



**Paradox Creek
(East of Savage River)
Exploration Licence 24/2008**

Annual Report for the period 25/08/2009 to 25/08/2010

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1 Summary

Exploration Licence 24/2008 located in western Tasmania is believed to be prospective for tin, tungsten and magnetite skarns within meta-sedimentary rocks adjacent to the Meredith Granite. There has been minimal historical exploration in the area covered by EL24/2008 and the targets are “greenfields”. Venture’s regional exploration activities were greatly reduced in 2009-2010 because of funding limitations, and within EL24/2008 activities were restricted to mapping in the Whyte River gorge, reconnaissance of the same area to assess logistics associated with the proposed mapping and surface sampling campaign covering selected skarn targets, review and reinterpretation of historic geological mapping, and target revision in preparation for a summer field campaign. Application has been made to MRT to cut approx. 3.5 km of foot track from the Whyte River to gain access to the currently identified skarn targets.

2 Introduction

Exploration Licence 24/2008 covers c. 17 km² of the north western margin of the Meredith Granite and is prospective for skarn-hosted Sn, W and magnetite deposits within the adjacent meta-sedimentary rocks. The Meredith Granite is part of a suite of Devonian granites which is very important to tin-tungsten mineralization in Tasmania, and deposits associated with this suite include the world class Renison Bell tin mine (26 Mt at 1.46% Sn), Mount Bischoff (10.54 Mt at 1.1% Sn), Cleveland (12.4 Mt at 0.62% Sn, 0.25% Cu) and King Island (17 Mt at 0.85% WO₃). Cleveland and Mount Bischoff are situated around the northern margin of the Meredith Granite, and Renison Bell is associated with the smaller Pine Hill Granite c. 15 km to the southeast of the Meredith Granite.

3 Location and Access

Exploration Licence 24/2008 covering c. 17 km² is centred 4 km southeast of the Savage River magnetite mine in western Tasmania. Topography is that of a peneplain deeply incised by the Whyte and Heazlewood rivers and tributaries in the west, merging into the foothills of the Meredith Range to the east. The Whyte and Heazlewood rivers cut southwest across the western part of the licence. Fracture controlled trellis drainage, including Paradox Creek, is a conspicuous feature of the eastern part of EL24/2008 which is underlain by the Meredith Granite. Elevation within the licence ranges from 100 m above sea level in the Whyte River gorge to c. 750 m in the south eastern part of the licence peripheral to the Meredith Range. Average annual rainfall is c. 1900 mm and vegetation is dominated by temperate rainforest, with patches of dense sub-alpine scrub over granitic basement and in areas of regenerating forest.

Despite the location of the Savage River township within the far north western corner of the licence access to most of the licence is difficult and restricted to foot or helicopter. A disused vehicle track branching off the Corinna Road 0.5 km south of Savage River township provides foot access to the junction of the Heazlewood and Whyte rivers. There are currently no passable tracks beyond the Heazlewood – Whyte junction and foot access

is difficult because the rivers and streams in the area are deeply gorged and vegetation is generally dense and scrubby.

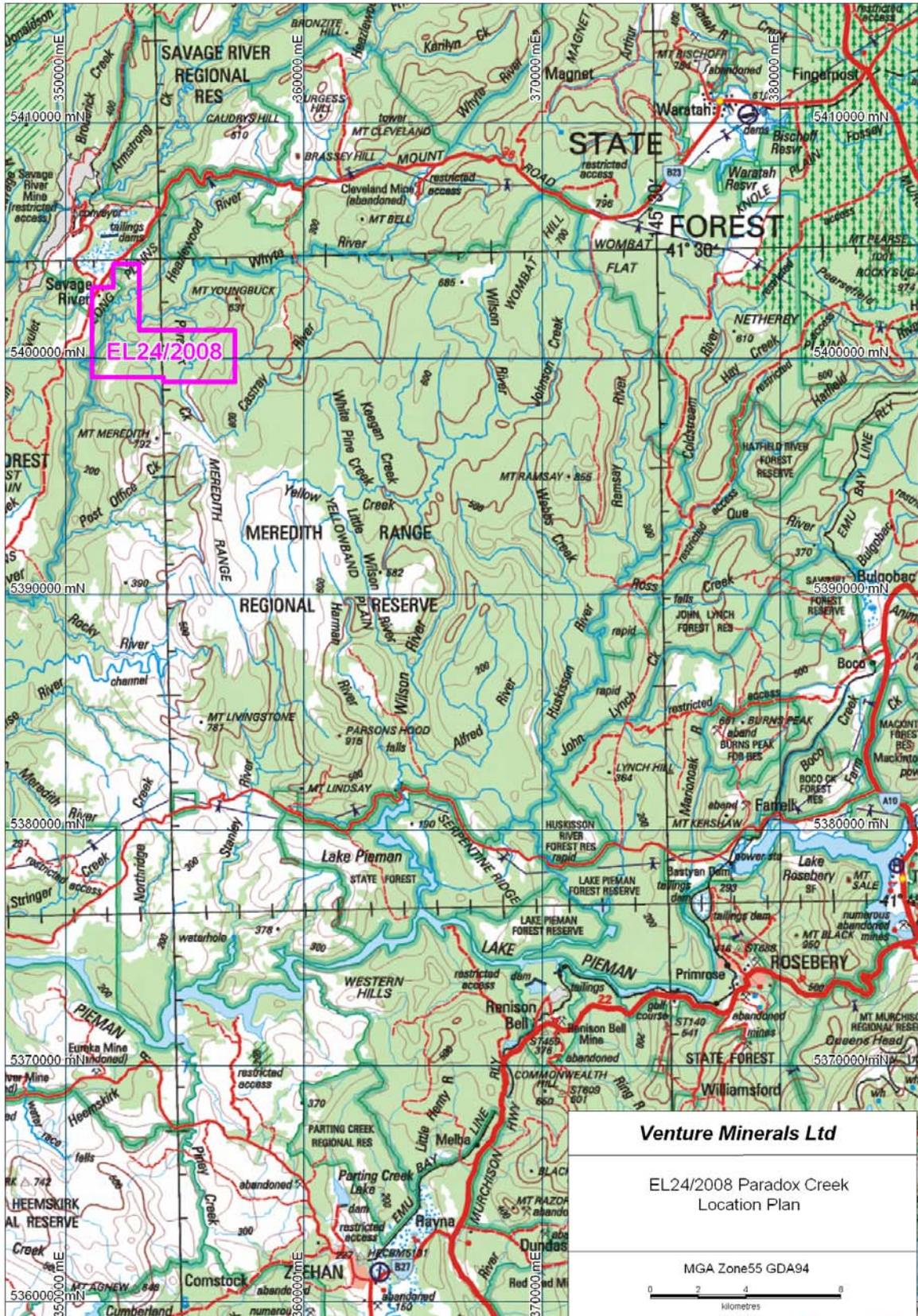


Figure 1: Location Plan

4 Exploration and Mining History

The western and northern peripheries of the area now covered by EL24/2008 received cursory examination by Australia and New Zealand Exploration Company (“ANZECO”) and Industrial and Mining Investigations (“IMI”) in the 1970s and 1980s. Both ANZECO and IMI collected stream sediment samples from the unnamed creek draining from the east into the Whyte River approx. 500 m downstream of the Whyte Heazlewood confluence. ANZECO obtained a heavy mineral sample from the mouth of the unnamed creek which returned 250 ppm W and 50 ppm Sn. This was not particularly anomalous amongst ANZECO’s samples from the Whyte – Castray rivers area. IMI took 5 samples from various locations up the same unnamed creek, returning a best result of 4 ppm Sn and 35 ppm Cu which are not considered anomalous. Tungsten for all 5 samples was below the 10 ppm detection limit.

Aberfoyle’s EL16/78 included Paradox Creek but they do not appear to have done any significant work within the current licence area. Aberfoyle’s work immediately to the north of EL24/2008 successfully identified the weakly Sn and W mineralised Mt Youngbuck skarn within what they describe as a “volcolithic” sedimentary sequence similar to that Crimson Creek Formation at Mt Lindsay and Renison. Massive magnetite was observed at surface and two diamond core holes (MY-1 and MY-2) were drilled at Mt Youngbuck by Aberfoyle in 1982. A magnetite–amphibole skarn up to c. 36 m thick bearing minor scheelite was intersected, along with garnet skarn. Assays returned up to 2 m at 0.4% WO₃ from 50.5–52.5 m in MY-2. Aberfoyle abandoned the area in the mid 1980s and there does not appear to have been any significant exploration of the area now covered by EL24/2008 since then.

5 2009-2010 Anniversary Year Exploration Activities

Venture’s exploration activities were greatly reduced in 2009 because of limited funding following the global financial crisis of October 2008. Regional exploration resumed in the summer of 2010 but available resources were focused on the core Mt Lindsay area and it was unfortunately too late to conduct a significant field program within EL24/2008. Nevertheless, activities during the 2010 anniversary year included a review of historic geological mapping and reinterpretation in conjunction with aeromagnetic and airborne imagery and results of Venture’s mapping in the adjacent Whyte River – Contact Creek area, mapping in the Whyte River gorge and reconnaissance of the same area to assess logistics of accessing the identified skarn targets within the Oonah and Success Creek Gp adjacent to the Meredith Granite.

From west to east EL24/2008 is underlain by Keith Schist or correlates, Oonah Formation (c. 1200 m thick), 500 m of meta-sedimentary rocks currently interpreted to belong to the Success Creek Group, a narrow wedge of the Crimson Creek Formation, and finally the Meredith Granite (Figure 2). This interpretation is based on a combination of historic and Venture mapping immediately to the north of EL24/2008, aeromagnetic and airborne EM imagery, and preliminary inspection of tributaries to the Whyte River within

EL24/2008, and needs to be validated by a mapping and sampling campaign in the target area adjacent to the Meredith Granite.

Both Aberfoyle and Venture mapping in the Contact Creek – Whyte River area immediately to the north of EL24/2008 shows a considerable thickness (>2000 m) of quartz-poor intermediate to mafic volcanogenic siltstones, sandstones, grits and pebble conglomerates assignable to the Crimson Creek Fm. The Early Cambrian Crimson Creek Formation in the Mt Lindsay area c. 20 km to the south on the opposite side of the Meredith Granite comprises mainly thin to thick bedded dark green grey quartz-poor volcanogenic sandstones, siltstones and mudstones with scattered horizons of laminated to thin bedded calcareous grits, sandstones, mudstones, mud chip conglomerates and ?tuffites, and rare tholeiitic basalt flows and dolerite sills. Interpretation of aeromagnetic and airborne EM imagery suggests that a sliver of the Crimson Creek Fm may extend into the northern edge of EL24/2008 before being stopped out by the Meredith Granite, but this needs to be verified by mapping.

Interpretation of the Success Creek Gp as shown on Figure 2 is based on a geophysical signature and stratigraphic position closely comparable to the Success Creek Gp in the Stanley River – Mt Lindsay area. The Neoproterozoic – Early Cambrian Success Creek Group is not as conspicuously deformed as the Oonah Formation, and four formations are generally recognised, comprising a basal conglomerate with sandstone lenses, overlain by quartz sandstone with minor siltstone and conglomerate (Dalcoath Formation), then black mudstone, siltstone and minor quartz sandstone, and finally siliceous siltstone, red chert and mudstone with minor quartz sandstone, conglomerate and dolomite (Renison Bell Formation). In the Stanley River – Mt Lindsay area the Success Creek Gp comprises laminated to medium bedded quartz-wacke and dark grey siltstone, overlain by c. 100 m of dolomite, with minor quartz-wacke and siltstone and up to 50 m of polymict conglomerate with minor lithic sandstone and siltstone, then laminated to thin bedded reddish mudstone, siltstone and grey ?tuffaceous sandstone. Aberfoyle's 101/102B EM anomaly in the Whyte River immediately north of EL24/2008 was described as comprising graphitic black shales, grey shales, rare quartzite, massive basic volcanic and laminated green and purple shales and siltstones (Joyce 1981). Joyce (1981) noted that such lithologies were very similar to those observed in Cambrian sediments to the east and north but still referred the anomaly to the Proterozoic "Whyte Schist Zone". The anomaly 101/102B lithologies are not compatible with the Crimson Creek Fm as known from Mt Lindsay, but could be compatible with the Success Creek Group. Float of red mudstone compatible with the Success Creek Gp was also observed by Venture personnel in creeks draining the appropriate horizon within EL24/2008.

This interpretation differs from that on the Geological Survey of Tasmania's Corinna 1:50,000 geological map sheet on which the Success Creek Gp and Crimson Creek Fm as shown on Figure 2 are mapped as the Pom and Poq facies respectively of Oonah Formation. Pom is described as dark grey siltstone and mudstone with minor chert, dolomite, conglomerate, lava and volcanic breccias, and Poq as quartzwacke with coarse detrital muscovite interbedded with siltstone, mudstone, dolomite and minor conglomerate. The Pom facies of the Oonah is mapped immediately beneath the Success Creek Gp east of the Stanley River on the Corinna sheet, and it appears quite likely that Pom and basal

Poq in the Whyte River – Contact Creek area includes previously unrecognised Success Creek Gp rocks.

Dolomite units within the Oonah and Success Creek groups and calcareous sandstones within the Crimson Creek Fm adjacent to the Meredith Granite are the targets for skarn hosted Sn, W and magnetite mineralisation. Carbonate units have not been mapped in the area but Venture's work in the Mt Lindsay – Stanley River area has shown that carbonates and distal skarn facies are typically topographically recessive and can require careful mapping to recognize.

Two topographically recessive north trending magnetic ridges are present adjacent to the Meredith Granite margin within EL24/2008 warrant detailed prospecting for carbonate and distal skarn alteration. The limited historic stream sediment sampling suggesting that skarn mineralisation if present does not extend to surface, but Venture's experience at Mt Lindsay has shown that economically significant Sn, W and magnetite mineralisation may be present within 50 m of surface without causing significant stream or soil anomalism.

Two stream sediment samples were collected during the course of logistics reconnaissance of the unnamed tributaries to the Whyte River around 352050mE 5401000mN (MGA Zone 55 GDA94) but did not return regionally anomalous results (historic sampling of these tributaries was similarly negative); locations and assays are given in Appendix A.

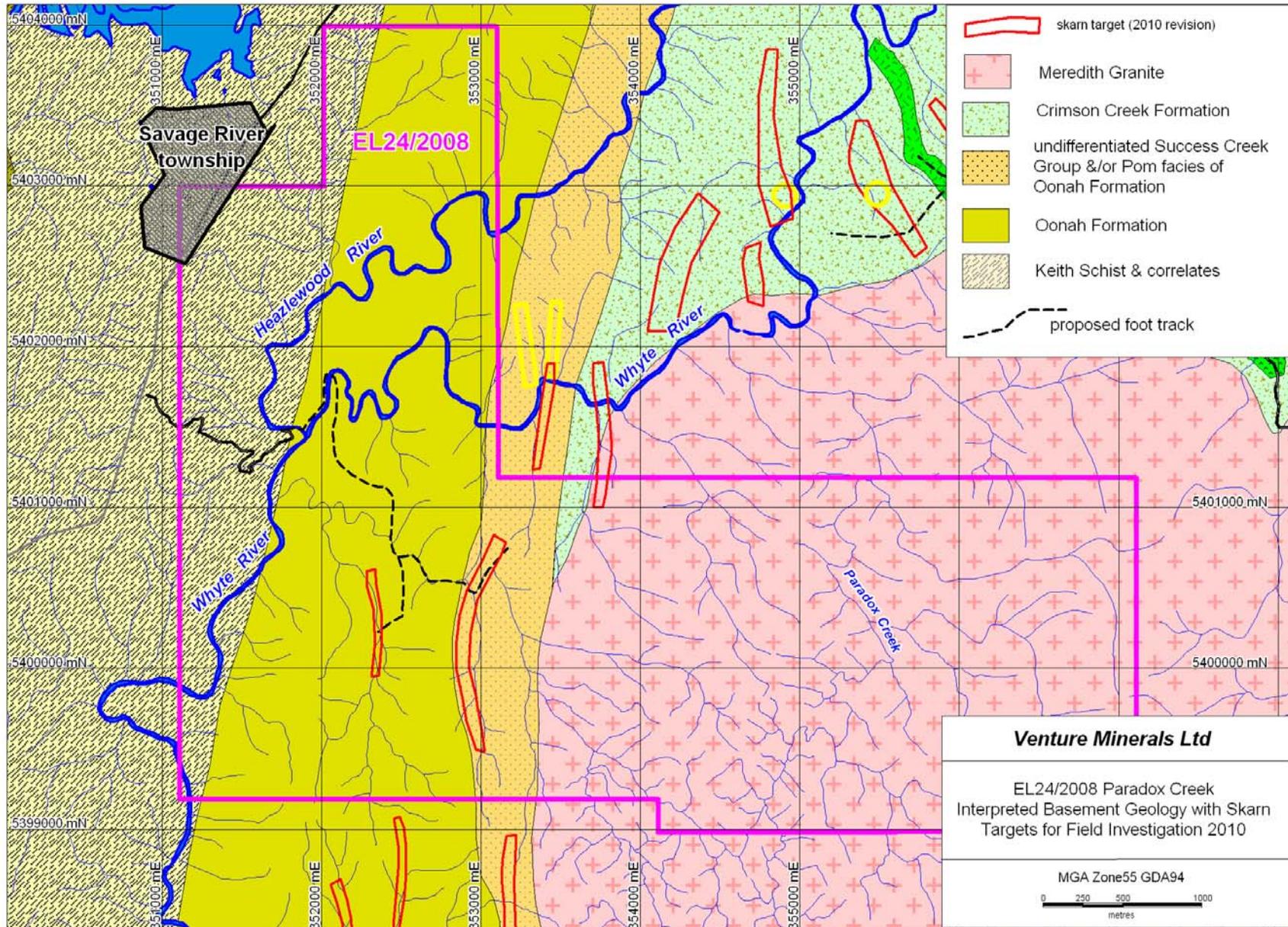


Figure 2. Interpreted Geology and Skarn Targets

6 Conclusions and Recommendations

Venture's regional exploration activities were greatly reduced in 2009-2010 because of funding limitations following the global financial crisis of late 2008. Nevertheless, activities during the 2010 anniversary year within EL24/2008 included a review and reinterpretation of historic geological mapping, mapping in the Whyte River gorge and reconnaissance of the same area to assess logistics associated with the proposed 2010 spring – summer field campaign covering selected skarn targets within the Oonah and Success Creek Gp adjacent to the Meredith Granite.

The most recent mapping and stream sediment sampling campaign in March 2010 was cut short by difficult terrain and bad weather. Application has been made to MRT to cut approx. 3.5 km of foot track from the Whyte River to gain access to skarn targets within EL24/2008 to conduct geological mapping, rock chip sampling, stream sediment sampling and, if warranted, soil sampling. The Whyte River and tributaries within EL24/2008 are deeply gorged and reconnaissance of the area showed that access to the geophysical targets for more than cursory inspection by following the Whyte River and tributaries is not feasible. A route into the target areas has been identified bypassing the deeply gorged parts of the Whyte River tributaries but vegetation is locally very dense and some track cutting is required to facilitate foot access.

Venture plans to conduct the track cutting on a campaign basis during the next 2-3 months to be ready for a 1 month geological mapping and geochemical sampling program in the spring of 2010. It is also hoped to include the area in a LIDAR survey planned for the latter part of 2010: a more detailed DTM would greatly benefit field logistics and geological interpretation. As part of the licence conditions (ex-ERA) Venture has committed to drill test any worthy targets within EL24/2008 by the end of the 2010/2011 summer field season.

7 Bibliography

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Appendix A

Stream Sediment Samples and Assays

