SEDIMENTARY HOLDINGS LTD

EL15/2002,
WELD RIVER PROJECT,
ANNUAL TECHNICAL REPORT
FOR THE PERIOD
10 January 2005 to 10 January 2006

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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_200512_01_report.pdf

KEYWORDS

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

Coordinates are AMG in AGD66 Zone 55

INTRODUCTION

This report comprises activities undertaken on EL15/2002 for the period 10 January 2005 to 10 January 2006.

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*

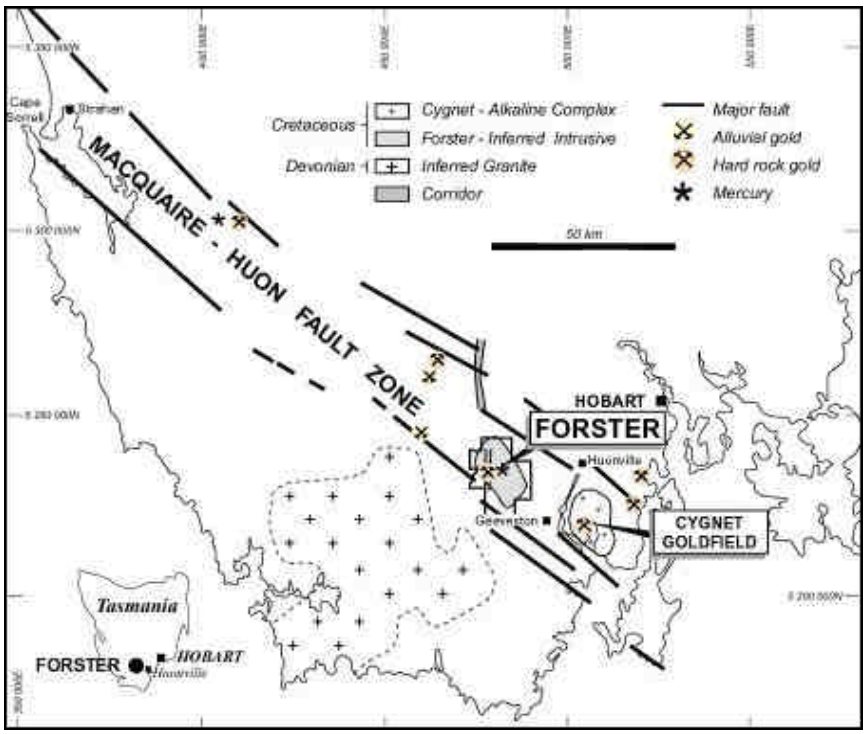
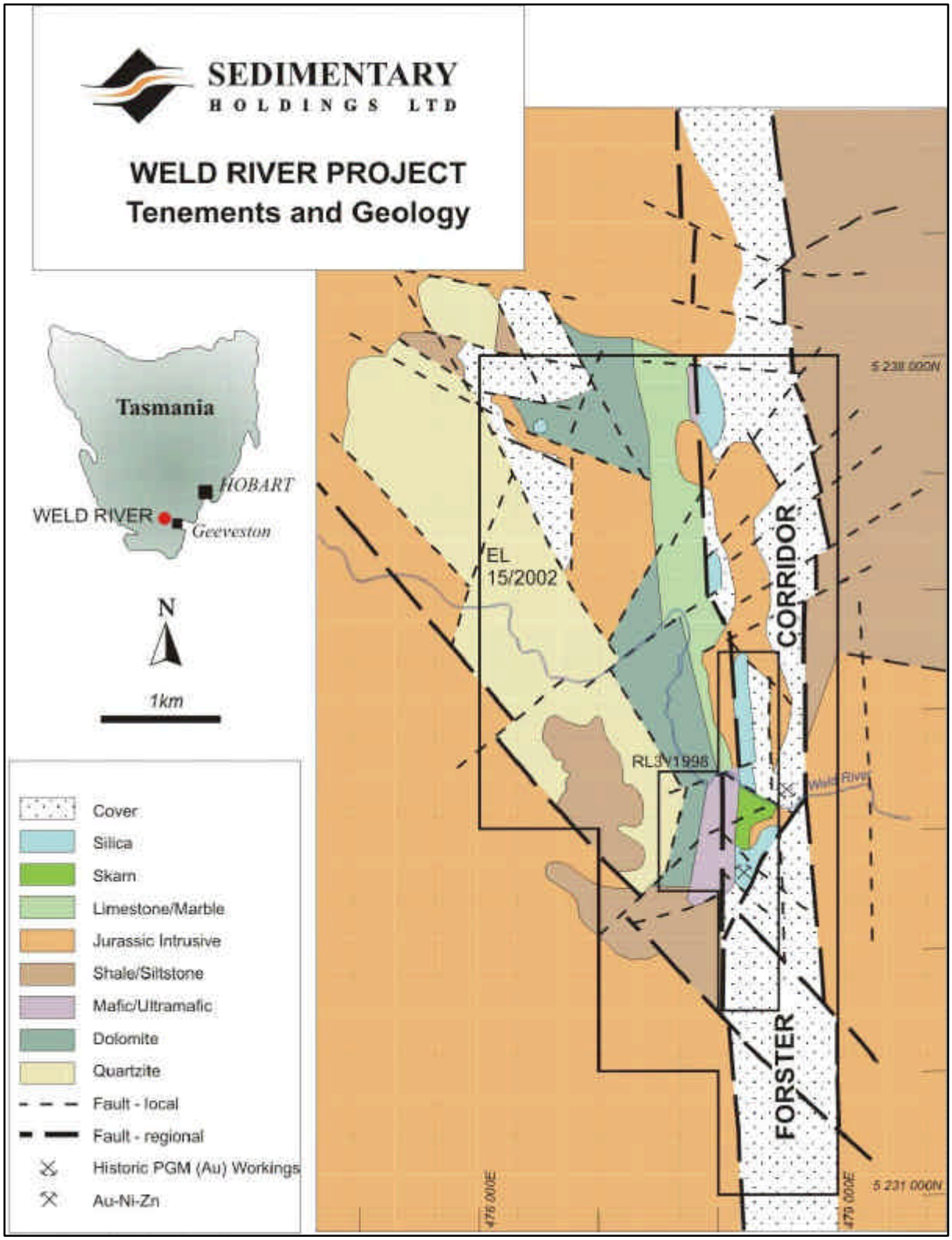


Figure 2 – *Weld River Project Tenements and Geology*



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.

WORK COMPLETED DURING THE 2005 REPORTING PERIOD

Data Package

The Company distributed a data package on the Weld River area to interested parties for the purpose of a farm-in arrangement and to assist with exploration funding.

Data review

A review of results from a detailed soil and rock chip sampling program (undertaken in December 2004) was reviewed in the March quarter 2005.

The Company has significant information on the mineralisation at the southern end of the prospect, however a model to test for a vertical high-grade feeder is needed to provide additional targets in the northern area.

A consultant was engaged to advice on next steps for the advancement of this project. It is likely that additional field work and/or a drill program will be required to test the northern targets.

The geological consultant was also engaged to review the Company's data package. Discussions were held in regard to its composition, additional information required, and updating existing maps, plans and databases. This review (and update) is ongoing.

A synopsis of the Weld River Gold Prospect was produced and is included in Appendix 1.

2005/06 EXPENDITURE

Expenditure on EL15/2002 for the period 10 January 2005 to 30 November 2005 is reported below:

	$
Geology	4,410.19
Geochemistry	2,140.30
Administration	513.00
	7,063.49

Appendix 1 -
Synopsis of the Weld River Gold Project

Morrison, K, (August 2005) *Weld River Gold Prospect: A Synopsis of its Economic Geology and Prospectivity.* K.C. Morrison Pty Ltd.

Distributed to Sedimentary Holdings Ltd by email 21 August 2005

FORSTER GOLD PROSPECT: A SYNOPSIS OF IT'S ECONOMIC GEOLOGY AND PROSPECTIVITY

Prospect Setting

The Forster prospect is located in the valley of the Weld River, 1.5 hours drive southwest from Hobart. Land tenure over the entire project area is State Forest with timber production currently active.

The prospect is hosted in skarn altered Late Proterozoic dolomites along a major north-south trending structural corridor. Fault slivers of serpentinised Middle Cambrian ultramafic and mafic greenstones are juxtaposed against the skarn immediately west of the prospect. The prospect outcrops intermittently along the north-south corridor as a series of windows through a blanket of flat lying Permian sedimentary cover which is heavily intruded by Jurassic dolerite. The Permian rocks are pervasively altered near the prospect, constraining the maximum age for the alteration. Regionally, magmatic intrusive rocks of Jurassic and Cretaceous ages exist and the Cretaceous event is associated with gold mineralisation at Cygnet, 30 km southeast of Forster.

Exploration History

Several old alluvial and shaft diggings exist at the southern end of the alteration system but modern exploration began in 1984. In addition to several mapping, geochemical and geophysical surveys, approximately 80 RC percussion and diamond core holes have been drilled on the southern, more accessible half of the prospect.

An unusual style of gold mineralisation has been discovered at Forster, comprising a sub horizontal near surface quartz breccia, jasper, blue-green clay and gold association. The mineralisation overlies a calc silicate skarn-altered dolomite and is deficient in base metal and iron sulphides. Arsenic is the only reliable geochemical pathfinder element, in addition to gold.

A recent reconnaissance soil survey over the northern, most remote, outcropping alteration occurrence has demonstrated a 600 metre long gold anomaly which has yet to be drilled.

Controls on Mineralisation

Understanding the origin and style of Forster mineralisation is proving challenging because, firstly, it exhibits differences from the models applicable to the established Australian gold provinces and, secondly, there are apparently conflicting lines of evidence on some key aspects of the prospect geology.

- Mapping suggests that the silica-clay host lithology may be a weathering product of the calc silicate skarn, implying a supergene origin to the gold but fluid inclusion data from the silica gives formation temperatures in the epithermal to cool magmatic range, implying a direct hydrothermal origin to the gold.

- The serpentinised greenstones faulted against the skarn have generally been assumed to be an ideal gold source for a skarn style deposit but a recent soil survey screening the

greenstone for nickel shows that the original high background nickel levels known in the Tasmanian Cambrian serpentinites are intact and have not been remobilised, so it is unlikely that gold has been stripped from these rocks.

- Although the gold mineralisation discovered so far has a sub horizontal distribution overlying the skarn, all of the drill intersections grading >3 g/t are clustered in a small area at the intersection of the major north-south corridor and a cross cutting structure. This structural intersection is clearly shown by ground magnetics and is the most clear cut control on mineralisation location.

A logical explanation for the evidence outlined is that the gold may not be directly related to the skarn. A primary hydrothermal silica-gold-arsenic fluid system may have been sourced through the same deep crustal structure as that which also controls the location of both the dolerite intrusion and the skarn. In detail the mineralisation may exist as a series of sub vertical pipe-like feeders where cross cutting structures dilate the main north-south structure.

Exploration Potential

The concept outlined above could easily be tested by drilling under the known mineralisation and targeting a mineralised feeder in the dilation zone. Combined soil geochemistry and ground magnetics have proven to be the most effective way to generate drill targets and clearly the northern soil anomaly needs immediate follow up work if the initial drilling demonstrates a feeder at the southern end of the alteration system.

On a more regional scale, a positive result to the proposed drilling opens the potential for a major tract of unexplored greenfields country, extending from the syenite intrusion related gold at Cygnet through to the Maydena area some 30 km north of Forster, where correlates of the geological setting at Forster exist.