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EL 2/92 - Lisle

Proposed Drilling Programme - 2001

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Proposed Drilling Programme - 2001 - EL2/1992 - Lisle

Tasmine Proprietary Limited*

McNeil, P.A. EL2/1992

MINERAL RESOURCES		
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By: Peter McNeil
Managing Director

Date: July 26, 2001

SUMMARY

The exploration proposed herein to satisfy the MRT requirement of a \$550,000 drilling program consists of ~71 reverse circulation holes for 6500m. It is possible that this is overly optimistic (with the likely slow drilling in deep holes) and up to ~10 holes for 1,000m may need to be cut if all up drilling contractor costs are significantly greater than the budgeted ~\$35/m. The drilling will be conducted systematically on four prospects (Potoroo, Panama, Enterprise, Gold Crest) and will consist of isolated holes (or hole) at five additional prospects (Potoroo West, Junction Star, Bessells, Wild Knife and Lone Star South).

Prospect Details:

Potoroo	-	17 holes for 1700m	-	heel/toe fences + isolated holes
Panama	-	15 holes for 1200m	-	fan fences
Enterprise	-	18 holes for 1590m	-	fan fences
Gold Crest	-	11 holes for 1100m	-	heel/toe fences + isolated holes
Potoroo West	-	4 holes for 400m	-	isolated holes
Junction Star	-	1 hole for 100m	-	isolated hole
Bessells	-	1 hole for 100m	-	isolated hole
Wild Knife	-	2 holes for 100m	-	isolated holes
Lone Star South	-	1 hole for 100m	-	isolated hole
Sub Total			-	70 holes for 6390m
Contingency	-	1 hole for 110m		
Program Total			=	~71 holes for 6500m

Prospects will be drilled sequentially in 2 phases to allow for return of assays and better control on the drilling costs and hole placement. Phase 1 totals 3870 m in 42 holes and Phase 2 totals an additional 1,720m in 19 holes at the main prospects and 800m in 9 holes at additional prospects (total of 2520m in 28 holes).

Table 1 (below) is a budget estimate for the drilling program and attached are A4 plans of each prospect area showing the proposed drill holes and other summary geochemical and structural characteristics. Also attached is a detailed table showing collar coordinates based on a drilling grid and other relevant drill hole information.

EXPLORATION COSTS	Total	Percent of Total
Administration	\$30,000.00	5.45%
Assaying	\$70,000.00	12.73%
Drilling	\$225,000.00	40.91%
Earthmoving	\$20,000.00	3.64%
Field Supplies	\$20,000.00	3.64%
Field Food	\$11,000.00	2.00%
Field Assistant Wages	\$30,000.00	5.45%
Travel	\$5,000.00	0.91%
Wages	\$100,000.00	18.18%
All Other Costs	\$39,000.00	7.09%
TOTAL COSTS	\$550,000.00	100.00%

The rig to be utilised will most likely be Diamond Drilling (Tas) Pty Ltd's Universal 650 track mounted drill rig. This is a large machine and is known to be capable of achieving 100m depth in this area, albeit with slow drilling rates. It was chosen predominantly because the earthworks / new track cutting / drill pad sites need not be as extensively developed resulting in easier remediation.

The holes at Enterprise have been designed to minimise the impact on the adjacent private property owner. There is virtually no alternative to where and how this zone can be drilled, given its moderate westerly (inferred) dip.

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1.0 INTRODUCTION

In northern and north-eastern Tasmania, two lode type gold deposits and one alluvial district contain or have produced bullion worth ~\$1.2 billion. This gold province has similar rocks to those that host many of the very large Victorian gold mines and probably represents their southern continuation. Significantly, NE Tasmania is still highly under explored with respect to mesothermal and granite related gold deposits.

Tasmin Pty Ltd's Lisle Gold Project covers the most prospective lithologies / areas for both high and lower-grade gold deposits in the historic Lisle Goldfield District in NE Tasmania. The excellent ground position has resulted from the completion of extensive soil, auger, pitting and trenching geochemically based exploration programs.

Parent company Macmin Ltd undertook extensive soil geochemical sampling and augering programs from 1994-1997 that resulted in the collection of > 2,500 samples that were analysed for gold and arsenic. The abundant scree and valley fill material caused by the erosion of the thermal aureole surrounding the roof of the granite was a significant impediment to surface exploration techniques, however, several prospects and large anomalous areas were identified that warrant further testing by drilling and trenching.

The sources of the extensive and cohesive gold and arsenic geochemical anomalies that have been documented at Golconda - Panama - Enterprise have not been drill tested below very surficial levels, if at all. The subsurface is effectively unexplored in a highly gold anomalous region.

Tasmin believes there is excellent potential to locate structurally controlled, high-grade gold deposits, such as were mined historically at Enterprise or Beaconsfield; this is because the defined geochemical anomalies are essentially devoid of historic workings and the dip extent of all the known / previously mined gold mineralisation in the district has not been tested significantly, if at all. In addition, there is also very good prospectivity for large, disseminated gold deposits near the contact zone or in the granitoid intrusives.

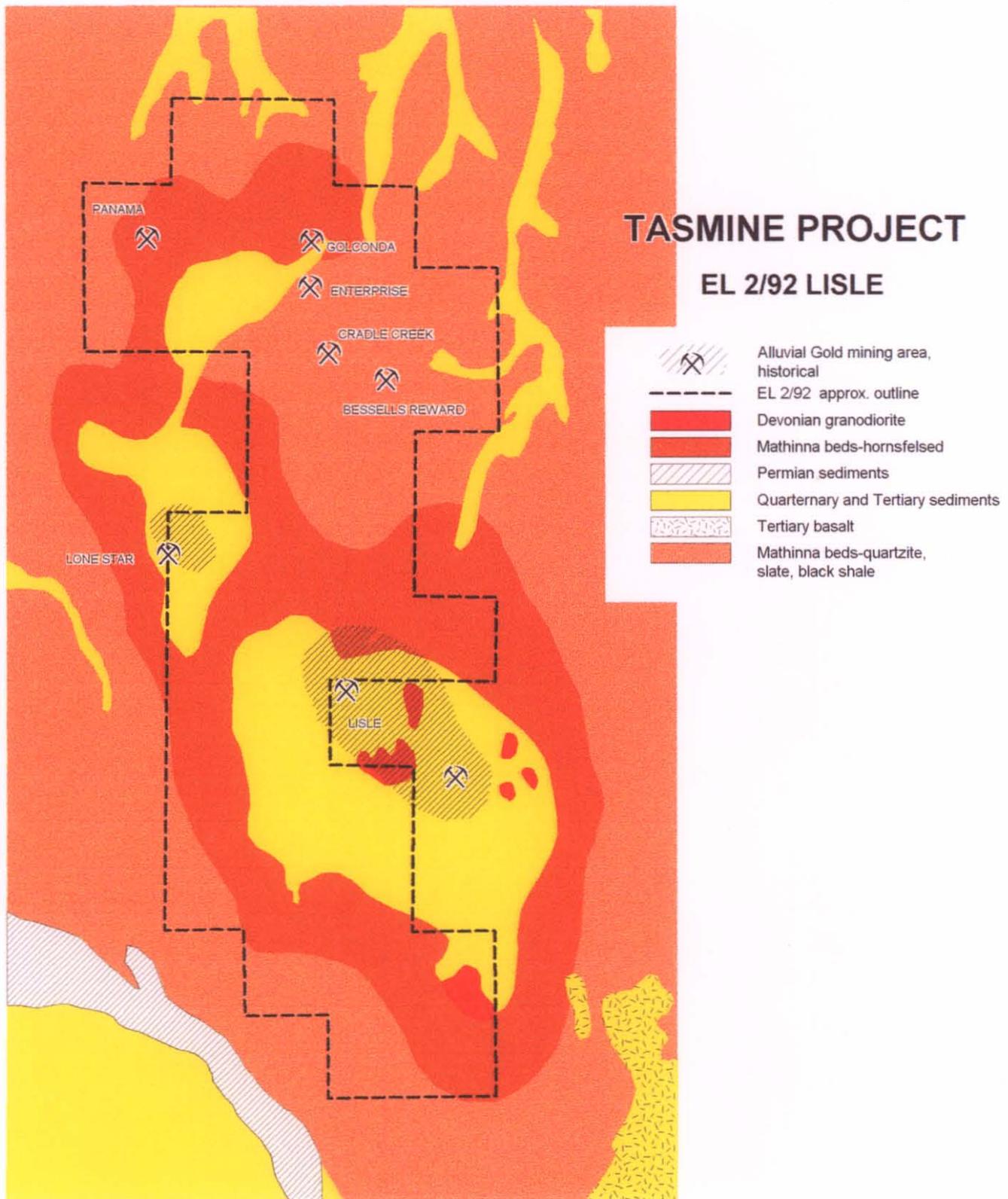
Recent exploration success by others in the NE area includes the discovery of two new quartz reefs with high-grade gold mineralisation (~14 grams) at Mathinna (that are reportedly being evaluated for development) and drill intersections, such as 4m of 9.33 g/t Au, in sandstone at the Denison goldfield that is located immediate north of the company's Golconda area.

A focused and systematic exploration program, involving significant drilling is planned to evaluate the existing, well-defined targets and locate gold resources.

This drilling proposal incorporates a brief prospect review, the order of which is based on the general geographic area.

- North Section - Potoroo / Potoroo North
Panama
Potoroo West
- Central Section - Bessells
Cradle Creek / Tobacco Creek
- South Section - Wild Knife
Lone Star South
Lone Star
Lone Star West

FIG 1



- 250,000 ozs Au production from alluvials mainly prior to 1910.
- Excellent potential for hard rock structurally controlled gold deposits (e.g. Beaconsfield).
- Many soil AU, AU/AS and As anomalies defined - some hundreds of metres in length.
- Soils up to 3 g/t Au.

5 cm

2.0 GEOLOGY

In general, the geology of the tenement consists of metasediments (Mathinna Beds) and/or metasediment scree overlying granite. Rare granite outcrops occur in low elevations at Enterprise and Lisle, with costeans exposing granite at shallow depths at Panama, Potoroo and Gold Crest / Enterprise.

Surface mapping indicates that the high ridges consist of hornfelsed and/or silicified Mathinna Beds (MB). The ridge slopes are usually covered by Mathinna Bed scree material but are believed to contain cores of granite. Granite has been intersected in drill holes at Gold Crest, Enterprise and Lisle.

Aeromagnetic contours are generally believed to follow the northerly trending granite intrusions due to the presence of ferric minerals in the granite, in the aureole of hornfelsed Mathinna Beds, or both. The influence of topography on the aeromagnetic signal may also be a factor.

Summary lithological and historical mining features of the subsections of EL 2/92 are:

(1) North: High ridges of hornfelsed and/or silicified Mathinna Beds, possibly with cores of granite; ridge slopes consist of scree material (of Mathinna Beds) overlying either Mathinna Beds or granite; valley floors consist of scree, "valley fill" weathered alluvium and modern alluvials overlying either Mathinna Beds or granite; granite crops out in the valley floor at Enterprise. This Northern zone consists predominantly of fairly extensive hard-rock workings in Panama, Gold Crest and Enterprise. Enterprise apparently contained the most extensive underground workings in the Lisle district and was focussed on mineralised quartz veins.

(2) Central: This area forms a topographic high between the Golconda and Cradle / Tobacco Creek drainages, both of which have recorded anomalous BLEG values. Mapping and sampling traverses to date have observed only Mathinna Beds and alluvials in outcrop. The area contains few exploratory adits and shafts; it appears that most mining activity involved surface excavations in gullies and depressions.

(3) South: This section is similar to the North section but on a larger scale. Granite has been observed in outcrop in the valley floors and at low elevations on the flanks of ridges, the tops of which consist of highly silicified and/or hornfelsed Mathinna Beds. This area predominantly hosted alluvial deposits although there are some small hard-rock workings in the local ridges; hard-rock production is unknown but is considered insignificant relative to the scale of the alluvial workings which produced most of the gold recorded for Lisle minefield.

2.1 Structures

An apparent hierarchy of structural lineaments has been observed in air photographs: early mild NW-SE lineaments have been overprinted by moderate N-S structures, which in turn have been overprinted by larger scale NE-SW lineaments. A definite topographic break is associated with the NE-SW structures. The above set of lineaments has been overprinted by late NW-SE structures.

Quartz veins located to date are sub-parallel to these lineaments. Few veins have been followed along strike due to poor ground conditions or the more frequent occurrence of veins pinching out. At Gold Crest, a 30 cm vein exposed in a shaft wall was mapped as trending NE but containing a NW jog. The majority of mineralised veins strike either N-S or roughly NE-SW; assays of veins striking NW-SE at Gold Crest indicated that these veins were not anomalous in Au and assays of NW-SE veins at Potoroo suggest likewise.

2.2 Additional Information

Anglo-Australian Resources NL are currently exploring structurally controlled anomalies trending NE-SW which they believe contain series' of *en echelon* veins trending NW-SE. Discussion with Anglo's geologist on site has revealed that Anglo consider a perceived As-Au association as "poor" but that the Sb-Au association is very strong with a direct linear relationship in their relative abundances. In addition, Anglo has commented that the MMI assaying technique has been successful to date and is being more widely applied.

3.0 GOLD MINERALISATION

Alluvial gold was mined at Lisle, Lone Star, Cradle and Tobacco Creeks and Panama. Quartz veins hosting gold and sulphides were mined at Golconda / Enterprise, Gold Crest and Panama. Most of the 250,000 ounces reported to have been extracted from the area was principally from alluvial terraces at Lisle and some alluvial gold is thought to remain in remnants of terraces.

No reports exist for gold production from the quartz vein deposits, many of which failed due to pinch-out of veins or low gold content. Many adits inspected in the tenement do not appear to have been following substantial veins: some have obviously followed small (mineralised ?) veins and microfractures, but most appear to have been exploratory in search of veins and were not actually productive.

The granites at Potoroo and Gold Crest appear to host 'consistent' grades of disseminated gold mineralisation. To date, none of the historically reported disseminated mineralisation hosted by "sandstones" (coarser-grained metasediments) has been observed within the lease area. At Denison, mineralised sandstone is being explored by Anglo and the only indication of alteration appears to be some silicification.

The Scottsdale Batholith is exposed to the North, South and East of Denison it is possible that the Denison area has been down-faulted relative to the Lisle area. The topography and broad outcrop of Mathinna beds in the Bessells / Cradle Creek / Tobacco Creek area that exists between two sub-parallel NE-SW structures suggest that this area is also down-faulted relative to the rest of the Lisle area, making it possibly analogous to the Denison area relative to the underlying granite. If the granite has acted either as a source or a conduit for mineralising fluids, or a locus of fluid retention in cupolas, the Bessells / Cradle / Tobacco area may represent one of the more prospective sites in the lease.

Anomalous and inconsistent Au and As values have been recorded in MB or MB scree. Often this material contains an abundance of limonitic joints, but this does not necessarily imply that strongly jointed or silicified MB is going to be mineralised. Pyrite alteration has been observed in granite from the floor of the Lisle valley which has returned assays "below the detection limit" for Au. Some samples of the gossanous MB have returned elevated Au in assays but many do not.

4.0 TARGETS

The source of the alluvial gold at Lisle has been the subject of conjecture and no major sources have ever been identified. Work by Macmin Ltd (a major shareholder in Tasmine Pty Ltd) suggests that the source of the gold is both disseminated and lode type mineralisation at or near the contact of granodiorite (within both the thermally metamorphosed overlying 'sandstone/slate' sediments and the granite itself), localized by the interaction of deformation, structures, lithology of the host sediments and proximity to the mineralising source.

The type of resource being sought at Lisle is either moderate tonnage high-grade vein deposits (either coarse or numerous fine veins), large tonnage low grade disseminated deposits, or a combination of both. The disseminated targets may be hosted by either or both the coarser metasediments or granite.

Exploration targets in the area include large, high-grade, shear vein, granitoid-hosted Pogo (>9.0 Mt of 17.8 g/t Au), high-grade, mesothermal vein, sediment-hosted Tasmania Reef (>2.9 million tonnes of 19.8 g/t Au) and high-tonnage, lower-grade, disseminated, granitoid / thermal aureole hosted Fort Knox (>169 Mt of 0.93 g/t Au) deposits.

5.0 MINERALISATION MODEL

At this stage there is insufficient geological control to determine a model for the primary gold mineralisation style at Lisle and its origins. The more likely mineralisation models are:

- (a) Regional-scale brittle deformation + associated mineralising fluids:
 - * Vein-hosted Au in shears - eroded to form alluvial / eluvial deposits;
- (b) Local post-magmatic hydrothermal vein- and joint-hosted mineralisation:
 - * Sheeted veins in granites (structural control indicated by flow and/or structure texture within the granite);
 - * Disseminated Au in granite cupolas;
 - * Disseminated Au in metasandstones above granite cupolas or in structural corridors.

6.0 PROSPECTS

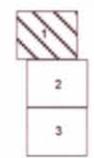
6.1 Brief Historical Descriptions

Reid (1926) noted that numerous "sandstone" beds were "impregnated" with quartz and gold at Bessell's prospect (which is located between Lisle & Golconda) and returned assays up to ~40 g/t Au. These zones are interpreted to represent stratabound zones of sulphidic and quartz microveining, that appear to occur in association with some discrete quartz +/- sulphide rich auriferous lodes. They are similar to the above noted drill results from nearby Denison. Montgomery (1894) described the gold veins in granitoids at Lisle (Titmus and Dodson adits) as consisting of a belt 1 - 1.6m wide, with veinlets 6 to 40mm wide, striking 076 degrees and dipping 48 degrees NW.

Twelvetimes (1909) noted that the veins are usually small and often very gold rich (to 1354 g/t Au). Orpiment (arsenic mineral suggestive of epithermal mineralisation) has been recorded from several mines in the Golconda - Denison area and highlights the arsenic correlation. The veins in the Mathinna beds are typically bedding parallel or axial planar, striking NNE with moderate to high dips.

The focus of fluid flow marginal to granitoid bodies is the roof zone. Reid (1926) noted that the contact metamorphism or hornfelsing in the Lisle area was asymmetric and more extensive in a north-south direction around the limited granitoid exposures. This observation suggests that the noted phases of the batholith are likely to be roughly north trending, sub-vertical and strike extensive, but relatively narrow plutons. The Lisle area is the best remaining example of preserved roof zone / thermal aureole in the Scottsdale batholith.

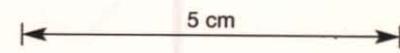
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LEGEND

- Main Road
- Track (unsealed)
- Railway
- Streams
- EL Boundary
- Hand Trench Locations
- Quartz + Gold Reef
- Adit with shaft (+ length / depth if known)
- Auger Sample Locations
- Auger Sample Assays - As
- Auger Sample Assays - Au
- Soil Sample Traverse (20m interval)
- Soil Sample Locations
- Soil Assays - As (ppb)
- Soil Assays - Au (ppb)
- Soil Assays - Au (ppb)
- Soil Assays - As (ppb)

FIG 2



ASMT
Zinc
Reef

ASMT
Magnesium
Reef

YASMINIE Pty Ltd
LISLE - EL 2/92
**Proposed Percussion Drill Holes
(on Summary Base Plan)**

Scale: As Indicated

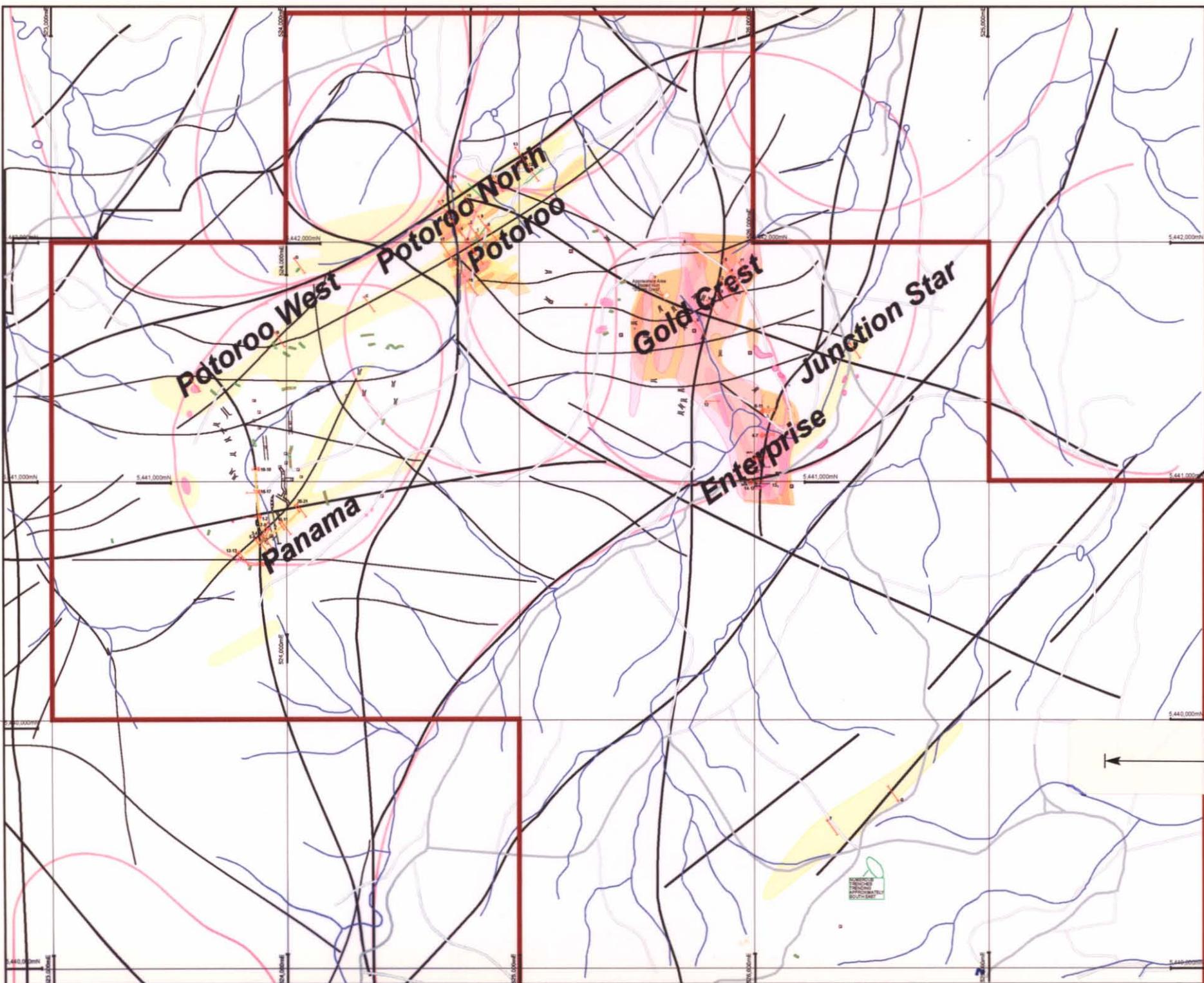
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PROJECT: Lisle - EL 2/92

DRAWN: [Name]

CHECKED: [Name]

APPROVED: [Name]



6.2 Potoroo and Potoroo North Prospects

Description: The Potoroo Prospect is located at the entrance to the Panama Valley and consists of weathered granite and Mathinna Beds overlain by weathered scree (mapped as "valley fill", VF). Mineralised quartz / arsenopyrite veins were intersected in a low-lying area centred around 54800mE and 5442000mN (AMG). The prospect was identified after trenching of a gold - arsenic anomaly identified by B horizon soil that was followed up by auger sampling.

Anomalies: The small B and C horizon auger soil anomaly (to 380 ppb Au and 450 ppm As) is coincident with a local aeromagnetic high. Exploration costeans revealed a zone of sulphidic quartz veins hosted by weathered / altered granite overlain by a shallow cover of valley fill or silicified Mathinna Beds.

Consistent disseminated mineralisation was recorded in one trench (e.g. 64m at 0.55 ppm Au and 1,443 ppm As) that intersected the majority of veins; other trenches indicated that Au grades diminish distally to the veins.

Subsequent trenching suggested that the anomalous zone is coincident with the NE trending, moderate NW dipping veins. Topographic constraints suggest that the granite can only be easily exposed in the known limited area (a trenching and pot-holing program did not intersect granite anywhere else at Potoroo). Assays from the pitting program indicate that the anomaly at Potoroo is still completely open to the S and W and the extension to the defined mineralised NE trending quartz vein zones is weakly reflected in the pitting program results from the overlying Mathinna Beds.

Interpretation: The gold - arsenic anomaly is associated the quartz vein sets oriented NNE-SSW through to NE-SW. It is uncertain if the disseminated low-grade mineralisation is primary or is a supergene enrichment focussed around the quartz veins.

Recommendation: Initial program of eleven (11) x 100m angled RC drill holes for a total of 1100m is recommended to test this prospect. Phase 2 drilling is proposed to consist of an additional 6 holes for 600m.

Heel / toe fences of 100m RC holes have been designed to test the strike extensions to the NE trending quartz vein mineralisation that was documented in historic excavator trenching. Two of these fences cross the N-S structural zone (located at the western boundary of pit sampling) that has potential to host N-S trending quartz veins, as at Enterprise.

Follow-up with a program of additional RC and DD holes, as required

6.3 Panama Prospects

Wilson / Symmonds and Quartz Reef Zones

Description: The Wilson / Symmonds and Panama Prospects are located at the western end of the Panama Valley and consists of weathered Mathinna Beds, "valley fill" and scree derived from the surrounding ridges and alluvium. Granite has been intersected in costeans and has also been observed in the adit providing access to a large quartz-sulphide vein that has been mined at Wilson / Symmonds.

Anomalies: See the table below that documents rock chip sampling completed by Macmin.

Sample Number	Assays		Location
	Au (g/t)	As (ppm)	
50026	2.50	1.01%	Panama Adit # 1
50028	21.25	1.39%	Panama Adit # 1
50029	20.75	1.41%	Panama Adit # 1
50030	8.95	2.03%	Panama Adit # 1
50031	0.61	2830	Panama Adit # 1
50032	12.25	7020	Panama Adit # 1
50033	2.20	1.09%	Panama Adit # 1
50034	5.80	1.35%	Panama Adit # 1
50035	2.85	1.27%	Panama Adit # 1
50036	1.10	1.13%	Panama Adit # 1
50040B	71.10	1.02%	Panama Adit # 2 - Shaft
50041	2.90	6810	Panama Adit # 2
50042	0.98	3930	Panama Adit # 2
50043	2.40	2370	Panama Adit # 2
50044	1.30	5070	Panama Adit # 2
50045	1.50	4550	Panama Adit # 2
50046	3.60	5630	Panama - Shaft on hill
50086	6.05	9590	Panama Adit 1 - 0.85m
50087	12.00	1.11%	Panama Adit 3 - Mullock
50088	49.50	4950	Panama Adit 2 - Vein
N.B. Samples are rock chips from in-situ veins			

Interpretation: Four known individual reefs comprise the Panama Prospect and they are the northerly trending Quartz Reef, and the NNE - NE trending Wilson-Symmonds / Southern Ounce / Eight Pennyweight Reefs. Macmin exploration has shown that the WS reef is partly mined out, as are the others.

Recommendation: Drill possible strike and dip extensions to known mineralised structures.

Initial program of 4 fan fences of angled RC drill holes of varying lengths for a total of 9 holes for 720m, is recommended to test this prospect. Phase 2 drilling is proposed to consist of an additional 6 holes for 480m.

The Panama Prospect consists of two discrete gold auriferous high-angle quartz veins, being the NNE/NE trending Wilson - Symmonds Reef (that was previously mined to a limited extent) and the northerly trending Quartz Reef, plus the inferred high-grade, steeply plunging ore shoot located at their intersection.

The first hole at Quartz Reef is located 20m east of the Quartz Reef shaft targeting an intersection at 26m downhole (or 25m vertically below surface) assuming an 80°E dipping reef. The second hole should intersect the vein at 53m downhole (or 51m vertically below surface), giving ~27m between intersections down-dip.

The first fence's drill collar at Wilson-Symmonds is located 20m to drilling grid north of the mains shaft that returned a grab sample of 70 g/t Au. These holes will provide orientation information used to target WS fence #2, which is designed to intersect both the N/S trending Quartz Reef and the NE trending Wilson Symmonds and its subsidiary Southern Ounce Reef.

The fourth fence will target the steeply plunging ore shoot at the intersection of the two gold quartz veins and precise locations will be dependent on drilling results and structural reconstructions.

Follow-up with a program of additional RC and DD holes as required

6.4 Potoroo West

Description:

The location of the costeans was selected from (spotty) weak Au and (extensive) moderate As anomalism in auger samples. Gold was panned from a layer of grey clay within the alluvials buried in the valley floor beneath thick VF.

Anomalies:

Soil: Exploration carried out by MACMIN included contour, ridge and spur soil sampling and returned low assays except in the SW of Panama Valley area where minor Au (22ppb) and As (590 ppm) anomalism was followed up with auger sampling and costeans.

Auger: Traverses through soil anomalies indicate zones of As and Au anomalism, possibly structurally-controlled (anomalous zones are striking sub-parallel to the Wilson-Symmonds Reef (located to the SW). Costeans were excavated through the stronger and more consistent of these. Auger sampling has revealed a 100m Au anomaly along the ridge immediately southwest of Panama; this anomaly has not yet been tested by trenching.

Costeans: Granite was exposed in the northern, western and southern trenches; moderate abundances of As were recorded for areas of silicified Mathinna Beds but Au grades were inconsistent and poor. No strong correlation between Au and/or As and granite was observed, nor was there any strong correlation between joint intensity and As or As abundances. Few quartz veins were exposed; no correlation between veins and As or Au was noted.

Interpretation: Costean profiles on the hillside indicate that the observed granite is probably a N/S-trending steeply-sided dyke-like body with an undulating roof (although normal faulting could also cause the observed relationship with the Mathinna Beds). There does not appear to be any evidence supporting a relationship between mineralisation and the occurrence of granite (i.e. similar "patchy" anomalies occur in both the Mathinna Beds and granite, no apparent spatial association with granite was observed and fracturing appears to be a post-magmatic feature.

The distribution of the Au-As anomalism suggests a NE-SW structural control. No evidence for disseminated mineralisation within the granite was observed - most granite is barren and the higher assays were recorded in association with more strongly jointed or sheared Mathinna Beds. Most adits and shafts were oriented to intersect quartz veins; some veins were excavated but not very productive; assays - weak Au but moderate-strong As.

Recommendation: Drill beneath the extensive arsenic anomalies and in hydrothermally altered Mathinna Beds. Initial program of 4 x 100m angled RC drill holes for a total of 400m, is recommended to test this prospect. Follow up with a program of additional RC and DD holes as required.

6.5 Enterprise Prospect

Description: The Enterprise area hosted the largest hard-rock workings at Lisle and was also a significant alluvial workings. The lithology consists of fine- to medium-grained granite and overlying sediment which could either be alluvial or eluvial. The granite consists of a few successive phases, the younger of which display flow textures and contain mineralised quartz veins (with galena, molybdenite, pyrite, chalcopyrite prominent among the visible sulphides).

Anomalies: B and C horizon soil sampling undertaken by MACMIN revealed a gold and

arsenic anomaly (to 1.6 ppm Au and 1,500 ppm As) oriented N-S which connected to the Gold Crest anomaly which has a combined strike length in excess of 1,000m and up to 250m in width. Whereas the B- and C-horizon soil anomalies at Gold Crest are oriented approximately NE-SW, those at Enterprise appear to be oriented approximately N-S and host the maximum assays in the Gold Crest-Enterprise area.

Exploratory diamond drilling intersected weakly mineralised quartz veins, weak patchy disseminated mineralisation and several large cavities (presumably stopes) in granodiorite near its contact with hornfelsed Mathinna Group sediments.

Geochemically the mineralisation has a Au-Ag-As-Cu-Pb-Bi signature and the enclosing granodiorite is pervasively modified with phyllic and propylitic styles of alteration, very similar to various major Alaskan granite hosted gold deposits.

Interpretation: It is likely that the Enterprise mineralisation consists of sulphidic quartz stockwork and/or veins striking approximately N-S. The depth extent of mineralisation is not known but the strike length of the working and soil anomalies is known to be >350m, with the width of soil anomalism approximately 50 to 70 m. Weak- to low-grade Au mineralisation at Enterprise appeared to be limited to the weathered granite or to selvages around veins.

Recommendation: Drilling program to test depth and strike extent of mineralised veins.

Initial program of 3 fan fences of RC drill holes for a total of 11 holes for 950m plus one isolated hole for 100m is recommended to test this prospect. The second phase of drilling consists of 2 isolated holes and one fan fence at the southern end of the anomalous zone for a total of 540m in 6 holes.

Follow-up with a program of additional RC and DD holes as required

The first group of holes at Enterprise is from the collar of Macmin RC drill hole ENP 001, targeting a quartz vein drill intersection of 2m of 6.4 g/t Au, that occurs 47m below surface level. The remaining fan fences of holes will be placed by specific measurement in the field relative to historic shafts and interpretations of cavities previously drill intersected by Macmin, with the drilling grid co-ordinates indicated herein only as an approximate guide. Holes 4 - 7 need to be as close to the boundary of the private property as possible (or inside it in G. Richardson's parking area perhaps) to enable meaningful drilling at reasonable angles of incidence with the vein.

Four (fan pattern) holes are planned for each drill site (with some exceptions) consisting of:

1. 45° inclination x 100m long to cover the largest possible dip-normal distance to the veins and test the width of the C horizon soil anomaly. Vein intersections anticipated at ~55m downhole, which is ~9m vertically above and ~15m up-dip of the ENP 1 drill intersection.
2. 60° inclination x 70m long, with the vein intersection anticipated at 55m downhole (as per ENP1) and 47m below surface.
3. 75° inclination x 80m long, with a vein intersection anticipated at 62m downhole and 65m below surface.
4. 90° inclination x 90m, with a vein intersection anticipated at 76m downhole and an equal distance below surface.

The first hole (45 degrees) should intersect the vein approximately 10 to 20m vertically below historical workings, with the 60, 75 and 90° holes intersecting the vein 15m, 17m and 23 down dip respectively. This should result in 4 drill intersections over approximately a 55m linear dip extent.

This program has been considered very carefully with respect to its impact on the private property owners at Enterprise. This is one reason for drilling fan fences of holes on wider fence spacings.

6.6 Gold Crest Prospect

Virginia Ridge Zone

Description: Virginia Ridge Zone, located on along the summit ridge and 'eastern' slopes of Mt Wilson, was formerly reported as part of the Gold Crest Prospect, and is possibly a strike extension to the gold Crest Reef, though this is unlikely.

Mt Wilson's ridge-top is composed of silicified and/or hornfelsed Mathinna Beds. The northern slopes consist of Mathinna Beds or scree overlying Mathinna Beds (except for the small occurrence of granite at Potoroo) whereas the southern slope is mostly granite covered by a veneer of Mathinna Beds scree. Rare quartz veins (generally striking approximately E-W with small jogs striking around 124/304° mag.) crop out along the ridge top. The veins are generally narrow (rarely exceeding 30 cm width) and most have been excavated to some extent although few are mineralised.

Some adits and shafts (into Mathinna Beds on the northern slopes and into granite on the southern slopes), usually following or oriented to intersect quartz veins or limonitic / sulphidic stockwork, have been mapped.

Anomalies: B and C-horizon soil sampling revealed two linear soil anomalies which joined in the shape of a Y (Au to 190 ppb and As to 1,100 ppm) near the power line. The left fork relates to Gold Crest and the right to the NE-SW linear Virginia Ridge soil anomaly. Trenching on the southern slope adjacent to the diamond drill hole LSD-4 has intersected disseminated Au mineralisation probably associated with sulphidic stockwork. A nearby adit into granite and which intersects this anomaly revealed the presence of limonitic stockwork and quartz veins.

One short diamond drill hole (E.O.H. 29.5m) by MACMIN in 1995 intersected gold mineralisation in oxidised granodiorite which gave 23m at 0.6 g/t Au (including 2m @ 2.8 g/t Au).

Trenching on the southern slope adjacent to the drill hole intersected disseminated gold mineralisation probably associated with fine sulphide veinlets and returned assays to 0.77 g/t Au and 1,450 ppm As.

Interpretation: Anomalies have a higher average grade within granite, which appears to contain a greater abundance or concentration of sulphidic or limonitic stockwork / quartz veins proximal to the granite / MB contact. Mineralisation appears to be associated with the stockwork / veination rather than being simply "disseminated" within the granite i.e. a post-crystallisation structural control is evident.

Recommendation: Drilling program to test for lateral extensions and depth 1,000m is recommended to test this prospect. The heel / toe fences of 100m RC hole have been designed to test the soil geochemistry and strike extensions to the mineralisation documented in drill hole LSD004.

Existing tracks have been utilised where possible to minimise impact in the State Forest area proximal to private property, when planning the holes.

Phase 2 drilling will consist of just 1 hole for 100m, at this stage, with additional follow-up RC and DD holes as required

Gold Crest Reef Zone

Description: Refer to the description above for Virginia Ridge Prospect

Anomalies: Government geologist McIntosh Reid collected samples from the Gold Crest workings that returned up to 66 g/t Au with 112 g/t Ag; he noted "If the last sample taken from the winze (#9) is truly representative of the average quality there, the continuance of that exploratory work is warranted." Sample #9 returned 33 g/t Au and 7 of his 12 rock samples returned > 15 g/t Au. See the table below for additional results.

Sample Number	Location	Vein Width m	Gold		Silver	
			g/t Au	g.m	g/t Ag	g.m
1	Adit 1 - 50ft N of winze	0.15	8.81	1.3	20.34	3.1
2	Adit 1 - 47ft N of winze	0.25	7.00	1.8	20.28	5.2
3	Adit 1 - 37ft N of winze	0.30	5.77	1.8	15.23	4.6
4	Intermediate Level	0.46	22.87	10.5	43.15	19.7
5	Intermediate Level	0.20	16.00	3.3	71.08	14.4
6	Intermediate Level	0.38	27.47	10.5	48.72	18.6
7	Intermediate Level	0.61	0.00	0.0	3.76	2.3
8	Intermediate Level	0.30	66.02	20.1	111.96	34.1
9*	Main Adit winze 8ft deep	0.25	32.98	8.4	40.62	10.3
10	Main Adit winze 3ft deep	0.30	20.34	6.2	40.69	12.4
11	Intermediate Level	0.25	15.23	3.9	25.40	6.5
12	Main Adit - North End	0.10	3.43	0.3	3.63	0.4
13	Tailings ck sand		3.43		10.17	
14	Tailings dump sand		5.44		25.98	

Macmin sampling of the Gold Crest workings returned up to 24.75 g/t Au in the collapsed area that was historically stoped (see below).

Sample Number	Assays		Location
	Au (g/t)	As (ppm)	
40001	2.31	19200	Gold Crest Mullock
40002	4.30	10700	Gold Crest Mullock
50001	4.05	2330	Power Line Adit
50005	0.53	270	Gold Crest
50072	6.50	1.85%	Big Gold Crest
50073	24.75	2440	Big Gold Crest
50074	8.20	1.18%	Big Gold Crest

Interpretation: The orientation of the gold anomalous quartz veins in the granite is uncertain and must be verified, but is thought to be roughly NNE with a moderate WNW dip.

Recommendation: Initial program of 2 x100m angled RC drill holes for a total of 200m, is recommended to test this prospect.

Follow-up with a program of additional RC and DD holes as required

6.7 Junction Star Prospect

Description: No geological control is available. The prospect occurs on the SE flank of Mt

Wilson near / in the Lone Star Creek and it is suspected that granite occurs very near surface and is host to the mineralisation.

Anomalies: Road based soil sampling documented anomalous arsenic, which was verified by auger sampling.

Interpretation: The arsenic halo probably represents the surface expression of an underlying structural zone.

Recommendation: Initial program of 1 x 100m angled RC drill hole (50°) is recommended to test this prospect.

Follow-up with a program of additional RC and DD holes if required

6.8 Bessells / Cradle Creek / Tobacco Creek

Description:

(a) The **Bessells Grid** area consists predominantly of psammitic Mathinna Beds containing rare patches of gossanous alteration. Part of the Golconda Creek drainage contained BLEG anomalism for Au but no consistent Au anomaly was discovered in soil or auger sampling. The soil grid was terminated on the NE end with some Au and As anomalies that can be correlated with auger anomalies from the road to the NE.

(b) In the **Cradle - Tobacco Creek** area, most layers of the Mathinna Beds have a fine-grained psammitic texture but rare layers of graphitic or carbonaceous mudstone and a gossanous coarser-grained texture also can occur. Rare (unmineralised) quartz veins have been observed, mostly in the Cradle Creek drainage. The more strongly silicified psammitic beds often contain abundant limonitic stockwork and rare quartz veins which may contain strongly altered gossanous selvages: rare samples of this rock have contained anomalous abundances of gold but the majority have not. This area contains evidence of significant alluvial and/or eluvial workings in the creek valleys; hand trenches and adits indicate past interest in locating veins which sourced the quartz float found on the slopes and streams.

Anomalies: Initial assays in the Bessells Grid area were promising but back-up soils and auger assays proved the initial assays to be incorrect, probably due to analytical error. Overall only rare, slightly above-background anomalism exists and there is no apparent continuity in anomalism. R. Botrill has collected grab samples from here that assayed >1g/t Au.

Interpretation: The lack of geological data makes this area very difficult to interpret if the Au anomalism is due to alluvials or veins. Exploratory rock chip sampling from outcrop in the Cradle Creek area returned only one assay (10 ppb) above background.

Recommendation: One x 100m angled drill hole is recommended to test this prospect.

6.9 Wild Knife Prospect

Description: The Wild Knife ridge consists of silicified and altered hornfelsed Mathinna Beds and separates the Lone Star and Lisle valleys. Seltrust drilling intersected (unmineralised) granite at shallow depth on the southern (Lisle valley) side of the ridge base at the NE end of the prospect. The ridge is bound on the NW side by a fault / shear structure oriented NE-SW; the SE side of the ridge probably consists of Mathinna Beds scree overlying the Lisle granite and another NE-SW structure occupied by Lisle and Thomas creeks. A linear magnetic (high) anomaly trending NW-SE extends across the northeast end of the prospect.

Anomalies: A- and B-horizon soil sampling indicate a weak to moderate Au anomaly (peak assay 0.24 ppm) trending approximately 045° (mag.) along the NW side of the ridge between lines 1 and 7 inclusive. A weak As anomaly (peak assay 110 ppm) is coincident with the Au anomaly across line 6 only.

Interpretation: The alteration texture of the Mathinna Beds at Wild Knife is different to that normally observed in the Lisle area and possibly represents hydrothermal rather than normal weathering alteration of the hornfels. The presence of numerous limonitic joints and/or microveins within the rocks, while not necessarily indicative of mineralisation, is of interest for a few reasons:

- * proximity to granite,
- * proximity to shear zones,
- * the Wild Knife ridge forms the watershed between two drainages that host BLEG anomalism. It is likely that a silicified alteration zone accompanied by low grade mineralisation exists under the ridge capping of Mathinna Beds.

Recommendation: Initial program of 2 x 50m angled RC drill holes for a total of 100m, is recommended to test this prospect.

6.10 Lone Star South Prospect

Description: Hornfelsed and silicified Mathinna Beds in elevated parts in the W and S; rare quartz veins (some weakly pyritic) predominantly striking 030/210° (mag.) within the MB; extensive MB scree on slopes and base of slopes; (granite outcrops in valley floor, outside the grided area).

Anomalies: B-horizon soils: Au commonly < 1 ppb, nearly all of remainder assays < 10 ppb (average around 2.5 ppb) with peak assay 18 ppb; As commonly 2 - 15 ppm, majority of assays < 20 ppm, less than 10% of assays > 20 ppm with peak assay 165 ppm.

C-horizon soils: Au commonly < 5 ppb, < 50 % of assays > 10 ppb, < 8 % of assays > 20 ppb, very rare assay > 100 ppb; As commonly < 40 ppm, < 10 % of assays > 100 ppm (peak assay 240 ppm).

Interpretation: The arsenic + gold anomalism is weak, but relatively consistent.

Recommendation: Initial program of 1 x 100m angled RC drill, is recommended to test this prospect, with follow-up with a program of additional RC and DD holes if required

6.11 Lone Star West Prospect

Description: Lone Star West is a spur that leaves the Lone Star Ridge - Wild Knife Ridge and extends up the western side of Lone Star valley. Two small areas of erratic, weak Au and As anomalism occur near the intersection of two fault or shear zones, accompanied by minor hydrothermal alteration. Small, unmineralised quartz veins oriented roughly N-S have been observed in hornfels in the south of the prospect area. The Lone Star West - Wild Knife area is logically a likely source of the alluvial Au mined in the Lone Star goldfield. However, although minor hand trenches have been dug in the upper slopes of this area, no mineralised veins have been exposed and no adits or shafts discovered.

Anomalies:

Minor b horizon gold in soil anomalies

Interpretation: Possible obscured mineralised veins. Otherwise, disseminated mineralisation could be concentrated within the shear zones that have not yet been tested thoroughly.

Recommendation: No drilling recommended at this stage.

6.12 Lone Star Prospect

Description: Ridge of hornfelsed fine-grained Mathinna Beds forming the western side of the Lisle Valley; rare fine (un-mineralised) quartz veins and limonitic joints; initial soil and roadside anomalism not duplicated. Reports of adits in hillside not confirmed.

Anomalies: Weak erratic anomalism reported in initial soil sampling; not repeated during subsequent soil and auger sampling.

Interpretation: Fact that initial anomalism couldn't be repeated indicates initial samples either contaminated during laboratory processing or consisted of weakly anomalous scree material. No evidence of significant alteration or veination within the hornfels or the underlying granite further down the hillside.

Recommendation: No drilling recommended at this stage.

7.0 SUMMARY OF DRILLING RECOMMENDATIONS

Prospect	Proposed Drill Hole Number	Drilling Round	Zone Name	Drill Collar Coordinates (Drilling Grid)		EOH Depth (m)	Incl. (degrees)	Azimuth (degrees - AMG Grid)	Azimuth (degrees - Magnetic)	Drilling Fan / Fence Number
				Easting	Northing					
Potoroo	PORC 1	One	Potoroo	9950	20000	100	50	145	132	P1
Potoroo	PORC 2	One	Potoroo	9950	20050	100	50	145	132	P1
Potoroo	PORC 3	One	Potoroo	9900	19950	100	50	145	132	P2
Potoroo	PORC 4	One	Potoroo	9900	20000	100	50	145	132	P2
Potoroo	PORC 5	One	Potoroo	9900	20050	100	50	145	132	P2
Potoroo	PORC 6	One	Potoroo North	9900	20100	100	50	145	132	P2
Potoroo	PORC 7	One	Potoroo North	9900	20200	100	50	145	132	P2
Potoroo	PORC 8	One	Potoroo	10000	20000	100	50	145	132	P3
Potoroo	PORC 9	One	Potoroo	10000	20050	100	50	145	132	P3
Potoroo	PORC 10	One	Potoroo North	10000	20150	100	50	145	132	P3
Potoroo	PORC 11	One	Potoroo North	10000	20250	100	50	145	132	P3
Potoroo Prospects Round One Total =						1,100	metres	in	11 holes	
Potoroo	PORC 12	Two	Potoroo North	10300	20100	100	50	145	132	P4
Potoroo	PORC 13	Two	Potoroo North	10300	20200	100	50	145	132	P4
Potoroo	PORC 14	Two	Potoroo North	10150	20150	100	50	145	132	P5
Potoroo	PORC 15	Two	Potoroo	9800	19850	100	50	145	132	P6
Potoroo	PORC 16	Two	Potoroo	9800	19950	100	50	145	132	P6
Potoroo	PORC 17	Two	Potoroo	9800	20050	100	50	145	132	P6
Potoroo Prospects Round Two Total =						600	metres	in	6 holes	
Potoroo Prospects - Rounds One & Two Total =						1,700	metres	in	17 holes	
Panama	PARC 1	One	Quartz Reef	8500	19550	100	45	270	257	QR1
Panama	PARC 2	One	Quartz Reef	8500	19550	60	60	270	257	QR1
Panama	PARC 3	One	Wilson-Symmonds Reef	8475	19475	90	45	145	132	WS1
Panama	PARC 4	One	Wilson-Symmonds Reef	8475	19475	90	70	145	132	WS1
Panama	PARC 5	One	QR + WS Reefs	8450	19475	90	45	145	132	WS2
Panama	PARC 6	One	QR + WS Reefs	8450	19475	90	70	145	132	WS2
Panama	PARC 7	One	QR + WS Ore Shoot	8475	19475	40	40	205	192	PL1
Panama	PARC 8	One	QR + WS Ore Shoot	8475	19475	60	60	205	192	PL1
Panama	PARC 9	One	QR + WS Ore Shoot	8475	19475	100	100	205	192	PL1
Panama Prospect Round One Total =						720	metres	in	9 holes	
Panama	PARC 10	Two	Wilson-Symmonds Reef	8575	19475	90	45	145	132	WS3
Panama	PARC 11	Two	Wilson-Symmonds Reef	8575	19475	90	70	145	132	WS3
Panama	PARC 12	Two	Wilson-Symmonds Reef	8350	19475	90	45	145	132	WS4
Panama	PARC 13	Two	Wilson-Symmonds Reef	8350	19475	90	70	145	132	WS4
Panama	PARC 14	Two	Quartz Reef	8400	9375	60	45	270	257	QR2
Panama	PARC 15	Two	Quartz Reef	8400	9375	60	60	270	257	QR2
Panama Prospect Round Two Total =						480	metres	in	6 holes	
Panama	PARC 16	Three	Quartz Reef	8550	19630	60	45	270	257	QR3
Panama	PARC 17	Three	Quartz Reef	8550	19630	60	60	270	257	QR3
Panama	PARC 18	Three	Quartz Reef	8620	19720	60	45	270	257	QR4
Panama	PARC 19	Three	Quartz Reef	8620	19720	60	60	270	257	QR4
Panama	PARC 20	Three	Wilson-Symmonds Reef	8675	19500	90	45	145	132	WS5
Panama	PARC 21	Three	Wilson-Symmonds Reef	8675	19500	90	70	145	132	WS5
* Panama Contingency Total =						420	metres	in	6 holes	
Panama Prospects - Rounds One & Two Total =						1,200	metres	in	15 holes	
Enterprise	ENRC 1	One	Central	10375	18535	100	45	90	77	E1
Enterprise	ENRC 2	One	Central	10375	18535	80	75	90	77	E1
Enterprise	ENRC 3	One	Central	10375	18535	90	90	90	77	E1
Enterprise	ENRC 4	One	Central	10450	18675	100	45	90	77	E2
Enterprise	ENRC 5	One	Central	10450	18675	70	60	90	77	E2
Enterprise	ENRC 6	One	Central	10450	18675	80	75	90	77	E2
Enterprise	ENRC 7	One	Central	10450	18675	90	90	90	77	E2
Enterprise	ENRC 8	One	North	10525	18675	100	45	90	77	E3
Enterprise	ENRC 9	One	North	10525	18675	70	60	90	77	E3
Enterprise	ENRC 10	One	North	10525	18675	80	75	90	77	E3
Enterprise	ENRC 11	One	North	10525	18675	90	90	90	77	E3
Enterprise	ENRC 12	One	West	10350	18850	100	50	90	77	E4
Enterprise Round One Total =						1,050	metres	in	12 holes	

Gold Crest	GCRC	1	One	Virginia Ridge	10700	19200	100	50	145	132	G1
Gold Crest	GCRC	2	One	Virginia Ridge	10700	19250	100	50	145	132	G1
Gold Crest	GCRC	3	One	Virginia Ridge	10750	19200	100	50	145	132	G2
Gold Crest	GCRC	4	One	Virginia Ridge	10750	19250	100	50	145	132	G2
Gold Crest	GCRC	5	One	Virginia Ridge	10750	19300	100	50	145	132	G2
Gold Crest	GCRC	6	One	Gold Crest Reef	10650	19450	100	50	90	77	G3
Gold Crest	GCRC	7	One	Gold Crest Reef	10450	19400	100	50	145	132	G4
Gold Crest	GCRC	8	One	Gold Crest Reef	10500	19150	100	50	145	132	G4
Gold Crest	GCRC	9	One	Virginia Ridge	10600	19200	100	50	145	132	G5
Gold Crest	GCRC	10	One	Virginia Ridge	10650	19200	100	50	145	132	G3
Gold Crest Round One Total =							1,000	metres	in	10 holes	
Gold Crest	GCRC	11	Two	Virginia Ridge	10800	19250	100	50	145	132	
Gold Crest Round Two Total =							100	metres	in	1 hole	
Gold Crest Prospect - Rounds One & Two Total =							1,100	metres	in	11 holes	
Potoroo West	PWRC	1	Two	A	8600	20200	100	50	145	132	-
Potoroo West	PWRC	2	Two	B	9000	20150	100	50	145	132	-
Potoroo West	PWRC	3	Two	C	9400	20050	100	50	145	132	-
Potoroo NW	PWRC	4	Two	D	9250	20350	100	50	145	132	-
Potoroo West +NW Total =							400	metres	in	4 holes	
Junction Star	JSRC	1	Two	E	11000	18700	100	50	145	132	-
Junction Star Total =							100	metres	in	1 hole	
Bessells	BSRC	1	Two	F	9800	17100	100	50	145	132	-
Bessells Total =							100	metres	in	1 hole	
Wild Knife	WKRC	1	Two	G	TBD	TBD	50	50	145	132	
	WKRC	2	Two	G	TBD	TBD	50	50	145	132	
Wild Knife =							100	metres	in	2 holes	
Lone Star South	LSRC	1	Two	H	TBD	TBD	100	50	145	132	
Lone Star South =							100	metres	in	1 hole	
Total Round One Drilling =							3,870	metres	in	42 holes	
Main Prospects - Round Two Total =							1,720	metres	in	19 holes	
Other Prospects - Round Two Total =							800	metres	in	9 holes	
Total Round Two Drilling =							2,520	metres	in	28 holes	
Total of Rounds One and Two Drilling =							6,390	metres	in	70 holes	

*The drilling grid E-W baseline is designated 20000mN, it is oriented 055 degrees AMG and the 10000mE origin is located at the NE end of trench 5 at Potoroo (where it nearly intersects the access track).

NB: TBD - To be Determined

