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Railton Project

**First Annual Report for EL15/2008
for the Period 5 November 2008 to 4 November 2009**

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GEOLOGY**

SUMMARY OF ACTIVITIES FOR THE Railton PROJECT
for the Period 5 November 2008 to 4 November 2009

- Compile previous work
- Interpret remote airborne geophysical and other digital datasets
- Assess prospectivity
- Reconnaissance visit

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KEYWORDS

Geology/Mineralisation:

Permian Lower Parmeener Supergroup, oil shale, tasmanites

Minerals/ Commodities:

Oil Shale; Tasmanites

Deposits/Occurrences:

Latrobe Oil Shales

Exploration:

Data review, prospectivity, reconnaissance visit

COORDINATES

All lat/long co-ordinates in this report refer to the AGD66 Datum

All AMG co-ordinates in this report refer to the AGD66 Datum - Zone55

1.0 Introduction/ Abstract

This report covers the exploration activities conducted by Geotech International Pty Ltd within EL15/2008 at Railton (The 'Tenement'), for the period 5 November 2008 to 4 November 2009.

The Tenement includes areas with known oil shale deposits, which were Geotech's exploration target.

During the period all available previous work was evaluated and the prospectivity was appraised.

The area is very accessible with many roads and tracks, and is close to the port of Devonport. Potential resources lie in non-sterilised working forest areas, and over Private Lands.

The area prospective for oil shale is poorly investigated but is large and holds high potential for open pittable specialized tasmanite deposits, so further work is recommended.

Exploration Philosophy and Objectives:

The vision is to find and develop oil shale deposits by using the best available techniques.

The philosophy is to favour oil shale deposits amenable to rapid evaluation.

The primary exploration aim for the area is to locate near-surface open-pittable oil shale resources.

There are known deposits present, previously thought uneconomic to develop. The recent increases of oil price and new technologies are favourable factors which may reverse that situation.

2.0 Tenement Details

Tenement details are shown in Table 1.

Table 1 – Railton Project Tenement Details

Tenement	Holder	Date Applied	Date Granted	Area	Two Year Expenditure Commitment
EL15/2008	Geotech International Pty Ltd	Feb 2008	5 November 2008	88km ²	\$48 000

3.0 Location and Access

The Tenement lies generally southwards from the township of Railton in NW Tasmania, as shown on Fig 1.

The area is very accessible with many roads and tracks, and is about 25km from the port of Devonport. Potential resources lie in non-sterilised working forest areas, and in Private Lands.

4.0 Geology and Oil Shales

Oil shale occurs here in the Permian Lower Division of the Parmeener Supergroup within the Tasmania Basin. The Parmeener Supergroup is up to two kilometres thick, and has been subdivided into two divisions; the Lower Division, being predominantly marine; and the Upper Division, being wholly of freshwater origin.

The oil shale unit occurs towards the base of the Lower Parmeener Supergroup above tillites in a restricted marine environment.

There is one site in the tenement with known oil shale, as shown on Fig 3. It is in the southern part of the tenement in State Forest. Available descriptions of this occurrence have not been found.

A large field of oil shale, the Latrobe Oil shales, occurs just north of the tenement.

Solid geology showing the extent of prospective Permian units is shown on Fig 4.

Latrobe Oil Shales

The oil shale, near the base of the Lower Parmeener Supergroup, is the variety Tasmanite, which occurs in only a few places world-wide. The kerogen of tasmanite occurs as particulate amber-colored discs (in reality, flattened sacs), having a distinct structure and clearly defined cell walls. The oil shale is thought to have formed in a quiet ecosystem of shallow bays, inlets and river estuaries in which the alga was free to multiply. The kerogen resulted from prodigious algae blooms when conditions were favourable for completion of the life cycle and "spore" build-up in the marginal marine waters.

The Latrobe Oil Shales are held by Boss Energy Limited. A quote from their website summarizes the known resources:

The Latrobe oil project has a JORC indicated resource of 42 million tonnes of Tasmanite oil shale of which approximately 6 million tonnes is at less than 20 metres depth and amenable to open cut mining methods. An additional JORC compliant inferred resource of 30 million tonnes of Tasmanite oil shale is estimated.

The Tasmanite oil shale horizon within EL 20/2004 has already produced 1.13 million litres of oil from historical underground mining operations. Historical drilling campaigns have demonstrated a continuity of the deposit over a large area.

The variety of oil shale found at the company's Latrobe Oil Project is unique to Tasmania and has advantages over other Australian oil shales in that it can be used as a source of bitumen as well as oil and power generation.

There is an extensive literature on open file of the past production, and on exploration of this area particularly by CRA and Endeavour Resources Ltd.

5.0 Previous Exploration

There is no recorded exploration for oil shales in the area of the tenement. Some scattered work for other commodities has been done but none appears relevant to oil shales.

A few drill holes are known in the area, as shown on Fig 5. Available data, albeit skeletal, was reviewed, but little or none appears to have been directed at oil shales.

No University studies such as theses have been located for the area.

6.0 Work Carried Out During the Period

Work during the period has consisted of office based:

- Compile all past company exploration data, government reports, drill data.
- Assess prospectivity for coal and for oil shale.
- Attempt to farm-out the project to a third party.

And a reconnaissance field visit.

The field visit failed to find any oil shale cropping out in the southern part of the tenement in the State Forest. It is difficult to find outcrops in this area due to vegetation litter or due to disturbance in a coupe area of clear felling.

7.0 Prospectivity

Prospectivity for only oil shale was examined. No other commodities were reviewed. The prospectivity for coalbed methane was not evaluated, (coalbed methane rights are not held).

Large areas where the prospective Permian horizon occurs are outlined in Fig 4 and 5. Here open pitable resources, thought to be necessary for economic development, could occur. Areas where Tertiary basalt occurs are thus non-prospective.

Previous assessments by Endeavour and CRA (see open file report 88-2801.pdf) show the extent of the oil shale unit southwards in the Latrobe field and concluded that the horizon extends into EL15/2008, as illustrated in Figs 6 and 7, prepared by Boss Energy, and Fig 8 by Endeavour.

The known field at Latrobe has limited potential for development because it has only about 6Mt of open pitable resources, and these are scattered and in populated areas. Better tonnage potential is assessed to occur in accessible areas in EL15/2008.

The area is readily accessible, with numerous roads and tracks traversing the Private Lands and working forest areas.

Tasmanite is potentially more valuable than “traditional” types of oil shale because the entire oil shale need not be retorted. The tasmanite spores can be recovered by flotation, thereby producing a higher yielding product, and potentially substantially lowering operating costs.

Projected shortages of oil supply and current high oil prices are of course favourable factors for a revival of the Tasmanian oil shale industry.

The tasmanite unit is essentially untested in this area; a program of testing is recommended, with further studies of the most prospective areas and likely open pitable sites, and then emphasis on drilling to verify the thickness/quality of oil shale.



FIG 1

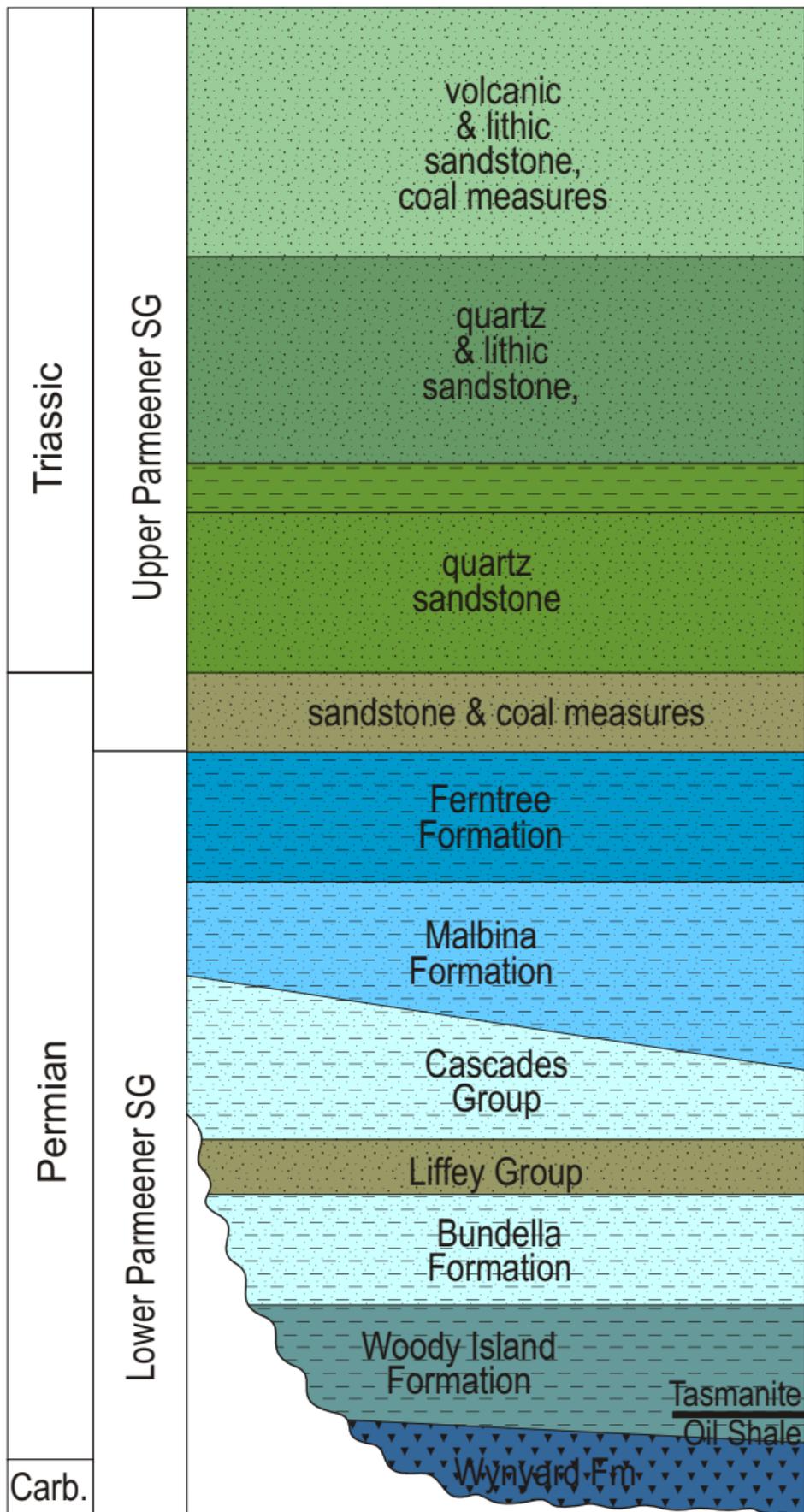


FIG 2 A generalised stratigraphic column and nomenclature for the Parmeener Supergroup. The Lower Parmeener Supergroup is divided into many local units (see Clarke, 1989), but is simplified here to broad units recognisable basin wide. The Upper Parmeener Supergroup nomenclature follows Forsyth (1989). FROM Reid & Burrett, (2004).

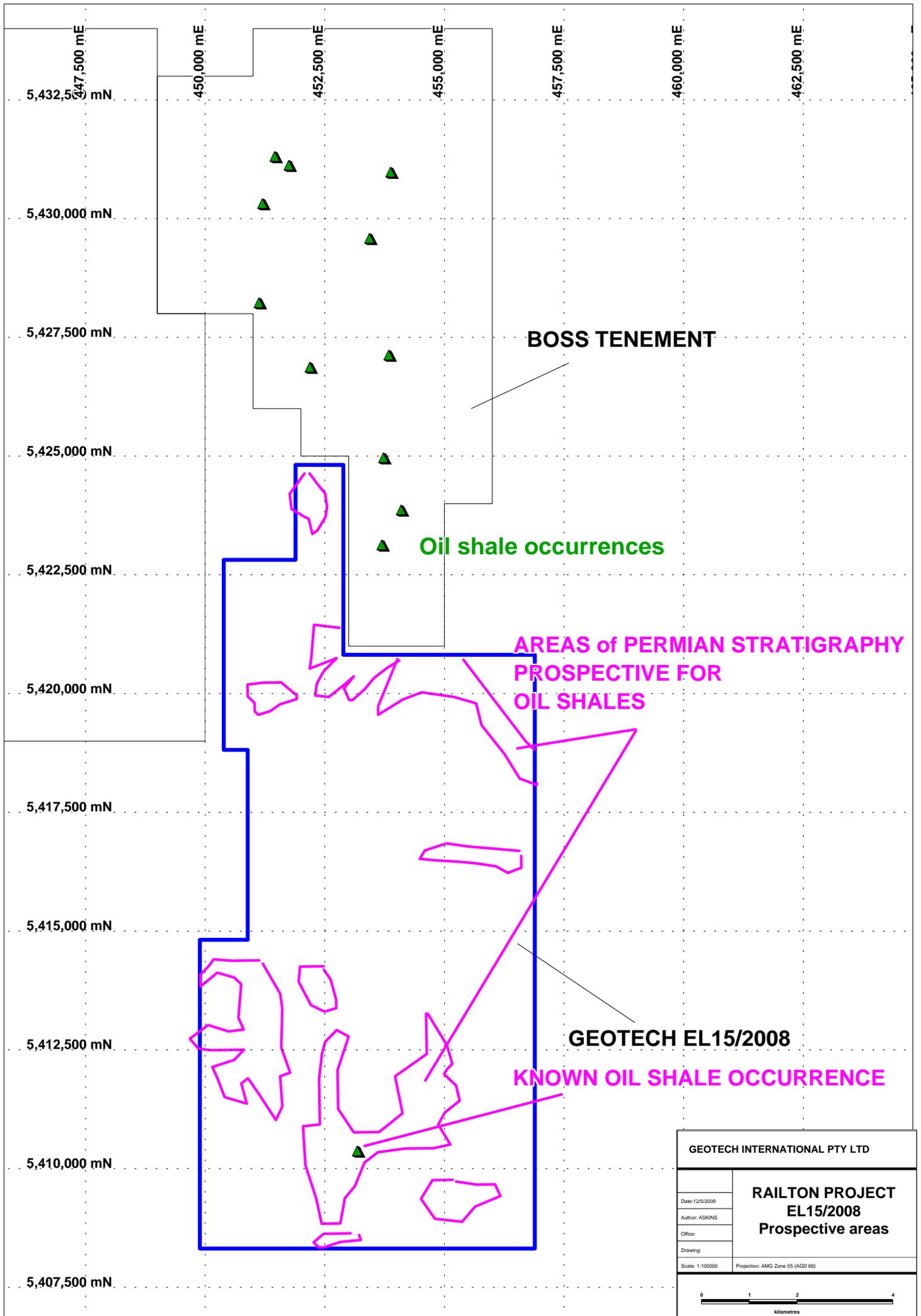


FIG 3

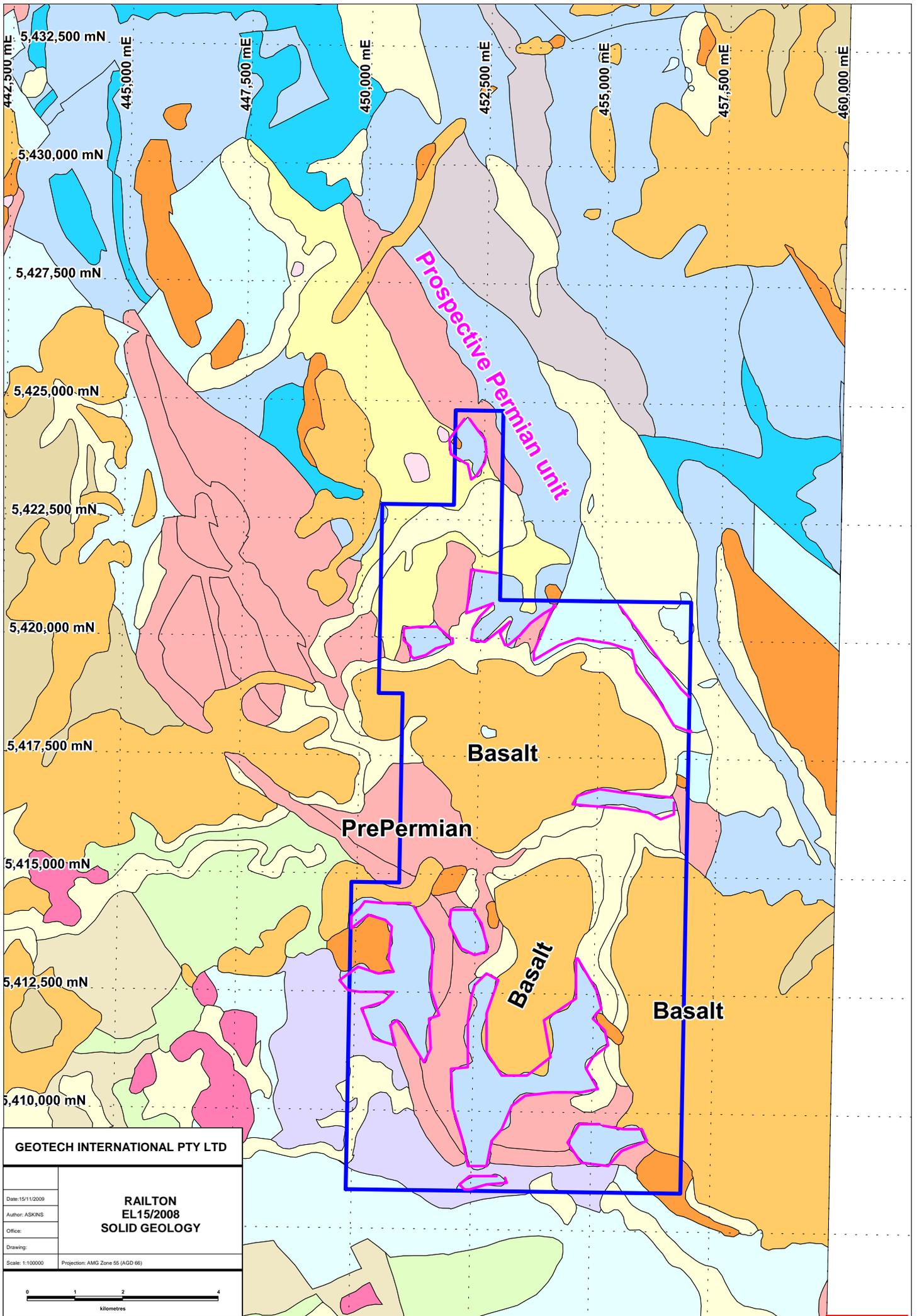


FIG 4

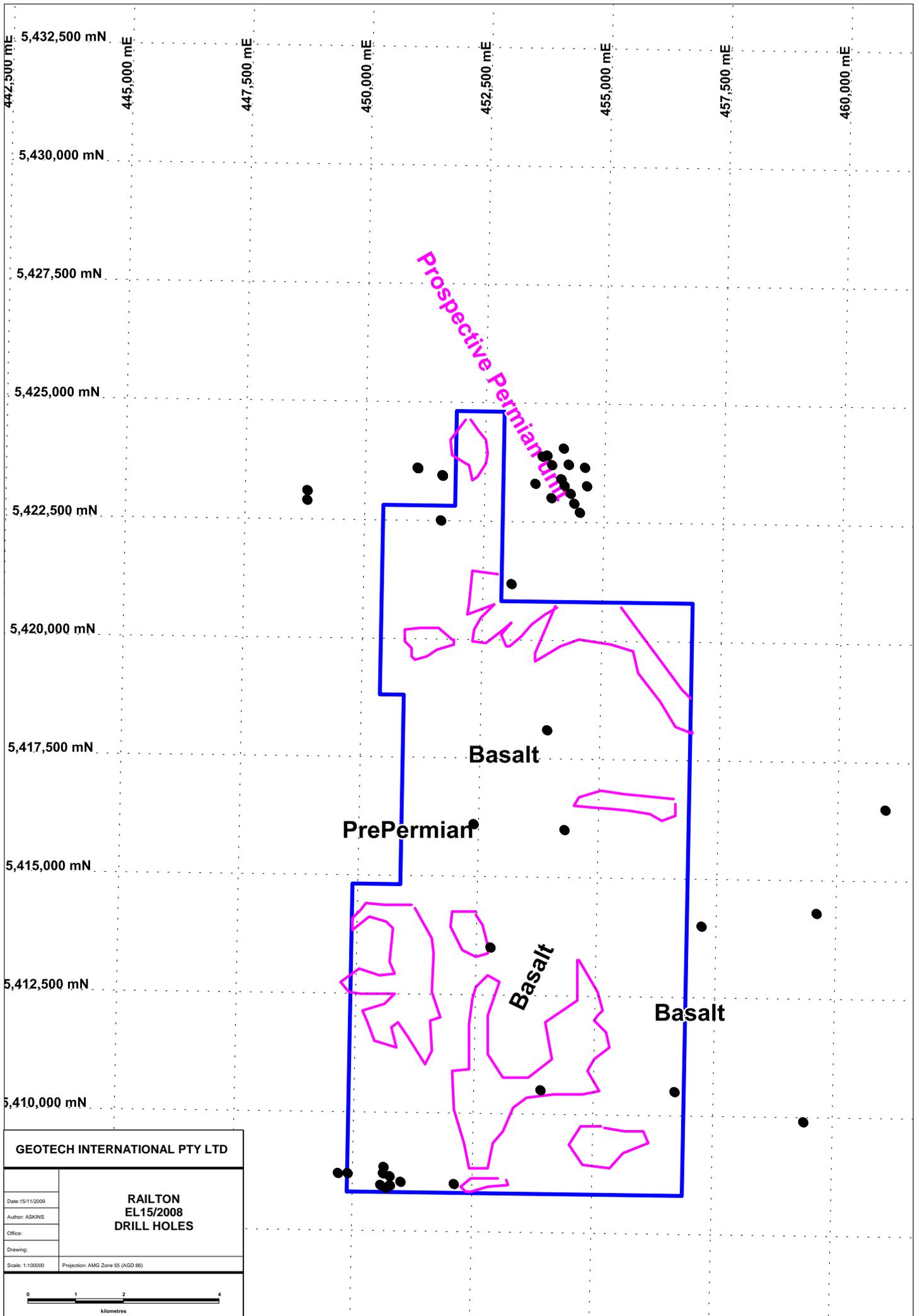


FIG 5

448 000mE

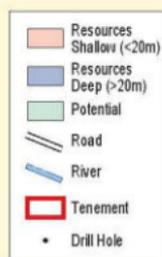
Latrobe 452 000mE

456 000mE

5 432 000mN

5 428 000mN

EL20/2004



0 2km

BOSS ENERGY LTD
EL20/2004
DRILL HOLE LOCATION PLAN
AND MINERALISATION AREAS

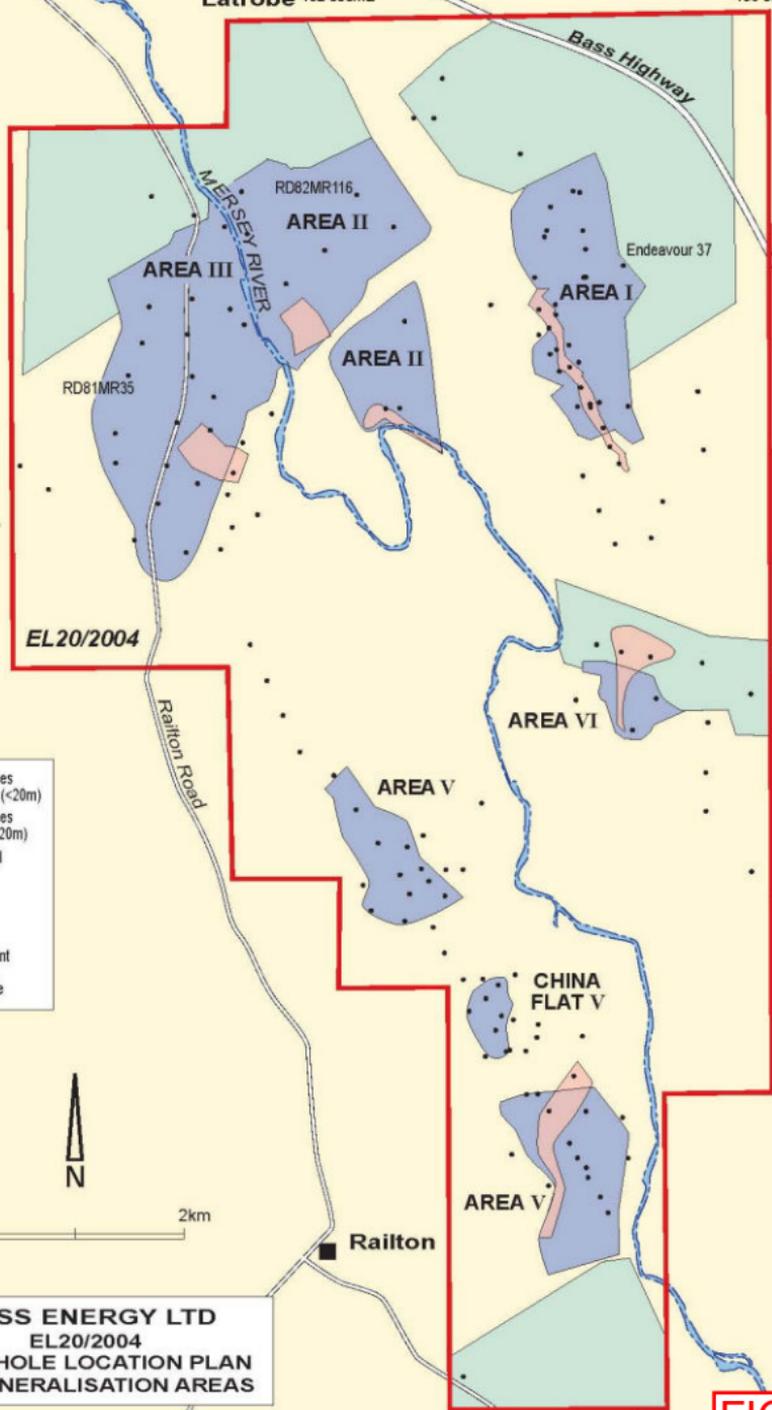
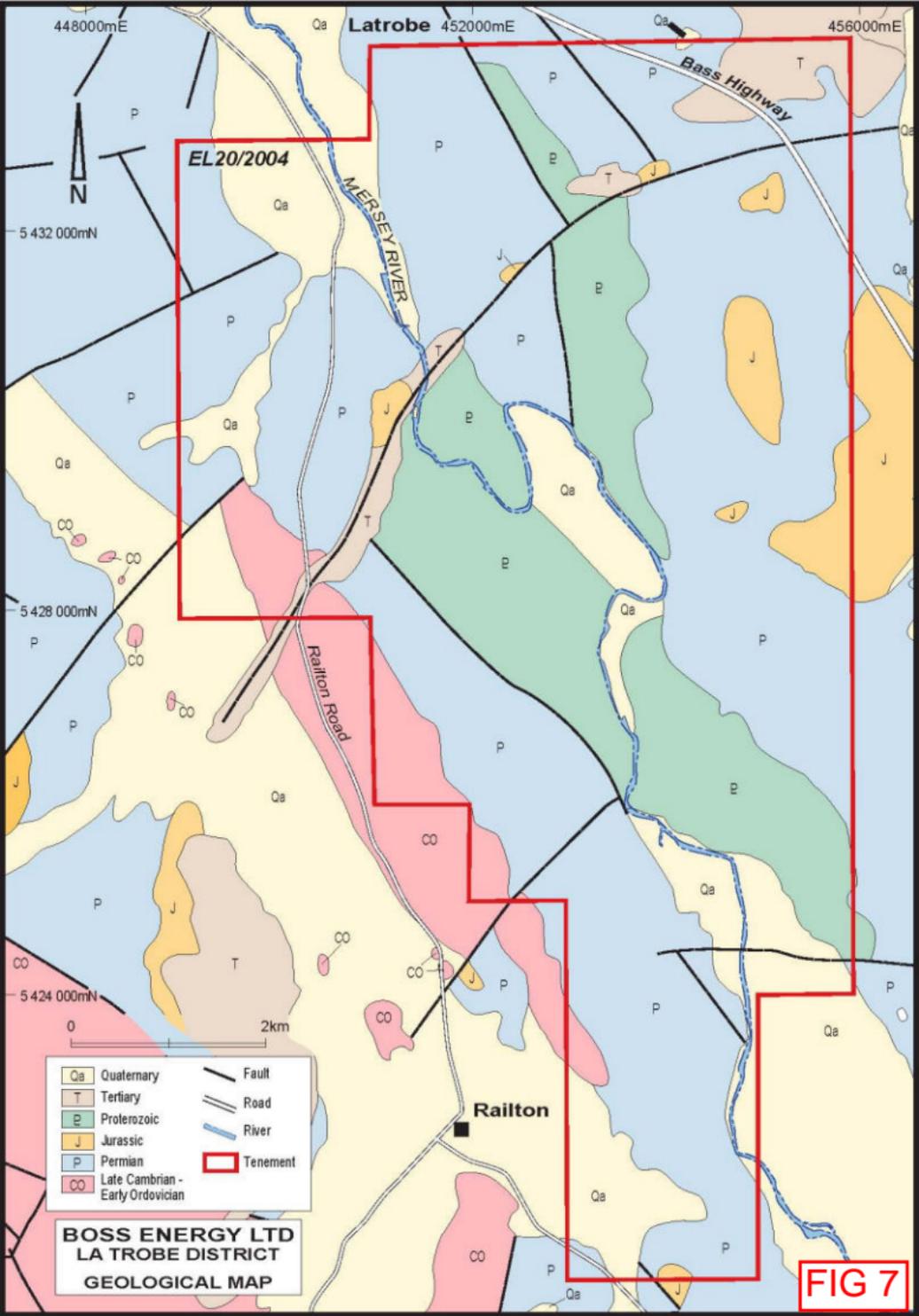


FIG 6



**BOSS ENERGY LTD
LA TROBE DISTRICT
GEOLOGICAL MAP**

FIG 7

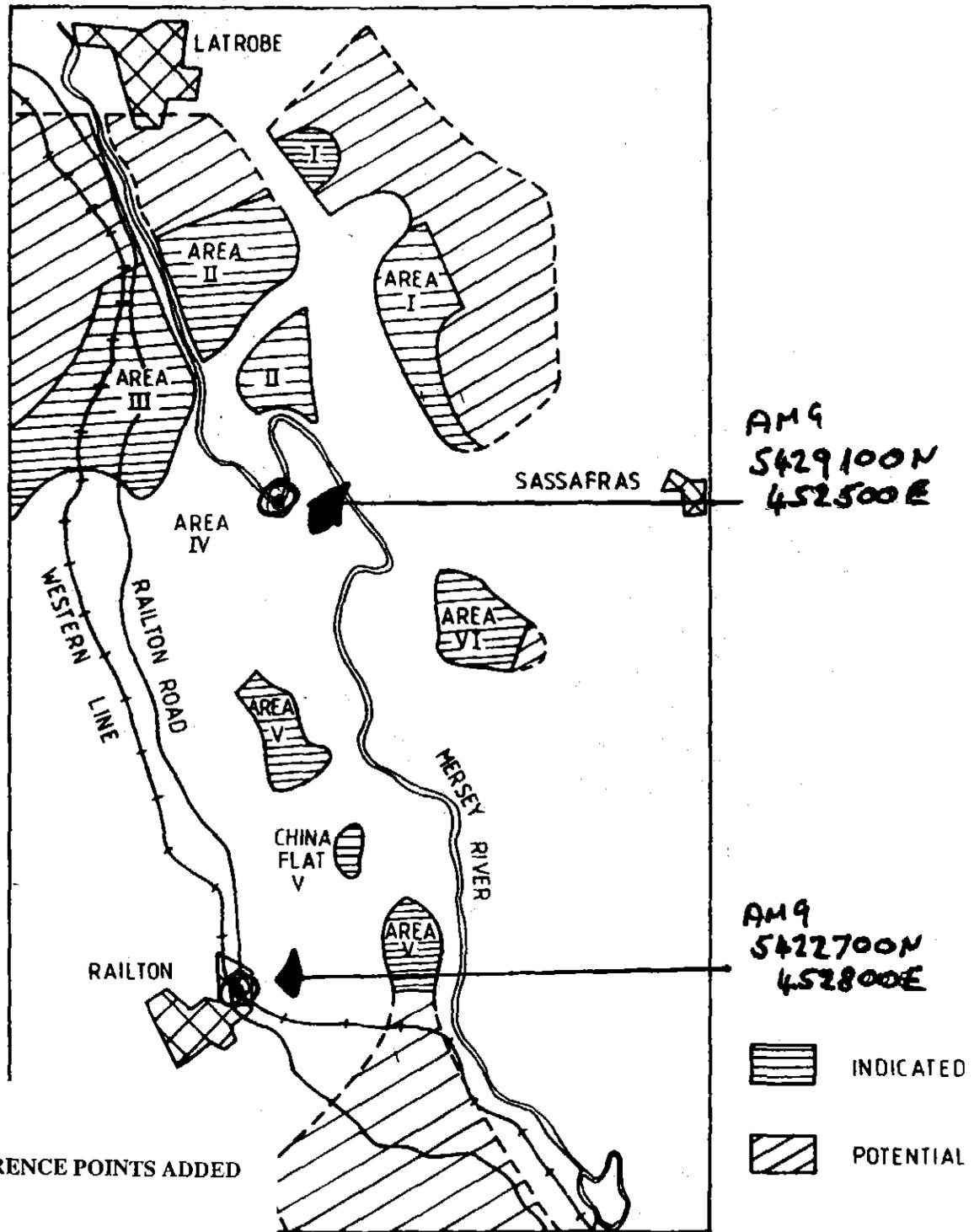
FURTHER
TAMING

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OIL SHALE OCCURRENCE LATROBE - RAILTON

FIGURE A1.2

SOURCE: CRAE REPORT No 11212 (1982)



AMG REFERENCE POINTS ADDED

LOCALITY	AV. THICKNESS (METRES)	INDICATED RESOURCE (MILLION TONNES)		POTENTIAL RESOURCE (MILLION TONNES)
		OPEN CUT <20m	DEEP >20m	DEEP >20m
AREA I	1.4	0.6	6.7	9.3+
AREA II	1.8	0.7	11.6	7.0
AREA III	1.8	0.7	13.8	10.0+
AREA IV	NOT ADEQUATELY TESTED	RESOURCE BELIEVED TO BE MINIMAL		
AREA V	1.2	3.5	2.0	?
AREA VI	1.25	0.6	1.9	0.9
TOTAL	1.62	6.0	36.0	27.2