INDEX GROUP OF COMPANIES

ANNUAL REPORT

EL 11/2003

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1. SUMMARY

The Index Group has developed an international market for silica sand products. Index is seeking to expand its market and product range. To ensure adequate and reliable supply for its customers Index is required to expand its resource base in Tasmania.

The first year's exploration was designed to review the potential of the Exploration Licence, sample the most readily accessible portions, reduce the area under Licence and to identify areas for the 2005 calendar year worthy of investigation.

While a total of 17 pits were dug all yielded, for silica flour resource, unacceptably high levels of ilmenite though chromium was within limits.

It is recommended that the further exploration surrounding the Corinna Creek catchment be undertaken.

2. INTRODUCTION

The aim of the exploration program is to locate silica deposits which can provide a secure raw product supply to the Burnie Processing Plant.

The Index Group's exploration philosophy is to take the existing knowledge on the known relationships between the development of industrial grade silica generated by silicification processes in the basal Tertiary on the underlying Corinna and Savage Dolomites and expand the search for silica deposits which may be able to be beneficiated. To date attention has focussed on attempting to bring in to production limited tonnage surficial deposits and this has in turn impacted on Index's ability to meet its market demands. However, preliminary investigations suggest the development of a significant proportion of suitable Tertiary sand and gravel deposits south from Corinna (See attached map).

Access is quite difficult and it is proposed, for 2005, that a small excavator be used to sample along the site of the proposed track to test the Tertiary sequence in this area.

3. TENEMENT INFORMATION

Exploration Licence EL 11/2003 was issued to the Index Group of Companies consisting of 244 square kilometres in the Corinna District and applies to all Category 3 and Category 5(a) Minerals.

The Exploration Licence was issued on for five years with an expiry date of 12 December, 2008 and an expenditure commitment of $234,000 over two years.

4. GEOLOGICAL SETTING OF EL 11/2003

The Mesoproterozoic to Early Neoproterozoic of northwest Tasmania was dominated by the deposition of shallow-water siliciclastic rocks and siltstone (Rocky Cape Group) in the west and turbiditic rocks (Burnie and Oonah Formations) in the east. This was followed in the mid- Neoproterozoic by a phase of compressional deformation and metamorphism (Wickham Orogeny), most strongly developed on King Island. An extensional phase in the Late Neoproterozoic was characterised by the intrusion of tholeiitic dolerite dykes (Rocky Cape dyke swarm), extrusion of tholeiitic basalts and deposition of associated volcanogenic sediments, carbonate rocks and shallow marine siliciclastic rocks (Togari and Ahrberg Groups). Active growth faulting has been demonstrated during this phase of deposition, and may also have occurred during the earlier Rocky Cape Group deposition. The Togari and Ahrberg Groups rest on a regional-scale low-angle unconformity, which may be due to the Wickham Orogeny, or may be a direct consequence of the Late Neoproterozoic extension.
An arc-continent collision in the Early to Middle Cambrian initiated the Tyennan Orogeny and produced the Arthur Lineament, a high-strain metamorphic belt. This belt is composed of metasedimentary and mafic meta-igneous lithologies of the eastern part of the Ahrberg Group, the Bowry Formation, and a high-strain part of the Oonah Formation. The lineament separates the Rocky Cape Group and western part of the Ahrberg Group, to its west, from the relatively lowstrain parts of the Oonah Formation and Burnie Formation, to its east. In the most recent tectonic interpretation (Holm and Berry, 2002), folding and thrusting in the late Early to early Middle Cambrian caused emplacement of the allochthonous Bowry Formation, which is interpreted to be a fault-bounded slice, towards the eastern margin of the parautochthonous eastern part of the Ahrberg Group. The Bowry Formation contains relict glaucophane, indicating an early blueschist metamorphic history. There were two folding events in the early stages of formation of the Arthur Lineament which were followed, later in the Cambrian, by more folding and west-dipping steep thrusts. These produced the linear expression of the structure. (Source Mineral Resources , Tasmania ETA 595 Geological Summary Notes, 2003)

In a small proportion of the area the Proterozoic rocks are covered by flat-lying Permian and Tertiary sedimentary rocks, Jurassic dolerite and Tertiary basalt.

Industrial Minerals

The Arthur Lineament is rich in industrial minerals, with two substantial mines, Savage River (iron ore) and Corinna (silica flour), and large deposits of magnesite with associated ochre and umber pigments. Gold occurs in numerous hard-rock and alluvial deposits in the area, most of which were worked last century. There are also a few small base metal deposits (mostly copper). Much of the known mineralisation in the Arthur Lineament lies within the Bowry Formation, a sequence dominated by mafic to pelitic schist and amphibolite.

Silica flour

Very high purity, silt to fine-sand grade quartz (> 99.9% SiO_2), locally termed silica flour, forms residual deposits overlying dolomite and is mined for use in optical glass. Fluid inclusion data suggest that the initial silicification of the dolomite took place at temperatures of about 250ºC from a fluid of magmatic or metamorphic origin, following quartz veining at a temperature of around 300ºC.

The silica flour deposits lie near the centre of old alluvial gold workings which have never clearly been linked to their primary source. It is suggested that, because of the close association of chalcedony clasts with alluvial gold in the area, silicification of the dolomite may have been related to gold mineralisation. There is high potential for silica flour in dolomite areas of the Arthur Lineament (ETA, 595, ibid).

The prime target for Index was the area located south of the Pieman River and in the area of the Corinna Creek catchment which represented the equivalent situation to the known Corinna Deposits north of the Pieman River.

5. WORK CONDUCTED DURING 2003/4

The work conducted during 2003/4 consisted of literature review, photo interpretation, mapping, roadside sampling and pit sampling from forestry tracks running tangentially from the Corinna Road south of the Pieman River.

The pitting program was conducted in accordance with the Mineral Code of Practice.

Orientation meetings were held with interested parties such as Peter Sims and the West Coast Council.

6. RESULTS

A series of samples were taken from fine white sand deposits from a number of roadside cuttings and from excavator dug pits.

Samples IM1-3 and C2 series were the closest to the definition of silica flour. However, as the results below indicate the amount of titanium dioxide present as ilmenite precludes these deposits as being considered as top priority in the short term (Se Figure 1).

While a total of 19 pits were sunk the with the exception of the sample C2 all of the remaining samples showed limited development of the Tertiary sequence. This was due to post deposition erosion which resulted in limited outcrop extent.

The area which remains unsampled is the area surrounding Corinna Creek.

			Preliminary Exploration Survey Samples by M/A									
Sample	Easting	Northing	Fe_2O_3	TiO_2	Al_2O_3	CaO	MgO	Na_2O	Mn	Cu	Cr	Ni
			Results in ppm									
C 13/1	340511	5384043	303	830	1239	45	39	104	4.02	0.91	7.46	0.22
C 3/1	340886	5382523	316	1409	894	49	29	178	2.92	1.07	14.8	0.29
DC2	340086	5385297	232	181	1245	36	23	211	3.28	0.78	2.49	0.13
DC 1	340479	5383803	801	2485	950	38	28	222	7.11	1.17	155	0.97
C Base 12/3	340507	5384009	719	962	950	30	33	102	6.63	0.90	14.4	0.44
C 2/1	341673	5377977	782	2,248	1,170	45	27	132	9.09	0.99	25.7	0.35
C Base 11/3	340477	5383910	930	717	978	24	32	137	5.33	0.85	33	0.36
C 11/2	340477	5383910	507	480	1,064	42	33	124	3.85	1.16	10.7	0.38
C 11/1	340477	5383910	541	475	848	42	42	140	4.85	0.90	10.6	0.24
C 2/2	341673	5377977	2,118	3,283	1,700	45	220	326	21.8	0.96	43.4	0.82
C 2/1 repeat	341673	5377977	612	1,964	1,473	67	110	105	6.21	1.06	25.5	0.66
C 11/1 Top Bulk	340477	5383910	783	752	1,850	45	69	119	6.28	1.31	20.4	0.49
C 12 Bulk	340507	5384009	402	572	2,035	35	45	100	4.49	3.37	14.3	0.29
I M 1	341679	5378004	520	1,613	1,497	52	91	94	3.81	6.15	18.5	1.25
I M 2	341679	5378004	554	1,618	1,466	56	94	100	4.95	6.79	19.4	1.23
I M 3	341679	5378004	1,275	1,021	3,858	75	178	205	14.0	14.1	17.3	1.76

Figure 1 Index Analytical Results

7. CONCLUSIONS

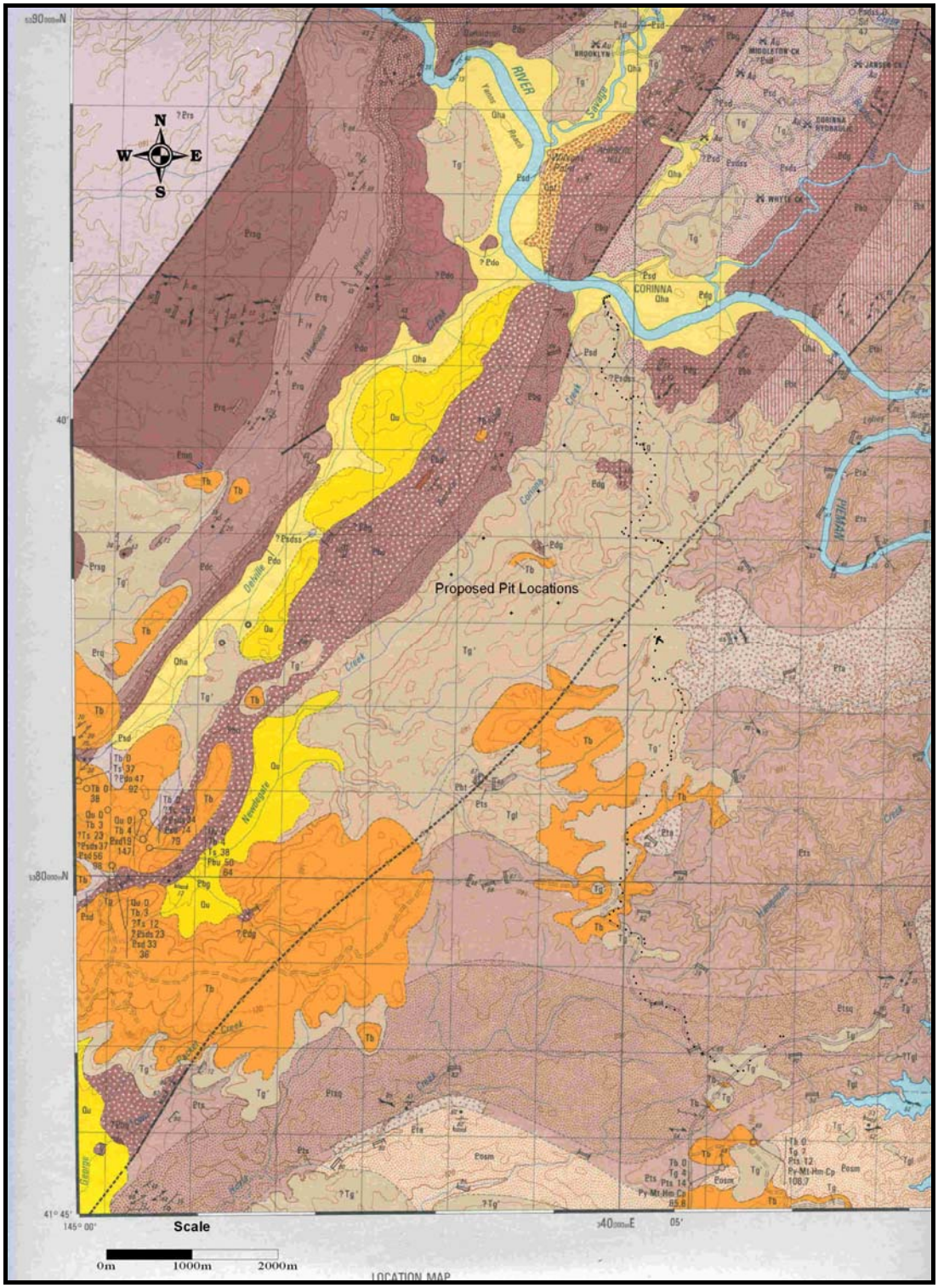
Only one location of silica flour but with high ilmenite contamination was located during the first 12 months of exploration.

In general the Tertiary investigated during this period represented a normal Tertiary environment in southern Australia with perched sand, clay and pebble to cobble gravels predominating with minor sand interbeds showing as much as two fossil soil horizons.

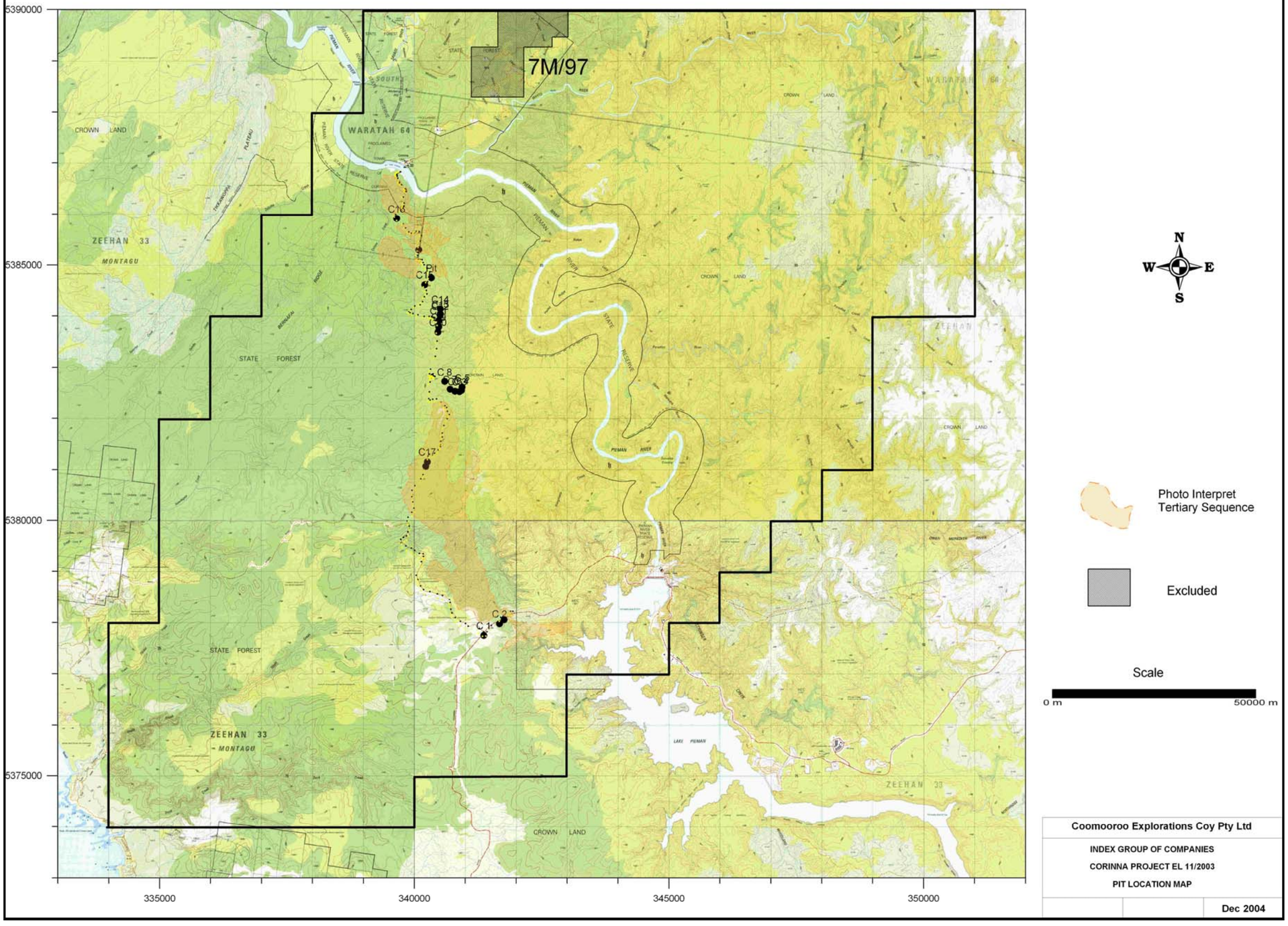
It is recommended that exploration be concentrated in the Corinna Creek confluence where there remains a relatively large area of untested Tertiary profiles approximately equivalent to the known position of the existing Corinna Deposit overlying the altered dolomites.

8. PROPOSED WORKS PROGRAM FOR 2005.

It is proposed to test the Tertiary sequence along the outline of the proposed track by using a smaller excavator during 2005 (see map below).



Map 1 Location Map



Map 2 Pit Location Map=