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PRELIMINARY INSPECTION
 E.L. 43/84
 SMITHTON, TASMANIA
 FOR
 PAN AUSTRALIAN MINING LTD.

FORM	A.G.	G.G.	E.O.	REG.
				Register
D. DIR.	17 MAR 1985			E & I
	DEPT. OF MINES			
REF. No.	2535/86			

December, 1985

MICROFILMED

SUMMARY

A joint venture between Pan Australian Mining Ltd. and Mineral Holdings Australia P.L. has been formed to explore for metallic minerals in the Smithton district of N.W. Tasmania.

Analysis of two dolomite surface chip samples, taken in a previous exploration programme, returned values of 3 g/t Au over 5 metres and 4 g/t Au over 15 metres.

These two sample sites were located in the field and geologically mapped and re-sampled. Of the nine samples taken, one sample assayed 0.017 g/t Au with the other eight being below the limit of detection (0.008 ppm).

It is concluded that the previous samples must, at some stage, have become contaminated, possibly in the analytical laboratory.

Other areas inspected in the field were an east-west airborne magnetic anomaly which is covered with transported sand, and an iron occurrence that now lies within Lake Mikany. The magnetic anomaly is attributed to magnetite within the beach dune system.

Magnetic anomalies to the west of the tenements are interpreted to have insufficient amplitude to be caused by pyrrhotite, and can be best explained to be due to Tertiary basalt or Cambrian spilites.

It is difficult to recommend any further exploration for gold in the area.

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INTRODUCTION:

Pan Australian Mining Ltd. have entered into a Joint Venture Agreement with Mineral Holdings Australia P.L. to search for Metallic Minerals, including Precious Minerals, in the Smithton area of Tasmania.

Interest in the area has been aroused by gold analyses of two dolomite samples taken in a previous exploration programme whose target was to test dolomite occurrences. The two high assays were 3.09 g/t Au over 5 metres of surface sample, and 4.06 g/t Au over 15 metres. Other samples had negligible gold.

Pan Australian Mining have agreed to initially spend \$10,000 in surface sampling and possibly drilling in the area.

Douglas McKenna and Partners P.L. were requested to locate the two sample sites and to re-sample them.

TENEMENTS:

The two sample sites occur within Exploration Licence 43/84 which covers the township of Smithton (NW Tasmania) and the land to the south. This E.L. has an area of 39 square kilometres and is in force until 28th September, 1986.

The agreement also covers the western portion of E.L. 29/80 which abuts E.L. 43/84 (see Locality Plan).

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FIELD WORK:

Prior to the field trip, a literature research was performed on previous exploration and published reports. It was ascertained that the two sample sites appeared to co-incide with previously mapped dolomite quarries (ref Geol Surv Bull No 41, The Smithton District, 1934). These two quarries were located during the field inspection.

The Duck River No. 1 quarry (see Plan No. SM-02) is now silted over and overgrown with brambles. However, dolomitic outcrop occurs in the riverbank just beneath the quarry. The outcrop is nearly 15 metres long which co-incides with the reported sample length. The dolomite belongs to the Smithton Dolomite of ? Late Pre-Cambrian age. It is grey, well bedded with minor shale intercalations. At the sample site it strikes at 140° and dips consistently at 40° SW. There are minor almost vertical stringers of recrystallized dolomite, striking 100° , with traces of pyrite.

Seven two metre horizontal samples were chipped across the outcrop (see Plan SM-02). These samples each effectively represent 1 metre of stratigraphy. They each weighed approximately 2 kg.

Analysis was performed by Analabs via Burnie. Gold analysis was by method 309 (Fire Assay Fusion/AAS), Platinum and Palladium were by methods 311 and 312 (Fire Assay/Carbon Rod).

One sample registered 0.017 g/t Au, and another 0.027 g/t Pt. All the other results were below the limits of detection (Au and Pt: 0.008 ppm, and Pd: 0.001 ppm).

At the second site, Duck River No. 2 (Plan SM-03), a small quarry about 15 metres long, 6 metres wide and 3 - 4 metres deep was located. The quarry is now filled in as a rubbish dump. Some 5 metres along strike to the south east there occur some dolomitic outcrops, the largest of which is just over 3 metres long. This larger outcrop had been rock sampled and is the location of the previous sample reported to be about 5 metres long. This outcrop was resampled in two 1.5 metre lengths. No gold or palladium were detected, and one sample contained 0.009 g/t Pt. The dolomite was brecciated and grey/brown in colour. Three 5mm wide quartz veins up to 10cm long were observed to be cross-cutting the dolomite. The rock has a strike of 155° and dip of 50° SW.

Elsewhere within the Exploration Licences there occur an airborne magnetic anomaly and a reported iron occurrence. These sites were inspected.

The airborne magnetic anomaly was detected by Electrolytic Zinc Company of Australasia Ltd. during a regional survey of an adjacent E.L. to the west. The axis of the anomaly is east-west, and runs through the south of the Smithton township and just south of the Smithton Dolomite Quarry. The area is completely covered by transported sand, and consequently was not sampled.

A deposit of limonite was reported in Geol Surv Bull No 41 to occur on the west bank of Deep Creek, within E.L. 29/80. "The deposit forms a small mound rising above the level of Deep Creek flood plain." An attempt was made to find this deposit. Unfortunately, the area is now a reservoir, Lake Mikany, and it is thought that the iron occurrence may be the small island within the lake.

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DISCUSSION:

The field inspection and sampling programme (25th and 26th November, 1985) have shown that there is no gold present at the two sample sites. Therefore, it is assumed that the previous samples must, at some stage, have become contaminated, possibly in the analytical laboratory.

With regard to the magnetic anomalies to the west of E.L. 43/84, E.Z. concluded "that the anomalies present do not appear to have sufficient amplitude to be responses from pyrrhotite bodies and that most can be best explained as Tertiary Basalts or Cambrian spilites." Their photogeological study of the area "failed to find any indications of buried granite intrusion which may have indicated some potential for Sn-W mineralisation." The magnetic signatures in the north were attributed to major beach dune systems. Fair quantities of magnetite were found in stream sediment panning in the area of the beach dunes.

The iron deposit in Deep Creek now lies within Lake Mikany and cannot be further explored.

RECOMMENDATIONS:

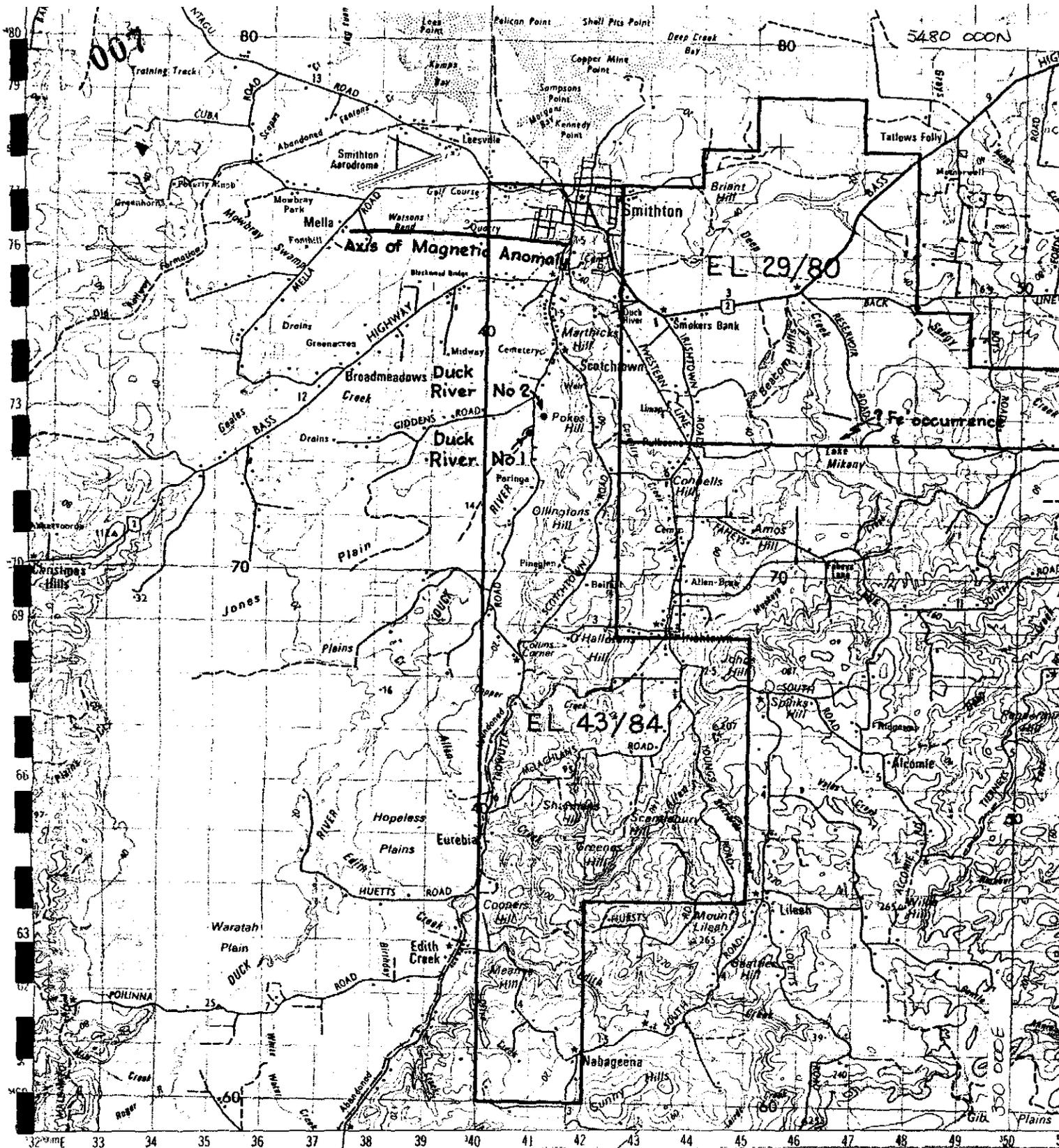
Since no gold was found at the two sample sites, nor in any of the other previous drill hole and rock chip sites, it is difficult to recommend any further exploration for gold within the tenements.

If money is still to be spent on the area, then it is suggested that a regional cyanide leach (bulk) stream sediment sampling programme be implemented.

Douglas McKenna + Partners P.L.

Douglas McKenna & Partners Pty.Ltd.

12 December, 1985



Part of Circular Head Sheet 7916
 1:100,000 Topographic Survey.

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PAN AUSTRALIAN MINING LTD
 EL 43/84 SMITHTON, TAS.

LOCALITY PLAN

Prepared by: Douglas McKenna and Partners Pty Ltd
 Date: Dec 85 | Scale: 1:100,000 | Plan No. SM-01

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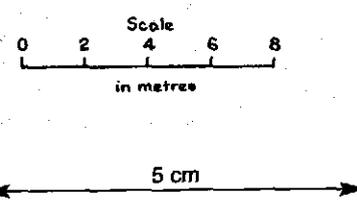
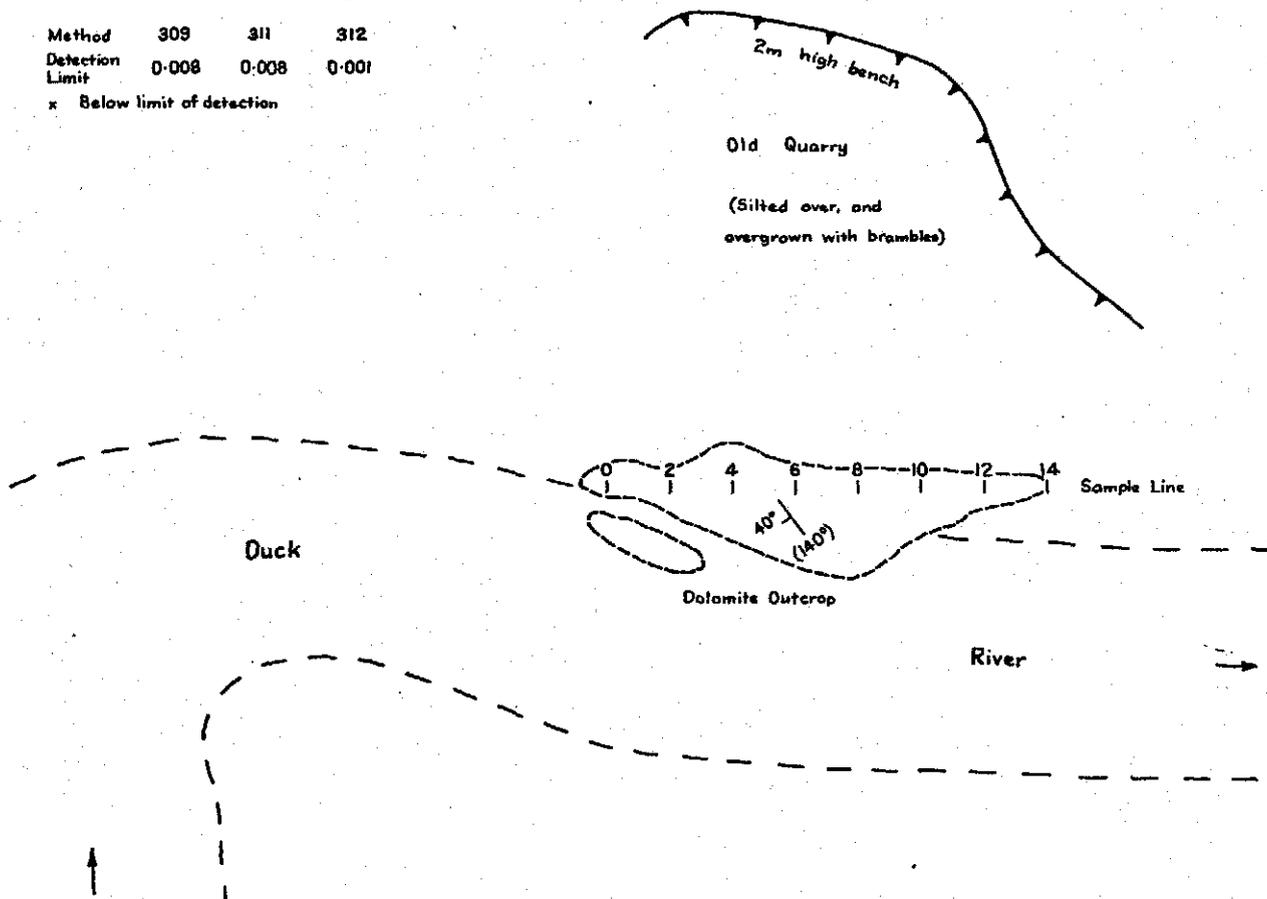
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ASSAY RESULTS

Sample	Au	Pt	Pd
From To	ppm	ppm	ppm
0 2	x	x	x
2 4	0.017	x	x
4 6	x	x	x
6 8	x	x	x
8 10	x	x	x
10 12	x	0.027	x
12 14	x	x	x
Method	309	311	312
Detection Limit	0.008	0.008	0.001

x Below limit of detection

Mag N



PAN AUSTRALIAN MINING LTD		
EL 43/84 SMITHTON, TAS.		
PLAN SHOWING DOLOMITE SAMPLING DUCK RIVER No 1		
Prepared by: Douglas McKenna and Partners Pty Ltd		
Date: Dec 85	Scale: 1:200	Plan No. SM-02

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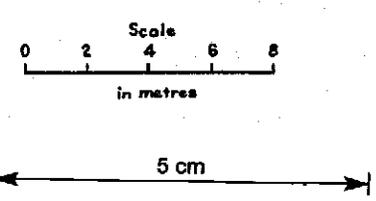
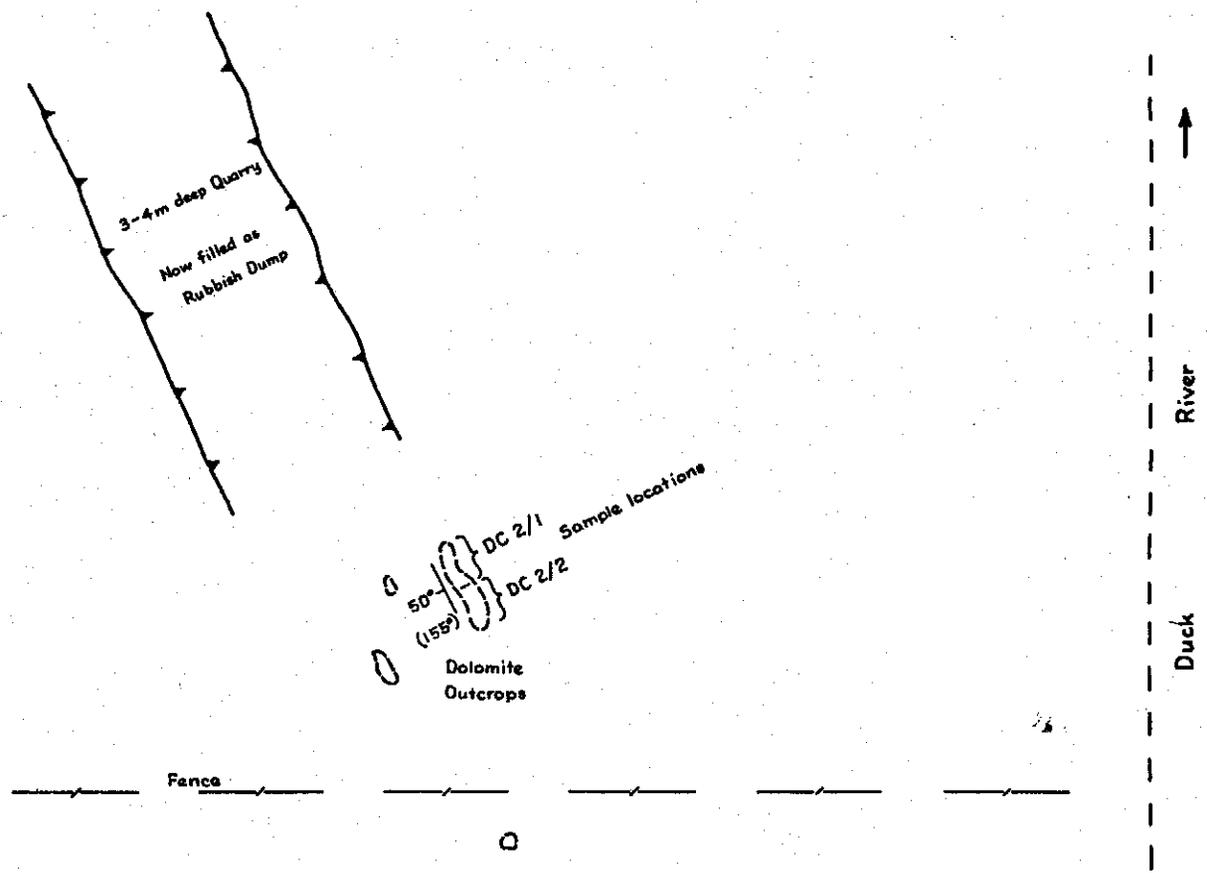
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ASSAY RESULTS

Sample	Au	Pt	Pd	in ppm
DC 2/1	x	0.009	x	
DC 2/2	x	x	x	
Method	309	311	312	
Detection Limit	0.008	0.008	0.001	

x Below limit of detection

Mag N



PAN AUSTRALIAN MINING LTD		
EL 43/84 SMITHTON, TAS.		
PLAN SHOWING DOLOMITE SAMPLING DUCK RIVER No 2		
Prepared by: Douglas McKenna and Partners Pty Ltd		
Date: Dec 85	Scale: 1:200	Plan No. SM-03

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