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NEUNHAM EXPLORATION & MINING SERVICES

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EL 7/88

BEACONSFIELD AREA

1994-95

ANNUAL REPORT

(October 1994 - September 1995)

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Prepared for:

Beaconsfield Mine Joint Venture
West Street
Beaconsfield TAS 7270

By:

L A Newnham
PO Box 132
Riverside TAS 7250
Ph: (003) 27 1990
Fax: (003) 27 1886

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EL 7/88 BEACONSFIELD AREA
ANNUAL REPORT 1994-95 NEUNHAM, L A
BEACONSFIELD OPERATIONS

AMG REFERENCE POINTS ADDED

TABLE OF CONTENTS

	Page No
1. SUMMARY	2
2. LAND TENURE	3
3. WORK COMPLETED 1994-95	4
3.1 Tasmania Reef	4
3.2 Drilling Program North of Beaconsfield	4
4. WORK PROPOSED 1995-96	5
5. EXPENDITURE	6

FIGURES

Fig. 1 Locality Plan

APPENDICES

Expenditure Statement

ACCOMPANYING REPORTS

"EL 7/88 Drilling Program July 1995" prepared for Beaconsfield Mine Joint Venture by M V McKeown, July 1995

"Beaconsfield Mine Proposed Drilling Program to Test Depth Extensions of Tasmania Reef" by L A Newnham, April 1995

"Tasmania Reef, Resource Estimate, August 1995" by L A Newnham for Beaconsfield Mine Joint Venture, August 1995

1. SUMMARY

Exploration Licence (EL) 7/88 covers a structurally disrupted sequence of Ordovician sediments extending north of Beaconsfield township.

The geological setting is analogous to that which hosts the Tasmania Reef in the Beaconsfield Mine. The reef structure represents the repository for a 2 million ounce gold resource from surface to a depth of 1000 metres. The licence area is therefore regarded as highly prospective for gold deposits in similar geological settings.

To the north of Beaconsfield township the favourable host lithology plunges beneath a relatively thin cover of younger Permian and Tertiary sediments.

During 1994-95, work was concentrated on:

- ◆ Drilling programs designed to test the Tasmania Reef down plunge of previous drilling;
- ◆ Scout drilling of the sedimentary sequences beneath younger cover rocks to the north of Beaconsfield.

The Tasmania Reef drilling, in combination with previous drilling, identified a mineral resource of 930,000 tonnes 23 g/t Au (inferred - indicated category), together with a lower grade resource of 230,000 tonnes 6.4 g/t Au (inferred resource).

The northern scout drilling located the Ordovician rocks beneath the younger cover rocks, and identified one weakly anomalous Au-As zone.

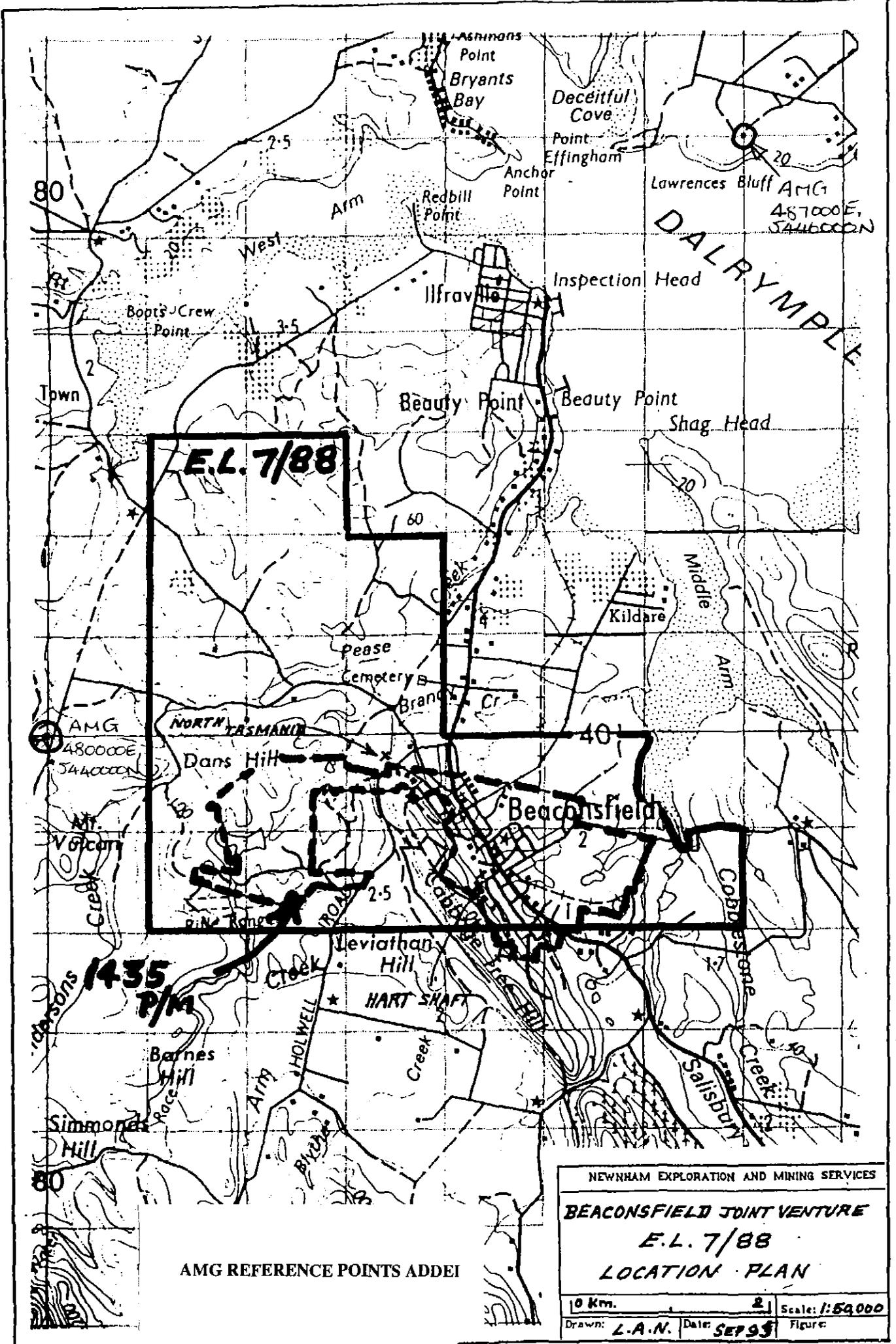
During 1995-96, it is proposed to continue drilling the Tasmania reef down plunge of previous drilling and to follow up other exploration opportunities north of Beaconsfield.

2. LAND TENURE

EL 7/88 covers a 14 square kilometre area over the township of Beaconsfield and to the north of Beaconsfield. It is held under the name of Beaconsfield Operations Pty Ltd and subject to the Beaconsfield Mine Joint Venture Agreement.

The licence covers Consolidated Lease 1435 P/M which also is subject to the above joint venture agreement. CL 1435 P/M cover the Beaconsfield Mine and in part extends to either 100 metres or 350 metres of the surface. The intervening gap to surface is included in EL 7/88. Other exclusions include a small crown reserve and the Dan Hill Recommended Area for Protection.

The licence area was reduced by 50% in 1991 and will expire in October 1998.



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3. WORK COMPLETED 1994-95

3.1 TASMANIA REEF

Six drill holes to test the Tasmania Reef between 1150-1350 RL were completed.

These holes, together with previously drilled holes above 1350 RL and former mine records, have identified a mineral resource beneath the former mine estimated as 930,000 tonnes 23 g/t Au (inferred - indicated resource category).

The resource lies within a single reef structure over a vertical distance of 480 metres beneath the former mine. The high grade resource is flanked along strike by a lower grade resource estimated to be 230,000 tonnes 6.4 g/t Au (inferred resource category).

The Tasmania Reef is currently the subject of a major development program whose aim is to access the resource for the purposes of detailed evaluation and subsequent production.

The drill holes completed in 1994-95 suggest the reef may be weakening to the east but continuing below 1150 RL.

Results of the drilling program are presented in "*Beaconsfield Mine Joint Venture, Tasmania Reef Resource Estimate, August 1995*", by L A Newnham.

3.2 DRILLING PROGRAM NORTH OF BEACONSFIELD

Geological conditions similar to those which host the Tasmania Reef are thought to continue northwest of Beaconsfield.

This suggestion is supported by the presence of the North Tasmania Mine, which lies one kilometre north of the Tasmania Reef and is a geological analogue of the latter.

North of the North Tasmania Mine, the favourable geology is concealed by Tertiary and Permian sediments.

A fence of reverse circulation (RC) - core holes, totalling 1400 metres in 25 holes, was completed to firstly determine the thickness of younger cover rocks, secondly establish the presence of favourable Ordovician stratigraphy, and thirdly test for Au-As geochemical anomalies in the Ordovician sequences.

The drilling confirmed the presence of favourable stratigraphy beneath Tertiary gravels and defined a significant Au-As anomaly in one hole. Results of this program are reported in "*EL 7/88 Drilling Program July 1995*" by M McKeown for the Beaconsfield Mine Joint Venture.

4. WORK PROPOSED 1995-96

The following work programs for 1995-96 have been proposed for consideration by the joint venture partners:

- (a) Core drilling to further test the Au-As anomaly defined by the recent RC program;
- (b) Core drilling of the North Tasmania Mine below the lowest level of the former mine;
- (c) Deep core drilling of the Tasmania Reef 900-1100 metres below surface (900-1150 RL).

At the time of writing this report, program (c) above had already commenced. A three hole program totalling 2500 metres and costing \$420,000 should be completed by December 1995.

5. EXPENDITURE

Exploration expenditure on EL 7/88 is complicated by the fact that drill holes into the Tasmania Reef collar on EL 7/88 pass into CL 1435 P/M at 300 metre in depth. The following expenditures are estimated:

◆ 1994-95 Expenditure	\$
Northern Drilling	74,904
Tasmania Reef Drilling (EL 7/88)	15,000
EL 7/88 Total	<u>\$ 89,904</u>
Tasmania Reef Drilling Total	<u>\$ 685,525</u>
◆ 1995-96 Expenditure	\$
Northern follow up Drilling	30,000
North Tasmania drilling	90,000
Tasmania Reef Drilling (EL 7/88)	40,000
EL 7/88 Total	<u>\$160,000</u>
Tasmania Reef Drilling Total	<u>\$ 420,000</u>

APPENDICES

BEACONSFIELD PROJECT JOINT VENTURE
EXPENDITURE REPORT
JULY 1995

313010 APPENDIX

ACTUAL Jul-95	BUDGET Jul-95	VARIANCE Jul-95	ACCOUNT	ACTUAL Project to date	BUDGET Project to date	VARIANCE Project to date	TOTAL BUDGET
First Drilling Programme - Total Budget \$ 400,000							
0	0	0		434,890	400,000	(34,890)	400,000
Dewater & Refurbish Hart Shaft to 208 metre Level - Total Budget \$ 1,300,000							
0	0	0		1,300,000	1,300,000	0	1,300,000
Diamond Drilling (6 holes) - Total Budget \$ 700,000							
(12,472)	0	12,472	Drilling	586,417	525,000	(61,417)	525,000
6,792	0	(6,792)	Site Works	22,685	10,000	(12,685)	10,000
0	0	0	Water and Power	2,120	3,000	880	3,000
0	0	0	Sound Reduction	8,045	8,000	(45)	8,000
85	0	(85)	Core handling	8,543	17,000	8,457	17,000
2,006	0	(2,006)	Assaying	15,468	5,000	(10,468)	5,000
570	0	(570)	Petrology	570	3,000	2,430	3,000
0	0	0	Core Shed	4,000	22,000	18,000	22,000
0	0	0	Drafting	0	5,000	5,000	5,000
3,920	0	(3,920)	On-Site Management	37,677	78,000	40,323	78,000
0	0	0	General Contingency including JV Management	0	24,000	24,000	24,000
901	0	(901)		685,525	700,000	14,475	700,000
EL 7/88 First Pass Northern Lease Exploration - Total Budget \$ 70,000							
0	0	0	Drilling	61,635	50,000	(11,635)	50,000
0	0	0	Assaying	0	7,000	7,000	7,000
0	0	0	Management	10,290	3,000	(7,290)	3,000
0	0	0	Sampling Crew	0	6,000	6,000	6,000
0	0	0	Field Supplies etc	2,979	4,000	1,021	4,000
0	0	0		74,904	70,000	(4,904)	70,000
Third Drilling Program 1000 - 1200 R. L.							
0	20,000	20,000	Drilling Contractor	0	20,000	20,000	338,000
5,631	6,000	369	Site Works	5,631	6,000	369	12,000
0	0	0	Sound Reduction	0	0	0	2,000
0	6,000	6,000	Core Handling	0	6,000	6,000	10,000
0	0	0	Assaying	0	0	0	2,000
0	0	0	Petrology	0	0	0	3,000
0	0	0	Drafting	0	0	0	5,000
0	6,000	6,000	Program Management	0	6,000	6,000	40,000
5,631	38,000	32,369		5,631	38,000	32,369	412,000
Construction 180L Pump Station							
820	0	(820)	Excavate & secure pump station	584,375	300,000	(284,375)	300,000
0	0	0	Civil works (floor, barricade, dam)	95,620	60,000	(35,620)	60,000
927	0	(927)	Fans, ducting, refuge	34,742	40,000	5,258	40,000
0	0	0	Supply Pumps (supply, freight, spares)	299,660	310,000	10,340	310,000
9,744	0	(9,744)	Pump install & commission	106,648	52,000	(54,648)	52,000
6,660	5,000	(1,660)	Pump maintain(warranty & non-warranty)	6,660	20,000	13,340	60,000
5,932	0	(5,932)	Electrical equip(transformers etc)	255,366	270,000	14,634	270,000
51,078	0	(51,078)	Electrical instal & equip room	146,651	70,000	(76,651)	70,000
0	0	0	Purchase and install rising main	66,909	105,000	38,091	105,000
3,056	0	(3,056)	Pipes, valves, etc	104,219	80,000	(24,219)	80,000
0	0	0	Supply and install 11kV ring main	77,180	65,000	(12,180)	65,000
0	0	0	11kV duplicate feed drill holes	42,000	40,000	(2,000)	40,000
1,657	0	(1,657)	Commun. system, design, install, purchase	42,194	55,000	12,806	55,000
79,874	5,000	(74,874)		1,862,224	1,467,000	(395,224)	1,507,000
Shaft Dewater & Refurbish to 400 M							
0	0	0	Surface and 180 pump chairs	65,326	100,000	34,674	100,000
1,766	0	(1,766)	3.3kV cable extensions	28,648	20,000	(8,648)	20,000
0	0	0	Pump maintenance(large pumps)	0	35,000	35,000	55,000
0	0	0	Pump maintenance(small pumps)	0	0	0	15,000
0	5,000	5,000	Crane hire	0	25,000	25,000	50,000
2,887	0	(2,887)	Rising main consumables	4,987	7,000	2,013	10,000
105,397	90,000	(15,397)	Mining contractors	112,897	360,000	247,103	900,000
24,175	20,000	(4,175)	Vent ducting, ladders, guides etc	27,448	60,000	32,552	140,000
0	10,000	10,000	415kV cables and accessories	0	10,000	10,000	10,000
0	20,000	20,000	150mm rising main	0	20,000	20,000	20,000
0	5,000	5,000	Small pump attachments & consumables	0	5,000	5,000	10,000
134,225	150,000	15,775		239,306	642,000	402,694	1,330,000

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