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FINAL REPORT

TASMANIAN BASE METALS PROJECT

95-3731

EL 42/87 INCORPORATING M.L.'S 43/85 & 123M/74⁴⁷

ZEEHAN

Vol 1 of 1

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HELD BY: RGC EXPLORATION

MANAGER & OPERATOR: RGC EXPLORATION

AUTHOR(s):
S.J. CORLETT
S.W. HALLEY

OPEN FILE

31 May, 1995

PROSPECTS: SYLVESTER, PARTING LAKE

MAP SHEETS: 1:25,000: OCEANA
1:100,000: PIEMAN

GEOGRAPHIC COORDS Min East: 354000E
Max East: 363000E
Min North: 5360000N
Max North: 5367000N

COMMODITY(s): Sn, Zn, Pb, Ag

KEY WORDS: Zeehan, Sylvester, Parting Lake, Tenth Legion, Balstrup, tin, zinc, lead, skarn, magnetite, serpentine.

Distribution:

- o RGC Exploration Information Centre Reference
- o RGC Exploration - Zeehan.
- o Tasmanian Mines Department
- o Oceania Tasmania Pty Ltd.

95-3731

TAS BASEMETALS PROJECT, EL 42/87
INCORPORATING MLs 43/85, 123M/74
ZEEHAN I VOL CORLETT, S J

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CONTENTS

| | Page No. |
|---|----------|
| SUMMARY | iii |
| 1. INTRODUCTION | 1 |
| 2. TENURE | 3 |
| 3. WORK COMPLETED 1994/95 | 4 |
| 4. SUMMARY OF EXPLORATION BY RGCE | 4 |
| 5. REFERENCES | 8 |

LIST OF PLANS & FIGURES

| Title | Drg.No. | Scale |
|------------------|---------|-----------|
| Figure 1 | | West |
| Coast Tenements | | 1:250,000 |
| Locality Diagram | | |

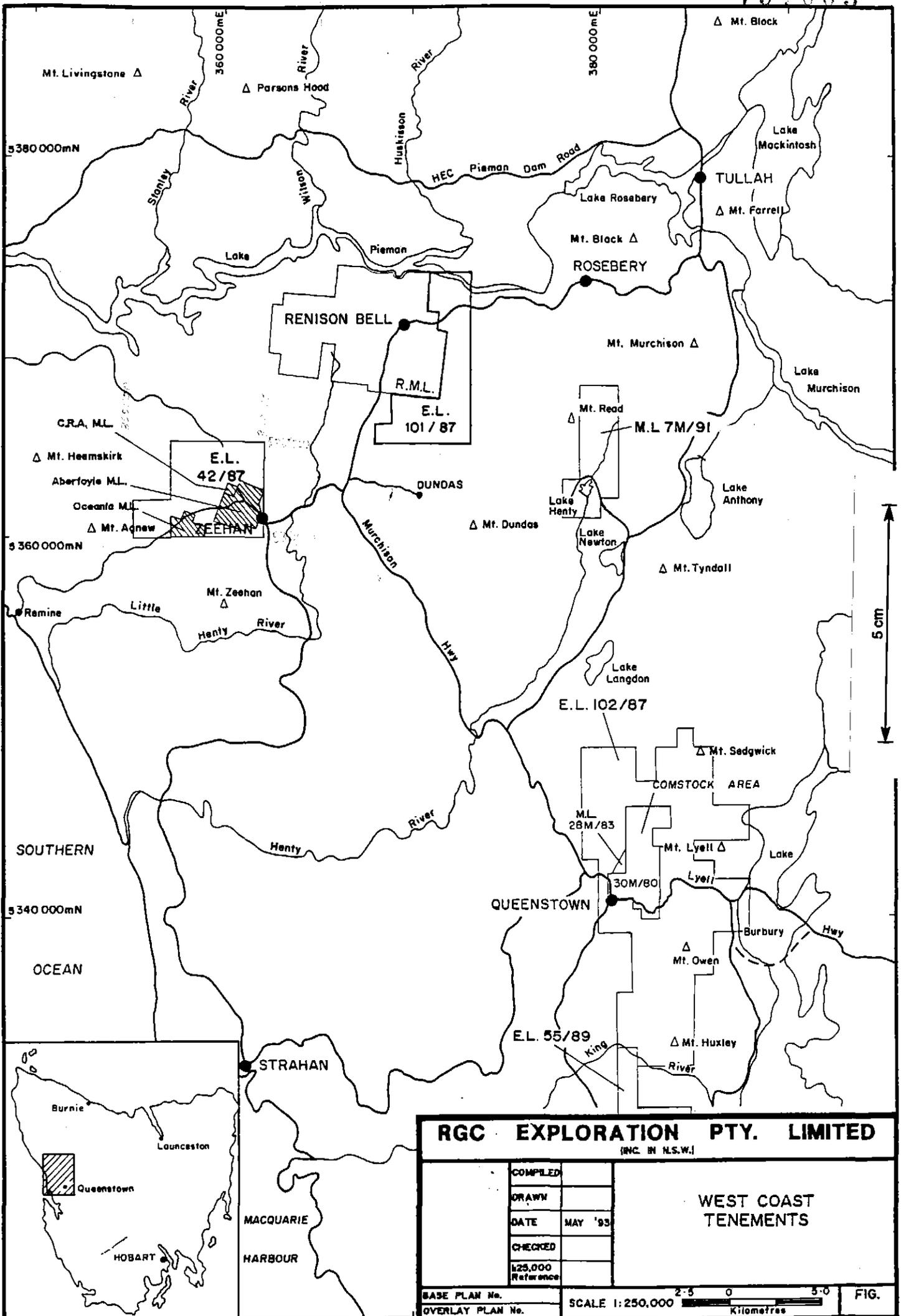
SUMMARY

E.L. 42/87 is located within the silver-lead mining district of Zeehan, and contains the Aberfoyle/Gippsland joint venture M.L.'s over Queen Hill, where a reported geological resource of 3.6 Mt at 1.2% Sn has been defined.

Initial work was carried out in 1989 and aimed to delineate potential areas for Queen Hill/Renison style tin mineralization. The Sylvester and Parting Lake grids were established and primary results from the Sylvester area were sufficiently encouraging/for RGC to sign an Option to Purchase agreement with Oceania (Tas) P/L over two MLs. Exploration initially focussed on the Sylvester grid, and with attention later turning to Parting Lake. Since 1991, the focus of exploration has shifted to base metals (Ag-Pb-Zn) following continued decline in the tin price.

The discovery of a significant massive sulphide replacement body with sub-economic levels of Pb-Zn-Ag in the Sylvester area has resulted from targeting Sn, Pb, Zn anomalism and a deep sourced magnetic anomaly within Upper Oonah Fm carbonates in the footwall of the Balstrup Fault. In all, 15 diamond drillholes totalling 5,165m have been drilled into a massive sulphide body with a strike length of greater than 1km. The body remains open at depth over its entire length (below 450m). An inferred resource of 6 Mt @ 3.3% Pb, 5.5% Zn and 40 g/t Ag is estimated, however the spacing between drillholes is too wide to guarantee continuity of grade and thickness between holes. This figure is therefore only a guide to the maximum resource that could be firmed up by further drilling.

The potential for higher grade mineralisation and perhaps greater thicknesses exists at the eastern end of the Sylvester Prospect where the massive sulphide mineralisation has directly replaced dolomite. The potential (2 - 3 million tonnes) is too small for RGC to consider as a priority target. A small drilling program was designed to test the potential of the eastern end and the project was unsuccessfully offered to other companies as a joint venture proposal. E.L 42/87 is recommended for relinquishment in May, 1995.



RGC EXPLORATION PTY. LIMITED
(INC. IN N.S.W.)

| | |
|--------------------|---------|
| COMPILED | |
| DRAWN | |
| DATE | MAY '93 |
| CHECKED | |
| 1:25,000 Reference | |

WEST COAST TENEMENTS

| | | |
|------------------|-----------------|------------|
| BASE PLAN No. | 2 5 0 | 5 0 |
| OVERLAY PLAN No. | SCALE 1:250,000 | Kilometres |

FIG.

1. INTRODUCTION

E.L. 42/87 was acquired by Renison Ltd in August 1987 as a result of a successful tender application. The E.L. encloses the Aberfoyle/Gippsland joint venture consolidated M.L.'s over Queen Hill, and Renison's interest in the area was initially linked to negotiations with the joint venture partners over the possible acquisition of the M.L.'s (Figure 1).

Work on the E.L. was deferred while negotiations continued, with the intention that once the M.L.'s were in Renison's control, a combined exploration program would be conducted over both the M.L.'s and the surrounding E.L. Negotiations fell through, and in 1989 RGC Exploration began an exploration program on behalf of Renison Ltd, without control of Queen Hill having been obtained.

As a result of detailed mapping, rock chip geochemistry and an aeromagnetic survey, conducted during 1988/89, two areas were chosen as warranting more detailed follow-up work. The Comstock and Parting Lake grids were established to cover these two areas, however the Comstock area was later renamed the Sylvester area to avoid confusion with the Comstock prospect near Queenstown.

In the Sylvester area, three major regional faults intersect highly deformed psammo-pelites and carbonates of the Upper Oonah Formation and less deformed turbidites of the Crimson Creek Formation. Several lines of

evidence suggest a granitoid ridge extends E-W beneath the area, toward the postulated Queen Hill cupola. The Sylvester, Balstrup and Tenth Legion faults could reasonably be expected to communicate at depth with such a ridge and provide fluid access to sedimentary carbonates.

Two M.L.'s in the area, held by Oceania (Tas.) P/L., were considered to cover a portion of the prospective geology and as a result RGC signed an Option to Purchase agreement with the holders of the M.L.'s to secure tenure of the area.

During 1990 former E.L. 95/87, which adjoined E.L. 42/87 to the west of the Sylvester area, became available as ETA 219. RGCE tendered for the area because it covered the westward extension of the major regional faults mentioned above. The area was granted to RGCE and ultimately amalgamated into E.L. 42/87.

The expanded E.L. covers 40 square kilometres of countryside that varies from buttongrass and tea-tree swamp to partially forested hilly terrain. It covers Zeehan townsite and many of the old silver-lead mines of the now abandoned Zeehan field. Access is provided by a number of all-weather roads, as well as numerous 4WD tracks and old, partially overgrown tramways.

Work on the E.L. was initially targeted at locating economic concentrations of tin of the style typified by the Montana deposit (carbonate replacement), the Severn deposit (Fault stockwork) and Queen Hill (fault and carbonate replacement). The Upper Oonah Formation and

the so-called Poverty Point Beds (also called Montana Beds) were considered the most prospective units because of they contain significant carbonate beds capable of hosting replacement-style deposits.

However as a result of the location of a significant base metal skarn on the Sylvester grid, the emphasis shifted toward testing the base metal potential of the prospect. This trend was reinforced during 1990/91 when RGCE decided to drastically reduce its tin exploration program as a result of continued low tin prices and the consequent poor performance of the Renison Bell tin mine.

After the completion of 15 diamond drillholes, exploration of the Sylvester Grid was suspended in 1992 when it became unlikely that either the grade or tonnage of the resource could be improved to economic levels with further drilling. Exploration then focussed on the Parting Lake Grid, culminating in the drilling of a single diamond drillhole to test for the possibility of base metal and/or stanniferous replacement deposits above a gravity interpreted granitic cupola.

2. TENURE

E.L. 42/87 was held solely by Renison Ltd and explored by RGC Exploration Ltd (RGCE). It covers 21 square kilometres, most of which is vacant Crown land. The following mining leases are excluded from the E.L.

- 35M/72; C.R.A. Exploration P/L (Oonah Hill)
- 36M/81; Aberfoyle Exp. P/L & Gippsland Oil & Min.'s N.L. (Queen Hill)
- 43M/85; Oceania (Tas.) P/L (Sylvester Mine)
- 123M/47; Oceania (Tas.) P/L (Comstock Mine)
- 64M/74; Kynance P/L (Kynance Mine).

In May, 1990 an Option Agreement to purchase M.L.'s 43M/85 and 123M/47 was signed with Oceania (Tas.) P/L. Under the terms of the agreement Renison may explore the area for up to five years.

In December, 1990, RGCE successfully tendered for ETA 219 which adjoined E.L. 42/87 to the west. The ETA was given E.L. No.39/90, and in April 1991 was amalgamated into E.L. 42/87.

In September 1992, the licence was reduced from 40 square kilometres to 21 square kilometres. E.L. 42/87 will be fully relinquished in May 1995.

3. WORK COMPLETED 1994/95

No field work was undertaken during this period. The project was offered as a joint venture to CRA, Pasminco, Plutonic, and North Ltd. Pasminco in particular expressed interest in the project but were deterred by the Option Agreement arrangements.

4. SUMMARY OF EXPLORATION BY RGCE

1987/88/89

Work on the E.L. was deferred while negotiations were undertaken with the intention of Renison securing control over the M.Ls. This was to be followed with a combined exploration program over both MLs and the surrounding exploration lease. Negotiations fell through, and in 1989 RGC Exploration began an exploration program on behalf of Renison Ltd, without control of Queen Hill having been obtained.

1989/90

Work began in 1989 and included c-horizon soil sampling, aeromagnetics, detailed geological mapping and rock chip sampling. These culminated in the drilling of SY002 and SY003. SY003 tested a 1.2km long Zn-Pb-(Sn-Au) anomaly associated with ironstones and decomposed carbonates of the Upper Oonah Formation, in the footwall of the Balstrup fault. It intersected a 9.5m lense of pyrite in the immediate footwall of the fault which included 7.0m at 4.4% Pb, 8.8% Zn and 52ppm Ag. The Upper Oonah carbonates were recrystallised over a large area with patchy pyrite-pyrrhotite-magnetite mineralization suggestive of proximity to a major skarn.

1990/91

During 1990/91 these carbonates were extensively costeained south of SY003, where they were decomposed to clays and ironstone. Highly anomalous Pb-Zn-Ag (Au, Sn) values were encountered over an area measuring 200m by 200m, with grades up to 5% Pb, 2% Zn and 200ppm Ag.

Two additional holes (SY004, SY005) were drilled west of SY003 to test the source of two intense magnetic anomalies associated with the Balstrup Fault. SY005 intersected a major magnetite-serpentinite skarn with a 28.4m thick core of pyrrhotite averaging 1.9% Pb, 3% Zn and 18ppm Ag. Further drilling resulted in one additional skarn intersection, and the intersection of base metal veins that formed a stockwork in the fault zone. Magnetic data suggests that the magnetite-serpentinite skarn has a probable strike length of 1.5km, and the base metal zone extends another 1.5km east.

1991/92

A further 10 drill holes were carried out at Sylvester, combining the total metres drilled on the grid to 5,165. Exploration ceased during 1992 because of the failure of wide spaced holes drilled east and west of the deposit to increase the resource. A single deep stratigraphic hole (PL001) was drilled into Parting lake to test for potential base metal/stanniferous replacement deposits within Upper Oonah Formation carbonates above a gravity defined granite cupola. The hole failed to intersect significant carbonates.

1992/93

A downhole SIROTEM survey of drill-hole SY016 detected two off-hole conductors that remain untested. Assays of PL001

indicated anomalous levels of Pb and Ag in an interval of Gordon Limestone replaced by siderite.

A feasibility study of the Sylvester Prospect was begun in order to determine the tonnage and grade required to constitute an economic deposit.

1993/94

The feasibility study of Sylvester was completed and a joint venture partner was sought.

1994/95

No work was completed and the project was unsuccessfully offered to other companies as a joint venture proposal. E.L 42/87 was recommended for relinquishment.

5. REFERENCES

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