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Summary

This report covers a wider range of material than would normally be included in an annual report because it has become necessary to review earlier work as a basis for progress on the O'Briens Mine.

The first part of the year ^{1996?} was taken up with an assessment of the tailings on the Dan's Rivulet valley floor and the later part of the year has involved a considerable reassessment of previous work done by this Company and its affiliates on the O'Briens tenement while it was held by us as either ML 51M/72, or EL 1/92.

This reassessment has led to a decision to commence application for approval to open a decline shaft on the No. 1 reef at O'Briens, and this work is now in the application stage. A Farm-in Agreement is in process of finalisation with G.I. Fisher & Associates, and a letter confirming this stage of joint venture arrangement accompanies this Report.

The present thinking is that the O'Briens reef dips to the north after an initial dip to the south and that most of the drilling conducted by the Mines Department, ourselves and our affiliates has missed the reef as the holes have paralleled the dip of the reef to the north. The evidence for this is the fact that a wide reef zone has been intersected in a surveyed hole some metres north of the old workings and other drilling intersections are unsurveyed and likely to have been deflected north of the workings as well.

The application to open a decline shaft will be made by G.I. Fisher & Associates as a two-stage but concurrent process:

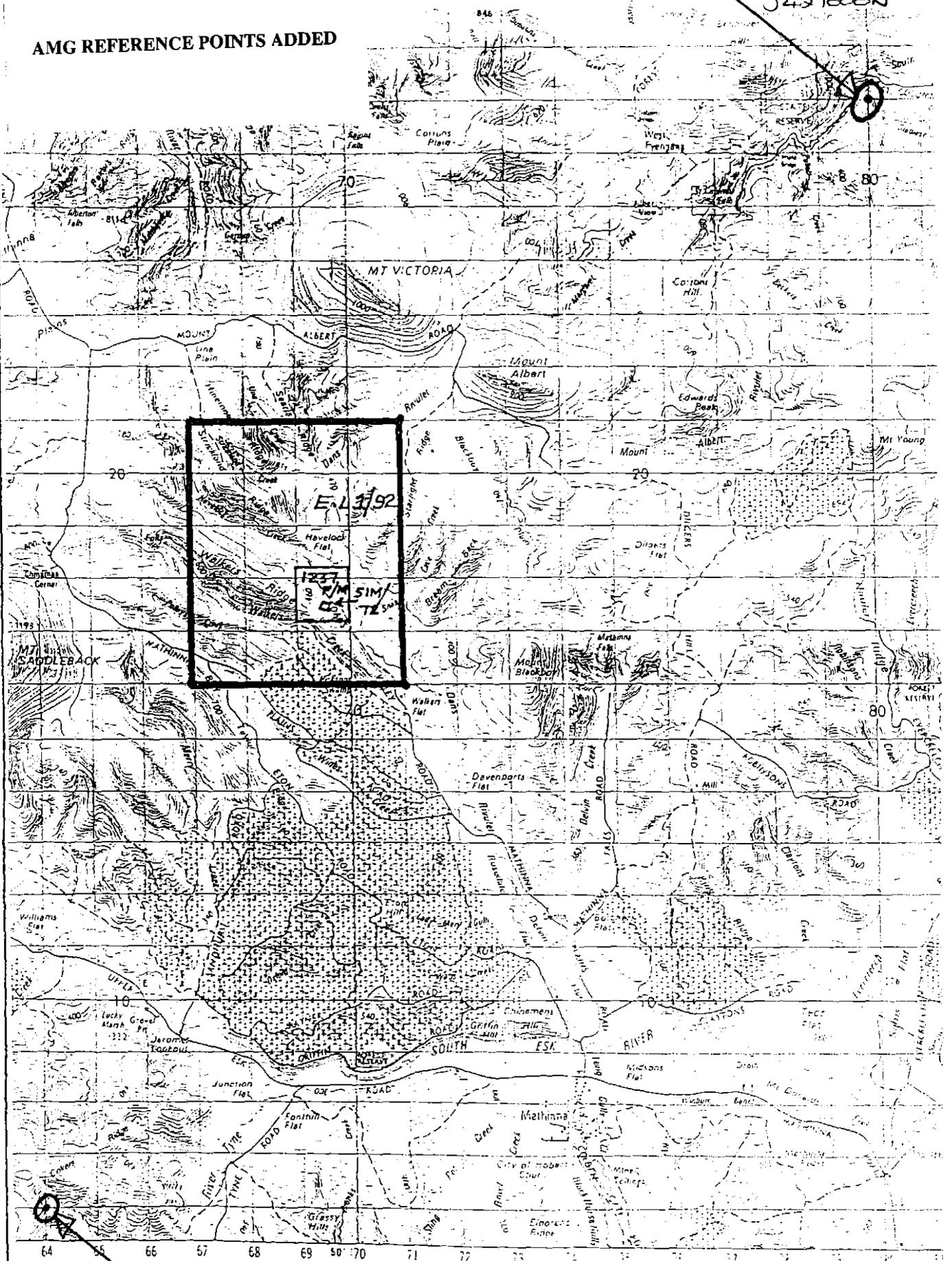
1. An exploration bulk sampling operation which would attribute expenditure to E.L. 1/92, and
2. A Mining Lease which would become operative once the bulk sampling phase was completed.

We propose to drive a 78 m decline shaft commencing near the E.L. boundary to the east of O'Briens No. 1 reef and reaching a depth of some 13.0 below the floor of the old drive at the point of intersection with the reef of the Mines Department drill hole No.3 in 1954.

This proposed mine will take the form of a sub-lease with G.I. Fisher assuming all environmental and other liabilities for the operation. Income generated will assist Cuttack Mining and Exploration Pty Ltd in further exploration of other areas within the boundaries of E.L. 1/92.

AMG 580000E
5427000N

AMG REFERENCE POINTS ADDED



AMG 564000E
5406000N

E.L. 1/92

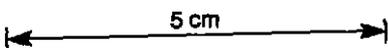
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page 2

NEWNHAM EXPLORATION AND MINING SERVICES

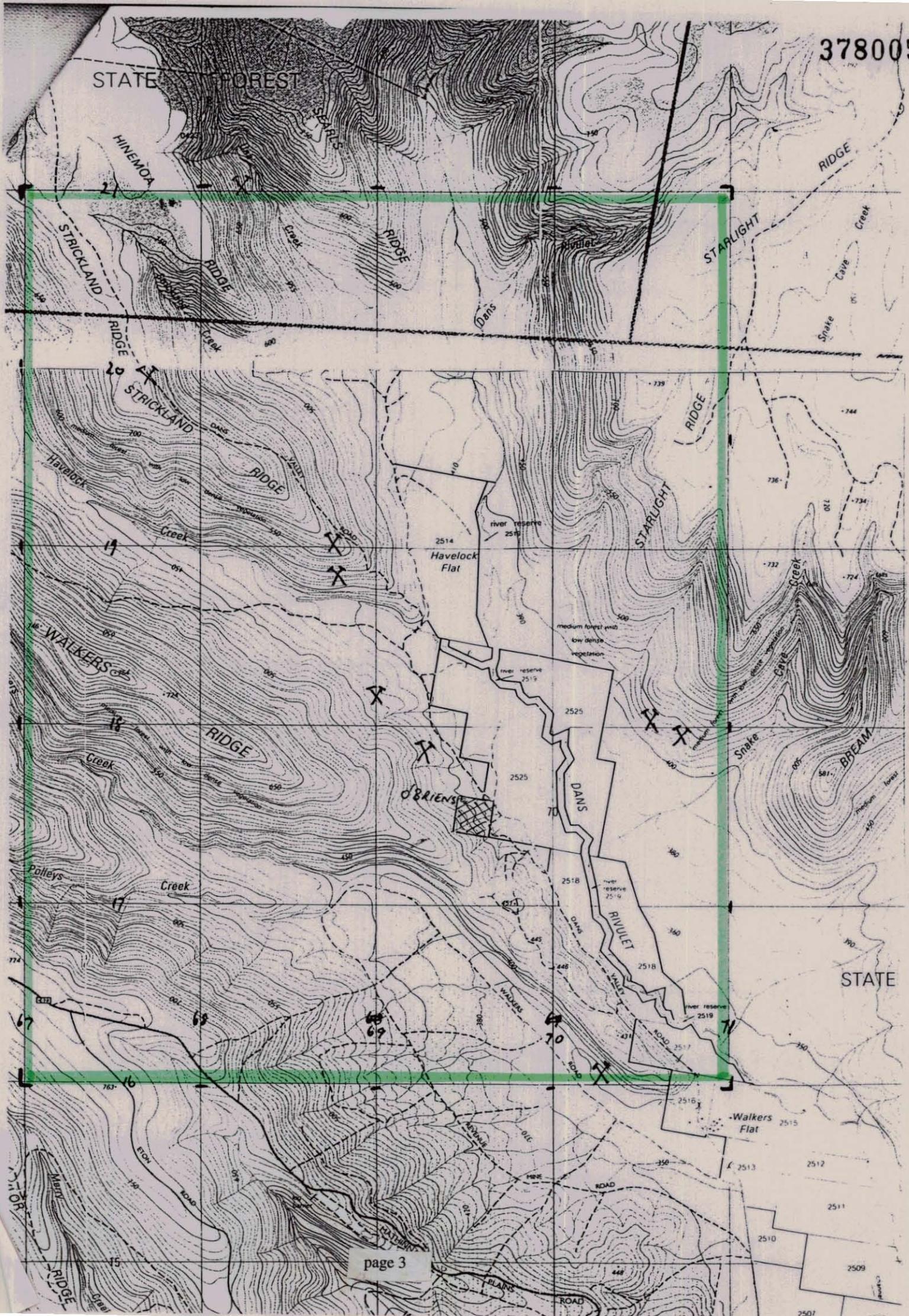
O'BRIENS MINE

LOCATION MAP



100m

STATE FOREST



Background to EL 1/92 1997 Report

This Exploration Tenement covers an area north of Mathinna along the general path of a zone identified in various Mines Department Reports as the Mathinna-Alberton Gold Lineament.

To date, commencing in 1989, three diamond drill programs have been undertaken by this Company or its associates on the area known as O'Briens, and principally on the O'Briens No. 1 reef, and O'Briens No. 2 reef.

Other reefs in the Exploration Licence have also been explored, though not with a drilling program. These include the Hinemoa, Havelock, Loranda, Strickland, Starlight, and Carnegie reefs.

In addition, an extended program of investigation of the Tertiary sediments in the Dan's Valley has been undertaken through an association with Shell Exploration, Mancala Pty Ltd and through our own recent work in relation to tailings from the O'Briens workings.

Together with the various reports of earlier work and the Netgold publications relating to the area, a composite picture of the possible stratigraphic association of auriferous fluids in relation to the north east lineament has been hypothesised. This has meant a return to earlier thinking on the nature of the auriferous reefs at O'Briens and a re-examination of core samples from the no. 1 reef in particular.

The 1996-97 program

At the commencement of the year we were endeavouring to undertake a drill program on the eastern end of the No. 1 reef at O'Briens. The reasoning for this is well covered in the proposal developed by Mancala Pty Ltd when it was likely that our two companies would form a joint-venture to explore this reef system and others in the area covered by EL 1/92. This proposal was detailed in our reports for 1995 and 1994. The proposal outlined the potential connection of O'Briens reefs with the structural lineament which is approximately defined by the course of the Dan's Rivulet. It also follows from numerous earlier studies which have identified the likely occurrence of a series of dextral wrench faults at regular intervals along the main structural lineament of the north-east, one of which may be located in the mid-Dan's Rivulet in the vicinity of O'Briens workings (see Tahiri, 1992/10, p. 8).

The two Companies were unable to reach mutually satisfactory agreement on long term rights to the exploration area as the exploration program progresses. Nevertheless, on an informal basis our two Companies maintain contact and look forward to future opportunities to establish joint processing and milling operations should gold discoveries prove viable.

The effort to acquire a joint interest in purchasing a diamond drill to reduce costs to ourselves was not successful due to lack of finance on the part of ourselves and of our potential joint venture partners. Coincidentally, we also carried out some informal exploration and assays of existing reef structures related directly to the north-east lineament to the south of Mathinna (the Jubilee and Miners Dream tenements) with approval of their current owners, and determined that the potential for direct flow of gold bearing liquids from the lineament itself was relatively limited, but inclined more to the perspective that the larger reefs lay to the east or west of the lineament and more associated with thrust faults or dextral strike-slip faults, especially in association with the Carboniferous Mathinna bed slates. Such beds appear to be present at O'Briens, where four reefs have been worked and more, smaller reefs are known to exist at or near the surface. This confluence of reefs and structure has therefore encouraged a return to the basic geometry of the previous drilling programs and a rigorous re-examination of previous work.

? data

? Carboniferous?

We were further encouraged as to the grades of gold recovered from O'Briens (said to average 30 g/t Au) by our own surveys and assays of gold in the residual material on the valley floor to the east of O'Briens workings. Here, our assays revealed frequent pockets of tailing at > 3 g/t and some as high as 23 g/t. We conducted some tests for depth and consistency with a view to removal and re-treatment of the sands, even sending a 50 kg. sample to Sydney (via Mole Engineering) to test a new concentrating plant. The results of this test were that the sands could be extracted but that with the multiple handling involved in excavation, shipping, concentration, re-treatment and disposal we were not likely to see any profit. Concentration grades at 10 g/t were related to a total tonnage of 800 and approximately 80 tons concentrate, which meant a gross return of 800 grams Au. or insufficient to warrant the expenses of processing. The point remains however, that some tailings carried gold to 23 g/t after extraction of an average of 30 g/t at the crushing and milling stages. These values are considerably above most of the values from adjacent reefs in the Dan's Valley and support the hypothesis of the importance of the local structural 'jog' in the lineament, first identified by Finucane (1935), along with the potential for major reefing systems associated with the later dextral wrench faulting and granitic intrusions to the east.

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The dextral wrench fault and thrust fault theory

This theory is developed in the work of Keele (1994/06), and Tahiri (1992/10) and has been helpful in our latest approach to thinking on the main reef (No. 1 reef) at O'Briens. All the information from early mining of this reef suggested that it dipped to the south and plunged to the west. We now believe that it dips to the north, after an initial southward dip, and plunges to the north west. A similar dip may exist at O'Briens No. 2 which was tested by Goldstream/Cuttack in 1992 (GS 3) for a southwards dip, without success.

The north west plunge is premised on an unsurveyed hole drilled by Cuttack Mining and Exploration in 1989 which intersected a 0.2 m quartz vein at 63 m down hole or approximately 45 m below ground. This section assayed 37 g/t Au. This hole was unsurveyed but was believed to have shallowed considerably as the driller reported difficulty and actually broke the drill stem. Later holes drilled by Goldstream (GS 6 and GS 7) revealed an absence of reef material to the west and south of the existing reef alignment. The northwards dip of the reef is confirmed by an intersection of Goldstream No. 2 (GS 2) drill hole at approximately 77 - 84 m down hole (surveyed) which occurs some 5 metres to the north of the adit. The intersection of the reef by MD 3 in 1954 is alleged to have occurred to the south of the adit, but as the hole was unsurveyed there is some doubt in our minds that this was accurately located. Indeed, a four metre wide structure at the alleged position is unlikely to have simply disappeared at another 10 metres of depth (where our hole no. 7 located no reef intersection); rather, the Mines Department drill hole also probably shallowed and the true position is another 5 metres north (which meant that Cuttack bore hole no. 7 simply paralleled the reef as it plunged).

If there is a jog in the main lineament deep below the sediments adjacent O'Briens in the Dan Valley, this compressive movement may well have induced a dragging of the east dipping anticline leg to the north west together with a widening of strata so that fluids could enter in approximately the bearing of the Nos. 1 and 2 reefs at O'Briens. No. 3 reef would then be seen as a secondary, and much shallower fracture line, as is no. 4 reef which runs into No. 2 but does not appear to go down to depth.

This approach to the redefinition of the No. 1 reef is consistent with the intersection of a wide reef zone by GS No. 2 drill core and not unlike some of the main reefs at the Golden Gate which variously changed in dip from east to west and vice versa. It is also consistent with the control exerted by the slates which appear to be dipping to the north east at O'Briens. These act to direct the flow of liquids and have been intersected by Mines Dept drilling (Nos. 2, 4 and 5, as well as Cuttack no. 9 and 7) in 1989.

While it is quite possible that a fault has separated the reef between the Mines Department no. 3 intersection and Goldstream No. 2 intersection, or that the reef actually changes bearing between these two holes (as they have a horizontal separation of about 10 metres), it is most unlikely that the two intersections do not represent the same reef structure. While the grades reported from GS no. 2 are not sufficient to warrant mining, (average was 3.3 g/t Au over approx. 4.0 m) there is well documented

evidence as to the variable nature of quartz veins in the region and the manner of variation in the incidence of gold within the reef material. Equally, of course, the intersection of MD 3, over 4 metres averaging around 9.9 g/t Au, while promising, may not be representative of the reef as a whole.

It is therefore the conclusion of our Company that a commencement on opening the reef for mining is the only way to assess its true potential, and since quotations for a further drilling program on the No. 1 reef have proved almost as costly as the quotation to open a small decline shaft on this reef, it has been decided to seek approval to proceed with the latter.

We had hoped to be able to excavate a costean as preparation for a decline shaft under the Exploration Licence, prior to seeking a Mining Lease, but recent advice from the Department of Environment and Land Management indicates the impracticality of this approach due to the small tonnage allowed under exploration licence conditions. Therefore, it has been decided to apply simultaneously for a Mining Lease and for approval under the E.L. to open a decline drive for the purpose of extracting a bulk sample. The Mineral Lease will be applied for by the joint venture partner, G.I. Fisher & Associates.

It is proposed to open the ground for a distance of approximately 36 metres until depth for a portal and decline shaft is achieved. While some delay is now inevitable, due to the need to apply for a Mineral Lease, we expect to be in a position to commence this work prior to the conclusion of the current Reporting Year, or prior to May 15, 1997. The problem that this change of plans entails is that we may not fully achieve our exploration expenditure before May 15, despite having reserved funds to carry out the initial part of the drive within the Exploration Lease. However, as the total mining operation will now need to attain appropriate Environmental and Tasmania Development and Resources approval, we may still be in a position to acquire sufficient funds before May 15 as designated "Exploration" funds. In any event, the outcome of several years of work in this area should be viewed favourably by Tasmania Development and Resources, and the Minister for Mines. If our evidence for the northwards dip of the no. 1 reef proves well founded there may be the prospect of a very profitable mine in the area, together with spin-off benefits for other exploration of similar reefing zones in north east Tasmania.

The proposed decline shaft will enter the reef zone at approximately 13.0 m below the floor of the old drive. This decline will enter from south of the adit but cross to the north side towards the known intersection of GS No. 2. As it passes the indicated MD 3 intersection to the north, it will also be close to that area where the lode material could be removed. This decline will also have the added advantage of intersecting any eastwards extension of the reef, should this hypothesis as outlined by Mancala Pty Ltd in 1994 be proved correct.

The cost of this decline shaft is contracted, subject to Mines Department approval including environmental assessment at \$45,000.

A copy of the preliminary drawings indicating the plan for the decline shaft, portal and small open cut proposed for the drive is attached to this report. Detailed discussions with the sub-leasee are envisaged before approval is given to commence this work.

Also enclosed is a copy of the draft Agreement with G.I. Fisher & Associates as an outline of the proposed method of managing the joint-venture.

Mining and Forestry Conflicts

It became apparent during the last year that there was an unresolved RAP which partly affected the area covered by EL 1/92. A submission to the Tasmanian Public Land Use Commission was lodged by this Company in which the compatibility of mining exploration and of any potential underground mining activity in the region in question was stressed. A number of points in favour of resolution of conflict between the need to preserve representative examples of forest types and the economic imperatives of mining were detailed and the submission was summarised in a subsequent report which concluded that this area be open for mineral exploration on the terms indicated in the submission.

References:

- Finucane, K.J., 1935, Mathinna and Tower Hill goldfields, *Bulletin Geological Survey Tasmania*, Vol. 43.
- Keele, R.A. 1994, *Structure and veining in the Devonian-aged Mathinna-Alberton Gold Lineament, northeast Tasmania*, 1994/06, Mines Dept., Hobart.
- Newnham, L. 1993, *E.L. 1/92 Mathinna Area North East Tasmania Annual report, 1992-93*, prepared for Montroyal Mining N.L.
- Newnham, L. 1993, *E.L.1/92 Mathinna Tasmania Results of a Core Drilling Program O'Briens Mine*, October, 1993, prepared for Goldstream Mining N.L.
- Tahiri, J. 1992, *Northeast Goldfields: A summary of the Tower Hill, Mathinna and Dans Rivulet Goldfields*, 1992/10, Mines Dept., Hobart.

0' - 60'	Soft Mathinna slates
60' - 128'	Mathinna slates
128' - 131'	Mineralised quartz
131' - 143'	Slates with numerous quartz stringers
143' - 157'	Mineralised quartz
157' - 162'	Soft Slate

Structure

378012

The regional structure of this area shows that the beds intersected in these bores form part of the eastern leg of a northwest couring anticline. However, due to the difference in competency between the quartzites and slates and the various intermediate forms that make up the Mathinna series, local folding and buckling often shows in the slates. It would be expected that the more defined channel ways for the quartz and mineral solutions would have been developed in the more massive quartzites but this boring has indicated that the dark blue slate seems to be the best host rock.

The country passed through in the first two bores was extremely broken and actual fault zones occurred at 88 ft. in number 1 and 94 ft. in number 2. It was first considered that this fault was the same one responsible for the termination of the reef to the east in the adit workings. But this is apparently not so, otherwise the fault would show in number 3 bore and this went down in quite settled country. Presumably then this fault is a steep-dipping one, couring generally east and west and passing to the south of number 3 bore.

The Quartz Reef.

In number 3 bore a wide quartz reef was passed through between 128'4" and 157'6". This reef was in two portions separated by a horse of country rock comprising siliceous argillites, freely traversed by veins and bunches of quartz. The bore was designed to intersect the reef at an angle of about 30°. This is admittedly a very acute angle but because of the haste and the small footage it was considered warranted. Thus recorded widths in the bore should be divided by two to give true widths. In bores at such acute angles to formations, there is always a danger that they will turn and follow the formation. An examination of the core shows that this does not seem to have happened here and the foreman is confident that the bore has gone straight.

The core was divided into four samples namely the first quartz reef, the siliceous country rock and two samples from the second quartz reef.

Details of these sections of the bore are as follows:-

Sample 1. 128'4" - 131'1".

Width in bore - 2'9"

Actual Width - 1'5"

Description: Mainly hard white, but some bluish quartz with little slate inclusions. Pyrite, fairly coarse and arsenopyrite finer plentiful. Green mineral (sphere?) sparse. Little or no carbonates.

<u>Result.</u>	Gold	1 oz. 10 dwt. 16 grns.
	Silver	11 dwt. 8 grns.
	As.	0.8%
	Sulphur	1.0%

This is equivalent to 1.75% arsenopyrite and 1.25% pyrite but the original sulphides were higher than this as there is much oxidation.

Sample 2. 131'1" - 143'6"

<u>Width in bore</u>	12'5"
<u>Actual width</u>	6'3"
<u>Description:</u>	Some quartz stringers and bunches in greeny grey shale, sometimes bluish slate showing much silicification.

Assay. Gold and Silver Trace

Sample 3. 143'6" - 150'

<u>Width in bore</u>	6'6"
<u>Actual width</u>	3'3"
<u>Description:</u>	Hanging wall quartz rather brownish, some oxidation, little sulphide, poor core. Centre shows good core, hard white and blue quartz; some arsenopyrite then green mineral (sphere? coating quartz crystals) and black mineral (iron oxide) in cracks and vughs. Footwall side again broken, poor core.

<u>Assay</u>	Gold	12 dwt 1 grn.
	Silver	8 dwt 8 grns.
	Arsenopyrite	1.75%
	Pyrite	0.7
	Galena	0.12
	Sphalerite	0.15

but some sulphides oxidised.

Sample 4. 150' - 157'6"

<u>Width in bore</u>	7'6"
<u>Actual width</u>	3'9"
<u>Description:</u>	As in 3 but more oxidised and less sulphides. Very hard quartz giving good core right to footwall.

<u>Assay</u>	Gold	3 dwt 8 grns.
	Silver	2 dwt 7 grns.
	Arsenopyrite	about 1%

Gold Values From this bore indicate that at this point there exists a formation between fourteen and fifteen feet in width carrying gold of the order of 7 dwt. per ton. If the horse of country rock is excluded then a width of over eight feet (in two portions) carries approximately 12 dwt of gold per ton. The silver values are rather less.

Conclusion:

It is a well known saying that one bore does not make a gold mine and with quartz reefs of the nature of those occurring in the Dan Rivulet Goldfield, boring will only give a preliminary idea of the value of them. However, the result of this bore has been sufficiently encouraging to warrant further drilling and it is

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unfortunate that the drill had to be taken away at this stage. It has shown us that at 140 feet below the surface there exists a payable gold reef. The thing to be determined now is the extent and plunge of the reef.

The next bore should be put down to intersect the formation at 200 feet from the surface and about 200 feet farther up the hill. If this is successful then the bracket should be halved and another bore put in between them.

Sgd. Terence D. Hughes

GEOLOGIST

9.12.54.



TASMANIA

DEPARTMENT OF MINES

378015

Launceston Office:
Chemical and Metallurgical
Laboratory,
287 Wellington Street,
LAUNCESTON 7249

Enquiries: Cuttack Mining
Phone: 211 Brisbane Street
Your ref.: Launceston 7250
Our file:

28.11.89

Reg. No 896854

CUTTACK HOLE 9/89

Dear Sir,

Please find below results of sample submitted to this laboratory, stated to be from 29cm Drill core, at Mathinna.

<u>Reg. No</u>	<u>Description</u>	<u>Au g/t</u>	<u>50 gms</u>
896854	29cm Drill Core	37	

Analyses by *L.M. Gray*

*39 } AU. 2 TESTS.
34 }*

SLIGHTLY BETTER 102 TO TON.

Yours faithfully,

(D. Zani)

Chief Chemist & Metallurgist

Fee \$15.00

COMPANY: Goldstream Mining N.L.

PROJECT: O'Briens Mine

HOLE NUMBER: GS 2

GOLDSTREAM BORE 2/92

Core Recovery				Description				Assays					
From	To	m.	%	From	To	Lithology and Mineralisation	Structure	From	To	Au g/l	As %		
SUMMARY LOG:													
				0.0	2.0	No Core							
				2.0	63.5	Weathered sandstones with minor shale bands and occasional thin quartz veins.							
				63.5	66.9	Fractured sandstones with abundant quartz veins							
				66.9	77.0	Sandstones with minor shales and abundant thin quartz veins.							
				77.0	85.4	Zone of fractured sandstones and quartz veins with pyrite and arsenopyrite (O'Briens Reef)							
				85.4	87.5	Sandstones and shales.							
DETAILED LOG													
0.0	2.0	0	0	0.0	2.0	No core - HW casing							
2.0	12.5	4.0	38	2.0	63.5	Sandstones with minor shale bands; Sandstones weathered, light brown. ironstained; shales soft and dark gray. Minor qtz. veins 2-5mm., throughout, widely spaced but increasing in abundance towards base of unit. No sulfides in veins. Veins at random orientations from 10-80' CA; 49-53m. zone of more intense veining, with fractured veins to 20mm.	Soft, weathered and broken; numerous clay bands; jointing common at 30', 60' and bedding parallel at 40' BCA's throughout 40'	49.7	50.7	0.009	<0.01		
12.5	15.0	1.8	72					54.1	55.1	<0.008	0.015		
15.0	16.1	0.3	27					62.7	63.8	0.021	0.024		
16.1	18.1	1.2	60										
18.1	19.1	0.4	40										
19.1	21.0	1.5	79										
21.0	23.1	1.7	81										
23.1	25.1	1.8	90										
25.1	26.7	1.4	87										
26.7	28.0	0.7	54										
28.0	29.5	1.4	93	63.5	66.9	Sandstone, strongly fractured with abundant qtz. veins throughout; no sulfides in veins.	Very broken core; all fracture surfaces iron stained; several brown clay zones	63.8	64.8	0.013	0.021		
29.5	31.1	1.5	94					64.8	65.8	0.008	0.020		
31.1	32.9	1.7	94					65.8	66.8	0.046	0.085		
32.9	35.3	2.3	96										
35.3	36.9	1.2	75	66.9	77.0	Sandstones and minor shale beds; Ssts. light gray brown, weathered and iron stained; shales dark gray, bedded and fissile; abundant thin (2-10mm) qtz.veins fractured, 70', 20'CA; coarse euhedral pyrite in all qtz. veins in fresher units.	Ssts. becoming competent and less weathered -fresh after 73m. Shale beds very broken. BCA's 40'	73.2	74.2	0.044	0.019		
36.9	39.6	1.5	56					74.2	75.2	0.095	0.010		
39.6	41.1	1.4	93										
41.1	43.1	2.0	100										
43.1	43.8	0.5	71										
43.8	46.1	2.3	100										

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378016

COMPANY: Goldstream Mining N.L.
 PROJECT: O'Briens Mine
 HOLE NUMBER: 652

Core Recovery				Description				Assays				
From	To	m.	%	From	To	Lithology and Mineralisation	Structure	From	To	Au g/l	As %	Au (Fire Assay)
46.1	48.4	1.8	78	77.0	85.4	Zone of major qtz veining in highly fractured sandstones; (O'Briens Reef), ssts. strongly iron stained & leached sulfides; 78.6-79.6m milky white qtz. vein with abundant arsenopyrite and pyrite; asp. gives vein a bluish-gray color in places; Qtz veins in remainder of unit contain abundant arsenopy. and pyrite.	Sandstones sheared and very broken; shearing 20°CA; major qtz veins are more competent.	77.7	78.7	1.72	0.291	2.05
48.4	81.3	32.9	100					78.7	79.7	9.00	2.90	8.68
81.3	81.6	0.2	66					79.7	80.7	1.49	0.168	1.70
81.6	81.9	0.2	66					80.7	81.7	2.60	0.438	1.61
81.9	87.5	5.6	100					81.7	82.7	1.50	1.10	2.31
				82.7	83.7	0.008	0.012					
				83.7	84.7	0.016	0.037					
				85.4	87.5	Shales and sandstones; shales dark gray, ssts. light gray, occasional thin qtz. veins with coarse euhedral pyrite.	Ssts. fresh and competent; shales fissile and broken; jointing at 25° and 45° CA; BCA 25'					
						END OF HOLE						

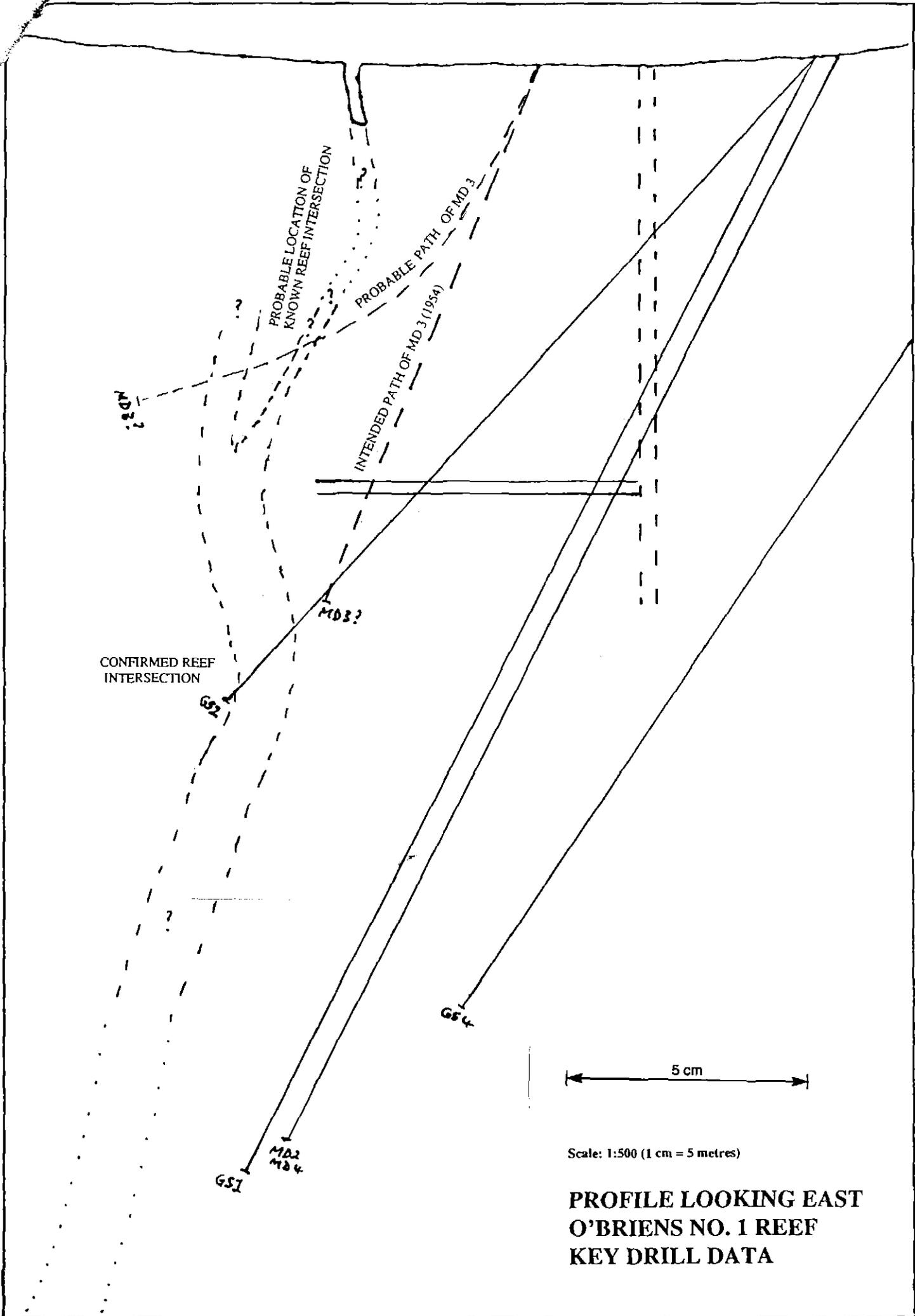
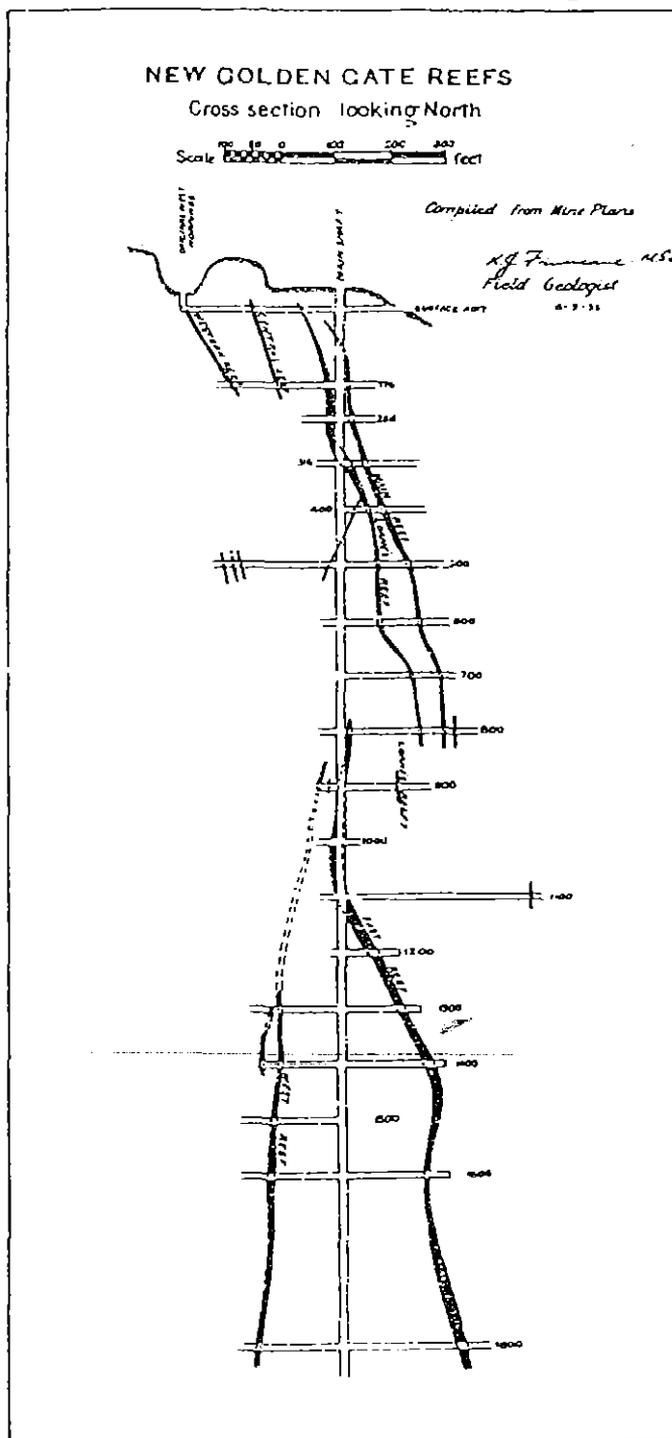


PLATE VI



Requirement for relinquishment of 50% of Exploration Licence.

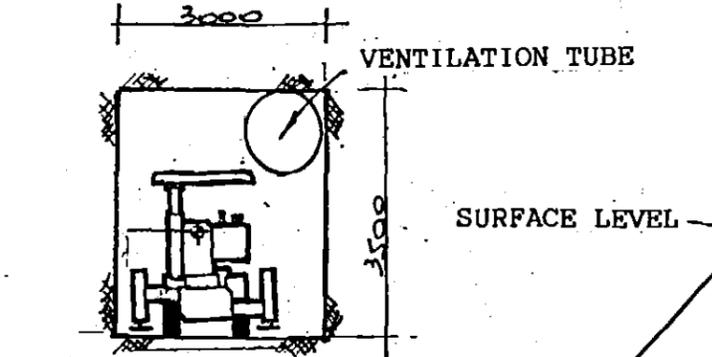
For a number of reasons as detailed below, this requirement of the Mining Act would impose an unfair and unreasonable change on the ability of this Company to carry out its intended function to locate and exploit economically viable gold deposits in the area held. The reasons for the Act's requirements are understood. Nevertheless, it is our contention that we have involved a number of other companies in the process of exploration in the existing licence area, and each has had an opportunity to participate in the possible exploitation of gold deposits.

The reasons for our position on this matter are:

1. We are a Tasmanian based company which lacks development capital, yet we have spent considerable funds of our own to endeavour to prove up a payable gold reserve in the region.
2. One of the tenets of this approach has been the potential for a payable resource to be based upon output from more than one site. The potential sites are quite limited to the areas previously mined, and we have spent considerable funds proving just this point.
3. There is a need to have a central crushing plant and recovery mill, and we believe that ore might be located at several sites within the EL boundary. To break this up and hand smaller portions to others is self defeating, particularly when our specific involvement of other companies and individuals is taken into account.
4. We have also opened the region to several other gold exploration companies which have participated in this process - eg. Shell Exploration N.L., Goldstream Mining and Exploration N.L. Mancala, to our north, obtained their EL after we relinquished this area in 1990 as too large for our capabilities to adequately explore. In addition, we have brought on site representatives of other Tasmanian companies such as Aberfoyle Mines to offer possibilities for their involvement in the area. In short, we have not adopted a monopolistic approach to our tenement. Indeed, we have also allowed smaller prospectors such as Castles & Rundle, and Taylor et al. to prospect independently on our Exploration Licence. Thus we have achieved what the legislation is designed to achieve: namely we have allowed others access to the area and we have not simply held it as part of some strategy to deny exploration rights to other companies.
5. At the present point in time, we are about to proceed with a decline shaft at O'Briens No. 1. This is a risky undertaking, but should it be successful we would like to know that we have the capacity to expand the sourcing of ore to other parts of the Dan's Rivulet region that are still held under our EL 1/92, and that this may make for an enhanced mining operation. To parcel this area out now to others would be to downgrade the potential for a viable operation and add to difficulties of what is already a risky business in pursuing narrow quartz veins at depth.

6. We would hope for at least a two year extension on the time frame to relinquish further territory, by which time we would either have established a viable deposit or concluded our exploration program with no satisfactory outcome. The alternative for us is to release small non-contiguous parts of the EL on the periphery, which achieves very little that we are not already achieving: any individual or other company wishing to explore such areas is already welcome to arrange to do this in some shared way with ourselves. In turn, we will pass on what we know about the areas and help in any other possible way to prove a viable operation. Such discussion is already well advanced with J. Taylor & Associates.

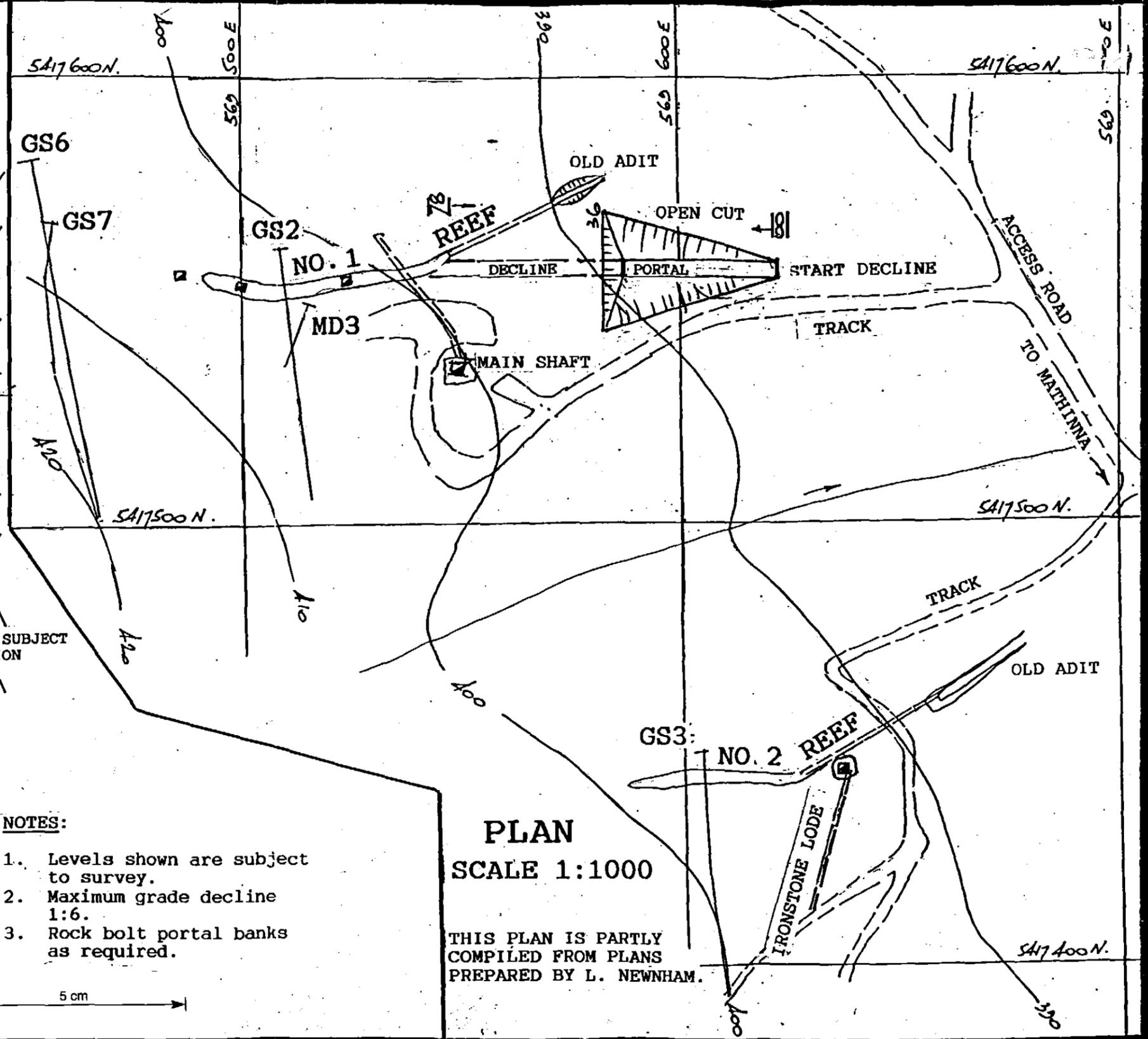
In view of the above points, it is requested that the Minister give approval for Cuttack Mining and Exploration Pty Ltd to retain its entire 20 Km² exploration licence intact until at least May 15, 1999.



CROSS SECTION
SCALE 1:100

OPEN CUT	ROCK BOLT BACK 3 BOLTS PER METRE OR AS REQUIRED		STOPED OUT
DECLINE	DEVELOPMENT SUBJECT TO EXPLORATION FINDINGS		STOPED OUT BY WINZING
R.L. 372			
GRADIENT.	1:6 (16.67%)		
DECLINE R.L.	387.5	387.5	374.5
SURFACE R.L.	387.5	389	398
DISTANCE	36	78	

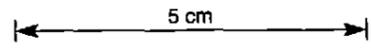
LONGITUDINAL SECTION
SCALES H 1:1000 V 1:200



PLAN
SCALE 1:1000

THIS PLAN IS PARTLY
COMPILED FROM PLANS
PREPARED BY L. NEWNHAM.

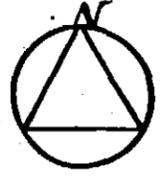
- NOTES:**
1. Levels shown are subject to survey.
 2. Maximum grade decline 1:6.
 3. Rock bolt portal banks as required.



FISHER & JACK PTY LTD LAND SURVEYORS, CIVIL & MINING ENGINEERING CONSULTANTS, 187a St John St Launceston Ph 34 1088



CUTTACK PTY. LTD.
PROPOSED DECLINE TO ORE BODY



L.A. Fisher
REGISTERED SURVEYOR

DRAWN	G.I.F.	NO.
DATE	24/3/97	1791
SCALE	AS SHOWN	

