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528002

EXPLORATION LICENCE

No. 94/87

PROGRESS REPORT ON EXPLORATION ACTIVITY

4 NOVEMBER 1988 TO 4 NOVEMBER 1989

MICROFILMED

P A JONES JANUARY 1990

PHIL JONES AND ASSOCIATES

FOR EVALAST MINERALS AND MINING

AMG REFERENCE POINTS ADDED

001

523003

DISTRIBUTION _____

- MINES DEPARTMENT
- HORACE LAZARUS
- SYDNEY
- PHIL JONES AND ASSOCIATES

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SUMMARY AND CONCLUSIONS

Targets within the EL to date have been delineated by H. Lazarus using divining techniques. Only one anomaly, the Dillons Creek zone, has been diamond drilled (3 holes), returning highly encouraging results from one hole assaying 2m of 58 g/t Au. The Triassic quartz rich sandstones, arkoses and finer grained shales and siltstones show anomalous gold values throughout two of the three NQ diamond holes. These values may be associated with zones of graphitic and / or weakly pyritic mineralization. Hematitic alteration is also present possibly as a replacement product for carbonate.

The tenement shows good potential for the discovery of possible sediment or structurally hosted gold deposits occurring within the altered sequence.

Further grid based surveys are planned for the Dillons Creek anomaly followed by drilling of the better anomalies. Additional anomalies divined by H Lazarus will need to be field checked using mapping and rock chip sampling surveys. Should these prove encouraging grid based programmes will be implemented.

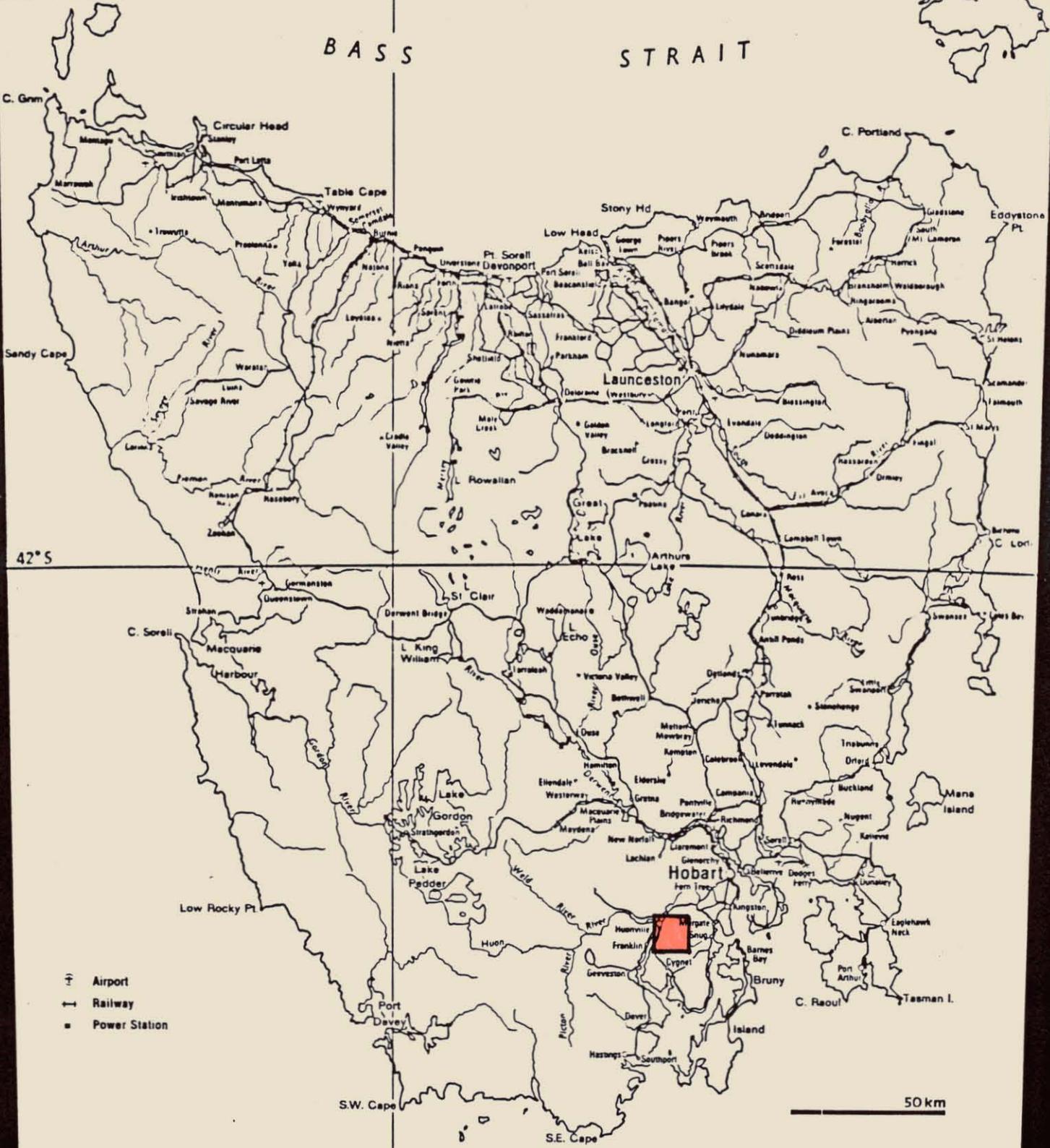
005

146° E

528007

TASMANIA

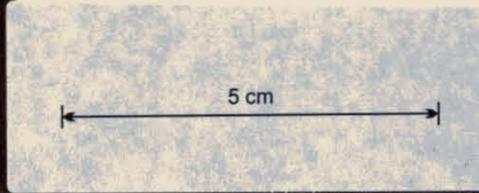
BASS STRAIT



42° S

- (A) Airport
- Railway
- Power Station

50 km



Project Location

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RECOMMENDATIONS

It is recommended that the proposed programme be initiated as soon as possible.

The programme is designed to assess the Dillons Creek portion of the tenement for possible sediment hosted gold deposits.

Gridding, shallow augering or percussion as well as diamond drilling surveys will be used to assess the significant gold anomaly intersected by diamond hole PT-89-1. These surveys should identify targets worthy of continued work.

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TARGET CONCEPT AND OBJECTIVES

Targets to date have been defined by Mr Horace Lazarus using his diving techniques. His objective was to improve the techniques applicability to mineral exploration and if proven would then undertake more extensive programmes.

The Dillons Creek area was chosen after Mr Lazarus defined a possible 'reef zone' adjacent to the main Pelterata Road. Here the geology is complex with shallowly dipping Triassic units in Fault Contact with Jurassic Dolerite. No visual evidence of gold mineralization is observed at surface at this prospect.

G. 008

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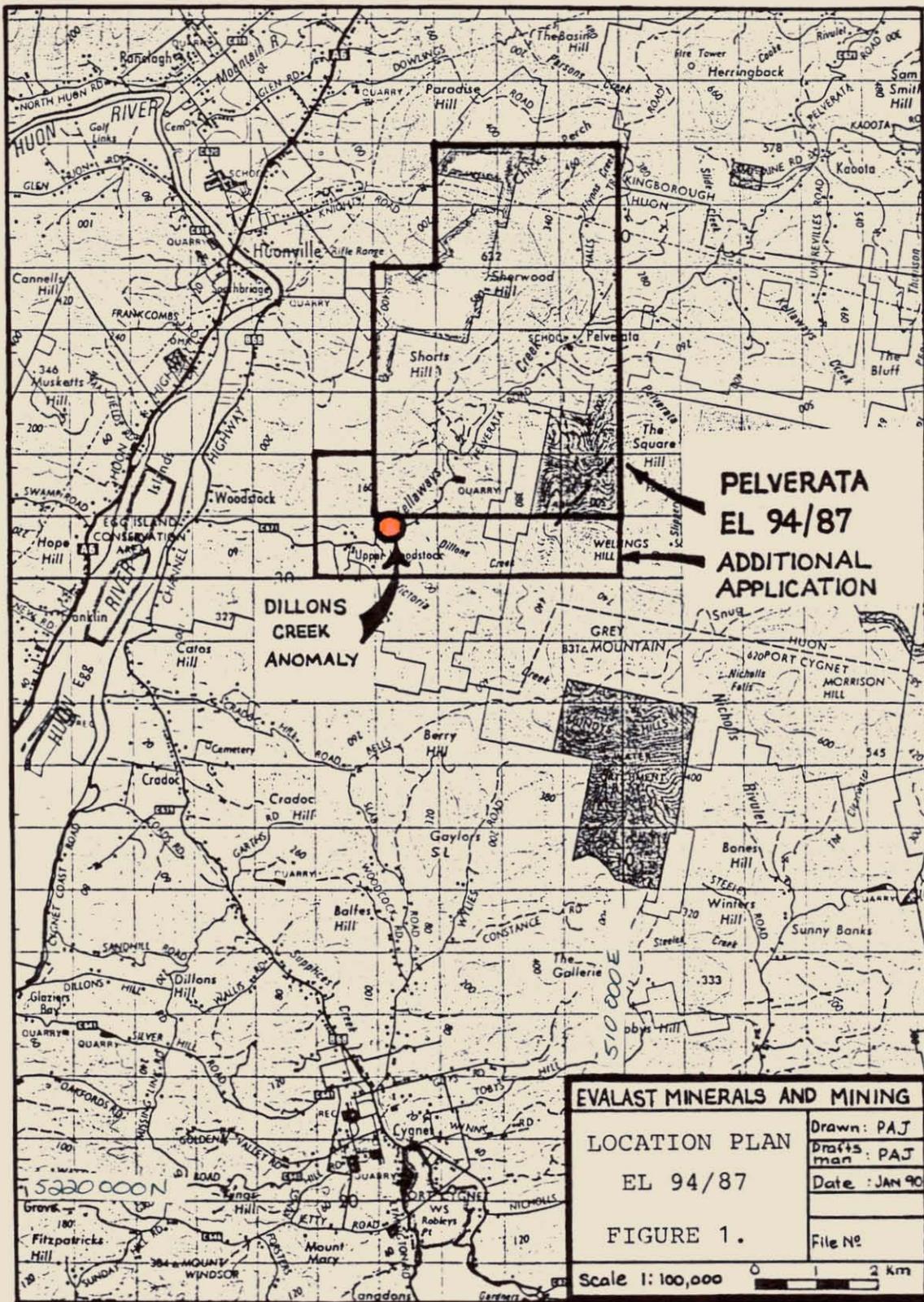
DESCRIPTION OF THE PROPERTY AND OWNERSHIP

Exploration Licence 94/87 Pelverata, of 22 square kilometres was granted to Evalast Minerals and Mining Pty Ltd for a period of 12 months from November 4, 1989. (Figure 1).

The licence is described in detail as commencing at the south west corner of the area whose grid co-ordinates are 506 000 mE 5231 00 mN thence grid north to 5235 000 mN grid east to 507 000 mE again grid north to 5237 000 mN again grid east to 510 000 mE grid south to 5231 000 mN aforesaid thence grid west to the point of commencement.

The licences covers a small (0.5 square kilometre) portion of the Snug Tiers Australian Heritage Commission Act Interim. Listing with the majority of the tenement otherwise made up of Crown Land, Private Property, Timber Reserve and State Forest.

Government expenditure requirements for the licence total \$5000 for the completed 12 month period and \$11000 for the next 12 months. It should be noted that a one month gap exists between quarterly expenditure and annual reporting for the licence.



AMG REFERENCE POINTS ADDED

5 cm

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LOCATION AND ACCESS

Exploration Licence 94/87 lies approximately 5 kilometres south east of the rural town of Huonville and approximately 50 kilometres south south west of Hobart. The tenement is serviced by bitumen and allweather formed gravel roads and numerous four wheel drive farm tracks giving good overall access.

The licence is well situated in respect to power, water and man power. The area has an annual rainfall varying from 80 to 100 cms dependent on location and in general the land is steep and rugged with farming (grazing and cropping) being carried out on the lower and flatter slopes.

An additional 6 square kilometres of ground will be applied for south and to the west of the tenement in order to protect possible strike extensions to the Dillons Creek mineralization .

Oil

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HISTORY AND EXPLORATION TO DATE

Much of the area was prospected during the period 1895 to 1905 in conjunction with ongoing activities in the Cygnet gold field. However, little systematic and detailed exploration has been conducted through the intervening years. BHP did some regional work in assessing the Cygnet gold field and the North West Bay Co. conducted regional programmes in an attempt to locate high grade Kaolin deposits associated with the intrusion of Cretaceous Alkaline Intrusives.

Evalast Minerals and Mining applied for the area on the advice of a group of businessmen keen to validate divining in relation to mineral exploration.

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REGIONAL GEOLOGY

A large block of Permo Carboniferous lower marine mudstones, sandstones and shales form the relatively horizontal basement complex found throughout southeastern Tasmania. These are disconformably overlain by Triassic fluvio - lucastrine sequences of sandstone, siltstone and mudstone. Doming and faulting of the sediments preceded and accompanied the intrusion of Jurassic dolerites (140 - 170 million years). Cretaceous Port Cygnet Alkaline Intrusives (100 - 110 million years) were the final units intruded into the sequence carrying with them gold, silver and minor basemetal values.

The dolerite appears to have been injected as multiple sheets and dykes and the alkaline rocks as a laccolithic tongue and dyke swarm. The alkali intrusive belt is approximately 25 kilometres long by 10 kilometres wide and strikes east north east.

Recent fluviatile and pleistocene glacial erosion have produced the present topography.

Geological control within the tenement is, however hampered by poor outcrop and a great deal of the mapping is based on Mines Department photogeological interpretation coupled with follow up road side mapping.

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WORK CONDUCTED BY EVALAST MINERALS AND MINING _____

Evalasts proposed programme to test their divining hypothesis was approved by the Mines Department on the proviso that a geoscientist would submit a budget and oversee the drilling programme.

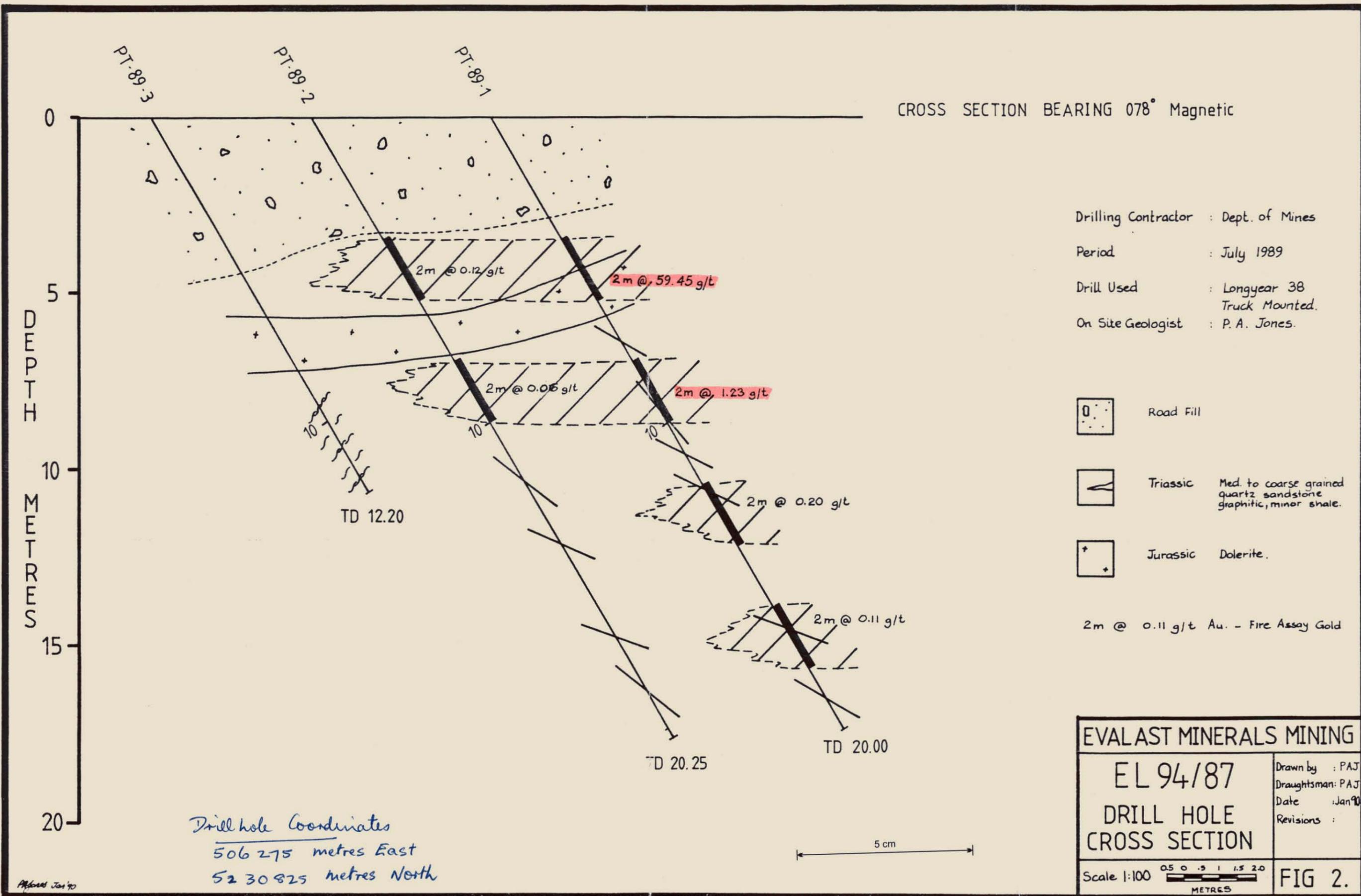
In light of this Mr. S Luff for Evalast Minerals and Mining approached Phil Jones of Phil Jones and Associates to undertake the drilling survey. A budget and proposed programme to diamond drill one of the anomalies delineated by H. Lazarus; the Dillons Creek anomaly, was submitted to the Department and approved.

The Department of Mines Drilling section was contracted to complete three diamond holes (N Q core) totalling 60 metres on this prospect during July, 1989. The holes were designed to intersect the anomaly at an approximate 10 metre depth, were drilled at a declination of -60 degrees on a bearing of 078 degrees magnetic and were drilled approximately 5 metres apart (Figure 2).

Drilling:

Phil Jones was contracted to oversee the drilling programme and was directed to the Dillons Creek anomaly by H Lazarus. Three holes were to be drilled adjacent to the main Pelverata road, sited on a disused or realigned portion of the same road.

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CROSS SECTION BEARING 078° Magnetic

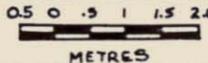
Drilling Contractor : Dept. of Mines
 Period : July 1989
 Drill Used : Longyear 38
 Truck Mounted.
 On Site Geologist : P. A. Jones.

-  Road Fill
-  Triassic Med. to coarse grained quartz sandstone graphitic, minor shale.
-  Jurassic Dolerite.

2m @ 0.11 g/t Au. - Fire Assay Gold

Drill hole Coordinates
 506 275 metres East
 52 30 825 metres North

Goakes
 20.12.91

EVALAST MINERALS MINING	
EL 94/87 DRILL HOLE CROSS SECTION	Drawn by : PAJ Draughtsman: PAJ Date : Jan 90 Revisions :
Scale 1:100  METRES	FIG 2.

Approved Jan 90

015

Three holes were completed during an eight day period with depths of 12.20 m (P T - 89 - 3), 20.25 m (P T - 89 - 2) and 20.0 m (P T - 89 - 1) being reached. Hole 3 was abandoned in caving ground within extensively sheared and brecciated Triassic host rock. Extensive road fill material was present overlying the drilled section and core recovery through this was absolutely minimal. Surface mapping in the drilled area showed a shallow dipping (30 - degrees) Triassic sandstone minor siltstone sequence outcropping poorly yet no evidence of Jurassic dolerite was observed. A summary description of the three holes is as follows and a detailed log is presented in Appendix 1.

P T - 89 - 1 Road base material to 3.30 m overlies completely weathered Triassic sandstones which in turn overlies unconformably a major Jurassic dolerite sill averaging 1.5 metres in width. This unit was intersected in all three holes at a similar depth. Beneath the dolerite sill is a monotonous sequence of coarse to medium grained, well sorted sandstones, arkoses and minor siltstones with structures showing the sequence being right way up. Sections of the hole show strong hematitic alteration, possibly after carbonate? as well as major concentrations of disseminated and blebby graphite. Trace to minor amounts of pyrite are also observed as disseminations and fracture coatings.

P T - 89 - 2 Road base material to 3.75 metres again overlies completely weathered Triassic sandstones which at 6.50 metres overlies the Jurassic Dolerite sill. Beneath the dolerite is the right way up monotonous sequence of coarse to medium grained, well sorted sandstones, arkoses and minor siltstones. The sequence also shows variable pervasive hematitic alteration as well as variable concentrations of disseminated, blebby and streaked out lamellae of graphite.

P T - 89 - 3 Again road base material was cut to 5.10 metres beneath which was a thin section of completely weathered micaceous and charcoaly quartz rich siltstones / sandstones to 6.60 metres. This zone had poor recovery of less than 25%. This is underlain by a cross cutting Jurassic dolerite sill which again returned poor recoveries in the order of 55%. Beneath this from 8.30 metres is an intensely sheared and sometimes brecciated sequence of Triassic micaceous weakly hematitic altered sandstones, shales and siltstones.

These rocks contained minor disseminated graphite, however, due to their sheared nature returned recoveries of only 65%. Caving ground at 12.20 metres led to the abandonment of the hole. This hole must be in close proximity to major structural feature to produce such deformation.

Geochemistry:

Core from the three holes was half split with a diamond saw and sampled over one metre intervals. This material was dispatched to Analabs in Burnie for gold analysis using the 50gm fire assay technique. The samples were dried, crushed and seibed prior to compositing the one metre intervals into two metre assay intervals for disc pulverising. Results from these two metre intervals are appended along with the drill logs (appendix 1) and the laboratory assay sheets are included as appendix 2. Some internal laboratory checks were completed, however, additional checks will be conducted prior to further ground surveys being implemented.

Significant gold values were returned from holes P T - 89 - 1 and P T - 89 - 2 with the best intervals as follows:

PT - 89 - 1	4 - 6m	2m @	57.1g/t (61.8g/t checked)	Au
	8 - 10m	2 @	1.23g/t	Au
	12 - 14m	2 @	0.18g/t (0.21g/t checked)	Au
	16 - 18m	2 @	0.11g/t	Au
PT - 89 - 2	4 - 6m	2m @	0.12g/t	Au
	8 - 10m	2 @	0.06g/t	Au

See drill section (Fig 2) for outline of mineralized zone.

Gold grades in PT - 89 - 1 are extremely high especially in the near surface completely weathered environment possibly indicating a residual style of occurrence however, the 1.23g/t value over 2 metres occurs in solid Triassic altered quartz sandstones. These rocks do not appear to have any quartz veining associated with the mineralization but graphitic and sometimes weakly pyritic sections are present in close proximity to the better values. The hematitic pervasive alteration may be selectively replacing carbonate rich sections within the sequence.

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As the encouraging gold mineralization lies adjacent to the southern boundary of the tenement, Evalast should at their earliest convenience, apply for an additional 6 square kilometres to cover possible strike extensions.

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EXPLORATION POTENTIAL

Exploration Licence 94 / 87 shows good potential for the discovery of possible sediment or structurally hosted gold deposits occurring within hematitic and graphitic altered Triassic permeable sandstones minor siltstones and shales.

Possible quartz vein style gold may also be present within the tenement as it is found occurring in similar sequences further to the south at Cygnet.

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EXPLORATION PROGRAMME PROPOSED

To date one anomalous zone, defined by H. Lazarus, has been assessed with diamond drilling surveys, producing encouraging results to 58g/t Au over 2 metres (PT - 89 - 1).

Additional anomalies divined by H. Lazarus require testing in the licence and further work is necessary to delineate at Dillons Creek the mineralized zones encountered in the holes PT - 89- 1 and 2.

The following is an outline of the proposed programme necessary to carry out these goals:

Dillons Creek Gold Anomaly

1. Reassay core to 1 metre intervals
Check assay with another laboratory
2. Grid the area with 100 spaced lines at 50 metre intervals along lines.
3. Conduct airtrack or R A B drilling for bedrock geochemistry.
4. Sample sections of core for petrographic Studies
5. Diamond Drill best geochemical and drill core samples.
Also assay for arsenic.

6. Fire assay all geochemical and drill core samples.
Also assay for arsenic.

NB # Detailed surveys to be supervised by geotechnician.

Other Areas :

- 1 Conduct reconnaissance mapping surveys over divined areas.
2. Carry out rock chip sampling surveys over anomalies. Should encouragement be forthcoming then grid based surveys will commence in an attempt to delineate additional drill targets.

P.A. Jones

P. A. JONES 9-2-90

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APPENDIX 1.

DRILL LOGS PT-89-1 , 2 AND 3.

drill log cover sheet

Project PELVERATA Prospect DILLONS CREEK Hole PT-89-1

Co-ordinates mN mE Logged by P.A.Jones.

AMG reference

County

Parish

Portion

Elevation

Declination -60 degrees

Direction G 078 M T

Commenced 20 July 1989

Completed 24 July 1989

Total depth 20 metres.

Drilling company Tasmanian Dept. of Mines.

Rlg type 4x4 Bedford truck mounted L38.

Drilling type NQ Diamond.

Hole size

Core size

Depth of casing Nil

Assay sample type Half Core.

Water table depth

Water yields

Bore Hole Survey

Type

Depth	Dip	Brg.									

Notes

geological log

Project PELVERATA Prospect Dillons Ck. Hole PT-89-1 Page One

From	To	Code	Description	mineralization in bold type
0.00	3.30		No core , unconsolidated road fill.	
3.30	5.00		CW Quartz Silt: Very Poor recovery through poorly consolidated micaceous, charcoaly quartz silts. CW bedrock ? mottled grey/yellow/ brown	
5.00	6.50		Jurassic Dolerite : Dolerite sill , coarse grained, crystalline, containing approx. 1% disseminated Pyrite and another black accessory mineral.	
6.50	8.15		Triassic Sandstone : Well bedded, light grey to grey, medium grained sandstone, poor recovery through interval (65%). Bedding 30 to c.a. @ 7.3m.	
8.15	9.20		Triassic Arkose : Grey brown, more massive bedded, coarse grained quartz minor feldspar arkosic sandstone with fine lamellae of graphite occurring parallel to bedding.	
9.20	13.05		Triassic Sandstone : Moderately bedded, light grey well sorted medium grained quartz sandstone with darker grey , thin interbeds of quartz sandstone containing trace to 2% graphite as disseminations , blebs and discontinuous lamellae. Minor orange clots , possibly selective hematization which appears to parallel bedding. Bedding 10 degrees to c.a. @9.5m, 33 degrees to c.a. @11m	

drill log cover sheet

Project PELVERATA Prospect DILLONS CREEK Hole PT-89-2

Co-ordinates mN mE Logged by P.A.Jones.

AMG reference

County

Parish

Portion

Elevation

Declination -60 degrees

Direction G 078 M T

Commenced 24 July 1989

Completed 25 July 1989

Total depth 20.25 metres.

Drilling company Tasmanian Dept. of Mines.

Rlg type 4x4 Bedford truck mounted L38.

Drilling type NQ Diamond.

Hole size

Core size

Depth of casing Nil

Assay sample type Half Core

Water table depth

Water yields

Bore Hole Survey Type

Depth	Dip	Brg.									

Notes

027

geological log

Project PELVERATA Prospect DILLONS Ck. Hole TP-89-2 Page One

From	To	Code	Description	mineralization in bold type
0.00	3.75		No Core, unconsolidated road fill.	
3.75	6.50		CW Quartz Silts : Very poor recovery through poorly consolidated micaceous charcoaly quartz silts. CW bedrock?	
6.50	7.75		Jurassic Dolerite : Coarse grained, only trace pyritic, crystalline dolrtite sill.	
7.75	12.40		Triassic Arkose : Massive to well bedded, grey cream to grey green coloured, medium grained, well sorted, micaceous and medium to strongly graphitic (2-10% variable) arkosic sandstone. Some beds are orange coloured due to selective hematization. Minor thin shale partings also, Shale being washed during drilling as only approx 1cm in width. Bedding 23 degrees to c.a. @ 11.9m.	
12.40	13.00		Triassic Quartzite : More massive, grey to buff coloured well sorted quartz, micaceous, weakly silicified, sandy quartzite. Minor cross cutting quartz veinlets to 2mm in width. Possible sand diapirs as quartzite appears to cross cut severly the bedding @ 12.40m and 12.55m.	
13.00	19.50		Triassic Sandstone : Moderately bedded, light grey to cream, well sorted medium grained quartz micaceous sandstone with minor grey green interbeds of similar material. Disseminat-	

drill log cover sheet

Project PELVERATA **Prospect** DILLONS CREEK **Hole** PT-89-3

Co-ordinates mN mE **Logged by** P.A.Jones.

AMG reference

County

Parish

Portion

Elevation

Declination -60 degrees.

Direction G 078 M T

Commenced 26 July 1989

Completed 27 July 1989

Total depth 12.20 metres

Drilling company

Tasmanian Dept. of Mines

Rig type

4x4 Bedford truck mounted L38

Drilling type

NQ Diamond

Hole size

Core size

Depth of casing Nil

Assay sample type Half Core

Water table depth

Water yields

Bore Hole Survey

Type

Depth	Dip	Brg.									

Notes

geological log

Project PELVERATA Prospect DILLONS Ck. Hole PT-89-3 Page One

From	To	Code	Description	mineralization in bold type
0.00	2.10		No Core, unconsolidated road fill.	
2.10	5.10		Road fill, very poor recovery.	
5.10	6.60		CW Quartz Silt : Very poor recovery through poorly consolidated micaceous, charcoaly, quartz silts. CW bedrock ?	
6.60	8.30		Jurassic Dolerite : Coarse grained, crystalline dolerite sill cut by trace hematite veinlets - nil pyrite. Poor recovery at 55%.	
8.30	9.45		Triassic Sandstone : Fine grained, well sorted, micaceous, weakly hematitic spotted quartz rich sandstone. Massive to weakly laminar . Very poor recovery at 20%.	
9.45	11.25		Triassic Sheared shale : Poor recovery through strongly sheared grey green crushed and brecciated shale plus minor siltstone sequence. Recoveries of 45-55%.	
11.25	11.65		Triassic Arkose : Medium grained, quartz rich, spotty, hematitic stained well sorted arkosic sandstone. Minor disseminated graphite to 1-2%. Bedding? contact of 46 degrees to c.a. @ 11.25.	
11.65	12.20		Triassic Sheared Shale/Siltstone :	

APPENDIX 2.

DRILL HOLE GEOCHEMISTRY - ANALYTICAL RESULT SHEETS.

035

ANALABS

528037

Phone (09) 458 7999

A division of MacDonald Hamilton & Co. Pty. Ltd.
52 Murray Road, Welshpool, W.A. 6106
FAX: 004 31 8890

Telex AA92560

ANALYTICAL REPORT No. 999.59.08.06634

THIS REPORT MUST BE READ IN CONJUNCTION WITH THE ACCOMPANYING ANALYTICAL DATA

ORDER No.

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Tasmania 7001

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TOTAL No. OF SAMPLES

1

07/11/89

1

21

STATE OF SAMPLES

PRE-TREATMENT

ANALYSIS

REFER BELOW

SAMPLE NUMBERS

DRY

CRUSH

SPLIT

PUL-VERISE

SIEVE

OTHER SEE REMARKS

NONE

REFER TO ANALYSIS SECTION

PREPARATION

METHOD

Various

DC Prep: 005,010,011,012,013,014

Au, AuChk/309

RESULTS

TO

Everlast Mining & Minerals
P O Box 68
Claremont
Tasmania 7001

RESULTS

TO

REMARKS

STATE OF SAMPLES

ANALYSIS — PREPARATION

ANALYSIS — METHOD

whole core
split core
cutting
rock
soil
pulp
water
tissue
stream sediment
heavy mineral

WC
SC
CU
Ro
SO
PU
WA
TI
SS
HM

perchloric acid
hydrochloric acid
nitric acid
aqua regia
nitric-perchloric
HF mixture
HF under pressure
fusion

A1
A2
A3
A4
A5
A6
A7
A8

cold acid
specific sulphide
other mixed acids
alkaline attack
volatilization
ignition
pressed powder (XRF)
glass fusion (XRF)

CA
SS
Ma
AA
VO
IG
PP
GF

atomic absorption
x-ray fluorescence
spectrophotometry
colorimetry
chromatography
titration
other chemicals means
miscellaneous
fluorescence
Inductively coupled plasma

AAS
XRF
SPEC
COL
CHR
TTN
CHEM
MISC
FLUOR
ICP

AUTHORISED OFFICER

ANALYTICAL DATA

SAMPLE PREFIX

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PAGE

999.59.08.06634

07/11/89

1 OF 1

TUBE No.	SAMPLE No.	Au	AuChk						
1	PT89.1 4-6	57.100	61.800						
2	PT89.1 6-8	0.017	-						
3	PT89.1 8-10	1.225	-						
4	PT89.1 10-12	<0.008	-						
5	PT89.1 12-14	0.179	0.212						
6	PT89.1 14-16	<0.008	-						
7	PT89.1 16-18	0.111	-						
8	PT89.1 18-20	<0.008	-						
9	PT89.2 4-6	0.124	-						
10	PT89.2 6-8	0.021	-						
11	PT89.2 8-10	0.064	-						
12	PT89.2 10-12	0.017	-						
13	PT89.2 12-14	0.022	-						
14	PT89.2 14-16	<0.008	-						
15	PT89.2 16-18	0.022	-						
16	PT89.2 18-25	<0.008	-						
17	PT89.3 2-5	<0.008	-						
18	PT89.3 5-6.5	<0.008	-						
19	PT89.3 6.5-8	0.013	-						
20	PT89.3 8-10	<0.008	-						
21	PT89.3 10-12	0.012	0.012						
22									
23	DETECTION	0.008	0.008						
24	UNITS	ppm	ppm						
25	METHOD	309	309						

Results in ppm unless otherwise specified
 T = element present, but concentration too low to measure
 X = element concentration is below detection limit
 - = element not determined

AUTHORISED
OFFICER

[Signature]