

**NABOWLA
EL38/94
FINAL RELINQUISHMENT REPORT
INCORPORATING THE ANNUAL REPORT
FOR THE PERIOD 12/11/03 – 11/11/04**

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SUMMARY

The Denison lease is located approximately 40km north-northeast of Launceston in northeastern Tasmania and includes the historic Denison Goldfield where epigenetic gold mineralisation in quartz sulphide reef structures were last mined in the 1930's.

The East Denison Prospect was discovered as a result of Anglo Australian Resources' effective regional exploration programme consisting of soil sampling, trenching, auger sampling and RC drilling.

Wide zones of mineralisation intersected in trenches (including 24m @ 2.54g/t Au and 35m @ 1.2g/t Au) and RC holes eg. 20m @ 1.0g/t, including 7m @ 2.4g/t Au (EDRC12); 6m @ 6.38g/t Au (EDRC15); 5m @ 2.17 g/t Au (EDRC28) and 9m @ 1.81g/t Au (EDRC27), corresponds to a well defined, continuous, NNE-SSW trending zone dipping shallowly at 15° - 20° easterly.

In July 2003 Anglo Australian Resources tested the SSW plunge of the mineralisation with a 5 hole (342m) RC drill program. Low gold values encountered in this drilling limit the tonnage potential of the mineralisation. In addition three historical production lodes the Wiangatta, Alcatricity and Sir William Denison and the Western East Denison soil anomaly were drill tested by a 9 hole RC (611m) drill program. No significant intersections were detected.

Additional expenditure on the project could not be justified and therefore the project was relinquished.

1.0 TENEMENT INFORMATION

1.1 Location

E.L. 38/94 “Nabowla” is located in north-east Tasmania, west of Scottsdale and north of Lilydale (Figure 1).

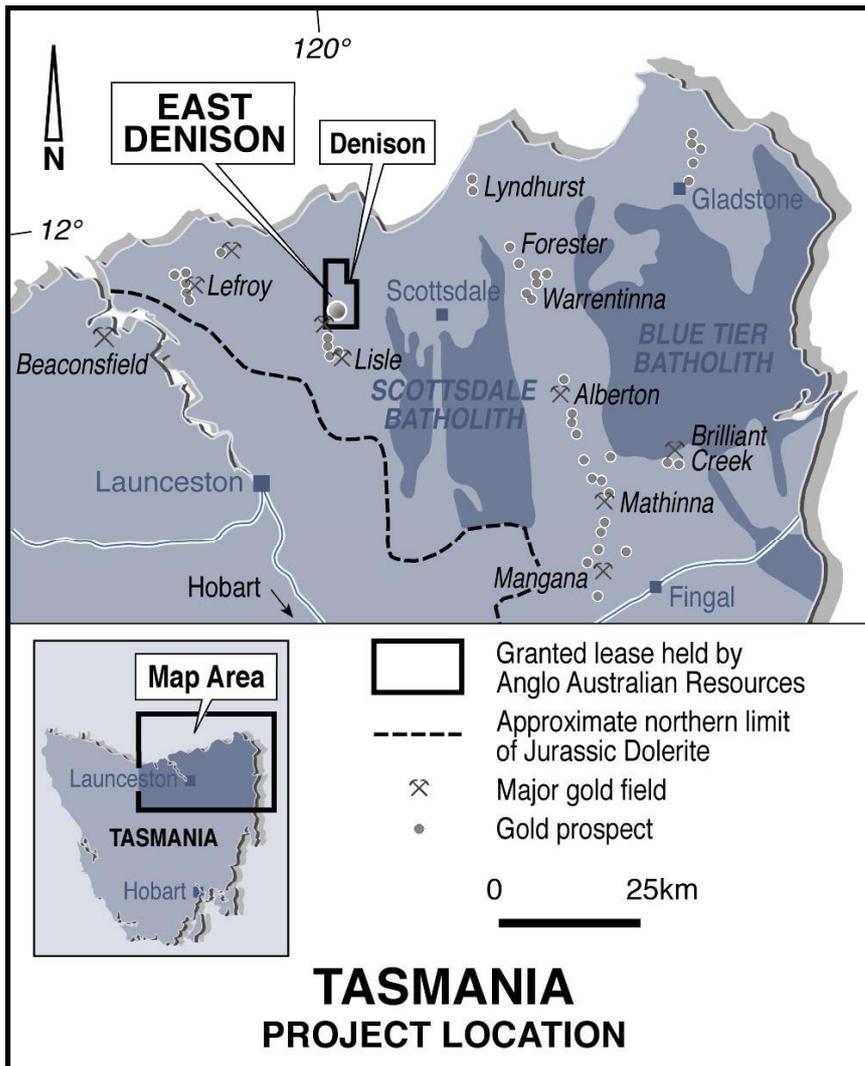


Figure 1

1.2 Tenure

The licence was granted to Silverthorne Resources NL on the 11th of November, 1994. Anglo Australian Resources N.L. joint ventured into the licence on the 13th of June, 1995.

The licence was due for a 50% compulsory reduction on 11 November 1999. However, as part of a rationalisation of the company's lease holding in North East Tasmania, Anglo Australian Resources voluntarily elected to reduce the tenement to 108 square kilometres in June 1999. An additional voluntary reduction to 66 square kilometres was completed in June 2002. The area retained is shown in Figure 2 and shows the current tenement outline. An additional reduction in tenure was proposed in November 2003 to 14 sqkm. (Figure 4)

1.3 Land Status/Usage

The majority of the land area covered by the E.L. is private freehold land and is used for a variety of purposes including private forestry, cropping, and mixed farming. The remainder is mostly State Forest and is being used for production forestry.

1.4 Topography/Vegetation

The E.L. consists of gently undulating topography covered by open dry eucalypt forest where clearing for agriculture has not taken place. Gullies carry wetter, denser vegetation.

1.5 Access

Access is generally very good. There are many roads and tracks in areas cleared for agriculture and where logging operations have been or are taking place. The Denison gold field is approximately 30-40 minutes drive from Launceston

2.0 GEOLOGY

The Eastern Tasmanian Terrane is the southernmost Australian expression of the Lachlan Fold Belt, and in north eastern Tasmania it is comprised of an early Ordovician to early Devonian folded succession of tubiditic quartzwackes and pelites (the Mathinna Group) which have been correlated with rocks of the Melbourne Trough in Victoria. Mathinna Group rocks have undergone regional low-grade metamorphism and thermal metamorphism where they have been intruded by calc-alkaline granitoid batholiths of Devonian age. Thermal aureoles are commonly sharply defined and vary in width from about 800 to 5,000 meters. Flat-lying sediments of the late Carboniferous – early Permian

to Triassic Parmeener Supergroup unconformably overlies both the Mathinna Group and the Devonian granitoids. The Parmeener Supergroup rocks are intruded by thick sheets of Jurassic dolerite. Areas of Tertiary basalt and associated Tertiary sediments occur in north eastern Tasmania and in some places have filled pre-existing drainage systems to form deep leads, some of which contain alluvial gold. Quaternary alluvium occurs in river valleys and in coastal areas Quaternary windblown aeolian sands obscure much of the underlying bedrock.

Gold mineralisation occurs in the Mathinna Group sediments throughout north east Tasmania. At some locations the gold mineralisation appears to be granitoid related, as at Golden Ridge and in the Lisle-Golconda-Panama goldfield, and in other locations there is no spatial relationship to granitoids, such as the Lyndhurst-Alberton-Mathinna-Mangana “gold corridor” and the Lefroy goldfield. In this respect, there are similarities with the gold mineralisation in Victoria. At Gladstone, textural evidence in a gold and tin bearing rock from the thermal aureole of a granitoid suggests that gold mineralisation occurred before thermal metamorphism and that tin mineralisation was subsequent to thermal metamorphism (Roach, 1994).

Approximately 75% of the area of E38/94 is underlain by Mathinna Group sediments. Apart from some 5% Tertiary basalt and gravel cover, the rest of the area is covered by Quaternary sands and alluvium.

Mathinna Group rocks mapped in the area (Marshall et al, 1965) are predominantly siltstones and sandstones. However, a significant unit of pelitic rocks, considered to be a more favourable lithology for gold mineralisation in “slate belt gold” regions, occurs near the Lebrina area.

Structurally the Mathinna Group sediments are broadly folded in sub-horizontal NNW trending fold axes, although there is only sparse structural data available from the Mines Department mapping.

Gold mineralisation occurs in quartz reefs, veins or stockworks, typically trending ENE and associated with pyrite and/or arsenopyrite or galena, or in veins and shears associated with NNW trending shear systems. McIntosh Reid (1925, 1926) has also reported gold mineralisation at the Bessells Reward Prospect near the Lisle goldfield as occurring in a Nabowla EL38/1994 Annual Report 2003

“gold impregnated sandstone” which is not associated with quartz veining but rather with secondary mica and varying degrees of ferruginisation.

3.0 PREVIOUS EXPLORATION

3.1 Historical Production and activity

Mining at the Denison Goldfield started in the 1870’s and continued until about 1911 (Coroneos, 1993). The most successful operation on the field was the Alacrity mine which produce 10.3 kg of gold at an average grade of 48g/t (Bottrill, 1994). The Alacrity mine worked a 0.3 to 0.45m vein to a depth of 60m with levels at 32, 46 and 60 metres (Reid, 1926) and was eventually closed due to financial trouble – an inability to raise capital for further development (Coroneos, 1993). The gold was associated with pyrite arsenopyrite. Between the 46 and 60m levels 400 tonnes of unstopped ore was left.

The Sir William Denison Mine worked two veins, one 0.3 to 0.45m width and the other, 0.15 to 0.3m wide, to a depth of 30m with levels at 16 and 30m. Reid (1926) reports several crushing’s that averaged 45.5, 46.7 and 243g/t Au. The accessory minerals are pyrite and galena in the larger vein, with gold contained mostly in pyrite and arsenopyrite in the smaller vein.

The Wiangatta mine worked a narrow vein to a depth of about 80m and averaged 68.4g/t Au, the gold being nearly pure. Other mines include the royal Treasury which produced gold from 32 tonne at an average grade of 6g/t Au, the Brooklyn with an average grade of 6g/t and the Star, which averaged 7.5g/t Au. Most of the mines reported veins orientations trending ENE and dipping steeply, predominantly to the north west, except for Wiangatta which dipped to the south east.

3.2 Historical exploration

- Regional stream sediment surveys were carried out by Billiton (Randall, 1992) and CRA (Broadbent, 1982). More detailed surveys were completed by Billiton in the Denison area by Billiton. Minus 80 mesh As and BLEG Au anomalies were reported but no follow up was undertaken.
- In 1983 BP Minerals flew an aeromagnetic survey over the area. This data was incorporated with additional data flown by the Tasmanian government into the

NETGOLD project and together with regional gravity data formed the basis for interpretive reports produced by Leaman (1992) and Roach (1992).

- Argyle minerals (Cromer, 1986, 1987a,b) carried out extensive trenching and rock chip sampling and drilled 6 shallow holes at the Denison Goldfields.

3.3 Exploration by Anglo Australian Resources NL 1995-2003

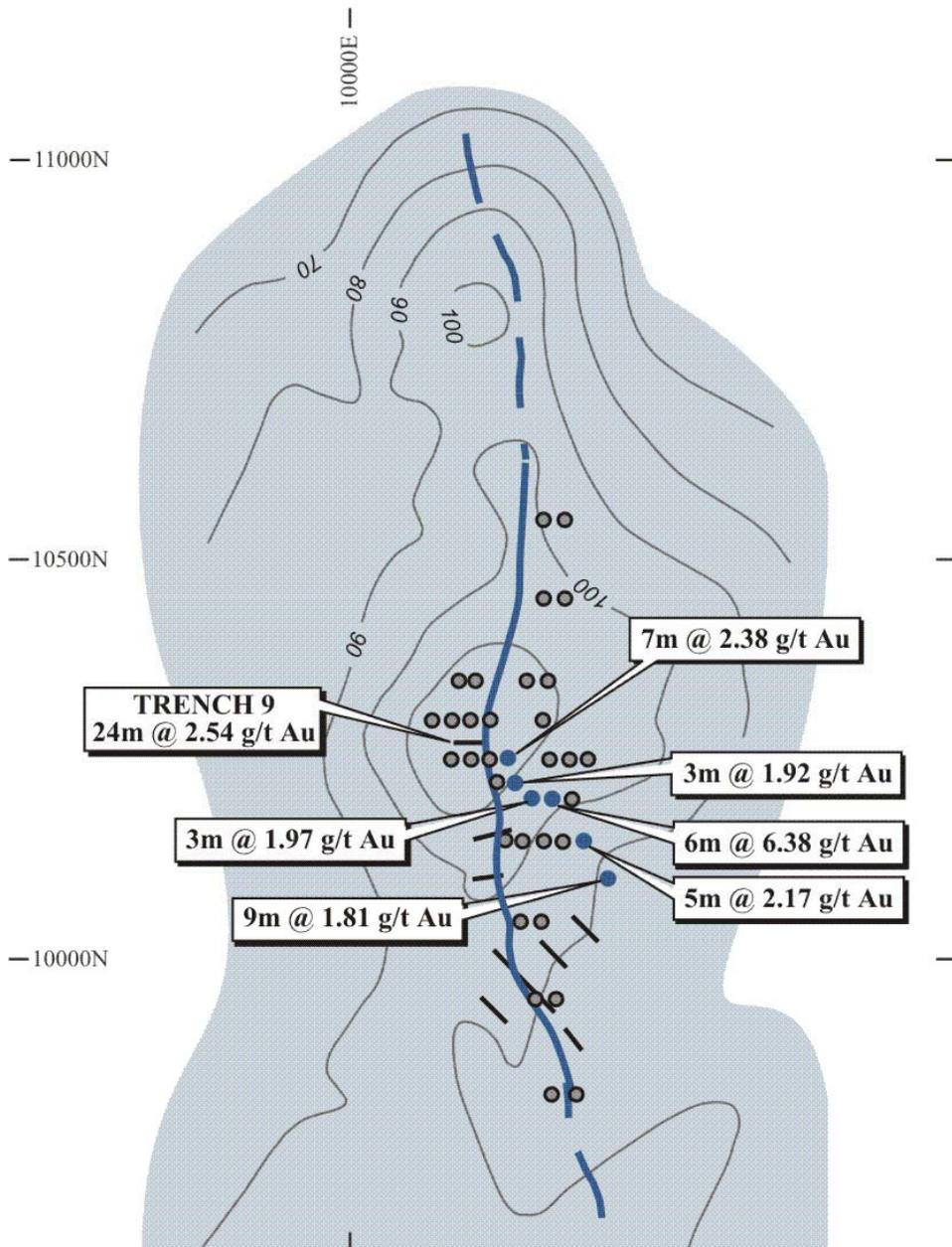
Since 1994 Anglo Australian Resources NL has completed the following activities:

- A review of the NETGOLD database.
- Interpretation of Satellite imagery.
- Rock Chip and mine dump sampling. Values of up to 5.6g/t Au, 2.54g/t Au and 1.4g/t Au were returned from the Globe, Sir William Denison and South Globe workings respectively.
- One RC drill hole (SWD1) totalling 114.5m testing beneath the Sir William Denison workings. (Note this hole was drilled on a local grid and AMG coordinates of the collar are unknown. The drill collar could not be located). No significant intersections were returned from this hole.
- 1284 conventional soil samples collected on the local Denison grid (designed to cover all the historical workings). Strongest anomalism was on east west trending zones at Alacrity and Sir William Denison as well as two NE trending zones 200 to 300m north of Wiangatta. The NE trending zone is known as East Denison.
- 2 trenches at Sir William Denison and 9 trenches at East Denison. The best result from EDT7 of 35m @1.2g/t Au (inc. 11m @ 2.69g/t Au).
- 525 wacker, near bedrock soil samples on the East Denison grid. Two NE trending zones of gold anomalism defined.
- Interpretation of aeromagnetic, radiometric and gravity data by consultants Southern Geoscience. A major regional NE trending structural deformation zone (extending across the East Denison area) was identified.
- 146 MMI soil samples at East Denison. The results confirmed the anomalies defined by conventional geochemistry.
- Rock chip sampling along NE trending structural corridor and follow up soil sampling at Little Ballroom and Tip prospects (both these areas are now outside the current tenement boundary).
- Trenching at the tip prospect
- 32 RC drill holes completed over 3 programs at East Denison for a total of 2100m between January 1998 and March 2001 (Prefix EDRC). A summary of results is shown

in Table 1 and Figure 2. Drilling defined a low grade near surface zone of anomalism corresponding to the NE trending deformation zone and a higher grade shallow south plunging shoot of gold mineralisation. All anomalous intersections are within the supergene.

Table 1 East Denison Drilling – Collar and Assay Summary (1g/t Au cut off)

Hole ID	Local E	Local N	E (AGD66)	N (AGD66)	Elevation	Depth	Dip	Grid Azimuth	Depth	Assay Summary
EDRC01	10215	10050	526491	5445781	266	48	-60	268		NSV
EDRC02	10235	10050	526506	5445776	264	84	-60	268		NSV
EDRC03	10230	9950	526476	5445671	265	48	-60	268		NSV
EDRC04	10250	9950	526494	5445666	264	84	-60	268		NSV
EDRC05	10255	9850	526471	5445570	264	48	-60	268		NSV
EDRC06	10275	9850	526495	5445563	264	84	-60	268		NSV
EDRC07	10195	10150	526503	5445877	271	48	-60	268		NSV
EDRC08	10215	10150	526521	5445874	273	84	-60	268		NSV
EDRC09	10185	10230	526511	5445962	281	48	-60	268	6 - 7m	1m @ 1.3g/t Au
									9 - 10m	1m @ 1.71g/t Au
EDRC10	10205	10230	526532	5445956	284	84	-60	268	3 - 6m	3m @ 1.91g/t Au
									9 - 10m	1m @ 1.2g/t Au
									13 - 14m	1m @ 1.89 g/t Au
EDRC11	10175	10250	526508	5445983	277	52	-60	268	4 - 6m	2m @ 1.57g/t Au
EDRC12	10195	10250	526532	5445983	279	84	-60	268	6 - 12m	6m @ 2.65g/t Au
EDRC13	10135	10350	526515	5446086	277	48	-60	268		NSV
EDRC14	10155	10350	526534	5446077	278	84	-60	268		NSV
EDRC15	10250	10200	526566	5445906	278	56	-60	268	8 - 14m	6m @ 6.38g/t Au
EDRC16	10220	10250	526556	5445971	280	40	-60	268	5 - 6m	1m @ 3.8g/t Au
EDRC17	10245	10250	526580	5445960	278	48	-60	268		NSV
EDRC18	10270	10250	526598	5445950	276	60	-60	268		NSV
EDRC19	10295	10250	526624	5445940	274	56	-60	268		NSV
EDRC20	10240	10300	526592	5446006	280	56	-60	268		NSV
EDRC21	10220	10350	526598	5446054	281	48	-60	268		NSV
EDRC22	10245	10350	526621	5446045	282	52	-60	268		NSV
EDRC23	10240	10450	526646	5446164	278	40	-60	268		NSV
EDRC24	10265	10450	526670	5446156	280	48	-60	268	18 - 19m	1m @ 2.18g/t Au
EDRC25	10240	10550	526681	5446271	279	44	-60	268		NSV
EDRC26	10265	10550	526708	5446262	281	48	-60	268		NSV
EDRC27	10320	10100	526608	5445800	260	48	-60	268	12 - 20m	8m @ 2.04g/t Au
EDRC28	10290	10150	526591	5445844	269	48	-60	268	10 - 15m	5m @ 2.17g/t Au
EDRC29	10265	10150	526568	5445856	270	52	-60	268	14 - 15m	1m @ 2.13g/t Au
EDRC30	10240	10150	526547	5445864	274	48	-60	268		NSV
EDRC31	10275	10200	526590	5445895	274	48	-60	268		NSV
EDRC32	10225	10200	526544	5445918	284	40	-60	268	8 - 11m	3m @ 1.97g/t Au
EDRC33	10125	10250	526461	5446006	268	48	-60	268		NSV
EDRC34	10150	10250	526486	5445994	274	48	-60	268		NSV
EDRC35	10100	10300	526456	5446054	264	48	-60	268		NSV
EDRC36	10125	10300	526481	5446045	269	48	-60	268		NSV
EDRC37	10150	10300	526504	5446034	274	52	-60	268		NSV
EDRC38	10175	10300	526526	5446027	279	48	-60	268		NSV



- Gold lode, partly tested
 - - Probable gold lode, untested
 - Trench
 - RC drill hole
 - RC drill hole - mineralised
 - 100— Topographic contour
- 22°
200 metres

EAST DENISON
 Topographic Plan Showing Interpreted Gold Lode
 and Drill Hole Locations

Figure 2

- GPS Pick up of East Denison Drill Holes
- A total of 958 m of RC drilling in 14 holes was carried out on the tenement during 2003. In the East Denison Prospect five holes were drilled for 342m (Table 2). Drilling elsewhere included two holes at each of the Northern Globe, Royal Treasury, Alacrity, and Sir William Denison workings. One hole was drilled at the Wiangatta workings.

TABLE 2: Specifications of RC drill holes June-July, 2003.

Hole ID	Locality	AMG (AGD66)		Azimuth (AMG)	Dip	Depth (m)	4 m samples	
		E (m)	N (m)				From	To
EDRC 39	East Denison Grid	526649	5445778	290	60	72	141001	141018
EDRC 40	East Denison Grid	526680	5445732	290	60	60	141019	141033
EDRC 41	East Denison Grid	526635	5445750	290	60	70	141034	141051
EDRC 42	East Denison Grid	526720	5445620	290	60	70	141052	141069
EDRC 43	East Denison Grid	526700	5445630	290	60	70	141070	141087
EDRC 44	Wiangatta	526710	5445490	290	60	70	141159	141176
EDRC 45	Royal Treasury (North)	526010	5446080	360	60	60	141126	141140
EDRC 46	Royal Treasury (South)	526010	5446050	360	60	72	141141	141158
EDRC 47	Northern Globe (W)	525830	5445600	270	60	78	141088	141107
EDRC 48	Northern Globe (E)	525880	5445600	270	60	70	141108	141125
EDRC 49	Alacrity (North)	524690	5445510	360	60	70	141177	141194
EDRC 50	Alacrity (South)	524690	5445460	360	60	70	141195	141212
EDRC 51	Sir W. Denison (W)	524910	5445605	360	60	62	141229	141243
EDRC 52	Sir W. Denison (E)	524960	5445605	360	60	64	141213	141228

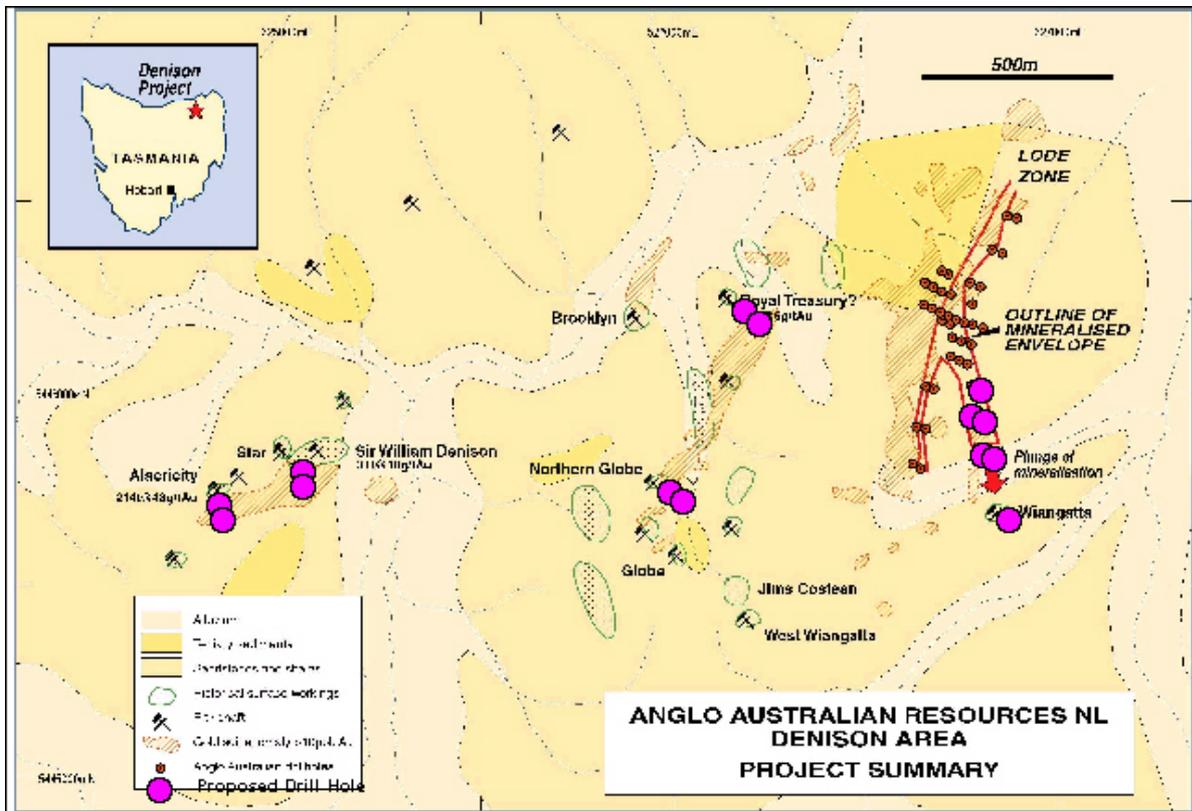


Figure 3 Location of 2003 Drill holes

- All drill sites within the project area were rehabilitated by re-contouring of slopes and burial of plastic bags and drill samples. Felled vegetation was also dragged over the surface to facilitate natural regrowth. In addition an old costean was filled in and the slope re-contoured.

4.0 DISCUSSION

The East Denison Prospect contains two parallel NNE trending zones of gold in soil anomalism.

The Eastern zone corresponds to a local topographic high and a zone of silicification. Drilling of the eastern soil anomaly has located a shallow east dipping zone of gold mineralisation of moderate width plunging to the SSE eg 6m @ 6.38 g/t Au. The Wiangatta historical mine is located 350m down this plunge direction. The plunge line also parallels a faint trend evident in the magnetic data (interpreted as the trend of stratigraphy rather than a fault line). The mineralised zone sits 5 – 10 m below the current land surface (within the weathered zone), possibly paralleling the Tertiary erosion surface. Mapping of trenches and drill pads indicates quartz veins are both steep and flat dipping. There are two strong explanations for the location of the mineralisation:

- a) The mineralisation corresponds to a flat dipping zone of silicification and quartz veining. The plunge of the higher grade zone is controlled the intersection of a flat structure with a particular lithological unit.
- b) The mineralisation is a supergene enrichment zone of low grade steeply dipping quartz veins. The mineralisation is paralleling the former Tertiary erosion surface and sub-paralleling the current surface.

Within the 2003 drilling program five drill holes in the East Denison area were sited to test the south east plunge of the mineralisation. It is highly likely that the 4 drill holes located 100m and 200m south of EDRC27 are sited too far east to test the plunge of the mineralisation. Holes were sited using AMG coordinates (original grid was overgrown and difficult to recover). However the position of the holes was based on previously collar information which was collected with less accurate GPS equipment. Subsequently it has been shown that earlier East Denison collars were 50m west of previously assumed positions. Recognition of this fact was after siting and drilling of the new drill holes. The

new drilling has tested the eastern limit of the mineralisation, but failed to test the plunge of the mineralisation south of EDRC27.

The bedrock source of the gold anomalism at East Denison still remains unexplained. Examination of all previous significant drill intersections shows that all intervals are strongly bleached and weathered and with a poor correlation with quartz content. This suggests supergene gold mineralisation most likely derived from the structures associated with the regional NE trending fracture zones previously exposed in costeans and earlier drilling. Typically for this style of mineralisation the best developed part of the mineralisation occurs at the intersection of a mineralised structure and a brittle (and perhaps calcareous) unit. In Victoria mineralised structures parallel fold axis. This has the result of developing ribbon like zones of higher grade mineralisation. In the Denison area the orientation of brittle units is poorly understood. In the Sir William Denison and Alacrity areas the mineralised lodes are oriented east west, at a high angle to the regional strike of the stratigraphy. This would suggest that the intersectional area of a brittle lithological unit (such as sandstone) and the mineralised structure in this area would be small and perhaps pencil like in shape. At East Denison outcrop is poor and shallow drilling has to date not shown adequately the controls on the mineralisation.

The source of the stream sediment anomalies on the northern slope of the Denison valley (immediately north of the Denison grid remain unresolved

5.0 CONCLUSIONS AND RECOMMENDATIONS

Lode structures at the old Northern Globe and Royal Treasury workings have been tested by RC drilling while soil anomalies in the near vicinity of the Alacrity and the Sir William Denison workings have also been tested. The results are not encouraging in terms of the presence of mineralisation at a scale that would be of interest to Anglo Australian Resources though another round of drilling would be necessary to fully test the lode structures in each of these four localities.

RC drilling in the East Denison-Wiangatta area has demonstrated a lack of continuity of the known East Denison mineralisation through to Wiangatta. However, a substantial area of soil anomalism to the west and south west of the known mineralisation remains untested .

In view of the shallow nature of the known mineralisation at East Denison, useful preliminary testing of this area (to better define the extent of the supergene mineralisation) might be done with a small, open-hole, percussion rig. However the target size is small. The source of the supergene mineralisation has not been located and deeper testing of the major north east trending mineralised structure for an underlying, sulfide-bearing, lode structure within fresh rock could be justified. The target is however considered to be high risk given the density of current drilling and high cost given that either a strong percussion rig (with more air pressure than rigs previously used on this project) or a diamond rig would be required to complete this task.

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