SEDIMENTARY HOLDINGS LTD

EL15/2002, WELD RIVER PROJECT, SURRENDER AND TECHNICAL REPORT FOR THE PERIOD 10 January 2006 to 10 January 2007

Licensee: **Sedimentary Holdings Ltd**
Level 13, 190 Queen Street
Melbourne VIC 3000

ABN: **92 000 697 183**

Author: **Martin Lenard**

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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_200612_01_report.pdf

KEYWORDS

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

INTRODUCTION

This report summarises exploration activities undertaken on EL15/2002 since January 2003 and includes the last technical reporting period 10 January 2006 to 10 January 2007.

Exploration Rationale

EL15/2002 was applied for in April 2002 to secure the north-south and north-west structural extensions of the historic Forster gold workings. Based on the Forster mineralisation EL15/2002 was regarded as prospective for skarn and intrusive–related gold, and possible greenstone–related Ni mineralisation.

The Forster Project was renamed the Weld River Project in 2004 to avoid confusion with Sedimentary's Foster Project in Victoria.

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).* It comprises two tenements, Retention Licence RL3/1998 covering the main Forster workings area, and the surrounding Exploration Licence EL15/2002, totalling 17km^2 (*Figure 2*).

The land status is State Forest/Multiple Use Forest Land, managed by Forestry Tasmania, with timber production currently active.

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

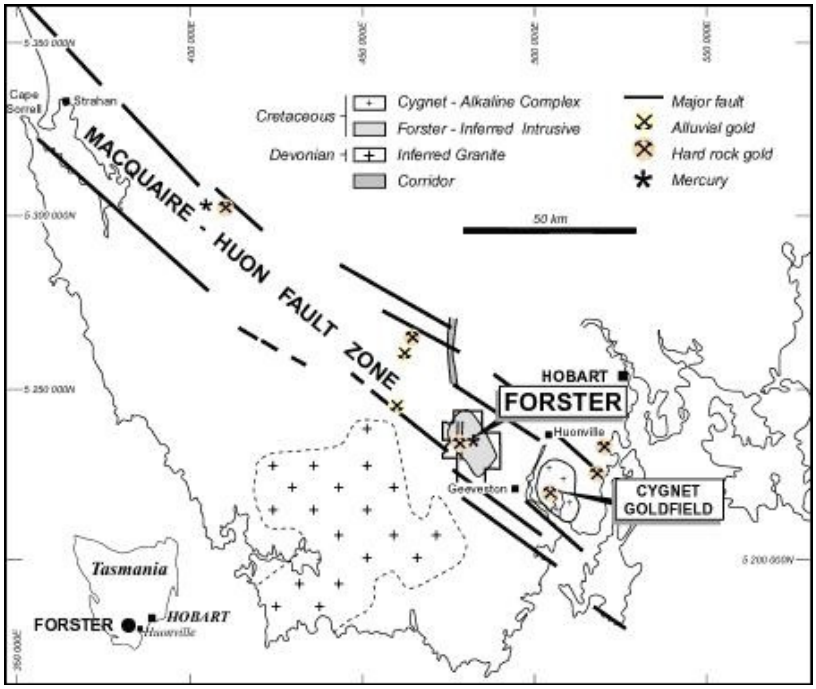
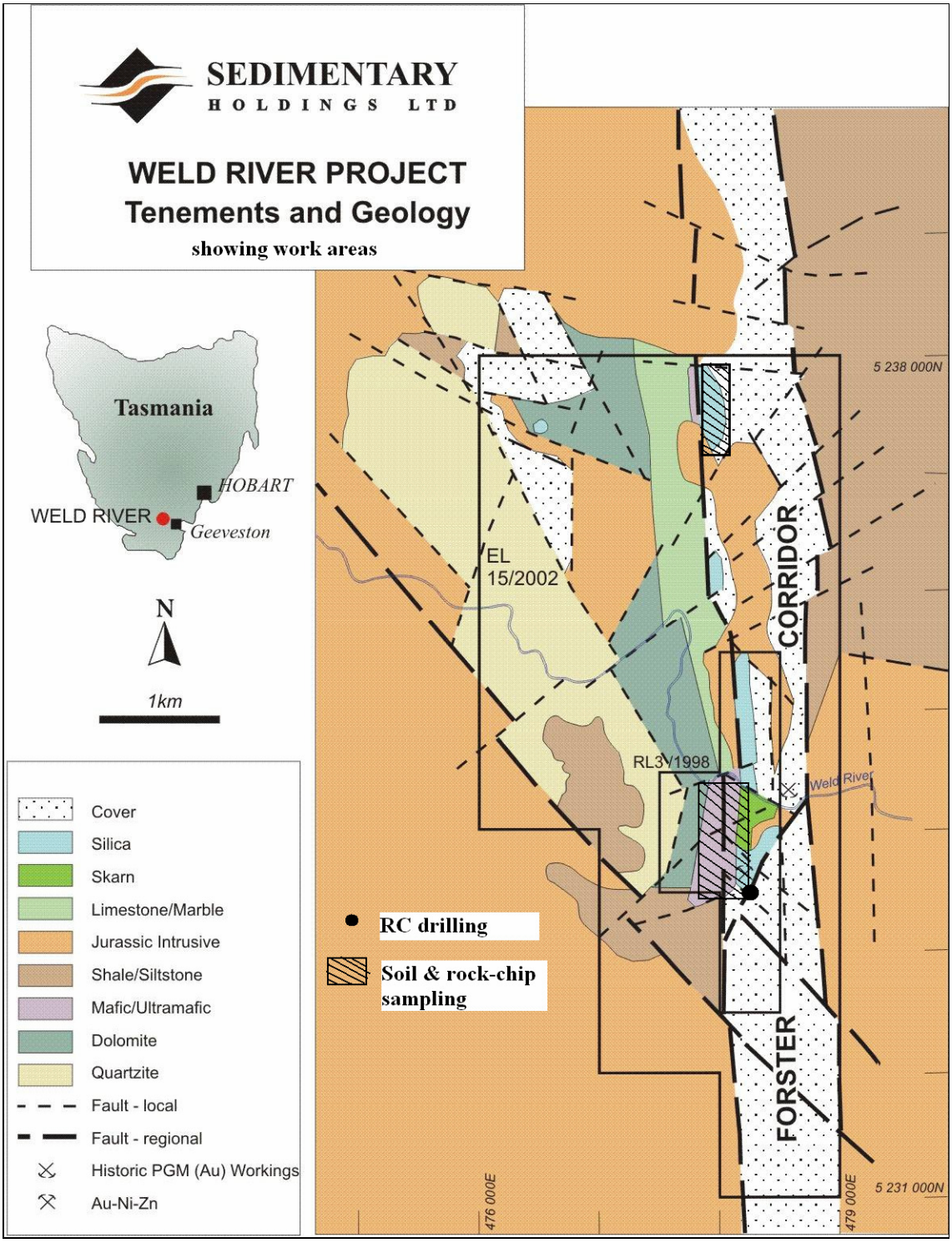


Figure 2 – *Weld River Project Tenements and Geology (AGD66/84 coords)*



Geological Setting

LITHOLOGIES

The geology of the licence area is complex with 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, north-east and north-west. 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 north-east and is represented by mapped faults, magnetic linears and mobile ion geochemical trends. The north-south and north-east orientations are supported by interpretation on consecutive drill sections at the Forster workings.

Gold mineralisation at Weld River is interpreted to occur along both north-south and north-east trending faults.

Faults aligned north-west appear late, although some evidence suggests they played a role in the epithermal veining.

WORK COMPLETED 2003-2006

Work completed on the Weld River Project during the currency of EL15/2002 is summarized in the Table 1. The work areas are shown on Figure 2.

Table 1: Summary of work completed

Activity	Location	Hole/Sample Number range	No of Samples/Holes	Total Metres
Soil Sampling	Forster "Reward Claims" area	W1001-W1042, 1001-1025, 217451-217614	210	-
Soil Sampling	Forster Corridor North – Back Camel area	NFR 1-20	20	-
Rock Chip Sampling	Forster Corridor North – Back Camel area	NFS 1-54	54	-
RC Drilling	Forster "Reward Claims" area	FRC 61-68	8	350
Ground Magnetics (1996) Re-imaging	Forster "Reward Claims" area	-	-	-

Soil sampling in the Forster 'Reward Claims" area returned Au, PGE and base metal values close to background for the respective lithologies.

The RC drilling program was designed to test for an east-west structural control on possible higher-grade gold shoots in the Forsters Rd–Fletchers Rd area. Results were similar to those from earlier drilling and suggest 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.

Reconnaissance rock-chip and soil sampling was undertaken over the northern-most inlier of proterozoic skarn along the Forster corridor in EL 15/2002. The outcropping chalcedony breccias were shown to be totally barren of gold and arsenic, whilst the soils were generally weakly anomalous with some spotty higher gold and arsenic values in the south-eastern corner of the sampled area.

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.

WORK COMPLETED DURING THE 2006 REPORTING PERIOD

Farm-Out Efforts

No exploration was undertaken on the licence in the year to 10 January 2007. Efforts were focused on locating a joint venture partner to continue the exploration effort.

SURRENDER

Given the lack of a robust geological model on which to base further exploration, and the fact that farm-out efforts have been unsuccessful, an application to surrender the tenement has been lodged.

2006/07 EXPENDITURE

No expenditure has been incurred on exploration during the period .