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MINES	
File Ref.	EL 43/84
21 SEP 1987	
Doc. Ref.	
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LETTER	
21. 9. 87	
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E.L. 43/84

ANNUAL REPORT

for the year ending

29.9.1987

by

MINERAL HOLDINGS AUSTRALIA PTY., LTD.

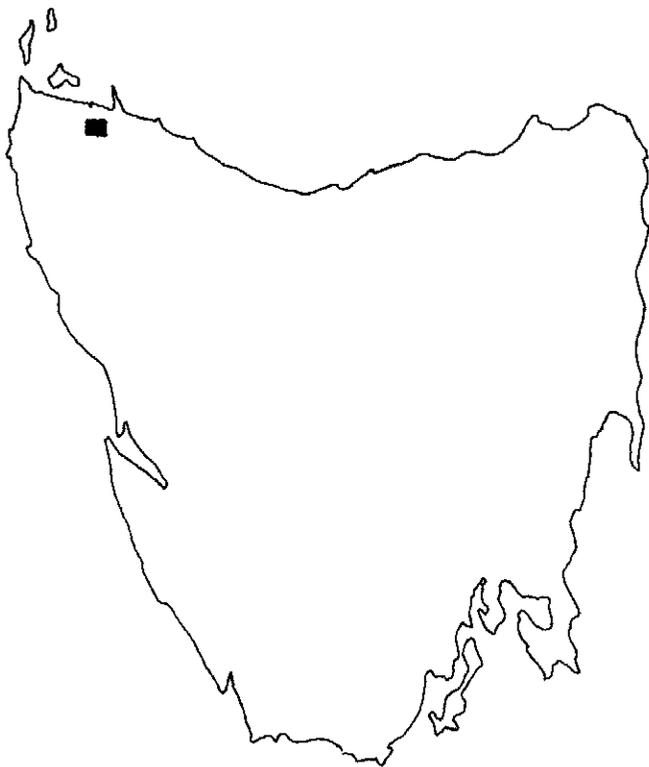
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September 1987

V.M. Threader  
Consulting Geologist



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E.L. 43/84Introduction

The dolomite occurrences in E.L. 43/84 were originally prospected by Longworth and McKenzie in 1979 under contract to Mineral Holdings Australia. This work was extended under joint venture agreement with C.R.A. in 1982-3. Both programmes were conducted in E.L. 10/79. The licence lapsed in 1984 and was reissued as E.L. 43/84.

Location and Access

The exploration licence extends south for 15 km. from Smithton to Edith Creek and is traversed by the Irishtown and Trowutta Roads and Bass Highway.

The distances from Smithton to Port Latta is 25 km. and to Stanley 20 km.

Geology

The Smithton Triangle contains infill ranging from Proterozoic to late Cambrian consisting of three units: a stromatolite bearing dolomite, a younger mixed basalt/volcaniclastic wacke sequence and the overlying Smithton dolomite. The spatial relationship of these rocks to the subject area is indicated in fig.4 (Baillie and Patterson 1984). This interpretation distinguishes between the dolomite of Duck River west of the volcanoclastic sequence and the older Irishtown dolomite, east of this sequence, as shown in fig.4.

Both dolomites have been prospected and attention is now focused on the Smithton dolomite (west of Duck River) as being both more extensive and of higher quality.

Previous Exploration

1. Surface sampling of Smithton dolomite was undertaken by Nye et al 1934 (Appendix 2). These rocks do not form continuous outcrops and so the results were inconclusive but generally not indicative of high grade, perhaps due to the durability of the more siliceous dolomite.
2. A 14 hole drill grid over the area of Watsons Bend and Blackwood Bridge i.e. West of Smithton on the site of the present Smithton Dolomite and Trading Company Quarry was conducted by B.H.P. (1944-45) Appendix 1 for refractory grade dolomite. The analytical results are given as follows and the borehole location map is included in this report.

A search for a report has been made in B.H.P. archives without success. F. Canavan, who conducted the programme, stated that dolomite of comparable grade was available in South Australia. It appears

therefore that distance from markets was the principal reason for rejecting this resource.

Analytical Results:

Hole No.	Depth	Overburden Thickness	Dolomite Thickness	Analysis (Weighted Means)					Core Recovery %
				CaO	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub>	Al <sub>2</sub> O <sub>3</sub>	
Z2	18.29	1.22	17.07	31.9	20.9	0.27	0.37	0.22	100
EO	21.34	9.14	12.20	31.2	20.9	0.34	0.53	0.34	"
C2.5	18.29	5.49	12.80	26.7	18.9	10.65	1.48	2.50	"
C1.5	18.29	4.57	13.72	31.5	20.9	0.18	0.30	0.20	"
*B6	14.94	2.13	12.81	29.2	20.0	5.10	1.37	2.44	"
B5	18.29	9.60	8.69	30.5	19.4	2.17	0.54	1.40	"
B4	15.20	3.05	12.15	29.5	20.4	3.47	0.83	0.83	Crumbly 5% rec.
B3	18.29	1.52	16.77	28.9	18.6	5.55	1.02	2.34	"
B2	17.37	0.91	16.46	30.9	20.5	1.34	0.77	0.92	100
B1a	18.29	0.91	17.38	31.1	20.6	0.16	0.54	0.54	70
BO	18.29	1.22	17.07	31.1	21.5	0.17	0.31	0.15	100
A1.5	18.29	1.83	16.46	31.5	20.4	0.38	0.45	0.54	"
B1	6.10	0.91	5.19	30.1	21.4	0.34	0.56	0.22	"
A2.5	18.29	4.38	13.41	30.6	20.5	2.24	0.43	1.51	"

(Mean 13.73)

Weighted Mean: 30.4 20.3 2.25 0.67 1.00  
 Weighted mean of Z2, EO, C1½, B1½, B1, BO, A1½ : 31.3 20.9 0.25 0.42 0.33

(\* B6 14.94 - 21/3 in Cambrian Volcanics)

The drilled area covers approximately 285 000 s.m. or 670 000 t. (RD of 2.85) per vertical metre. To the depth drilled (mean 13.73 m. of dolomite) the tonnage in situ is 9.24 m.t. with a mean composition of 93% dolomite (by comparison with the theoretical composition of dolomite - 21.8% MgO, 30.4% CaO, 2.25% SiO<sub>2</sub>, 0.67% Fe<sub>2</sub>O<sub>3</sub> and 1.00% Al<sub>2</sub>O<sub>3</sub>. Some holes recorded white secondary carbonates (calcite) which probably accounts for the slightly higher ratio of CaO/MgO than is present in pure dolomite.

These 14 holes were drilled on a 100 x 140 m. grid and the status of the above calculation is therefore a measured resource.

Holes Z2, EO, C1½, B1½, B1, BO and A1½ collectively cover an area of approximately 100 000 s.m. of relatively high grade dolomite (see table above). This is estimated to contain 4 million tonnes of 96% dolomite containing 0.25% SiO<sub>2</sub>, 0.42% Fe<sub>2</sub>O<sub>3</sub> and 0.33% Al<sub>2</sub>O<sub>3</sub>. The trend of this belt of dolomite appears to conform to the regional strike of the sediments as read from the Smithton geological sheet, which suggests good prospectivity to the south.

3. Longworth and McKenzie (1981) drilled 5 Percussion holes in the

Irishtown deposit, two of which intersected dolomite, while the remaining three were abandoned owing to unstable ground conditions.

One of these two holes into dolomite was sampled and silica was recognised as a major contaminant ( $\text{SiO}_2$  : 21.5, 7.2, 5.2 and 2.3%). It was concluded that more exploration was required to assess the extent of silica contamination and the ground water conditions.

4. C.R.A. (1983) drilled 9 percussion holes. Nos.1 to 4 were in the Duck River dolomite and 5 to 9 in the Irishtown dolomite.

Depths to dolomite were:	No.	Metres
	1	5
	2	19
	3	19
	4	Did not reach bedrock
	5	Cambrian Volcanics
	6	Tertiary basalt
	7	15
	8	15
	9	21

The main contaminant was silica with values ranging from 0.3% to 19.2%.

In addition, six rock chip samples were taken in the Duck River area with a similar silica content to the silica content of the bore-hole samples.

#### Summary of Results

	<u>Composition</u>				<u>Over -burden m.</u>	<u>Resource Estimate Mt/Vertical m.</u>
	CaO	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub>		
Irishtown Deposit	29.5	19.9	6.36	0.20	10	7
Duck River "	28.5	19.7	5.37	1.16	10	27

Gold values of 3g/t over 5m. and 4 g/t over 15m. were reported by the Department of Mines laboratory from some of the C.R.A. samples. Resampling by Pan Australian did not reproduce these grades and it was thought therefore that the previous samples may have been contaminated.

#### Discussion

The resource of 7 and 27 million tonnes per vertical metre estimated by C.R.A. for the Irishtown and Duck River deposits respectively was not based on borehole data and is therefore an Inferred Resource within the area indicated on Fig.3.

The C.R.A. dolomite exploration was undertaken "with a view to its

open cut potential for agricultural or refractory usage". It was abandoned because "abundant resources of similar grade occur elsewhere in N.W. Tasmania".

#### Current Exploration

1. Investigations by C.H. Whitehead (July 1987) on behalf of Pan Australian Mining Ltd. consisted of:

- i) a ground magnetometer survey which failed to confirm the presence of anomaly detected by E.Z.(E.L. 52/80) in an airborne magnetometer survey near Smithton, and
- ii) stream sediment sampling and analysis for gold, tungsten, tin, bismuth and arsenic in the licence area. No anomalies were recorded. Gold exceeded 1 mg/t in only three samples. No significance can be attached to these values.

Whitehead concluded that "no further work could be justified or is recommended" and it is agreed here that these matters have now been adequately investigated. This work appears as appendix 3 to this volume. No further investigation in the volcanoclastic sequence is intended and this portion of the exploration licence will be relinquished.

2. A study of the status of Mineral Holdings' deposits of industrial minerals was undertaken to assess their viability. This was carried out by Hudson Lees Associates and appears as Appendix 4 to this volume.

3. Miscellaneous analytical data relating to the suitability of Smithton dolomite for the production of magnesium metal from overseas companies which have expressed an interest in this resource are included as Appendix 5.

#### Exploration Programme for 1987-1988

The programme outlined hereunder refers to the proposed amalgamation of ELs 29/80 and 43/84 and consists of i) completing the investigation of industrial minerals within these licence areas and ii) a study of an additional 50 sq.km. west of Duck River which is considered to be prospective for high quality dolomite.

i) Isolated outcrops of dolomite and Forest quartzite occur in the South Forest, Mengha and Irishtown areas. These will be sampled and any favourable results will be followed by a drilling programme to determine their extent. It is not anticipated that a major resource can be found in these areas and this work is considered to be a "clean up" operation.

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ii) Indications are that a major resource of high quality dolomite exists at shallow depth ( 5m) west of Duck River and it is intended to carry out a percussion drilling programme to determine the thickness of overburden, the hydrology and the dolomite quality. This will commence immediately to the south of the B.H.P. drilling area in an attempt to trace the high quality dolomite intersected in that programme. Follow up diamond drilling will be necessary at a later stage for reserve calculations purposes and to obtain samples for testing.

REFERENCES

- Baillie P.W. and Crawford A.J. (1984) Smithton Trough Excursion in "Mineral Exploration and Tectonic Processes in Tasmania" - Burnie. Abstract Volume and Excursion Guide. Ed. Baillie P.B. and Collins P.L.F. Geol. Soc. Aust.
- Lennox P.G. et al (1982) Geological Atlas 1 : 50 000 series Sheet 7916S. Smithton Quadrangle. Geol. Surv. Tas.
- Nye P.B., Finucane K.J., Blake F. (1934) "The Smithton District" Geol. Surv. Tas.
- Exploration Reports:
- Longworth & McKenzie (1981) Report on drilling programme, dolomite prospect. T.C.R. 81-1641
- C.R.A. (1983) Smithton Exploration Report T.C.R. 83-2011
- Mineral Holdings Aust. (1984) Final Report on EL 10/79 T.C.R. 85-2431
- McKenna D. (1986) Preliminary Inspection of EL 43/84 for Pan Aust. Min. Ltd. T.C.R. 86-2560
- Whitehead C (1987) Investigations for Pan Aust. Min. Ltd. (Appendix 3 - this volume).

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APPENDIX 1

Drilling Data B.H.P. 1944

THE BROKEN HILL PROPRIETARY COY. LTD  
DRILL HOLE REPORT

BORE Z2

Bearing Vertical

Locality Watson's Bend - Grid

Depression

Position Z2

17/8/45

Water cut & stands	R. L.	Depth	Description	Sample		Analysis					
				No	From feet	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	lg. loss	
Water stands 3' in hole	F 60	4' 0"	<b>Sand</b> Grey crystalline dolomite, sugary texture, much sec. carbonate along fractures. Iron staining	Z2 4'-6'	4' 0"	3 1/2"	20.74	.45	{.31 .30	31.14	46.8
		6' 0"	do.	Z2 6'-7'	6' 0"	3"	20.88	.28	{.32 .31	31.29	46.7
		7' 0"	do.	Z2 7'-11'	7' 0"	2 1/2"	20.85	.28	{.30 .30	31.40	46.8
		11' 0"	do. Again prominent vertical joints.	Z2 11'-16'	11' 0"	1 3/4"	20.85	.27	{.31 .31	31.75	46.8
		16' 0"	do. Rather more iron staining.	Z2 16'-25'	16' 0"	1 3/4"	20.82	.34	{.46 .20	31.75	46.8
		24' 0"	do. From 19'-22' distinct brecciation.	Z2 24'-25'	24' 0"	1 3/4"	20.61	.24	{.43 .21	31.75	46.8
		25' 0"	Grey dolomite, practically no iron staining, in places small angular dol. pebbles set in powdery carb. matrix.	Z2 25'-37'	25' 0"	1 3/4"	21.00	.24	{.44 .18	31.75	46.8
		37' 0"	Grey finely crystalline dolomite, some iron staining.	Z2 37'-53'	37' 0"	1 1/2"	21.00	.22	{.42 .18	31.75	46.8
		53' 0"	do. no coarse core	Z2 53'-60'	53' 0"	1"	20.75	.22	{.39 .21	31.75	46.8
		60'	do. Rather harder and less friable than above - quite large core from the bottom of the hole. A few prominent vertical joints coated with sec. carbonates. Occasional iron staining & small amount pyrite.		60' 0"						
NB. No silica seen in the whole bore.											
Weighted Average: 4'-60' (= 56')							20.90	.27	{.37 .22	31.75	46.8

Driller reported no influx nor loss of water. 7/7/45.

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THE BROKEN HILL COAL & IRON CO., LTD.  
DRILL HOLE REPORT

880012

BORE A1½

Bearing Vertical  
Depression .....

Locality Watson's Bend - Smithton  
Position Grid A1½

Date: 16/2/45

Water cut & stands	R. L.	Depth	Description	Sample		Analysis					
				No	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	lg. loss
	8-2'		Sand								
		6' - 7'6"	Dolomite cuttings with qtz sand	A1½	7'6" - 10"						
		10'0"	" No obvious quartz		10'0"		19.04	1.40	.65 1.17	31.36	46.20
		16'0"	Dol. grey to blue grey, much broken, fine grained, crystalline. No qtz. See carbonates on cleavage planes.	A1½	10-16'		19.05	.43	.47 1.01	32.26	45.78
		16'0"	Similar to above, slightly darker. Minute traces FeS <sub>2</sub> and dark green mineral.	A1½	16'-23'		19.93	.18	.29 .33	32.34	46.34
		23'0"	No sample received		23'0"						
		24'0"	Light grey dol., dip 40°	A1½	24'-29'		21.48	.35	.45 .34	31.39	45.5
		25'0"									
		29'0"	Cuttings (Owing windblown sand from SiO <sub>2</sub> with suspicion R.A.M. Almost wholly soluble? R. L. J.)	A1½	29'-31'		21.46	.16	.67 .52	31.39	
		30'0"									
		31'0"	Light grey, more broken than 24'-29'. Core reduced 1½" to 1¾"	A1½	30'-34'		21.08	.24	.35 .37	31.46	46.21
		34'0"									
		35'0"	No sample. Honeycomb dolomite, water circulation not affected. No core made 35'-36½'.	A1½	34'-44'		21.20	.20	.32 .34	31.36	46.22
		36'6"									
		44'0"	Light grey dolomite		44'0"						
		50'0"	Dark grey, with small white carbonate veinlets.	A1½	44'-50'		19.10	.60	.63 .31	31.88	47.20
		50'0"									
		60'0"	Light grey - a shade darker than 24'-29'.	A1½	50'-60'		20.62	.40	.53 .73	30.41	47.20
		60'0"									
			NB. All dolomite 24'-60' is very fine grained and no quartz is visible.								
			Weighted average				20.36	.38	.45 .54	31.51	

water lost, bit jammed

No difference in water circulation through honeycomb structures

012

THE BROKEN HILL PROPRIETARY COY. LTD.  
DRILL HOLE REPORT

880013

BORE A2½

Bearing 80°      Locality Watson's Bend - Smithton  
Depression 60°      Position Grid A2½

Date: 1/3/45

Water cut & stands	R. L.	Depth	Description	Sample			Analysis					
				No	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	Ig. Lon	
	11-2'		Sand									
		16' 0"	Core reduced from 2 3/4" to 1 3/4"		16' 0"							
		26' 0"	Light to medium grey dol, fine-grained, highly fracturable. Core reduced from 1 3/4" to 3/4"	A2½ 16-26			21.03	.42	{.36 .62	31.64	45.7	
		36' 0" 37' 0"	Light to medium grey dol, fine-grained. Some brecciated and highly fractured with secondary carbonates. Core lost down hole	A2½ 26-36			21.01	.82	{.36 .59	31.56	45.5	
		43' 0" 44' 0"	Light grey, fine-grained dol. Slightly brecciated	A2½ 37-44			20.93	.98	{.37 .59	31.56	45.5	
		51' 0" 52' 0" 53' 0" 54' 0"	Medium grey, fine-grained dolomite. Trace pyrite Trace chert Trace chert	A2½ 44-51			21.17	2.16	{.45 .21	30.02	44.8	
		60' 0"	Dark grey, fine-grained dol. Some pyrite.	A2½ 51-60			18.57	6.90	{.61 .47	27.83	41.45	
			Weighted average to 44' (27' core)				21.00	0.71	{.36 .60	31.59	45.5	
			Weighted average to 60' (43' core)				20.52	2.24	{.43 .51	30.55	44.6	

Water cut & stands  
11-2'  
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made  
no  
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throughout

013

DRILL HOLE REPORT

BORE B0

Bearing Vertical

Locality Watson's Bend - Smithton Reserve

Depression .....

Position 4' S. of Corner James St and Smithton Reserve

1/8/45

Water cut & stands	R.L.	Depth	Description	Sample			Analysis							
				No	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	Ig. Loss			
" Last some water circulation at 56', otherwise good results all through 7/10/45. Refer also 25/4/45.			Core diam. 3"											
			4'0"	Sand		4'0"								
			7'0"	Light grey, weathered dol., good fracturable stone.	So 1 4-7	4'0" - 7'0"		21.27	.16	{.33 .13	31.07	46.86		
			11'0"	Light grey, finegrained dol. as small angular pieces. Core diam 1 1/2"	So 2 7-17	7'0" - 11'0"		21.40	.16	{.35 .17	31.14	46.70		
			17'0"	Slightly darker grey finegrained dol. less broken. Unweathered and fairly hard from 11'-60'		11'0" - 17'0"								
			27'0"	do. Grey finegrained dolomite	So 3 17-27	17'0" - 27'0"		21.40	.20	{.31 .11	31.07	46.8		
			37'0"	32'-37' coarser core 34'-35' shows cavities up to 1/2"	So 4 27-37	27'0" - 37'0"		21.65	.14	{.26 .16	31.07	46.58		
			48'0"	Grey, finegrained and uniform	So 5 37-48	37'0" - 48'0"		21.40	.16	{.33 .17	31.22	46.66		
		60'0"	Grey, finegrained and uniform. Between 55' and 56' is an inch of white dolomite medl, with included grey fragments (Could be a fault breccia)	So 6 48-60	48'0" - 60'0"		21.60	.20	{.30 .14	31.07	46.63			
			Weighted Average 4'-60' = 56'				21.48	.17	{.31 .15	31.11	46.66			







THE BROKEN HILL PROPRIETARY COY. LTD.  
DRILL HOLE REPORT

880018

BORE B 3

017

Bearing Vertical  
Depression

Locality Watson's Bend - Smithton  
Position Grid B 3

Surface R.L. 10.88'

Date: 11/8/44.

Water cut & stands	R.L.	Depth	Description	Sample			Analysis								
				No	From to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	Ig.Lo				
Water cut & stands 10.88'		4'0"	Sand												
Water standing R.L. 7.38' 23/2/44			S131A Original Sa. showing sand contamination	131	5'0"	material from hole	131A 17.38	9.48	1.57 2.01	28.21	41.1				
			S131B Coarse material screened from All crumbly part of S131A				131B 18.11	9.48	1.45 1.91	27.44	41.4				
	H.W.S.		S132A Original Sa.	132			132A 18.52	4.88	1.50 1.14	29.66	43.3				
Water lost 15.0'			S132B Screened Sa.	138	16'0" to 17'0"	core 94	132B 19.74	4.52	1.38 1.10	28.80	4.4				
			dolomite - but				17.42	5.02	0.95 3.98	29.63	42.9				
			S133A Original Sa.	133		broken	133A 18.73	4.88	1.35	30.15	43.7				
			S133B Screened Sa.				133B 20.27	2.88	1.13 1.03	29.47	45.0				
			S141A + 142A Orig. Sa. slightly harder	141	27'0" to 30'0"	cuttings	141A, 142A 18.70	5.60	0.88 1.92	29.23	40				
			S141B + 142B Fraction + 20"	142	30'0" to 33'0"	cuttings	141B, 142B 18.81	4.44	0.81 2.09	29.53	44.1				
			in sections	139		core 60	18.44	6.42	0.76 2.06	29.47					
			S143A + 144A Orig. Sa.	143	40'0" to 44'0"	cuttings	143A, 144A 18.67	7.24	1.07 1.23	28.7	43.21				
			S143B + 144B Fraction + 16"	144		cuttings	143B, 144B 16.17	6.62	1.07 1.71	28.41	42.32				
			marked "X"	145	49'0" to 51'0"	cuttings	145A, 146A 15.04	15.46	1.63 1.93	24.10	37.30				
			S145A + 146A Orig. Sa.	146		cuttings	18.12	8.50	1.47 1.47	27.31	41.23				
			S145B + 146B Fraction + 30"	147	55'0" to 57'0"	cuttings	147A 17.80	20.50	3.51 5.65	21.68	34.85				
			S147A Original Sa.	140		core 10	19.68	12.08	1.84 1.33	25.72	39.14				
			S147B Fraction + 50"				19.34	2.86	1.68 1.48	30.74	45.07				
			Undetermined green mineral about here												
			Mean weighted original cuttings and core samples				17.90	6.83	1.98 2.06	28.45	42.23				
			Mean weighted coarse fractions of original cuttings and core samples (excluding 147B)				18.56	5.55	1.02 2.34	28.93	43.41				

018

Bearing Vertical

Locality Watson's Bend

Depression .....

Position Boring Grid - B4

R.L. of surface 10.12'

Date: 4/9/44

1	Water cut & stand	R.L.	Depth	Description	Sample			Analysis						
					No	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	Ig.Lo		
		10.12		Sand										
	water standing R.L. 5.12 12/8/44					10'								
				Surface sand seen?	190	12'		18.93	3.82	{ .90 .86	30.11	45.1		
				No surface sand seen	191	16'		18.25	7.42	{ .97 .95	28.84	43.3		
					193	20'		19.10	4.28	{ 1.53 1.87	29.32	43.7		
				Surface sand seen	194	24'		19.19	1.78	{ 1.33 1.77	30.75	45.4		
				No surface sand seen crumbly	195	28'		20.00	4.08	{ 1.37 1.55	24.60	44.4		
				Surface sand seen	196	32'		21.43	2.96	{ .75 .67	29.93	44.4		
				dolomite	197	48'		21.16	2.91	{ .87 .73	29.95	44.4		
					198	58'		21.36	2.64	{ .78 1.80	29.85	44.4		
				some hard dolomite	199	60'	50%	19.78	5.46	{ .72 1.64	29.44	44.4		
		49.88	58'	From 10' to 60' Weighted average				20.43	3.47	{ .98 1.83	29.85	44.4		

Ground water not cut and drilling water not lost

all sampled, except No. 199, are cuttings

019

THE BROKEN HILL PROJECT

## DRILL HOLE REPORT

880020

BORE B 4A

Orientation Vertical  
 Depression .....

Locality Watson's Bend - Smithton  
 Position 9 feet North of Grid B4

Surface R.L. 10.2

Date 20/10/44

Water cut & stands	R. L.	Depth	Description	Sample		Analysis				
				No	From feet	% conc. recovery	MgO	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	CaO
water stands	10.12	1'6"	Yellow Sand							
	N.W.S.	10'0"	Yellow clay and sand, with dolomite pebbles							
		12'0"	Brown clay with dolomite pebbles							
		13'4"	Crumbly dolomite	200	13'4"	36	19.15	3.28	11.05	30.49
		16'0"	Hard dolomite		16'6"					
		16'6"	Fawn coloured clay							
	L.W.S.	19'0"								
				201	24'0"	40	18.98	2.18	11.91	30.49
			Core diam. 2 1/8"							
				202	29'0"	41	19.00	2.42	11.94	30.49
			Crumbly dolomite, some visible	203	33'6"	38	18.98	2.40	11.93	30.49
			qtz. in places	204	36'0"	41	18.84	6.48	11.94	28.38
				205	37'0"	78	19.88	1.40	11.82	30.33
			Core diam. reduced to 1 1/2"	206	37'9"	52	19.31	4.70	11.90	29.19
				207		55	20.13	2.40	11.90	30.00
				208	42'0"	78	19.37	3.60	11.80	30.6
				209	42'6"	48	18.83	3.20	11.81	30.33
		46'0"	Hard dolomite, no visible qtz.	210	46'0"	92	19.25	3.60	11.80	29.19
		52'0"	Crumbly dolomite	211	52'0"	29	19.05	3.84	11.83	29.84
			Core diam. reduced to 1 1/8"		56'0"					
				212	60'0"	25	18.53	3.58	11.51	29.19
		60'0"			60'0"					
			Weighted overall 44'2"				19.04	3.22	11.77	30.40

DRILL HOLE REPORT

BORE B5

Bearing <sup>020</sup> Vertical  
Depression .....

Locality Watson's Bend - Smithton  
Position Grid B5

Surface R.L. 8.8' Date 21/11/41

Water cut & stands	R. L.	Depth	Description	Sample			Analysis					
				No.	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	Ig. Lo	
	8.8'	8'	Sand									
		11' 0"										
			Basalt dyke									
		31' 6"	Fine gr. light grey, shaley dol.	B5 1	31' 6" - 40' 0"		19.44	2.48	11.85	30.00	45.5	
			dark grey, harder dol. minute trace FeS <sub>2</sub> and white carb. No vis. qtz.									
			trace FeS <sub>2</sub> on rough face or fracture	B5 2			19.49	1.64	11.38			
			small blubs white carb.	B5 3	47' 0" - 51' 0"		19.28	1.52	11.81	31.00	46	
			somewhat brecciated. No visible quartz									
			Fine gr. to waxy, grey dolomite. hackly fracture	B5 4	51' 0" - 60' 0"		19.37	2.60	11.44	30.22	45.4	
		60' 0"	slightly shaley No vis. qtz									
			Weighted average 28.5'				19.4	2.17	11.40	30.0		

021

THE BROKEN HILL PROPRIETARY COY. LTD.  
DRILL HOLE REPORT

880022

BORE B6

Bearing Vertical Locality Watson's Bend Grid  
Depression ..... Position Grid Position B6

Water cut & stands	R. L.	Depth	Description	Sample			Analysis					
				No	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	lg. L	
			Sand									
		7'0"	Dark grey, fine grained dolomite	1	7'0"	100%	18.81	3.64	{1.14 2.12	30.98	44	
		9'0"										
		13'0"	do.			dry boring						
			Dark grey, fine grained dol., brecciated in part.	2	13'0"	18.76	6.12	{1.56 2.10	29.44	41		
		20'0"										
			Dark grey, fine grained dol., brecciated throughout, traces of pyrite.	3	20'0"	18.83	5.92	{1.57 2.81	28.32	42		
		30'0"										
			do.			wet boring						
		39'0"	do.	4	39'0"	100%	19.13	6.04	{1.42 2.84	28.65		
			do.	5	39'0"	19.26	3.58	{1.14 2.72	28.32	42		
		49'0"	Last few feet harder and more coarsely crystalline.		49'0"							
			Basalt									
		60'0"										
			Weighted average 7'-49'			18.98	5.10	{1.37 2.44	29.21	42.7		

022

Bearing Vertical

Locality Watson's Bend - Smithton

Depression .....

Position Grid C 1 1/2

Date 16/5/45

1	Water cut & stands	R. L.	Depth	Description	Sample			Analysis						
					No	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	lg. Lo		
		5.8'		Sand										
			14.0' 15.0'	Fine cuttings, some sand, discarded		15.0"								
			20.0'	Light grey, finegrained Xalline dolomite, darkened by organic matter 18'-19'	Sa.1	20.0"		20.87	.18	{.31 .20	31.48	468		
			30.0'	Light grey to light brown, fine-grained Xalline dol.	Sa.2	30.0"	Dry bored 100%	20.95	.17	{.31 .22	31.48	46.3		
			40.0'	do. with irregular fine veinlets of white secondary carbonates	Sa.3	40.0"	Wet bored except 31'-34'	20.90	.26	{.30 .20	31.51	46.5		
			50.0'	do. again irregular white veinlets	Sa.4	50.0"	Wet bored	20.84	.13	{.26 .18	31.48	46.89		
			60.0'	do. irregular veinlets and minute trace pyrite blwn 54' and 55'	Sa.5	60.0"	Bored wet and dry	21.00	.18	{.30 .21	31.50	46.		
				58'-60' - soft waxy dolomite										
				Weighted Av. (15' - 60')				20.92	.18	{.30 .20	31.50	46.		

Bearing Vertical ... Locality Watson's Bend - Smithton ...  
 Depression ..... Position Grid C22 .....

Date 11/4/45

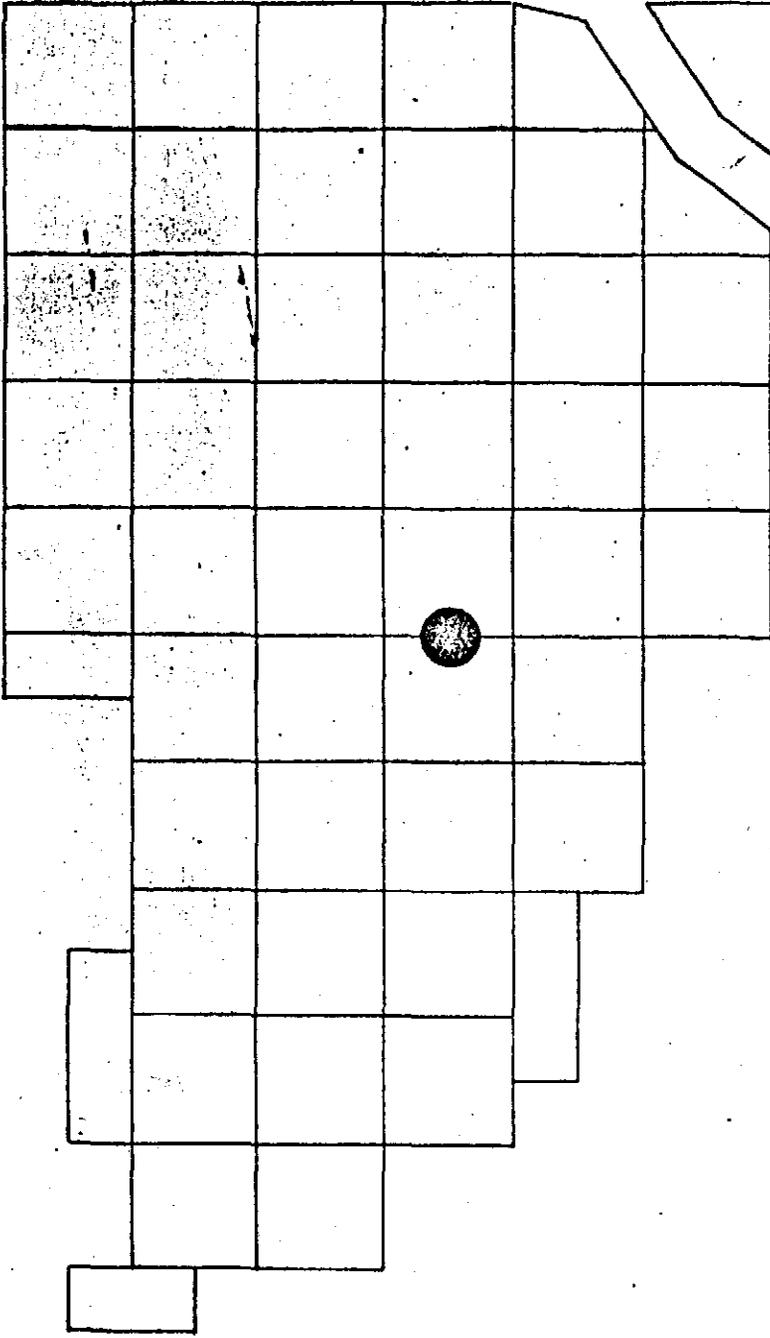
Water cut & stands	R.L.	Depth	Description	Sample			Analysis					
				No.	From - to feet	% core recovery	MgO	SiO <sub>2</sub>	Fe <sub>2</sub> O <sub>3</sub> Al <sub>2</sub> O <sub>3</sub>	CaO	lg. Lc	
	9.2'											
			Sand & pebbles of chert									
		17'0"	First solid dolomite - sand contamination	C22	17'0" - 18'0"	100%	17.60	21.74	2.87	23.35		
		18'0"	Light grey dol., very fine grained. Small amount limonite staining along joints. Trace of pyrite.	C22	18'0" - 21'0"	D.D. chips	18.58	7.00	2.50	25.51		
		21'0"	Soft, light grey dolomite mud and grit.	C22	21'0" - 27'0"	Dry boring 100%	19.07	12.12	3.49	25.29		
		27'0"	Soft grey dolomite mud + grit. Somewhat darker in colour than above.	C22	27'0" - 33'0"	Dry boring 100%	18.21	11.74	3.41	25.51		
		33'0"	Fine grained dolomite, Secondary carbonate + limonite staining. Brecciated + harder than above.	C22	33'0" - 36'0"	D.D. chips	18.20	11.86	2.68	26.91		
		36'0"	Soft light grey dolomite mud + grit.	C22	36'0" - 44'0"	Dry boring 100%	19.44	11.72	1.56	26.41		
		44'0"	do.	C22	44'0" - 46'0"	Dry boring 100%	19.31	9.06	2.31	27.21		
		46'0"	Soft brownish grey dol. mud + grit	C22	46'0" - 49'0"	Dry boring 100%	19.27	10.32	1.88	27.32		
		49'0"	do.	C22	49'0" - 52'0"	Dry boring 100%	19.25	9.22	1.73	27.09		
		52'0"	Fine grained grey dol., much chert + much pyrite.	C22	52'0" - 55'0"	D.D. chips	17.30	13.56	2.72	26.36		
		55'0"	Soft light grey dol. mud + grit, much chert.	C22	55'0" - 60'0"	Dry boring 100%	19.46	7.06	1.52	28.00		
		60'0"										
			Weighted average 18' - 60' (i.e. 42' core)				18.88	10.65	1.48	26.66	39.6	



025

FAHEY'S LANE

- Line 1
- Line 2
- Line 3
- Line 4
- Line 5
- Line 6
- Line 7
- Line 8
- Line 9
- Line 10
- Line 11
- Line 12
- Line 13
- Line 14
- Line 15
- Line 16
- Line 17
- Line 18
- Line 19
- Line 20
- Line 21
- Line 22



BROKEN HILL PROPRIETARY

DOLOMITE - TAS

IRISHTOWN NORTH

Position of No. 1 D.D.F

8<sup>th</sup>

Scale

1" = 3ch.



- Line I
- Line H
- Line G
- Line F
- Line E
- Line D
- Line C
- Line B
- Line A
- Line R
- Line S
- Line T
- Line U







# RIVER

029

029



880030  
 SMITHSON  
 DOLOMITE -

OUTLINE FOR BORING  
 BASED ON PLAN BY DETROIT, DISC.  
 DEC. 1913

EO 725' S. of this point and 5' above water level

APPENDIX 2

Analyses of Dolomite from Bulletin 41

(Geol. Surv. Tas. 1934)

Analyses of Dolomite Samples.  
(Expressed as Percentages.)

Sample No.	Reg. No.	RAW DOLOMITE.										CALCINED DOLOMITE.				
		SiO <sub>2</sub>	FeO and Fe <sub>2</sub> O <sub>3</sub>	Al <sub>2</sub> O <sub>3</sub>	CaO	MgO	As	P <sub>2</sub> O <sub>5</sub>	C	CO <sub>2</sub> By Ign. Loss.	SO <sub>3</sub>	Cal. ciner.	SiO <sub>2</sub>	CaO	MgO	
1	1819	0.08	0.24*	0.36	31.12	21.48	M.T.	T.	0.02	46.73	T.T.	52.74	0.16	58.50	40.44	
2	1820	0.20	0.24*	0.48	31.22	21.64	M.T.	T.	0.166	46.14	T.	52.72	0.06	58.34	41.53	
3	1821	0.12	0.12*	0.36	31.32	21.50	M.T.	T.	0.032	46.68	T.	52.73	0.06	58.34	41.06	
4	1822	0.08	0.12*	0.48	31.22	21.56	T.	T.	0.028	46.64	T.	52.78	0.06	58.21	41.62	
			Fe <sub>2</sub> O <sub>3</sub> FeO													
5	1823	0.08	0.08	N.D.	0.40	31.60	22.22	M.T.	T.	0.03	46.84	N.D.	52.35	†0.04	58.03	40.74
6	1824	4.60	0.37	0.84	3.18	29.70	19.72	Nil	0.029	0.20	43.60	N.D.	56.37	†9.63	49.80	36.13
7	1825	4.88	0.44	0.78	3.06	28.30	19.76	Nil	0.03	0.25	43.31	N.D.	56.36	†10.16	51.00	34.84
8	1826	4.80	0.47	0.87	3.56	28.64	19.32	Nil	0.03	0.25	43.35	N.D.	56.40	†9.22	49.60	36.09
9	1827	3.80	0.29	0.74	3.38	28.40	20.36	Nil	0.028	0.35	43.73	N.D.	56.31	†9.10	48.99	37.06
10	1828	5.08	0.35	0.71	3.86	28.00	19.20	Nil	0.035	0.25	43.63	N.D.	57.13	†11.26	48.18	35.92
11	1829†	6.64	0.76	1.26	8.24	28.20	14.62	Nil	0.054	0.65	40.75	N.D.	58.61	†14.86	46.33	29.79
12	1830	2.12	0.71	1.03	3.54	29.80	19.40	Nil	0.04	0.35	44.73	N.D.	54.93	†5.86	52.96	36.34
13	1831	5.52	0.40	0.94	3.68	28.00	19.98	Nil	0.03	0.40	42.48	N.D.	57.16	†12.12	47.54	35.50
14	1832	3.28	0.15	0.38	0.42	30.40	21.56	Nil	0.06	0.05	44.83	N.D.‡	54.79	†7.28	54.00	37.33
15	1833	0.52	0.65	0.71	0.56	31.20	21.36	Nil	0.10	0.14	46.46	N.D.	63.35	†1.02	57.42	38.77

Phosphate is soluble in hydrochloric acid. Oxides of iron in Nos. 1 to 5 soluble in hydrochloric acid, and in Nos. 6 to 15 probably a small proportion is insoluble in hydrochloric acid.

\* Estimated that the oxides of iron contain approximately 65 per cent. Fe<sub>2</sub>O<sub>3</sub> † Insoluble.

‡ TiO<sub>2</sub> - 0.20.

§ Contains a trace of iron pyrite.

Sample No.

1. Across 20 feet of the north-west face in western quarry, west of Blackwood Bridge. Sample of clean dolomite only. Crystalline type.
2. Across 30 feet over total width of 60 feet. North face of northern quarry, west of Blackwood Bridge. Sample of clean dolomite only. Crystalline type, partly weathered in places.
3. Picked from 10 feet x 10 feet x 3 feet heap of dolomite obtained from shallow pits, West of Blackwood Bridge. Clean material only. Crystalline type (some soft, due to weathering).
4. Picked from 10 feet x 25 feet x 3 feet heap of dolomite obtained from shallow pits, west of Blackwood Bridge. Clean material only. Crystalline type (some soft, due to weathering).
5. Picked from 10 feet x 25 feet x 3 feet heap of dolomite obtained from shallow pits, west of Blackwood Bridge. Clean material only. Crystalline type (some soft, due to weathering).
6. Railway-cutting, north of Edith Creek, 10 feet vertical sample. Iron stains on joint-planes. Fine-grained type.
7. Three chains north of No. 6. Across 10 to 12 feet. Iron-stained on joint-planes. Fine-grained type.
8. Half a chain north of No. 7. Across 6 feet. Iron stains on joint-planes. Fine-grained type.
9. Quarry at intersection of road and railway, north of Edith Creek. Across 12 feet at west side. Jointed, weathered, and stained material. Fine-grained type.
10. Quarry at intersection of road and railway, north of Edith Creek. Across 8 feet at east side. Jointed, weathered, and stained material. Fine-grained type.
11. Quarry near Junction of Duck River and Mowbray Creek. Across 12 feet on east side. Fine-grained type, with oolitic band. Clean material.
12. Quarry near Junction of Duck River and Mowbray Creek. Across 10 feet on west side. Fine-grained type, with oolitic band. Clean material.
13. Quarry 30 chains south-west of Nos. 11 and 12. Across 10 feet. Fine-grained. Fairly clean material.
14. Cutting, Wiltshire-Irishtown railway, 20 chains east of Smithton-Irishtown road. Across 200 feet. Chiefly fine-grained type. Jointed and stained.
15. Grab sample. Watson's Bend. Crystalline type.

APPENDIX 3

Geochemical & Geophysical Investigations of  
Volcaniclastics in E.L. 43/84

by

C. Whitehead

EXPLORATION LICENCE No 43/84  
SMITHTON - NORTH WEST TASMANIA

INVESTIGATIONS FOR  
PAN AUSTRALIAN MINING LTD

Cliff H. Whitehead  
July, 1987

P.O. Box 177  
BURNIE  
Tasmania 7320

20th July, 1987

3 East Cam Road  
BURNIE

PHONE (004) 312334

PREAMBLE - SCOPE OF WORK

On 26th May, 1987, the undersigned was requested by Mr. R.J. MORRISON, Chief Geologist, of Pan Australian Mining Ltd. to undertake a study of the mineral potential of Exploration Licence 43/84 located in the Smithton district of N.W. Tasmania.

The study was to include running a cyanide leach gold stream sediment sampling programme, and an evaluation of a magnetic anomaly in the northern western section of the E.L.

The principal objective of the study was to evaluate the possibilities of profitable gold deposits occurring in the area, plus evaluate the overall potential of the ground for other possible mineralisation.

The above work was carried out during June 1987, and the following report summarises the results of completed field studies and evaluation of the E.L. area.



Cliff H. Whitehead.

035

E.L. 43/84 - SMITHTONTABLE OF CONTENTS

	<u>Page No.</u>
1. Introduction	1
2. Tenement Area	1
3. Nature of Current Investigations	2
4. Geologic Setting	2
5. Geochemical Investigations	
(a) Stream Sediment Sampling	3
(b) Pan Concentrate Sampling	4
6. Ground Magnetism	5
7. Conclusions - Recommendations	5

FIGURES

No. 1 - Locality Plan - E.L. 43/84

No. 2 - Ground Magnetic Survey - Smithton

Plans

No. PAS/1/87 - Geological Plan - E.L. 48/84

No. PAS/2/87 - Stream Sediment Sampling Programme - Au values (ng/kg)

No. PAS/3/87 - Pan Concentrate Sampling -  $WO_3$  and Sn values (ppm)

No. PAS/4/87 - Pan Concentrate Sampling - Bi and As values (ppm)

STUDY OF THE MINERAL POTENTIAL OF EXPLORATION LICENCE 43/84SMITHTON DISTRICT - N. W. TASMANIA1. INTRODUCTION

As part of Pan Australian Mining Ltd previous commitments to Mineral Holdings Australia Pty. Ltd., a geotechnical study of the mineral potential of E.L. 43/84 in the Smithton district of N. W. Tasmania was completed during June 1987

Priority objectives of the work was to evaluate the possibilities of gold deposits in the area, plus an assessment of any other mineral potential.

During December 1985, Douglas McKenna & Partners Pty. Ltd., had been commissioned by Pan Australian Mining Ltd. to undertake a preliminary inspection of E.L. 43/84. Emphasis was to be placed upon the examination of two dolomite occurrences previously reported as anomalous in gold values. Their subsequent inspection indicated this anomalism to be unfounded, and in addition, the statement was made that there appeared little likelihood of any gold potential in the immediate E.L. area. However, if this statement was to be quantified, it was suggested a regional cyanide leech stream sediment programme should be implemented.

This recommended sampling programme for gold, and other geochemical investigations, have been completed during the current evaluation.

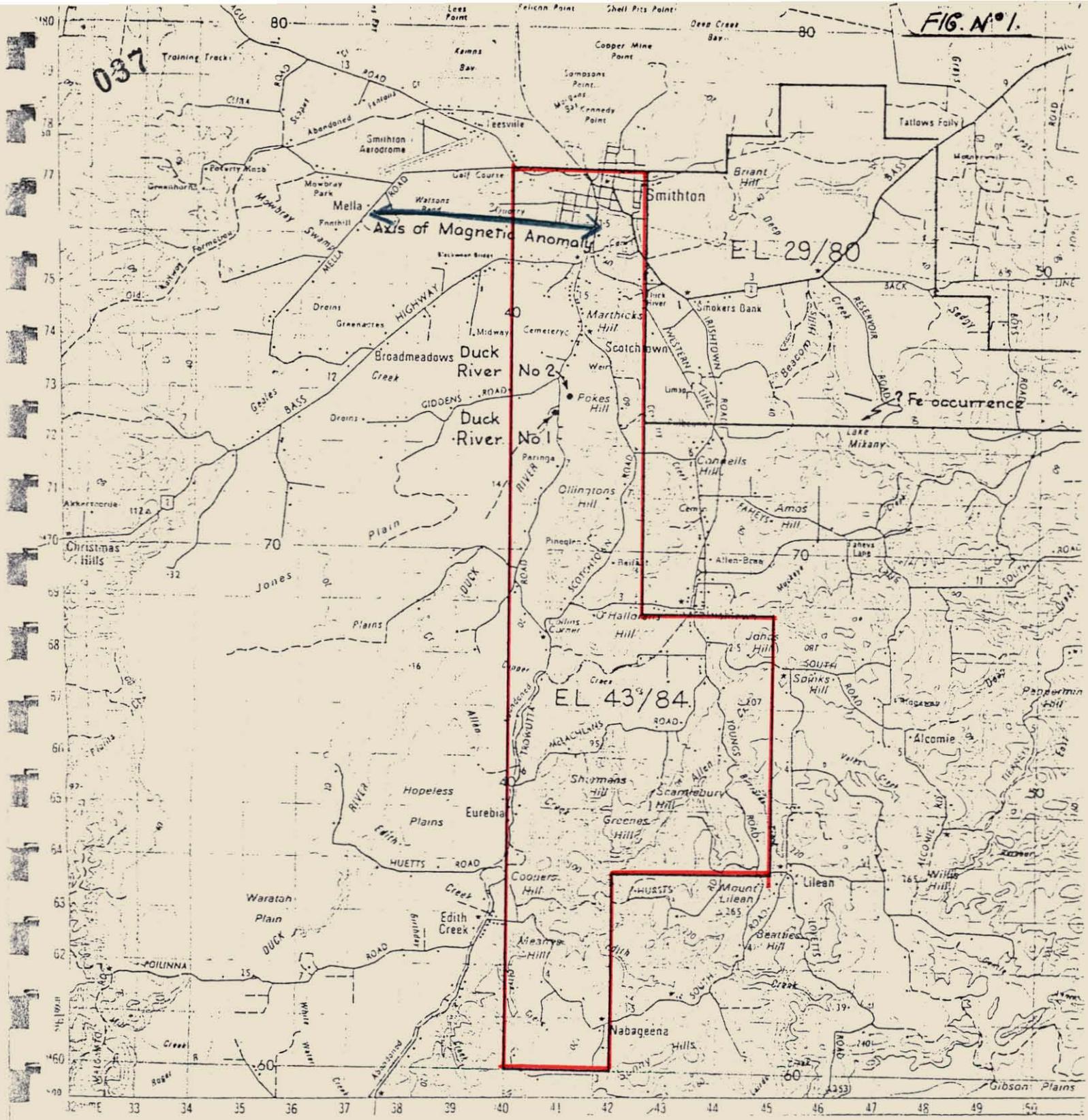
To substantiate a reported airborne magnetic anomaly in the northwestern corner of the E.L., follow-up ground magnetic surveys of the area in question were also completed.

2. TENEMENT AREA

Exploration Licence 43/84 occurs immediately south of Smithton (Figure 1). It embraces an area of 39sq kms, and in shape is narrow (2km to 5km width), and elongated in a N-S direction over a total distance of 17.5Kms.

The area is primarily arable farm land centred around the communities of Lileah, Nabageena, Edith Creek and Eurebia, and as a consequence the E.L. is well serviced by both surfaced road and farm tracks.

On no occasion were there objections to enter private land or refusal to execute field examinations by either property owners or



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

880038

5 cm

PAN AUSTRALIAN MINING LTD		
EL 43/84 SMITHTON, TAS.		
LOCALITY PLAN		
FIG. N° 1.		
Prepared by: Douglas McKenna and Partners Pty Ltd		
Date: Dec 85	Scale: 1:100,000	Plan No. SM-01

occupiers.

The extreme western sections of E.L. 29/80 (contiguous to E.L. 43/84), also held by Mineral Holdings Australia Pty. Ltd. were also considered during the current study. As at 15th June 1987, ground to the immediate west and east of E.L. 43/84 was not covered by Exploration Licence tenements.

3. NATURE OF CURRENT INVESTIGATIONS

The current study included the following:

- review of past exploration work and geological literature available of the E.L. 43/84 area and surrounding environs.
- Appraisal of the areas geology, mineral potential, including on-site field inspections/examinations.
- geochemical investigations:
  - a) completion of a bulk sample cyanide leach stream sediment sampling programme, 40 samples, and analyses for Au.
  - b) collection of pan concentrate drainage samples, 40 samples and samples assayed for WO<sub>3</sub>, Sn, Bi and As.
- geophysical studies. An on-ground inspection of an airborne magnetic anomaly was made, and grid ground magnetic surveys of the location was completed (4 grid lines, 1730 metres, readings at 5m intervals).
- result evaluation, report/plan preparation.

Total expenditures for the above work amounted to approx. \$5,100.00

4. GEOLOGIC SETTING

The E.L. 43/84 occurs within the SMITHTON TROUGH ZONE exposing a series of NNE - SSW trending Cambrian sequences. These include siltstones, greywackes, pillowed spilitic lavas with associated pyroclastic rocks, reportedly of at least 1500m thickness, and stated to be Lower to Middle Cambrian status.

This Cambrian sequence grades conformably into underlying Upper ('younger') Precambrian and Lower Cambrian sediments (Smithton Dolomite).

The Western boundary of the E.L. approximately coincides with a Tertiary N.S. trending fault - supposedly the northerly extension

of the TROWUTTA Fault Zone - however the greatest portion of this section of the E.L. area is masked by Quaternary or Tertiary/Quaternary sediments. The 'hard rock geology' of the eastern - central sections of the E.L. are likewise masked by a cover of Tertiary basalt/sediments.

Plan PAS/1/87, scale 1:25,000, has been compiled from Tasmanian Geological Survey plans, and shows known geology of E.L. 43/84.

Exposures in the area would be classified as poor, swampy ground being developed especially over the younger Precambrian sequences, which are predominated by the Smithton Dolomite, a fine grained crystalline, thick bedded, light grey dolomite. These sequences are restricted to the vicinity of Irishtown (E section of E.L.) and the extreme S.E. portions of the region.

From east to west, the Cambrian sequences would be lithologically divisible into:-

- white quartzites
- grey, green quartzites, slates, greywackes
- a dolomite succession
- chert, breccias, tuffs, greywackes, breccia conglomerates
- slates, cherts, limestones

The regional trend is NNE, with dips to the west ( $20^{\circ}$  -  $70^{\circ}$ ).

No locations of metallic mineralisation are known to have been worked in the E.L. area.

## 5. GEOCHEMICAL INVESTIGATIONS

A - Stream sediment sampling on a regional basis was completed within the overall E.L. area and its bordering margins. For both sample cyanide leach tests, a total of 40 samples each weighing between 5 and 12.5kg were collected from the drainage system of the E.L. - for specific sample locations please refer to Plan No. PAS/2/87.

The samples were submitted to AMDEL laboratories, Adelaide, and subjected to both cyanide leach analysis for Au - Code PM6. Results of Au values, recorded as ng/kg are tabulated in Table No. 1, and shown on Plan No. PAS/2/87. The results showed that 35 of the 40 samples recorded values below 1000ng/kg, the five exceptions (i.e. Au values

040

in excess of 1000ng/kg) were all located in the top northern section of the E.L. area, immediately south of Smithton and in the vicinity of locations examined by Douglas McKenna & Partners Pty. Ltd.

Sample No. PA/S/8 recorded the maximum Au value of the current survey, namely 2150ng/kg, and was collected from drainage from O'Hallorans Hill. Immediately to the north, two additional samples, namely PA/S/5 and PA/S/6 - draining Ollingtons Hill had values of 1900ng/kg and 1650ng/kg respectively.

All these above mentioned samples (No's 8, 6 and 5) drain Cambrian (Ev) sequences, but similar strata to the south were barren in Au.

Samples collected from drainage transgressing Smithton dolomite sequences, both in the central and southern sections of the E.L., showed no gold anomalism.

The results of the overall bulk sample leach test programme would indicate little likelihood of gold mineralisation in the E.L. region.

B - Pan-concentrate samples were also collected from the same locations as the bulk stream sediment samples.

These were likewise submitted to Amdel, Adelaide and analysed for  $WO_3$ , Sn, As and Bi (detection limits 10, 4, 4 and 2ppm respectively) by Amdel Code XRF. X1.

No metallic heavy minerals were visible in any of the samples, and examination under ultra-violet light indicated nil fluorescence.

The results of this analytical work could also be described as negative, but individual values are shown on Plans PAS/3/87 ( $WO_3$  and Sn values) and PAS/4/87 (Bi and As).

General Comments:-

$WO_3$  values:- only 9 of the 40 samples recorded values above detection limit (10ppm). Maximum value recorded was 160ppm - samples PA/S/8 and 36, both of which drain Cambrian siltstones/greywackes. No tungsten anomalism was recorded in samples drained from the Smithton dolomite sequence.

Sn values:- no cassiterite was visible. Only 11 of the 40 samples were above detection limit, no values above 50ppm and only 1 above 10ppm - namely PA/S/18 - 44ppm, a sample collected from drainage with Smithton dolomite service.

Bi values:- completely negative, only six samples above detection limit, maximum recorded being 10ppm - samples PA/S/26 and PA/S/10.

As values:- four samples recorded plus 50ppm, maximum 200ppm namely samples PA/S/15. The 'higher values' (i.e. above 50ppm) showed no special relationship to other 'high' gold values or to any specific stratigraphical - lithological units.

## 6. GROUND MAGNETICS

An airborne magnetite anomaly trend as delineated on Figure No. 1 was investigated on the ground. This anomaly was stated to be detected by E.Z. Company during regional surveys of an adjacent E.L. to the west.

The location of the anomaly is immediately south of the Smithton Football Club grounds, flat lying ground and covered by alluvial material.

Four north - south ground magnetic traverses, totalling 1730m, were run across the magnetic trend, lines being spaced at 300 metres intervals, and magnetic readings (expressed in gammas) taken at 5m intervals. Please refer to Figure No. 2 and Tables No. 2 and 3.

As can be seen from the table, no anomalous zones, signatures or spikes were recorded, and no further investigation in the area is warranted.

## 7. CONCLUSIONS - RECOMMENDATIONS

The results of the geochemical stream sediment work showed negative responses in recognising any gold anomalism. It is believed the pattern and nature of sampling, plus the actual method of Au analysis are completely sufficient to recognise any gold anomalism on a local and regional pattern within the E.L. area.

Supplementary pan concentrate sampling was likewise discouraging, reporting negative heavy mineral contents and negative  $WO_3$ , Sn, As and Bi values.

The identification of a reported airborne magnetic anomaly could not be made by a detailed ground magnetic surveys.

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The above surveys - combined with a regional geological appraisal - do not classify the E.L. area in question as prospective either for gold mineralisation, or other mineral potential, and no further work could be justified or is recommended.



Cliff H. Whitehead.

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FIG. N° 2.

TASMANIA 1:25 000 SERIES

5 cm



↑ ↓ GRID MAGNETIC SURVEY.  
 = READINGS @ 5m INTERVALS. = RECONNAISSANCE MAS SURVEY.

044

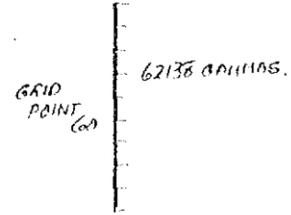
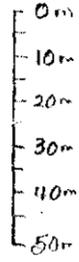
880045

FIGURE N° 3.

GROUND MAGNETIC SURVEY.

E.L. 43/84 (SMITHTON)

VERT. SCALE 1:1500



235	60726	62211
	62032	62108
	62043	62124
	62070	62141
	61426	62131
	62009	62158
	62069	62147
	62067	62113
	62127	62133
	62118	62158
	62062	62190
	62130	62243
	62147	62188
	62135	62178
	62175	62151
250	62129	62153
	62199	62167
	60416	62188
	61590	62226
	62112	62203
	62140	62200
	62158	62134
	62169	60726
	62272	62118
	62157	62199
260	62114	62188
	62137	62158
	62128	62117
	62110	62178
	62028	62208
	62134	62156
	62124	62124
	62174	62130
	59832	62125
	61382	62120
	60251	62112
	60091	62190
	62231	62186
	62122	62100
	62038	62075
	62008	62223
	62029	62135
	62028	62149
	62032	62126
	62001	62104
280	62045	62169
	62102	62168
	62092	62107
	62044	62128
	62062	62132
	62061	62175
	62099	62291
	62070	62143
	62044	62188
	62029	62187
	62047	62111
	62041	62125
	62023	62140
	62038	62115
	62047	62143
	62036	62155
	62053	62103
	62039	62130
	62015	62109
	62067	62156
300	62047	62130
	62038	62129
	62067	62116
	62062	62125
	62071	62117
	62058	62118
	62073	62114
	62117	62120
	62158	62126
	62165	62128
310	62146	62125
	62106	62149
	62023	62113
	62041	62114
	62059	62120
	61992	62126
	61996	62128
	62016	62138
	62037	62125
	62020	62149
320	62072	62113
	62190	62114
	62004	62120
	62032	62126
	62033	62128
	62004	62138
	62006	62125
	62024	62149
	62053	62113
	62071	62114
330	62061	62120
	62069	62126
	62074	62128
	62007	62138
	62000	62125
	61996	62149
	61988	62113
	62005	62114
	62011	62120
	62042	62126
	62032	62128
341	61974	62138

56	62137
	62138
	62106
	62129
	62135
	62138
	62440
	62141
	62152
	62141
	62150
	62175
	62158
	62207
	62190
	62177
	62170
	59850
	62220
	62199
	62150
	62209
	62198
	62179
	62194
	62190
	62172
	62174
	62199
	62180
	62160
	62148
	62139
	60594
	62109
	62053
	62167
	62146
	62165
	62145
	62133
	62150
	62133
	62178
	62189
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	62160
	62151
	62162
	62151
	62150
	62145
	62137
	62160
	62367
	62128
	62151
	62140
	62148
	62144
	62122
	62143
	62350
	62135
	62152
	62124
	62184

35	62121
	62161
	62142
	62139
	62170
	62220
	62254
	62211
	62222
	62242
	62242
	62201
	62278
	62400
	62276
	62244
	62249
	62321
	62173
	62141
	62198
	62163
	62183
	62186
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	61832
	62056
	62070
	62065
	62055
	62058
	62159
	62055
	62061
	62073
	62065
	62078
	62086
	62083
	62058
	62097
	61970
	62077
	62131
	62110
	62183
	62190
	62220
	61787

MAPRANA BASS HIGHWAY SMITHTON

300m 300m 300m

5 cm

REFER FIG N° 2 FOR SPECIFIC LOCATION.



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PAN AUSTRALIAN MINING LTD.EXPLORATION LICENCE 43/84 - SMITHTONASSAY RECORD SHEETA - PAN CONCENTRATE SAMPLES

Number of Samples = Forty (40)  
 Sample Numbers = PA/S/1 to PA/S/40  
 Analysis by = AMDEL (Adelaide)  
 Report No. 4224/87  
 Type of Analysis = Code X1 - WO<sub>3</sub>, Sn, Bi, As  
 Plan Ref No. = PAS/3/87 and PAS/4/87

<u>SAMPLE No.</u>	<u>WO<sub>3</sub></u>	<u>Sn</u>	<u>Bi</u>	<u>As</u>
PA/S/1	<10	<4	6	15
PA/S/2	<10	8	<4	11
PA/S/3	<10	<4	<4	7
PA/S/4	<10	<4	4	76
PA/S/5	<10	<4	<4	7
PA/S/6	<10	<4	<4	9
PA/S/7	<10	<4	<4	14
PA/S/8	160	8	<4	17
PA/S/9	50	<4	<4	4
PA/S/10	<10	<4	10	7
PA/S/11	<10	4	<4	7
PA/S/12	85	<4	<4	<2
PA/S/13	<10	6	4	9
PA/S/14	60	<4	8	24
PA/S/15	<10	8	<4	200
PA/S/16	<10	4	<4	43
PA/S/17	<10	<4	<4	150
PA/S/18	<10	44	6	38
PA/S/19	<10	<4	<4	39
PA/S/20	<10	<4	<4	6
PA/S/21	25	<4	<4	32
PA/S/22	<10	<4	<4	9

047

<u>SAMPLE No.</u>		<u>WO<sub>3</sub></u>	<u>Sn</u>	<u>Bi</u>	<u>As</u>
PA/S/23	-	<10	6	4	60
PA/S/24	-	<10	<4	6	19
PA/S/25	-	<10	<4	4	34
PA/S/26	-	<10	<4	10	46
PA/S/27	-	<10	<4	<4	19
PA/S/28	-	<10	<4	4	11
PA/S/29	-	<10	<4	<4	15
PA/S/30	-	<10	<4	<4	2
PA/S/31	-	<10	<4	4	7
PA/S/32	-	<10	<4	<4	43
PA/S/33	-	<10	4	<4	4
PA/S/34	-	10	<4	<4	40
PA/S/35	-	<10	8	<4	12
PA/S/36	-	160	4	<4	9
PA/S/37	-	45	<4	<4	20
PA/S/38	-	<10	<4	4	12
PA/S/39	-	50	6	<4	20
PA/S/40	-	<10	<4	<4	10
	DTN =	(10)	(4)	(4)	(2)

APPENDIX 4

Status of Mineral Deposits of  
Mineral Holdings Aust. Ltd.

by

Hudson Lees Associates

## HUDSON LEES ASSOCIATES

16 Hammersley Court  
MT. ELIZA VIC. 3930  
Tel: (03) 787-2907

17th July, 1987

Minerals Finance Ltd.,  
Lower Ground Floor  
53 Macquarie Street  
SYDNEY N.S.W. 3000

ATTENTION: MR. L. FURLONG

Dear Sirs,

REPORT: MINERALS HOLDINGS AUSTRALIA LTD.  
STATUS OF MINERAL DEPOSITS

As requested we have reviewed the status of the exploration and market/project development of the three major mineral leases held by Minerals Holdings Australia in N.W. Tasmania. This review has included a general appreciation of the Magnesium Metal Industry and the prospect for such development in Tasmania and/or Victoria.

In addition, we have summarised and commented upon the prospects for Quartzite and Dolomite/Magnesite processing industries. In this regard, we must emphasize that we are engineers, not geologists, and therefore have taken all assay reports at face value.

Finally, we would comment that each of the projects being promoted by MHA should be considered in detail as regards environmental impact, markets, materials processing and handling, and overall feasibility. This work would need to be supported by specific minerals testing and reserve substantiation, and could culminate in an overall strategy for development of these leases.

We trust that this report proves to be of assistance to you. Naturally, we shall be happy to answer any specific queries that you care to raise.

Yours faithfully,  
for HUDSON LEES ASSOCIATES

*Richard Hudson*  
Richard Hudson  
C.Eng. M.I. Mech.E.  
DIRECTOR

## HUDSON LEES ASSOCIATES

16 Hamersley Court  
MT. ELIZA 3930

Tel: 787-2907

DEVELOPMENT OF QUARTZITE, DOLOMITE & MAGNESITE DEPOSITS  
N.W. TASMANIA

1.0 INTRODUCTION:

The exploration of Quartzite (EL 29/80 and EL 43/70(1)); Dolomite (EL 43/84) and Magnesite (EL 43/70(2)) deposits has reached the stage where detailed planning of new materials extractive and investigation into practical and profitable process industries should be commenced. To this end Messrs. Thomas (MHA) and Hudson (Hudson Lees Associates) attended the 1986 International Magnesium Conference in Los Angeles and followed by visits to Magnesium Metal, and Magnesite/Dolomite Producers/Marketeters in France, England, Italy and United States.

Mr. Thomas attended the 1987 IMA meeting in Tokyo and also visited the Baymag Magnesite Mine in Alberta, Canada and Quartzite Importing Companies in West Coast USA.

This report summarises the status of the various projects based upon the above visits and review of relevant correspondence.

2.0 MAGNESIUM METAL

There is no doubt that recent development of higher strength, thin wall, corrosion resistant Magnesium Alloys (Mg-Zn-Cu-Mn) and associated Die Cast Technology at effective metal costs equal or slightly less than Aluminium has raised expectations of massive growth in magnesium metal production in the next few years (30% by 1991/2). The World's major motor car and motor cycle manufacturers have participated in the development of suitable alloys which also has appeal to gearbox, pump, and hydraulic transmission manufacturers.

Most of the producers of magnesium metal are planning expansion(s) of their existing capacity, and a new one step magnesite to Magnesium Hydroxide Process (MPLC) with significantly lower production cost potential; is planning to build four new 50,000 TPY plants located adjacent to suitable magnesite deposits in low energy/low labour cost countries. NW Tasmania is a possibility for one of these plants. Brasil, Turkey, Queensland and China are other possibilities. The existing metal producers employ either Magnatherm or Silicothermic processes and variants; using salt water brines, Dolomite and Magnesite as feed stocks. Opportunities will exist to supply raw or calcined Magnesite to these producers if quality and price is right.

### 2.1 History of Magnesium Metal:

First produced in late 1940's with fluctuating demand over the following years. Last ten (10) years have averaged 1.9% growth. 1985 production was 230,000 Tons. It seems that poor corrosion protection and lack of metal availability have been controlling factors in low growth, i.e. no metal available for new demand. Price has been regarded as a neutral factor. (US\$1.40/lb in 1987).

### 2.2 Projected Growth:

The international Magnesium Association projects growth in range 19% to 25% in next four years. Discussion with magnesium metal producers suggests that growth may exceed the IMA projection, certainly the new production being planned indicates this, as seen by IMA published data:

! Producer	! Approximate Production	! Additional Production by 1991	!
Norsk Hydro	40,000	50,000	Becancour
Pechiney	20,000	--	
North West Alloys	20,000	--	
Societa Magnesia	15,000	15,000	
Japan	6,000	10,000	
Metaleur	6,000	40,000	
Dow )			
Amax )	165,000	--	
Various US )			
MPLC	--	250,000	
	-----	-----	
	272,000	375,000	
	=====	=====	

It is to be noted that Norsk Hydro have made a slow start with their Becancour project and have made extensive process changes; Metaleur are reported to be moving slowly, and MPLC have had partner changes made, being ANC (Canada), and have made a start with their Alberta Plant.

In our view, the additional production forecast by 1991 can not be achieved. Plant construction and start-up times will preclude this.

### 2.3 Metal Users: (Source IMA)

Magnesium metal is used as follows:-

Use	1985	1986	FORECAST 1991
Aluminium Alloys	53%	53.3%	48.9%
Die Casting	18%	12.8%	19.9%
Structural	2%	3.5%	3.8%
Furnace Protection/)			
Modular iron/ )	27%	30.4%	27.4%
Desulphurisation/ )			
Chemical )			
	-----	-----	-----
	230,000	236,900	266,000
	TONS	TONS	TONS
	=====	=====	=====

NOTE: Australian Aluminium producers use 12000/15000 TPY of magnesium metal for use in Aluminium Alloys.

### 2.4 MPLC Planning:

MPLC are to build a 50,000 TPY plant at Calgary, Canada, with their new partners, A N C (Canada). It is understood that finance has been arranged.

The plant will be supplied electrical energy at 0.9¢ Canadian per kwh and receive substantial Canadian government guarantees.

MPLC plan to build at least four other 50,000 TPY plants.

- (a) Brazil
- (b) Turkey
- (c) China
- (d) Pacific Rim (could be NW Tasmania)

NOTE: At our meetings with MPLC it was said that Tasmania could be a better site than Calgary.

Laboratory samples of Tasmanian magnesite have been found suitable by MPLC and the CRA/MHA Joint Venture supplied a 60 Tonne sample of Arthur River Raw Magnesite to MPLC (Scunthorpe, U.K.) in September, 1986. This material is awaiting test in the 4 TPD Pilot plant. If the tests are suitable, MPLC and MHA have agreed to jointly undertake a feasibility study into the extent of suitable reserves of the mineral and construction of magnesium metal plant. The study would include consideration of a Chlorine Production plant which would also have the benefit of producing caustic soda as a by-product (used in manufacture of paper). The study would further include a metal diecasting facility to be carried out in conjunction with motor manufacturers.

Cont'd..4/

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#### 2.4 MPLC Planning: (Cont'd.)

It is anticipated that the feasibility study and subsequent environmental impact statements would take 12-24 months, and that a decision to build the plant would not be taken until the MPLC Calgary plant is in full production. Say 1990.

#### 2.5 Basic Data for a M.P.L.C. plant is as follows:-

Ground area required = 30 - 40 acres  
Site to be adjacent to fresh water (5,000 GPH).  
Site to be adjacent to sea water for chlorine production.  
Site to be adjacent to roads and possibly rail.  
Plant requires 40 mw electric power rising to 100 mw during phased start-up.  
Plant will employ 100 - 150 people rising to 500 - 600.  
Plant has few environmental problems. There will be no solid effluent. Discharges to atmosphere are said to be clean and mildly aromatic while discharge of scrubbing water will be mildly saline, (level less than sea water).

Sound levels will be within statutory requirements. It is anticipated that all primary and secondary raw materials reduction and sizing will be carried out adjacent to the Magnesite quarry face.

Capital Cost 300/400 million US \$ (1986 Dollars).

#### 2.6 Other Processes:

MHA Dolomite has been tested by both Metaleur (Brazil) and Societa Magnesia (Italy). Both companies have expressed interest in building a plant in NW Tasmania and no doubt would supply technology without equity. The Societa Magnesia process is highly regarded as producing very high purity magnesium.

Pechiney (France) would supply technology under licence and no doubt Norsk Hydro would also supply technology.

#### 2.7 General Comments:

The Tasmanian Magnesites appear to be suitable for magnesium metal production by MPLC method although extent and consistency of reserves has yet to be defined. The Tasmanian Dolomite is also suitable for magnesium metal production by the Silicothermic and Magnatherm processes. All processes use considerable quantities of electrical power and Tasmanian Government have stated that they will supply power at competitive rates (subject to negotiation). A key factor in power price negotiations will be new jobs created per Megawatt of power required.

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2.7 General Comments: (Cont'd.)

Aluvic (State of Victoria Aluminium Company) and State Electricity Commission of Victoria have expressed interest in establishing a Magnesium Metal facility in Victoria and may look at a Joint Venture with MHA. Discussions are just beginning now.

We point out again that Australian Aluminium producers use 12000/15000 TPY of magnesium metal in alloying with aluminium (approx. 5% magnesium). A base load therefore exists for a magnesium facility.

Published costs of magnesium metal production show MPLC with substantial advantage over Silicothermic and Magnatherm (yet to be proven commercially).

3.0 RAW MAGNESITE:

Currently being evaluated by the CRA/MHA joint venture. Drill cores from the three major ore bodies indicate vast quantities of high grade/low impurity magnesite, and the costean programme initiated in February 1987 is intended to accelerate the joint ventures understanding of the ore bodies. Bad weather has retarded this work, and new, high ground locations for constean(s) have been selected. It is most necessary to prove the consistency of the deposits.

CRA are concentrating upon locating materials suitable for high grade refractories. MHA has consistently taken a much wider view of potential markets.

It is to be noted that MHA can extract up to 100,000 tonnes of magnesite to meet various market prospects viz. Fused Magnesia, Talc and Marble, and that CRA have said that they would see 50,000 tonnes as being a suitable quantity of product upon which to commence extraction. (Price and availability to be negotiated).

3.1 Sales Prospects:

Norsk Hydro (Norway) have a concentrate sample for testing but now say that process changes will require raw material. (100,000 TPY)

North West Alloys (Alcoa Washington) could purchase calcined ore. (12,000 TPY)

Pechiney (France) could purchase calcined ore. (10,000 TPY)

MHA could require up to 150,000 TPY for downstream activity processing (Calcined and Fused Magnesia)

No estimates are to hand in regard to Refractories markets. (CRA responsibility).

3.2 Sample Testing:

Sample testing to date indicates high grade ore existing in each location with some variance in impurities.

Extracts from various Tasmanian Department of Mines reports indicate the following variations:-

Element	Pinner	Arthur River Ml Area	Cann Creek
Mgo	43.81	43.70	46.5
SiO <sub>2</sub>	5.6	1.90	0.73
CaO	1.14	2.80	0.11
Fe <sub>2</sub> O <sub>3</sub>	0.51	0.88	0.10
Al <sub>2</sub> O <sub>3</sub>	0.01	0.02	0.10
LOI	48.54	50.10	51.00

Traces of various other minerals.

The low iron and alumina are particularly attractive features of these samples.

Calcination tests have been undertaken by Comalco laboratories at Williamstown (Vic.) with encouraging results; and the Joint Venture has an arrangement with Steetley Ltd. of Hartlepool, U.K. to undertake analysis and testing work as required.

4.0 RAW DOLOMITE:

This common material is available in large quantities in MHA leases. Sample tests by Metaleur and Societa Magnesia have indicated quality suitable for magnesium metal production.

Many other prospective markets exist in the fields of fertilizers, animal feed stocks and road aggregates. Price will be most important to achieve sales of this common mineral.

5.0 PROCESSING OF DOLOMITES AND MAGNESITES:

Opportunities exist for a Dolomite and Magnesite Calciner with necessary material reduction and sizing plants for bagged products for agricultural, animal feed stocks, chemical and chipboard industries.

An economic calciner would produce 50,000/100,000 TPY of product while advance predictions for the Australian (and N.Z.) chipboard industries alone is in this range.

056

5.0 PROCESSING OF DOLOMITES AND MAGNESITES: (Cont'd.)

Calcined Magnesite could also be supplied to a fused magnesia plant to produce very high purity products for electrical insulators, conductors, abrasives and cements. Quantities for this market are very low (2000/5000 TPY) but price of product is extremely high.

It is to be noted that chemical and material grading specifications for fused magnesia products are extremely severe.

Universal Abrasives of U.K. have agreed to test material samples for suitability and also to provide technology and knowhow for a plant; but not equity.

An opportunity exists to supply finely ground (high surface area) Dolomite or Magnesite to Australian Tioxide an alkali powder for acid correction. Quantities may exceed 100,000 TPY if successful. Tests using imported samples (calcined) are currently in train.

6.0 QUARTZITES:

MHA believe that their deposits hold hard rock down to fine sands in high purity quartzite. This opens possibilities to supply material with appropriate and/or minimal processing to the whole field of silica material users.

Potential markets include BHP Temco (Tasmania) and various Canadian, United States, South Korean and Japanese Companies, MHA has much initial market data in regard to these possibilities.

U.S.A. Company, L. Bar Products, are presently considering a Joint Venture with MHA to import 50,000/100,000 TPY Quartzite material from Tasmania through upgraded DOMTAR West Coast USA port facilities. Possible destinations for the material could be:

Pittsburgh Plate Glass	20,000 TPY
Guardian Glass	15,000 TPY
J.M. Manufacturing Co.	10,000 TPY
Westwood Ceramics	6,000 TPY
John Manswell	5,000 TPY
Libby Owen Ford	60,000 TPY
	-----
	106,000 TPY
	=====

At present, the BHP Temco prospect (30,000 TPY) is proceeding satisfactorily. Rock with size range of -6" + 1-1/2" is required in a nondegradable quality. A 2000 tonne test sample has been tried successfully and a second 2000 tonne sample from a larger deposit is to be tried soon.

#### 6.0 QUARTZITES: (Cont'd.)

Extraction and material crushing and sizing has been carried out by contractors and deliveries made at costs within budget. (Selling price \$35/tonne). A commercial plant would generate additional margins and further revenue would be obtained from the sale of -1-1/2" materials (approx. 30% of total).

MHA have a feasibility study prepared by Bechtel Australia for a suitable commercial operation. This study is appropriate to Dolomite, Magnesite and Quartzite with variations to suit the final product required.

#### 7.0 MARBLE:

Reported to be available in large quantities and attractive colours in NW Tasmania. Veneer marble is an extremely highly priced product (approx. \$6000/cubic metre). Also Brown/Green Granites are under evaluation.

#### 8.0 SUMMARY:

MHA has vast quantities of Dolomite, Magnesite and Quartzite in NW Tasmania which appear to have exciting commercial prospects.

A quartzite rock operation seems to be a probability within the foreseeable future, and a quartzite sand development could follow with adequate marketing at minimal investment. It seems logical that this operation could expand to cover much of the range of quartzite (silica) markets as the operation gains maturity and more is learnt about the deposits.

The magnesite leases are seen to be most exciting due to the size and purity of the deposits. A magnesium metal facility in Tasmania (or Victoria) would be a major project and must include international partners of world standing in addition to MPLC. Much work would need to be done to get this project off the ground, not least in general feasibility and environmental impact areas. This project is therefore long term in nature.

A magnesium metal plant would seem to have an immediate market to Australian Aluminium producers for alloying with that metal. Government of Victoria has spare electrical generating capacity and can be expected to compete with Tasmania for such an energy dependant project; particularly in view of Aluvic's equity in the Portland Aluminium Smelter.

Undoubtedly markets exist for calcined, dead burnt, and fused magnesiases and dolomites. Transport costs would preclude sales of raw materials to overseas markets whereas the cost of calcining and handling the minerals has to be weighed against transport cost savings. A fused magnesia operation can only be seen as an adjunct to a large scale calcining industry.

9.0 COMMENTS:

In our view, MHA has done well in advancing the various projects to the current status. We feel that the CRA/MHA joint venture poses considerable risk to MHA both as regards project operating costs, and the size and hence, capital needed for a successful operation. CRA, as project manager, will control material extraction costs which may not suit any of MHA downstream projects. In particular, a magnesium metal plant would insist upon guaranteed supplies of material at an acceptable price: MHA's 25% shareholding may not be adequate. Cross shareholding may be mandatory.

Another consideration would be Comalco's presence in CRA group. This could be a positive or negative factor depending upon viewpoint of parties concerned.

MHA has the prospect of starting a calcining industry which could service a wide range of markets. The marketing information gained by MHA (Tominex) during their importing (agency) activities is a worthwhile base for detailed marketing and production cost studies without which no project can be expected to proceed.

It is to be noted that we understand that MHA's main Australian competitor - Queensland Metal Corporation - have completed studies for a Calcining Plant and have decided to build such a facility near Rockhampton. We understand also that this company has carried out only very preliminary work into a Magnesium Metal Plant but may put in hand some more detailed work fairly soon.

The potential quartzite operation seems to be most likely to proceed in the near future, but again, market and production cost feasibilities and statutory impact studies need to be undertaken.

In summary therefore, all MHA's general marketing information needs to be reviewed, checked and expanded upon; and detailed production cost studies undertaken. Environmental impact statements are mandatory to the successful commencement of any project.

Finally, it is relevant to note that MHA has no engineering or plant operating capability. Any prospective partner would need to see that these disciplines be adequately provided.

  
Richard Hudson  
17.7.1987

Copies: Minerals Finance Ltd. 2  
Hudson Lees Associates 2

APPENDIX 5

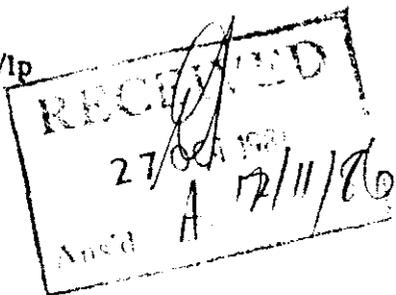
Miscellaneous Test Data

# 960 SOCIETÀ ITALIANA PER IL MAGNESIO E LEGHE DI MAGNESIO

SOCIETÀ PER AZIONI  
 CAPITALE SOCIALE L. 5.000.000.000 VERSATO L. 4.500.000.000  
 SEDE LEGALE BOLZANO

Bolzano, 2nd May 1986

Ns. rif. AL/Ip



MINERAL HOLDINGS  
 AUSTRALIA PTY. LIMITED  
 2nd Floor  
 100 Collins Street  
MELBOURNE, AUSTRALIA, 3000

OGGETTO:

For the attention of Mr. Neil Thomas

Dear Sir,

we send you herewith our evaluations on the samples you dispatched us.

- From the chemical point of view, the Dolomite's samples have a good composition, even though sample n° 1 has got a SiO<sub>2</sub> tenor decidedly higher than samples n° 2 and n° 3.

- Behaviour at calcination :

Dolomite : Cleft phenomena between 1050 °C and 1100°C

Magnesite: At 1000°C flacking phenomena.

Those results are merely indicative, because a definitive opinion on the behaviour at calcination, can only be given on an industrial-test basis, in revolving furnace at 1200°C, furthermore, it might be opportune for us to have more material at our disposal, in order to have a complete picture and do a reduction test with Fe-Si alloy on a pilot furnace.

./.

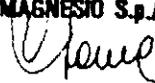
061

- 2 -

Anyway it is intended, that, for technical and economic reasons, Magnesite is not to be taken into consideration for the production of Magnesium, with the silicothermic process.

Yours faithfully

SOCIETA ITALIANA  
PER IL MAGNESIO E  
LEGHE DI MAGNESIO S.p.A.



062

ANALYSES ON THE DOLOMITE AND MAGNESITE SAMPLES  
OF MINERAL HOLDINGS PTY. LTD.

- Sample n° 1 : Blackwood dolomite bridge darkergrey.  
Behaviour in furnace at 1100 ° C good;  
clefts along the crystallization lines.
- Sample n° 2 : Smithon quarry dolomite lighter grey.  
Behaviour in furnace at 1100 ° C good;  
clefts along the crystallization lines.
- Sample n° 3 : Blackwood bridge dolomite lighter grey.  
Behaviour in furnace at 1100 ° C good;
- Sample n° 4 : Magnesite. Flackings at 100 °C in furnace.

	DOLOMITE Sample n° 1	DOLOMITE Sample n° 2	DOLOMITE Sample n° 3	MAGNESITE Sample n° 4
P.F. %	47,10	47,39	47,35	45,72
SiO <sub>2</sub> %	0,27	0,02	0,03	11,57
R <sub>2</sub> O <sub>3</sub> %	0,32	0,44	0,54	0,73
CaO %	30,37	30,45	30,67	1,32
MgO %	20,97	21,14	20,90	40,43
Zn %	0,0008	0,0010	0,0015	0,0030
Mn %	0,0094	0,0108	0,0094	0,0443
Na %	0,012	0,010	0,018	0,005
K %	0,005	0,005	0,006	0,005
Others	0,94	0,53	0,47	0,17

063  
**SOCIETÀ ITALIANA PER IL MAGNESIO E LEGHE DI MAGNESIO**

SOCIETÀ PER AZIONI  
 CAPITALE SOCIALE L. 5.000.000.000 VERSATO L. 4.500.000.000  
 SEDE LEGALE BOLZANO

Bolzano, 7th May 1986

Ns. rif. AL/lp

MINERAL HOLDINGS  
 AUSTRALIA PTY. LIMITED  
 2nd Floor  
 100 Collins Street  
MELBOURNE, AUSTRALIA, 3000

OGGETTO:

For the attention of Mr. Neil Thomas

Dear Sir,

we send you herewith the "on the whole" informations requested by you for a Magnesium Smelter by 10.000 T/Y referred to one Kg metal.

Dolomite, finisshed size	10.5 Kg/Kg Mg
Fe-Si Alloy (Si 78%)	0.9 Kg/Kg Mg
Energy from Magnesium reduction	7.9 KWh/Kg Mg
Utilities	0.3 KWh/Kg Mg
Iron resistors	0.12 Kg/Kg Mg
Heavy oil for Dolomite's calcination	0.89 Kg/Kg Mg
Natural gas for remelting	0.11 m <sup>3</sup> /Kg Mg
Flux Salts for remelting	0.15 Kg/Kg Mg
Manual labour *	0.032 h/Kg Mg
Non manual labour *	0.004 h/Kg MG

(\*For these informations we consider 1650 yearly working hours for each person)

Employed electric power:

Average : 11500 KW

Peak : 13000 KW

- 2 -

These estimates are merely to be considered as valid, for Magnesium production. An eventual production of Fe-Si alloy is not taken into consideration.

Final production : A standard ingot production is foreseen.

The production of other kinds of sizes (T-bars, Round bars) is conditioned by the market request.

Our production does not foresee extruded shapes, as there is no request, nevertheless we think that, anyway, it is more convenient to produce in sub-contact with Aluminium Alloy Extruders.

We further enclose an indicative flow-sheet of our production process.

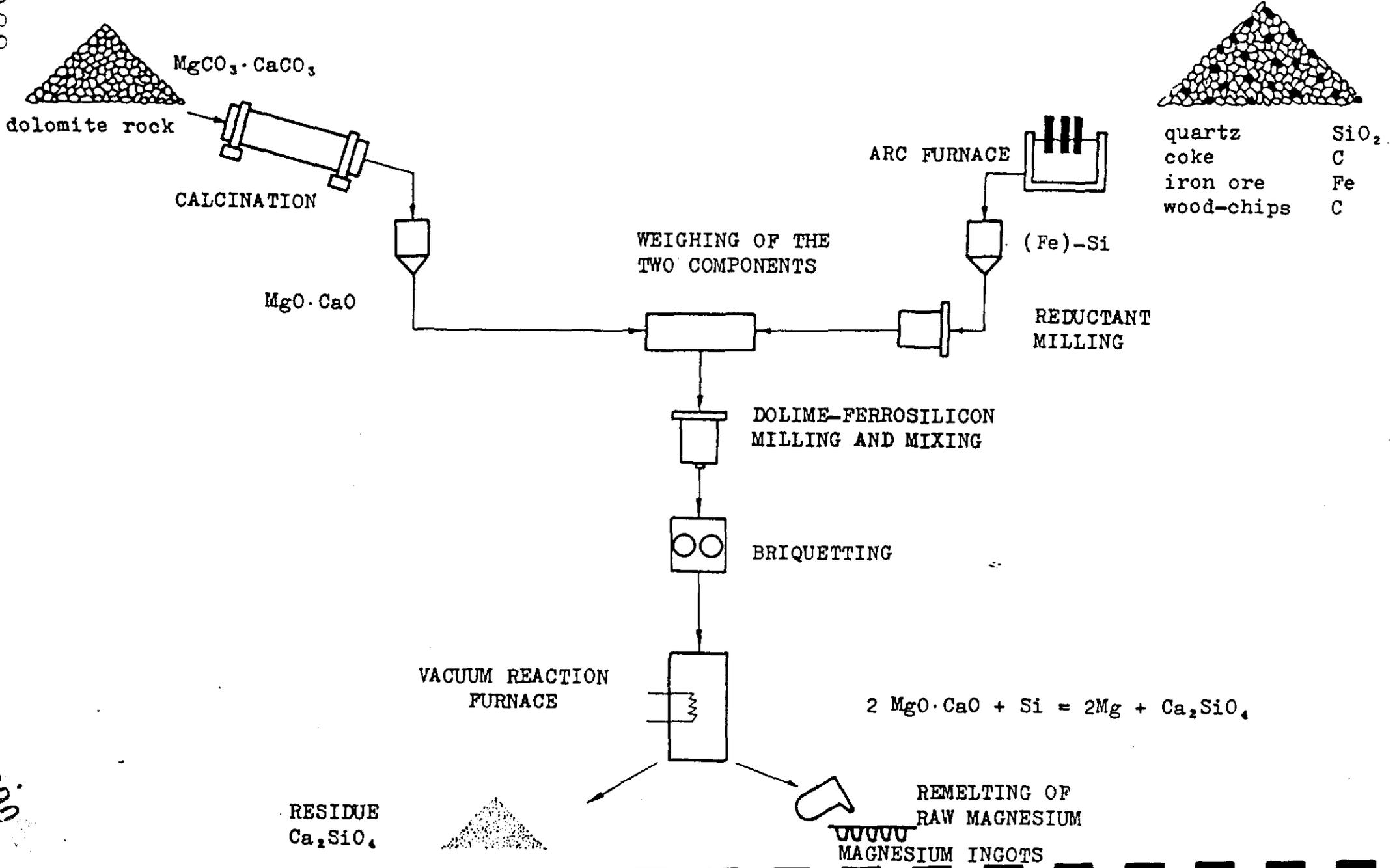
We rebate our interest for an eventual know-how supply as well as technical assistance, and with the occasion we kindly greet you.

Best regards.

SOCIETA ITALIANA  
PER IL MAGNESIO E  
LEGGHE DI MAGNESIO S.p.A.

890088

# SIMPLIFIED FLOW SHEET FOR BOLZANO PROCESS



8900

066

880067

\*  
TORNEX AA31317  
58649 PCLASE G  
TLX/REF2960 86-10-07 12109

FOR THE ATTN MR NEIL M. THOMAS, MINERAL HOLDINGS AUSTRALIA PTY LTD.

---

TEST WORKS ON DOLOMITE/MAGNESITE SAMPLES COMPLETED. MAIN CONCLUSIONS AS FOLLOWS:-

1. SMITHTON DOLOMITE  
-----

BLACKWOOD BRIDGE SAMPLE HAD HIGH  $SiO_2$  (3.4%) AND  $Al_2O_3$  (1.0%) IMPURITIES. QUARRY SAMPLE  $SiO_2$  (1%) AND  $Al_2O_3$  (0.4%) WAS OF HIGHER PURITY.

BOTH SAMPLES CALCINED SATISFACTORILY AT 1200 DEGREES C TO DOLIME BUT TENDED TO DECREPITATE WHEN DEADBURNED AT 1800 DEGREES C GIVING PRODUCT DENSITY OF 3.1 G/ML. THE QUARRY SAMPLE CAUSTIC CALCINED AND BRIQUETTED DEADBURNED TO A 3.3 G/ML DENSITY AT 1800 DEGREES C WHEREAS THE BLACKWOOD BRIDGE ONLY DEADBURNED TO 3.0 G/ML BY THIS PROCESS BECAUSE OF HIGH IMPURITY LEVELS.

2. MAGNESITE  
-----

BOTH SAMPLES HAD HIGH  $SiO_2$ ,  $Al_2O_3$  AND  $CaO$  IMPURITIES WITH  $MgO$  CONTENTS OF ONLY 86% (PINNAR) AND 87% (ARTHUR RIVER). DIRECT DEADBURNING AT 1800 DEGREES C GAVE DENSITIES OF 3.1 G/ML (ARTHUR RIVER) AND 3.3 G/ML (PINNAR) BUT DENSITIES ABOVE 3.0 G/ML COULD NOT BE OBTAINED ON EITHER SAMPLE VIA THE CAUSTIC MAGNESIA CALCINATION/BRIQUETTING ROUTE BECAUSE OF THE HIGH IMPURITY LEVELS.

CLEARLY THE MAGNESITE WOULD HAVE TO BE BENEFICIATED TO GIVE ((  
ACCEPTABLE PRODUCT QUALITY.

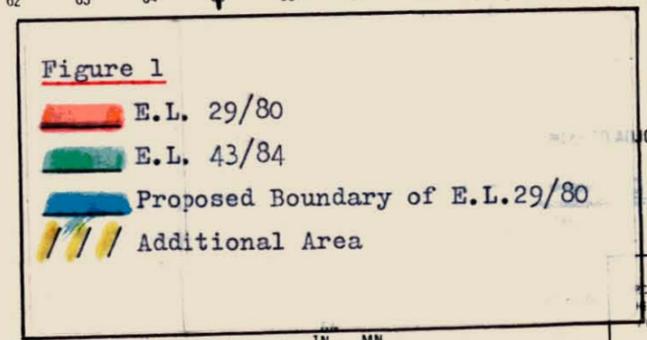
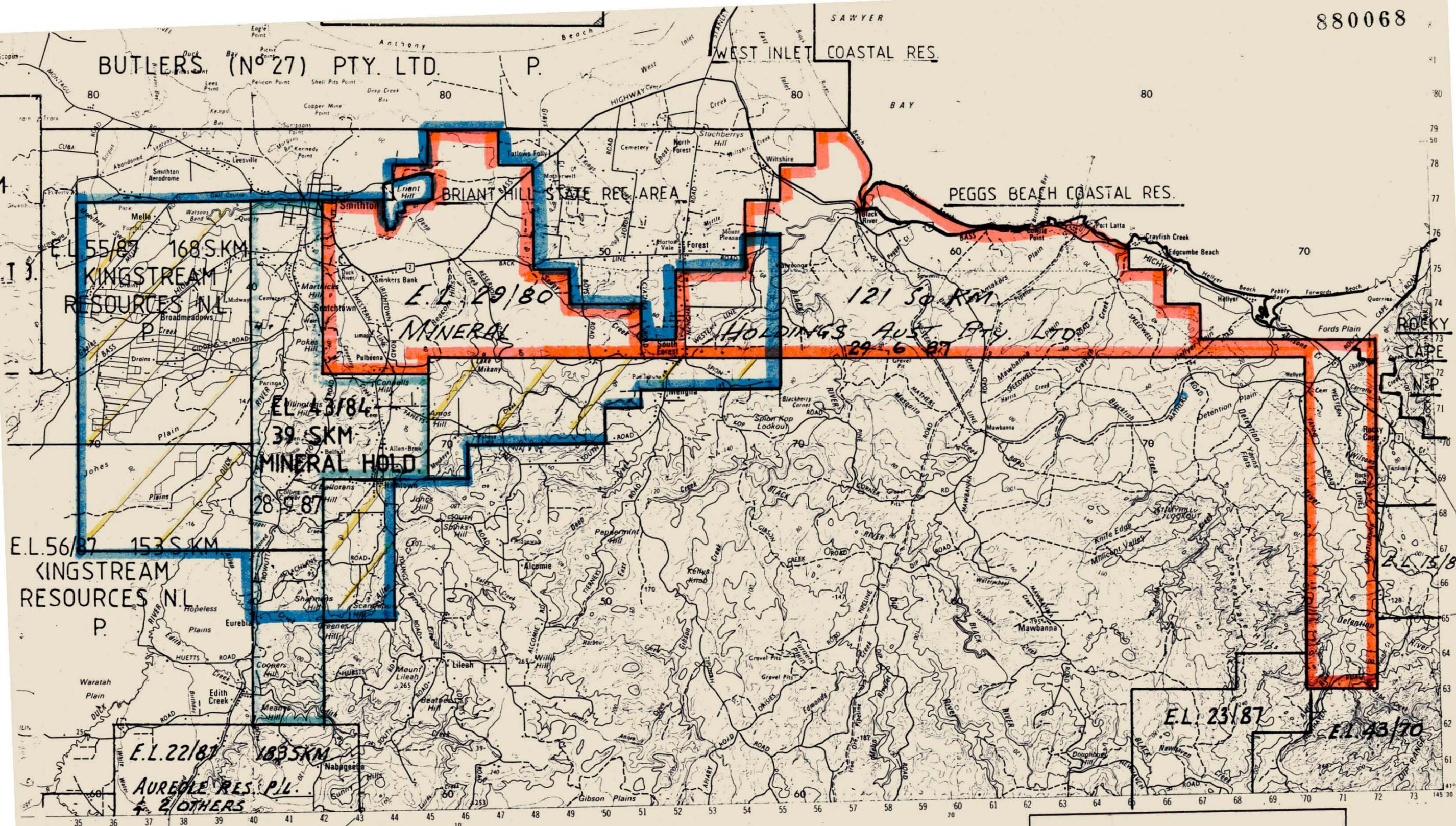
A MORE DETAILED REPORT ON THE TESTWORK IS BEING PREPARED.

ANALYSES GIVEN ABOVE ARE ON A LOSS FREE BASIS.

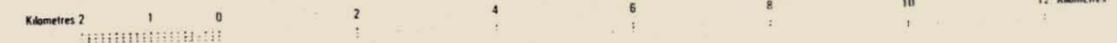
REGARDS

NOEL HEASMAN  
STEETLEY HARTLEPOOL

58649 PCLASE G\*  
TORNEX AA31317



SCALE 1 : 100000



BLACK NUMBERED GRID LINES ARE 1000 METRE INTERVALS OF THE AUSTRALIAN MAP GRID ZONE 55  
 GRID VALUES ARE SHOWN IN FULL ONLY AT THE SOUTH-WEST CORNER OF THE MAP  
 HORIZONTAL DATUM AUSTRALIAN GEODETIC DATUM 1966  
 VERTICAL DATUM AUSTRALIAN HEIGHT DATUM  
 TRANSVERSE MERCATOR PROJECTION  
 CONTOUR INTERVAL 20 METRES  
 ELEVATIONS IN METRES

Copyright by the Survey Branch, Lands Department, Hobart 1975.  
 CLATURE Topographic names on this map have been approved by the Nomenclature  
 Tasmania the average accuracy of this map is ± 25 metres in the horizontal position  
 CUF ± 5 metres in elevation  
 LASE Y Topographic information shown on this map is correct to 1975  
 LASE Y "ATION Roads are classified according to their intended function as part of  
 the road system  
 presentation of a road or track on this map is no evidence of the existence of a right of way



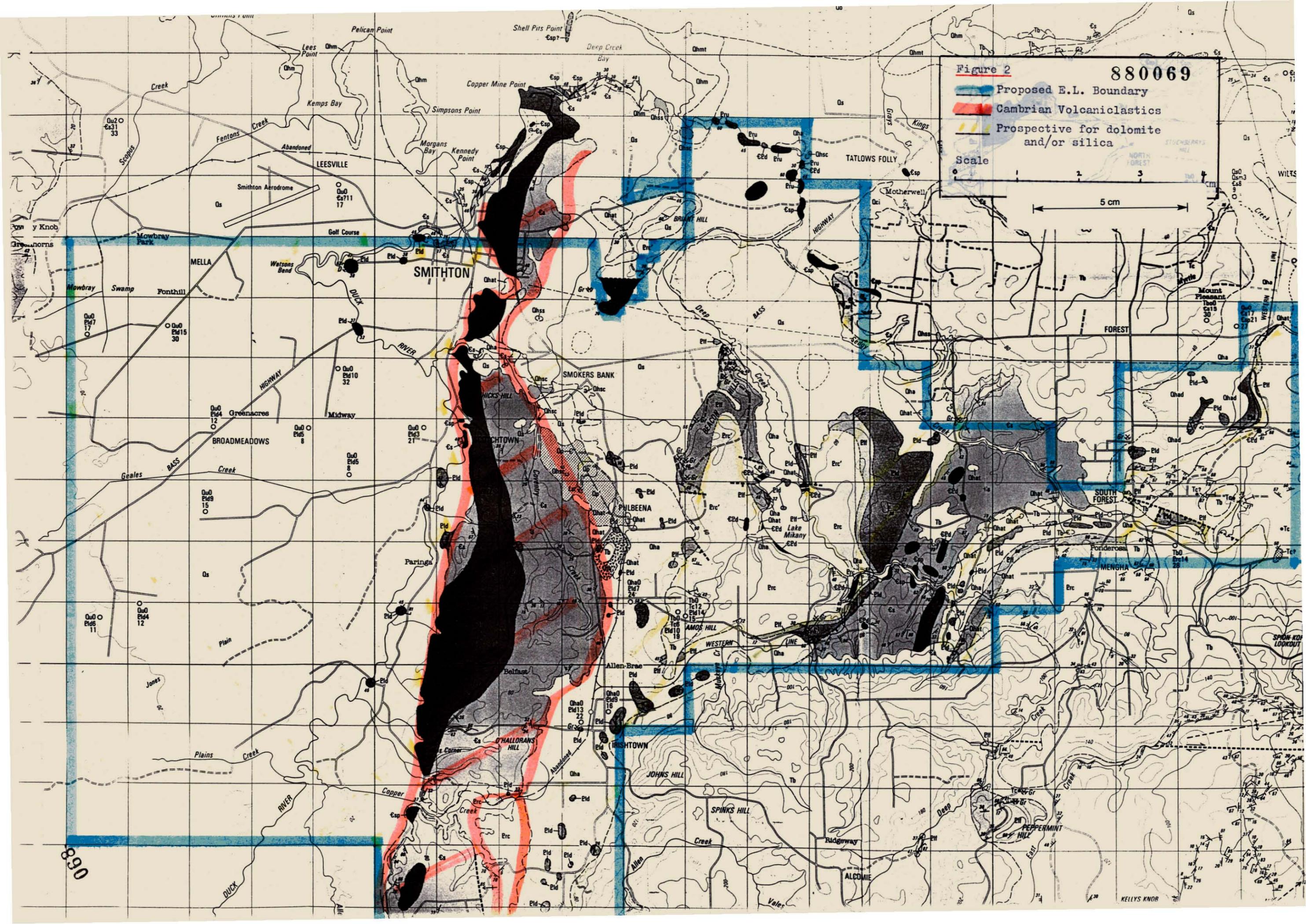
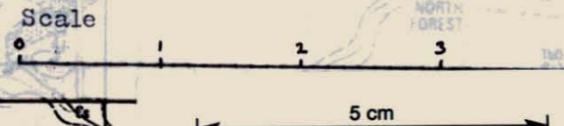
GRID REFERENCE  
 TO GIVE A UNIQUE REFERENCE ON THIS SHEET TO NEAREST 100 METRES

Build up area, National route marker  
 Principal road and highway Cutting  
 Fence, Levee or bank  
 Lake, perennial, Stream, perennial



490

**Figure 2** **880069**  
 Proposed E.L. Boundary  
 Cambrian Volcaniclastics  
 Prospective for dolomite and/or silica



890

KELLYS KNOR

069

Figure 3

880070

**LEGEND**

- Tb Tertiary Basalt
- Pld Dolomite
- Plf Forest Qtzite & Congl.
- v Cambrian Siltstones and Volcanics
- Interpreted Dolomite Outcrop overlain by Tertiary & Recent Cover.
- D.N.B. Did not reach Bedrock
- B Basalt

**SM3**

	%
29.7	CaO
20.2	MgO
0.05	Al <sub>2</sub> O <sub>3</sub>
5.4	SiO <sub>2</sub>
0.1	Fe <sub>2</sub> O <sub>3</sub>
0.04	SO <sub>3</sub>
43.4	LOI

Drill Hole Location, Sample Number & Assay Results

**SM9**

Depth	Depth	Depth	
21-24	24-27	27-30	metres.
29.7	26.9	26.0	
20.2	19.6	17.0	
0.05	0.20	0.15	
5.4	11.2	19.2	
0.10	0.25	0.20	
0.04	0.04	0.04	
43.4	41.1	37.4	

Rock Chip Loc<sup>n</sup> Sample N<sup>o</sup>. & Assay Results.

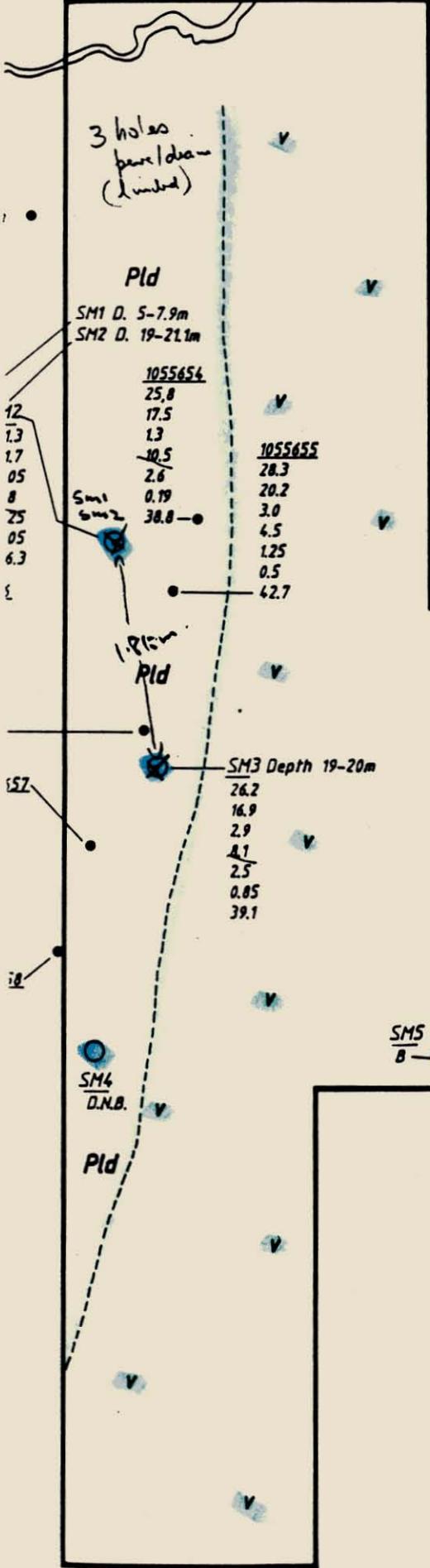
**SM8**

Depth	Depth	
15-18.4	18.4-21.6	metres
31.7	31.5	
20.9	21.3	
<0.05	<0.05	
0.8	1.0	
0.05	0.05	
0.02	0.02	
45.7	44.9	

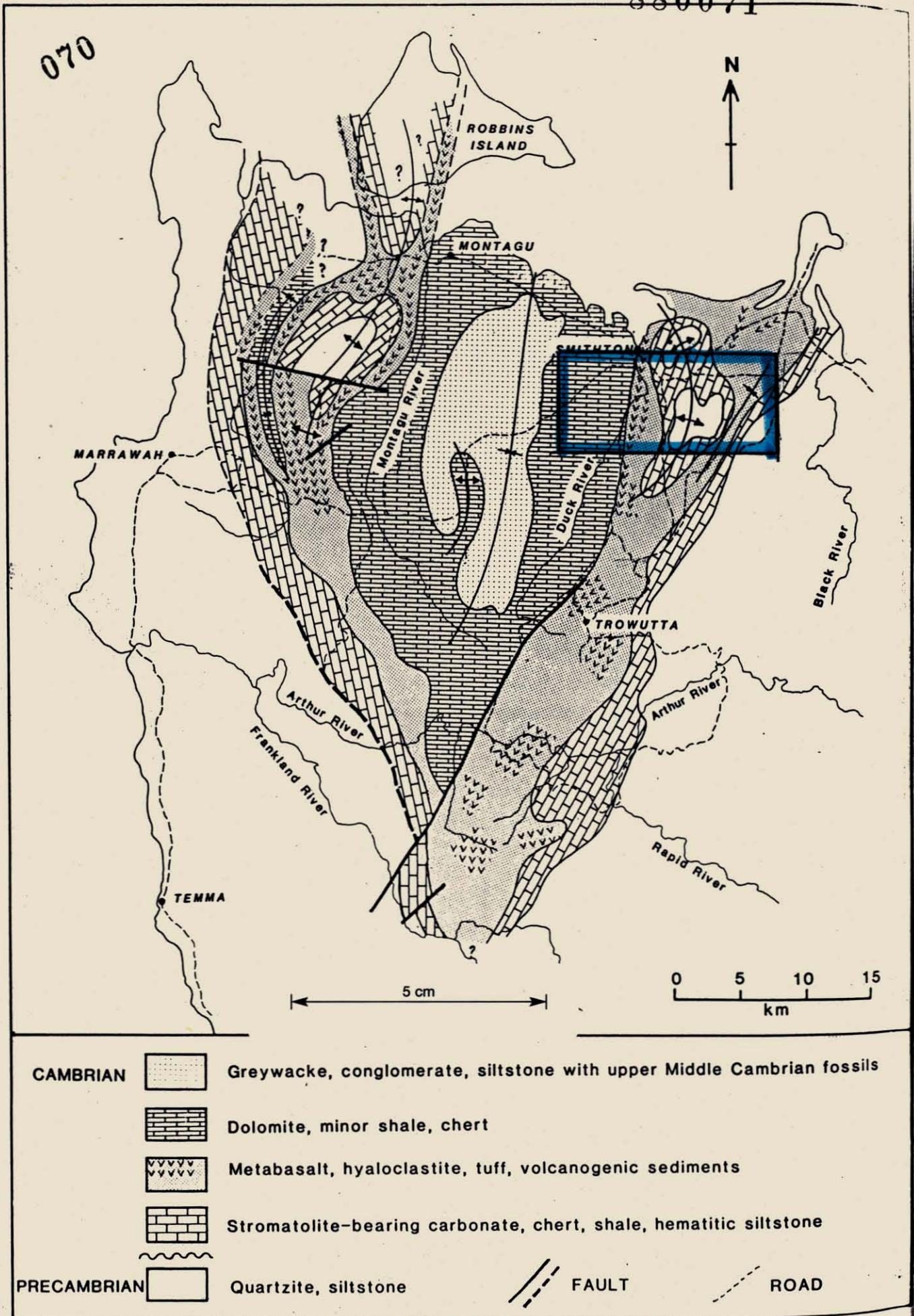
**SM7**

Depth	Depth	
15-19	19-23	metres
30.3	30.5	
19.6	20.8	
0.05	0.05	
4.0	3.3	
0.3	0.35	
0.03	0.02	
44.6	44.5	

BHF 1 dol  
+ PH 4 dol (L.M.)  
PH 1 dol (L.M.)  
4 holes dia  
2 percussion



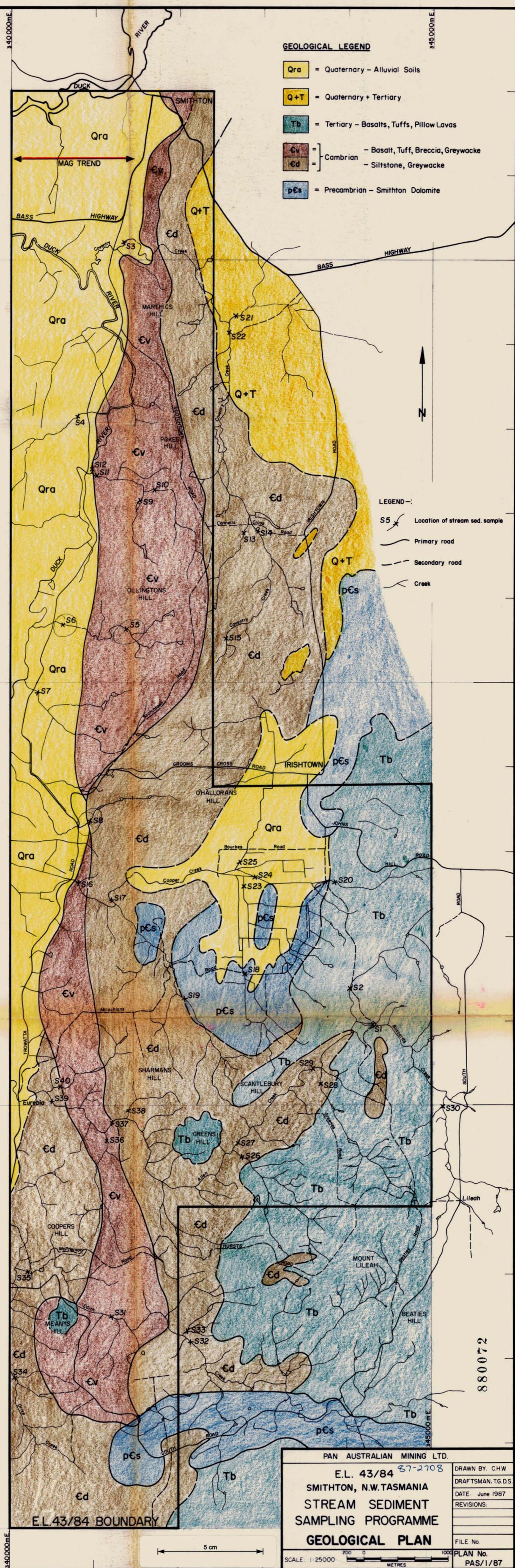
<b>CRA EXPLORATION PTY. LIMITED</b>	
<b>SMITTON E.L. 10/79</b>	
<b>ASSAY RESULTS AND</b>	
<b>INTERPRETED DOLOMITE OUTCROP</b>	
Ref:	SK55 - 3
Scale:	1 : 50 000
Author:	J. W.
Date:	24 - 5 - '83
Drawn:	R. T.
Report N <sup>o</sup> :	12216
Plan N <sup>o</sup> :	TASH 1387



- |             |  |  |
|-------------|--|--|
| CAMBRIAN    | <br><br><br> | <p>Greywacke, conglomerate, siltstone with upper Middle Cambrian fossils</p> <p>Dolomite, minor shale, chert</p> <p>Metabasalt, hyaloclastite, tuff, volcanogenic sediments</p> <p>Stromatolite-bearing carbonate, chert, shale, hematitic siltstone</p> |
| PRECAMBRIAN |   | <p>Quartzite, siltstone</p>  |
|             |    | <p>FAULT</p>   |
|             |   | <p>ROAD</p>  |

Figure 4. Interpretative geological map of the Smithton Trough, modified after Large (1982) and Williams & Turner (1973).

 Subject area



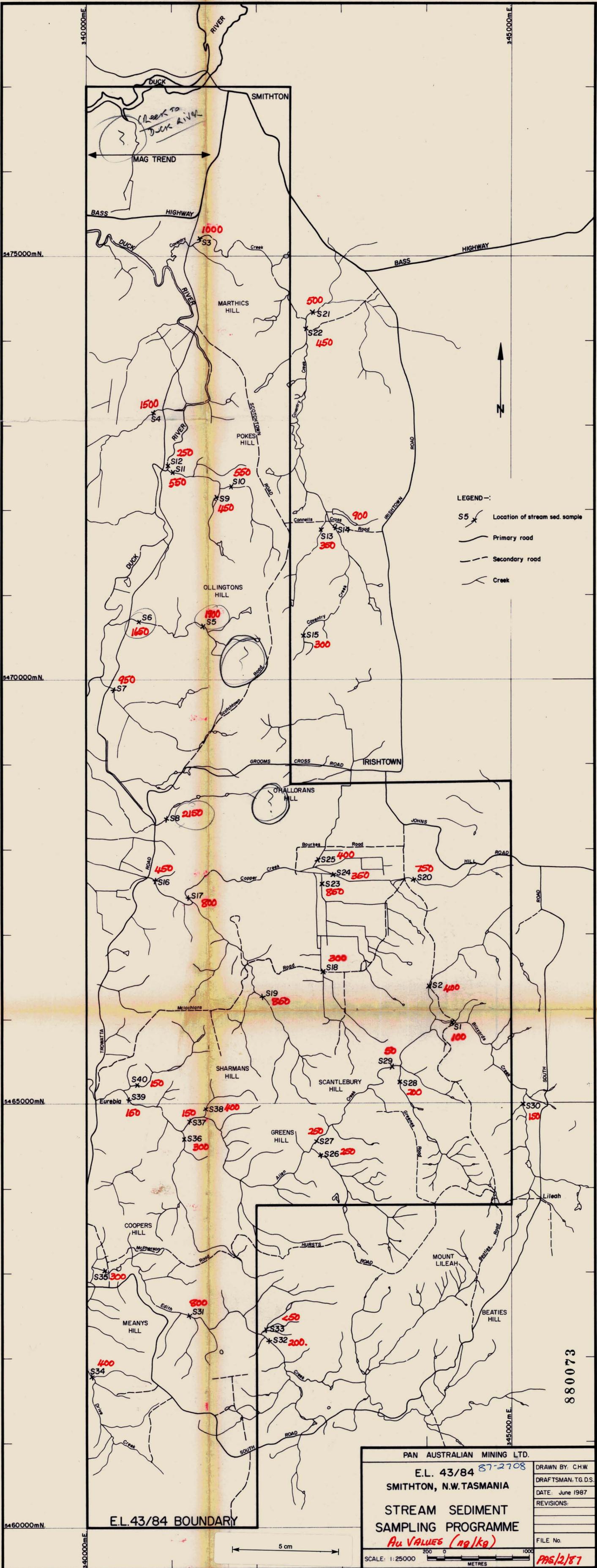
**GEOLOGICAL LEGEND**

- Qra = Quaternary - Alluvial Soils
- Q+T = Quaternary + Tertiary
- Tb = Tertiary - Basalts, Tuffs, Pillow Lavas
- Cv = Cambrian - Basalt, Tuff, Breccia, Greywacke
- Ed = Cambrian - Siltstone, Greywacke
- pCs = Precambrian - Smithton Dolomite

- LEGEND -:**
- S5 \* Location of stream sed. sample
  - Primary road
  - Secondary road
  - Creek

PAN AUSTRALIAN MINING LTD.	
E.L. 43/84 87-2708	
SMITHTON, N.W. TASMANIA	
STREAM SEDIMENT	
SAMPLING PROGRAMME	
<b>GEOLOGICAL PLAN</b>	
SCALE: 1:25000 	DRAWN BY: CHW DRAFTSMAN: TG.D.S. DATE: June 1987 REVISIONS: FILE No. PLAN No. PAS/1/87

880072



LEGEND:-

- S5 \* Location of stream sed. sample
- Primary road
- - - Secondary road
- ~ Creek

340000mE  
345000mE  
3475000mN  
3470000mN  
3465000mN  
3460000mN

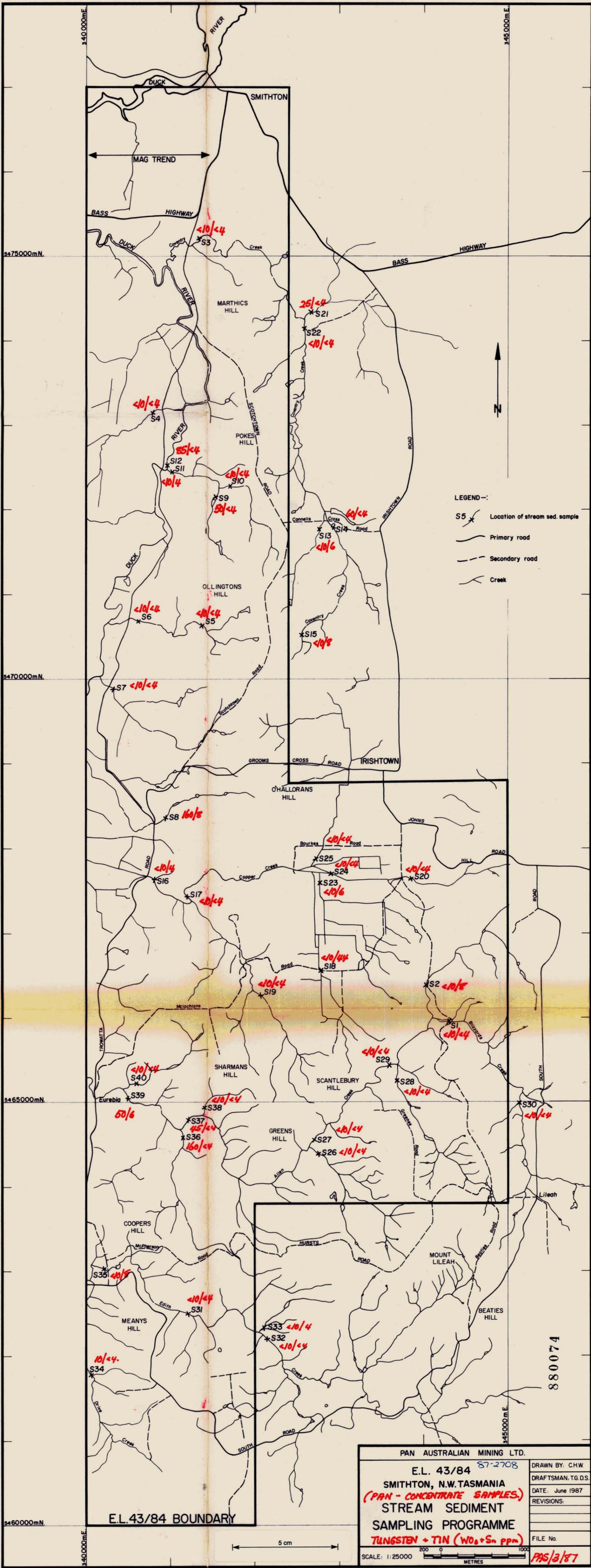


880073

E.L.43/84 BOUNDARY

5 cm

PAN AUSTRALIAN MINING LTD.	
E.L. 43/84 87-2708	
SMITHTON, N.W. TASMANIA	
STREAM SEDIMENT SAMPLING PROGRAMME	
Au VALUES (ng/kg)	
SCALE: 1:25000	200 0 1000 METRES
DRAWN BY: CHW	REVISIONS:
DRAFTSMAN: T.G.D.S.	FILE No.
DATE: June 1987	PAS/2/87



LEGEND:-

- S5 \* Location of stream sed. sample
- Primary road
- - - Secondary road
- ~ Creek

PAN AUSTRALIAN MINING LTD.  
 E.L. 43/84 87-2708  
 SMITHTON, N.W. TASMANIA  
 (PAN - CONCENTRATE SAMPLES)  
 STREAM SEDIMENT  
 SAMPLING PROGRAMME  
 TUNGSTEN + TIN (WO<sub>3</sub>+Sn ppm)  
 SCALE: 1:25000  
 DRAWN BY: C.H.W.  
 DRAFTSMAN: T.G.D.S.  
 DATE: June 1987  
 REVISIONS:  
 FILE No.  
 PAS/3/87

880074

