



Bulgobac River EL 33/2006

FIRST ANNUAL REPORT

FOR THE PERIOD ENDING 18th April 2008

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1. SUMMARY

This report details work undertaken on exploration licence 33/2006 Bulgobac River during the first year of the licence. The principal exploration targets sought within the licence area are Hellyer or Rosebery-type volcanogenic Pb-Zn-Cu-Ag-Au massive sulphide deposits.

Work completed during the reporting period has comprised:

- Four diamond drillhole (BHD7 to BHD-10) at the Sock Creek area for a total of 1480 metres.
- Geological logging and assaying of core.
- Cutting of 4.1 line km of loop access around these new drillholes for dhEM
- DHEM surveys on all drillholes in two surveys.

No significant anomalies have been located by this work. Final reports on the dhEM are still pending, and recommendations for further work will be dependant on these.

2. INTRODUCTION

This report details work undertaken on exploration licence 33/2006 Bulgobac River (Figure 1), between 18 April 2007 and 18 April 2008, the first year of this licence.

The Bulgobac River licence covers a portion of the Cambrian Mount Read Volcanics to the southwest of the Que River and Hellyer Mines in Western Tasmania (Figure 2). The principal exploration targets sought within the licence area are Hellyer- or Rosebery-type volcanogenic Pb-Zn-Cu-Ag-Au massive sulphide deposits. Correlates (the Sock Creek Volcanics) of the Que-Hellyer Volcanics, which host the Que River and Hellyer mines, extend across the licence area.

Access into the tenement is provided by forestry tracks extending west and then southwest from the High Point on the Murchison Highway (A10). The main Bulgobac River track from High Point has been reopened for 4WD vehicles to approximately 5391800mN, 384800mE (AGD66) after which access is by foot only. An historic exploration track from the Bulgobac River track has been reopened for 4WD access to the SCS5 drill site at 374525mE, 5390970mN. Foot access is available to the southern part of the tenement via grid lines trending NW from the Murchison Highway near Animal Creek.

2.1 Attribution

The following personnel were responsible for the work carried out by Zinifex Australia Ltd on the Bulgobac River licence, EL 33/2006, area during the reporting period:

Senior Exploration Geologist:	Darren Hicks, Zinifex Rosebery Mine
Senior Exploration Geologist:	Mick Skirka, Zinifex Rosebery Mine.
Geophysical Contractors:	Outer Rim Exploration P/L
Contract Geophysicist:	Dr Jovan Silic, Flagstaff GeoConsultants

3. LAND TENURE

Bulgobac River EL 33/2006, covering 14 sq. km, was granted to Zinifex Australia Limited on 18th April 2007 for a period of 5 years (Figure 1). EL 33/2006 covers ground that fell vacant on the expiry of EL 30/2000 (Pasminco/Zinifex) in August 2006. An application for the extension of EL30/2000 was submitted to MRT in January 2006. However, due to the lack of a significant result from drillhole SCS5, this application was withdrawn in June 2006 and the licence lapsed soon after (refer to Skirka & McNeill, 2006)

Land covered by EL33/2006 is all Crown Land designated as State/Multiple Use Forest and MDC (Forestry Commission) Informal Reserves, all of which are available for exploration under the Mineral Resources Development Act 1995.

An objection to the granting of EL 33/2006 was lodged on December 1, 2006 (by the Tarkine Coalition) and referred to a mediation session (on January 15, 2007) between the interested parties with MRT acting as moderator. The issues were successfully resolved at this meeting and the tenement finally granted on April 18, 2007.

4. GEOLOGY

EL 33/2006 covers two main groups of the Cambrian Mt Read Volcanics - the Central Volcanic Complex (CVC), and correlates of the Dundas Group, including the Que-Hellyer Volcanics (Komyshan, 1986; Corbett and McNeill, 1986; Figure 2).

The CVC outcrop in the far southeastern part of the EL and comprises rhyodacitic lavas and volcanoclastics. These rocks are assigned to the Mt Block Volcanics.

The Dundas Group and correlates conformably overly the CVC on a gradational west facing and dipping contact, and are shown as Cycle 2 (Tyndall Group) rocks on Figure 2 (Corbett and McNeill, 1986). The lower part of the Dundas Group comprises the Black Harry Beds and Animal Creek Greywacke; sediment dominated sequences that pass up into the Sock Creek Volcanics, a complex of shales, intrusive quartz-feldspar porphyries and dacitic to basaltic lavas with minor volcanoclastics. The Sock Creek Volcanics are geochemically distinct to the Que-Hellyer Volcanics, but are considered to be their time equivalents south and west of the Mt Charter Fault. Overlying the Sock Creek Volcanics are equivalents of the Southwell Subgroup (felsic volcanoclastics and sediments).

The Palaeozoic rocks are unconformably overlain by Tertiary basalt, in the north of the tenement, and/or Quaternary glacials, to the west and south.

Major structures on the EL include the N-S trending Mt Charter Fault, in the Northeast corner of the tenement. The regional magnetic and gravity data highlight the presence of several major, apparently deep-seated, unmapped or poorly mapped structures trending broadly E-W.

Two ?Cambrian zinc-dominated and gold/silver-poor sulphide occurrences are known on the EL. These are:

- Sphalerite with lesser pyrite-galena-chalcopryrite in net-veins on the contact between quartz-feldspar porphyry and black shale at Sock Creek (best intersection of 1.7m @10% Zn, with a general tenor around 2-5% Zn over 5-10m.).
- Weak disseminated sphalerite in black shale at Sock Creek South (best intersection of 1m @ 2.5% Zn).

The geology of the tenement area can be described in detail as below, taken from Skirka & McNeill 2006:

Stratigraphy

Cambrian lithologies include the dacitic Sock Creek lavas, rhyolitic quartz feldspar porphyry intrusives (QFP), siltstone and micaceous - feldspathic wackes (Animal Creek Greywacke) and felsic volcanoclastic sandstones. Dolerite mapped by Barwick (1991) occurs as boulders in glacials and Tertiary basalt and is restricted to the western margin of the grid.

The sequence is interpreted as west facing with shallow to moderate dips to the NW. Small wavelength folds have been described by Purvis (1993) in the vicinity of the Sock Creek Fault.

Cambrian

From east to west the sequence includes:

- Dark bluish grey, fine grained to very fine grained, siliceous volcanoclastic siltstone/sandstone (Ebh). Distinct basaltic appearance with typical conchoidal fracture. Includes minor fine grained to medium grained, micaceous sandstone and matrix supported coarse grained volcanoclastic lithic wacke. Interpreted Black Harry Beds correlate.
- Dark grey siltstone and micaceous, feldspathic wackes (Eag). Siltstones are cleaved and thickly bedded; the latter is frequently difficult to see. Mn wad in streams appears to be associated with this lithology. These lithologies form the upper part of the Animal Creek Greywacke.
- Dacite lavas (Edi), Barwick's 1991 lithogeochemistry defines the lavas as mildly peralkaline intermediate – felsic, trachyte – comendites. Lavas are texturally variable and include amygdaloidal, fine-grained aphyric, perlitic and quartz feldspar porphyritic flows. Amygdales are elongate, aligned and filled with quartz and or chlorite. In the southern part of the mapped area the Dacite lavas include mixed unit (Exv) of lava breccia and quartz-feldspar-phyric epiclastics.
- Amygdaloidal basalt and basaltic hyaloclastite (Eb). This unit outcrops poorly in the southwestern part of the licence and can be correlated with basaltic lithologies intersected in drillholes at Sock Creek South. Whole Rock geochemistry results from this unit suggests a correlation with the Hellyer-Que River sequence.
- Grey siltstone and sericitized quartz crystal rich volcanoclastic sandstone (Esh), this equates with Purvis's epiclastic unit between the dacites and QFP, the prospective horizon at Sock Creek Prospect.
- Rhyolitic quartz feldspar porphyry (Eqfp). Barwick (1991) described the porphyry as a typical late stage MRV calcalkaline rhyolite. Variably porphyritic with glassy – fine to medium grained crystalline groundmass. Interpreted as a sill emplaced within the basal section of a siltstone horizon i.e. the siltstone at Sock Creek Prospect may have been contiguous with that in Bulgobac River in the western part of the grid. However Purvis (1993) considered it extrusive based on peperitic contacts with siltstone in Sock Creek drill cores.
- Siltstone and crystal sandstone of Bulgobac River (Esh and Exv). Siltstones are not unlike those on the SE flank of the grid but are associated with feldspar > quartz crystal volcanoclastic sandstone rather than micaceous greywacke.

Tertiary

A remnant of a Tertiary basalt flow is located on the western end of 7000N and on the nearby access track. The basalt is fine grained to slightly plagioclase and olivine porphyritic.

Quaternary

A small area of gravel to boulder size glacials has been preserved between lines 7000N - 7200N / 2350E. The basal section is composed of mixed provenance, well rounded cobbles in clayey matrix and is exposed on the road at 386475E 5392,900N. 75m SE along this road cobble to ~5m boulder size deposits of granite, hornblende basic – intermediate rocks occur. The dolerite described by Barwick 1991 is part of the glacials. The source area for the glacials is a granite contact aureole with Cambrian age mafic – intermediate volcanics / intrusives, most likely on the eastern flank of the Meredith Granite

Structure

All lithologies strike NE and dip NW at shallow to moderate dips, cleavage is moderately well developed with steep NE trend. At the Sock Creek Prospect Purvis (1993) has identified small wavelength, NE trending syncline / drag folds associated with the Sock Creek Fault. A prominent set of NW trending sub parallel faults between lines 6600 – 7000N equates with Barwick's X Fault / Collins Cross Fault (Purvis, 1993) and has been interpreted to represent a splay of the Mt Charter Fault (see Purvis, 1993 and Corbett and Komysan, 1989). McNeill and Poltock (2004) interpreted the fault as sinistral with a horizontal displacement of ~400m, further east Corbett and Komysan (1989) interpreted it as a steep north dipping normal fault with significant but unspecified throw.

The Sock Creek fault is sub-parallel to stratigraphy and has only been identified as isolated occurrences of sheared volcanics and siltstone. Silicified and quartz veined siltstone at 7400N / 2150E and 7600N / 2075E may represent the northern continuation of the fault.

Mineralisation

No significant mineralization or alteration has been noted in the recent mapping (Skirka & McNeill, 2006). Previous mapping has identified the following points of interest;

- Quartz vein stockwork in dacite on lines 5800 – 6200N ~2700E.
- Trace pyrrhotite / arsenopyrite 7200N 2925E.
- Traces of pyrite in siltstones and greywacke.
- Leached limonitic quartzose float at 7200N 2385E.

The Sock Creek Prospect lies within the grid but has very limited surface expression. Mineralization has been described by Purvis (1993) as vein style with sphalerite dominant and subordinate pyrite, galena and chalcopyrite. Veining is hosted within the quench brecciated QFP contact with black shales at the intersection of the Sock Creek and Collins Cross Faults. For a more detailed description of the mineralisation refer to Purvis (1993).

5. PREVIOUS EXPLORATION

The area of EL 33/2006 Bulgobac River has a long history of ‘modern’ exploration. From 1963 until 1989 the current tenement area was part of Comstaff’s EL 5/63. Exploration undertaken by Comstaff and JV partners Preussag (post-1977) and BHP (post-1985) is summarised in Table 1.

After the statutory relinquishment of EL 5/63, Pasminco were granted EL 37/89 Bulgobac Hill and commenced exploration in the area in 1990. Work undertaken by Pasminco between 1990 and 2000 is detailed in Table 2. Work completed by Pasminco/Zinifex since the granting of EL 30/2000 is summarised in Table 3.

Note that the north eastern part of EL 33/2006 overlaps with the western part of the High Point Prospect. However, the majority of this prospect is on vacant ground to the east and previous exploration will not be discussed in this report (see McNeill and Simpson, 2000, for a summary).

Table 1: Exploration on the area of EL 33/2006 prior to 1990

Reporting Period	Work Completed
1970-1971 (Chisholm, 1971)	-80# stream sediment sampling on 150m intervals, minor soil sampling on access roads; weak anomalies located.
1971-1974	- costeaning on imperial grid; geological mapping, soil sampling – poorly documented and primary data not located.
1974-1976 (Keane and Orr, 1976)	- Diamond drilling on metric grid; 14 holes total for 2326m; intersected Sp-Gn-Cpy vein mineralisation; best intersection 1.7m@ 10.19% Zn in SK1
1975 (Butt et al., 1976)	- Area flown with INPUT airborne EM. No significant anomalies in the current licence area.
1977 (Hopwood, 1977)	- Drill core re-logged (SK1-6, 10 and 11), prospect geology reviewed and concluded that low potential for large tonnage deposit.
1978 (Orr, 1978)	- Reviewed previous work on the Sock Creek area and recommended further stream sediment and soil sampling and EM.
1979 (Hall, 1979a,b)	- Further review of Sock Creek prospect; concluded that mineralisation does not represent a major prospect and no further work was recommended.
1985-1986 (Anon, 1986)	- Bulk Cyanide leach and –80# stream sediment samples collected over licence area. No significant anomalies located.
1986-1987 (Anon, 1987)	- Cutting of grid for UTEM survey; Drill holes re-logged; summary drill logs and cross sections are presented.
1987-1988 (Anon, 1988)	- UTEM survey located Zone G – Sock Creek South; followed-up by a fixed loop SIROTEM and IP surveys and Drilling of DDH SCS1-3 (352m) intersecting weak Zn mineralisation (best: 1m @ 2.55% Zn). DHEM completed in SCS2 and 3.
1988-1989 (Wilde and Kerr, 1989)	- UTEM over the Southern extent of Sock Creek South; DDH SCS4 (201.4m) was drilled to test EM anomaly; DHEM completed.

Table 2: Exploration on the area of EL 33/2006 after 1990

Reporting Period	Work Completed
1990-91 (Lorrigan, 1991)	- Photogrammetry to produce accurate base maps, high resolution aeromagnetic survey, collection of physical properties data from existing drill core (SK1-12), Relogging of Sock Creek South drill core and volcanological/lithogeochemical review of the prospect.
1991-92 (Purvis, 1992)	- Geological mapping, additional gravity data were collected. An Honours thesis entitled "Geology and mineralisation of the Sock Creek and High Point Areas, Western Tasmania" (Barwick, 1991) was completed.
1992-93 (Purvis, 1993)	- At Sock Creek Previous drilling, UTEM data and the Geology of the prospect were reviewed and new geological cross-sections compiled, infill gravity data was collected and a diamond drill hole (BHD4, 617m) completed as a deep test of the mineralised zone.
1993-94 (Purvis, 1994)	DHEM survey of BHD4 (Sock Creek); review of previous work indicated potential for low grade/ tonnage mineralisation at Sock Creek.
1994-95 (Purvis, 1995)	- Completion of analysis of stratigraphy & volcanic facies in western part of Que-Hellyer Basin, using lithogeochem & petrological data from 19 drill holes.
1995-96 (McGunnigle, 1996; Purvis, 1996)	- ML application (depth limited to 100m) over Sock Creek prospect by J.G. Purvis resulting in drilling of two holes (SC1 & SC2) with minor Pb -Zn intersections.
1996-97 (Basford and Murphy, 1997)	- Geological & geochemical data review. Minor grid cutting (4.4 line km) and soil sampling on northern section of licence as part of a program on EL 19/94.

Table 3: Exploration on EL 30/2000

Reporting Period	Work Completed
2001-02 (McNeill, 2002)	- Previous exploration data reviewed and digitally compiled; old DDH collars surveyed in AMG coordinates; 5 km line cutting completed at Sock Creek prospect for soil sampling program.
2002-03 (McNeill, 2003)	- 3 line km of grid were cut and this and the 5 km cut previously was partial leach soil sampled. Two anomalous zones, requiring some follow-up work, were located.
2003-04 (McNeill and Poltock, 2004)	- 6.8 line km of grid were cut and partial leach soil sampled. -Geological mapping of all grid cut since the granting of EL 30/2000.
2004-05 (McNeill and Skirka, 2005)	- Cutting of 9.0 line km of new grid and surveying of this grid with DGPS. - Partial leach soil sampling of the new grid (423 samples including standards and duplicates). - Additional geological mapping in the northern part of the license area.

<p>2005-06 (Skirka and McNeill, 2006)</p>	<ul style="list-style-type: none">- Cutting of 9.9 line km of new grid.- Partial leach soil sampling of the new grid (418 samples including standards and duplicates).- Geological mapping of the 2004/05 Sock Creek Grid, this new grid and also the lower sections of the Bulgobac River.- One diamond drillhole (SCS5: 523m) at the Sock Creek South prospect- Downhole EM surveying of SCS5
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6. WORK COMPLETED 2007-2008 REPORTING PERIOD

Work completed during the first year of tenure focussed on the drilling of four diamond drillhole (BHD-7 to BHD-10) with subsequent DHEM surveys down all holes.

6.1 Diamond Drilling

Four diamond drillholes were completed at the Sock Creek South area during the reporting period for a total of 1480m. The location of these four drillholes is shown in Figure 3.

Diamond Drillhole BHD-7:

Drillhole BHD-7 was collared at 385,570mE, 5,391,940mN (AMG66_zone55) on 19/04/2007 and completed to 363.6m on 31/05/2007. The hole was designed to test a large gap in favourable stratigraphy between SCS5 and BHD4. Drillhole collar and survey data are contained in Appendix 1a, sampling and assay data included in Appendix 1b and a detailed geological log included in Appendix 1c. Codes for all holes logged follow Appendix 1c. A summary log of the BHD-7 is presented in Table 4.

The drillhole failed to intersect any significant mineralisation, despite fully testing the anticipated stratigraphic sequence. Minor amounts of pyrite were observed in most intervals (refer to Appendix 1c).

Table 4: Summary Log for BHD-7

From (m)	To (m)	Description
0	46.5	Quartz – Feldspar Porphyry.
46.5	73.9	Polymict volcanoclastic conglomerate with felsic and mafic clasts (possible poorly sorted mass flow).
73.9	95.5	Feldspar phyric dacitic lava breccia and lava.
95.5	239.4	Feldspar phyric dacitic lava, with perlitic to massive to vesicular textures. Includes several 10-15m intervals of autobrecciated dacite.
239.4	241.6	Sedimentary hiatus between volcanic phases - grey-black siltstone and shale with some re-working of dacite. Depositional lower contact.
241.6	280.9	Rhyodacite - feld-qtz phyric. Unmineralised
280.9	309.4	Clay-filled shear zone within Rhyodacite, strong sericite-silica-carbonate-chlorite alteration
309.4	335	Silicified Rhyodacite
335	337.1	Disrupted black shale and siltstone (outlier of Animal Creek Greywacke)
337.1	339	Silicified Rhyodacite
339	363.6	Micaceous greywacke (Animal Creek Greywacke) with minor interbedded volcanoclastic siltstone bands.

Thirty one samples (including one standard) were analysed at Amdel, Adelaide for Pb, Zn, Cu, Ag, As, Fe, Mn, Bi, Co, Mo, Cd (by ICP), Au (by ppb fire assay) and Ba and Sn (by XRF).

There were no elevated results from BHD-7 to report.

Diamond Drillhole BHD-8:

Drillhole BHD-8 was collared at 386,810mE, 5,393,095mN (AMG66_55) on 05/06/2007 and completed at 398.4m on 19/07/2007. The hole was sited to test the potential of the Sock Creek Fault as a possible Cambrian growth structure, midway between this fault and the Mt Charter Fault to the northeast. Drillhole collar and survey data are contained in Appendix 2a, sampling and assay data are included in Appendix 2b and a detailed geological log is included in Appendix 2c. A summary log of the drillhole is presented in Table 5 below:

The drillhole failed to intersect any significant mineralisation, despite fully testing the anticipated stratigraphic sequence.

Table 5: Summary Log for BHD-8

From (m)	To (m)	Description
0	20.2	Weathered quartz-feldspar Porphyry.
20.2	25.0	Black Shale unit - possible Que River Shale
25.0	75.9	Graded mass flow volcanoclastic unit
75.9	201.1	Feldspar phyric to aphyric dacitic lava and lava breccia (hyaloclastite?) - weakly altered and unmineralised.
201.1	230.4	Feldspar-phyric rhyodacitic lava
230.4	235.4	Sedimentary hiatus between volcanic phases - grey-black siltstone and shale with some re-working. Peperitic lower contact.
235.4	239.9	Amygdaloidal Basalt sill
239.9	245.4	Similar sedimentary interlude as per 230.4 to 235.4m. Peperitic lower contact into rhyodacitic volcanics
245.4	303.6	Massive feldspar-phyric Rhyodacite lava. Weakly altered and increasingly aphyric with depth.
303.6	398.4	Micaceous greywacke (Animal Creek Greywacke) with minor interbedded volcanoclastic siltstone bands and black shale bands

Twenty three samples (including one standard) were analysed at Genalysis, Perth for Ag, As, Ba, Bi, Co, Cr, Cu, Fe, Mn, Mo, Pb, Sb, Sn and Zn (by ICPOES or ICP/MS), and Au by fire assay.

Best results from BHD-8 were under 500ppm Zn, 30ppm Pb, and 30ppm Cu in one metre sample widths.

Diamond Drillhole BHD-9:

Drillhole BHD-9 was collared at 386,430mE, 5392750mN (AMG66_55) on 24/07/2007 and completed at 419.3m on 7/03/2007. This drillhole was designed to test the stratigraphic position adjacent to, but on the NE (or downthrown, basinal side) of the

Sock Creek structure where deep drilling is absent. Drillhole collar and survey data are contained in Appendix 3a, sampling and assay data are included in Appendix 3b and a detailed geological log is included in Appendix 3c. A summary log of the drillhole is presented in Table 6 below:

The drillhole failed to intersect any significant mineralisation, and only very minor sulphides were observed in the core.

Table 6: Summary Log for BHD-9

From (m)	To (m)	Description
0	53.15	Weathered quartz-feldspar Porphyry.
53.15	67.7	Black Shale unit (possible Que River Shale) and volcanoclastic siltstone
67.7	96.5	Graded mass flow volcanoclastic unit - finer top through to coarse polymict breccia base
96.5	188.5	Feldspar phyric to aphyric dacitic lava and lava breccia (hyaloclastite?) - weakly altered and unmineralised. Alternating ~20m zones of more massive lava and lava breccia.
188.5	313.6	Feldspar-phyric rhyodacitic lava and lava breccia (hyaloclastic). Contact into the above unit marked by 0.5m of peperitic black shale matrix.
313.6	364.9	Massive, weakly porphyritic Rhyodacite lava or intrusive. Weakly altered (except for patchy strong albite-silica alteration) and unmineralised.
364.9	369.5	Micaceous greywacke (Animal Creek Greywacke) with minor interbedded volcanoclastic siltstone bands and black shale bands
369.5	392.3	Massive, aphyric Rhyodacite ?intrusive. Moderately silica altered, auto-brecciated in places and unmineralised.
392.3	419.3	Micaceous greywacke (Animal Creek Greywacke) with minor interbedded volcanoclastic siltstone bands and black shale bands

Twenty eight samples (including one standard) were analysed at Genalysis, Perth for Ag, As, Ba, Bi, Co, Cr, Cu, Fe, Mn, Mo, Pb, Sb, Sn and Zn (by ICPOES or ICP/MS), and Au by fire assay.

Best results from BHD-9 were low, with Zn to 700ppm, Pb to 175ppm, Cu to 65ppm and weakly elevated indicator elements, all in the interval 364-372 metres.

Diamond Drillhole BHD-10:

Drillhole BHD-10 was collared at 386,290E, 5390615mN (AMG66_55) on 03/10/2007 and completed at 300.0m on 29/10/2007. BHD-10 was positioned to test the contact between the Black Harry Beds (BHB) and the CVC volcanics, in an area of elevated partial leach soil geochemistry. Drillhole collar and survey data are contained in Appendix 4a, sampling and assay data are included in Appendix 4b and a detailed geological log is included in Appendix 4c. A summary log of the drillhole is presented in Table 7 below:

The drillhole intersected several low-grade zones of mineralisation with minor sphalerite observed throughout the Black Harry Beds. These thin irregular stringer type veinlets of sphalerite are thought to explain the surface partial leach soil geochemical anomaly in the vicinity of this hole. The best mineralisation was observed in late clay filled faults within the BHB. The CVC was unmineralised but pyritic in places.

Table 7: Summary Log for BHD-10

From (m)	To (m)	Description
0	88.0	Well bedded volcanoclastic siltstone with lesser sandstone and shale interbeds, micaceous in places. Unmineralised.. Black Harry Beds (BHB)
88.0	97.4	Volcanoclastic grit to conglomerate (crystal-rich, polymict) - ?mass flow
97.4	119.5	Sorted volcanoclastic package - siltstone through to gritty breccia. Sphalerite disseminations, blebs and veinlets common.
119.5	202.0	Ashy siltstone with minor volcanoclastic sandstone and grit (BHB). Sphalerite disseminations, blebs and veinlets common.
202.0	205.0	Fault zone. Rehealed, silicified broken siltstone and clay pug. Anomalous levels of galena noted.
205.0	255.5	Mass flow sequence - volcanoclastic siltstone top on coarser sandstone., grit and breccia. Trace sulphides.
255.5	300.0	Central Volcanic Complex (CVC) volcanics - feldspar-phyric dacitic lava. Unmineralised.

Seventy two samples (including two standards) were analysed at Genalysis, Perth for Ag, As, Ba, Bi, Co, Cr, Cu, Fe, Mn, Mo, Pb, Sb, Sn and Zn (by ICPOES or ICP/MS), and Au by fire assay.

Best results from BHD-10 were in three well defined zones: 7m from 97m @ 0.24% Zn, including 5m 0.18% Pb, 1 g/t Ag & 0.2% Ba associated with a graded volcanoclastic mass flow; 7m from 109m @ 0.30% Zn, 0.18% Pb associated with finer grained volcanoclastic sediments, and 2 metres from 202m @ 0.5% Pb, 18.7g/t Ag, and 0.05% Cu, including a one metre interval at 0.74% Pb, 31.8g/t Ag, and 67ppm Bi associated with a broken puggy fault within the Black Harry Beds siltstone.

6.2 DHEM

During October 2007, Outer Rim Exploration completed a downhole EM survey on drillholes BHD7 to BHD9. A second survey was completed in February 2008 to read BHD-10 and the cross-hole components of BHD-7. A single transmitter loop was used on each hole, and either single or multi-component data was collected at 20m intervals over the length of the drillholes. The operations report and results of the 2007 survey are contained in Appendix 5a and 5b, and the same for the 2008 survey in Appendice 6a and 6b.

Data collected from this survey were reviewed by consultant geophysicist Jovan Silic, both in the field for some holes and at the end of production days (by emailed data) for others.

No anomalies that could be attributed to massive sulphide mineralisation were identified.

7. CONCLUSIONS & RECOMMENDATIONS

A program of diamond drilling and dhEM surveying was completed during the first year of tenure of EL33/2006. This work has focussed on exploring three target areas:

- 1) The gap in deeper drilling along the northeast striking contact between the Central Volcanic Complex and Southwell sub-group correlates between Sock Creek South and the Sock Creek Fault (hole BHD-7)
- 2) A structural position NE of the Sock Creek Fault (holes BHD-8 & BHD-9)
- 3) Anomalous partial leach soil geochemistry sitting on the contact between the CVC and BHB southwest of the Mt Charter fault (BHD-10)

There was not a suitable host lithology intersected in holes BHD-7 to BHD-9, with correlates of the Que-Hellyer Volcanics hangingwall volcanics typically overlain directly onto footwall correlates. Low to trace levels of mineralisation was observed in these holes, and alteration was generally of a regional, weak nature.

Elevated partial leach soil geochemistry reported previously in the vicinity of hole BHD-10 can be attributed to the anomalously high, yet uneconomic, levels of sphalerite+/-galena veinlets in the Black Harry Beds and some upgrading in local brittle structures.

Recommendations for future work on the tenement will be dependant on final interpretations of dhEM data, which are unavailable at the time of completing this report. Nonetheless, the Sock Creek area is now considered to have been effectively tested by drilling and dhEM in the vicinity of these new drillholes. No anomalies that could be attributed to massive sulphide mineralisation were observed.

8. ENVIRONMENT AND REHABILITATION

Surface disturbance activities undertaken during the reporting period comprised:

- Four drill pads each with two in-ground sumps at the BHD7 to BHD10 drill sites.
- Restoration of the Bulgobac River Track from High Point and reopening of historic exploration tracks to drill sites at BHD-8, BHD-9 and BHD-10.

Rehabilitation of these tracks will be completed once all exploration activities at the drillholes are complete.

Rehabilitation of the track to SCS5 site is planned for March 2008 (following completion of the final dhEM survey) and further works on the access tracks will be performed in consultation with the Environmental Officer, MRT and Forestry Tasmania personnel (to be either gated or rehabilitated). The main Sock Creek track was gated from its offtake at the Murchison Highway in February 2008.

9. EXPENDITURE

Total expenditure for all work undertaken by Zinifex Rosebery Mine within Bulgobac River EL 33/2006, for the period 18/04/2007 to 14/03/2008 was **\$408,661.50**

A detailed expenditure statement is given below.

Access and gridding	\$10,030.38
Drilling	\$258,775.49
Geochemical Assays	\$5,935.03
Geoscience Consultants	\$22,507.82
Contract Field Labour	\$36,015.00
Depreciation, Office, Sundry	\$844.84
Geophysical Contractors	\$25,998.86
Personnel Costs	\$8,727.82
Stores & Supplies	\$3,313.01
Travel & Accommodation	\$218.18
Vehicles, Plant & Maintenance	\$300.25
Administration Fee 10%	\$35,994.82
Total	\$408,661.50

10. KEYWORDS & LOCALITY

Keywords

SOCK CREEK, BULGOBAC RIVER, GEOCHEMISTRY, DRILLHOLES, ZINC, VHMS, VOLCANICS, QUE-HELLYER VOLCANICS, MOUNT READ VOLCANICS, GEOLOGY, DHEM,

Locality

1:250,000	BURNIE SK55-3
1:100,000	SOPHIA 8014
1:25,000	CHARTER 3839, BLOCK 3838

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