The Jubilee mine is one of the more substantial areas of surface workings with a number of adits and underground levels. Production records appear to be incomplete with only 55t reported crushed from a mine that was worked/prospected intermittently from pre 1870 to the 1920's.

Volunteer

The Volunteer was one of the better minor workings on the field (2000oz), with grades, determined from crushings, averaging 21 g/t and dump samples assaying up to 64 g/t.

Summary of previous work

During the current reported year, no work has been carried out on this tenement.

Proposed future work

Cala will complete substantial works in the following year, as part of its integrated strategy to explore NE Tasmania for high-grade gold deposits. The work on EL 44/1994 in the next year of tenure will consist of:

1. Air and ground magnetic surveys over the whole tenement area, in conjunction with updating the whole Mathinna field.
2. A comprehensive soil sampling program that will allow current soil sampling data from the Mathinna field to be expanded to include this tenement area.
3. Detailed structural mapping, in areas that are accessible, in and around the historic workings. This data will be added to Cala's database and will be used to build a 3D structural model of the Mathinna field and the Mangana – Alberton Lineament.
4. Drilling of structural targets in and around the City of Hobart mine.

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