CAMFIELD AMETHYST EXPLORATION – YEAR 3

Annual Report

EXPLORATION LICENCE 10416

For the period: 13 June 2008 to 12 June 2009

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INTRODUCTION

This report documents the exploration programme completed on Exploration Licence 10416 during the period 13 June 2008 to 12 June 2009.

1.1 Location and Access

The Exploration Licence is now wholly within Camfield Station, approximately 380 km south west of Katherine. The tenement is accessed along the Buntine Highway, which diagonally bisects the tenement.

1.2 Tenure

Exploration Licence 10416 was granted on 13 June 2006 for a period of 6 years. The original tenement covered an area of approximately 246 sq.km or 75 graticular blocks. This has since been reduced to 28 graticular blocks. The tenement is held by Barry Kayes and operated by Aradon Pty Ltd, of which Barry Kayes is a Director.

2.0 GEOLOGY

2.1 Regional Setting

The tenement lies within the Wave Hill 1:250 000 Map Sheet in the Victoria River District. The area of the tenement lies on the Victoria River Plateau and Benches and is overlain by the Lower Cambrian aged Antrim Plateau Volcanics, which consist of a series of flood basalt lava flows with thin interbeds of sandstone, chert, silicified carbonate rocks, limestone and pyroclastic rocks.

2.2 Local Geology

There has been limited detailed mapping undertaken in the tenement area. The topography is mostly undulating plains with rounded hills and mesas. The Antrim Plateau Volcanics are dominant across the tenement and consist of massive and amygdaloidal basalts. The amygdales are frequently filled with Quartz, Amethyst and to a lesser extent Agate, all of which can be in geode form. In many areas, the geodes and nodules have been weathered from the basalt and can be found lying exposed on the surface. Less common is the evidence of vents or veins of Quartz and Amethyst which were the main focus of our exploration.

In the north eastern parts of the tenement, outcroppings of Red Chert are prominent and were examined during this reporting period.
3.0 PREVIOUS MINING AND EXPLORATION

Amethyst and Quartz was mined previously within the tenement from Mineral Claims 4490 and 4491, by Kajar Pty Ltd.

The main focus was on MC4490, where Amethyst of good colour and quality was extracted. The material was best suited for lapidary purposes, but was found in large, solid pieces suitable for fashioning into ornaments and beads. Good tonnages were found, but the extraction became difficult as the vein dipped deeper under a small hill (personal communication with previous tenement holder).

Kajar Pty Ltd and others have performed other exploration in the general area previously, but little is known of the results.

Recent communications with prospectors familiar with the area have indicated some possible new targets to be followed up in future programs.

4.0 EXPLORATION

As with the previous year, most of the work undertaken on EL10416 during the current reporting period was aimed at identifying blocks which were not considered prospective for commercial gemstone deposits.

A Waiver was applied for in May 2008 to retain all 75 blocks for a further year. This was granted in July 2008. In May 2009, application was made to drop 47 blocks, reducing the tenement size to 28 blocks.

Considerable time was spent traversing ground to make sure of its suitability or otherwise, before the decision was made to relinquish it.

While we cannot assume to have found everything of possible interest, we are confident that the blocks relinquished have the least chance of providing commercial gemstone deposits.

In addition to our ground work, one new costean was again dug near and around our previous year’s exploration. This has provided further important information, as we continue to focus on a few smaller areas of the tenement

4.1 General Prospecting

General prospecting on the tenement was done over a 2 – 3 week period. 3 people were involved in costeanning, general prospecting and exploration. The general prospecting again involved traversing by foot and vehicle, large parts of the tenement to further evaluate locations identified in the first and second year programs.

On the north eastern edge of the tenement, numerous outcrops of red chert can be found dotted across the low, undulating hills. Cutting and polishing of samples collected has shown the material to take a very high polish with an unusual pattern. Most of the rock is relatively crack free.
Recent cost analysis of the collection, grading, transport and packing indicates that in the present market it may not be a commercial proposition, but a positive change in the market combined with the now lower fuel and machinery costs may be enough to make this stone a viable proposition.

4.2 Costeaning

As with our previous programs, this year’s main focus was again on areas within Area 4 of our Clearance Certificate. This again included the area of former MC4490, which has consistently provided some of the best surface indicators, samples and geological features.

Only 1 larger size costean (Costean 12) was excavated during this program. The machine used for this costeaning exercise was a Case 580 4WD backhoe.

This costean was adjacent to a previous costean (#8) from last year’s program. The costean was excavated for approximately 50 meters in length with a depth of upto 1.8 metres and a width around 1.2 metres.

The area around Costean 12 (and Costean 8) appeared to be the remains of a small basalt hill and possible “fault”. This “fault” appeared to be the most likely source of the amethyst in this area, rather than the deposition of broken geode material from the weathering of amygdaloidal basalts, as appears to be the case in most areas.

Small quantities of good to average coloured Amethyst specimens were recovered for evaluation. The unusual crystal formations make this area a possible commercial source of specimen material, provided sufficient volume and consistent quality and colour were obtainable.

Due to the delicate nature of some of the material, progress was very slow, with most of the samples being hand dug after initial exposure with the machine.

At the conclusion of the costeaning program, the costean was backfilled and the topsoil was respread over the disturbed area.

4.3 Future Exploration

Future exploration programmes will again be centred on areas around former MC4490 and areas 1 and 3 of our clearance certificate near Renny Bore. These areas contain almost all the known deposits on the tenement and require further costeaning to determine their viability.

More work will also be done on the Red Chert outcrops. Evaluation of samples from this year’s program showed this material had some potential as an ornamental gemstone, though the cost of mining and transport, and the materials low value may make it uneconomic on a commercial basis.
It is probable that in our Year 4 Program, priority will be directed to identifying and marking out suitable areas for either Mining Claims or Mining Leases and to relinquishing further ground.

5.0 SUMMARY

Exploration on this tenement continues to be slower and tougher than anticipated. However, our understanding of surface features, rock types etc. continues to grow, allowing a certain degree of accuracy when predicting where a source may be located.

Our relationship with the local Pastoral Stations continues to improve, which has led to savings in accessing fuel, water and machinery.

Communications has been a big issue in the previous years. This has now been addressed by the use of better satellite communications equipment, allowing TV, voice and internet access.

A fly in/ fly out style of travel has been trialled to determine if costs can be reduced and the results appear positive. This has led to some savings in travel, wage and fuel costs.

The continuing perusal of previous exploration reports from the Department as well as communication with locals and prospectors has also proved useful. Several new leads will be followed up in our next program.

We are now focussed on identifying and positioning potential Mining Claims and Leases, so as to direct our limited resources on smaller, more attractive targets. This should give us better value in time and resources.

Signed:

Date:
EXPLORATION LICENCE

APPLICATION

GRAINDED

TENEMENTS

APPLICATION

GRAINDED

PETROLEUM

APPLICATION

GRAINDED

OTHER

OFFSHORE MINERALS

RESERVES

NOTE TO MAP USERS: Mining and Exploration Tenure depicted here are plotted from descriptions supplied by the holders and the Northern Territory takes no responsibility as to their accuracy. User should be aware that inconsistencies may occur between some information.