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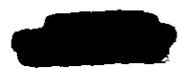
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Merrywood Coal Company Pty. Ltd.

E.L. 3/91 - Mt. Puzzler
Annual Report
& Partial Relinquishment Report

Year 1 (6/12/91 - 6/12/92)

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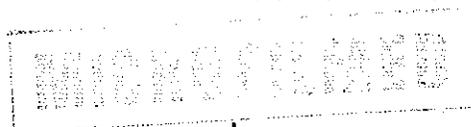


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Merrywood Coal Company Pty. Ltd.

**E.L. 3/91 - Mt. Puzzler
Annual Report
& Partial Relinquishment Report**

Year 1 (6/12/91 - 6/12/92)



MF 012603

K.C. Morrison
November 1992

INTRODUCTION AND TENEMENT DETAILS

E.L. 3/91 is a 12 km² coal exploration tenement in the upper St. Pauls River Valley, N.E. Tasmania (Fig. 1), approximately 12 km east of the Merrywood Coal Mine.

The E.L. was issued on 6 December 1991 to Merrywood Coal Company Pty. Ltd. who have 100% equity in the licence.

Land tenure comprises approximately 95% State Forest and 5% freehold forest and access is via Valley Road, an all weather gravel logging road which connects Esk Main Road to the Old Coach Road.

At the 6 December 1992 renewal the E.L. is to be reduced to 4 km² as a consequence of mapping conducted in Year 1.

Merrywood acknowledges the assistance of the Department of Mines for making available unpublished 1: 20,000 geological mapping of Castleton and Calver (date unknown) which covers approximately the northern quarter of E.L. 3/91.

EXPLORATION COMPLETED IN YEAR 1

The E.L. was mapped, revealing two fault blocks of lithic sandstone-rich coal measures rock associations (Fig. 2) typical of coal-prospective Upper Triassic sequences elsewhere in the Tasmania Basin. The geology of the licence is dominated by Jurassic dolerite intrusives and their derived talus deposits, which in part cover the Triassic rocks and may mask connection of the two mapped Triassic blocks in the N.W. corner of the E.L.

The coal measures geology is characterised by small sandstone cliffs developed in the stream gullies and subordinate mudstone and coal outcrops. Airphoto linears interpreted as bounding faults correspond to abrupt changes in float composition soil and vegetation type. Common well rounded quartzite and quartz pebbles and rare fragments of ?volcanogenic lithologies occur as float overlying the coal measures.

Two coal seams of sufficient thickness and apparent quality to warrant further exploration were noted in creek-side exposures at the following approximate locations.

	seam thickness exposed (approximate)
590660mE,5377400mN	1.5 metres
590740mE,5376600mN	3 metres

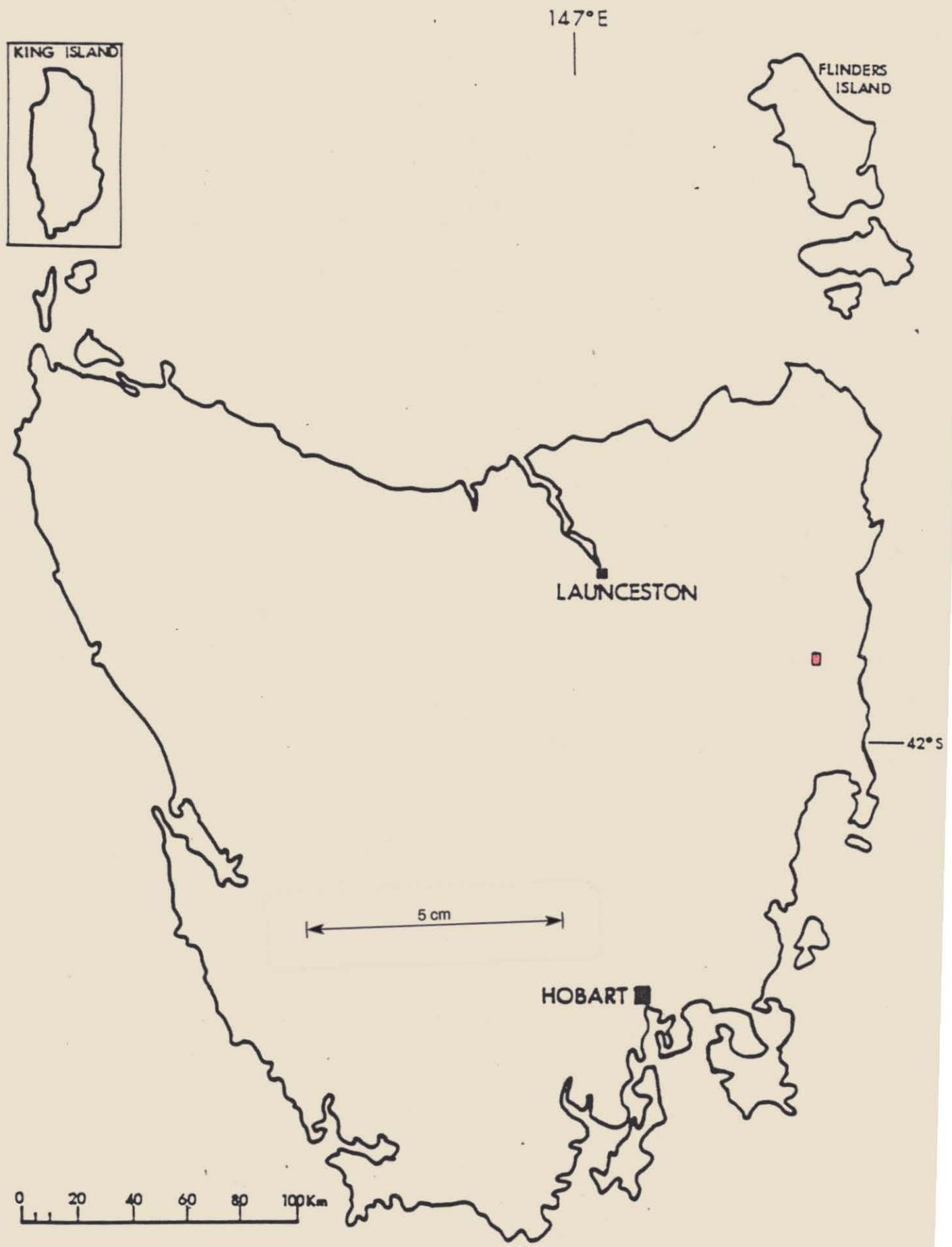


Fig. 1. E.L. 3/91 Location Map

PARTIAL RELINQUISHMENT

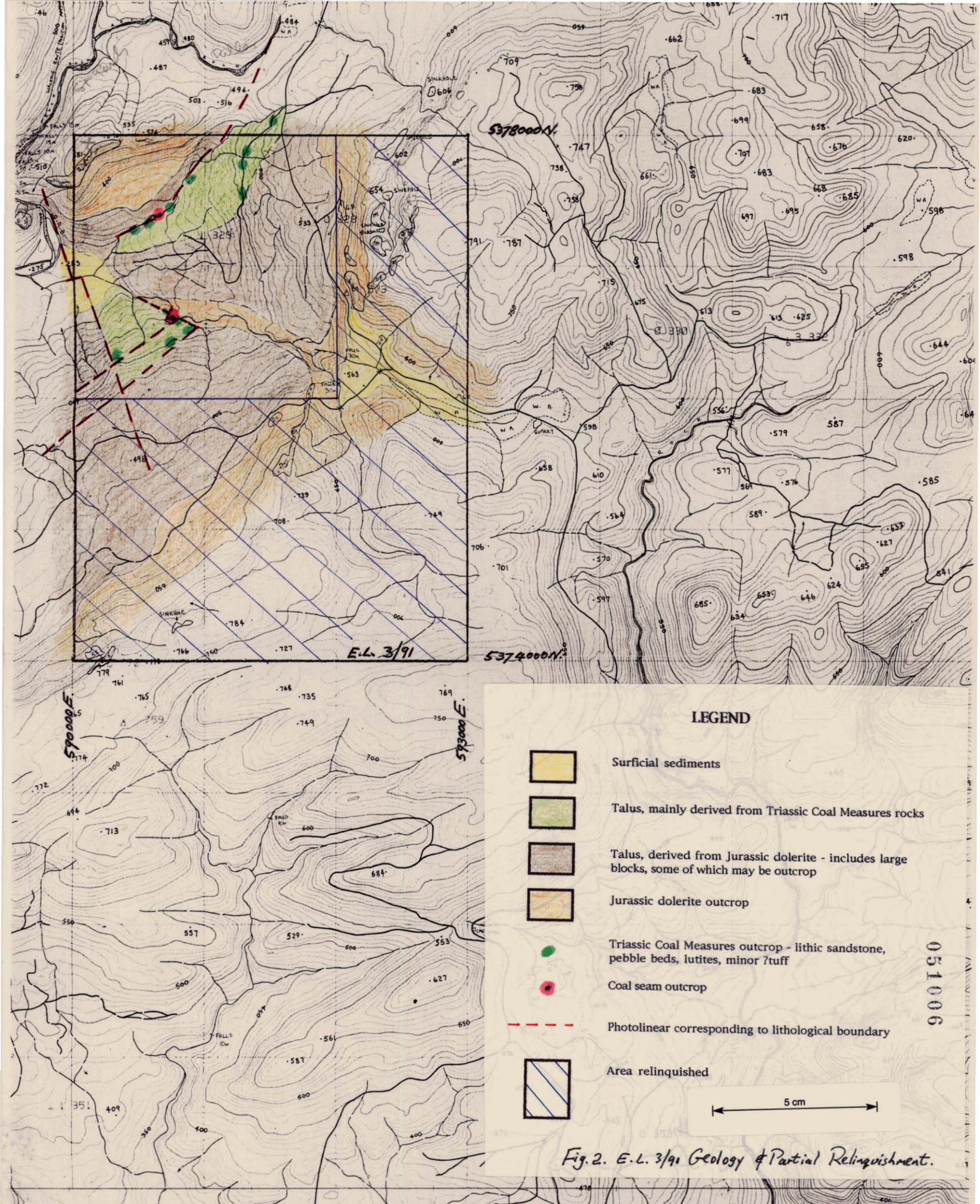
The Company is exploring for small open-cuttable coal resources to supplement reserves at Merrywood. Year 1 mapping shows much of the E.L. to be unprospective for meeting the exploration criteria and therefore 8 km² is submitted for surrender at the Year 2 renewal (Fig. 2).

The 4 km² area to be renewed for further exploration is bounded by the following co-ordinates:

NW Corner	590000m E, 5378000m N
SW Corner	590000m E, 5376000m N
SE Corner	592000m E, 5376000m N
NE Corner	592000m E, 5378000m N

FUTURE EXPLORATION

The two targets defined in Year 1 will be drilled in December 1992 as part of an 8 hole drilling programme on three licences in the St. Pauls River Valley. Three 40 metre percussion holes are proposed for E.L. 3/91. The nature of further exploration and appraisal depends entirely on the results of this drilling.



LEGEND

-  Surficial sediments
-  Talus, mainly derived from Triassic Coal Measures rocks
-  Talus, derived from Jurassic dolerite - includes large blocks, some of which may be outcrop
-  Jurassic dolerite outcrop
-  Triassic Coal Measures outcrop - lithic sandstone, pebble beds, lutites, minor ?tuff
-  Coal seam outcrop
-  Photolinear corresponding to lithological boundary
-  Area relinquished

5 cm

Fig. 2. E.L. 3/91 Geology & Partial Relinquishment.

BOUNDARIES shown on this map are NOT authoritative. For full particulars please consult the Registrar-General's Division, Law Department, or the Survey Division, Department of Lands, Parks and Wildlife. Areas

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