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MAJOR MINING LIMITED

EXPLORATION LICENCE 34/88 - ZEEHAN

ANNUAL REPORT FOR PERIOD 19TH MAY 1989* TO 31ST OCTOBER 1989

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(* Date acquired from His Grace, The Most Noble, The Duke of Avram)

Major Mining Limited,
P.O. Box 510,
Rockdale NSW 2216

A. Howland-Rose
for Major Mining Limited
October, 1989

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EL 34/88

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Figure 1 Map of EL 34/88 1:100,000

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INTRODUCTION

During the year, on 19th May, 1989, Major Mining Limited acquired the Exploration Licences known as EL 34/88 and EL 4/89 (Mt. Zeehan) from His Grace, The Most Noble, the Duke of Avram. These licences have now been consolidated into one, namely, EL 34/88.

Since the acquisition, a preliminary investigatory geophysical survey was carried out over the type deposit adjacent to Major Mining's EL 28/88, and over a section of EL 28/88 itself. These surveys are intended to act as pathfinder surveys for the summer exploration season which is to commence in November/December 1989.

EXPLORATION PHILOSOPHY

The main thrust of the company's exploration efforts will be directed to locating deposits of the 'Comstock Lode' type with the objective of exploiting these small to medium tonnage but high grade deposits.

Geophysical methods will be employed to search for such deposits. Any significant anomalies will be further investigated by trenching and/or drilling.

The basis for the above approach is derived from the following information:

Geology

A thick sequence of Proterozoic sediments in the form of a complex anticlinorium is exposed in the Zeehan area. The sequence is predominantly Oonah quartzite. These sequences are followed by the Crimson Creek Formation and Dundas groups of sediments of Cambrian age. Sequences of Ordovician Gordon limestones followed.

Mineralisation

The Zeehan district has several distinct mineral deposit types:

Lead-silver-zinc The bulk of lodes occur as fracture fillings having a north-north-west strike and are most often adjacent to west-north-west faults. While the actual tonnages of individual deposits were recorded as small (50,000-200,000t), the grades were extremely high, with combined lead-zinc grades well in excess of 20% being common, with high silver content (e.g. 12 oz/ton from the Spray Mine).

Zinc Carbonate hosted lead zone deposits which some workers have inferred could be similar to the Irish type deposits, are a legitimate target within the Gordon Limestone areas.

Mining History

The **Zeehan Field** was the scene of active mining during the period 1886 until the end of World War I. The chief mines were Silver Queen, Western and Oceana with many smaller deposits also being mined such as Comstock, Sylvesters, Tasmania, Swansea etc. The majority of production was silver

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and lead, with zinc not being able to be extracted from the ore. Production has been intermittent with the Oceana Mine within the Gordon Limestone closing in 1960.

Summary

- 1 The area is highly prospective for additional high grade zinc, lead, silver lode deposits of the Comstock type, and it is intended that geophysical methods will be applied to their discovery.
- 2 The Gordon Limestone areas will be explored for lead-zinc deposits of the "Irish" type, again using geophysical methods as the primary tool.

WORK CARRIED OUT DURING THE REPORTING PERIOD

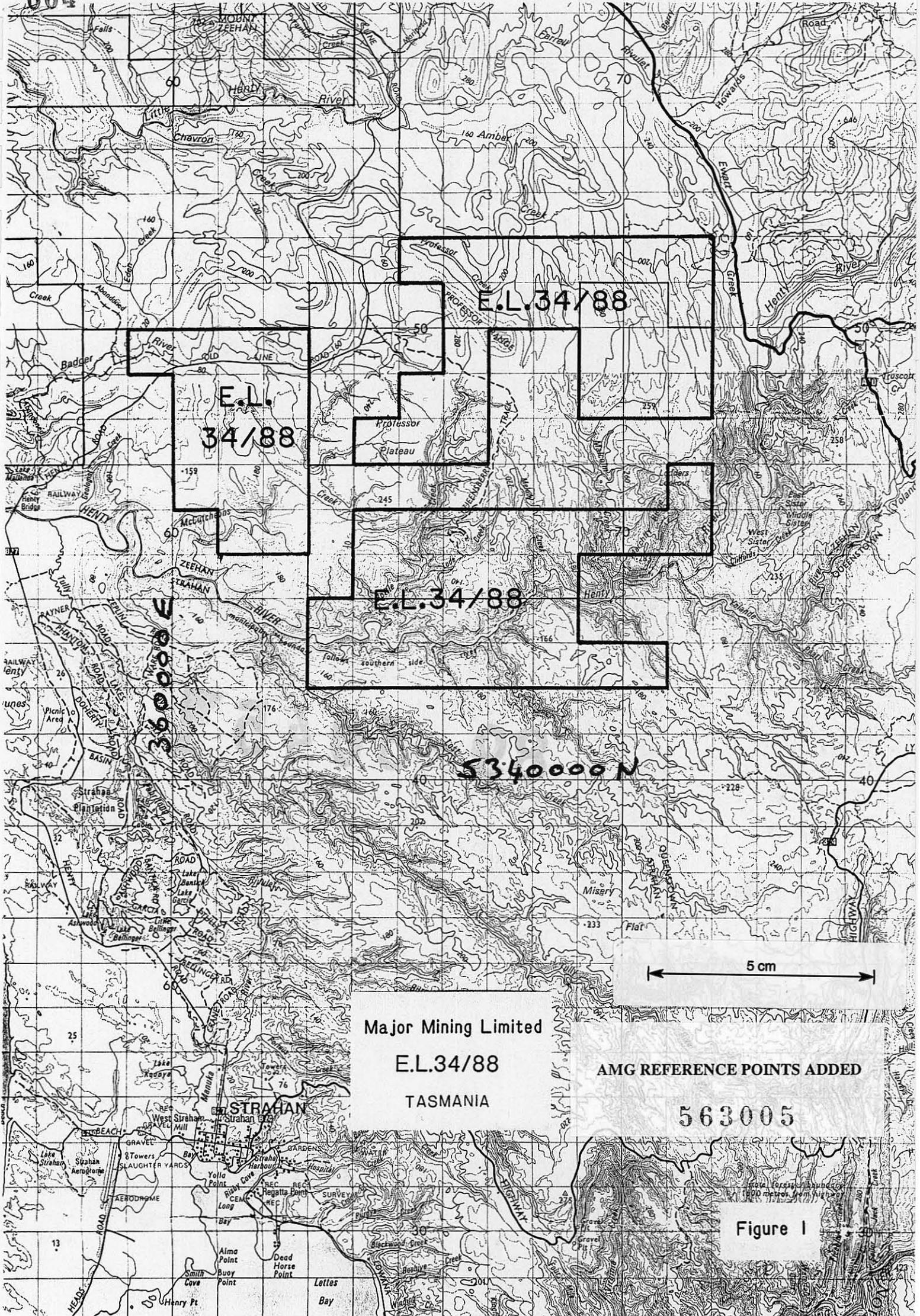
During the reporting period the work carried out consisted of a study of the available data (which is continuing).

Also during the period, a geophysical test survey was conducted over an area within Major Mining's EL 28/88 together with several lines over the Comstock Lode. The results of this work provide a basis for designing appropriate exploration techniques for further work in the Major Mining lease areas.

The results of this geophysical work have been provided as an appendix to the Annual Report on EL 28/88.

PROPOSED FUTURE WORK

Geophysical surveys are proposed for the EL and will commence as early in the field season as possible. Self potential will be used in areas having suitable conditions, and gradient Electrical Induced Polarization in areas which are subject to water-logging and also for detailing self potential anomalies.



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Figure 1