

REGENCY RESOURCES LTD

Annual Report for E10/2005 Arthur River

For the Period 11th May 2007 to 12th May 2008

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Date: May 2008

ABSTRACT

This report describes the work programme undertaken during 2007/2008 by Helen Salmon and Dr Marian Skwarnecki of Coffey Mining Ltd on behalf of Red Rock Resources Ltd for the Arthur River tenement (E10/2005). Areas targeted for investigation were based upon information from historical reports combined with geophysical data and focussed on magnetite. Rock-chip samples were obtained from outcrops where possible but access proved restrictive, curtailing the present exploration programme. Assays from geochemical analysis returned relatively high Zn values (0.83% and 1600ppm) and in conjunction with a review of previous stream-sediment sampling, additional target areas were presented for inclusion in a revised works programme.

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1.0 INTRODUCTION

This report describes the work programme undertaken on E10/2005 in Tasmania for the period 12th May 2007 to 11th May 2008. The work was completed by Marian Skwarnecki of Coffey Mining Pty Ltd and the company's geologist Helen Salmon. Scott Williams of Specialist Equipment Hire, Tasmania also assisted and assessed some of the logistical and technical issues. The work, commissioned for Red Rock Resources Ltd. focused on the economic potential of magnetite deposits previously outlined during relevant geological and historical exploration work.

The lease is situated in Northwest Tasmania, approximately 50km southwest of Burnie and forms the company's Arthur River project (Figure 1). Based on previous exploration and existing aeromagnetic data specific areas were identified for stream sediment and rock chip sampling. A limited number of nineteen samples were collected from outcrops (Figure 2) as access away from roads is problematical due to the terrain and dense vegetation.

A review of stream sediment geochemistry was undertaken prior to further sampling along rivers and their tributaries but manoeuvrability within the tenement proved very difficult as all bridges had been washed away, and the rivers were not fordable by a 4x4. Thus, stream sediment samples were not collected. Access in these areas is now only by boat and helicopter. Consequently, an alternative works programme is currently in operation that will take these issues into account so comprehensive follow up exploration can be pursued.

2.0 TENEMENT DETAILS

E10/2005 was granted on 12th May 2006. Details are presented in Table 1.

Table 1. Tenement details

Tenement	Registered Holder	Date Granted	Expiry Date	Km ²	Minimum Annual Expenditure
E10/2005	Regency Resources Ltd	12/05/06	11/05/11	61	A\$47,750.00

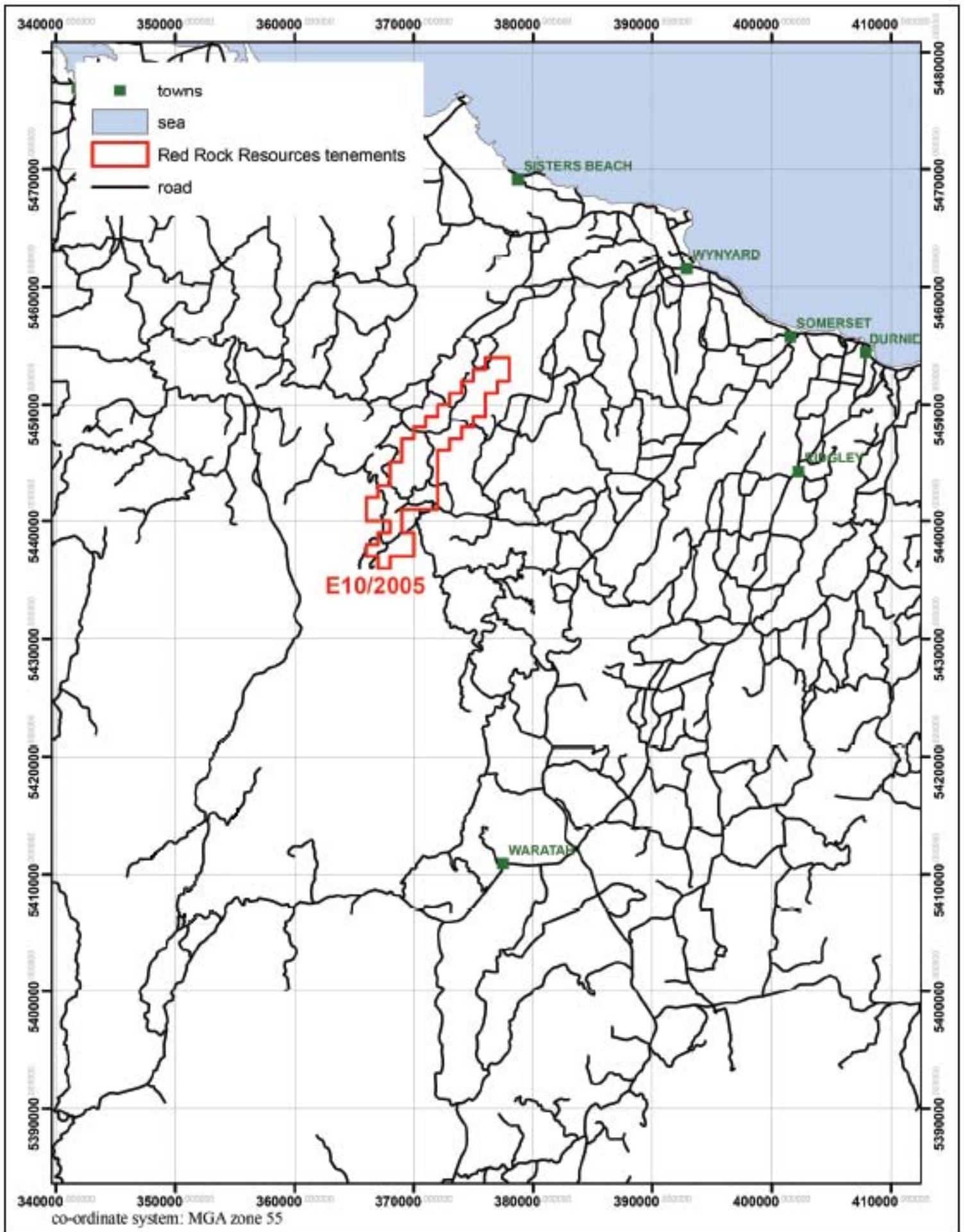


Figure 1.

**Red Rock Resources Ltd
Tenement Locality Map**

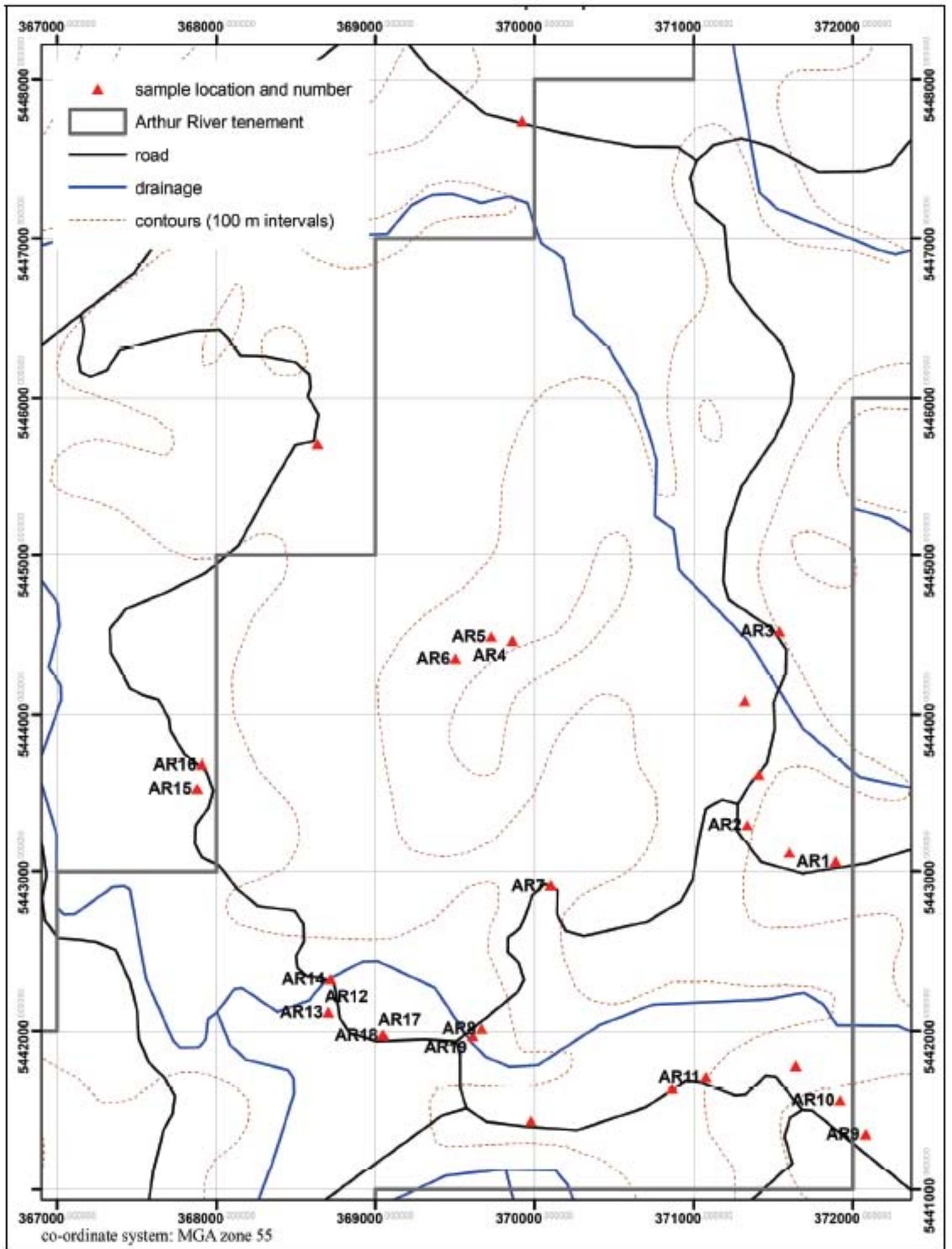


Figure 2a

Red Rock Resources Ltd
Sample Location Map

3.0 LOCATION AND ACCESS

The Arthur river tenement is situated approximately 50km southwest of Burnie in northwestern Tasmania (Figure 3). Vehicular access to the Arthur River tenement is generally good via a network of forestry roads, however, the southern and northern parts of the tenement could not be reached due to washed away bridges (Figure 4). The area is rugged, clad in native forest and subject to high seasonal rainfall with the bulk of the tenement designated as State Forest. There are a number of informal reserves and approximately 5% of the tenement is private land.

4.0 RELEVANT PUBLISHED DATA

The bulk of the Arthur River tenement is covered at 1:25 000 mainly on the Folly sheet (3644), and part of Milabena (3645). Best published geology south of the Arthur River is on the Trowutta 1:50 000 sheet (7915N – Everard *et al.* 1996). Topography is published as the Arthur River 1:100 000 sheet; Mialbena (3645), Folly (3644) and Keith (3643) 1:25 000 sheets.

5.0 GEOLOGY AND MINERALISATION

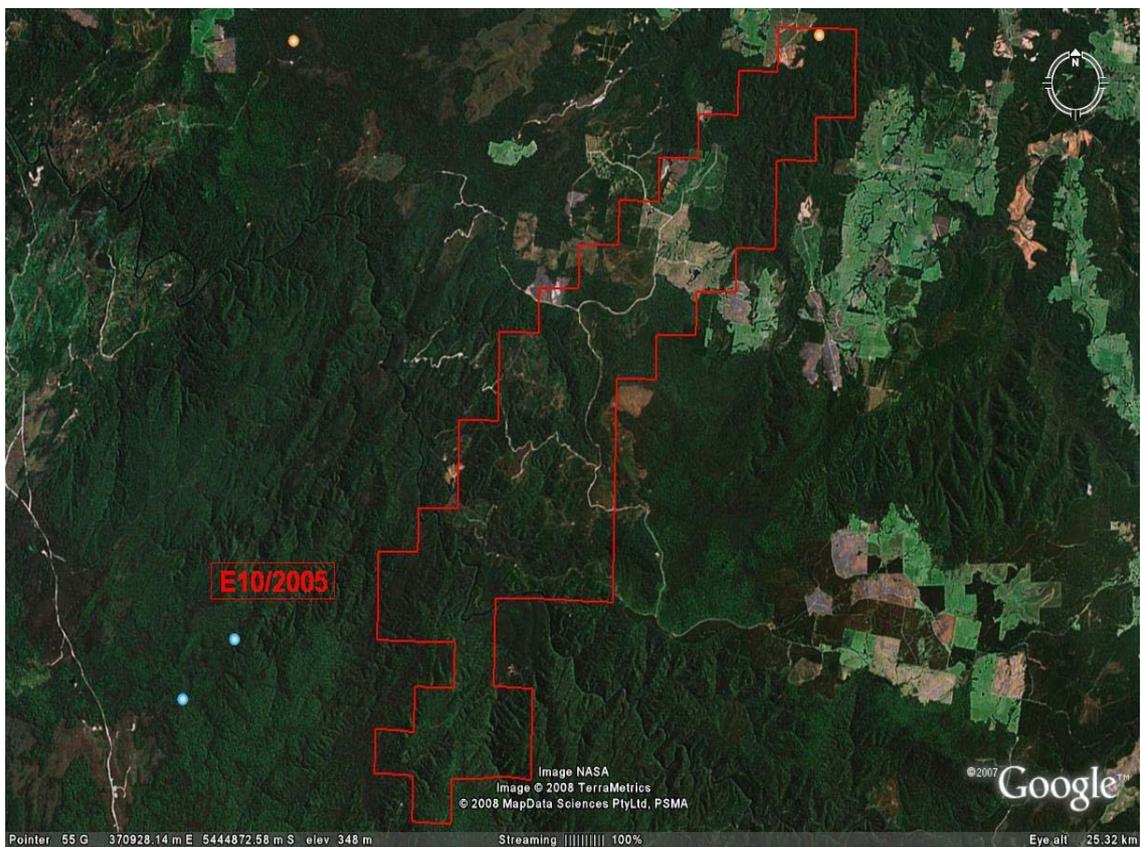
The tenement features a broad 10km wide NE-SW trending zone of increasing schistosity and metamorphism termed the Arthur Lineament. It is of Cambrian age and forms the eastern margin of the Mesoproterozoic and Neoproterozoic Rocky Cape Block (Figure 5). Also known as the Arthur Metamorphic Complex, it comprises both the allocthonous Bowry Formation and Reece Amphibolite, and the autocthonous Ahrberg and Rocky Cape Groups (Holm *et al.* 2003) (Figure 6). The zone hosts magnetite-rich iron ore as well as silica flour, dolomite, magnesite, ochre, amber, gold and copper. A few alluvial diamonds have been recovered during gold and osmiridium prospecting.

Areas north of the Arthur River, are largely occupied by Basal Permian tillites and mudstones capped by Tertiary basalts. Thicker Tertiary basalts show on magnetic TMI images as intense lows, apparently remnant magnetised. These rocks

effectively bury the Precambrian rocks of the Arthur Lineament. The most prospective unit for magnetite is the Bowry Formation, comprising mafic schist, amphibolite, meta-gabbro, massive and laminated magnetite, and minor deformed granitoid.

Apart from the intensive studies of the Keith River Gossan, magnesite and silica deposits, exploration over the remainder of the tenement (outside of Cann Creek), appears in the recent past to rely heavily stream sediment sampling and to a lesser degree on remote sensing. Little targeted exploration is reported for the northern section of this tenement. Magnetics correspond well with magnetite bearing amphibolite occurrences. There is a possibility that the northern section of the Arthur River tenement north of about 5 450 000mN, may have a fundamentally different surficial geology (Leaman, 91_3213). This should be further researched before exploring north of this region (the Rocky Cape Overthrust and Group?). It is noted that lithologies on the leading edge of Rocky Cape Group contain gold (eg Folly Prospect).

The Keith River Gossan, located in the south of the tenement, has a marked magnetic response. It occurs within a discrete 1.5km long magnetic zone. Bands of “amphibolite” have been logged in drill holes, during programmes carried out 1972 and 1983. However, the 1972 logs include some “amphibolite” containing up to 10% fine quartz, and some described with a conglomeratic appearance. Probable dolerite dykes, containing significant magnetite have been logged west of nearby magnesite deposits. Narrow massive magnetite bands have been logged within siltstone that is often very pyritic. Although there are indications that some holes have been re-assayed for ppm level gold, no systematic documentation has been located.



**Red Rock Resources Ltd
Satellite image of E10/2005**

Figure 3.



Figure 4a. The Farquar Bridge in 2006



Figure 4b. The area now sectioned off due to the collapsed bridge.

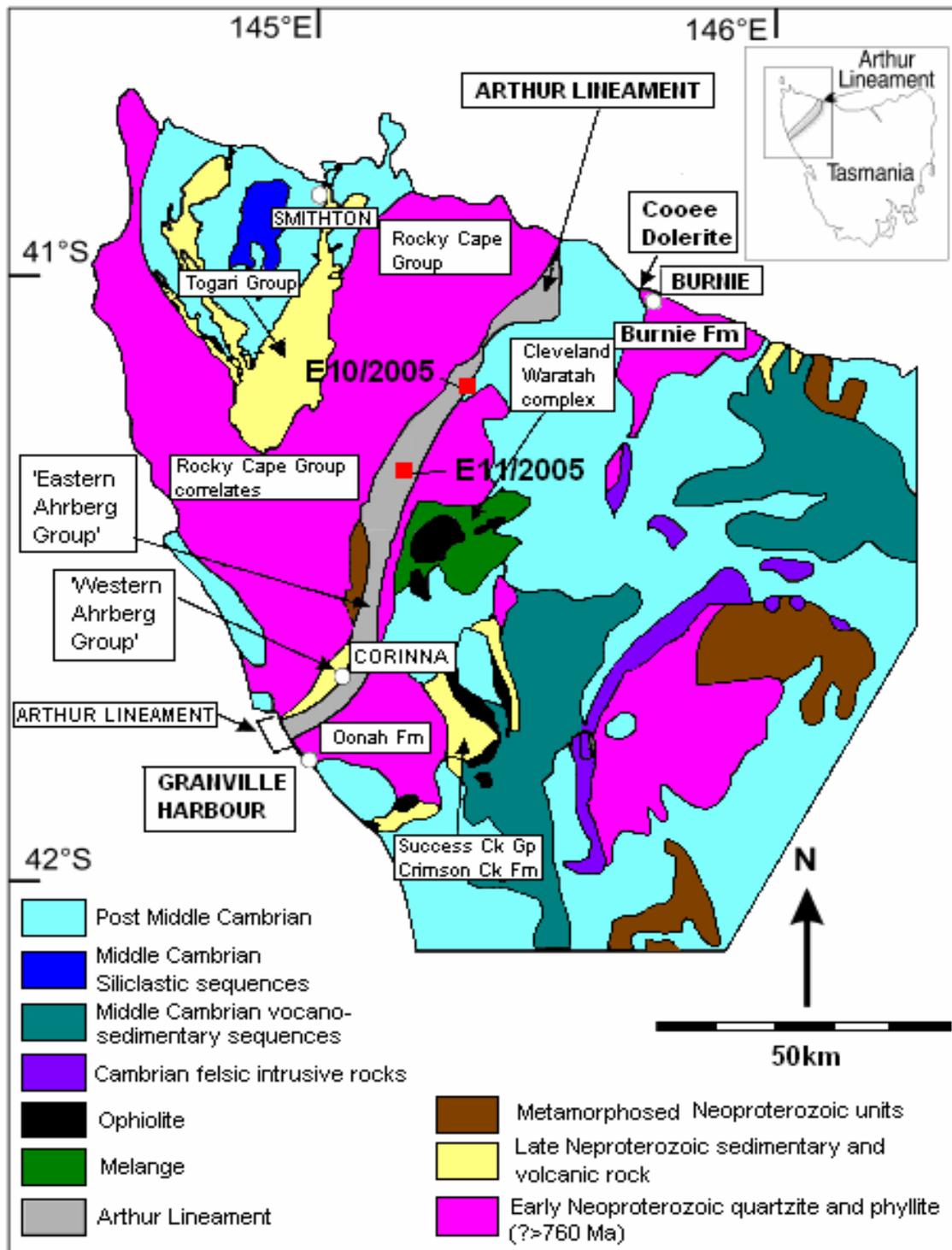


Figure 5. Setting of the Arthur Lineament (adapted after Brown *et al.* 1995), comprising the metamorphosed Burnie and Oonah Formations, the Eastern Ahrberg Group and the Bowry formation.

6.0 PREVIOUS EXPLORATION

Minor alluvial and bedrock gold mining occurred at the victory mine in the 1890's, but no significant production is recorded. A review of previous exploration and catalogue of open file reports was reported in the 2007 annual report (Salmon, 2007) and is not repeated here.

During the previous year inspection of outcrop along road-cuts at the Keith River Gossan Prospect indicated that between the two main outcropping gossans there was little probability for significant widths of massive magnetite. Fresh massive magnetite float, in gossan, was located at the south end of the gossan, but was not seen in quantity. Mapping and airborne magnetics suggest the gossans themselves seem to be most prospective for iron but the iron content is not universally high (as recorded by drill holes). Large amounts of accompanied pyrite may incur high disposal/encapsulation costs.

7.0 WORK CARRIED OUT DURING THE PERIOD MAY 2007 TO 2008

During this reporting period, field reconnaissance was undertaken to ascertain accessibility to targeted areas with a view to follow up exploratory work. This included a technical and logistical appraisal of the tenement infrastructure and allowed for revision of any proposed exploration programmes. From this a series of recommendations were compiled.

An important part of this current programme was to carry out further mapping and sampling at the Keith River Gossan area but this was unable to be accomplished due to access. Additionally, a review of historical geochemical data was carried out, prior to the site visit (Figure 7) (individual element maps are presented in Appendix I) whereby several stream-sediment anomalies were identified and provided extra targets to those previously proposed. These included observations of a northwesterly corridor with anomalous As, Cu, Pb, Sb, Zn and locally, Au straddles the meandering Arthur River. Many streams in the northern part of the tenement have not been sampled and this may relate the perceived distribution of Tertiary basalts. However,

any proposed stream-sediment sampling could not be implemented due to access difficulties.

7.1 Field Reconnaissance and rock chip sampling.

Access to E10/2005 is good but within the tenement problems were encountered where rivers and streams needed to be crossed. Vehicular access to the southern part of the tenement is no longer possible as bridges across the Arthur River have been washed away, and access from the south is also not possible for the same reason. Forestry Tasmania has stated that there is currently no vehicular access known across the Arthur River in this area. Furthermore, Forestry Tasmania has indicated that there are no plans to rebuild these bridges, as the timber resources west and southwest of the Arthur River are insufficient to justify the capital expense of rebuilding. Thus, access to certain target areas is now only by boat or helicopter, which would have major ramifications for access by drill rigs.

Outcrop was generally poor, with most slopes mantled by colluvium. Tertiary basalts unconformably overlie Permian tillite and tend to occur on the highest hills. The tillites unconformably overlie steeply dipping Proterozoic units (typically mica ± chlorite + quartz schists). Locally, quartz veinlets and boudins occur along faults or within the foliation. No outcrop was observed in the northwestern part of the tenement.

Nineteen rock-chip samples were collected from the central northern part of the Arthur River tenement (Figure 2), generally from road cuts along steeper slopes. Sample descriptions are given in Appendix II. The samples were submitted for analysis at AMMTec, Burnie and results are presented in Appendix III. Methods of analysis, detection limits and elements analysed are given in Table 2. Of the nineteen samples assayed AR15 and AR6 returned high Zn values which require further follow up.

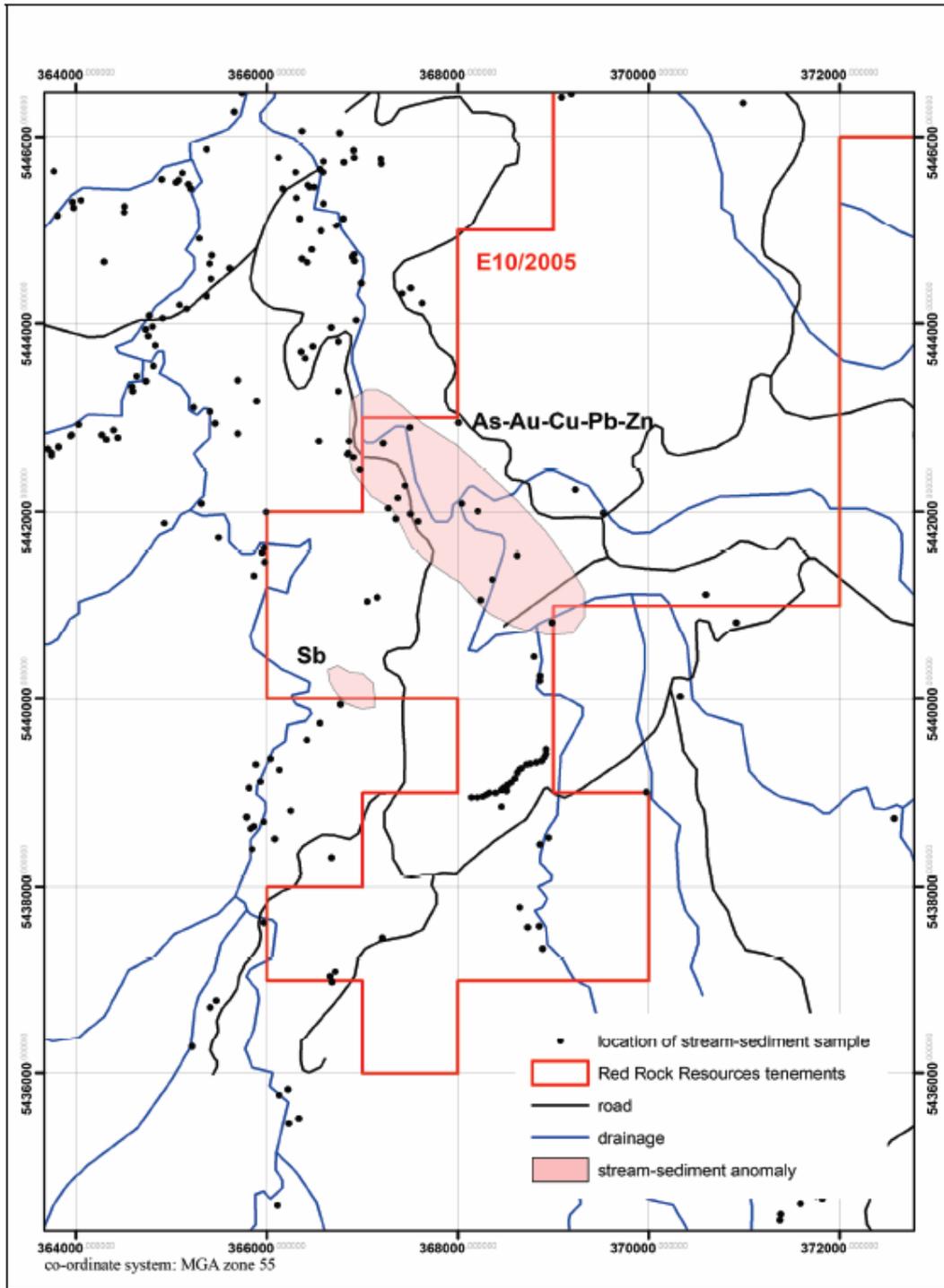


Figure 7. Summary Map of previous stream sediment sampling.

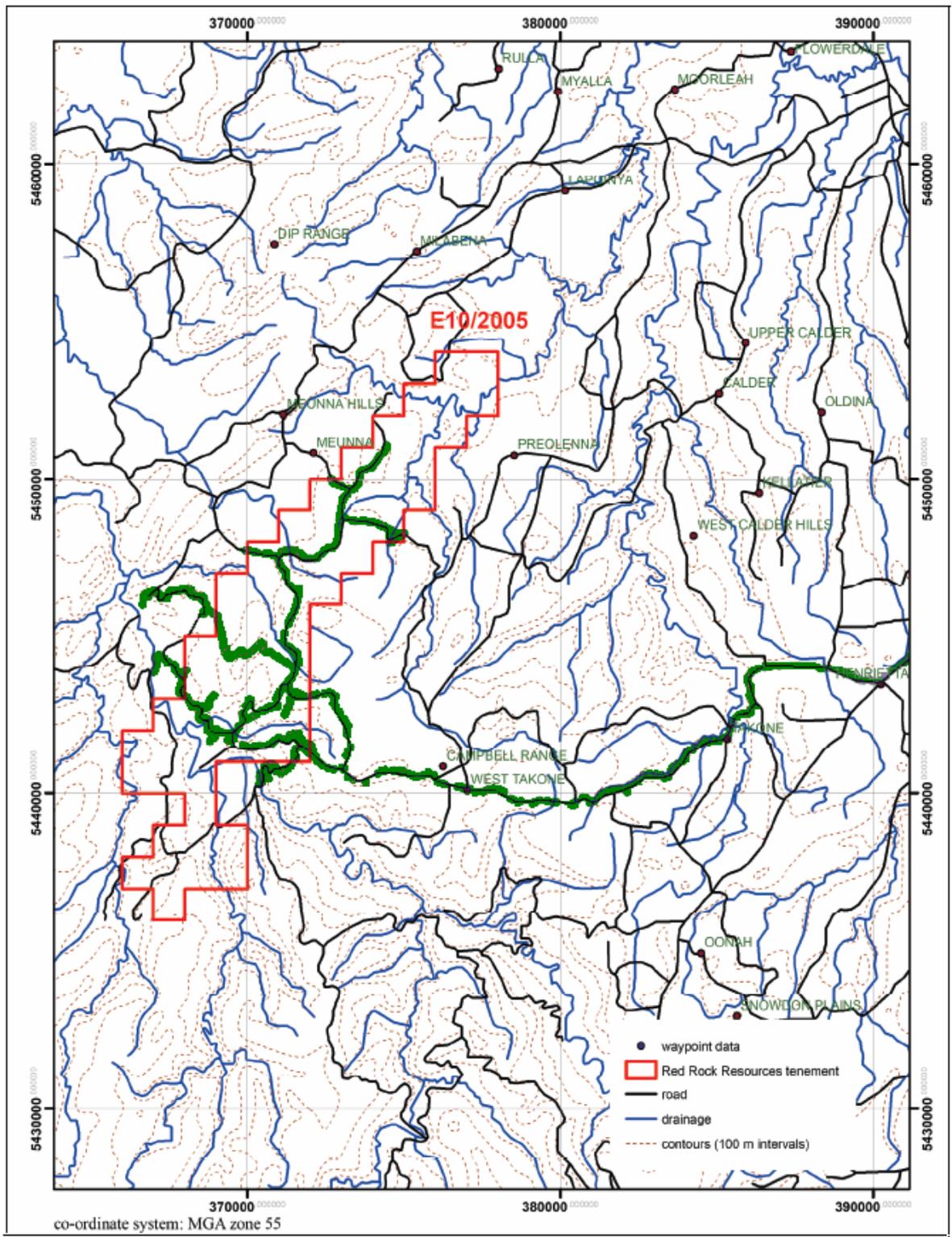


Figure 8. Waypoints along roads and tracks.

Table 2-Rock-Chip Sample Analytical Information

Samples	Company	Element	Method	Detection Limit	Unit
AR1-AR19	AMMTec	Cu	XRF	0.01	%
AR1-AR19	AMMTec	Pb	XRF	0.01	%
AR1-AR19	AMMTec	Zn	XRF	0.01	%
AR1-AR19	AMMTec	As	XRF	0.01	%
AR1-AR19	AMMTec	Sn	XRF	0.01	%
AR1-AR19	AMMTec	MgO	XRF	0.01	%
AR1-AR19	AMMTec	Mn	XRF	0.01	%
AR1-AR19	AMMTec	WO ₃	XRF	10	ppm
AR1-AR19	AMMTec	Ag	XRF	20	ppm
AR1-AR19	AMMTec	Fe	XRF	0.1	%
AR1-AR19	AMMTec	Bi	AAS	1	ppm
AR1-AR19	AMMTec	Ni	AAS	1	ppm
AR1-AR19	AMMTec	Sb	AAS	1	ppm
AR1-AR19	AMMTec	Tl	AAS	1	ppm
AR1-AR19	AMMTec	Mo	AAS	5	ppm
AR1-AR19	AMMTec	Au	Fire Assay	0.01	ppm
AR1-AR19	AMMTec	Pt	Fire Assay	0.01	ppm
AR1-AR19	AMMTec	Pd	Fire Assay	0.01	ppm

Recommendations for further exploration:

To carry out stream-sediment sampling (>80 mesh) along all main drainages shown in Figure 9. Samples should be taken at approximately 500m spacing along drainages. Where possible, sampling of subsidiary drainages upstream (50-100m) from confluence with main drainage. This programme should include exploration for both magnetite, base and precious metals. Additionally, rock-chip sampling of outcrop (and possibly subcrop) should be undertaken within blue areas (Figure 10). Soil sampling may be possible where slope gradients are low (but the regolith profile should first be established). On steeper slopes, because of the colluvial mantle, shallow augering is preferable.

All relevant published and open file data should be compiled into a GIS format, to enable easy access to all the data layers. Further, all maps should be rectified and data placed into databases. Existing airborne magnetic and gravity modelling needs interpretation and, if necessary, more detailed helimagnetics should be completed.

8.0 CONCLUSIONS

The Arthur River region is rugged and consequently needs a highly refined logistical and technical operation to fully explore the area. Outcrop being poor, any sampling regime needs the full support of a technical team whilst early negotiations with the MRT are also encouraged.

Within the tenement the Keith River Gossan is identified as most likely to contain significant massive magnetite. Located in the south of the tenement, it occurs within a 1.5km long magnetic zone which needs to be more fully explored and drill tested during the coming year.

Initial geochemical analysis of the samples obtained returned relatively high values of 0.83% and 0.16% Zn and a revised work outline including an extensive stream-sediment programme is proposed. This will need to be undertaken using boats and/or helicopters as access is restricted by bridges having been washed away.

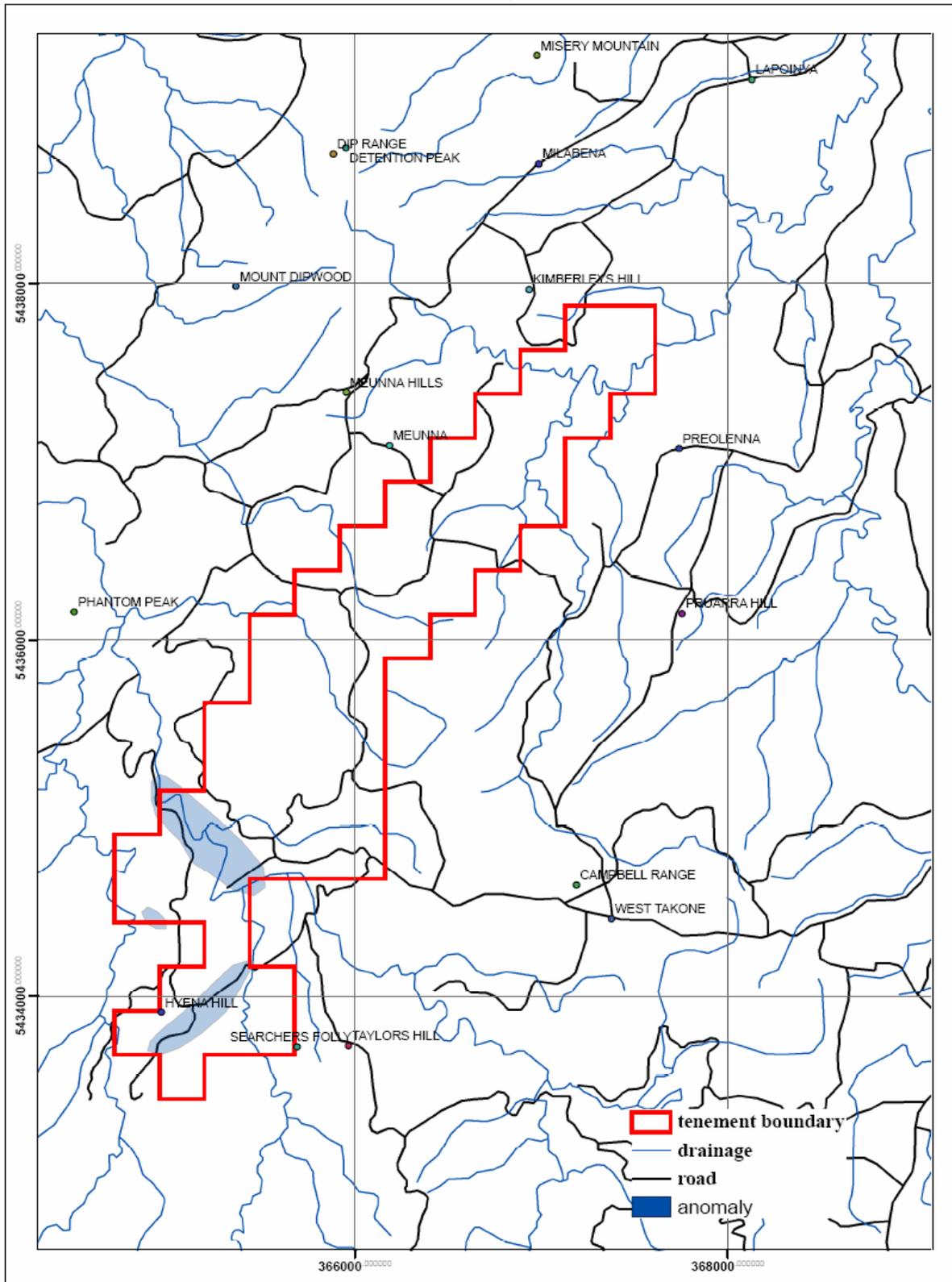


Figure 9. Drainage channels and target areas

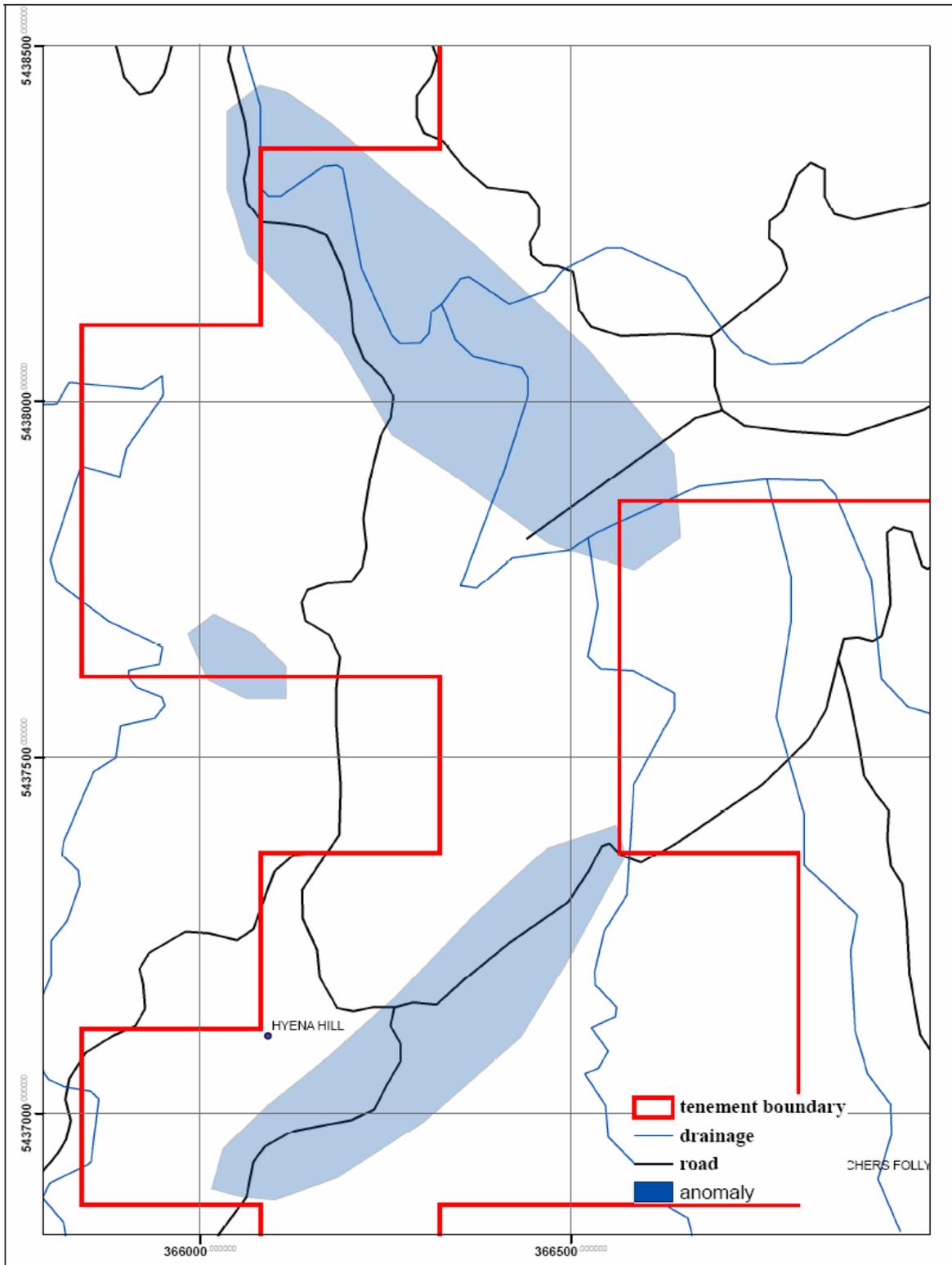


Figure 10. Targeted areas for rock-chip, subcrop sampling.

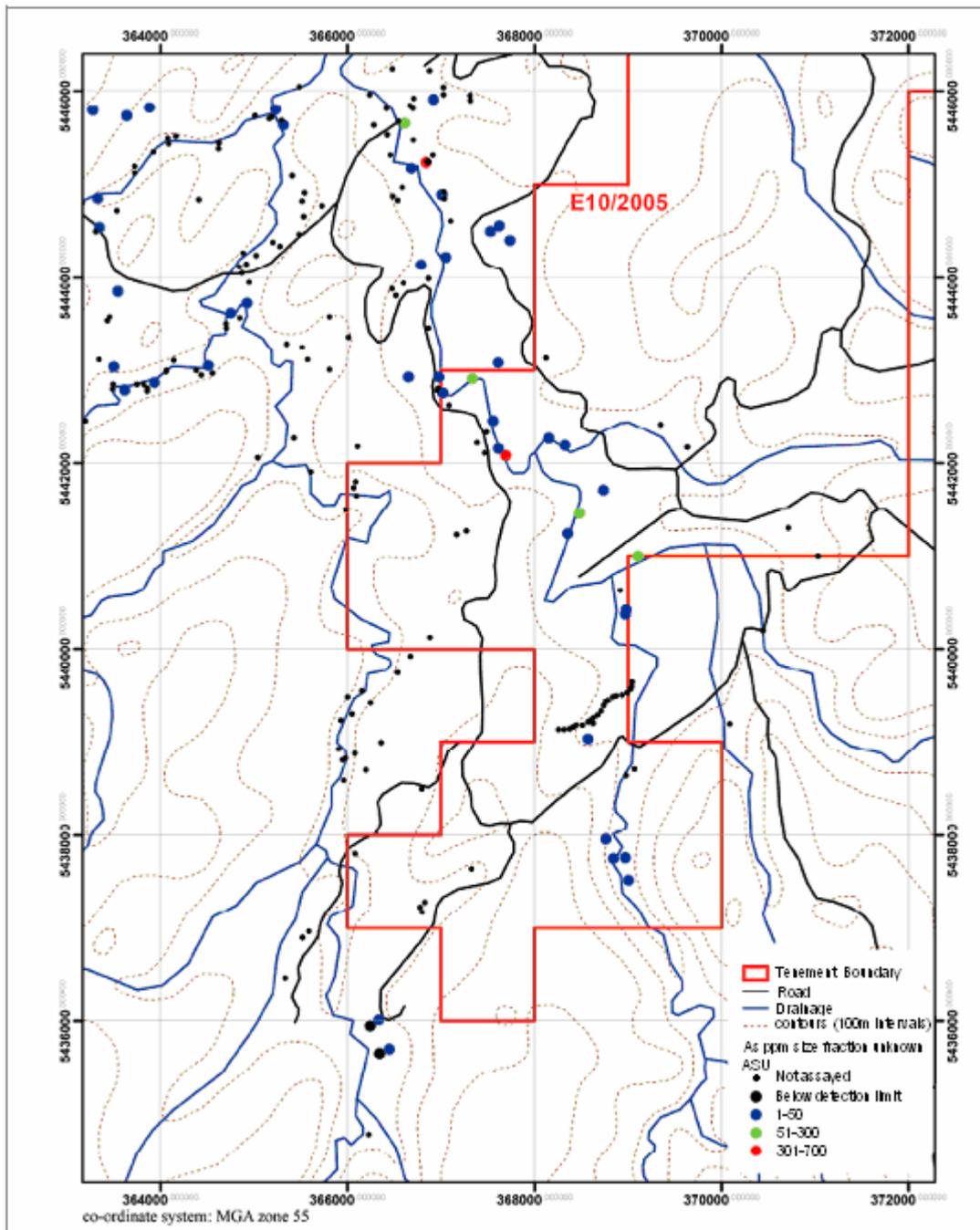
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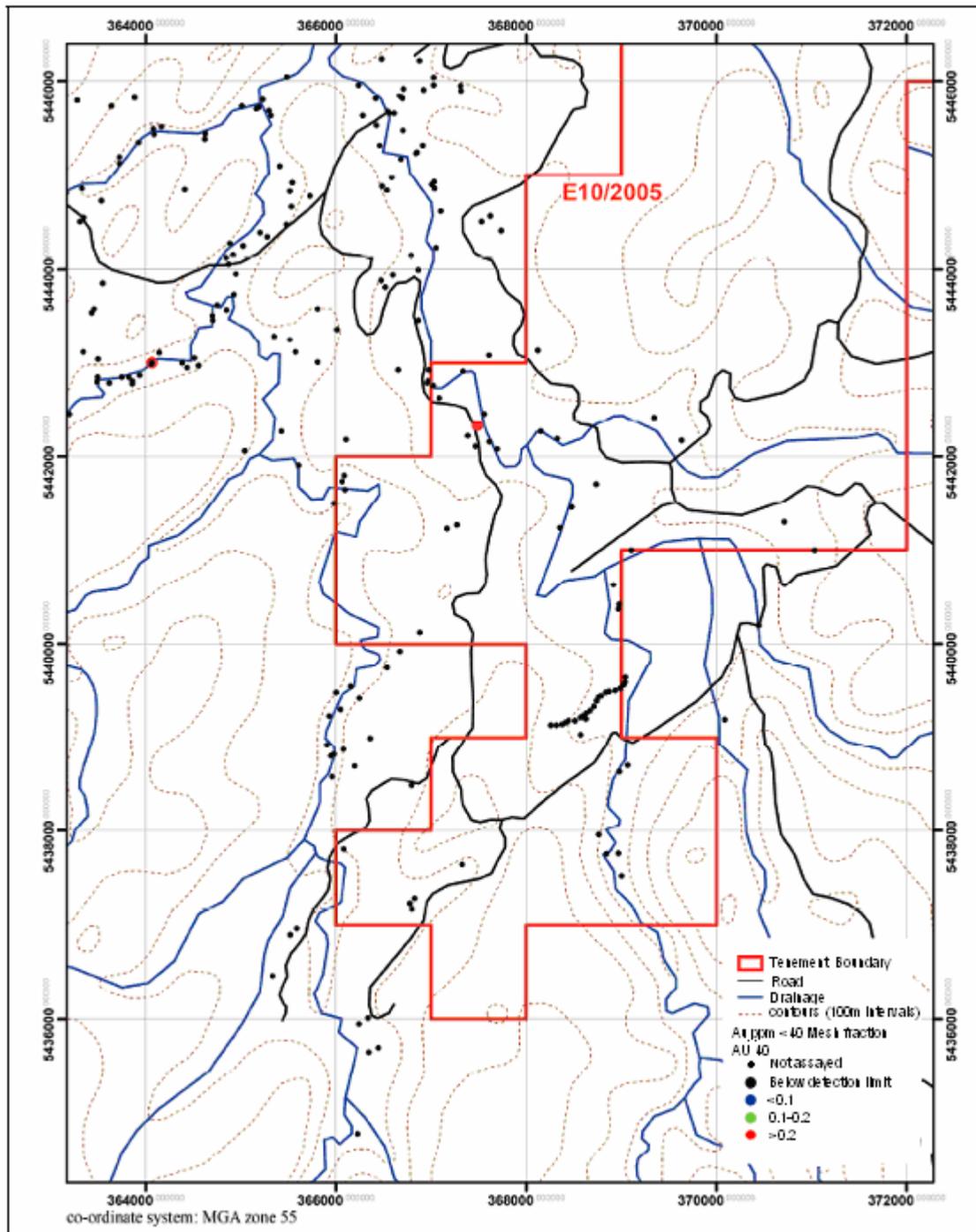
APPENDICES

APPENDIX I

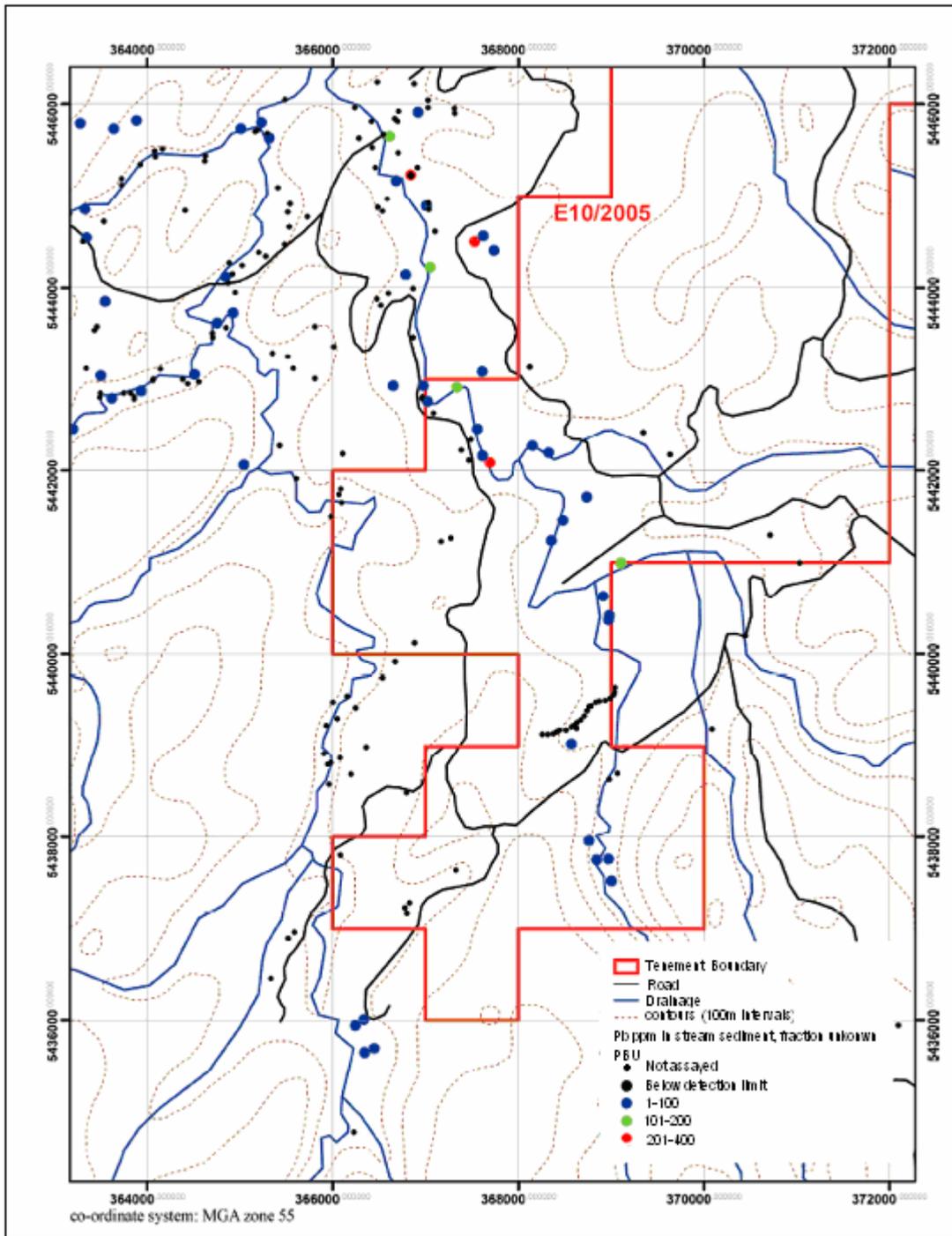
Selected Stream-Sediment Geochemical Maps



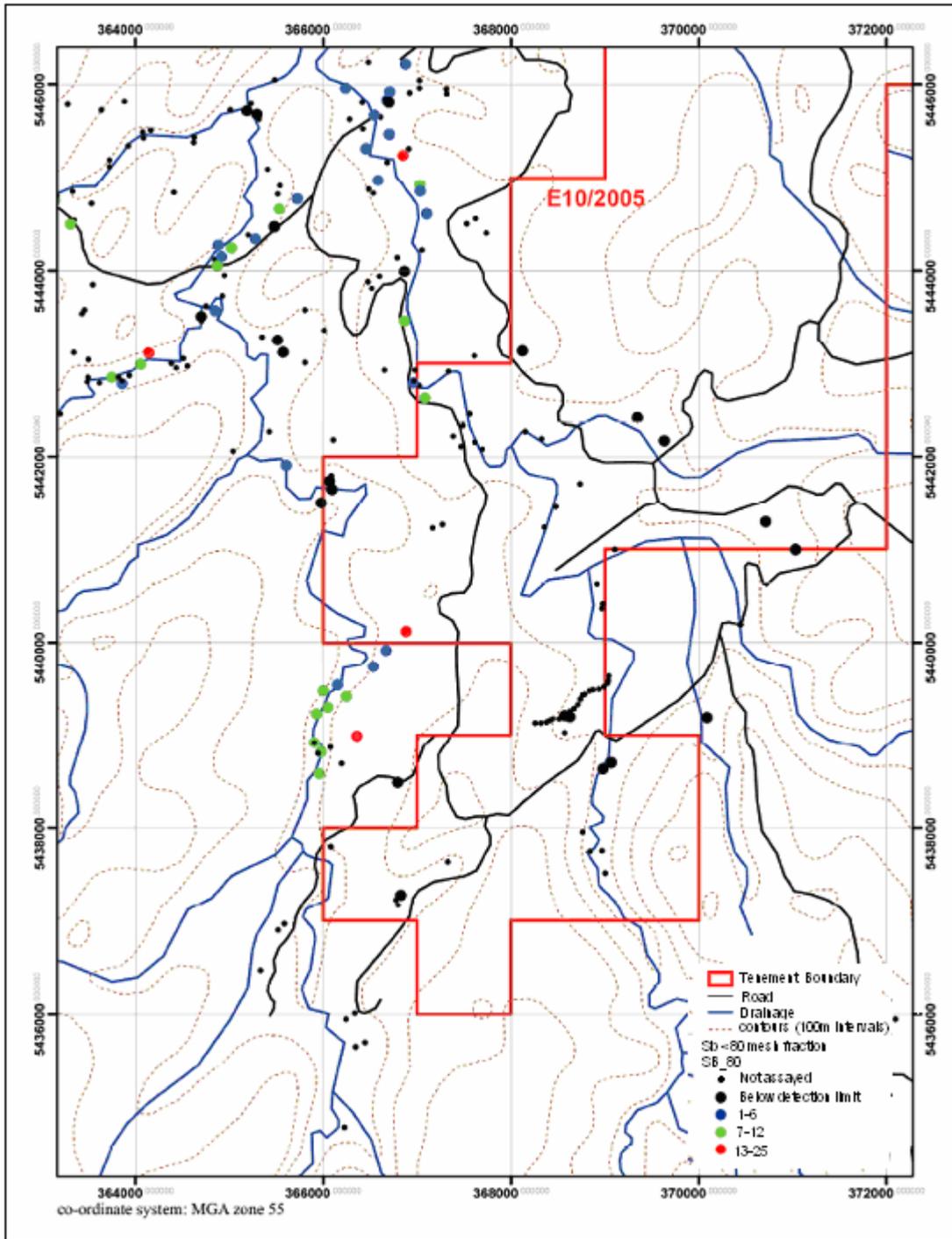
Stream-sediment sampling - As



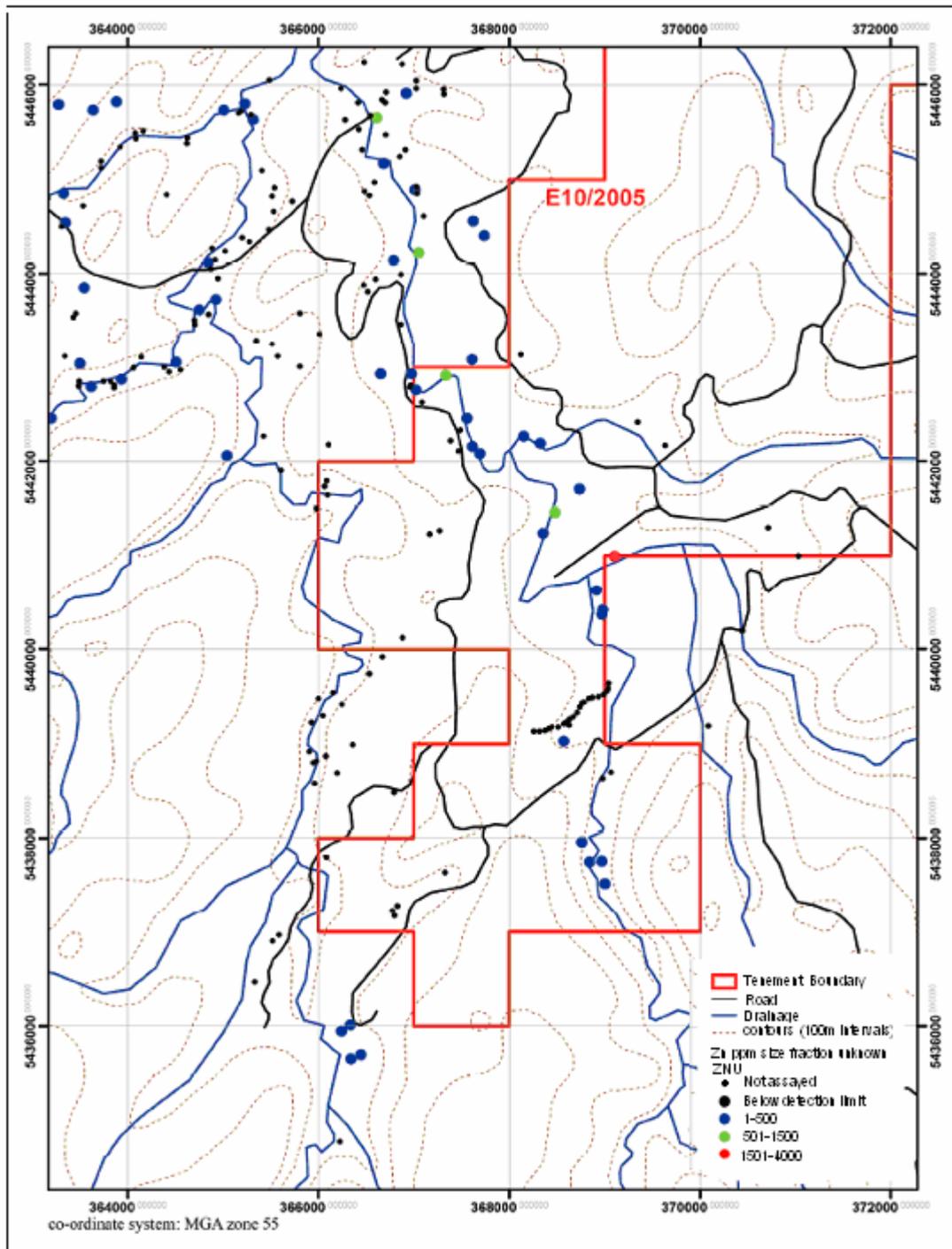
Stream-sediment sampling – Au



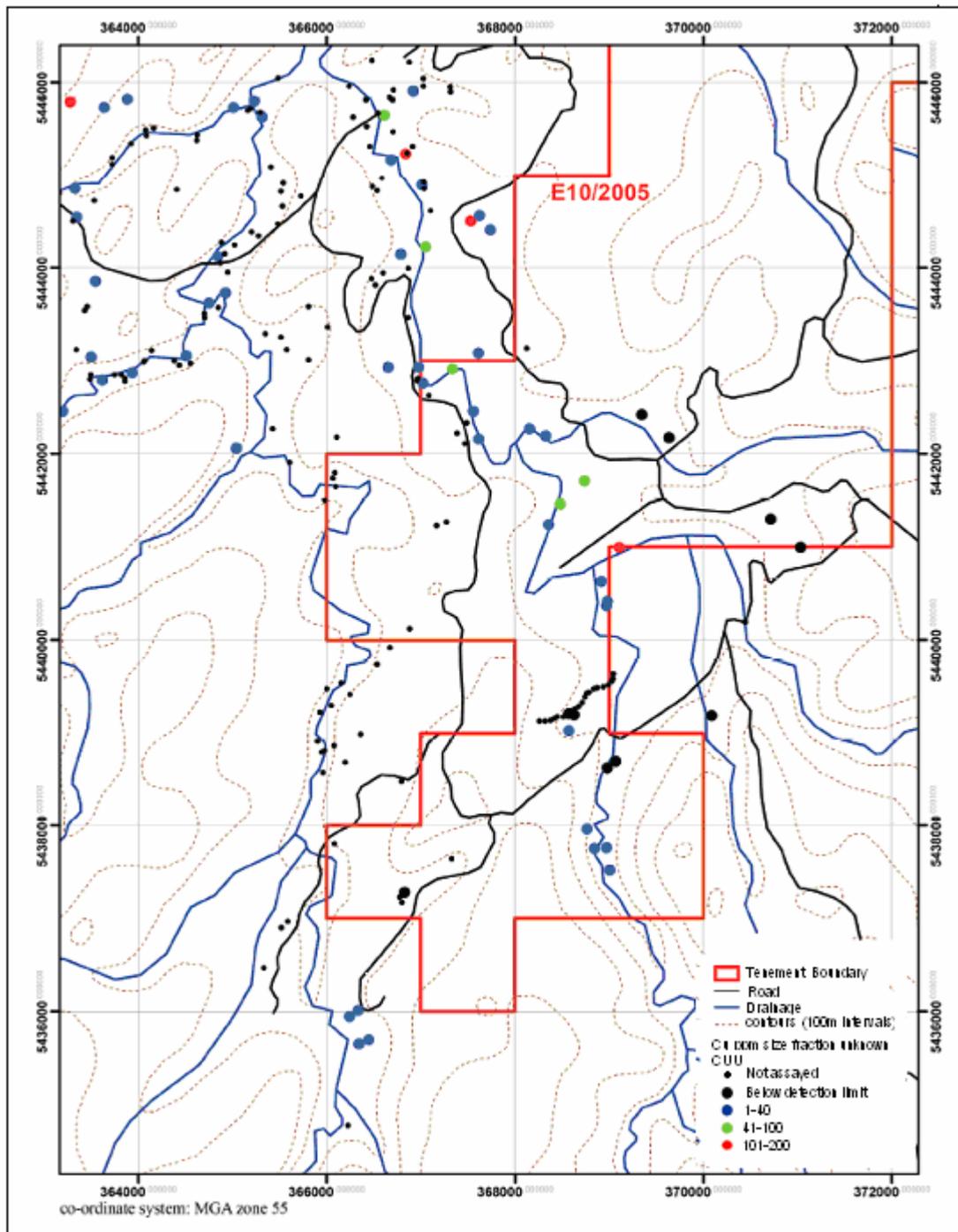
Stream-sediment sampling – Pb



Stream-sediment sampling – Sb



Stream-sediment sampling – Zn



Stream-sediment sampling - Cu

APPENDIX 11

Sample Descriptions and Photographs

Sample	Easting	Northing	Zone	Description
AR1	371892	5443069	55	weathered ?sandstone
AR2	371336	5443305	55	white/orange-brown saprolite (clastic rock with rounded pebbles - ?Permian tillite)
	371410	5443623	55	weathered sandstone
AR3	371539	5444524	55	weathered siltstone/tillite; flat lying and dipping shallowly SE (next 150 m N: weathered sandstone locally overlying siltstone)
	369922	5447739	55	basalt (with agate-filled amygdales)
	371320	5444087	55	weathered fine-grained metasedimentary rock (quartz + minor white mica)
AR4	369859	5444464	55	orange-brown saprolite; locally with black Fe/Mn oxide staining
AR5	369727	5444491	55	yellow-brown weathered quartz-white mica schist; locally with quartz veinlets
AR6	369503	5444351	55	white/pale yellow-brown saprolite and weathered chloritic schist
	368636	5445703	55	weakly sheared conglomerate
AR7	370101	5442917	55	fossiliferous (gastropod) micaceous sandstone
AR8	369667	5442017	55	grey siltstone; outcrop in creek
AR9	372080	5441353	55	weathered siltstone
AR10	371920	5441567	55	clastic rock (overlain by siltstone)
	371642	5441782	55	coarse-grained sandstone
AR11	371077	5441713	55	yellow-brown/orange-brown saprolite (after ?siltstone); minor quartz veining; steeply dipping at ~70o NW
	370863	5441640	55	finely bedded siltstone; shallowly dipping and folded into a shallow syncline
	369978	5441438	55	weathered siltstone
AR12	368705	5442120	55	pale yellow-brown saprolite (after schist); faulted
AR13	368705	5442120	55	fault zone; locally with quartz veinlets and boudins
AR14	368717	5442329	55	orange-brown saprolite; locally with black Fe/Mn oxide staining; probably weathered basalt
AR15	367880	5443535	55	yellow-brown saprolite (after schist); folded - plunging N to NE
AR16	367909	5443687	55	weathered schist; dip ~70o N
AR17	369043	5441975	55	weathered quartz+white mica schist; with quartz veinlets and boudins
AR18	369051	5441977	55	weathered (ferruginous) chloritic schist
AR19	369612	5441970	55	weathered siltstone
	371599	5443125	55	weathered basalt; ?pillowed or spheroidal weathering; overlies steeply dipping (foliated) siltstone



AR1



AR2



AR3





AR4



AR5



AR6



AR7



AR8



AR9



AR10



AR11



AR12



AR14



AR15



AR16



AR17



AR18



AR19

APPENDIX 111

Sample Analysis

Red Rock Resources

Submitted 18/02/08

Sample Type: Rockchips

Sample	Cu	Pb	Zn	Fe	Ag	As	Sn	MgO	Mn	WO3	Bi	Ni	Mo	Sb	Tl	Au	Pt	Pd
	%	%	%	%	ppm	%	ppm	%	%	ppm	ppm	ppm						
AR 1	0.02	<0.01	0.02	6.9	<20	<0.01	<100	5.71	0.15	<10	19	48	<5	66	20	<0.01	<0.01	<0.01
AR 2	<0.01	<0.01	<0.01	2.8	<20	0.0	<100	0.42	0.02	<10	<1	21	<5	62	9	<0.01	<0.01	<0.01
AR 3	<0.01	<0.01	<0.01	1.8	<20	<0.01	<100	0.28	0.01	<10	<1	14	<5	27	2	<0.01	<0.01	<0.01
AR 4	0.03	<0.01	0.06	9.8	<20	<0.01	<100	0.32	0.16	<10	24	44	<5	141	23	<0.01	<0.01	<0.01
AR 5	<0.01	<0.01	0.04	9.8	<20	<0.01	<100	0.40	0.03	<10	15	50	<5	153	22	<0.01	<0.01	<0.01
AR 6	0.01	<0.01	0.16	6.1	<20	<0.01	<100	2.06	0.09	<10	11	65	<5	85	13	<0.01	<0.01	<0.01
AR 7	<0.01	<0.01	0.02	2.0	<20	<0.01	<100	0.43	0.01	<10	<1	6	<5	20	6	<0.01	<0.01	<0.01
AR 8	0.01	<0.01	0.02	3.5	<20	<0.01	<100	0.96	0.04	<10	<1	34	<5	36	8	<0.01	<0.01	<0.01
AR 9	0.06	<0.01	<0.01	1.8	<20	<0.01	<100	0.48	0.01	<10	6	9	<5	<1	<1	<0.01	<0.01	<0.01
AR 10	0.01	<0.01	0.01	2.6	<20	0.0	<100	0.54	0.04	<10	<1	24	<5	53	7	<0.01	<0.01	<0.01
AR 11	<0.01	<0.01	<0.01	10.5	<20	<0.01	<100	0.31	0.01	<10	7	9	<5	131	18	<0.01	<0.01	<0.01
AR 12	<0.01	<0.01	<0.01	5.4	<20	<0.01	<100	0.72	0.02	<10	6	24	<5	107	10	<0.01	<0.01	<0.01
AR 13	<0.01	<0.01	<0.01	4.5	<20	<0.01	<100	0.53	0.01	<10	1	26	<5	84	9	<0.01	<0.01	<0.01
AR 14	0.03	<0.01	0.01	14.4	<20	<0.01	<100	1.48	0.18	<10	31	54	<5	123	27	<0.01	<0.01	<0.01
AR 15	0.01	<0.01	0.83	3.3	<20	<0.01	<100	0.79	0.01	<10	<1	31	<5	55	2	<0.01	<0.01	<0.01
AR 16	0.05	<0.01	0.04	8.4	<20	<0.01	<100	5.67	0.01	<10	9	221	<5	130	16	<0.01	<0.01	<0.01
AR 17	<0.01	<0.01	0.01	5.1	<20	<0.01	<100	1.35	0.02	<10	7	82	<5	91	13	<0.01	<0.01	<0.01
AR 18	0.01	<0.01	<0.01	9.2	<20	<0.01	<100	1.42	0.07	<10	20	50	<5	131	21	<0.01	<0.01	<0.01
AR 19	<0.01	<0.01	<0.01	3.4	<20	<0.01	<100	0.69	0.01	<10	<1	21	<5	47	3	<0.01	<0.01	<0.01

Duplicates

Sample	Cu	Pb	Zn	Fe	Ag	As	Sn	MgO	Mn	WO3	Bi	Ni	Mo	Sb	Tl	Au	Pt	Pd
	ppm	ppm	ppm															
AR 7	n/a	<0.01	<0.01	<0.01														
AR 21	n/a	<1	19	<1	37	5	n/a	n/a	n/a									