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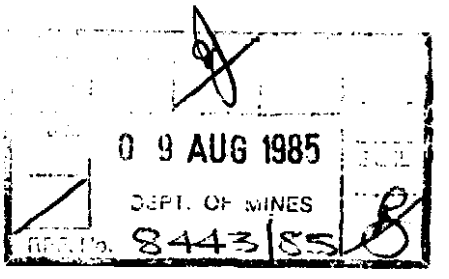
IN REPLY PLEASE QUOTE

9 August 1985

The Director of Mines
Department of Mines
PO Box 56
ROSNY PARK TAS 7018



A.R. PB

Dear Sir,

EL 12/80 LEIGH RIVER - RELINQUISHMENT REPORT 85-2476

You will have been notified by our Sydney Office that the above EL 12/80 will be allowed to lapse at its next renewal date, 23 August 1985.

The Licence was granted to CRA Exploration Pty Limited on 22 August 1980. It was taken to investigate two tin stream sediment anomalies located during previous reconnaissance work by CRAE in 1977.

The tin was only apparent in stream sediments and was thought to reflect fine tin associated with massive sulphide mineralisation. The EL was also considered to have potential for shale hosted lead-zinc and possibly gold mineralisation and this was supported by the presence of a number of INPUT anomalies obtained by Esso in 1973.

About mid 1981 major access was gained to the area by the Sumac road system, which was constructed by the Forestry Commission. Prior to that, access was extremely difficult. Work carried out during the period 1981-1985 has included:-

- Computer study of all previous stream sediment geochemistry

- A programme of infill stream sediment sampling to test the tin anomalies, major aeromagnetic anomalies in the central western section of the licence and to evaluate the lead-zinc potential

- Regional scale mapping of the northern half of the Licence area

- Ground magnetic, Genie EM and 'C' horizon soil geochemical follow up of nine aeromagnetic anomalies defined by the Mines Department West Coast Survey

- 'C' horizon soil sampling, Genie EM ground magnetics and geological mapping of the Bridge anomaly to investigate the gold potential of altered Cambrian basalts

Full details of this work are reported in the following CRAE Reports:-

1. CRAE Report No 11857 Leigh River EL 12/80 Progress Report for the Year Ending 22 January 1983 by D J Weir 83-1923

2. CRAE Report No 12791 Leigh River EL 12/80 Progress Report for the period June 1983 to July 1984 84-2194

3. CRAE Report No 13053 Leigh River EL 12/80 Progress Report for the period July 1984 to January 1985 85-2461

Report No 13053 is attached with this letter.

Results obtained have been disappointing. Infill sampling failed to repeat the original tin anomalies (Report No 11857) and only five very low order geochemical anomalies were located elsewhere in the Licence. These anomalies (CRAE Report No 12791)

1. Leigh River - spot anomaly with 4.4% Fe, 85 ppm Arsenic, 390 ppm Barium and 200 ppm Manganese. There is no base metal or gold anomalism

2. Lindsay East - drainage area 5 km² - 2% Fe with only 15 ppm Lead

3. Spur 2 - drainage area 5 km² - 2-8% Fe with 570 ppm Barium and 12 ppm Arsenic - no gold or base metals

4. Midway - 500 ppm Barium with 15 ppm Lead and 170 ppm Manganese in 5 km² drainage area

5. Lindsay West - minor gold in pan concentrate. No gold reported in -80# or clay fraction samples

are of very limited interest and have not been followed up.

Of the nine aeromagnetic anomalies followed up the majority are attributed to amphibolite dykes, a very slight increase in pyrrhotite content or a change in attitude of the siltstone containing minor pyrrhotite (Report No 12791).

There is no base or precious metal anomalism and up 135 ppm tungsten adjacent to the STRIKE anomaly was the best result obtained (Report No 13053).

The Bridge anomaly (Report No 13053) is underlain by altered Cambrian basalt. Spikey, anomalous gold values to a maximum of 65 ppb were obtained on one line close to the Southern horizon of the basalt but a second line 800 metres to the east returned only background gold values.

All exploration in the area was supported by the Sumac Road network and no new roads were constructed. No drilling was carried out and all grid lines were cut with slash hooks and chain saw. The ground was not disturbed and the lines will be quickly grown over.

Yours faithfully,

T W DICKSON
Chief Geologist

Enc.