

01_4620

Relinquishment Report - Zeehan Base Metal Project -
EL 18/1998
Dragon Mining NL*
Edwards, N.M. EL18/1998

684001

OPEN FILE

RELINQUISHMENT REPORT

ZEEHAN BASE METAL PROJECT

MICROFILMED
FICHE No. 015661 -

EXPLORATION LICENCE 18/98

01_4620

Relinquishment Report - Zeehan Base Metal Project -
EL 18/1998
Dragon Mining NL*
Edwards, N.M. EL18/1998

MINERAL RESOURCES		
FILE REF: EL18/98PT1		
- 1 NOV 2001		
DOC. REF:		
OFFICER	FOR ACTION	FOR INFO
See folio 31		
RESUBMIT TO	DATE	

Neale M Edwards
Dragon Mining NL
October 2001

CONTENTS

1.	Introduction	4
2.	Location & Access	4
3.	Tenure	4
4.	Geology	4
5.	Previous Exploration	6
6.	Exploration	6
7.	Conclusions & Recommendations	7
	References	8

Figures

- 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 relinquishment report details the exploration activities undertaken by Dragon Mining NL on the Zeehan Base Metal project area, during the period from 24 October 1998 to 30 October 2001.

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 originally granted to Dragon Mining NL on 24 October 1998 for a period of five years.

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".

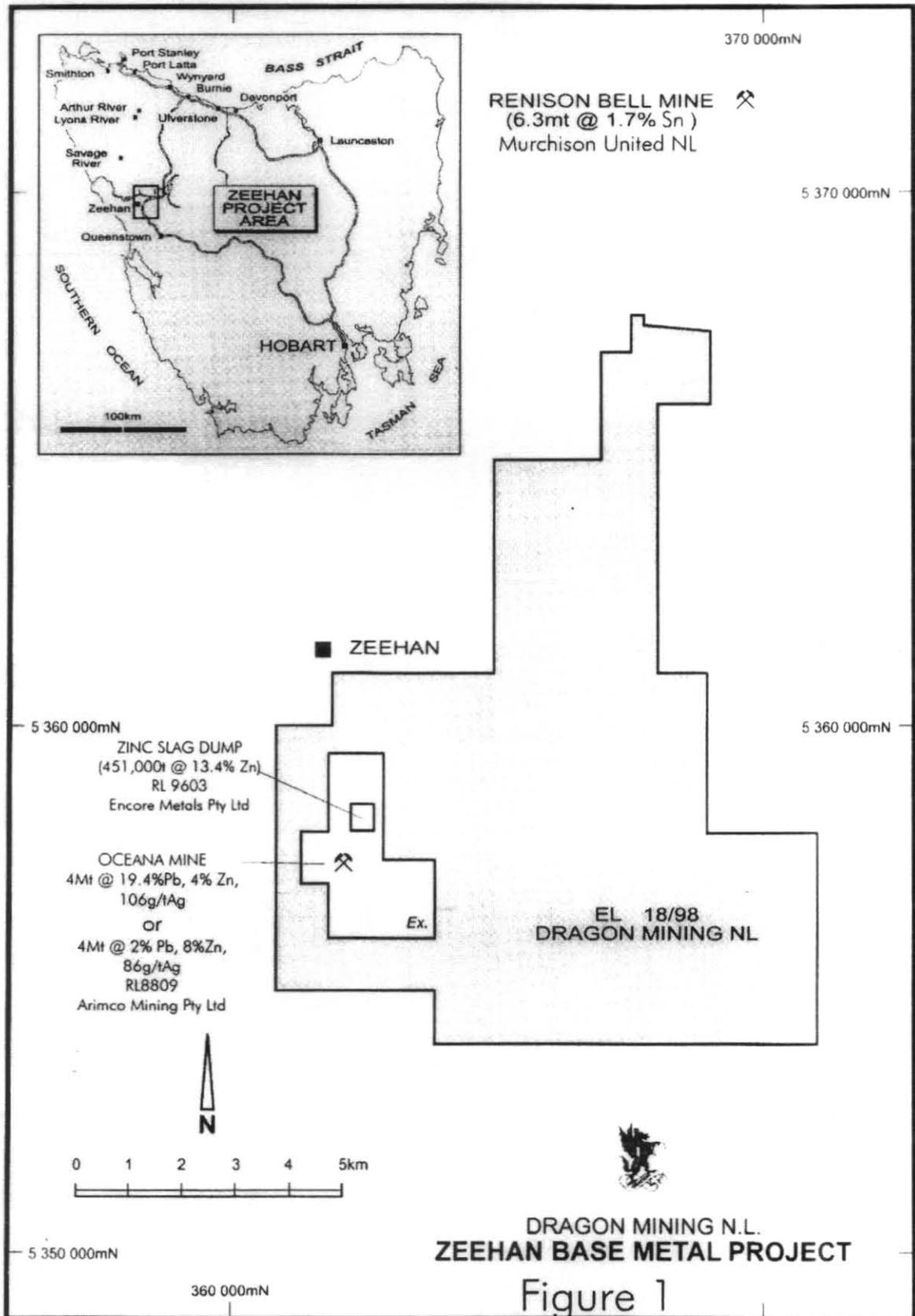
4. Geology

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.

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.



Merrison Associates (+61 8) 9321 8588

5 cm

Within the region the other main limestone hosted deposit is Grieves. Both Oceana and Grieves have orebody morphologies indicative of a substantial stratbound 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 (Pasminco);
- 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 the period covered by this relinquishment report exploration activities have been restricted to a review of previous exploration and a field inspection of target areas of greatest interest.

A brief report was compiled by independent consultant geologist Simon Tear on behalf of Dragon Mining NL outlining the prospectivity of the licence area. It was concluded in

this study that Rio Tinto's exploration was principally focussed towards large tonnage deposits and their efforts were curtailed before some of the more prospective targets could be adequately tested.

7. Conclusions & Recommendations

The Zeehan Base Metal Project area has been subjected 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 million tonnes.

References

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

Edwards NM, 2000 Annual Report Zeehan Base Metal Project; Exploration Licence 18/98; 24 October 1999 – 23 October 2000: Dragon Mining NL

Edwards NM, 2001 Annual Report Zeehan Base Metal Project; Exploration Licence 18/98; 24 October 2000 – 23 October 2001: Dragon Mining NL

Tear S, 1999 Prospectivity Report for EL 18/98 Zeehan Base Metal Project: Dragon Mining NL