



fully relied upon in locations of such rugged topography and high vegetative canopy.

Inclement weather also led to a postponing of attempts to carry out a precise ground survey until after the bulk sampling had been conducted. The outcome of the two events was that some expenditure had been incurred on the site which turned out to be on the northern side of the boundary of EL 1/92, and the bulk sampling of the reef material confirmed what had earlier been reported of this reef; that the grades are indeed highly variable. There seems to have been some form of remobilisation of auriferous matter at depth and some means for this to flow in conjunction with the larger quantities of non-auriferous siliceous intrusions. Minor elements such as copper are also visible in the material from the drive, although no precise analysis of either the nature of these minerals or their values has been undertaken. Gold grades in the reef known as Hinemoa no. 1 are known to vary from >500 g/t over short distances to < 1.0 g/t over fairly extensive portions of the reef. Our samples with visible gold were removed from the bulk materials before assay, and assays of reef material from the middle portion of the reef then averaged around 31 g/t. These grades were sufficiently encouraging to indicate that a bulk testing of the reef should be undertaken, and appropriate geological advice was sought to this effect.

A portion of the existing reef from above the drive was opened up to a depth of some 3.0 m, and systematic sampling of the material undertaken. Apart from revealing that this reef appears to become vertical in dip above the drive, the Au grades were highly disappointing. Typical analyses were > 1 g/t.

The samples of ore containing visible gold were returned to Mancala, although several pieces were also removed without permission by the independent prospectors who are no longer associated with this company. Mancala has been fully apprised of the details of this removal of samples.

Following the discovery of the samples of visible gold at Hinemoa, a renewed interest from Goldstream in WA was forthcoming, subject only to final confirmation of the site lying within the boundaries of EL 1/92 which we pointed out to them we had not been finally able to confirm to that point in time. The improved weather in early February allowed access to the area and a comprehensive ground survey, assisted by GPS instrumentation was undertaken, only to establish that the Hinemoa drive lay beyond the northern boundary of EL 1/92 by some 50 metres.

In the event, the Hinemoa Ridge appears to warrant further exploration attention: notwithstanding the variable grades attained in the samples, a proposal is currently before Mancala to combine the adjacent portions of the two exploration leases whereby the entire Hinemoa Ridge might be properly investigated by a single farm-in partner. Evidence from the workings on the hill

above the Hinemoa No. 1 reef suggests that the reef system at least continues to the south and lies at least partly within the area of EL 1/92.

Outcomes of these discussions will be advised to the Department.

Exploration on other prospective portions of EL1/92 have been on-going to the extent that older workings are being carefully examined to try to assess the local structures as indicative of the origins and behaviour of the auriferous intrusions in the area. It is intended to proceed to a further drilling program on O'Briens No. 1 reef in 1996-97 as indicated in the proposal attached to this report. The Company is undertaking an expansion program to allow it to purchase its own small drilling rig and associated equipment for on-going exploration. The main target will be further assessment of the no. 1 reef on the old O'Briens workings, where drilling to date has basically served to define where there is no reef. A hypothesis relating to the reef lying more shallowly in the ground than previously thought, and dipping to the east rather than the west, coincident with the DDH no. 3 intersection in 1954 is to be tested in the next series of drill holes. Details will be provided as the exploration program is defined, with exploratory drilling to commence later this year.