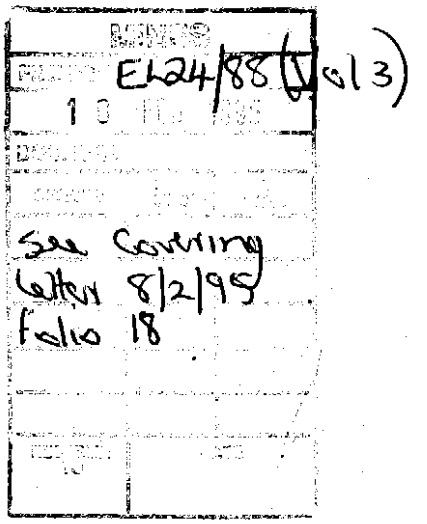
299001



ANNUAL REPORT

(1992—1994)

E.L. 24/88 Champion Road

by

Vic Threader

for

Mineral Holdings Australia Pty.Ltd.

February 1995

Vic Threader and Associates Pty.Ltd.
Kingston Beach

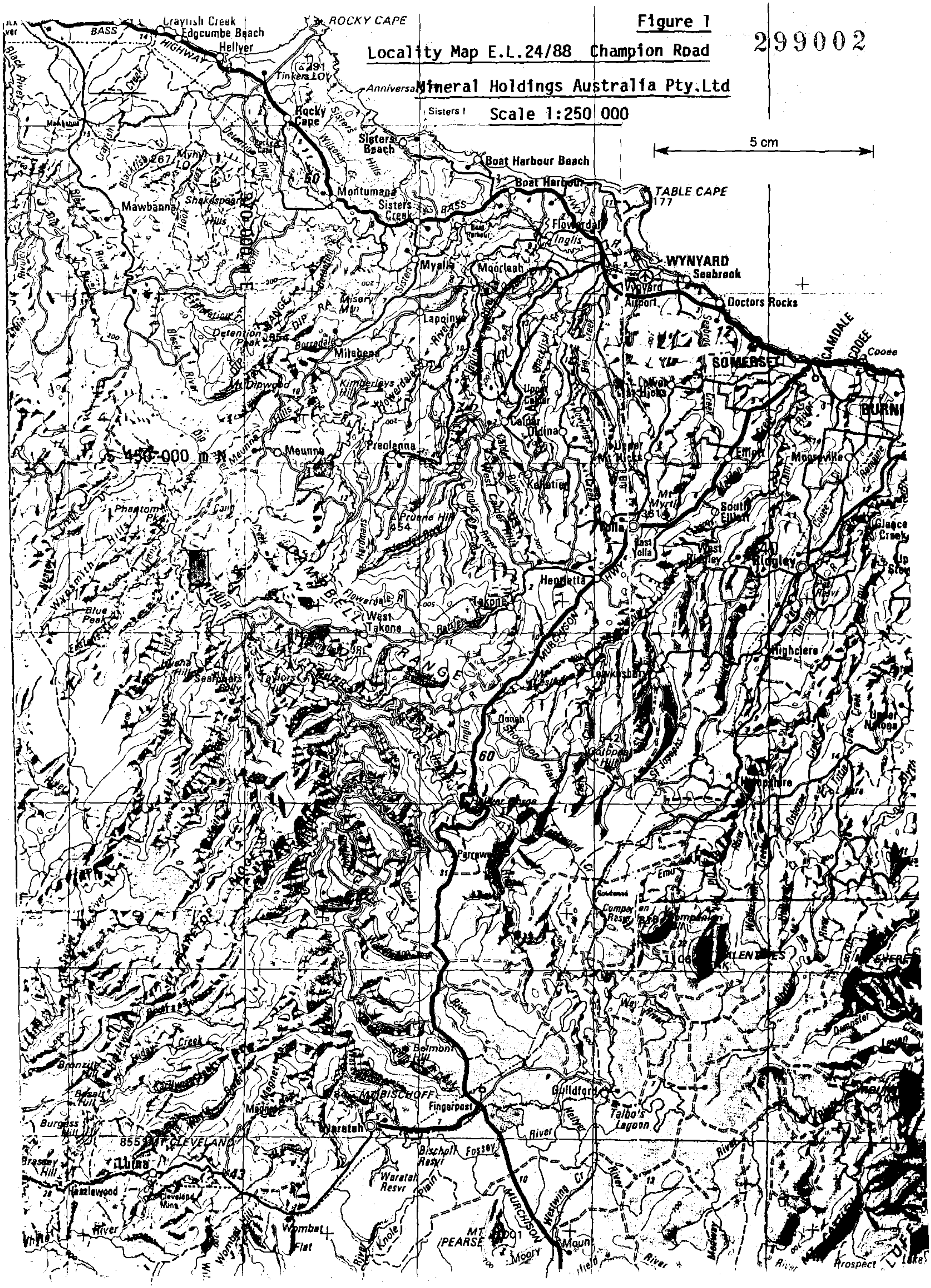
299002

Figure 1

Locality Map E.L.24/88 Champion Road

Mineral Holdings Australia Pty.Ltd

Scale 1:250 000



CONTENTS

EL24/88 (Champion Road)

Addendum to Annual Report TCR 95-3687

299004

This report has been compiled from information supplied by K.Pinner of Flowerdale.

Subject: Stihl augering of a silica flour deposit discovered during a previous hand augering programme.

Objective: To delineate the deposit and assess whether or not a systematic investigation was warranted.

Work Done: 800m of track cutting and augering of 25/1m holes over an area of around 7000S.M.

Location: 800m SW of the bulk sample area on Champion Road AMG: 367200mE,5543500mN.

Operator: K.Pinner

Date of Operation: September 1994

Results: Silica Flour was intersected in 10 of the holes at a depth of 750 mm and the hole was stopped at 1m ie.25mm of silica flour in the bottom of the hole. Silica Flour could well be present in the remainder of the holes but at greater depth but the going was too hard for a hand held machine.

The holes have been flagged preparatory to surveying their locations but this has not yet been done.

No samples were taken for analysisdue to contamination by overburden.

Conclusion: The deposit is worthy of further investigation as it lies further from the source rock (presumably the Cann Creek magnesite/dolomite deposit)than the Silica Flour deposits on Champion Road and may therefore carry lower levels of contaminants.The deposit is of comparable size to those depositsand so could make a significant addit ion to the overall Reserve although it would be more difficult to assess due to the thicker overburden cover.

Recommendation: An excavator test pitting programme is required to assess this deposit.A 20m grid should be adequate with infill holes as determined by results.A 20t. machine is preferable to ensure a minimum test pit depth of 5m. The 750mm.thicknessof overburden suggests that the full of the deposit is unknown and it would be advisable to test pit outside the known area to ensure that the deposit is fully delineated.

Vic Threader

Introduction

The licence area lies in State Forest in northwest Tasmania 30 km.south of Rocky Cape. It was issued on 28 October 1988 for prospecting a silica flour deposit which had been exposed in logging road cuttings. It lies in regrowth wet eucalypt forest containing rain forest species.

PreviousExploration

1) 1988-1989: Surface sampling and excavator pit sampling was carried out and an in situ resource of 150000-200000 tonnes of silica flour was estimated.

2) 1989-1990:Reconnaisssance traverses of th e licence area were conducted over the remainder of the licence area and an additional was discovered in the S.W.which was test drilled by hand auger. /deposit Further to this work,samples have been collected by interstate and overseas companies as part of an ongoing marketing strategy by MHA.

3) 1990-1991:additional test pitting was carried out in the resource area.Samples of resilicified silica flour from the bottom of test pits were submitted to Temco for evaluation as feedstock in ferrosilicon production. Some of this material was found to be satisfactory for the purpose although quantities present so far are commercially insignificant.

A 150 tonne bulk sample was excavated by M.K.Silica and stockpiled at the Heybridge plant preparatory to processing for the overseas market. Unfortunately the plant closed down at this stage before any work could be done on the sample and it was not until 1992-1994 that it was done.

4) 1991-1992:Hand augering of the previously discovered deposit in the S.W. of the licence was carried out.

A market study of silica sand from resource areas at Dip Range and Champion Road was undertaken by M.H.A.and further test reports by Comalco and others were submitted.

5) 1992-1993:There was no field work during the year but processing of the bulk sample by the new owners,Index Mineral processors commenced.

The Heybridge plant was designed to process Corinna silica flourand some modifications were requiredfor it to be suitable for treatment of Champion Road material which has a different pa rticle size distribution and chemical composition which led to further delays.

Current Exploration

1993-1994:the previously discovered deposit in the S.W.of

the licence wasdrilled by Stihl auger which confirmed that a potentially viable resource occurred there and an excavator/drilling programme was required to fully evaluate it.

As no market has yet been established for the known resource it been more practical to channel the company's efforts into a Feasibility Study rather than prove up more of the same material.To that end IMP has developed two products which they have designated 75/75&75/150. Specification sheets for these materials are appended.Samples of these materials have been shipped overseas to test the market.If and when amarket has been found for these materials in their present or a modified form then the processing costs will be better known and the feasibility study can be completed.

The following tables compare particle size distribution and chemical data of raw material from test pits and surface samples with the IMP products.

Numbers 1,2&3are raw materials,4&5 are products.It is noted that sample 2 taken by Gwalia Group has a PSD more like a screened product than a raw material and therefore may not be a representable sample.

M.K.Silica/I.M.P.produced three size fractions:

+250 µm (Reject)

250+75µm (Coarse silica flour)

– 75µm (fine silica flour)

and is currently working on a range of products by blending the silica flour with sands from other sources including the M.H.A.deposit at Dip Range.

Proposed Programme

1994-1995: 1) Continuation of promotion of products in relation to a Feasibity Study & 2)Completion of evaluation of the additional silica flour deposit in the S.W.of the licence if warranted by results of that promotion.

3.

PARTICLE SIZE DISTRIBUTION

	1		2		3		4		5	
Diam.	%Ret	Cum	%Ret	Cum.	%Ret	Cum.	%Ret	Cum.	%Ret	Cum.
+425	33.3	33.3			26.4	26.4				
+300	3.0	36.3			3.7	30.1				
+250	1.2	37.8	5.7	5.7	2.0	32.1				
+212	1.4	39.2			1.0	33.3	0.8	0.8		
+150	3.0	42.2	5.8	11.5	3.1	36.4	4.2	5.0		
+106	5.1	47.3			3.5	39.9	12.5	17.5	0.2	0.2
+ 75	5.2	52.3	29.8	52.6	4.8	44.7	17.3	34.8	2.1	2.3
+ 60									7.7	10.0
+45	17.0	69.5	8.4	61.0	21.11	65.8	42.2	77.0	31.5	41.5
−45			39.0	100 0	34.2	100.0	23.0	100.0		
+ 38	17.0	69.5								
−38	30.5	100.0								
+ 30									42.0	83.5
− 30									16.5	100.0

Summary

+250	37.8	5.7	32.1		
250+75	14.7	46.9	12.6	34.8	2.3
−75	47.5	47.4	55.3	65.2	97.7
Total	100.0	100.0	100.0	100.0	100.0

CHEMICAL ANALYSIS

Sample	Fe2O3	TiO2	AL2O3	CaO	MgO	NaZO	Mn	Cu	Cr	Ni
CR 8to14 (coarse) 3	47	65	220	635	524		0.2	o,4	0.2	0.3
CR 12&14 (fine)	24	63	200	170	170		0.15	0 75	0.15	0.2
75/150 Spec.)	4.30	20	80	300	150	20	0.4	0.3	0.5	0.14
75/75 Spec.)	5. 45	100	250	870	870	25	0.5	0.2	1.2	0.2

Sample Numbers:

1. Mean P.S.D. of ≈ 20 screen analyses of Champ ion Road silica flour.
2. screen analysis of grab sample reported by the Gwalia Group (1991)
3. Average screen analysis of composite test pit samples from Nos.8to14 by MK Silica.
4. Specification 75/150. (95% passing US mesh 100 ie.150µm)
5. Specifation ie 75/75 (95% passing US mesh 200 ie. 75µm)

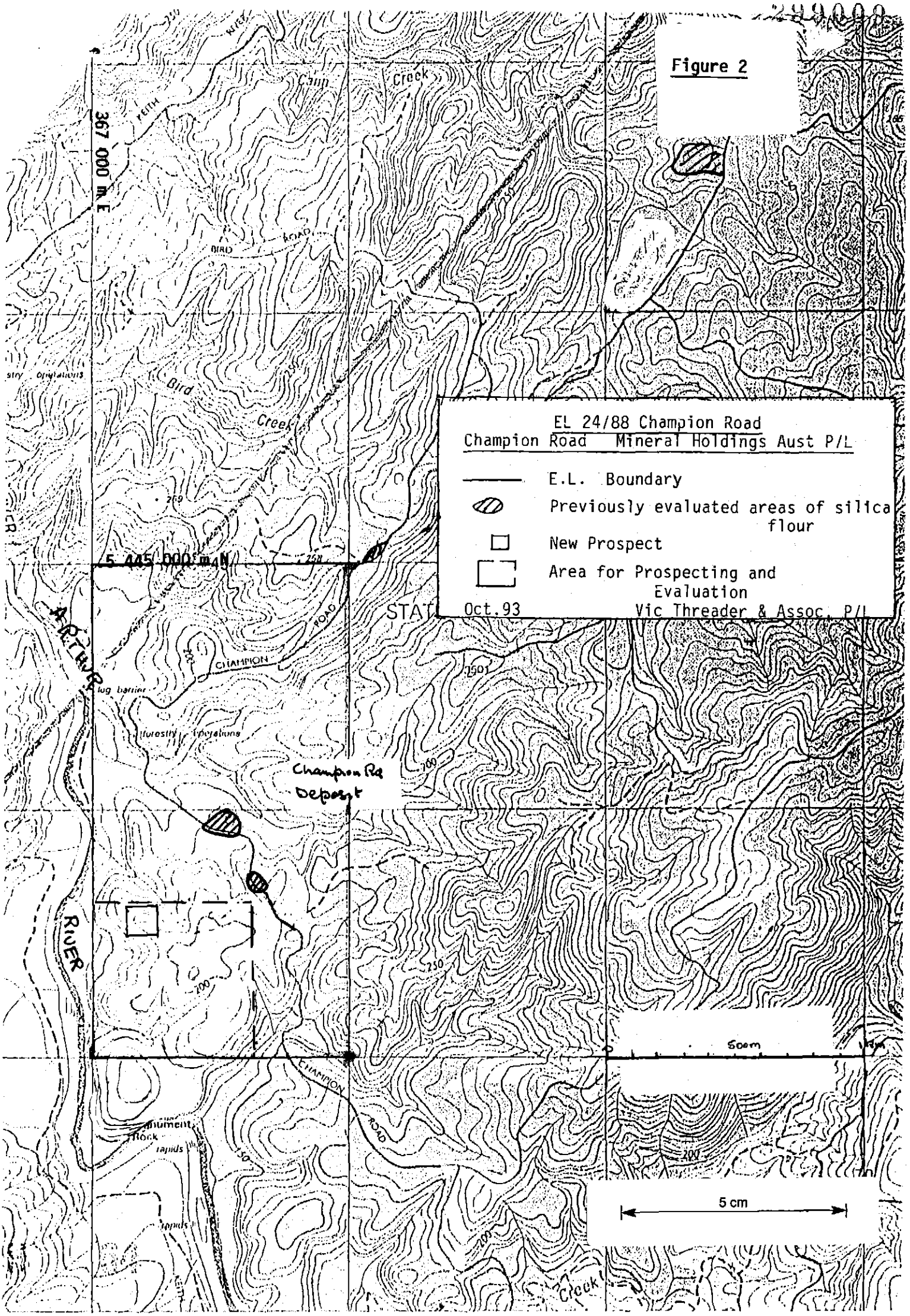
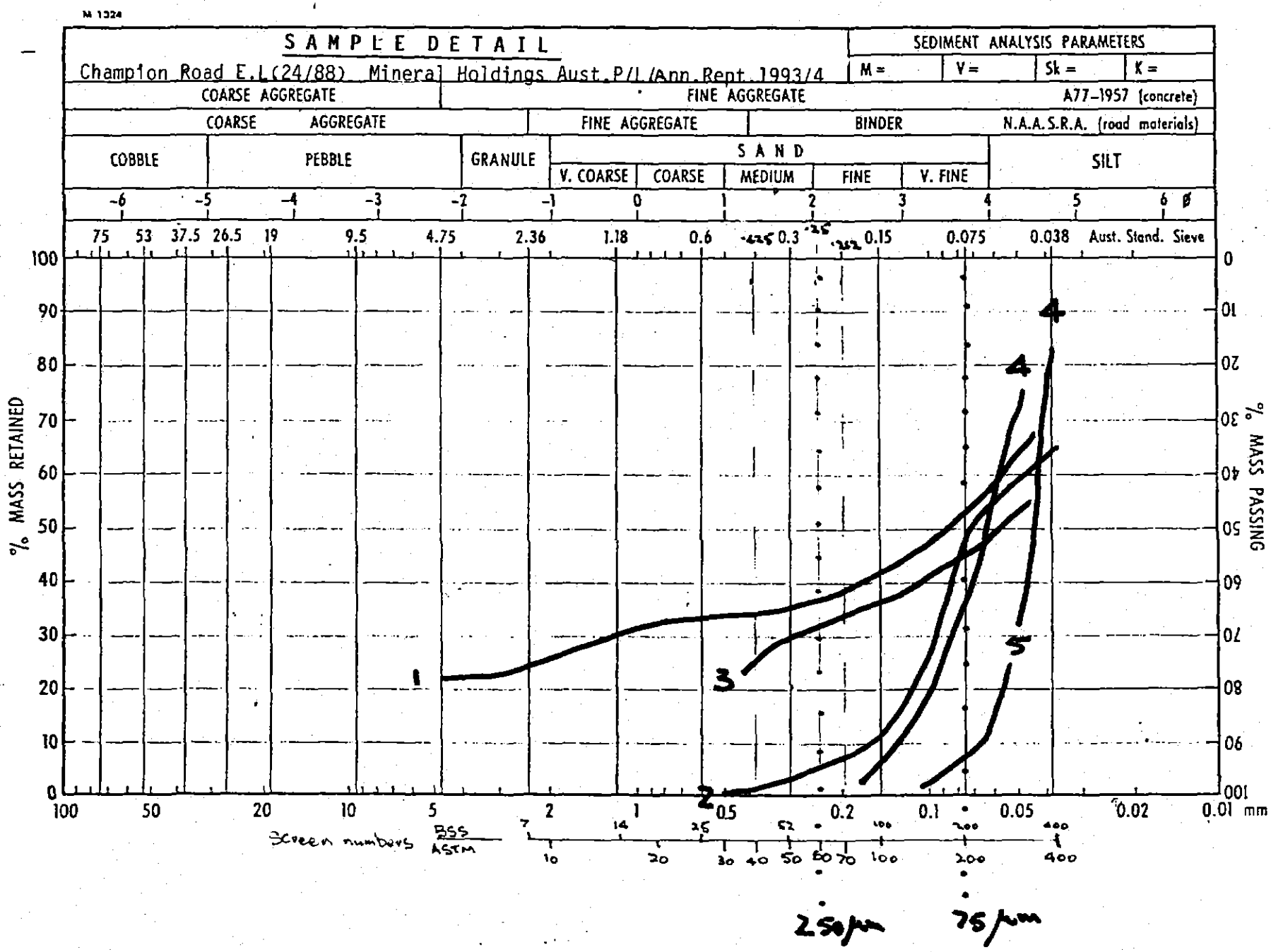


Figure 2
EL 24/88 Champion Road
Champion Road Mineral Holdings Aust P/L
E.L. Boundary
Previously evaluated areas of silica flour
New Prospect
Area for Prospecting and Evaluation
Oct.93
Vic Threader & Assoc. P/L
367 000 m E
5 445 000 m N
Bird Creek
BIRD ROAD
CHAMPION ROAD
Champion Rd Deposit
ARTHUR RIVER
5 cm

Figure 3



APPENDIX

299012

INDEX MINERAL PROCESSORS

(A division of Index Trust Group — Registered Office: 236 Elizabeth Street, Brisbane, Qld.)

FINE GRINDING ACN 010 048 745
PROCESSING
BAGGING
SALES OF
MINERAL PRODUCTS

AUSTRALIAN OFFICE:
744 Progress Road, WACOL. QLD 4076
Phone: 617 271 4655
Fax: 617 271 4352

POSTAL ADDRESS:
P.O. Box 600, MT OMMANEY QLD 4074
P.O. Box 1228, BURNIE TAS 7320

AUSTRALIAN WORKS:
Minna Road, HEYBRIDGE, BURNIE. TASMANIA 7320
Phone: 6104 313 066
Fax: 6104 315 769

F A X M E S S A G E

DATE: 30th January 1995

ATTENTION: Vic Threader

COMPANY: M.H.A. **FAX NO:** 002 291738

FROM: Dave Collidge

SUBJECT: Assay Reports.

MESSAGE: Vic, The following assay reports are on material produced from the M.H.A. lease at Champions Road. In the case of the 75/150 report it is an assay of the actual material that was shipped to Indonesia during our trial in February 1994. The 75/75 report is an assay of a laboratory prepared sample produced from Champions Road material.
We will be including both of these products in our marketing strategy for 1995.
I hope this information is of help to you in your dealings with the Mines Dept.

kind regards,

DAVE COLLIDGE.

299013

I N D E X

INDEX MINERAL PROCESSORS

Trading as I.M.P. Silica. (A division of Index Trust Group-Registered Office 236 Elizabeth St. Brisbane Qld.)

Fine Grinding
Processing
Bagging
Sales of
Mineral Products .

HEAD OFFICE: 744 Progress Road ,
Wacol, Qld. 4076
AUSTRALIA .
Phone no: 61 7 271 4655
Fax: 61 7 271 4352

STANDARD SPECIFICATION SHEET

Product Name: Silica Flour **Grade:** 75/75 **U.S. Mesh:** 200

Chemical Analysis:

SiO_2	>99.8%	
Fe_2O_3	0.0045%	45ppm
TiO_2	0.0100%	100ppm
Al_2O_3	0.0250%	250ppm
CaO	0.0870%	870ppm
MgO	0.0870%	870ppm
Na_2O	0.0025%	25ppm
Mn	0.000050%	0.50ppm
Cu	0.000020%	0.20ppm
Cr	0.000120%	1.20ppm
Ni	0.000020%	0.20ppm

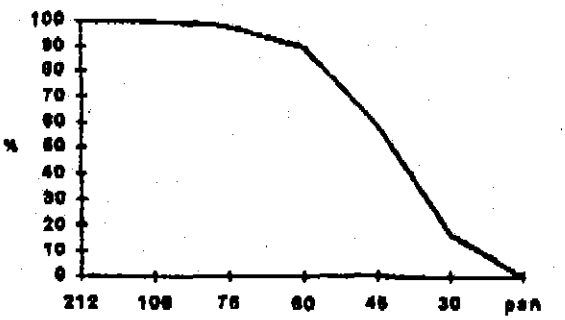
Particle Size Distribution:

+250 micron	nil
-250+212 micron	trace
-212+106 micron	0.2%
-106+75 micron	2.1%
-75+60 micron	7.7%
-60+45 micron	31.5%
-45+30 micron	42.0%
-30 micron	16.5%

Physical Description: White powder with low contamination levels. Approximately 95% passing U.S. 200 mesh screen.

Applications: Suitable for use in glass, ceramics, fibreglass, cleansers,refractories, grouts, fillers and resins.

This product is one of a range of HIGH QUALITY silica products available from I.M.P. SILICA. It is supplied dry in bulk or one tonne bulk bags or multi-ply paper sacks of 25kg or 40kg.



Particle Size Distribution
(% passing in microns)

David P. Collidge,
Manager,
I.M.P. SILICA,
TASMANIA.

WORKS OFFICE: Minna Road,
Heybridge, Burnie,
TASMANIA,7320,
'PHONE NO: 61 04 313 066
FAX: 61 04 315 769

DATE: NOVEMBER 1994.

299014

INDEX MINERAL PROCESSORS

Trading as I.M.P. Silica. (A division of Index Trust Group-Registered Office 236 Elizabeth St. Brisbane Qld.)

Fine Grinding
Processing
Bagging
Sales of
Mineral Products .

HEAD OFFICE: 744 Progress Road ,
Wacol, Qld. 4076
AUSTRALIA .
Phone no: 61 7 271 4655
Fax: 61 7 271 4352

STANDARD SPECIFICATION SHEET

Product Name: Silica Flour **Grade:** 75/150 **U.S. Mesh:** 100

Chemical Analysis:

SiO_2	>99.8%	
Fe_2O_3	0.0030%	30ppm
TiO_2	0.0020%	20ppm
Al_2O_3	0.0080%	80ppm
CaO	0.0300%	300ppm
MgO	0.0150%	150ppm
Na_2O	0.0020%	20ppm
Mn	0.000040%	0.40ppm
Cu	0.000030%	0.30ppm
Cr	0.000050%	0.50ppm
Ni	0.000014%	0.14ppm

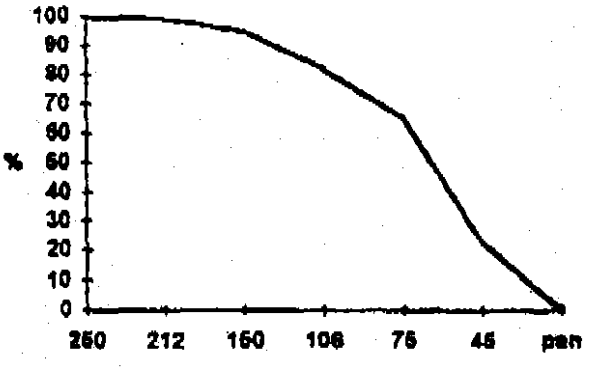
Particle Size Distribution:

+300 micron	nil
-300+250 micron	nil
-250+212 micron	0.8%
-212+150 micron	4.2%
-150+106 micron	12.5%
-106+75 micron	17.3%
-75+45 micron	42.2%
-45 micron	23%

Physical Description: White powder with low contamination levels. Approximately 95% passing U.S. 100 mesh screen.

Applications: Suitable for use in glass, ceramics, fibreglass, abrasives, cleansers,refractories, grouts and tile manufacture.

This product is one of a range of HIGH QUALITY silica products available from I.M.P. SILICA. It is supplied dry in one tonne bulk bags or multi-ply paper sacks of 25kg or 40kg.



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