

SEDIMENTARY HOLDINGS LTD

IN JOINT VENTURE
WITH

NORTHWEST BAY COY PTY LTD

MICROFILMED
FICHE No.013662-

**EXPLORATION LICENCES
11/84 & 3/94**

WELD RIVER

COMBINED ANNUAL REPORT

FOR THE PERIOD ENDED SEPTEMBER 1995

95-3747

TG SUMMONS

JULY 1995

SEDIMENTARY HOLDINGS LTD
6TH FLOOR
411 COLLINS ST
MELBOURNE
VIC 3000

EL3/94

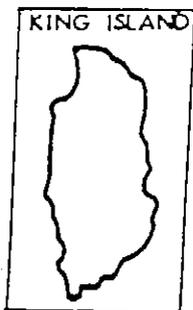
EL11/84

SEARCHED	
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29 JUL 1995	
EXC. REF.	
CLASS.	DATE
EL3/94	SEE FOLIO 25
EL11/84	SEE FOLIO 35

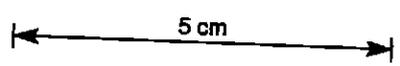
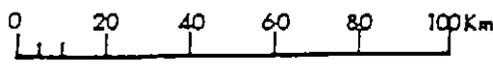
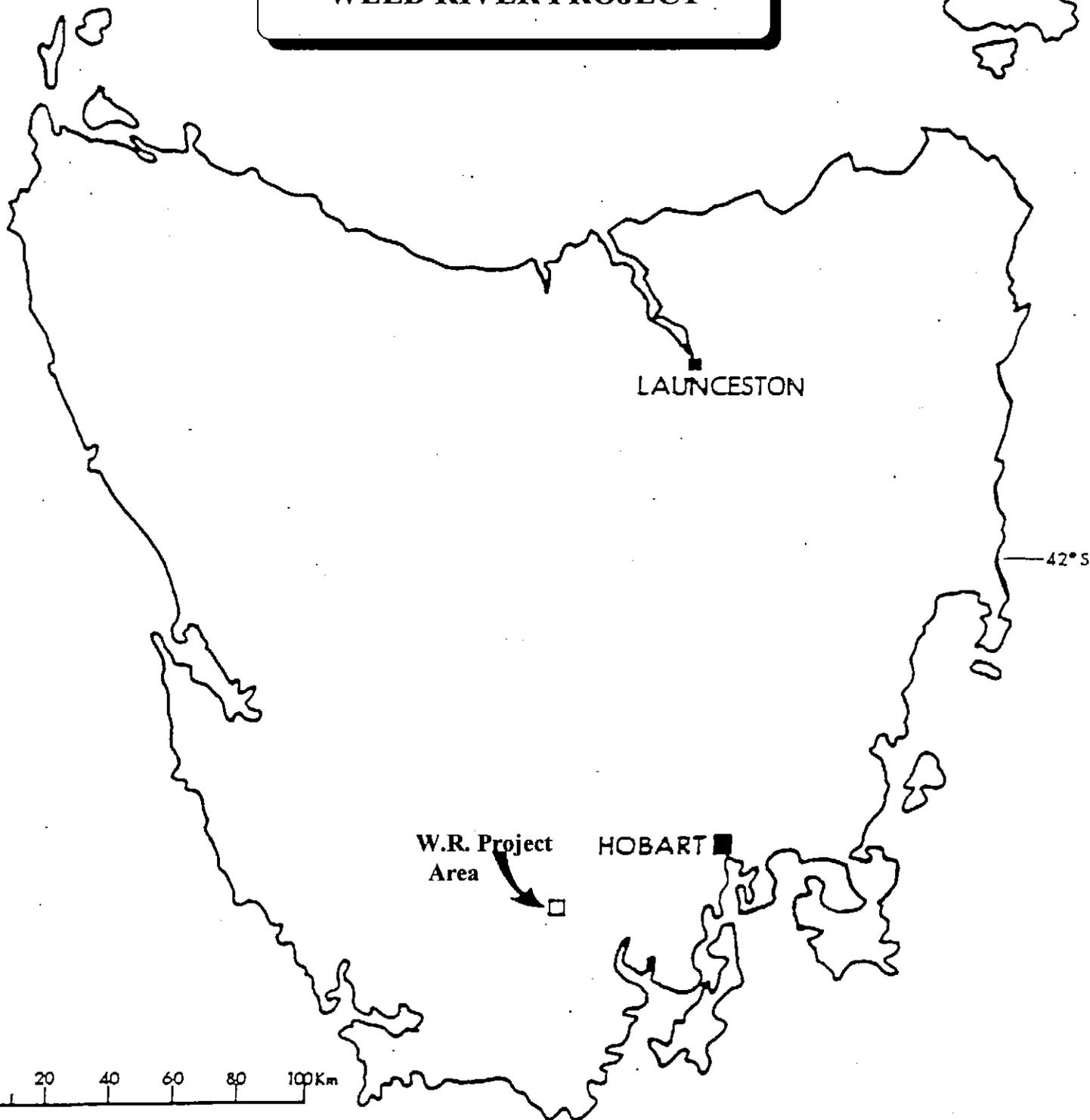
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SEDIMENTARY HOLDINGS LIMITED
WELD RIVER PROJECT



EL's 11/84 & 3/94 Location Map

AMG REFERENCE POINTS ADDED

AMG
485001E,
5232001N

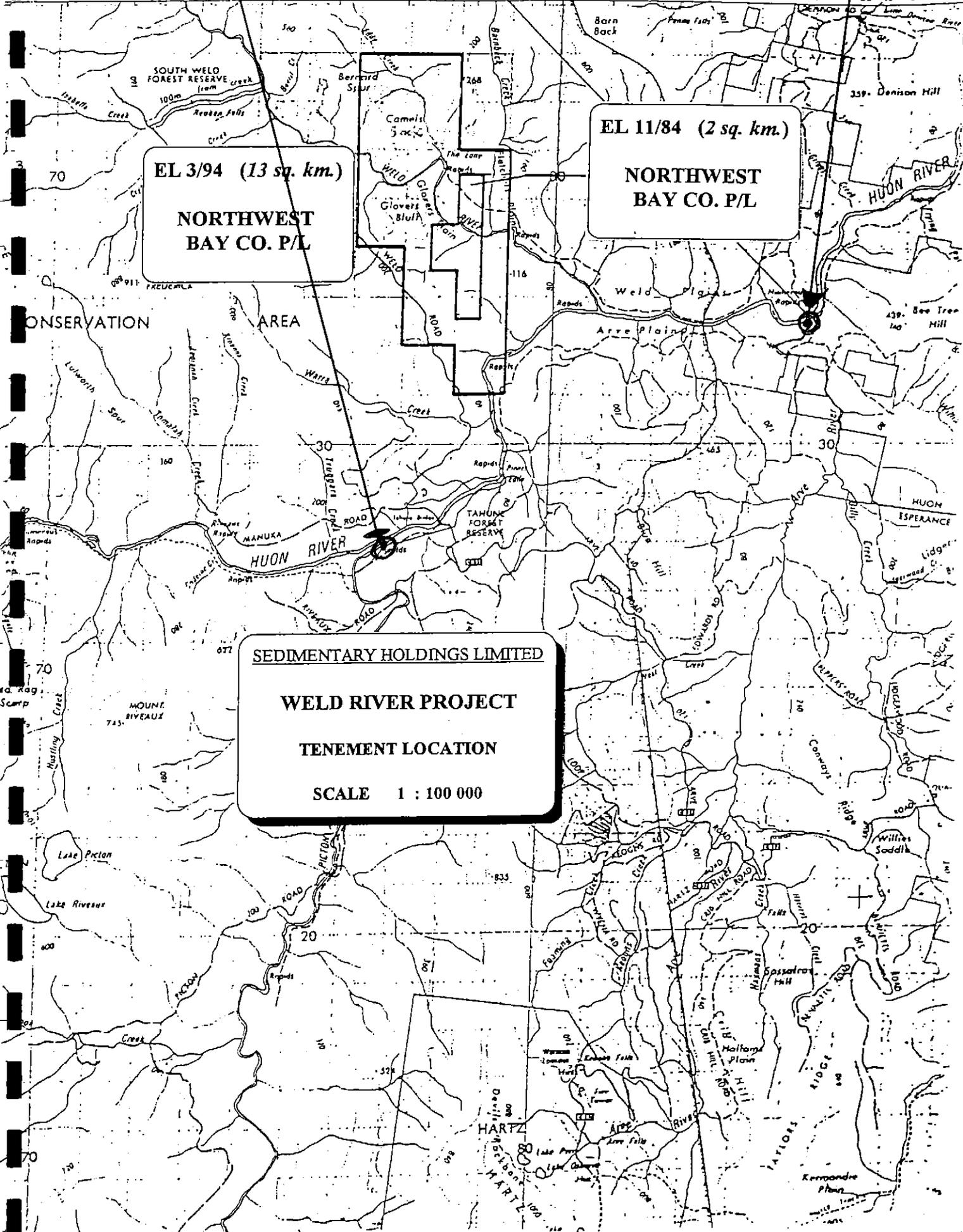
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AMG
476080E,
5280080N.

HUON 307004

LAND TENURE INDEX SERIES

70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87



EL 3/94 (13 sq. km.)
NORTHWEST
BAY CO. P/L

EL 11/84 (2 sq. km.)
NORTHWEST
BAY CO. P/L

SEDIMENTARY HOLDINGS LIMITED
WELD RIVER PROJECT
TENEMENT LOCATION
SCALE 1 : 100 000

CONSERVATION

AREA

SEDIMENTARY HOLDINGS LIMITED

WELD RIVER PROJECT

TENEMENT LOCATION

SCALE 1 : 100 000

HARTZ

HARTZ

HARTZ

HARTZ

1. INTRODUCTION

1.1. Location

The Weld River Gold Prospect is situated 50 km WSW of Hobart in southern Tasmania, and can be accessed via either Geeveston or Huonville.

The area is bisected by the Weld River, and is located about 2 km upstream of the Weld River-Huon River confluence.

1.2. Exploration Philosophy and Objectives

The virgin discovery of gold mineralisation by TG Summons and MC Forster in the area has prompted the former to investigate the nature of that mineralisation intermittently over a number of years.

In general, the combination of regional linears, evidence for elevated heat flow in the late Mesozoic, and associated gold mineralisation, means that inlier-type exposures such as that on the lower Weld River warrant evaluation.

The available evidence compiled for the area indicates the potential for an impressive variety of gold mineralisation styles, including:

-Skarn type.....thermal alteration of dolomite;

-Sediment hostedreplacement [decalcification & silicification] of dolomitic sediments;

-Porphyry-related, low sulphidation type [eg epithermal/mesothermal conditions].

The fluid inclusion and oxygen isotope studies completed to date indicate that silicification is epithermal in character, and has resulted from a low salinity-moderate temperature fluid derived from the mixing of magmatic and meteoric fluids.

The objective for Sedimentary Holdings is to fully evaluate the area in terms of the models of metalliferous mineralisation outlined above. Furthermore, the close association of talc and marble with the precious metal mineralisation will facilitate the appraisal of these industrial minerals.

1.3. History

The earliest record of prospecting in the area details the granting of a Reward Lease for nickel and cobalt in 1917, and followed by the issue of a further Reward Lease to another party for platinumoids (osmiridium) in 1928.

In 1968 prospector and entrepreneur MC Forster sampled the quartzite deposit at Glovers Bluff, and subsequently took out a variety of titles (SPL'S and ML's) in the area; eventually, after persistent attempts to develop the silica resource, it was trial mined in the late 1980's as a silica feedstock for the refurbished smelter at Electrona. Some of the evaluation work on the silica resource was done by Summons Geoservices P/L, and in 1985, Forster and Summons recognised highly altered ultramafic rocks in EL 11/84 which were found to contain gold mineralisation.

Forster entered a joint venture with Metals Exploration Ltd during 1987, with the primary intention of exploring the nickel and platinoid potential in the area; this work involved gridding and bedrock geochemical sampling, with the result that anomalous gold (0.59 g/t) and arsenic (1180 ppm) were identified in a silicified quartzite/chert. Metals Exploration withdrew in 1989 as result of rationalisation of exploration strategy and expenditure when it was taken over by Dallhold Resources P/L [Alan Bond].

Forster subsequently entered in to an option agreement with Pegasus Gold Australia Ltd from 1989 to 1990 to further evaluate the gold mineralisation; this work consisted of shallow drilling, both core and reverse circulation, and obtained very encouraging results (eg 20m @ 0.80 gAu/t). These results were not followed up as Pegasus had decided to cease exploration in Australia.

The nickel/PGE/gold exploration work had also indicated the presence of talc, marble, diopside, wollastonite and jade, which Forster fervently considered to have the greater potential, and he continued to sample and promote these materials until his death in mid November 1994.

2. TENEMENT DETAILS

The property is comprised of two contiguous Exploration Licences [EL 3/94 & EL 11/84], respectively covering 13 sqr km and 2 sqr km. The area is within the South West Conservation Area - State Forest, in which both logging and mining activities are permitted.

EL 3/94 was granted on the 19th August 1994 for a period of up to ten years, and EL 11/84 was extended for two years until the 27th September 1996.

EL 11/84 was the subject of a Retention Licence Application (RL 9402, 2 sqr km), and which was eventually refused by the Department of Mineral Resources [refer section on Work Completed].

3. PREVIOUS EXPLORATION

The record of previous exploration was summarised in the earlier section on History [1.2.], and the following information is a summary of the geological results obtained from several programs of exploration.

3.1 Lithologies

The Weld River inlier consists of pre Cambrian and Cambrian age sedimentary, volcanic and intrusive rocks, unconformably overlain by Permian age tillite/conglomerate and intruded by Jurassic age dolerites.

The sediments consist of quartzite, dolomite, greywacke and volcanoclastic conglomerate, interbedded with rhyolitic and basaltic volcanics, the latter being similar to other low Ti basalts in western Tasmania; ultramafic rock types have been intruded in to the above sequence, and there is indirect evidence of a younger (?felsic) porphyry type intrusive at depth.

3.2. Alteration

The prospect area is characterised by several alteration events, including:

- serpentinisation and steatitisation of the ultramafics;
- skarn alteration of the dolomite (recrystallisation ranging from diopside/tremolite to marble);
- propylitic and sericitic alteration of the volcanics;
- potassic alteration of the basalts (suggestive of an aureole to a felsic intrusive);
- sulphidation (pyrite replacing magnetite) of the basalts;
- silicification, local carbonation and ? argillic alteration of all lithologies.

The general alteration paragenesis appears to have been;

- Not Present*
- *propylitic > adularia/chlorite > sericite > pyrite > silicification/brecciation.*

Adularia and chalcedony occur in both veins and vesicles in the rhyolites, while silicification of unknown precursor rocks has occurred in several stages:

- early silicification resulted in chert/jasperoid, which, after brecciation was cut by
- late silicification of quartz stringers and coarse quartz crystals in vugs.

Petrographic, fluid inclusion and oxygen isotope studies on the silicified rocks indicate that some of the silicification resulted from a low salinity (1 wt % NaCl), low CO₂, moderate temperature (254° - 281°C) fluid, which has partly replaced an earlier carbonate phase.

These results are significant, and indicate that the gold mineralisation studied to date has an *epithermal/mesothermal* character, and to have been associated with a fluid derived from the mixing of hydrothermal and meteoric fluids.

3.3. Mineralisation

3.3.1. Industrial Minerals

As indicated earlier, the property has a variety of industrial minerals, including silica, talc, marble and jade. The most detailed investigations have been made on the silica resources represented by the orthoquartzites comprising Glovers Bluff and Pyramid Hill.

Part of Glovers Bluff was bulk sampled in the late 1980's, and taken to the Pioneer-Pechiney owned smelter at Electrona for metallurgical trials, where it is understood to have performed satisfactorily during smelting. However, this high grade silica was seen to be a function of surface enrichment [due to leaching by organic acids], and the un-leached quartzite was eventually shown to contain unacceptable levels of Al₂O₃, Fe₂O₃ etc.

A similar leach/enrichment phenomenon pertained at Pyramid Hill, except that the thinly interbedded nature of the sandstone-siltstone sequence there appeared less amenable to deep leaching [natural beneficiation].

Talc samples have been submitted for testing by various companies [including WMC, Gwalia Resources], with initial results indicating unacceptable staining by surface fluids in the pedolith.

3.3.2. Nickel and Platinoids

The nickel anomalism in the area has never been fully explained; values up to 0.94% Ni and elevated Co were obtained in drill samples from part of the ultramafic group, and elevated platinoids were seen in association with chromite type spinels in surface samples.

3.3.3. Gold

The gold mineralisation in the property occurs in a range of rock types including talc schist (0.28 g/t), carbonaceous clay (0.34 g/t), colloform limonite (2.16 g/t) and siliceous breccia (0.38 g/t). The gold appears associated with elevated As, Pb (+/- Sb, Bi, Ni, Cr), as exemplified by samples of pyritic blue coloured siliceous breccia with 1050 ppm As, 360 ppm Pb, 14 ppm Bi and 14 ppm Sb.

Bedrock geochemical sampling outlined two zones of elevated gold values (> 0.10 g/t), which are 900m long and 50-150 m in width on the south bank of the Weld River, and 300m long and 100m wide on the north bank. Elevated arsenic (> 100ppm), partly coincident with the anomalous gold, occurs discontinuously over an interval 2000m long and up to 250m in width.

Reverse circulation drilling of some of the bedrock gold anomalies by Pegasus returned the following results:

BC1 : 14m @ 0.43 gAu/t, 38ppm As (incl 1m @ 5.3 gAu/t)
 BC2 : 7m @ 0.42 gAu/t, 10ppm As
 4m @ 0.26 gAu/t, 1gAg/t, 600ppm As
 BC5 : 10m @ 0.34 gAu/t, 1 g Ag/t, 2095ppm As (incl 1m @ 1.05 gAu/t, 5550ppm As)
 10m @ 0.21 gAu/t, 23ppm As
 BC7 : 20m @ 0.80 gAu/t, 2.5 gAg/t, 122ppm As (incl 7m @ 1.69 gAu/t, 160ppm As)
 BC8 : 5m @ 0.20 gAu/t, 241ppm As
 1m @ 0.39 gAu/t, 130ppm As

 BC9 : 5m @ 0.35 gAu/t, 55ppm As
 1m @ 0.63 gAu/t, 46ppm As
 1m @ 0.38 gAu/t, 1000ppm As
 BC11 : 4m @ 0.18 gAu/t, 195ppm As
 BC12 : 11m @ 0.22 gAu/t, 175ppm As
 BC13 : 5m @ 0.20 gAu/t, 52ppm As

The gross interval tested between BC1 and BC7/8 (on the south bank) was 300m in strike, and between BC9 and BC 11/12/13 (north bank) was also 300m in length.

4. WORK COMPLETED

The work completed by Mac Forster is unfortunately not well detailed, since he was in the habit of committing all ongoing activities to memory; it is known that he had been in contact with several parties regarding the development of the marble, talc and jade resources that exist in the property. It is believed that the companies approached included WMC and Gwalia Resources.

The work completed by Sedimentary has consisted of a review of previous exploration [refer Section 3], meetings with various consultants, and program formulation.

The company had intended to conduct preliminary field work on the property before the Winter of 1995, but various administrative matters delayed this plan. The main factors behind the delay in starting field work were due to the status and ownership of the tenements, as explained hereunder;

- EL 11/84 had been the subject of a Retention Licence Application [RL 9402], the processing and justification for which was complicated by Forster's death in November 1994.
- A further title complication arose from the fact that the Joint Venture was between Sedimentary and Northwest, and it was not until late April 1995 that the necessary transfers of title took place [ie from MC Forster to his widow HS Forster, in turn to Northwest Bay Coy P/L].
- Ultimately, the Approval for a Dealing was granted by the Minister for Mines in early May 1995, by which time it was too late to commence any major field activities.

5. EXPENDITURE

Expenditure on both Exploration Licences by Sedimentary is estimated to be as follows:

	\$
Salaries and wages	9000
Telephone and fax	180
Transfer fees	100
Administration overhead [15%]	1392
Total	10672

6. FUTURE EXPLORATION

The intended program of exploration will include line cutting and gridding, geological mapping, pit excavation [logging and sampling], and bedrock drilling.

The cost of this proposed work is estimated at about \$20,000.

Precise details about the location of these activities awaits on site appraisal, following which the appropriate [environmental impact etc] documentation can be completed.

The manager of the field program will be Consultant Geologist KC Morrison.