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ANNUAL REPORT FOR RETENTION LICENSE 8807 (MT. BISCHOFF)

FOR PERIOD ENDING 30 JUNE 1997

August 1997
BISCHAN DOC

P. D. McLatchie

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ANNUAL REPORT - MT BISCHOFF
RL 8807 - P.E. JUNE 1997
LYNCH MINING - P.MCLATCHIE

1.0 INTRODUCTION

This report describes the work performed for the year ending 30 June 1997 by Lynch Mining Pty. Ltd. (Lynch) for the potential establishment of tin mining operations at Mt. Bischoff. Lynch is the holder of Retention License 8807 which covers most of the historic workings at Mt. Bischoff.

2.0 LOCATION

Mt. Bischoff is located in the Waratah district, north-west Tasmania (refer Figure 1). The township of Waratah is approximately one kilometre south of the existing open cut workings and 60 kilometres south by road from Burnie. Good sealed roads connect Waratah with Burnie and the townships of Rosebery and Zeehan to the south.

3.0 DISCOVERY AND CORPORATE BACKGROUND

Tin ore was first discovered in December 1871 by James Smith in the alluvium of Tinstone Creek on the south-west slope of Mt. Bischoff and in 1873 the Mt. Bischoff Tin Mining Company was formed. The operation was initially worked as an alluvial mine with sluices and hand jigs producing tin concentrates. Underground prospecting commenced in 1897 to supplement the open cut operations. Mining continued through to 1929 when the company ceased to operate profitably and large scale mining operations ceased. The company let the mine to tributors until the Commonwealth Government acquired the mine and plant in 1942 and worked in the area until 1947. Mt. Bischoff was then intermittently worked on a small scale by tributors, and various surface investigations were carried out by a number of mining companies.

In 1964 Comstaff Pty. Ltd. was formed between Mt. Costigan Mines Ltd. and Broken Hill South to determine the ore reserves remaining beneath the old workings. Australian Anglo American joined Comstaff in 1968, and became operator. Between 1964 and 1970, exploration programs completed included electrical and geophysical surveying, geological mapping, rock sampling, diamond drilling and adit rehabilitation.

In 1977 a Joint Venture was formed between Comstaff Pty. Ltd. and Preussag Australia Pty. Ltd. They expected that potential existed to successfully mine the dolomite lodes at Mt. Bischoff. In 1978 Metals Exploration Ltd. (MEL) and CRA Exploration (CRAE) joint ventured into the project. Under the new "Mt. Bischoff Joint Venture" several major mining evaluations were undertaken. In March 1983, CRAE assigned its equity to MEL. The Mt. Bischoff Joint Venture, then comprising MEL 85% and Comstaff and Preussag 15%, was granted Retention License No. 8807 of 4 square kilometres on 14 October 1988.



In October 1993 Lynch Mining Pty. Ltd. (Lynch) purchased Retention License No. 8807 from Metals Exploration Ltd., Comstaff and Preussag to own 100% equity in the leases. Lynch completed a detailed Feasibility Study into open pit mining at Mt. Bischoff and selling the ore to the Renison Bell Mine some 80 kms south of Mt. Bischoff. It was believed that the Bischoff ore was of higher grade and better metallurgical characteristics than some of the Renison underground ore being mined at that time. The Renison mill was also operating at below maximum capacity. Lynch studies indicated that if Renison could mill the Bischoff ore such an arrangement was profitable to both parties. Negotiations with Renison failed to convince them of the benefits in the proposal. Other options to exploit the Mt. Bischoff resource were examined, but all were less profitable to Lynch than the sale of ore to Renison.

In early 1995 Lynch commissioned a study into the entire West Coast Tasmania tin industry. The study identified all the known tin resources on the West Coast and confirmed the findings of 1993 that it was most economic to treat Bischoff ore at Renison.

4.0 WORK FOR THE YEAR ENDING 30 JUNE 1997

In the 1996-97 year Lynch has re-examined Mt. Bischoff development options. This has involved site visits, meetings with representatives of Mineral Resources Tasmania, The Department of Environment and Land Management and the Waratah - Wynyard Council. The potential open pit was re-surveyed and approaches were made to environmental consultants for assistance with the preparation of the statutory environmental requirements. Discussions were also held with the operators of the Anchor Tin Mine to examine the potential of a combination of resources.

This work again indicated that the best potential for Mt. Bischoff was to truck the ore to the Renison Bell Mine. A new proposal to supply ore was made to the new management at Renison. Unfortunately, the offer was again rejected.

There has been no resource drilling nor any other quantitative test work carried out during the period under review. The on site core sheds were made weather proof and secure.

5.0 EXPENDITURE FOR THE YEAR ENDING 30 JUNE 1997

Total expenditure for the year ending 30 June 1997 was \$126 135 which comprised:-

Contract Geology	\$ 1,500
Contract Survey and Drafting	\$ 571
Salaries & Wages	\$ 44,719
Equipment Hire	\$ 1,057
Vehicle Expenses	\$ 1,481
Field Consumables & Freight	\$ 889
Postage, Phone & Fax	\$ 940
Accommodation & Meals	\$ 3,149
Air Fares	\$ 16,163
Consultants	\$ 40,530
Administration & Overheads	<u>\$ 15,136</u>
TOTAL	<u>\$126,135</u>