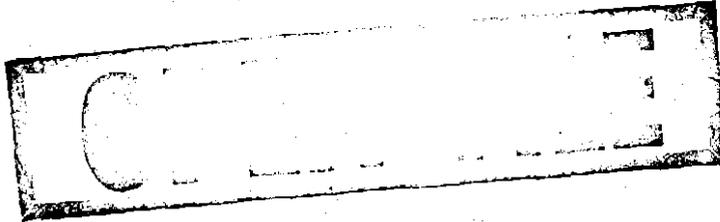


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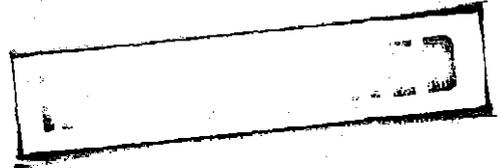
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ALCASTON MINING N.L.

E.L. 55/83



PARTIAL RELINQUISHMENT REPORT

88-2873

K. MORRISON
OCTOBER 1988

EL 55/83 (MANGANA)

PARTIAL RELINQUISHMENT REPORT

INTRODUCTION

EL 55/83 is due for a 50% relinquishment at the end of licence Year 5, on 23/11/1988. This report summarises the exploration results to date and the methods used to delineate the 90 km² of the licence area which are hereby submitted for relinquishment. The area to be relinquished is marked on the map appendix as Fig. 2.

EXPLORATION AIMS AND PROGRESS

Four styles of gold mineralisation are recognised by the licence holder within EL 55/83.

- 1) Small (100 000 to 500 000 m³) gully fill placer deposits
- 2) Large (> 1 000 000 m³) alluvial flat placer deposits
- 3) Potentially open cuttable, lower grade stockwork quartz veinlet systems bearing primary mineralisation
- 4) Discrete quartz veins and associated shears and crush zones, of higher grade, generally requiring underground mining and generally of much lower tonnage than Type 3).

Up until mid-1988 the emphasis has been on the alluvial targets. Majors Gully, near Mangana has been explored and bulk sampled and a reserve of approximately 200 000 m³ carrying a recoverable grade of approximately 0.3 g/m³ has been demonstrated. Mineral Leases have been applied for and a treatment plant is currently under construction. The Company expects to be ready to commence running in the fourth quarter, 1988.

Systematic bulk sampling has also been conducted in Black Horse Gully, Mathinna, and a resource similar in size, but slightly lower in grade than Majors Gully has been outlined. Sampling of river flat sediments in the McDonalds Flat area north of Mathinna indicates the potential for a large scale (Type 2) dredgable target. Further, more intensive work is required on this target.

Prospecting has indicated that several gold bearing bodies of sediment exist in both the Tower Rivulet and Upper South Esk drainage systems. This ground, which the Company wishes to continue exploring, is shown on Fig. 1. The Majors Gully Mine is intended as a test case for the Type 1) deposits in the region, as work to date indicates that it is unrealistic to expect grades higher than Majors Gully, through mineable volumes of sediment.

During the second quarter of 1988 work commenced on two hard rock targets, at Tower Hill (Type 3) and Argyle (Type 4). At the time of writing a programme of rock chip sampling and drilling has been completed on the Argyle quartz vein/black slate shear zone. The results of this work are described in the Year 5 Annual Report.

An attempt to delimit ground prospective for primary gold mineralisation has been made by correlating known gold occurrences with structural geology interpreted from satellite photography and thus

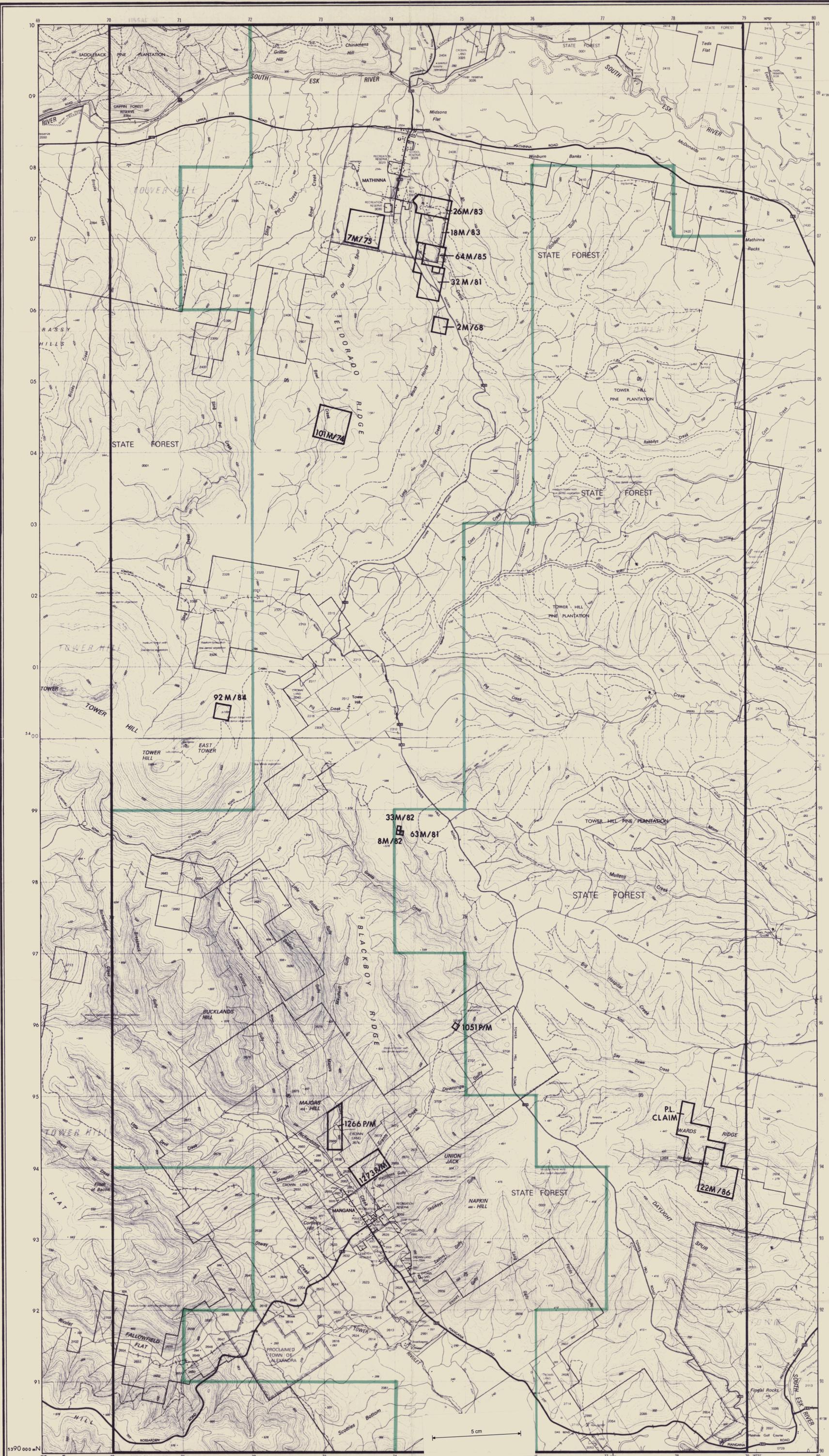
defining structural units which should have increased prospectivity. These structures were interpreted from 1:50 000 Thematic Mapper colour photography in three energy bands (red, green and blue). This work (Fig 1.) shows an apparent fold structure encompassing most of the old Mangana mines and another field encompassing the Mathinna mines. These two clusters of workings occur on the S.W. edge of a major N.N.W.-S.S.E. linear structure which coincides with the Main Slide of the old reports on the Mathinna gold field. There appears to be some displacement of the main trend through the Tower Hill area. The Main Slide structure itself appears to be one of a set of parallel N.W.-S.W. structures with a spacing of approximately 50 km.

This work is continuing and in Year 6 it will be combined with aeromagnetics, the aim being to resolve the sequence of structural events and to separate structures genetically related to gold mineralisation from later events.

SUMMARY AND CONCLUSIONS

The more prospective half of EL 55/83 has been defined by outlining 1) the main areas of alluvials, and 2) the structural limits associated with known primary mineralisation and expected extensions of that mineralisation (see Fig. 1).

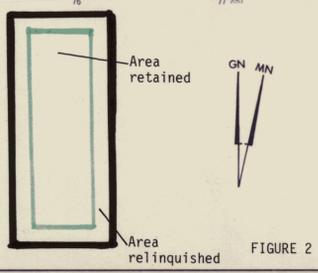
The less prospective half is submitted for relinquishment, as that area outside the green border on Fig. 2.



LEASE No.	OWNER	AREA
2M/68	C. & D. BESWICK	5 Ha
20M/74	EPOCH MINERALS EXPLORATION N.L.	1 Ha
101M/74	C. & D. BESWICK	21 Ha
1051P/M	G. H. PHELAN	1 Ha
32M/81	EPOCH MINERALS EXPLORATION N.L.	18 Ha
63M/81	R. PHELAN	1 Ha
8M/82	T. P. PHELAN	1 Ha
33M/82	J. WALKER	1 Ha
18M/83	M. F. GRAHAM, A.J.GRIFFIN & P. REICHER	16 Ha

LEASE No.	OWNER	AREA
26M/83	M. F. GRAHAM, A.J.GRIFFIN & P. REICHER	14 Ha
92M/84	J. G. D. CHILCOTT & S. PHELAN	2 Ha
64M/85	EPOCH MINERALS EXPLORATION N.L.	8 Ha
22M/86	C. T. WALLIS	25 Ha
1266P/M	F. WHITE (Appl.)	12 Ha
1273P/M	M. J. ROET (")	15 Ha

TENEMENT	OWNER	AREA
PL	C. T. WALLIS	25 Ha



ALCASTON MINING N.L.

E.L. 55/83-Mangana

BASE MAP

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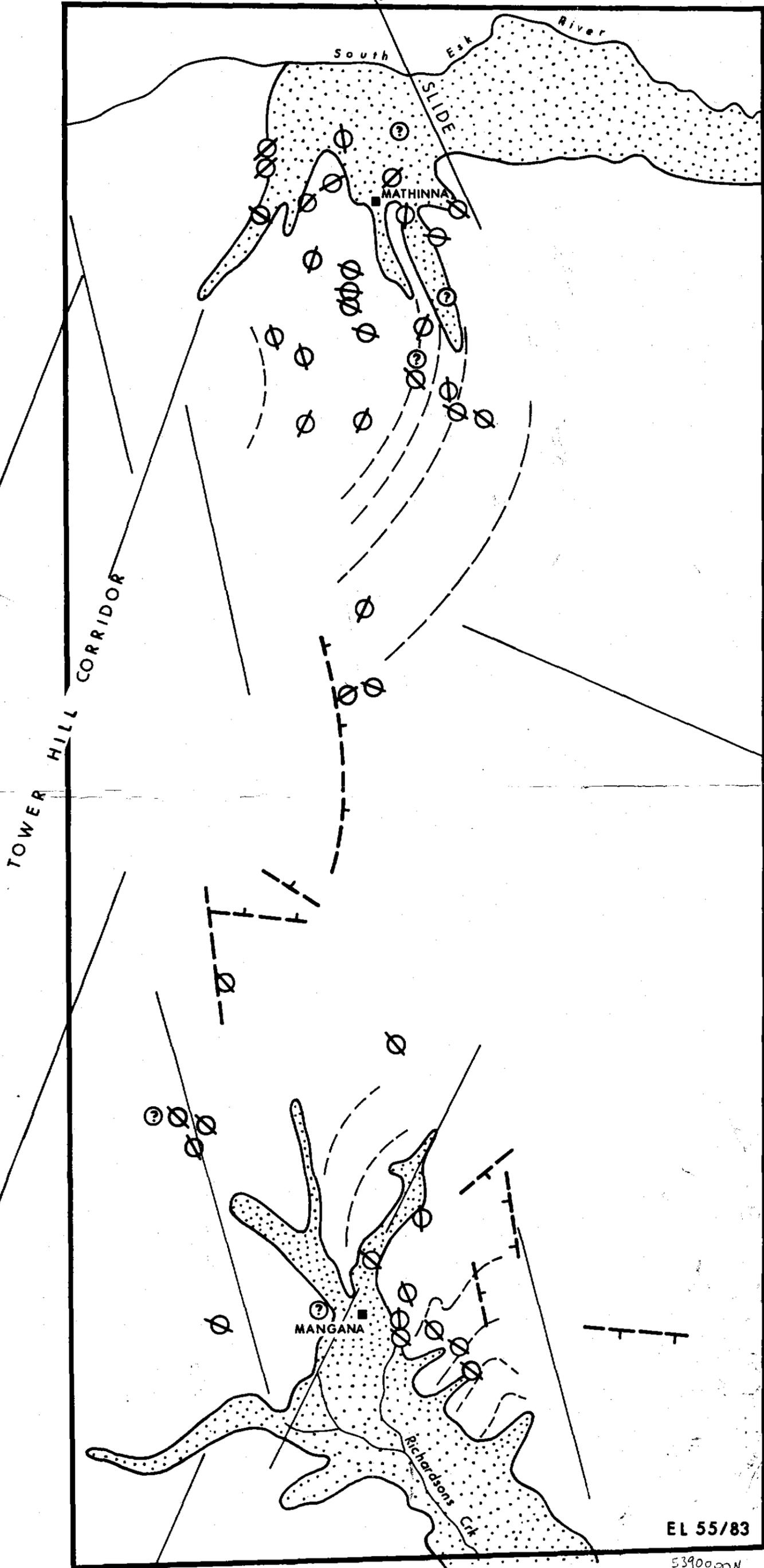
SCALE 1:25,000

KM/JMT

FIGURE 2

03

5410000N



LEGEND

-  Potentially prospective Cainozoic alluvials
-  Gold reef location and strike, from Threader, 1967.
? indicates orientation of reef unknown
-  Fault from Ben Lomand 1:50,000 sheet
-  Linear structure from satellite photo.
-  Fold structure from satellite photo.

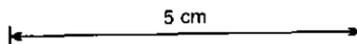
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ALCASTON MINING N. L.	
EL55/83 - STRUCTURAL GEOLOGY, GOLD REEFS AND PROSPECTIVE ALLUVIALS	
1: 50,000	
OCTOBER 1988	KM/JT

FIG. 1



EL 55/83

5390000N
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570000E