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Annual Report - Zeehan Base Metal Project -
EL18/1998 - 24 October 1999 to 23 October 2000
Dragon Mining NL*
Edwards, N.M. EL18/1998

DRAGON MINING NL

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ANNUAL REPORT
ZEEHAN BASE METAL PROJECT

E18/98



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MINERAL RESOURCES		
FILE REF: EL18/98PT1		
22 JAN 2001		
DOC. NO.		
OFF	POST	FOR
	FACTORY	INFO
See folio 26		
Author	DATE	
TO		

Neale M Edwards
December 2000

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- 1. Zeehan Base Metal Project**

Project:	Zeehan Base Metal Project
Tenure:	Exploration Licence 19/98
Area:	165 km²
Location:	200 km NW of Hobart
Sheet:	1:25,000 Oceana 3635 1:25,000 Dundas 3636
Commodity:	Base Metals

1. Introduction

The following annual report details exploration activities undertaken by Dragon Mining NL on the Zeehan Base Metal project area, during the period from 24 October 1999 to 23 October 2000.

The Zeehan Base Metal project area is located 200 kilometres northwest of Hobart and consists of a single Exploration Licence E18/98 that encompasses 65 km². It was granted to Dragon Mining NL on October 24th 1998 for a period of five years.

During this report period exploration activities were restricted to a review of historical exploration data collated during the previous twelve months.

No field-based activities were undertaken.

2. Location and Access

The Zeehan Base Metal project area is in northwest Tasmania, adjacent to the historic silver mining town of Zeehan, in the Land District of Montagu.

The area is readily accessible with sealed roads traversing the tenement. Access within the tenement is limited by very dense scrub and is largely restricted to local exploratory tracks.

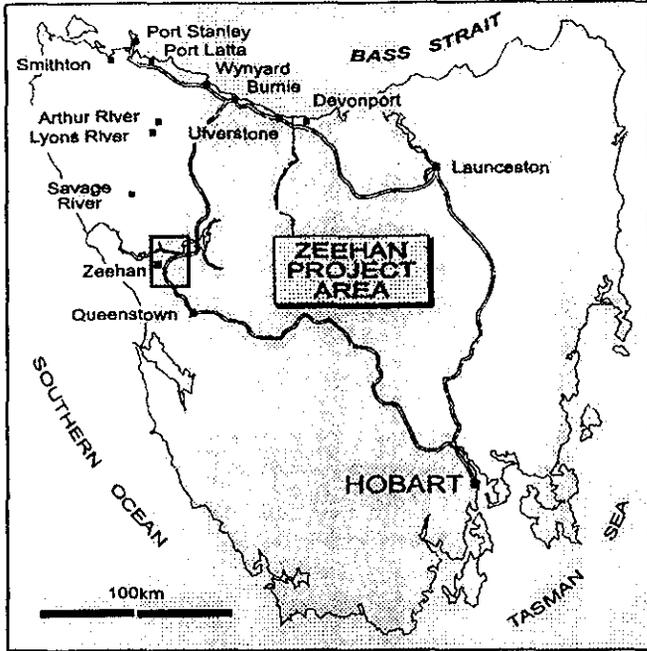
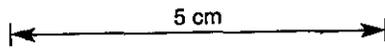
3. Tenure

Exploration Licence no. 18/98 was granted on October 24 1998 to Dragon Mining NL for a period of five years. The licence encompasses an area of 65 km², though excludes 2.5 km² of Mining Leases, 60 ha of Crown Reserves and 5.5 km² of land designated "Land Tenure".

4. Geology

The dominant rock types of the Zeehan Base metal project area consist of a conformable Ordovician-Devonian sedimentary sequence deposited initially in a shallow marine environment that deepened during the Devonian.

Quaternary weathering of the limestone has produced black clay that overlies the outcropping limestone. There is possibly a pre-Quaternary weathering episode that has also weathered the limestone to black clay. This latter weathering is thought to be locally very penetrative particularly down faults and over select parts of the Gordon Limestone.



RENISON BELL MINE 
 (6.3mt @ 1.7% Sn)
 Murchison United NL

370 000mN

5 370 000mN

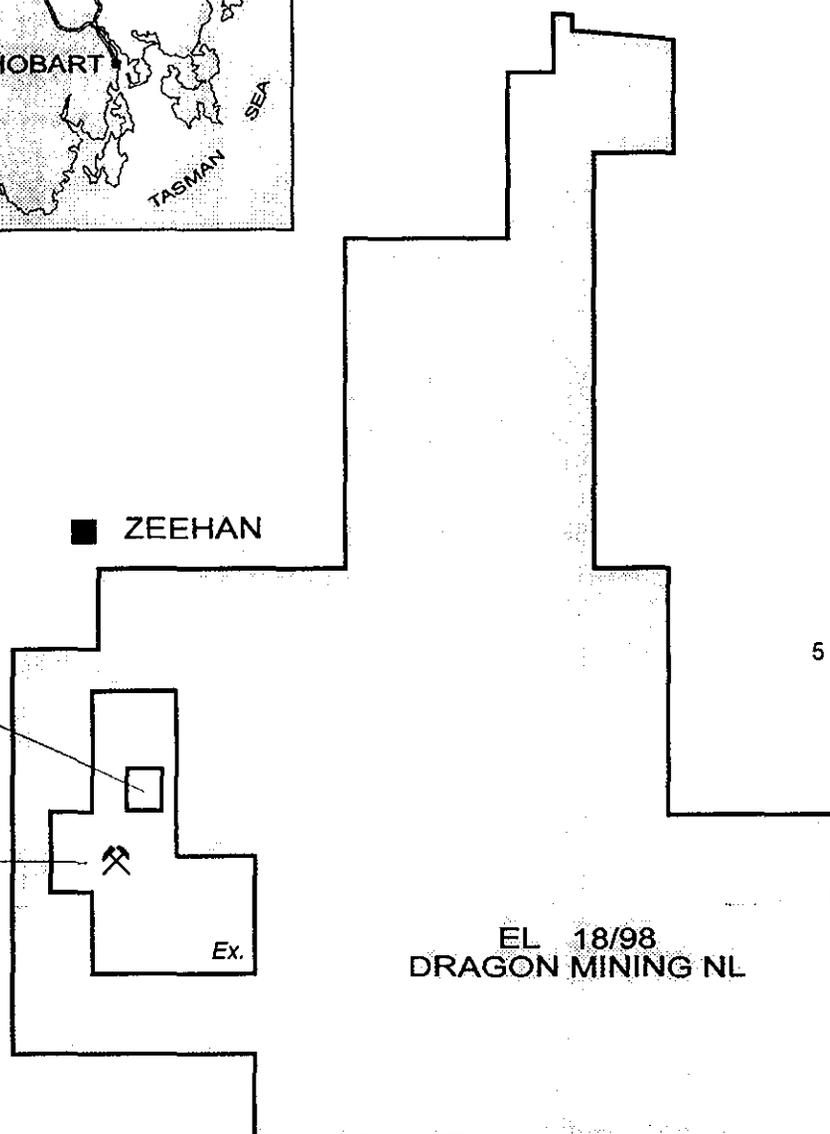
■ ZEEHAN

5 360 000mN

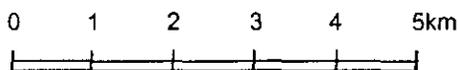
5 360 000mN

ZINC SLAG DUMP
 (451,000t @ 13.4% Zn)
 RL 9603
 Encore Metals Pty Ltd

OCEANA MINE
 4Mt @ 19.4%Pb, 4% Zn,
 106g/tAg
 or
 4Mt @ 2% Pb, 8%Zn,
 86g/tAg
 RL8809
 Arimco Mining Pty Ltd



EL 18/98
 DRAGON MINING NL



DRAGON MINING N.L.
 ZEEHAN BASE METAL PROJECT

5 350 000mN

360 000mN

Figure 1

This sequence is moderately folded, but significant thrusting and wrench faulting related to Devonian tectonism has caused reactivation.

The Gordon Limestone is considered prospective for Irish type carbonate hosted deposits. The major mine with the formation is the Oceana Mine. Several smaller scale occurrences exist elsewhere within the project area including the Blackjacks, Mariposa and Sunny Corner prospect areas.

Within the region the other main limestone hosted deposit is Grieves. Both Oceana and Grieves have orebody morphologies indicative of a substantial stratobound component, but it is worth noting that both deposits occur in different lithostratigraphic positions, a feature common to Irish type orebodies.

5. Previous Exploration

The Gordon Limestone was divided for the purposes of exploration into a number of prospects; these are Blackjacks, Mariposa, Sunny Corner/Bannockburn, Westerway, Tom Creek, Leatherwood and Pyramid.

In summary the work completed by different explorers has included:

- drilling of the Mariposa 'vein' (12 holes) with seemingly unsuccessful results during the late 1940's and early 1950's by North Broken Hill;
- at the Blackjacks, Mariposa and Sunny Corner areas systematic exploration including mapping, soil sampling VLF surveys, costeaning and diamond drilling was completed by AMOCO from 1984;
- at the Pyramid prospect where work consisted of mapping, geochemical sampling, ground magnetics and short hole diamond drilling by EZ (Pasmenco);
- substantial work over all listed prospect areas by Rio Tinto Exploration between 1992 and 1996. Activities included mapping, aircore/wacker bedrock sampling, detailed helimag surveys, diamond drilling and basin analysis studies.

This work confirmed the potential for Irish type deposits. It also delineated the localised anomalous geochemical nature of the bedrock and some of the geological complexity, but failed to delineate ore grades in combination with ore widths. As efforts were mainly focussed on the discovery of large scale deposits (>50 Mt) a number of targets remain undrilled or poorly tested within the project area.

6. Exploration

During this report period exploration activities were restricted to a review of historical exploration data collated during the previous twelve months. No field-based activities were undertaken.

Efforts were also made to secure an arrangement with second and third tier mineral exploration groups during 2000. These efforts were largely unsuccessful.

7. Conclusions & Recommendations

The Zeehan Base Metal Project area has been subject to considerable exploration in the past, though prospective targets remain to be fully evaluated for deposits of a more modest scale in the order of 1 Mt.

Dragons' priorities for future activities include:

- field evaluation of defined target areas for geology and access;
- the undertaking of detailed bedrock geochemical surveys across targets of interest;
- reverse circulation drilling of the most prospective targets.

The proposed exploration will be carried out in compliance with Industry Safety and Mines - Schedule A. The use of existing tracks for all forms of access will minimise the environmental impact of these programs.

8. Expenditure

Zeehan EL 18/98

Item	Cost
Tenement Management	975.00
Geological Consultants	2,100.00
Miscellaneous	468.86
TOTAL	\$3,544.86

References

_____, 1999 Zeehan Exploration Project – Exploration Licence 18/98; West Coast Tasmania; Annual Report for the Year Ending 23/10/99: Dragon Mining NL