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RGC EXPLORATION

ACN 001 426 946

ANNUAL REPORT

96-3865

TASMANIAN BASE METALS PROJECT

EL 2/94

LYNCHFORD

HELD BY: RGC EXPLORATION

MANAGER & OPERATOR: RGC EXPLORATION

AUTHOR: **KIM DENWER**
13/5/96

PROSPECTS: SPECIMEN CREEK, KING RIVER GOLD MINE

MAP SHEETS:	**1:25,000: OWEN, STRAHAN**	**1:100,000: FRANKLIN**
GEOGRAPHIC COORDS	**Min East: 375000 mE** **Min North: 5328000 mN**	**Max East: 383000 mE** **Max North: 5338000 mN**

COMMODITY(s): Cu, Au, Zn, Pb, Ag

KEY WORDS: Queen River, Miners Ridge, Yolande River Sequence,

Distribution:

- o **RGC *Exploration Information Centre* Reference:**
- o **RGC Exploration - Zeehan**
- ✓ **Department of Industry, Safety and Mines**

96-3865

ANNUAL REPORT 1996 TASMANIAN
BASE METALS PROJECT EL 2/94
LYNCHFORD - RGC DENWER K

SUMMARY

EL 2/94 - Queen River is located 5 km south of Queenstown in western Tasmania and was acquired for its potential to host Prince Lyell style Cu - Au and Rosebery style Zn - Pb - Au - Ag mineralisation.

In July 1995 EL 17/95 was granted and amalgamated into EL 2/94. This ground was acquired for it's potential to host the above and also Henty style mineralisation.

The base of the Tyndall group has been mapped in detail during the current term. Jasperoid and hematite breccia occurs at the base of the Tyndall Group. This unit occurs sporadically over a 1km+ strike length from Specimen Creek ane extending to the north. This unit is interpreted to be a distal exhalite associated with a VMS system and warrant follow-up. The majority of the strike length of this unit occur within mining lease 27M/82 held by Paraclete Resources.

Attempts have been made to negotiate a joint venture/option agreement with Paraclete Resources on ML's 27M/82 and 9M/95. Discussions are continuing.

A significant magnetic anomaly centred at approximately 53 35000 mN 3 80 000 mE is being grided in preparation for grid based mapping, soil sampling with anomalies followed up by geophysics and/or drilling.

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1. INTRODUCTION

E.L. 2/94 - Queen River is held by Renison Ltd and explored by RGC Exploration (RGCE), both wholly owned subsidiaries of RGC Limited. The licence was granted on June 24, 1994 as the result of a successful tender application for ETA's 322 and 346. The tenement is situated about 5 km south of Queenstown in western Tasmania, and in 1994 had an area of 22 sq km.

EL 17/95 is also held by Renison Limited and explored by RGC Exploration (RGCE), both wholly owned subsidiaries of RGC Limited. The licence was granted on July 10th,1995 as the result of a successful tender application for ETA 378. The tenement is situated about 5 km south of Queenstown in western Tasmania, and in 1995 had an area of 9 sq km.

On granting of EL 17/95 the licence was amalgamated into EL 2/94 as the area is a a contiguous block. EL 2/94 now has an area of 31 sq km (Figure 1).

E.L. 2/94 was acquired for its potential to contain Prince Lyell - style Cu - Au mineralisation, Henty style Au mineralisation and to a lesser extent for Rosebery - style Zn - Pb - Au -Ag mineralisation.

2. LAND TENURE

The area comprises: Crown Land, State Forest (Multiple Use Forest Land and Deferred Forest Land), Private Property and Land Vested in the HEC. The area contains parts of the South West Tasmania; Australian Heritage Commission Act; Registered Entry.

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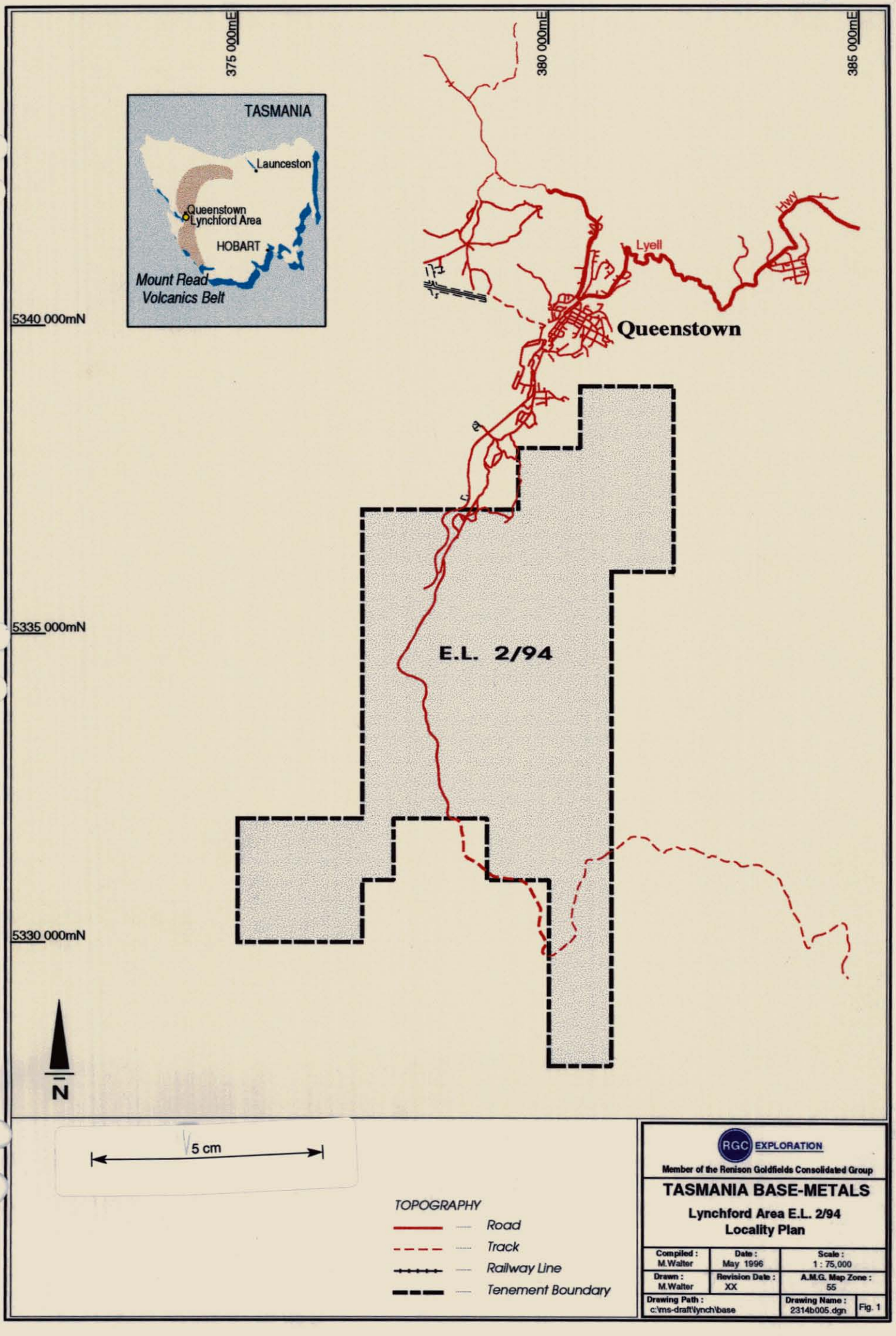

RGC EXPLORATION

Member of the Renison Goldfields Consolidated Group

TASMANIA BASE-METALS

Lynchford Area E.L. 2/94
Locality Plan

Compiled : M.Walter	Date : May 1996	Scale : 1 : 75,000
Drawn : M.Walter	Revision Date : XX	A.M.G. Map Zone : 55
Drawing Path : c:\ms-draft\lynch\base	Drawing Name : 2314b005.dgn	Fig. 1

3. PREVIOUS EXPLORATION

Initial exploration in this area was carried out by Pickands Mather International in 1966-1967. Griding of the Lynch Creek area followed the detection of a drainage anomaly in Lynch Creek. Subsequent soil geochemistry isolated Pb and Cu anomalies that failed to respond to both ground magnetics and an electromagnetic survey.

Cyprus Mining Corporation (EL 47/70:1971-72) cut a new grid in the Lynch Creek - King River Mine area. Detailed geological mapping, soil geochemistry, ground magnetics and IP were carried out. No targets were isolated.

Renison Goldfields Consolidated Ltd. (EL 9/66:1980-82) conducted a stream sediment program to the north of King River that did not yield anomalous results. A DIGHEM survey produced subtle anomalies that were not followed up. Two lines of IP were carried out over the King River Gold Mine.

Follow up of all stream sediment, DIGHEM and EM anomalies were conducted by CRA (EL. 47/83:1986-89) and Aberfoyle-CRA JV (E.L. 47/83:1990-93). Stream sediment samples from Specimen Creek carried 3700 and 3400 ppt Au. A value of 840 ppb Au was obtained from selected dump material. Further griding and soil geochemistry was carried out over the Specimen Creek, Jukes Road and the HEC tunnel. Cu-Zn anomalies were located over andesites.

A bulk-cyanide leach stream sediment survey was conducted over the southern part of the EL (Newell Ck and Thomas Currie Rivulet areas) and no significant anomalies were obtained.

Table 1. Summary of Previous Exploration.

E.L. NUMBER	COMPANY	TENURE
	Pickands Mather International	1966-67
47/70	Cyprus Mining Corporation	1971-72
9/66	Renison Golfields Consolidated	1980-82
47/83	CRA	1986-89
47/83	Aberfoyle Resources-CRA J.V.	1990-93

Exploration by RGC Exploration during 1994/95. (Vicary and Corlett, 1995).

At the Garfield Prospect in EL 102/87 a zone of disseminated and veinlet style chalcopyrite mineralisation has been discovered and occurs within hornblende phyric

andesites. The mineralisation has a distinct magnetic signature and is readily discernible on the 1981 Mines Department aeromagnetic survey of western Tasmania (Leaman, 1986). By applying knowledge gained from the Garfield Prospect on a regional basis it became apparent that a similar magnetic signature existed in the Queen River area within a similar geological environment. Mines Department mapping in the area (Calver et al, 1987 and Corbett et al, 1993) indicates that the magnetic anomaly is to the west of a line of andesites that trend south from the Lynchford area. The source of the anomaly is not readily apparent as the anomaly is situated over generally non-magnetic Yolande River Sequence. This anomaly requires further work.

In the first year of tenure exploration in EL 2/94 consisted in the evaluation of the magnetic anomaly. A grid was established in the Queen River area and a soil and rock chip sampling program completed. The grid was mapped at 1:5000 scale. No significant anomalies were detected by this programme.

In early 1995 a regional helimag program across all RGC leases in western Tasmania included EL 2/94 (the pre-1995 part).

4. WORK COMPLETED 1995/96.

4.1 Mapping.

The basal Tyndall Group was mapped at a scale of 1:5000. The base map was produced from digital data obtained from the Lands Department for the 1:25,000 Strahan (3633) and Owen (3833) maps.

Drillhole LF001 drilled by Aberfoyle has been relogged.

4.2 Geochemistry.

The geochemical database of Aberfoyle has been collated. Two samples anomalous in copper and gold from the Miners Ridge grid were re-submitted for assay.

4.3 Geophysics.

The airborne magnetics survey from Aberfoyle is in the process of being stitched into the 1995 UTS helimag survey. This will result in a full magnetics coverage of the EL.

4.4 Griding.

Their is a prominent airmag anomaly centred at 5 335 000 mN 380000 mE. This anomaly has a similar signature to the Garfield anomaly and the area has been put out to tender for grid cutting.

5. RESULTS

Only minor results are reported herein as they are still in the process of being collated.

5.1 Mapping.

Only a small slice of the Lower Tyndall Group has been mapped and will not be reported on herein. The drill log for LF 001 is included in appendix 1.

Significant jasperoid and hematite breccia occurs at the base of the Tyndall Group. This unit occurs sporadically over a 1km+ strike length from Specimen Creek ane extending to the north. This unit is interpreted to be a distal exhalite associated with a VMS system and warrant follow-up. Unfortunately the majority of the strike length of this unit occur within mining lease 27M/82 held by Paraclete Resources. Negotiations for a joint venture on this mining lease are continuing and this horizon will be rapidly advanced to a drilling stage once agreement is reached.

5.2 Geochemistry

The Two samples anomalous in copper and gold from the Miners Ridge grid were re-submitted for analysis. The 5.23 g/t Au anomaly did not repeat and the error here is unexplained. The 0.36% Cu and 0.68 g/t Au anomaly did repeat however the geochemistry of this sample is identical to geochemical standard T1 and there has been a mix up with samples.

6. RECOMMENDATIONS

The hematite-jasper breccias at the base of the Tyndall Group need to be investigated by 1:1000 scale mapping and drilling. A significant proportion of this contact occurs within the ground held by Paraclete Resources.

The ground held by Paraclete Resources should be actively pursued for either an option or joint venture opportunity.

The prominent magnetic feature at approximately 53 35000mN 380 000mE has a similar signature to the Garfield anomaly. This anomaly should be grided in preparation for grid based mapping, soil sampling with anomalies followed up by geophysics and/or drilling. The Miners Ridge Grid will be extended northwards to test this feature.

1

[1] 2/94 Annual Report

7. REFERENCES

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APPENDIX 1

DRILL LOG LF 001.

RGC EXPLORATION PTY LTD

DRILL HOLE No LF 001 (SUMMARY)

SHEET 1 OF 4

PROJECT	: LYNCHFORD
PROSPECT	: LYNCHFORD
DATE	: SEPTEMBER 1995
LOGGED BY	: SERENA DONOVAN

Bedding
Cleavage
Foliation
Fault, Shear
Breccia
Broken core
Disseminated
Massive
Pervasive
Narrow vein
* Visible gold

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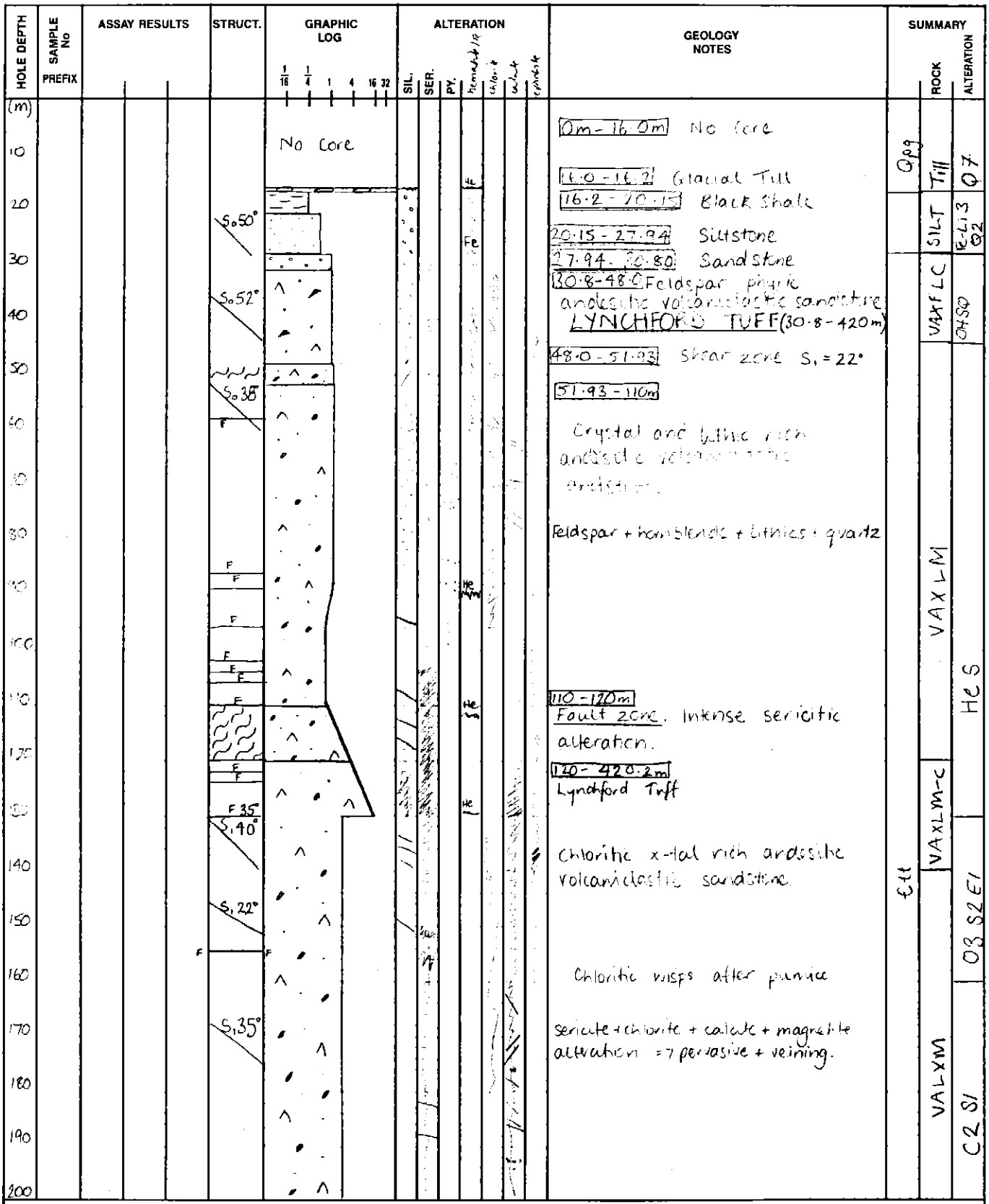

REMARKS All So + S1 readings are taken relative to the core axis. S1 = So

Lynchford tuff is weakly magnetic. All fault orientations are also taken relative to core axis. HQ 0-150m NQ 150-697 EOH All gold assay results from samples were below detection

RGC EXPLORATION PTY LTD

DRILL HOLE No LF001 (SUMMARY)

SHEET 2 OF 4

PROJECT	: LYNCHFORD
PROSPECT	: LYNCHFORD
DATE	: SEPTEMBER 1995
LOGGED BY	: SERENA DONOVAN

Bedding
Cleavage
Foliation
Fault, Shear
Breccia
Broken core
Disseminated
Massive
Pervasive
Narrow vein
* Visible gold

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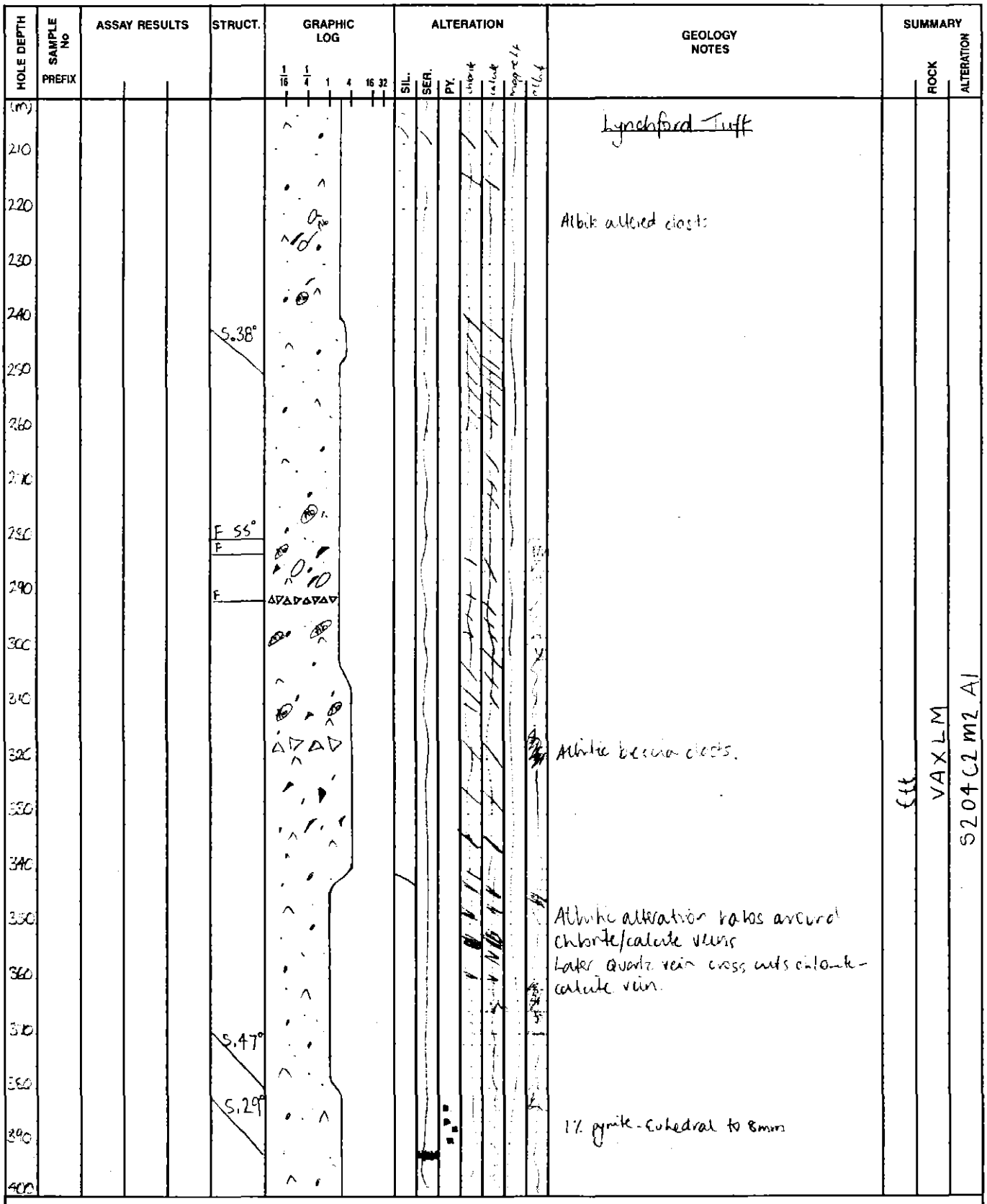


REMARKS

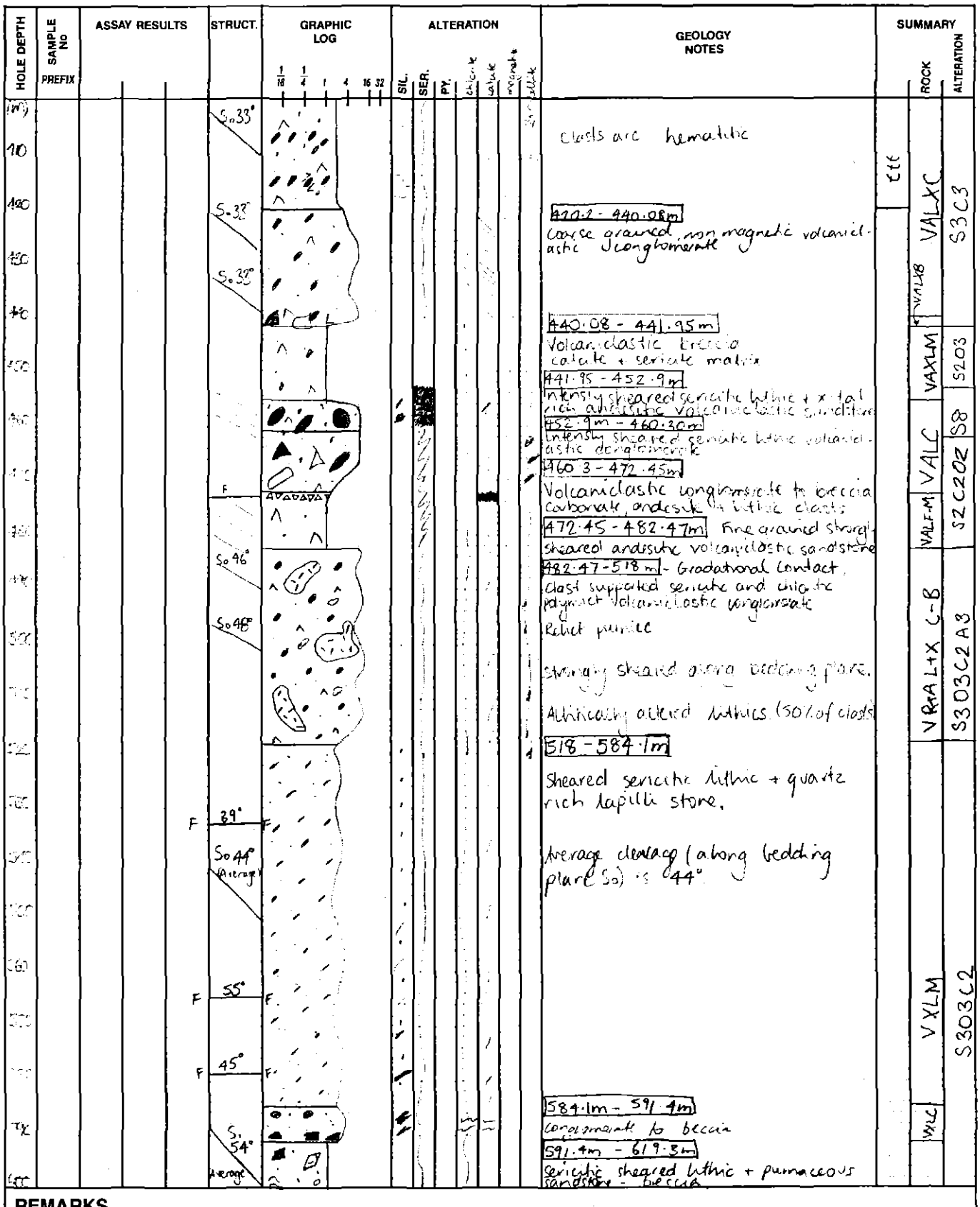
RGC EXPLORATION PTY LTD

DRILL HOLE No LF001 (SUMMARY)

SHEET 3 OF 4

Bedding	Disseminated
Cleavage	Massive
Foliation	Pervasive
Fault, Shear	Narrow vein
Breccia	* Visible gold
Broken core	

PROJECT	: LYNCHFORD
PROSPECT	: LYNCHFORD
DATE	: SEPTEMBER 1995
LOGGED BY	: SERENA DONOVAN



REMARKS

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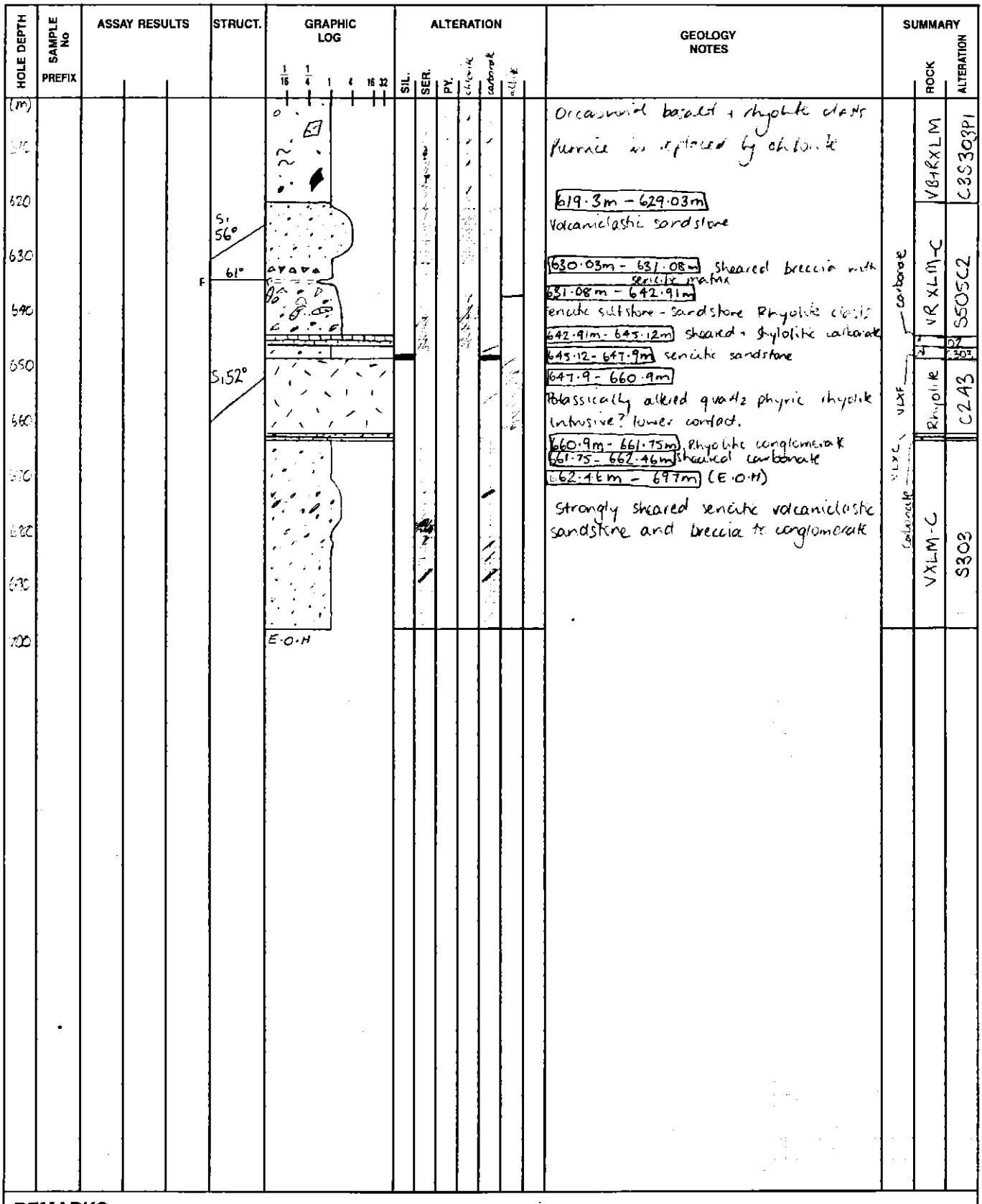
RGC EXPLORATION PTY LTD

DRILL HOLE No LF001 (SUMMARY)

SHEET 4 OF 4

PROJECT	: LYNCHFORD
PROSPECT	: LYNCHFORD
DATE	: SEPTEMBER 1995
LOGGED BY	: SERENA DONOVAN

Bedding
Cleavage
Foliation
Fault, Shear
Breccia
Broken core
Disseminated
Massive
Pervasive
Narrow vein
* Visible gold



REMARKS 697·0m End of hole.

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