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EXPLORATION LICENCE 34/86 - GLADSTONE

MINES FILMED

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ANNUAL REPORT : YEAR 2

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Plan 1. EL 34/86 and adjoining MLs, 1 : 25,000
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TENEMENT INFORMATION

Exploration Licence 34/86 is a 228 km² tenement in the Gladstone area, NE Tasmania (Figure 1 & Plan 1).

The original EL covered 97 km² and a 126 km² extension along the eastern side was applied for in February 1988. This application was recorded as EL 3/88 but was incorporated into EL 34/86 on 20 November 1988.

The licence is owned 100% by Placeco Australia Pty. Ltd.

Twelve current Mineral Leases are wholly or partially enclosed by EL 34/86. These tenements are shown on the 1 : 25,000 base map (Plan 1).

The area comprises (Guide only) : -

Private Property	-	195.6 km ²
Crown Land	-	27.7 km ²
Crown Land	-	1.8 km ² (subject to Lands Department approval)

and excludes : -

Mining Leases	-	11.5 km ²
Crown Reserves	-	0.2 km ²

EXPLORATION PHILOSOPHY & OBJECTIVES

The primary objective is to explore for open cuttable gold and silver mineralisation in quartz veins, stockworks and in the Mathinna Group country rock. Such mineralisation is known to exist around previously worked areas, and may also exist as blind deposits beneath the surficial cover. The exploration

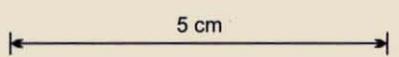
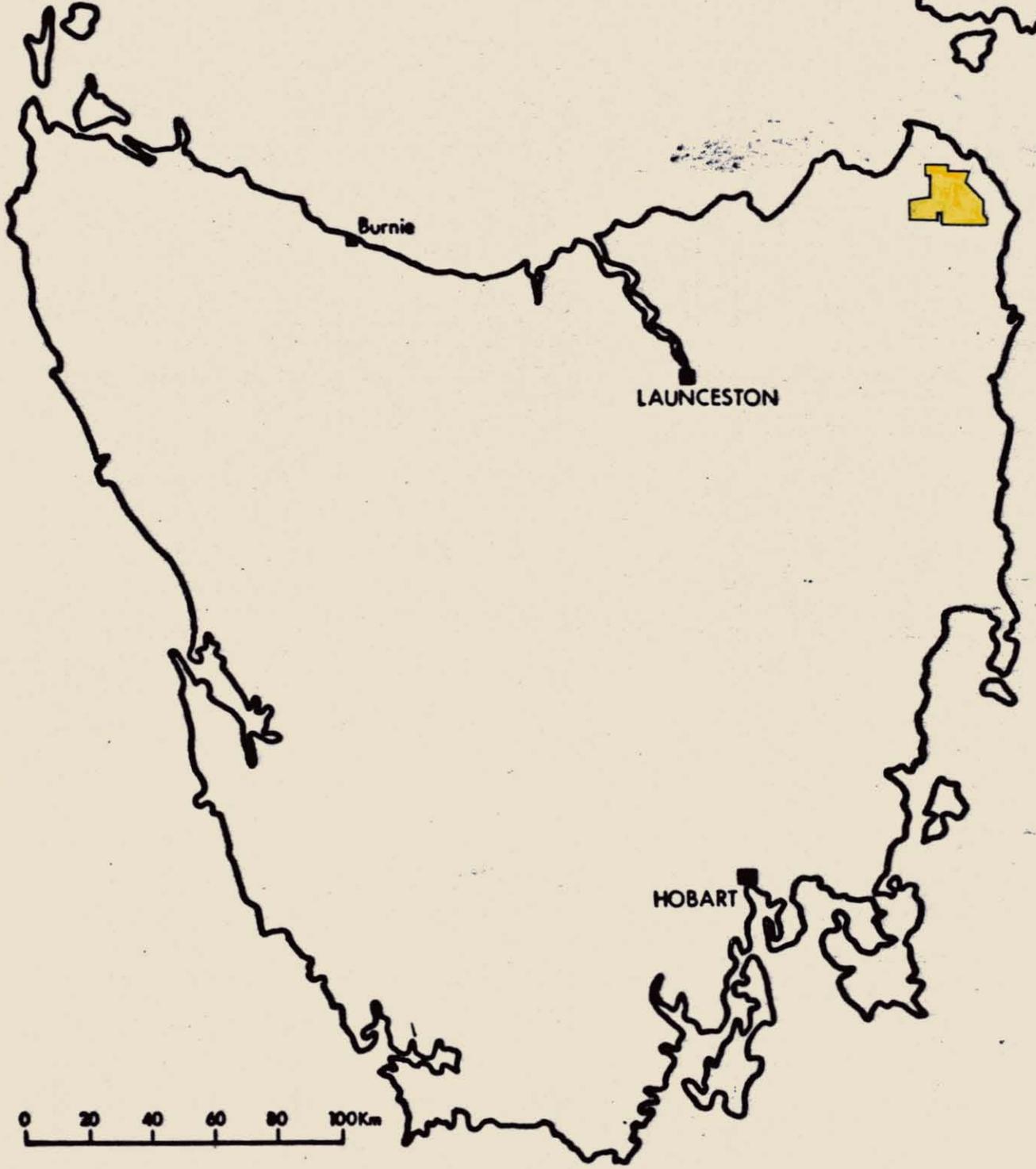
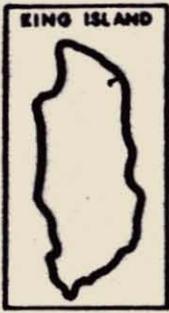


Figure 1. Location Map - EL 34/86, Gladstone

philosophy and method in this area is based on the fact that several known gold occurrences are adjacent to or covered by a veneer of Quarternary sand and that airborne geophysics and satellite photography have the potential to sense structural trends extending from known mineralisation under this surficial cover. Correct analysis of the structural leads gained from these data should detect mineralised ground as there is a clear structural influence in the location of known deposits.

SUMMARY OF PREVIOUS WORK

A detailed magnetic and radiometric survey was flown over the old 97km² block of EL 34/86. This survey resolved some structural trends within the Mathinna Group metasediments and the Devonian granitoids and defined boundaries of some of the rock units of the survey area. Significant variation in the magnetic properties of the Mathinna Group were demonstrated (Morrison & Davidson, 1987, Year 1 Annual Report). A data base of magnetic and radiometric properties and structural trends over areas of known gold mineralisation was established. A grid was pegged over the old Portland workings and several exploration techniques were tested over this area.

An augered soil survey of the B horizon produced a strong arsenic and moderate lead, zinc and gold anomalies.

Magnetic, self potential and resistivity surveys correlated with magnetic susceptibility measurements of rocks on the mine dump. The survey suggested that magnetics and self potential respond to changes in lithology and perhaps to quartz veining. There is evidence that lithological layering and/or structural linears in the rock also produce responses.

SUMMARY OF WORK COMPLETED IN YEAR 2

No regional or specific surveys were carried out on the EL in Year 2. On-going administration and planning costs were incurred.

PROPOSED FUTURE EXPLORATION

Prospect scale mapping and chip sampling will be conducted on rocks exposed in old mine workings and in farm irrigation ditches near the Blue Bell workings. If the results of this test are encouraging, a shallow drilling programme to test a linear zone, including the Blue Bell, Prince Imperial and Grand Flaneur workings, will be conducted.

Mapping and sampling of the Musselroe reef is also proposed for Year 3. The proposed trenching of part of the grid over the Portland workings has been abandoned due to the persistent high water table at this site.

