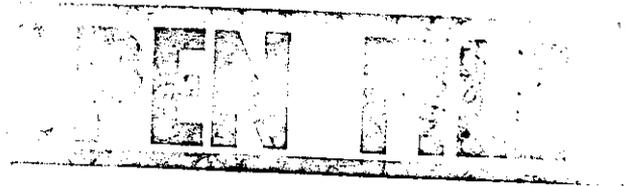


ANNUAL REPORT FOR E.L. 44/84



86-2557

EXPLORATION LICENCE 44/84

Report of exploration carried on during the term of this licence.

1. Preliminary

Cornwall engaged consulting geologists McElroy Bryan and Associates to review prospects for coal seam extensions into the licence area, select borehole sites and supervise drilling which might result.

2. Drilling

After consideration of factors such as entry onto private land for exploration, past mining operations, location of future mine sites, public roads, one proposed borehole was cancelled and other sites were selected on the lease near the boundary of the consolidated lease 34M/79 and adjoining private land.

Drilling commenced on the lease area prior to the date of issue of the formal licence on an order by the Minister for Mines.

Stacpoole Drilling Pty. Ltd. was the contractor.

Four boreholes Nos. 23, 25, 27 and 28 were completed within the licence. Nos. 25 and 28 were inside the boundary of the lease 34M/79 but located so that information was obtained relative to the extension of coal measures into the licence area beyond the lease.

3. Results

Drilling disclosed reserves in extensions of seams previously worked and a potentially mineable resource in previously untouched lower sections of the Triassic series, some of which extends into the licence area.

Drilling logs of holes 24, 25, 26, 27, and 28 were filed with the Department of Mines in accordance with regulations. 84-2432

An estimate of resources was compiled and subsequently reviewed under the title "Revised Estimates of Reserves in the Blue Seam". 85-2442

Some small areas containing geological reserves have been excluded as being unmineable due to conflict with other land uses.

4. Future Work Planned

In the ensuing twelve months, no further field work is planned unless there is a revival of the project for generation of electricity from coal.

However, steps have been taken to review areas which can be mined should sufficient demand occur and to acquire rights of access and/or title where private land is involved.

Because small blocks of land under various owners are involved, this process could take up to two years to complete.

On completion of this step, the company will proceed to consolidate these into the lease 34M/79.

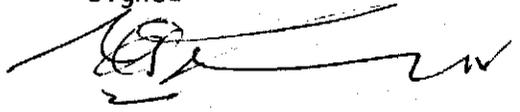
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5. Expenditure

Expenditure to date relative to this licence totals \$27,145. Some of this actually occurred on the lease 34M/79 adjacent to the boundary.

Signed



C.E. PECK  
Commercial Manager

Before me 

A Justice of the Peace

Date 11<sup>th</sup> June 1986