

# LYNCH MINING

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## **REPORT FOR RETENTION LICENCE 7/1988**

### **MT. BISCHOFF**

**FOR PERIOD ENDING 30 JUNE 2002**

**February 2003**

FILE: RL7-1988\_200302\_anrep.pdf

**P. D. McLatchie**

## **1.0 INTRODUCTION**

This report describes the work performed by Lynch Mining Pty. Ltd. (Lynch) between July 1998 (being the date of the last submitted Annual Report) and 30 June 2002 with respect to Retention Licence 7/1988 (previously 8807) at Mt Bischoff.

## **2.0 LOCATION**

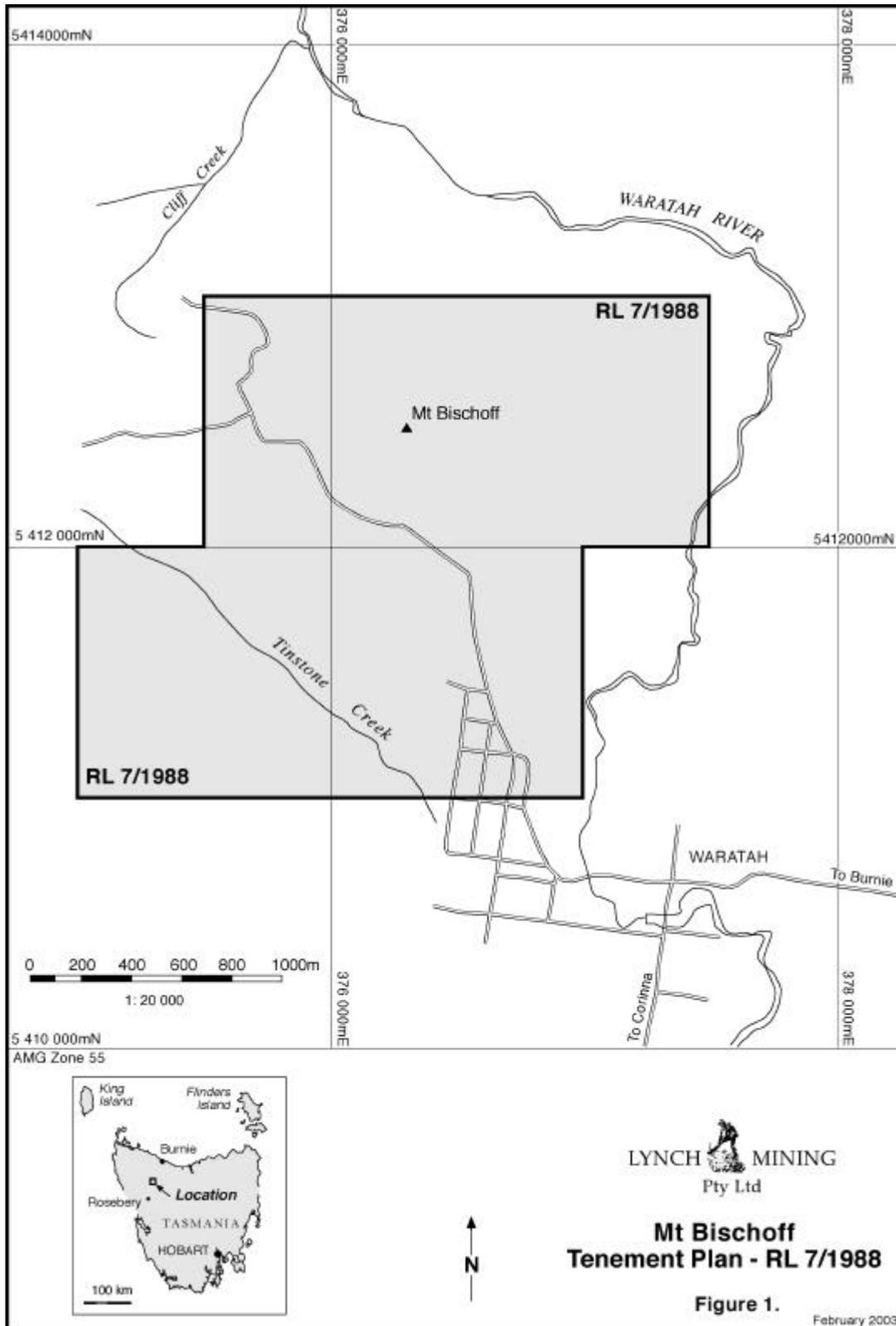
Mt. Bischoff is located in the Waratah district, northwest Tasmania (refer Figure 1). The township of Waratah is approximately 60 kilometres south by road from Burnie. Good sealed roads connect Waratah with Burnie to the north and the townships of Rosebery and Zeehan to the south.

## **3.0 DISCOVERY AND CORPORATE BACKGROUND**

Tin ore was first discovered in December 1871 by James Smith in the alluvium of Tinstone Creek on the southwest slope of Mt. Bischoff and in 1873 the Mt. Bischoff Tin Mining Company was formed. The operation was initially worked as an alluvial mine with sluices and hand jigs producing tin concentrates. Underground prospecting commenced in 1897 to supplement the open cut operations. Mining continued through to 1929 when the company ceased to operate profitably and large scale mining operations ceased. The company let the mine to tributors until the Commonwealth Government acquired the mine and plant in 1942 and worked in the area until 1947. Mt. Bischoff was then intermittently worked on a small scale by tributors, and various surface investigations were carried out by a number of mining companies.

In 1964 Comstaff Pty. Ltd. was formed between Mt. Costigan Mines Ltd. and Broken Hill South to determine the ore reserves remaining beneath the old workings. Australian Anglo American joined Comstaff in 1968, and became operator. Between 1964 and 1970, exploration programs completed included electrical and geophysical surveying, geological mapping, rock sampling, diamond drilling and adit rehabilitation.

In 1977 a Joint Venture was formed between Comstaff Pty. Ltd. and Preussag Australia Pty. Ltd. They expected that potential existed to successfully mine the dolomite lodes at Mt. Bischoff. In 1978 Metals Exploration Ltd. (MEL) and CRA Exploration (CRAE) joint ventured into the project. Under the new "Mt. Bischoff Joint Venture" several major mining evaluations were undertaken. In March 1983, CRAE assigned its equity to MEL. The Mt. Bischoff Joint Venture, then comprising MEL 85% and Comstaff and Preussag 15%, was granted Retention License No. 8807 (now RL 7/1988) of 4 square kilometres on 14 October 1988.



In October 1993 Lynch Mining Pty. Ltd. (Lynch) purchased the Retention License from Metals Exploration Ltd., Comstaff and Preussag to own 100% equity in the project. Lynch completed a detailed Feasibility Study into open pit mining at Mt. Bischoff and selling the ore to the Renison Bell Mine some 80 km south of Mt. Bischoff. The study indicated that if Renison could mill the Bischoff ore such an arrangement was profitable to both parties. Negotiations with Renison failed to convince them of the benefits in the proposal. Other options to exploit the Mt. Bischoff resource were examined, but all were shown to be potentially less profitable to Lynch than the sale of ore to Renison.

In early 1995 Lynch commissioned a study into the entire West Coast Tasmania tin industry. The study identified all the known tin resources on the West Coast and confirmed the findings of 1993 that it was most economic to treat Bischoff ore at Renison.

During the period between 1996 and 1998 Lynch again extensively re-examined the potential of the Mt Bischoff resource including new approaches to the management of the Renison operation. The offer to supply ore was again rejected but in the course of discussions Lynch was invited to make an offer to purchase the Renison operation from the then owners RGC Ltd. Lynch commenced due diligence and fund raising activities before RGC sought public offers from other parties. Lynch chose not to participate in the open tender situation and Renison was subsequently sold to Murchison United.

#### **4.0 WORK FOR THE PERIOD JULY 1998 TO 30 JUNE 2002**

There has been no field activity or test work carried out during the period under review.

Activities have been limited due to the declining tin price which in US dollar terms is currently over 25% lower than the market price during the 1997 to 1999 period.

Murchison United have been made aware of the potential for Mt Bischoff to supply ore to Renison. Discussions have been held with other parties investigating new smelting technology for other West Coast resources but that could also benefit the Mt Bischoff resource.

Lynch Mining still values the Mt Bischoff tin resource and proposes to continue investigations into an economic way of developing this project. However, the project is reliant on an improvement in the current tin price and other existing or potential developments on the west coast of Tasmania into which Mt Bischoff can be incorporated.

## 5.0 EXPENDITURE

To 30 June	1999	2000	2001	2002
Salaries & Wages	2,719	218	230	248
Consultants	1,098			
Tenement Fees & Rental	478	651	808	1,323
Drafting & Printing	90		135	
Accommodation & Meals	748			
Administration & Overheads	770	130	176	236
<b>TOTAL</b>	<b>5,903</b>	<b>999</b>	<b>1,349</b>	<b>1,807</b>