MINERAL HOLDINGS AUSTRALIA PTY LTD

EXPLORATION LICENCE 14/2008
MONTAGU RIVER

REPORT ON EXPLORATION
FEBRUARY 2014 to FEBRUARY 2015

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ABSTRACT

EL 14/2008 was applied for on 17 January 2008 and granted to Mineral Holdings Australia Pty Ltd on 23 February 2009 for a period of 5 years, over an area of 226km$^2$ in north-west Tasmania. The Licence covers Category 5 Industrial Minerals and Semi-Precious Gemstones.

The Licence, along with EL12/2008 and EL13/2008, was applied to cover potential resources of dolomite, dolomitic limestone and limestone in the Smithton Dolomite and the underlying Black River Dolomite within the Smithton Basin of north-western Tasmania. The carbonate beds lie in poorly outcropping northerly trending zones over a series of broad synclines and anticlines. Strike extent of several of the fold limbs is in excess of 40km and thickness of the horizons can be upwards of 1200 metres. However the actual outcrop is very poor. The carbonate rock is easily dissolved down to the water table and the presence of Smithton Dolomite is usually marked by a broad flat plain with a thin black soil cover lying almost at the water table.

Detailed traversing of creeks roads and fence lines failed to locate any new outcrops of dolomite and 179km$^2$ of the Licence was relinquished in February 2013. The 47km$^2$ area surrounding the high-grade dolomite resource at Togari (RL10/1997) has been retained.

The dolomite within the Licence area is completely under cover and can only be tested by drilling. It is proposed to drill a line of four shallow drill holes to evaluate the dolomite to the north of the existing Togari resource.
1.0 INTRODUCTION

EL 14/2008 was applied for on 17 January 2008 and granted to Mineral Holdings Australia Pty Ltd (MHA) on 23 February 2009 for a period of 5 years, over an area of 226km² in north-west Tasmania. The Licence covers Category 5 Industrial Minerals and Semi-Precious Gemstones.

The Licence, along with EL12/2008 and EL13/2008, was applied to cover potential resources of dolomite, dolomitic limestone and limestone in the Smithton Dolomite and the underlying Black River Dolomite within the Smithton Basin of north-western Tasmania.

The carbonate horizon is from 700 to 1200 metres in thickness and is exposed in a series of broad open folds a number of times across the basin. However, the actual outcrop is very poor. The carbonate rock is easily dissolved down to the water table and the presence of Smithton Dolomite is usually marked by a broad flat plain with a thin black soil cover lying almost at the water table. Most of the dolomite exposures are restricted to drains that have been cut to drain the swampy areas underlain by the carbonate rocks. Where it is exposed, the Smithton dolomite is a very fine grained, hard and dense marble.

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2.0 GEOLOGY

The Smithton Trough is a triangular basin of Eo-Cambrian rocks in north west Tasmania. It extends for 40km along the coast, westwards from Circular Head, and extends south for 50km to the Arthur River. The geological sequence is:

CAMBRIAN

Dundas Group equivalents
Turbidites in Christmas Hills area.

EO-CAMBRIAN

Smithton Dolomite
Extensive banded to massive dolomite with minor dolomitic limestone and limestone at Montagu.

Crimson Ck. Correlates
Turbidites and Basaltic lavas.

Black River Dolomite
Dolomite with minor mudstone and chert.
Upper section contains stromatolite fossils.

Forest Conglomerate
Orthoquartzite and basal conglomerate.

UNCONFORMITY WITH UNDERLYING PRE-CAMBRIAN

The Smithton Dolomite is from 700 to 1200 metres in thickness and a series of broad open folds exposes the horizon a number of times across the basin. However, the actual outcrop is very poor. The carbonate rock is easily dissolved down to the water table and the presence of Smithton Dolomite is usually marked by a broad flat plain with a thin black soil cover lying almost at the water table. Most of the dolomite exposures are restricted to drains that have been cut to drain the swampy areas underlain by the carbonate rocks. Where it is exposed, the Smithton dolomite is a very fine grained hard and dense marble.

The Montagu Plain extending south along the Montagu River is typical of the large, flat area, with thin soil cover overlying an extensive thick fold limb of Smithton Dolomite.

3.0 EXPLORATION AND EVALUATION

Early in 2009, the Advantage Business Specialists Pty Ltd Group approached MHA with a proposal to purchase all the exploration assets of MHA. The discussions were well advanced but eventually broke down due to the Global Financial Crisis. For the first six months of 2009, during the early stages of the discussions, MHA was able to negotiate a moratorium on exploration expenditure with Mineral Resources.
Tasmania. Exploration carried out by MHA only commenced late in 2009 and since then has consisted of walking roads, fence lines and creeks in an attempt to locate any additional carbonate outcrops and attempting to locate any drill cuttings from water bores developed within the Basin.

No new unmapped outcrop areas of limestone or dolomite were located during extensive fence line, road and creek traversing and a very detailed and extensive drilling program would be required to see below the soil cover. MHA’s original aim was to search for potential limestone horizons in the stratigraphic upper part of the Smithton Dolomite similar to the three horizons located within EL15/2005 at Montagu, along strike to the north. However, detailed costeanning and drilling of these horizons at Montagu was disappointing, as the limestone was shown to be interbedded with 50 to 60% thin shale interbeds and the limestone was completely unsalable.

The Pre-Cambrian/Cambrian limestone is no longer a valid target and 179km² of the Licence area was relinquished in February 2013. The high quality dolomite within RL10/1997 does extend into the Licence area below soil cover to the north and south and an area of 47km² was retained to allow further exploration and evaluation of this high grade dolomite target.

In 2010, BlueScope Steel requested a 5000 tonne bulk sample of Togari dolomite for full scale furnace trials from RL10/1997. In order to do this, MHA had to take out a small (2ha) mineral lease and apply for a level 2A environmental approval. This approval took 2 years to obtain and, in the meantime, BlueScope came under financial difficulties and deferred collection of the sample. BlueScope still wish to conduct the trial but suggest it is still one to two years off. In the meantime detailed joint venture and takeover proposals have been made for all of MHA’s carbonate resources by Sibelco, Adelaide Brighton, Maertz and Stratum Resources. As a result, only preliminary inspection of proposed drill sites has been undertaken while the discussions are resolved one way or another and future exploration drilling of a series of shallow RAB drill holes along selected traverses has been deferred until 2015.

A large area of potential dolomite resource lies under shallow alluvial soil cover immediately north of the Togari retention licence. A program of 4 x 30 metre drill holes was proposed to test this area and submitted to MRT for approval in early September 2014. The program was approved on 17 November 2014 but because of the approach of the Christmas and New Year holiday period it was impossible to book a drill rig to do the job. In fact the first available rig is not available until late March 2015, after the renewal date of the Licence.
Figure 1: Location of Proposed Drill Holes – EL14/2008 Montagu River

4.0 ENVIRONMENT

All work has consisted of foot traversing and no environmental disturbance has been caused.

5.0 REFERENCES


6.0 KEYWORDS

Smithton Dolomite, Black River Dolomite, Montagu, Montagu River, Togari, Dolomite resources.
Figure 2: EL14/2008 Montagu River Location Diagram