

SEL 18/2009 (Tunbridge)

Annual Report 2013-2014

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1. INTRODUCTION

Special Exploration Licence (SEL) 18/2009 (Category 1 minerals) was held by Mineral Ventures Pty Ltd (MVPL) which was a wholly-owned subsidiary of KUTH Energy Limited (KUTH). Geodynamics Limited (GDY) acquired KUTH in 2014 becoming the parent holding company for all current tenements held by MVPL. This Annual Report covers the period 13 May 2013 to 12 May 2014.

SEL 18/2009 is due to expire on 12 May 2015 and GDY has no further work program for this tenement. Geodynamics will submit surrender and final report documentation in unison with this annual report.

No field work has been undertaken on the licence area in the current licence year.

1.1 Tenement Status

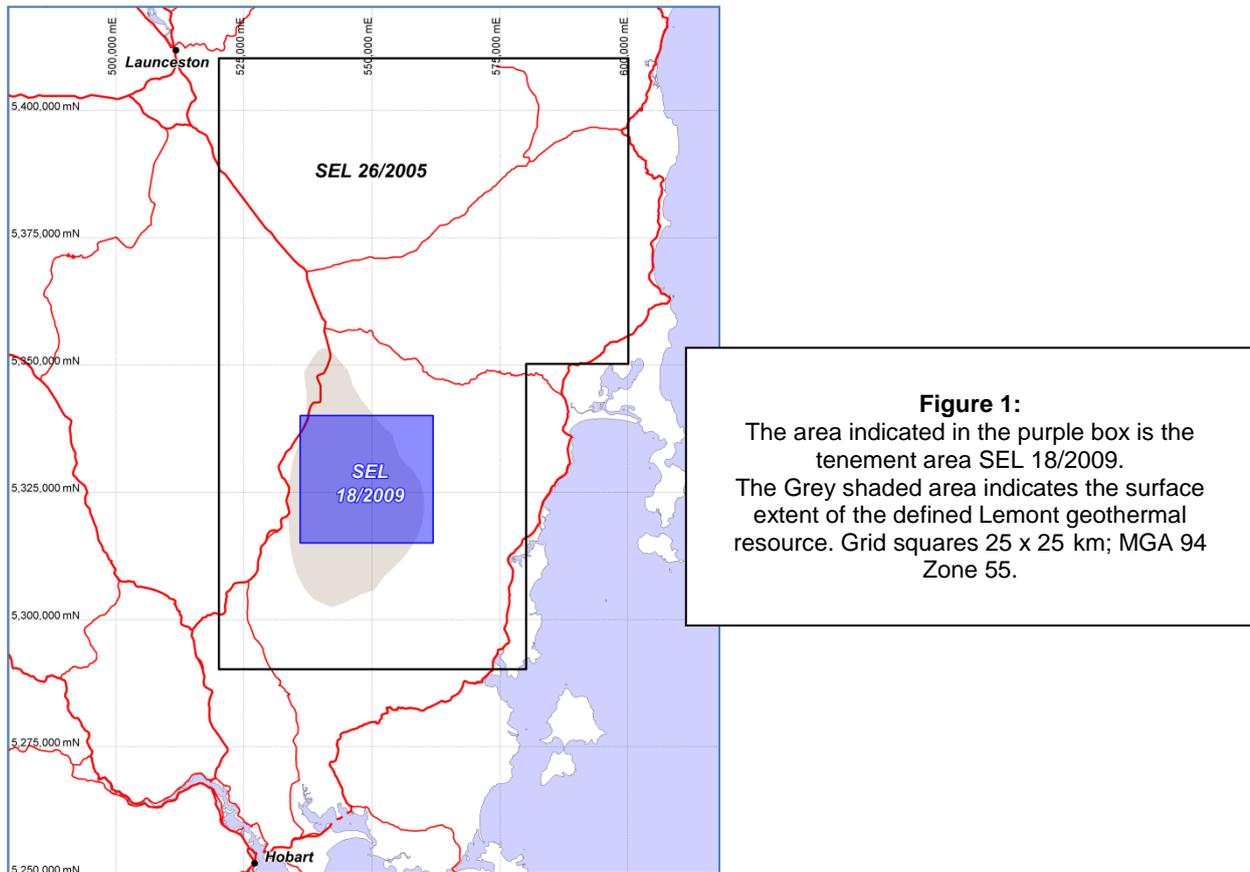
The tenement SEL 18/2009 was granted to MVPL for an initial period of five years to search for metallic minerals (Category Type 1) on 13 May 2010. Tenure details of SEL 18/2009 are tabulated below.

Tenement Type	SEL
Number	18/2009
Commodity	Minerals Category 1
Licensee	Mineral Ventures Pty Ltd
Operator	Geodynamics Limited (previously KUTH Energy Limited)
Area	648 km ²
Date Granted	13/05/2010
Expiry Date	12/05/2015

Table 1: Tenure details for SEL 18/2009

1.2 Location and access

SEL 18/2009 is located in the central Midlands area of Tasmania. Road access to the tenement is excellent via the Midlands Highway, a number of secondary roads and farm tracks.



1.3 Topography and vegetation

SEL 18/2009 is dominated by farmland comprising mainly pasture and broad-acre grazing.

1.4 Geological setting

Tasmania is divided into two basement terrains located in the west and east of the state (Figure 2). Distinguished by age, lithology and deformation, these two regions are 'believed to have been juxtaposed at a NNW trending dislocation' inferred to coincide with the Tamar Valley region in central Tasmania (Burrett & Martin, 1989). The Western Terrain comprises variably deformed and metamorphosed Pre-Cambrian basement, the now-deformed Cambrian volcanics and sediments of the Dundas Trough and Mt Read Volcanic Belt and the Ordovician-Silurian shelf sediments of the Wurrawina Supergroup. In the East, deformed low-grade meta-sediments of the Ordovician – Devonian Mathinna Supergroup comprise deep water turbidite deposits that are analogous to the ubiquitous Tasminide flysch of mainland eastern Australia. Similarities in the deformation and depositional style of the Mathinna Supergroup and mainland Tasminide units have led to numerous attempts to correlate the two, the Mathinna being compared variably to the Melbourne Trough and the Tabberabbera Zone of central and eastern Victoria (Powell & Baillie, 1992; Reed, 2001).

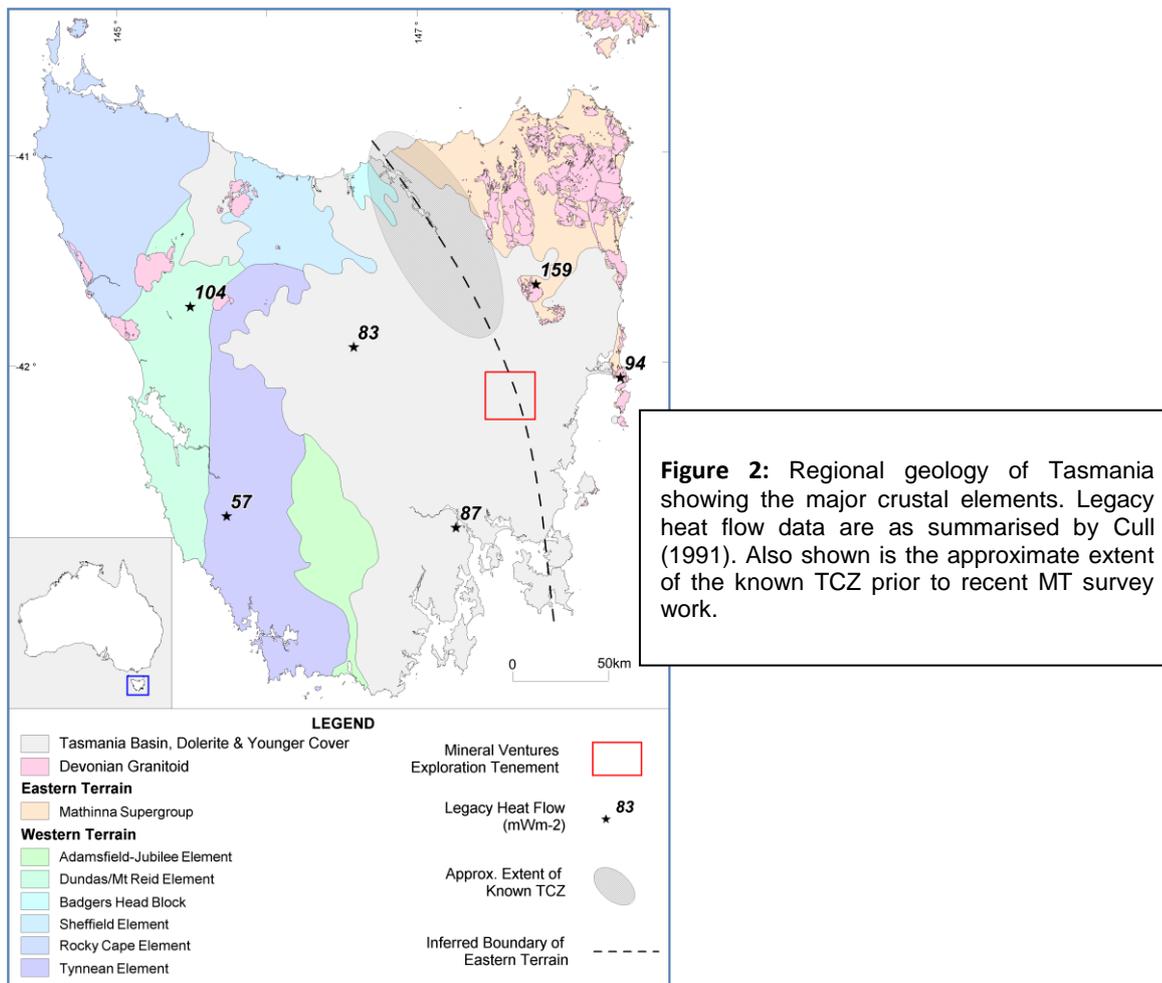


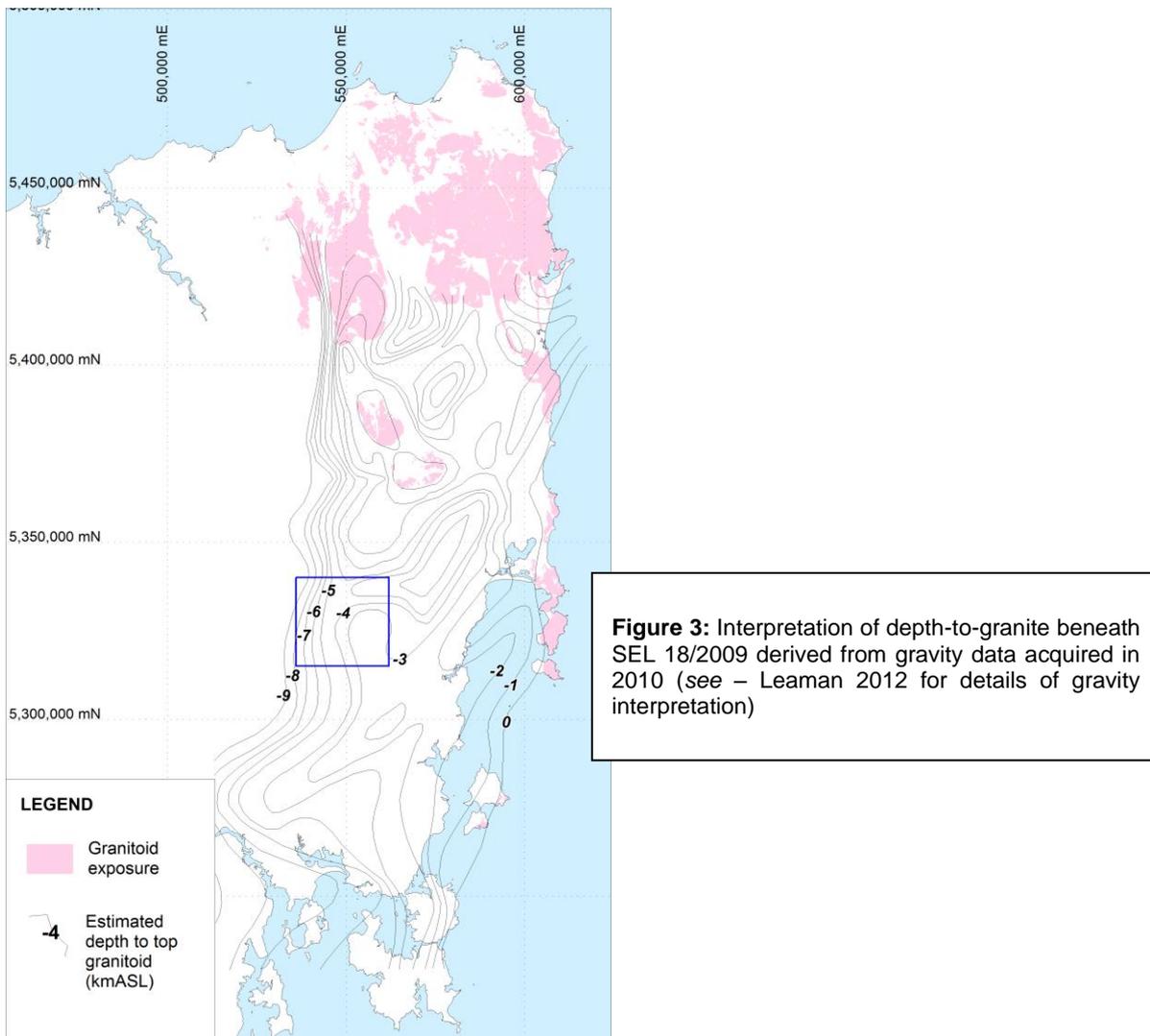
Figure 2: Regional geology of Tasmania showing the major crustal elements. Legacy heat flow data are as summarised by Cull (1991). Also shown is the approximate extent of the known TCZ prior to recent MT survey work.

Across much of the state, basement is concealed by up to 1 km of flat-lying Permian-Triassic sediments of the Tasmania Basin and the extensive, thick (>300 m) Jurassic dolerite sills which intruded these during Gondwana break-up. Mesozoic and Tertiary cover, including extensive dolerite, shale, silt and some coal formations, totally obscure the contact between the Pre-Cambrian Western and Palaeozoic Eastern terrains. The presence of this thick cover across the Eastern Midlands has significantly impacted on the level of mineral exploration that has been undertaken in this area.

Both Western and Eastern Terrains host Devonian granite, the most extensive intrusions being the slightly older batholiths in the East (Burrett & Martin, 1989). Exposures of Devonian-aged granite in the far north-east of the state are known to include highly-fractionated high-heat-producing (HHP) granites as part of three major suites (Figure 2; Burrett & Martin 1989). Significant gold and tin mineralisation is observed in association with these exposures. To the south and west of this area, granite plunges beneath cover which potentially provides the insulation necessary for a classic Hot Dry Rock or Enhanced Geothermal System (EGS) target. Complicating this picture is the presence of a known electrical conductivity anomaly observed in the northern Tamar Valley area and referred to as the Tamar Conductivity Zone (TCZ) (Figure 2; Hermanto, 1992). Coinciding broadly with the boundary of the East and West terrains, the TCZ has been interpreted as an indicator of fluid in fractured permeable zones (Hermanto, 1992). Intersection between the TCZ and buried HHP granites may thus imply the presence of an existing fracture-permeable geothermal system in Eastern Tasmania. Areas associated with deep fluid permeable fracture zones, both modern and fossil, represent valid mineral exploration targets.

2. PREVIOUS EXPLORATION

There has been no work carried out specifically focussed on SEL18/2009. KUTH, as the parent holding company for MVPL, has had a primary focus on SEL 26/2005 which incorporates the area covered by this tenement. A detailed account of relevant exploration conducted by KUTH across the area defined by SEL 26/2005, including shallow drilling, seismic surveys, magnetotelluric, gravity and magnetic surveys is provided in the licence Annual Reports 2008 – 2012 submitted by KUTH. Information derived from these surveys indicated the presence of a large electrically conductive anomaly, potentially an equivalent of the Tamar Conductivity Zone, within the vicinity of SEL 18/2009. Interpretation of gravity data, including stations acquired across the tenement by KUTH in 2010 indicates the presence of granite intrusives at depth beneath the tenement (Figure 2; Leaman 2012). A deep geothermal/mineral drill target was identified in this area (see - SEL 26/2005 Annual Report 2011).



3. ENVIRONMENT

There are no outstanding environmental or rehabilitation issues across SEL 18/2009.

4. EXPENDITURE

Details of expenditure on SEL 18/2009 in the year 2013 - 2014 are captured in Table 2 below.

SEL 18/2009	Expenditure \$
Geoscience Costs	
Geology	1290.01
Geochemistry	
Geophysics	
Remote Sensing	
Drilling & Gridding	
Gridding	
Drilling	
Land Access Costs	
Rehabilitation Costs	
Feasibility Study Costs	
Other Costs	
Tenement Rental	4000.00
Scientific Paper	24.57
Administration / Report Collation	4000.00
TOTAL	\$9314.58
TOTAL ALL YEARS	89,013.00

Table 2: Expenditure in SEL18/2009 in the Licence Year 2013 - 2014.

5. CONCLUSION AND RECOMMENDATIONS

Mineral exploration in SEL 18/2009 was incidental to geothermal exploration in SEL 26/2005 within which it lies. Any exploratory work to be undertaken on SEL 18/2009 by MVPL was dependent upon a broader program of geothermal exploration undertaken by KUTh on its overlapping tenement SEL 26/2005. Work completed to date on SEL 26/2005 led to the identification of a significant deep drill target in the vicinity of the Lemont area. This target, which was identified as a geothermal resource, is considered to have coincident exploratory potential for metallic minerals (gold). A deep drilling program was developed by KUTh for the Lemont geothermal target but progress was dependent upon success of a grant application at Lemont which did not eventuate. As the deep drilling program did not proceed, the nature and distribution of any mineralisation could not be determined.

Gold exploration does not form part of GDY's strategy and GDY does not plan to pursue the deep drilling program. Consequently, GDY, as the parent holding company for MVPL, seeks to surrender SEL 18/2009.

6. REFERENCES

Below is a list of documents referenced in the previous Annual Reports submitted to MRT:

Burrett, C.F. and E.L. Martin (eds). 1989 Geology and Mineral Resources of Tasmania, Special Publication Geological Society of Australia, 15.

Cull, J.P. 1991. Heat Flow and Regional Geophysics in Australia, in Terrestrial Heat Flow and the Lithosphere Structure, Cermak, V. and Rybach, L. (Eds), Springer-Verlag, 486-500.

Hermanto, M.R. 1990. Magnetotelluric Investigations of the Tamar Lineament, University of Tasmania, PhD Thesis, unpublished

Leaman, D. 2012. An interpretation of the granitoid rocks of eastern Tasmania. Mineral Resources Tasmania, Geophysics Contractor Report 2012/01

Mernagh, T.P. et al. (1994) Chemistry of low-temperature hydrothermal gold, platinum, and palladium (+ or - uranium) mineralization at Coronation Hill, Northern Territory, Australia. Economic Geology, 89 (5), 1053-1073.

Holgate, F. and Goh, H. (2010) SEL 26/2005 (Fourth Annual Report) & SEL 45/2007 (Third Annual Report) 8th July 2009 to the 7th July 2010. Company report submitted to Mineral Resources Tasmania, unpublished.

Annual Report & Quarterly Return submissions:

- Holgate, F (2011) SEL 18/2009 Annual Report (2010 - 2012). Submitted to MRT.
- Holgate, F. (2012) SEL 18/2009 Annual Report (2011 - 2012). Submitted to MRT.
- Holgate, F. (2013) SEL 18/2009 Annual Report (2012 - 2013). Submitted to MRT.
- Quarterly Returns submitted to MRT (2010 - 2013) by KUTh Energy Limited.
- Quarterly Return submitted to MRT (2014 - Quarter 1) by GDY.