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**MICROFILMED**

ARGYLE MINERALS PTY. LTD.

EL 32/85

LISLE - GOLCONDA AREA

NORTH EASTERN TASMANIA

ANNUAL REPORT

YEAR 1 (to 10/12/86)

William C. Cromer Pty. Ltd.  
Consulting Geologist  
192 Macquarie Street,  
Hobart .. 7000.

AMG REFERENCE POINTS ADDED

ARGYLE MINERALS PTY. LTD.EL 32/85 YEAR 1 ANNUAL REPORT10/12/85 - 10/12/861/. INTRODUCTION

This report is presented as a summary of the year's activities. Full details of exploration and results were incorporated in the first three quarterly report. Fourth quarter results are included here.

Most of the work was managed or carried out by William C. Cromer Pty. Ltd., Consulting Geologists of Hobart. The Company has been retained by Argyle Developments for exploration management in Year 2.

EL 32/85 was owned by Argyle Developments Pty. Ltd. until November 1986, when ownership was transferred to Argyle Minerals Pty. Ltd. Mr. John McCallum is managing director of both companies.

2/. EXPENDITURE IN YEAR 1

ITEM	QUARTER (\$)				Total	%Total
	1	2	3	4		
Office admin. fees	2052	800	1000	2500	6352	18.
Geological (field/office)	4950	4125	1650	2500	13225	36
Travel/accommodation	327			1500	1827	5
Field assistance, wages		2000	1000	5200	8200	23
Equipment hire		2800		2183	4983	14
Assays, lab costs	240		790	300	1330	3
TOTALS (\$)	7569	9725	4440	14183	35887	

3/. SUMMARY OF FIRST QUARTER EXPLORATION

The first quarter results were summarised in four figures 85015/1-4 titled

- : potential gold-bearing areas
- : geology
- : assay results, Panama and Golconda fields
- : assay results, Denison Field

Exploration proceeded on old alluvial areas, previously unworked alluvials and known hardrock workings. The Denison River alluvials and hardrock, and Golconda hardrock areas, were seen as priorities. An aerial photo interpretation was done of the EL using colour prints. Forty-eight surface grab

samples were assayed for gold. Results ranged from 0.1g/t to 27g/t, with an encouraging average of 7g/t (six samples) from Golconda.

#### 4/. SUMMARY OF SECOND QUARTER EXPLORATION

Exploration was concentrated on the Denison Field, with work done on alluvials and known hardrock workings. Ten excavation pits were dug in potential alluvial ground (figure 85015/5) and twelve bulk samples assayed for gold. Results were disappointing, with grades generally less than 0.1g/t. The highest assay (0.64g/t) was repeated by further panning and digging in "Globe Creek" immediately east of the Globe working, and further work was done there in the third and fourth quarters.

#### 5/. SUMMARY OF THIRD QUARTER EXPLORATION

A wet winter slowed exploration, and apart from several days prospecting in the Denison and Golconda area no detailed work was done. Two prospectors employed by the company continued to work intermittently on the Denison River alluvials, recovering small amounts of gold from near the Globe workings and verifying the earlier bulk assay results.

#### 6/. FOURTH QUARTER REPORT

Priorities in the last quarter were:-

- : estimation of reserves and grades in alluvials near Globe workings
- : Further grab sampling and assaying at Golconda

The accompanying memorandum and sketch map (81015/6) dated 6 October, 1986 to J. McCallum (Appendix 1) summarises the results of further work on the alluvials near the Globe working. The recommendation to abandon work on the Denison alluvials has been accepted by Argyle Minerals.

Assays of several small grab samples from the Golconda area returned encouraging results, including a mineralised vein quartz specimen which assayed 62g/t. (A similar specimen from the Globe workings returned 11g/t). A second sample of mineralised vein quartz from the Golconda area was thin sectioned and polished for ore microscopy work.

S. Stephen's (University of Tasmania) descriptions of the polished sample are included here as Appendix 2. The vein quartz contains visible very fine gold blebs intimately associated with sulphides.

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Further more detailed work is planned in Year 2 at Golconda where detailed mapping, systematic grid sampling and diamond drilling is warranted.

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# WILLIAM C CROMER PTY. LTD.

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Consulting Geologists and Log Analysts

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## MEMORANDUM

TO: J. McCALLUM

FROM: W. CROMER

SUBJECT: EVALUATION OF THE DENISON ALLUVIAL GOLD PROSPECT, EL 32/85

DATE: 6/10/86

On October 4th and 5th Jim Childs, Lloyd Davis, Ken Morrison and Bill Cromer dug and sampled 13 excavator pits along the banks of "Globe Creek", the site of good gold values obtained in our first program of testing the Denison Field. The locations of the latest pits are shown in the enclosed map and the results are tabulated below.

Pit	Overburden Depth (metres)	Thickness of gravel layer (cms)	Grade of pay horizon (ozs per 100yds)
1	1.5	25	0
2	1.5	30	5
3	2.5	25	3
4	2.5	25	0
5	2.5	20	3
6	2.5	25	4
7	1.0	25	0
8	2.5	25	0
9	NO GRAVEL		
10	2.5	20	0
11	2.5	25	2
12	2.0	50	4
13	1.5	50	0

### CONCLUSIONS.

A layer of gold-bearing gravel, ranging in thickness from 20cm to 50cm is restricted to approximately 300 metres of creek length and a width of approximately 20metres. The creek bottom and banks have been worked by the old timers. With an average pay thickness of 300m and a gold grade of 3ozs. per 100 cubic yards, the probable recoverable gold reserve is about 50ozs. To win this gold approximately 12,000 cubic metres of overburden would need to be stripped prior to mining and treating the gold-bearing gravel.

### ENGINEERING GEOLOGY :

Site investigations — drilling — sampling — testing — dam sites — excavation geology — landslip evaluation — geophysical surveys — septic tanks — drainage conditions

### LOG ANALYSIS :

Oil, Coal, Water bores — on-site, quick look analysis — detailed interpretation

### GROUNDWATER :

Surveys — advice, design of domestic, irrigation and municipal water bores — pump design — groundwater quality — design of farm dams and irrigation systems — groundwater monitoring — mine dewatering

### SURVEYING :

Subdivision surveys — engineering surveys — land use planning — volume estimations — hydrographic

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This prospect is clearly too small to be of interest to Argyle Minerals. It is probably of interest to hobby miners like Jim and Lloyd who have set up a small sluicing operation on the richest part of the creek and seem pleased with the small amounts of gold they are mining.

We recommend that you permit Jim and Lloyd to continue as they are and that Argyle turns its efforts to the Golconda hard rock prospect.

Yours sincerely,

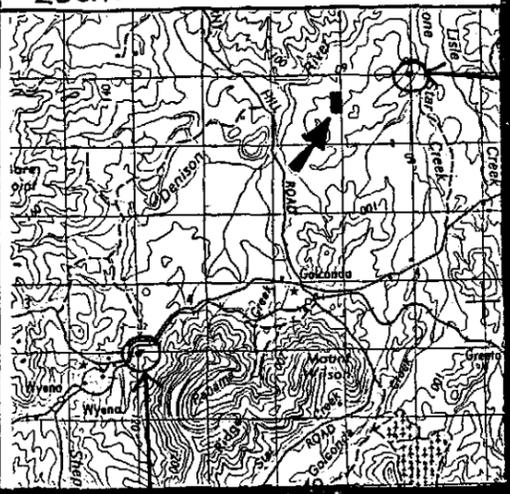


W.C. Cromer

Pit	Overburden Depth (metres)	Thickness of gravel layer (cms)	Grade of pay horizon (ozs per 100yds)
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**CONCLUSIONS.**  
 A layer of gold-bearing gravel, ranging in thickness from 20cm to 50cm is restricted to approximately 300 metres of creek length and a width of approximately 20metres. The creek bottom and banks have been worked by the old timers. With an average pay thickness of 300m and a gold grade of 30ozs. per 100 cubic yards, the probable recoverable gold reserve is about 500ozs. To win this gold approximately 12,000 cubic metres of overburden would need to be stripped prior to mining and treating the gold-bearing gravel.

**LOCALITY MAP 1:100000**

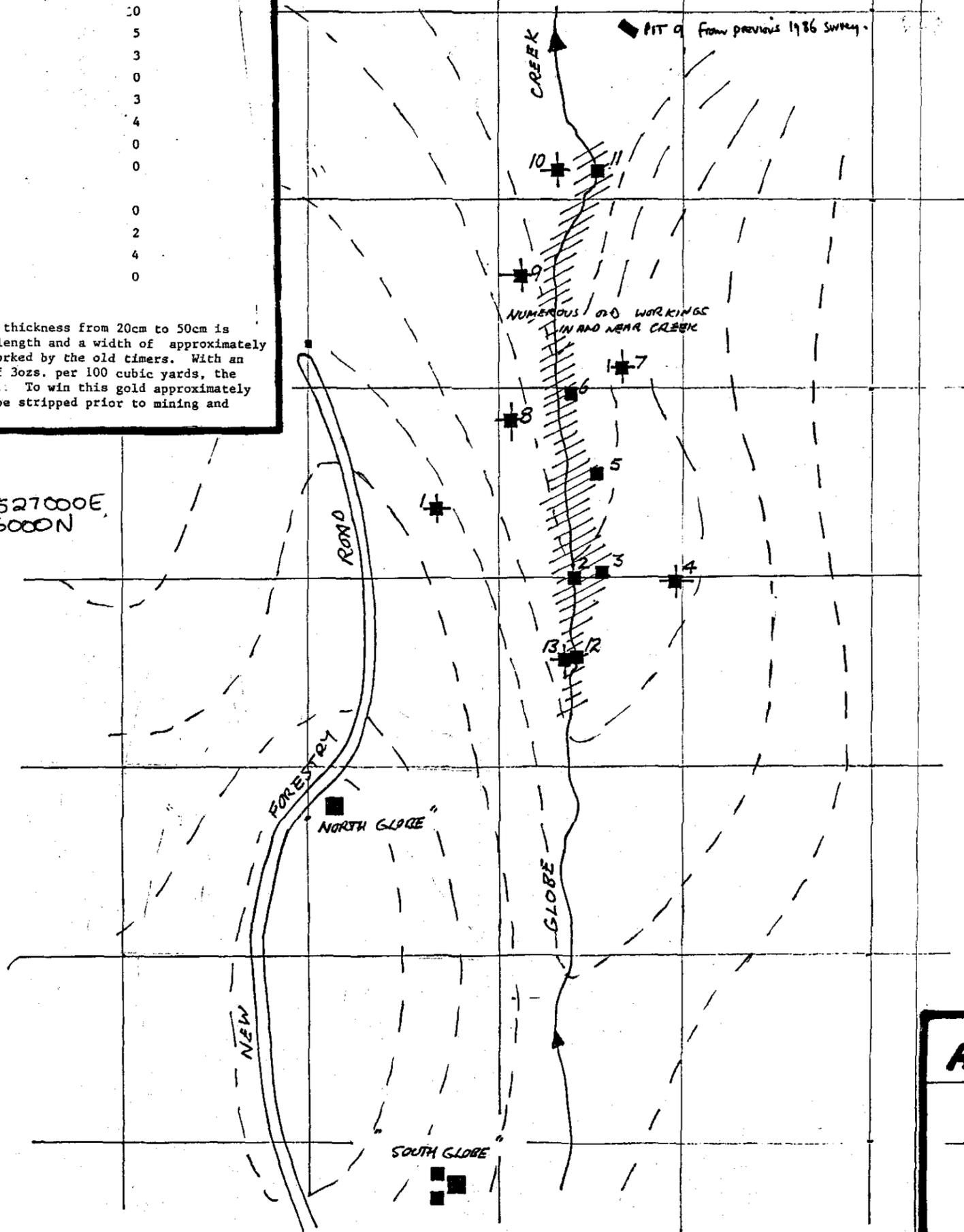


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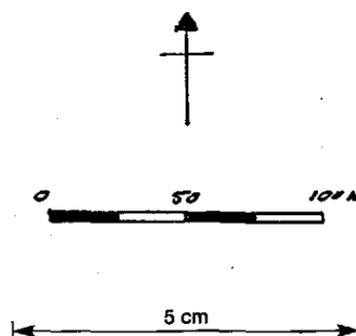
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AMG REFERENCE POINTS ADDED

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APPROX MAG. NORTH 971007



- OCTOBER 1986 PITS
- ✦ EXCAVATOR PIT: NO PANNED GOLD FROM WASH
  - EXCAVATOR PIT: PANNED GOLD FROM WASH
  - /// APPROXIMATE AREA UNDERLAIN BY WASH CONTAINING PANNABLE GOLD.
  - - - FORM LINES

**ARGYLE MINERALS P/L**

EL32/85

85015/6  
OCT. 1986

GLOBE CREEK, DENISON RIVER  
PANNING RESULTS FROM PITS

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## ARGYLE MINERALS PTY LTD

EL 32/85

## NOTES ON TWO SPECIMENS FROM GOLCONDA AREA

October 1986

Quartz-Arsenopyrite

A slice approximately 10 mm thick was sawn from the sulphide-rich area of the specimen. Both sides of this slice were polished resulting in an area of about 20 square cm being suitable for examination.

About 30% of the polished area is sub-hedral arsenopyrite. Most of the rest is vein quartz. There are a number of significant minor phases however which would not total more than 5%.

There are a few percent of pyrite intergrown with the arsenopyrite.

Chalcopyrite occurs as later veins and in-fillings and is associated with covellite and some copper oxide and/or carbonate material.

Of more interest are small blebs and flakes of gold about 0.1 mm or less scattered sparsely throughout the quartz and arsenopyrite. The gold is found within and often associated with a soft, white, columnar and highly anisotropic mineral which is most likely stibnite.

This specimen should contain significant gold values though the small grain size and dispersed nature should be taken into account.

Granodiorite

This is a fine grained granodiorite with a fairly complex history. It contains quartz, zoned plagioclase, biotite, hornblende and chlorite. Opaque minerals are mainly what would be expected from this type of rock, i.e. oxides of iron and titanium.