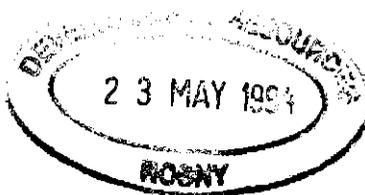


913001



Merrywood Coal Company Pty. Ltd.

E.L. 21/91 - Mt. Rex

Annual Report

Year 1 (14/5/93 - 14/5/94)

MICROFILMED
FICHE No.013086-

MINES		
FILE REF. EL 21/91		
23 MAY 1994		
DOC. REF.		
OFFICER	FOR ACTION	FOR INFO.
SEE FOLIO		41

K.C. Morrison
May 1993

4

94-3572

INTRODUCTION AND TENEMENT DETAILS

E.L. 21/91 is a 16 km² exploration licence at Mt. Rex, N.E. Tasmania (Figure 1). The licence is held 100% by Merrywood Coal Company Pty Ltd and the enclosed lease 1008 P/M is excluded.

This report covers work completed in Year 1 and work proposed for Year 2.

REVIEW OF PREVIOUS WORK

The prospectivity of E.L. 21/91 for Merrywood Coal is based on the remaining unmined coal in the Stanhope-Mt. Christie coalfield and the potential to discover additional shallow reserves at sites where the coal measures may sub crop below shallow depths of dolerite scree. Figure 2 shows the prospective zone, including the old mines, the active mining lease at Fenhope and the distribution of Upper Triassic lithic sandstone outcrop occurring as windows through the scree talus.

The Stanhope, New Stanhope and Mt. Christie mines are estimated to have produced some 400,000 tonnes of coal from 1923 to 1973 (Bacon, 1983), and in 1981 the Fenhope Colliery commenced as a small one-man underground operation on a 3.6 metre good quality seam (Figure 3). The Fenhope mine is currently held under lease 1008 P/M which covers some of the most prospective ground in the known coal field (Bacon, 1991).

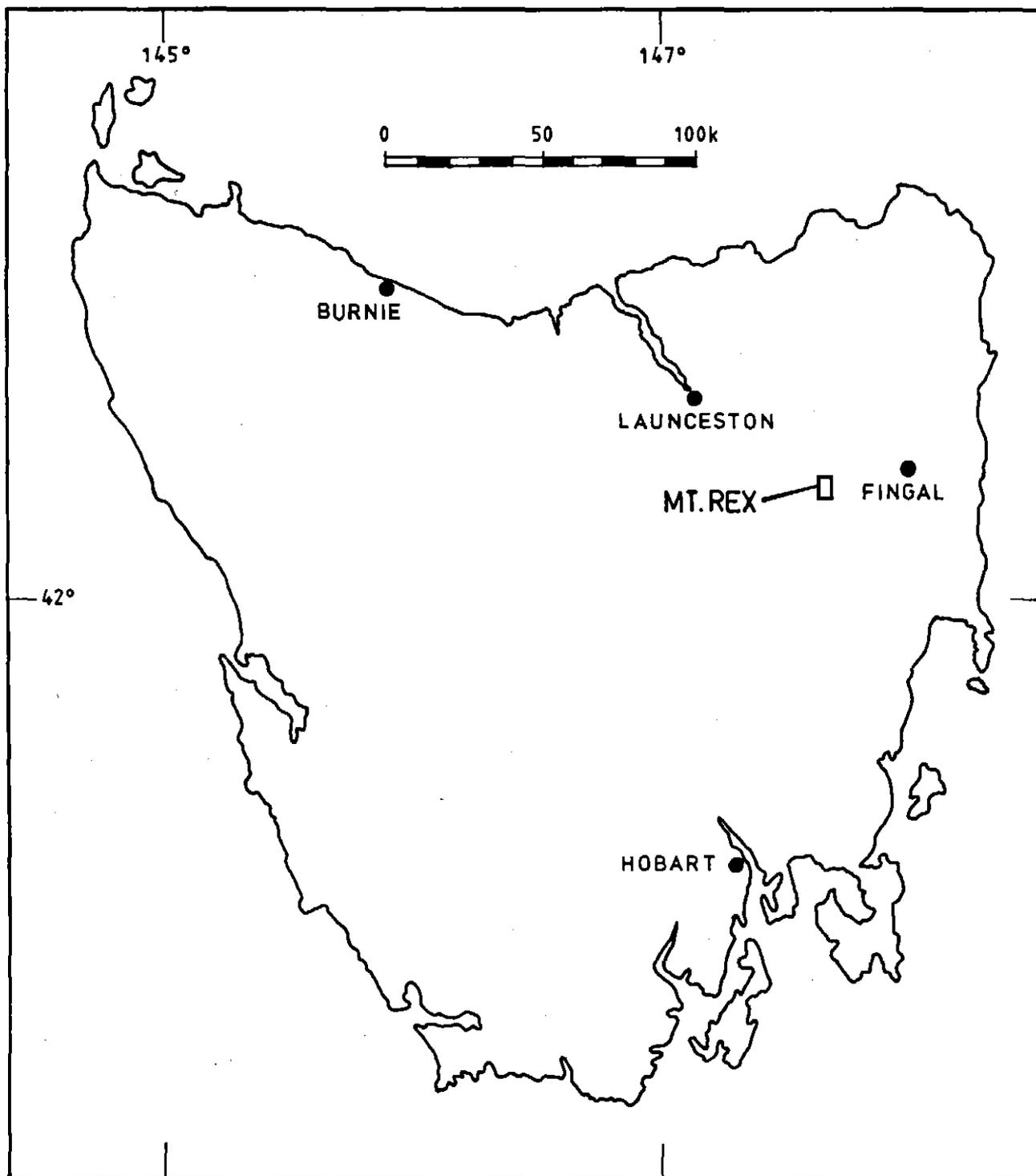
Between 1953 and 1972 several holes were drilled in the area around the Stanhope-Mt. Christie mines and most intersected the Stanhope seam (Figure 2).

Since the closure of the main mines, Western Mining Corporation, Shell Company of Australia and Avoca Transport Company Pty Ltd have drilled a total of 18 exploration holes.

Western Mining drilled 9 holes in 1976 outside the "prospective zone" indicated on Figure 2, to a maximum depth of 85 metres, without recording a major intersection. Likewise, Shell drilled two deep sub-dolerite holes in 1980 without significant coal intersections but demonstrating a 267 metre thickness of Upper Triassic rocks.

In 1985-86, Avoca Transport drilled 7 shallow holes (from 10 -26 metres) near the old Stanhope workings (Figure 4).

Two holes (ATS 57, 58) intersected + 2 metre seams. The drilling showed that the deposit is fault-bounded on the S.W. side of the workings, but good quality coal was intersected in the old pillars.



5 cm

Figure 1 - Location Map EL21/91

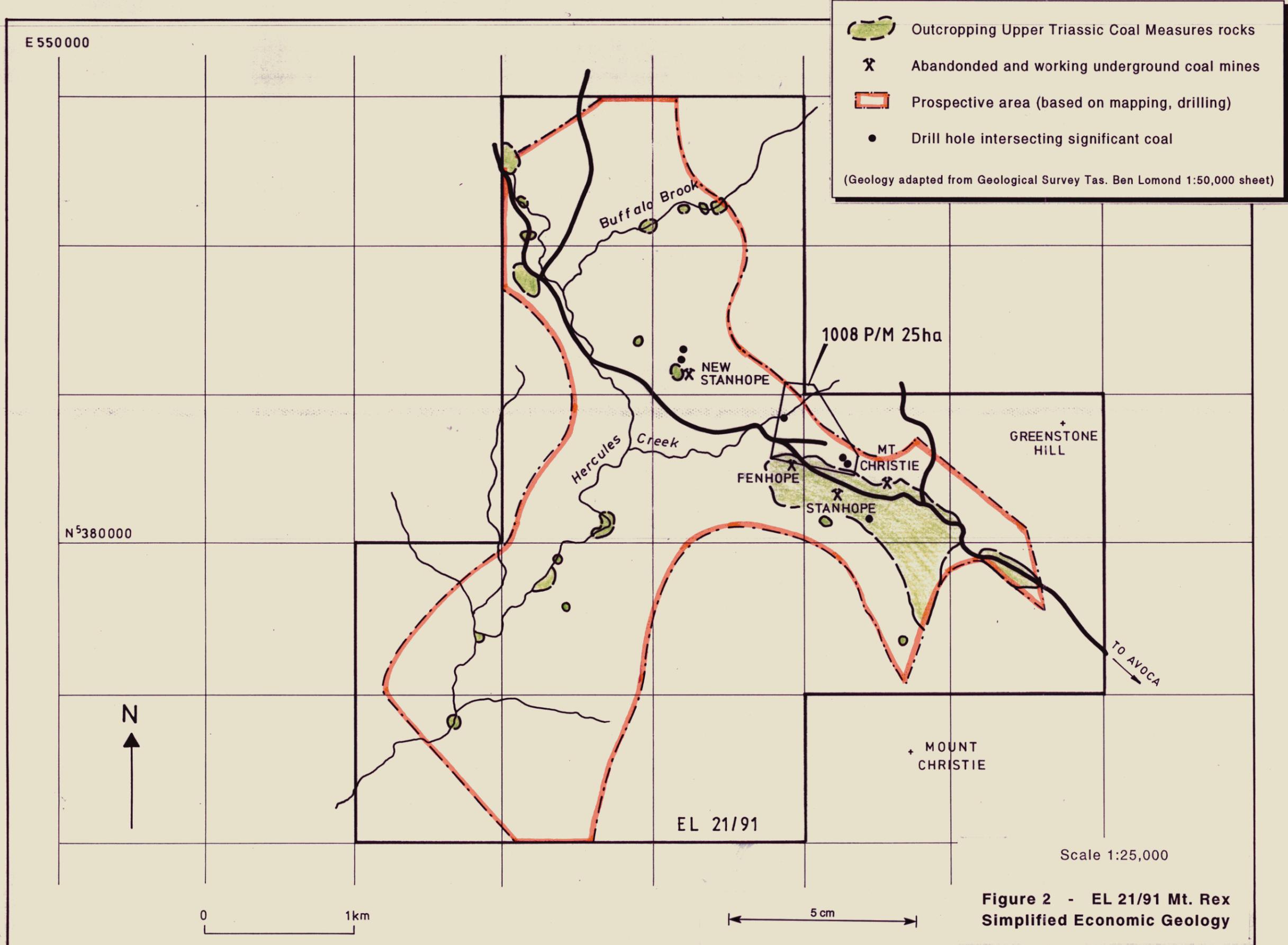


Figure 2 - EL 21/91 Mt. Rex Simplified Economic Geology

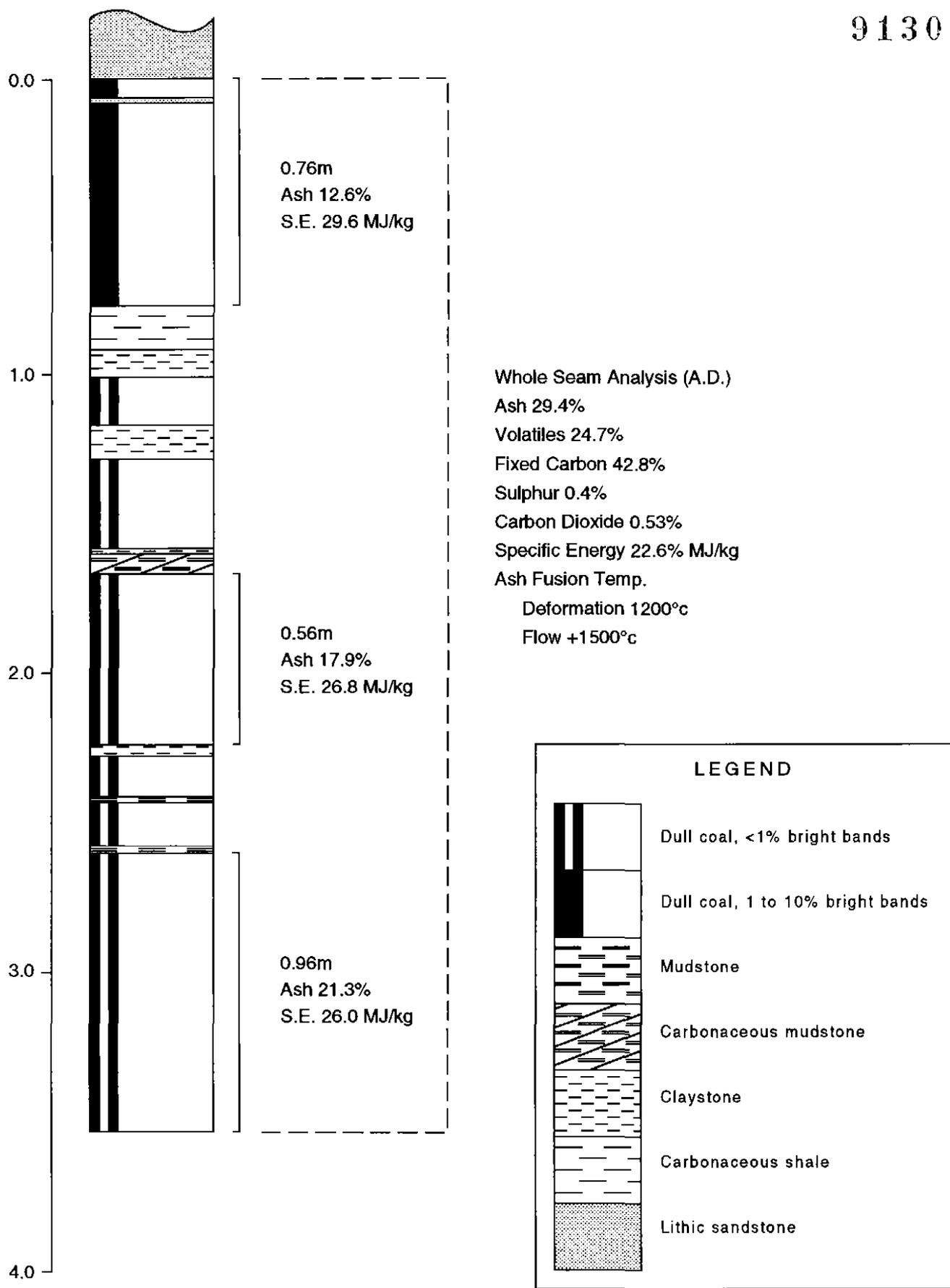
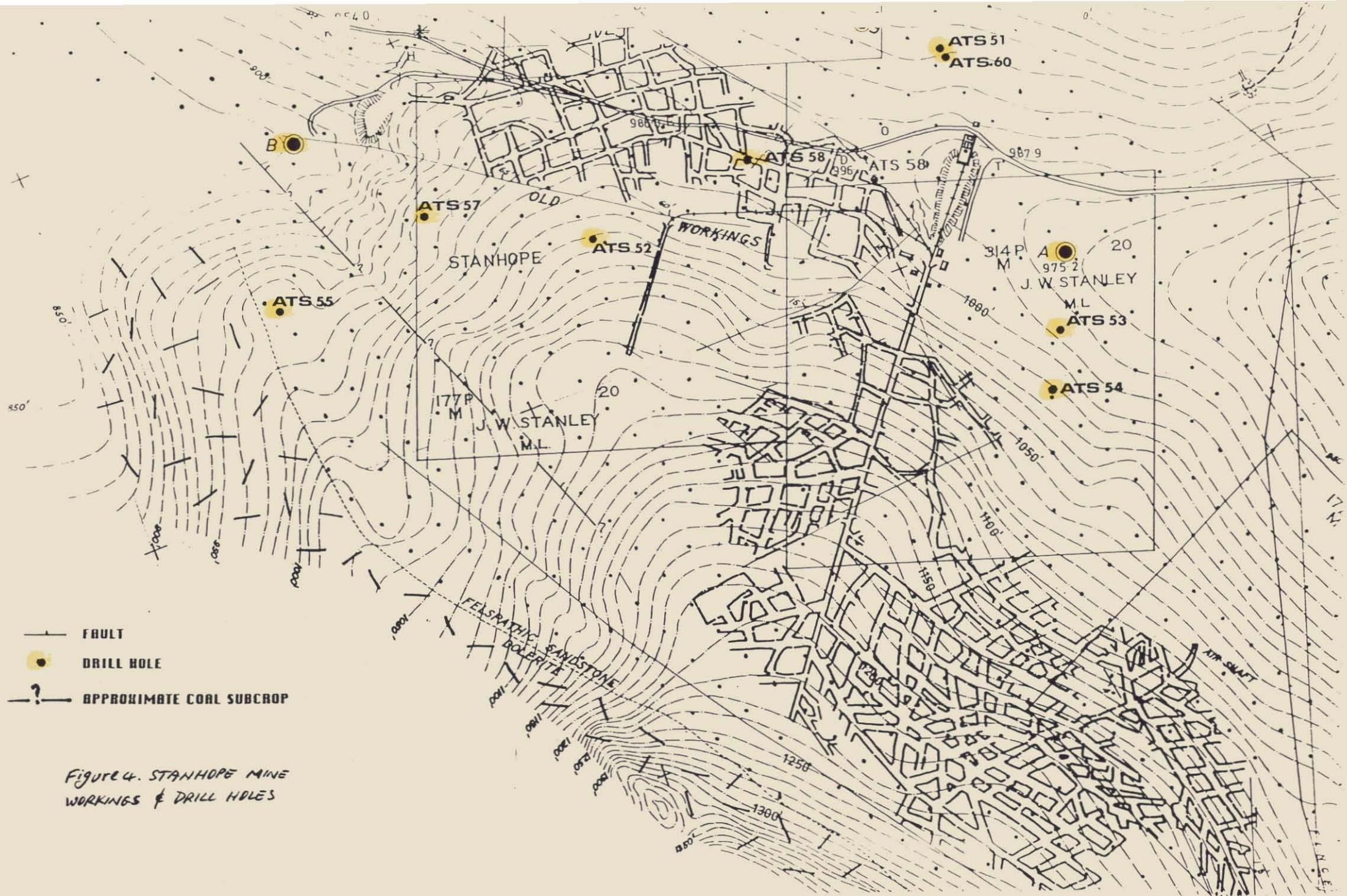


Figure 3 - Fenhope Seam (after Bacon 1986)



913006

In 1987 Avoca Transport drilled one hole (ATS 56) near the New Stanhope mine (Figure 5) and intersected a gross 3.82 metre coal seam.

CURRENT PROSPECTIVITY

Residual pillars from bord and pillar workings, such as at the Stanhope and New Stanhope mines, are currently being successfully mined at Merrywood by open cutting to a maximum 9:1 stripping ratio.

The Stanhope mine plan (Figure 4), together with the results of previous drilling, suggests that a residual resource of 800 x 150 x 3 metres (allowing for some erosion) x 1.5 t/m³ x 60% residual = 324,000 tonnes is likely at open cuttable depth. The deposit is currently burning in the subsurface and some pillars were apparently mined pre 1939 (D. Nelson and Associates, 1986), so the resource will be reduced. Additional potential for unmined coal exists on the S.W. side of the workings, as evidenced by ATS 57.

Some coal remains at the New Stanhope Mine, N.W. of 1008 P/M (Figure 5), for both underground residual pillars and surface dumps of waste coal from earlier mining. The potential for open cutting pillars at New Stanhope was ranked lower than at Stanhope by Nelson and Associates (1986) on the grounds of thickening overburden and substantial previous mining of pillars. However they did recommend further work to define the residual resource more accurately.

Bacon (1991) reviews the coalfield and concludes that most of the remaining reserves exist around the Fenhope Mine; the only operating mine today.

Bacon estimates a total production from Fenhope of < 1000 tonnes (1981 - 1989) and rates the remaining in-situ reserves for the Stanhope-Mt Christie coal field in the order of 1 million tonnes.

Fenhope is also likely to be the thickest and best quality seam as it occurs in the centre of the field and the coal rapidly thins away from this area, particularly to the north and west at Mt Christie (Bacon, 1991).

Previous exploration drilling has eliminated substantial areas of Upper Triassic in the general area of E.L. 21/91 but some sub dolerite scree ground remains untested, especially to the west and southwest of the Stanhope-Mt Christie coal field. Minor lithic sandstone outcrop has been mapped in the creeks by the Geological Survey (Ben Lomond 1:50,000 sheet) and further field prospecting is required to assess the topographic setting, scree thickness and any coal indications in creek float, for potential drilling targets.

913008



FAULT

DRILL HOLE

APPROXIMATE COAL SUBCROP

5 cm

Scale
(1: 3000)



FIGURES. NEW STANHOPE
MINE WORKINGS &
DRILL HOLES.



PROPOSED YEAR 2 WORK PROGRAM

- 1 Field prospecting and mapping to the west and southwest of the coal field to assess the potential of down faulted or strike extension sub scree correlates of the known seam.
- 2 Sampling of Stanhope surface deposits of waste coal, for processing at Merrywood to evaluate the viability of open cutting remaining pillars at Stanhope and possibly New Stanhope.

REFERENCES

- Bacon, C.A., 1983. The Mount Christie-Stanhope Coalfield, Dept. of Mines Tasmania Unpub. Report 1983/22
- Bacon, C.A., 1986. Analysis of coal from the Fenhope Colliery, near Avoca, Dept. of Mines Tasmania, Unpub. Report 1986/35
- Bacon, C.A., 1991 The coal resources of Tasmania, Bull. Geol. Surv. Tasmania, 64
- Nelson, D., and Associates Pty. Ltd., 1986, Avoca Transport Company Pty. Ltd., E.L. 2/82 Stanhope Area Geological Report