

G.M. WIGGINS
EL 33/2003
LAKE MARGARET ROAD 8km sq
End of first year report
2005

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As everyone has said the Lake Margaret area has good signs of prospects, Well it has!

After looking over the whole area and hours and hours of studying all the mag data , ip readouts and doing numerous pan samples over the whole lease, the area does have great potential for the same style ore zones the same as MT LYELL copper mine.

The area has numerous MRV (mount read volcanics) out crops, which automatically tell you that you are onto good ground.

The area has small workings all over it.

My first aim of the project is to try and find the gold source along the West Queen River. It has been reported by Poltock, the gold was occurring about 600m wide and 3.5km long, following the West Queen River up and on the western side.

The start of my exploration program starts at the hockey fields on the southern part of the lease, numerous old workings occur all around the area.

An old map I have access to, shows three good areas of concern, all three working have a rumour with them stating that the ore was assaying 5% copper and good colour of gold. Have got some grab samples but still have to assay.

Work was slowed down in the last quarter due to me been in a boating accident.

McCuesick Creek

Fig.1

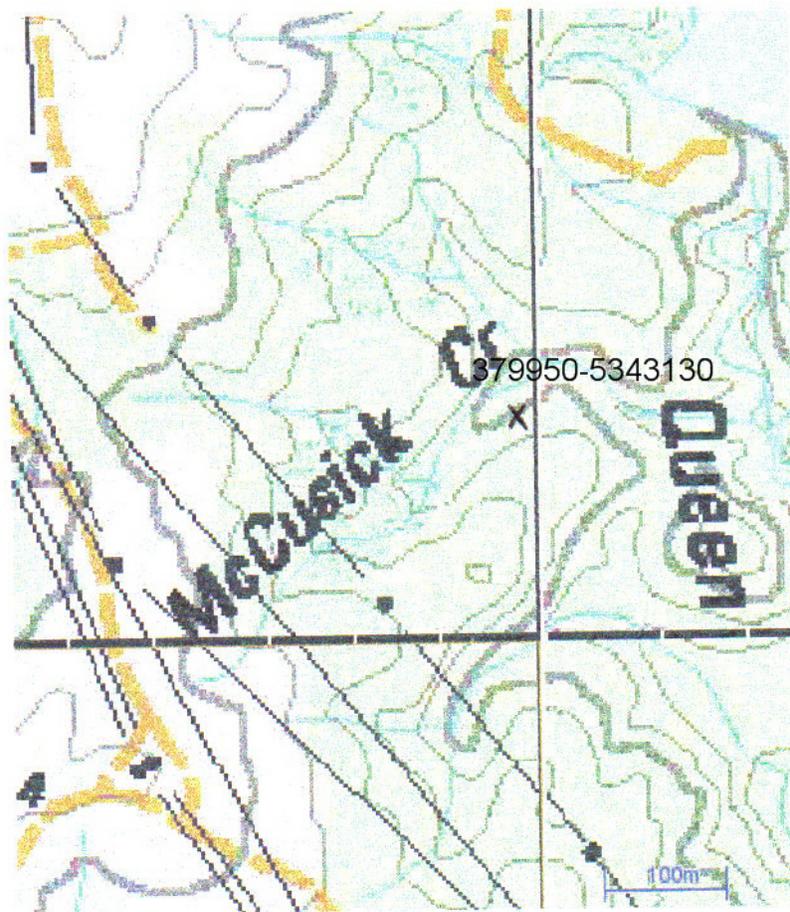
About 0.8km up the West Queen River on the western side , I came across some old workings about 250m up the side of the hill. After some intense research I found out it was the old McCuesick Creek open cut which was mined for gold in 1898-1905. A lot of the gold was crystal gold and there was some nice collector quality specimens apparently.

It was very hard going for the old time prospector and they eventually gave up and went to the Mt Lyell copper mine as they got there wage every week and was better than working there own little lease. The open cut would be 25meters wide and about 10 meters high, right on the side of the hill. To date I have done some pan samples around the site and got specks of gold in every pan sample. Some samples even hade grains of gold up to 3mm in size.

The gold seems to be in the andesitic weather clay. Looking at the small tailings heaps , they are all quartz rock ,At this stage I have found no gold in the quartz.

**40m above the open cut there are a few trenches but the main load was yet to be found, only leaving 40m more to the top of the hill.
I have been on site with David Gatehouse and have approval to do some costeaning above the site. Once costeans are dug I will take samples from the walls and floor of the costean for assaying, and report the geophysics of the ground. Costeans will be back filled and rehabilitated once assays are complete.**

Fig.1



TRAMWAY PYRITE

Fig.2

This is also an exciting site. A 10meter zone of outcropping pyrite, with assays of 1g/t gold and silver and good assays of base metals.

The site has had 2 diamond drill holes (ws1,ws2) and none of the core has been assayed for gold. Seems a bit stupid as 1g/t is not to bad for a grab sample. The core is stored at MRT core shed, and that is the next stage, to assay the core now the core shed is opened again.

David Gatehouse has been on site and approved some costeaning for further assay.

At this stage I feel confident to diamond drill 2 more holes 50m each side of the last drill site and try and work out a bigger zone of mineralization. 400m to the west is another diamond drill site(pen001) and has assays to have a 1m @ 1.7% copper and 0.37 g/t gold at 60m depth.

Looking at the mag data the zone at pen(001) is about 1.5km long by 800m wide and could be associated with the Tramway pyrite zone.

Further work will commence soon on the PEN001 site, as it seemed strange why it was not drilled anymore.

Previous exploration assay results of grab samples are;

	<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
FeS ₂	29.5	35.2	10.1
Cu	565	1020	220
Pb	80	100	55
Zn	33	35	15
Co	39	45	30
Ni	18	20	10
Mo	21	45	15
Ag	0.75	1.0	0.4
Au	0.68	1.0	0.4

Pyrite is in % the rest in ppm

LAKE MARGARET ROAD GOLD ADIT

Fig.2

About 4km in on the Lake Margaret road is the gold adit, Last worked in 1898.

The prospectors where chasing a 1inch quartz vein with gold.

The adit goes under the road and goes for 55m in length.

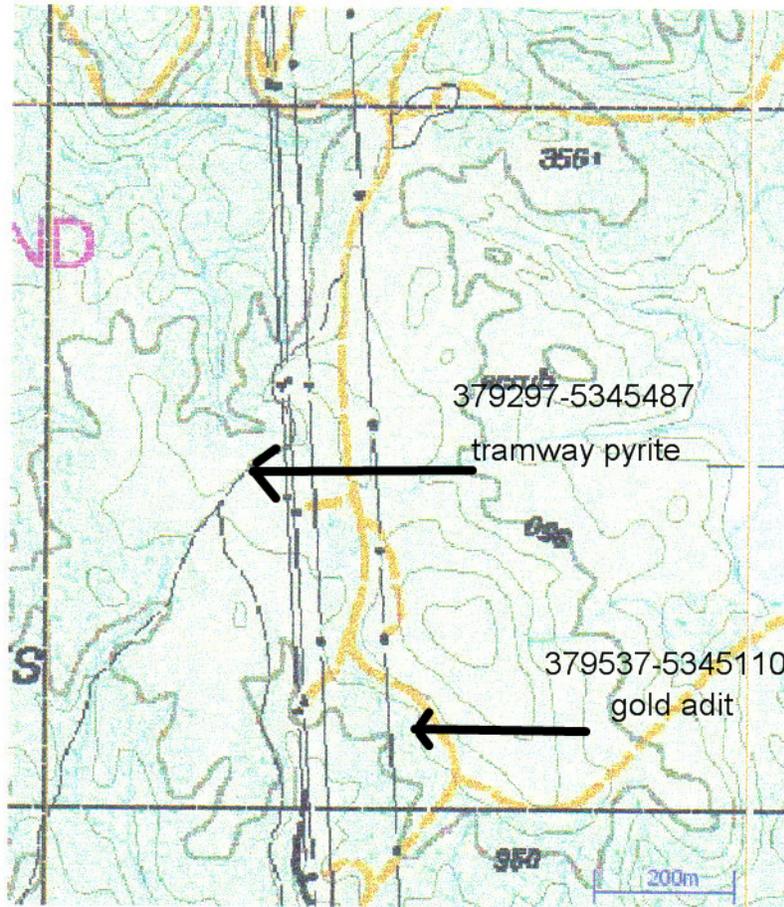
I have not done much work on this site yet as it took a little while to find, but I have had David Gatehouse on site to check things out.

I will create a safe access into the mine and do a modern era geochemical survey on the adit.

Most of the work so far has been to put a safety mesh above the adit as it is very easy to fall over the face of the adit.

The mines department will be notified when this project will commence.

Fig.2



EXPENDITURE

WAGES **\$2,788**

EQUIPMENT **\$500**

FUEL **\$500**

RENT **\$ 145**

PUBLIC LIABILITY **\$1000**

APPLICATION FEE **\$666**

BOND **\$5,000**

TOTAL

\$10,800