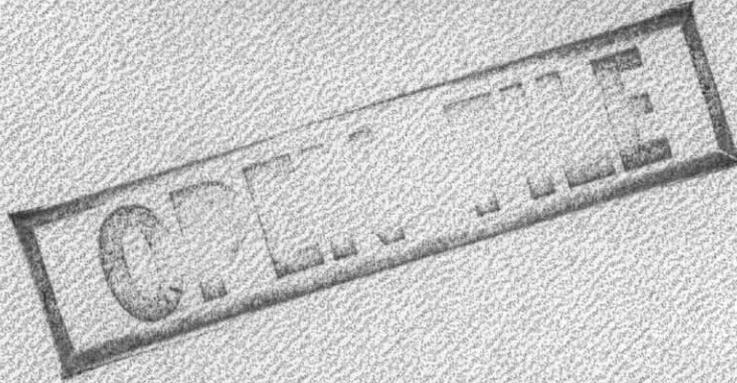


Relinquishment Report - EL9/1998

Newnham Exploration and Mining Services; Pacific-Ne
Newnham, L.A. EL9/1998**PACIFIC-NEVADA
LIMITED PARTNERSHIP****EL 9/1998 - CAPE SORELL AREA****RELINQUISHMENT REPORT****MICROFILMED
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Relinquishment Report - EL9/1998

Newnham Exploration and Mining Services; Pacific-Ne
Newnham, L.A. EL9/1998

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1. EXPLORATION BACKGROUND and PHILOSOPHY

In 1997 research investigations by Pacific-Nevada Mining Pty Limited identified the Proterozoic in western Tasmania as being both highly prospective for gold and copper deposits and largely underexplored.

Pacific-Nevada undertook a major re-assessment of available State geological, magnetic and gravity data sets. This project led to the identification of major deformational and structural events which affected the Proterozoic. Tenement acquisition strategies focused on regions where these trends were interpreted as intersecting.

Pacific-Nevada identified five north-west trending crustal features which were termed "focal structures" (FS) and assigned the names (south to north) *Macquarie Harbour FS*, *Savage River FS*, *King Island FS*, *Devonport FS*, and *Launceston FS*.

In the Cape Sorell area the Macquarie Harbour FS was cut by a major, broad NNE trending fault zone which traversed across the Cape Sorell Peninsula. Ultramafic formations were emplaced along this structural zone which was largely flanked on the west by Proterozoic units and to the east by Cambrian sediments and volcanics.

EL 9/1998 was acquired to facilitate evaluation of this zone. The principal target was gold deposits which have the potential to be substantial low-cost producers. Secondary targets were nickel associated with ultramafics and platinum group metals.

2. WORK COMPLETED

EL 9/1998 is largely underlain by Cambrian sedimentary and volcanic formations, unconformably overlain by small basins of Ordovician clastic sediments. The contact between these Cambrian formations and the Precambrian sedimentary units to the west is marked by a broad zone of north-east trending faults. Tectonic activity along this zone resulted in the emplacement of slices of mafic and ultramafic rocks which are commonly serpentinitised. Small historical alluvial workings are recorded along the zone for gold, chromite and osmiridium.

Exploration by Pacific-Nevada was focused on the Hill 99 and West Baylee areas which lie near the northern end of the main structural zone.

In 1998-99 ground surveys were completed on both these areas and Hill 99 was core drilled in May-July 1999 (Ref [b]).

At West Baylee the initial stream and rock geochemical surveys defined several anomalies which warranted further work. A small grid was developed on which IP and geochemical soil sampling surveys were completed.

Follow-up mapping, rock-chip sampling and magnetic surveys identified, firstly, a series of geophysical and geochemical anomalies associated with a faulted contact between a serpentinite body and a sequence of fine grained sediments and, secondly, a zone of strong nickel anomalies associated with a magnetic unit in the ultramafic sequence.

A program of three (3) cored drill holes totalling 824 m was completed in January-February 2000 to test these anomalies (Ref [c]).

The IP and geochemical anomalies along the faulted serpentinite-sediment contact are interpreted as due to a sequence of sheared black shales which are weakly pyritic and contain mildly elevated base metal values. Low-order gold anomalism at surface may be attributed to the sheared ultramafic contact zone.

The high level surface nickel anomaly was not reflected in drill core and was possibly due to lateritic processes at surface.

The West Baylee area lies within a major structural zone associated with the faulted emplacement of mafic and ultramafic units. As such, it does have potential to host various styles of gold deposits.

However, the results of two drilling programs completed by Pacific-Nevada in the northern section of this zone at Hill 99, and West

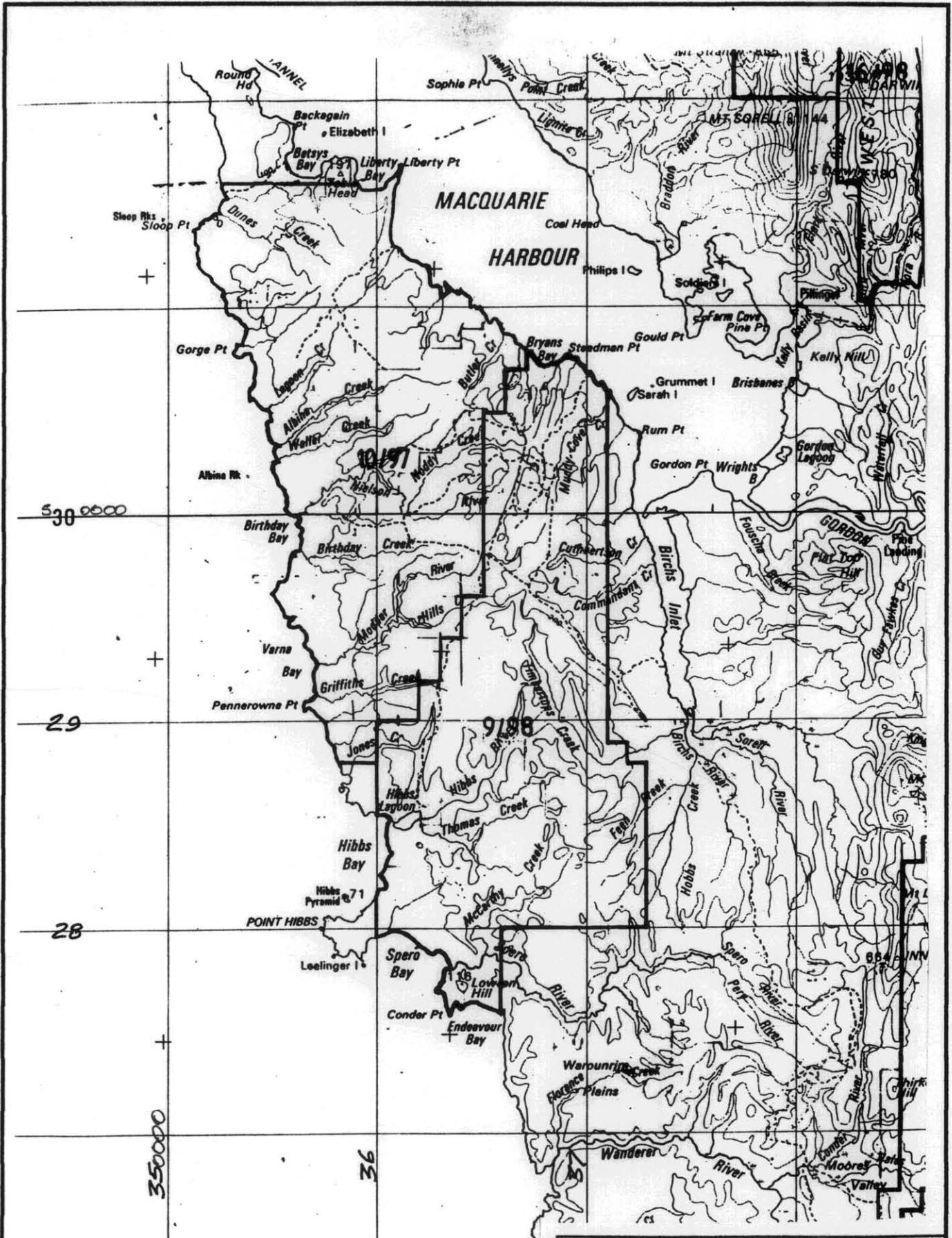
Baylee, were disappointing.

No further field work has been undertaken on the licence since the completion in February 2000 of the West Baylee drilling program.

3. REFERENCES

- (a) *"EL 9/98: Report on Exploration Activity 24-7-98 to 24-7-99"*, for Pacific-Nevada Mining Pty Limited
- (b) *"Peltus Cove (EL 10/97) and Hill 99 (EL 9/98) Diamond Drilling Program May-July 1999, Cape Sorell, Tasmania"*, 2 Vols, for Pacific-Nevada Mining Pty Limited
- (c) *"EL 9/98 - Cape Sorell Area. Report on Exploration Programs, West Baylee Area, September 1999-February 2000"*, by LA Newnham, for Pacific-Nevada Mining Pty Limited, 28 April 2000

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HIGH ROCKY POINT
Montgomery Rks P

NEWNHAM EXPLORATION AND MINING SERVICES
 PACIFIC-NEVADA LIMITED PARTNERSHIP
 EL 9/1998 - CAPE SORELL
 LOCATION PLAN

Scale: 1 : 250,000
 Drawn: LAN Date: JUN 2001 Fig 1

