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Annual Report - EL 1/1992

Cuttack Mining and Exploration Proprietary Limited*
Miller, L. EL1/1992

CUTTACK MINING AND EXPLORATION PTY LTD

ANNUAL REPORT EL 1/1992

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Annual Report for EL 1/92

As reported last quarter, we have had a disappointing year at O'Briens and have had to bring closure to the exploration effort while additional funds are being sought for a new program of drilling on other prospective sites within the EL.

The year began with the effort at O'Briens being considerably stepped up in order to complete this very difficult underground drive. Considerable additional funds well in excess of budget were expended in light of the difficult going due to poor rock structure and water problems. Nevertheless, the decline face was advancing steadily by August when we were faced with a cease work notice on safety grounds over concerns relating again to the poor ground. Our portal had shown signs of possible collapse, the timber work was regarded as possibly unstable and additional roof bolting was deemed to be necessary.

We employed a mines consultant to advise on necessary work, and then employed several contract miners to carry out this work. We were able to call upon advice and assistance from other mining companies in northern Tasmania, including particularly Beaconsfield Gold Mines and received offers of assistance from the Cornwall Coal Company which in the end were not required. We removed the external timbers from within the drive, then removed some thousands of tonnes of rock from the side walls and old portal area before good rock was able to be exposed. This done, new rock bolts and mesh were put in place to secure the portal. Following this, the internal timbers were dismantled, loose rock bled from the backs above the old timbers, and new sets put up to secure the drive from possible collapse. The side walls, backs and face of the drive were then secured by additional rock bolts, mesh and other supports as appropriate. Water ingress was already becoming a serious problem as pumping had to be maintained during the whole time the rehabilitation work was being carried out.

By late November we were able to recommence work at the face and fairly quickly advanced to the original target of 78 metres from drive commencement. As no reef had by then been encountered, we employed a surveyor to align the surface reef data from previous drills with the underground drive, then plotted the target intersects for an underground drilling program.

This drilling program was carried out by Woods Drilling of Zeehan. A Kempie underground rig was employed and a total of 70 metres of diamond core drilling (46 mm diameter core) in two holes respectively at 273⁰T and 278⁰T at declination of 8⁰ were

drilled, the first for 40 metres and the second for 30 metres. Both holes passed under the surface expression of the No. 1 lode as represented by the stoped out ground. Both holes passed above and proximate to the GS2 intersection as described in our 1992-93 report (L. Newnham).

The intersection with reef was minimal, being less than 100 mm in broken sections or at best veinlets. These were not assayed as they did not represent potentially payable reef. The veinlet material was similar to the general reef material of the area, being a mixture of hard white quartz and iron stained pieces in rather broken or crumbly sections.

A planned third hole to intersect the known reef to the south of the stoped ground was not undertaken as this reef section is known not to extend either to the west, or vertically, and is considered to be suspended. It is quite possible that it in fact represent the "missing middle" of the O'Briens' lode and has been faulted to the south at these depths. On its own we do not consider it large enough to warrant further exploration.

The best outlook for the O'Briens No. 1 lode is that it does extend at depth, below the Goldstream No. 2 drill intersection, and at these depths improves in gold values.

We also suspended the drilling effort because of real difficulties with the ingress of water. We had to plug the first hole to reduce the torrent while the second hole was drilled. When we abandoned the drive and pulled our pumping gear, the entire 35 metre underground portion of drive flooded within approximately 5 hours. The rate of water ingress was thus approximately 70,000 litres per hour.

Thus the O'Briens experience suffered from unexpectedly poor ground for driving and major water problems. For these reasons, additional exploration effort on the EL will seek targets within more stable rock structures, and attempt to ascertain the rates of water ingress from drill hole assessments.

We are currently nearing completion of the rehabilitation work at O'Briens, to re-contour the waste heap and open pit area, including rock dam within the portal area, removing debris from the small Class 4 stream to the south of our waste dump, scarifying the surface and carrying out other minor works as required by Mines Department environmental officers, Forestry officers and the State Department of Environment.

We are presently seeking new investors and have placed a document of offer with potential shareholders the date for completion being May 31 this year. Depending upon the outcome, the funds will be available for a significant RC drilling program on the Havelock, Lady Havelock/Laranda and Strickland mine sites as these are in our opinion the most prospective targets, along with possibly the O'Briens No. 3 reef to the south west of the No. 1 reef.

If the funds are not raised, we will surrender the EL by mid-year.

Expenditure for the Exploration year

Our budget for the O'Briens work was exceeded due mainly to the Section 38 Notice and expenses which followed. This has left us little to continue with further exploration unless or until additional funds are invested.

The total exploration effort for the year amounted to \$118,000.

We will either advise of proposed drilling program for the indicated sites by mid-June this year, or that we wish to surrender the Licence. We expect to have completed the clean-up at O'Briens well before this time.



Leigh Miller

Exploration Manager