SEDIMENTARY HOLDINGS LTD

EL15/2002,
WELD RIVER PROJECT,
ANNUAL TECHNICAL REPORT
FOR THE PERIOD
10 January 2004 to 10 January 2005

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

ABN: **92 000 697 183**

Author: **Barry Goss**

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KEYWORDS

Location name;	Forster, Glovers Bluff, Weld River
Environment of mineralisation;	Base metal skarn & epithermal style gold mineralisation
Commodities;	Gold

INTRODUCTION

This report comprises activities undertaken on EL15/2002 for the period 10 January 2004 to 10 January 2005.

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 (now renamed the Weld River Project to avoid confusion with Sedimentary's Foster Project in Victoria) hosts an unusual mineral assemblage with no classic type example on which to base ongoing exploration or to assess its potential. The association of ultramafic conglomerates, highly altered sediments and a mixture of skarns types along with gold and nickel sulphide mineralisation makes this an interesting exploration play.

Location, Land Status and Tenure

The Weld River 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 Retention Licence RL3/1998 and Exploration Licence EL15/2002, totalling 17km^2.

The land status is State Forest/Multiple Use Forest Land, managed by Forestry Tasmania.

Figure 1 – *Weld River (Forster) Project Location*

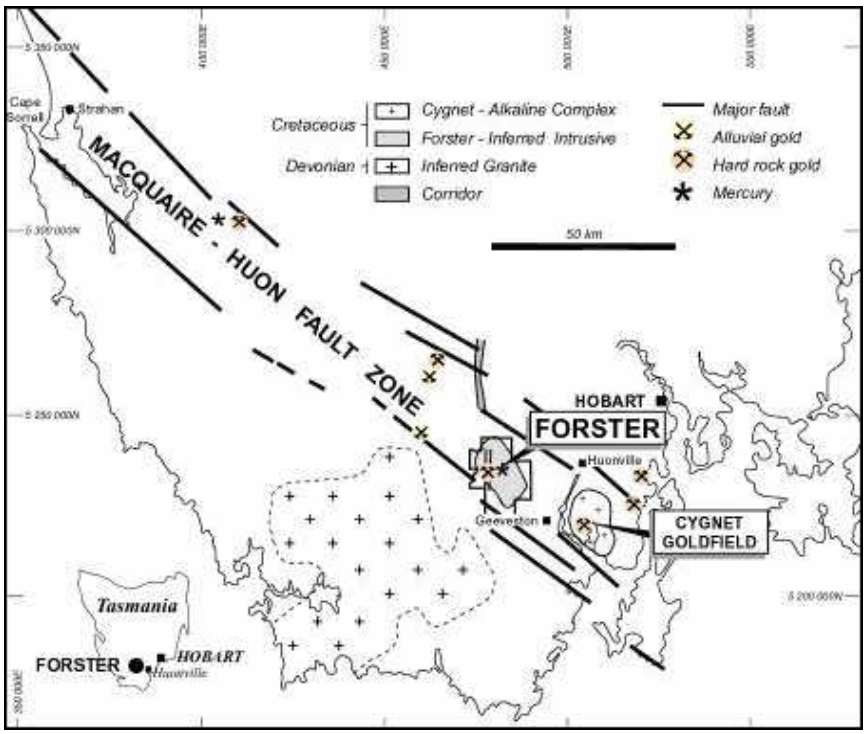
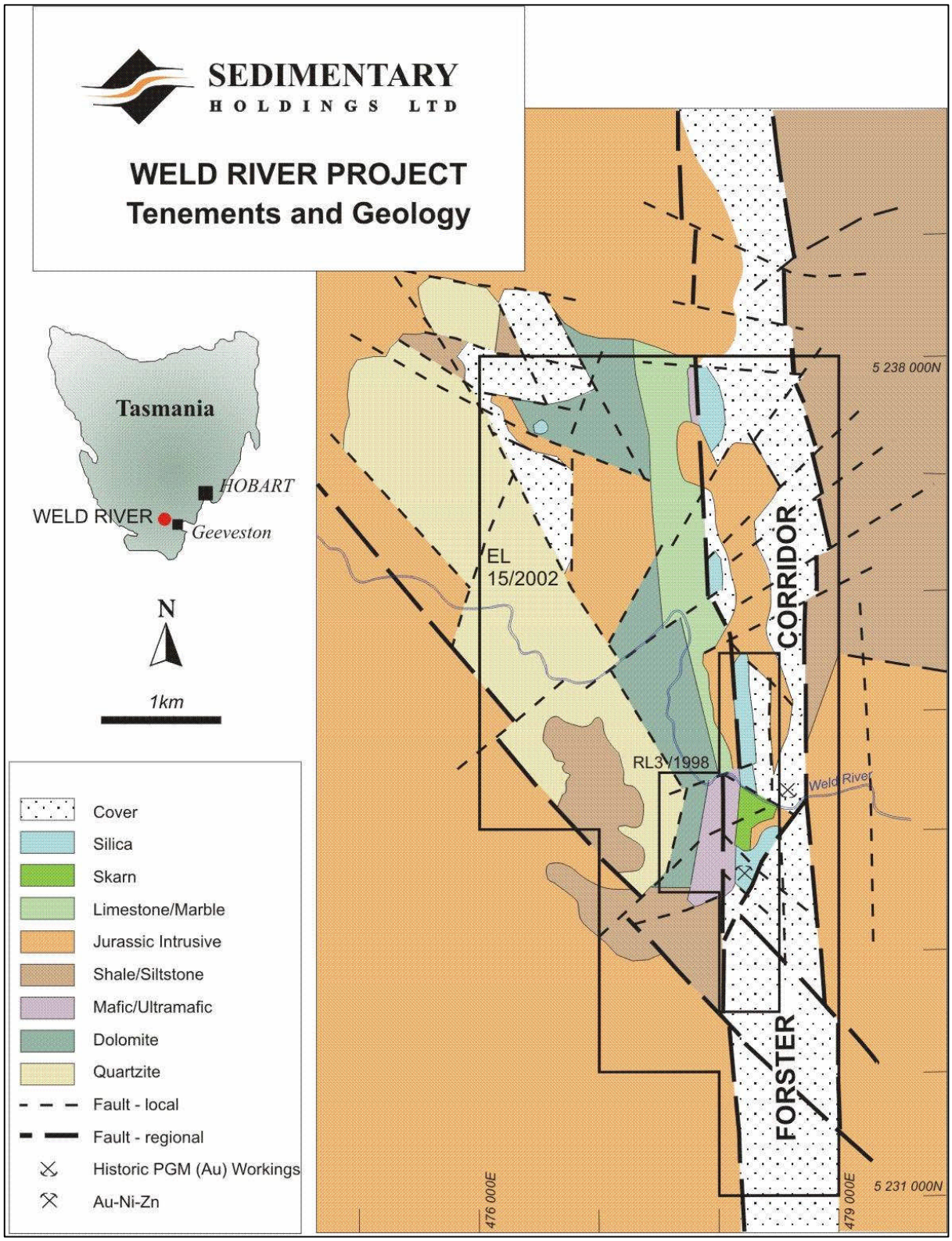


Figure 2 – *Weld River Project Tenements and Geology*



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 Weld River Project area.

REGIONAL STRUCTURE

The structural setting around Weld River 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 Weld River 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.

PREVIOUS WORK COMPLETED

Soil sampling program

During the last reporting period, an east-west orientation line on 10,500N (local grid) was established and 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. A total of 21 samples were collected from the C-horizon and were assayed for Au, Pt, Pd, Ni, Cu and Cr by Analabs Pty Ltd.

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 additional (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 ultramafic units to the west. Samples were collected approximately every 20 metres with a total of 168 samples were taken from the C-horizon. These were assayed for Cr, Ni, Co, Cu and Zn by Analabs Pty Ltd.

The best results came from Ni and Cr, which were contoured onto a template basemap with geology. Areas of high Ni and Cr were seen in the ultramafic units and were particularly strong in the southwest. (Further detail can be found in the annual technical report to September 2003).

It was decided to focus efforts on the prospectivity of ultramafic bearing conglomerates located to the west of the fault termed the "Forster Corridor", south of the Weld River. Samples on line 10,400N were assayed for 3E elements (Au, Pd, Pt), however there 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. The magnetics correlated well with geology, structure and the higher contours of Ni.

WORK COMPLETED DURING THE 2004 REPORTING PERIOD

A substantial amount of time and expenditure was spent on the Weld River project (both RL3/1998 and EL15/2002) in this reporting period 10 January 2004 to 10 January 2005.

Drilling

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

The review found that the faulted contact between the skarn and the ultramafic conglomerate 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 holes drilled by Sedimentary with intersections >3 ppm Au sit in this dilational zone (BC-1, WRC-7, FRC-10, FRC-11, FRC-35), suggesting that this structural configuration could be the main control on focusing higher grades of gold.

It was agreed that a drill program be conducted in the area to test this theory and determine if a small ore-grade resource could be located.

The program consisted of a north-south fence of 8 RC holes (total 350m) drilled at –55 degrees, all on a continuous north-south traverse over a 50m east-west corridor to make use of existing forestry tracks as drill sites. Previous drilling had been on generally 50m spaced east-west traverses.

The work program was presented to MRT and Forestry Tasmania for approval in December 2003. Spaulding's, were engaged as the drilling contractor with drilling commencing by mid December. The field component of this program was managed K.C. Morrison Pty Ltd.

Collar locations are summarised below and provided in more detailed in Appendix 1 and in plan in Appendix 3.

Table 1 - *Drilling Summary – collar locations*

HOLE	NORTH	EAST	RL	DEPTH	DIP	AZ (AMG)
FRC-61	5233423	478151	125	50	-55	180
FRC-62	5233421	478144	125	50	-55	360
FRC-63	5233570	478204	119	50	-55	180
FRC-64	5233544	478107	108	34	-55	180
FRC-65	5233472	478196	123	50	-55	180
FRC-66	5233474	478190	123	34	-55	360
FRC-67	5233487	478191	123	30	-55	360
FRC-68	5233499	478188	123	52	-55	360
				350m		

The best drill results (intersections containing over 1 g/t gold) are shown below:

Hole	From	To	g/t Au
FRC-61	34	38	3.05
FRC-66	26	28	1.30
FRC-67	26	30	2.03
FRC-68	34	46	2.30

A full list of assay results is detailed in Appendix 2 along with corresponding lithology. Appendix 3 contains two plans, a long section and four cross sections of the drilling results.

The drilling adds confirmation to the interpretation that gold mineralisation is contained in a flat lying silica-clay alteration zone above fresher weakly gold mineralised skarns in a zone 50m wide east-west and at least 300m in north-south strike.

Data Package

Following the drilling program a comprehensive data package was prepared which included all known work on the Weld River area by past explorers including a full database of drill results that have been obtained to date. This data was sent to several parties for their evaluation to participate in a joint venture with Sedimentary.

Geochemistry

Late 2004, a work program was approved to explore by detailed soil sampling, rock chip sampling and stream concentrate sampling of the northern most inlier of proterozoic skarns between 5237000mN and 5238000mN, an area not previously covered by sampling or drilling.

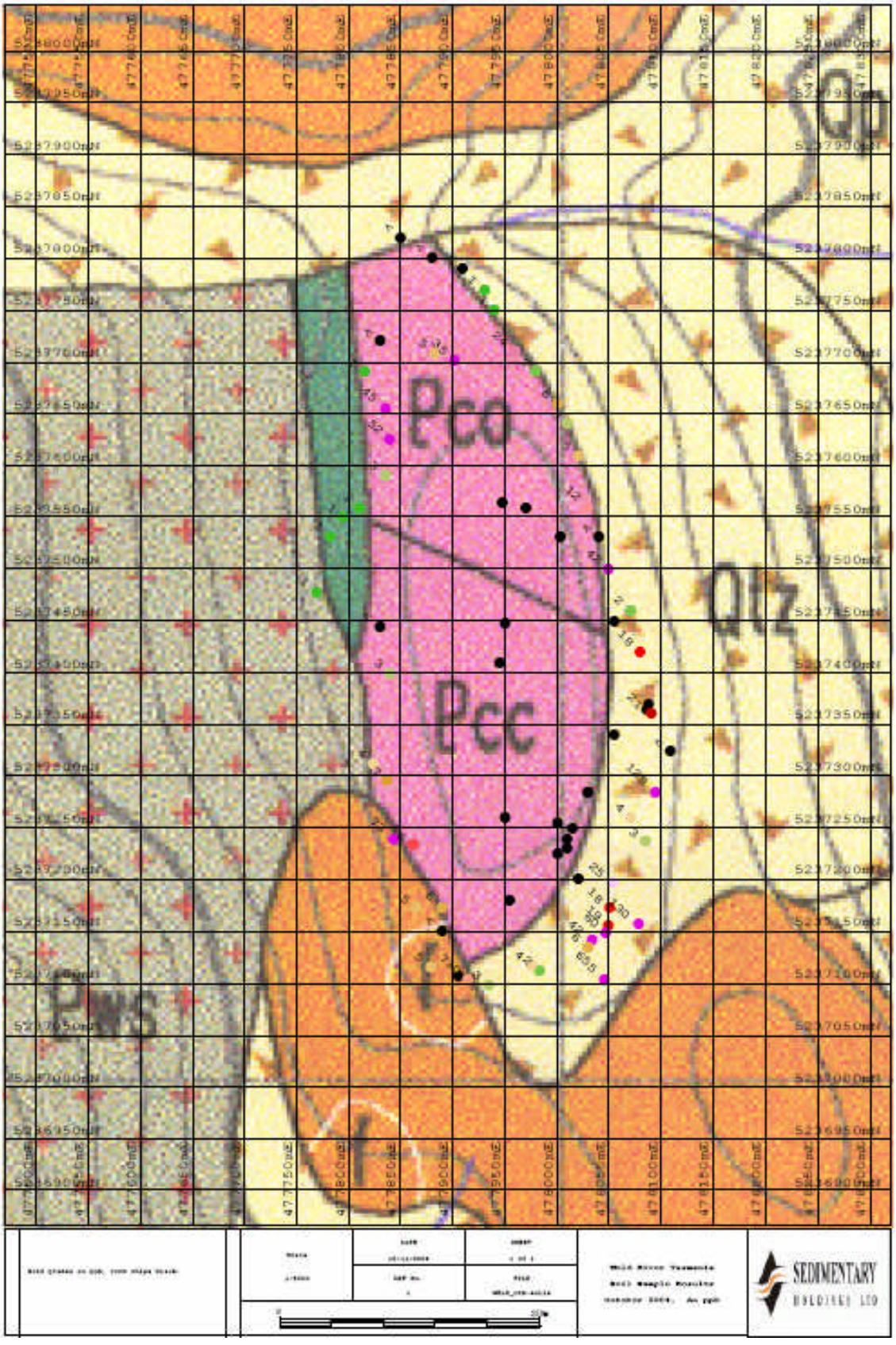
The area was reconnaissance mapped some time ago by Sedimentary and some striking outcrops of chalcedonic silica noted.

In October, a reconnaissance rock chip and soil survey was conducted around the known outcrop at the northern end of the Weld River alteration system. No previous field exploration has been conducted on this feature, although it is the largest area of outcropping altered dolomite in the system, and no historic workings are recorded in the area.

Twenty rock chip samples of outcrop and 54 B/C horizon soil samples from around the sloping flanks of the outcrop ridge were taken. Sample locations are shown in figure 3 (overleaf) and assay results in Appendix 4.

Alteration facies outcropping along the ridge can broadly be subdivided into a chalcedony/jasper zone in the northeastern half and a quartzite/quartz breccia zone in the southwestern half. ?Cambrian basalt and leached Proterozoic carbonates subcrop along the northwestern and western margins of the alteration and the remainder of the ridge is surrounded by Jurassic dolerite outcrop and derived talus. The outcropping alteration appears to be leached and no mineralisation or oxidation products after mineralisation were seen. The soils down slope from the outcropping alteration however have a well developed organic loam and clay combined B/C horizon, typically with a high rock fragment content derived from the alteration, and appear to be an ideal medium for geochemical screening.

Figure 3 – *Soil sample results showing gold grades in ppb and rock chip locations in black*



The results confirm that the outcropping rock is barren but the soils show that the ridge is mineralised and shedding gold into the soil along the entire north-south strike length of approximately 700 metres. The highest results occur at the southern end of the prospect on quartzite/quartz breccia alteration, but previous experience on the Forster Prospect, at the southern end of the system, showed mineralisation concentrated at the intersection of the main north-south trend and a cross-cutting structure. At Forster ground magnetics clearly resolved the cross-cutting structure. The lack of arsenic and visible evidence of sulphide is also consistent with the low sulphide skarn style mineralisation at Forster.

FUTURE WORK PROGRAM

The form of the Jurassic dolerite outcropping along the southwestern contact with the alteration suggests a flat lying dolerite floor to the system, but the possibility of the gold being a surface expression of upward leakage from a structural conduit through the dolerite has not been tested, either on this new prospect or at Forster. Gravity-magnetics modelling of the dolerite at Forster so far has been unreliable, due to the overprinting effects of the ultramafic conglomerates and schists juxtaposed against the mineralisation. There may be more potential to resolve the dolerite form on the northern prospect where ultramafics are not known and the basalts are distal from the highest gold in soil results.

A ground magnetics survey on a 50 metre x 50 metre grid line spacing is recommended. Because of the forest cover, GPS survey control is patchy over the prospect, so a cut and surveyed grid may to necessary to achieve location accuracy. A survey grid over an area of 900 metres north-south by 400 metres east –west could be established for the magnetics, and also possibly a more detailed soil survey, to define a deep drill target.

An issue related to planning future work is the current logging operation in the Weld River valley, which is moving towards the prospect area from the southeast. This will result in closer road access to the prospect in the near future but when logging starts it will make access for exploration activities difficult.

2004/05 EXPENDITURE

Although the Weld River project comprises both RL3/1998 and EL15/2002, for reporting purposes, expenditure solely for EL15/2002 for the annual period 10 January 2004 to 10 January 2005 is reported below:

	$
Drilling	8,104.67
Geology	5,342.79
Geochemistry	1,103.35
Other	193.57
Administration	159.27
	$14,903.65

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

Appendix 1 –
Drilling summary -collar locations

Metadata:
File: EL152002_200412_02_appendix1.csv
Sedimentary Holdings Ltd
EL15/2002 and RL3/1998 (Weld River Project)
Data for the annual technical report for EL15/2002 from 10 Jan 2004 to 10 Jan 2005
December 2003 drilling program collar locations
AGD 66/55AMG

Appendix 2 –
Drilling program
assay results and lithology

Metadata:
File: EL15/2002 _200412_03_appendix2.csv
Sedimentary Holdings Ltd
EL15/2002 and RL3/1998 (Weld River Project)
Data for the annual technical report for EL15/2002 from 10 Jan 2004 to 10 Jan 2005
December 2003 Drilling program assay results and lithology
(AGD 66/55AMG)
Results received from SGS Burnie, Hobart
Reference BU019679

Appendix 3 –
Drillhole plans, long-section and cross-sections

Metadata:

Files:

- EL152002_200412_04_DH_Loc_map.pdf
- EL152002_200412_05_longsect478175E.pdf
- EL152002_200412_06_xsec3400mN.pdf
- EL152002_200412_07_xsec3450mN.pdf
- EL152002_200412_08_xsec3500mN.pdf
- EL152002_200412_09_xsec4550mN.pdf
- EL152002_200412_10_DHMAGS.pdf

Sedimentary Holdings Ltd

EL15/2002 and RL3/1998 (Weld River Project)

Data for the annual technical report for EL15/2002 from 10 Jan 2004 to 10 Jan 2005

Maps produced by Micromine showing drilling results of 2003 program and previous programs
Includes 2 plans, one long section and four cross sections as *.pdf files

Appendix 4 –
Rock Chip and soil sampling program - assay results

Metadata:
File: EL152002_200412_11_appendix4.csv
Sedimentary Holdings Ltd
EL15/2002 and RL3/1998 (Weld River Project)
Data for the annual technical report for EL15/2002 from 10 Jan 2004 to 10 Jan 2005
Register of Rock Chip and Soil Samples Assay results
AGD66/Zone55 - by GPS and scaling
Results received from SGS Burnie, Hobart
Reference; BU020106 and BU020101