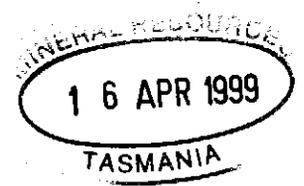


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Western Metals Resources Ltd  
Townsville Exploration Office

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MINERAL RESOURCES  
EL 4/96 PT 1.  
16 APR 1999  
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EL 4/96 HENTY RIVER  
TASMANIA

Progress Report for the Period  
May 1998 to April 1999

Volume 1 of 1

ANNUAL REPORT - EL 4/96  
HENTY RIVER - WESTERN  
METALS LTD-A HESPE

Reporting Period : May 1998 to April 1999

Compiled by

Tenements : EL 4/96, Tasmania

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Figure 2 Geology with Grid Line and TMI Soil Sampling Location

## 1.0 SUMMARY

In the last annual report (Richardson, 1998) a ground EM survey was proposed to cover Lower Tyndall Group correlates within the Henty Fault Wedge north of the Henty Adits.

During 1998 Western Metals Ltd completed a takeover of Aberfoyle Ltd. Exploration was interrupted and the EM survey was not completed.

In the next tenement year, completion of the ground EM survey is proposed.

An evaluation of the Henty Adits system for gold mineralisation in comparison with the Henty Mine will also be completed.

## 2.0 INTRODUCTION

Exploration Licence 4/96 - Henty River was granted to Aberfoyle Resources Ltd on 24 May 1996. During 1998 Western Metals Limited completed a takeover of Aberfoyle Limited and changed the name of Aberfoyle Resources Ltd to Western Metals Resources Ltd.

EL 4/96 is located 10 - 15 kilometres NNW of Queenstown. It covers 45 sq km of the Henty Gorge and western flanking plateau, east to the Anthony road and south west to the Murchison Highway

The tenement was acquired to explore for stratabound Zn/Pb Volcanic Hosted Massive Sulphide mineralisation within Tyndall Group correlates of the Henty Fault Wedge. Yolande River Sequence rocks to the east of the South Henty fault are not considered prospective for this type of mineralisation.

The Henty Adits mineralisation has broad similarities to the Henty Gold Mine. No systematic exploration for gold has been completed within the area of EL4/96 by Western Metals or previous explorers.

This report documents exploration on EL4/96 for the period May 24 1998 to April 12 1999

## 3.0 PREVIOUS EXPLORATION

Previous exploration by other companies over the area of EL 4/96 is summarised in Hicks (1997).

Detailed work by previous explorers has focussed on the Henty River adits prospect where galena-sphalerite disseminations and veins are hosted by andesitic volcanoclastics. In the early 1980's Mt. Lyell interpreted a resource of 1.5m.t. @ 6% Pb + Zn, from surface sampling and 5 diamond drill holes. Although re-mobilised by the South Henty Fault, mineralisation is interpreted as syngenetic (Meares, 1980) and has a Cambrian Pb-isotope signature (Hicks 1997). The immediate vicinity of the Henty River Fault adits has been intensively explored by drilling, IP, EM, mapping and rock chip sampling.

In the previous annual report (Richardson, 1998), results of a soil geochemical program over a regional grid north of the Henty Adits was reported. Results were considered equivocal but continued exploration using ground EM was recommended. None of the samples from the soil sampling program were analysed for gold.

Stratigraphic nomenclature used in this report is that of Poltock (1992); see Figure 2. He divided Tyndall Group correlates within the Henty Fault wedge, east of the ophiolite complex, into two sequences. The basal sequence, known as the Henty Adits sequence, comprises a lower andesitic siltstone 85m thick which hosts base metal mineralisation at Henty adits. The upper unit of the sequence consists of basaltic andesite lava and volcanoclastics around 250m thick. Overlying the Henty

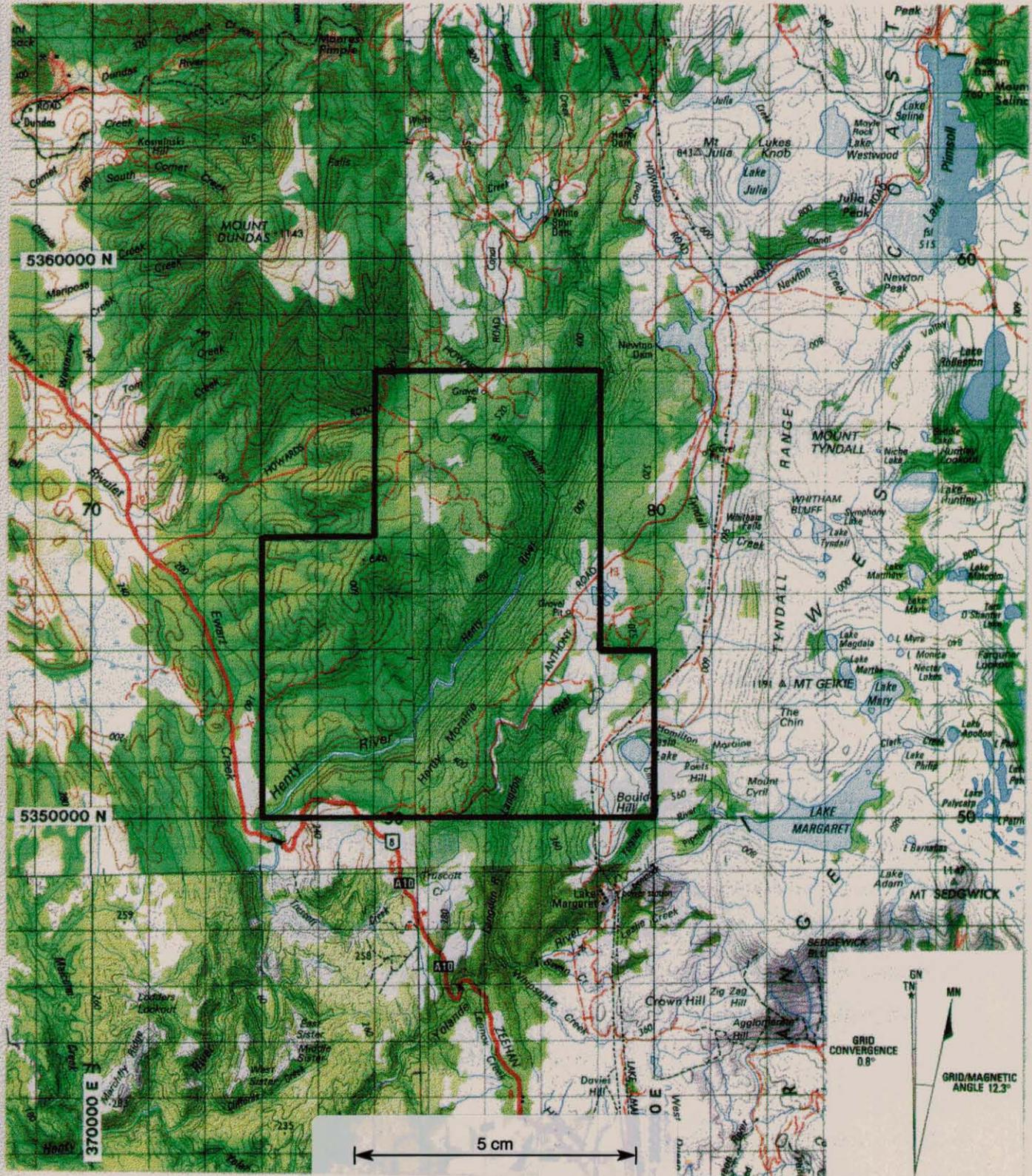


Figure 1

SCALE 1:100 000  
 1 centimetre represents 1 kilometre

# WESTERN METALS RESOURCES LIMITED

REVISIONS			
Init.	Date	Init.	Date

WESTERN TASMANIA  
**E.L.4/96 HENTY RIVER** 573004  
**LOCALITY PLAN**

Compiled :	RdeB
Drawn :	
Traced :	RdeB
Checked :	AMcN
Plate No. :	HNT1

Location Code :      Scale : 1:100000      Date : JUNE 1996

Adits sequence is the Halls Rivulet Track sequence; up to 1000m thick. The sequence comprises volcanogenic sandstone and siltstone hosting basaltic andesite lava, overlain by a thick unit of volcanoclastic wacke and conglomerate.

#### 4.0 WORK COMPLETED

In the last annual report (Richardson, 1998) a ground EM survey was proposed to cover Lower Tyndall Group correlates within the Henty Fault Wedge north of the Henty Adits. During 1998 Western Metals Ltd completed a takeover of Aberfoyle Ltd. Exploration was interrupted and the EM survey was not completed.

A review of the gold potential of the Henty Adits mineralisation and the extensions of its host horizon to the north was initiated.

The Henty Adits mineralisation has a similar setting to the Henty gold mine.

- both are hosted in Tyndall Group correlates and are adjacent to the Henty Fault.
- both deposits have Pb isotope signatures which relate primary mineralisation to a Cambrian hydrothermal event.
- deformation and remobilisation of sulphides related to the Henty Fault is described from Henty Adits (Meares 1980) and the Henty Mine where it has affected gold grades.

Meares (1980) is the most recent work on the Henty Adits mineralisation but this was completed well before the high Au values at Henty were discovered in 1984 (Callaghan et al 1998). Meares completed some sampling for Au and reports average grades of less than 0.1 ppm Au from 33 rock chip samples of the various Pb/Zn/Ag "lenses".

The readily identifiable indicators of gold mineralisation at Henty - massive silicification and jasperoidal cherts, pyrite/carbonate bands - are not described by Meares, although carbonate alteration is widespread.

However since no systematic work has been aimed at Henty style gold deposits further evaluation is justified. Initially, soil samples taken in the 1998 survey will be retrieved and analysed for gold with further follow up by prospecting and rock chip sampling dependent on results.

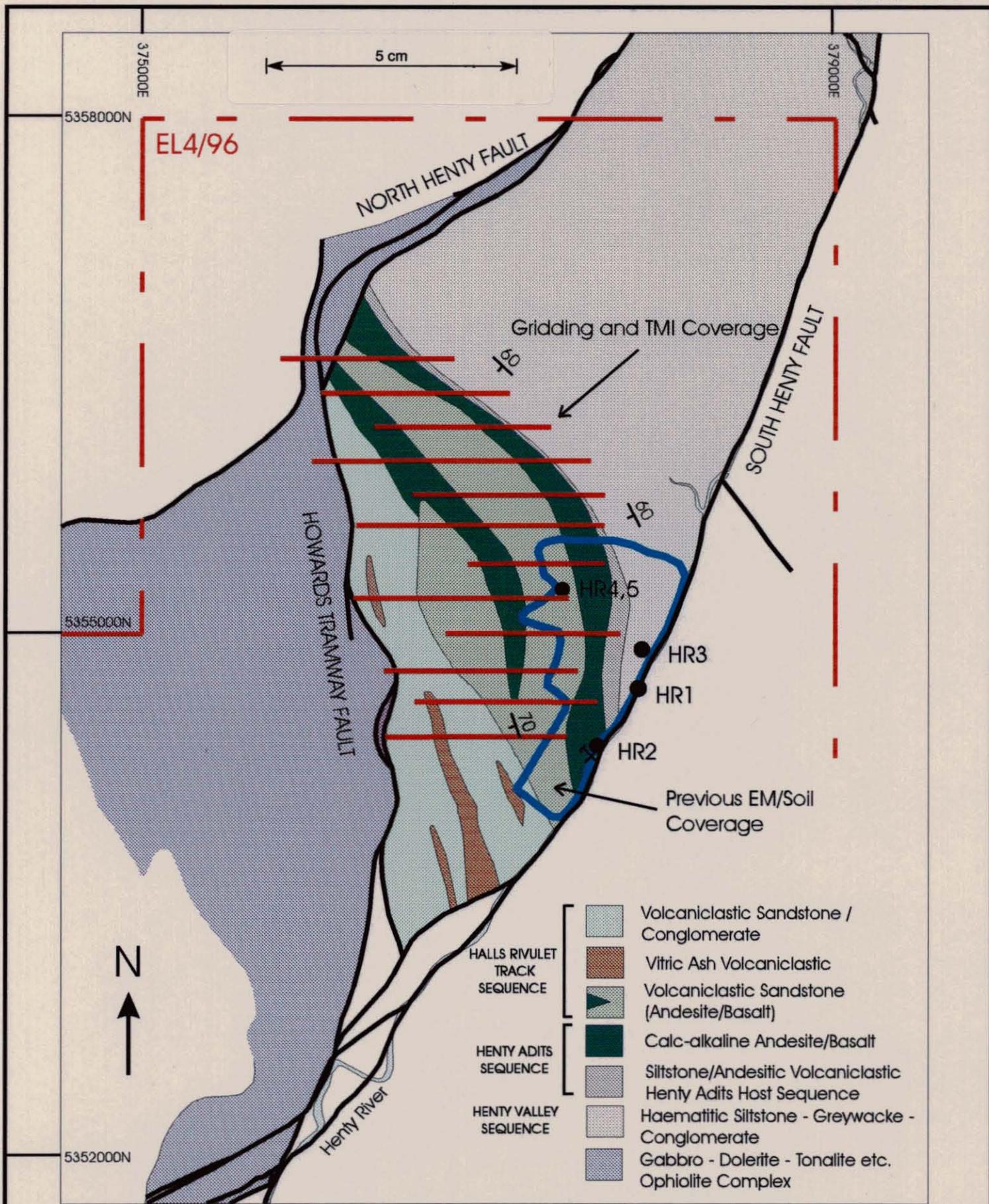


Figure 1

Scale  
1 Km

## Western Metals Resources Limited

Western Tasmania  
EL4/96 HENTY RIVER  
Henty Adits Prospect  
Gridding and TMI Soil Sampling

REVISIONS			
Init.	Date	Init.	Date

Location Code :

Scale : As Shown

Date : April 1998

Compiled : AMcN/SR

Drawn : RdeB

Checked : SR

File Name : C\_HNT2.cdr

Plate No. : Fig. 2

## 5.0 CONCLUSIONS

3

The ground EM survey proposed in the previous annual report was not completed due to delays caused by the takeover of Aberfoyle Ltd by Western Metals Ltd.

Completion of this survey is proposed for the next tenement year.

The Henty Adits mineralisation has similarities to the Henty Mine and has not been systematically explored for its gold potential. In the next tenement year, gold potential will be assessed by analysis of the 1998 soil samples for Au with follow up by prospecting and rock chip sampling..

**6.0 EXPENDITURE**

Expenditure on EL4/96 for the 11 month period 1/April/98 to 31/3/99 is shown in the attached table. Expenditure predominantly relates to work on evaluation of geochemical data completed in the last month of the previous tenement year. The expenditure statement in the previous annual report did not cover the last month of the tenement year.

**EL 4/96 HENTY RIVER****Expenditure 1/4/98 to 31/3/99**

Access Vehicles	875.00
Geochemistry Assays	-305.06
Geochemistry Salaries	3,720.00
Geology Fuel	62.00
Geology Materials	15.00
Geology Salaries	14,271.09
Geophysics Salaries	116.25
Other Services District Salaries	127.50
Tenure Salaries	234.75
Tenure Tenement Costs	675.00
<b>TOTAL</b>	<b>19,791.53</b>

## 7.0 REFERENCES

5

Hicks, D., 1997. EL 4/96 Henty, Tasmania. Progress Report for the Period April 1996 to April 1997. Aberfoyle Resources, Unpub. Rept./Henty 1

Meares, R.M.D., 1980. Geology, Mineralisation and Alteration of the Southern Henty Gorge Lead-Zinc Prospect, Western Tasmania, Unpub MSc.Thesis. James Cook University of North Queensland.

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Callaghan, T; Dunham, S and Edgar, W 1998 Henty Gold Deposits in *Geology of Australian and Papua New Guinean Mineral Deposits* (Eds: D A Berkman and D H McKenzic) pp473 - 480. The Australian Institute of Mining and Metallurgy: Melbourne)