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MICROFILMED
FICHE No.014601-

RL 8809
See folio 41

**ANNUAL REPORT
TO 13 OCTOBER 1997**

RL 8809 - OCEANA

TASMANIA

97-4050

ANNUAL REPORT - RL 8809
OCEANA - ARIMCO MINING

1. INTRODUCTION

Arimco Mining Pty Limited (Arimco), a wholly owned subsidiary of Australian Resources Limited is interested in obtaining offers for either outright purchase or joint venture proposals for their Oceana Project near Zeehan in Tasmania. This report is designed to present sufficient detail for parties to establish whether the project could be of interest to them but is not designed to be an in depth detailed review of all prior exploration undertaken. Detailed technical reports, as listed in Section 7, are available for review in Arimco's office in Sydney. Site visits and inspection of available core can be arranged on request.

2. LOCATION AND TENURE

The Oceana Project is located on the west coast of Tasmania, approximately 2 km south of the township of Zeehan and immediately west of the Zeehan - Strahan sealed road (Figure 1).

The area is currently held under retention lease RL 8809 covering an area of approximately 7.5 km² (Figure 2) and is currently in the process of renewal for a further period of three years. This area excludes a total of 1.1 km² that is enclosed within Mine Leases 9M/91, 10M/91 and 4W/77 held by Pasminco and 39M/77 held by JNR Enraught - Mooney. Also excluded is 0.2 km² of Crown Reserves.

A previous joint venture between Arimco/Pasminco and Porthill Resources Limited on a specified area over the Oceana Mine, to a depth of 200 metres, has been terminated.

Because of the retention lease status of RL 8809, only a minimum expenditure commitment on the tenement is required and the renewal application includes a proposed expenditure of \$100,000 for the three year period.

3 EXPLORATION UNDERTAKEN

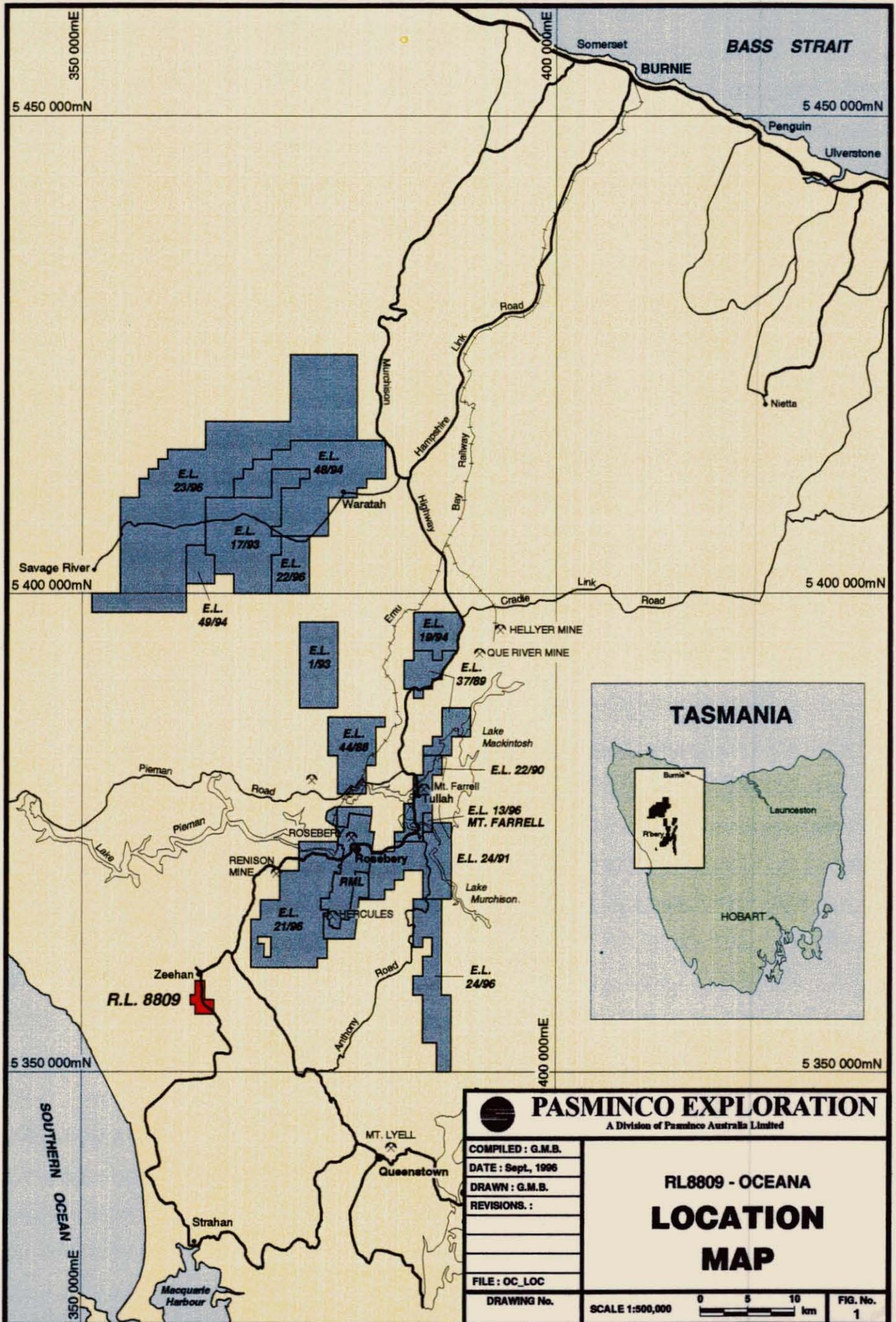
Details of exploration undertaken prior to Pasminco Australia Limited (Pasminco) farming into the area in 1992 are summarised in Appendix 2 of Pasminco's 1994 - 1995 Annual Report.

Extensive exploration was undertaken by Amoco/Cyprus mainly in the Oceana Mine and Austral Valley areas but also on a number of other known mineralised prospects such as the Pyramid and South Oceana workings. Prior to the Amoco/Cyprus involvement, Zeehan Exploration, (a joint venture between North Broken Hill and Broken Hill South) had undertaken exploration, including drilling, on a number of the prospects and also re-opened the Oceana Mine.

Briefly work to date on the main prospect areas has included the following:

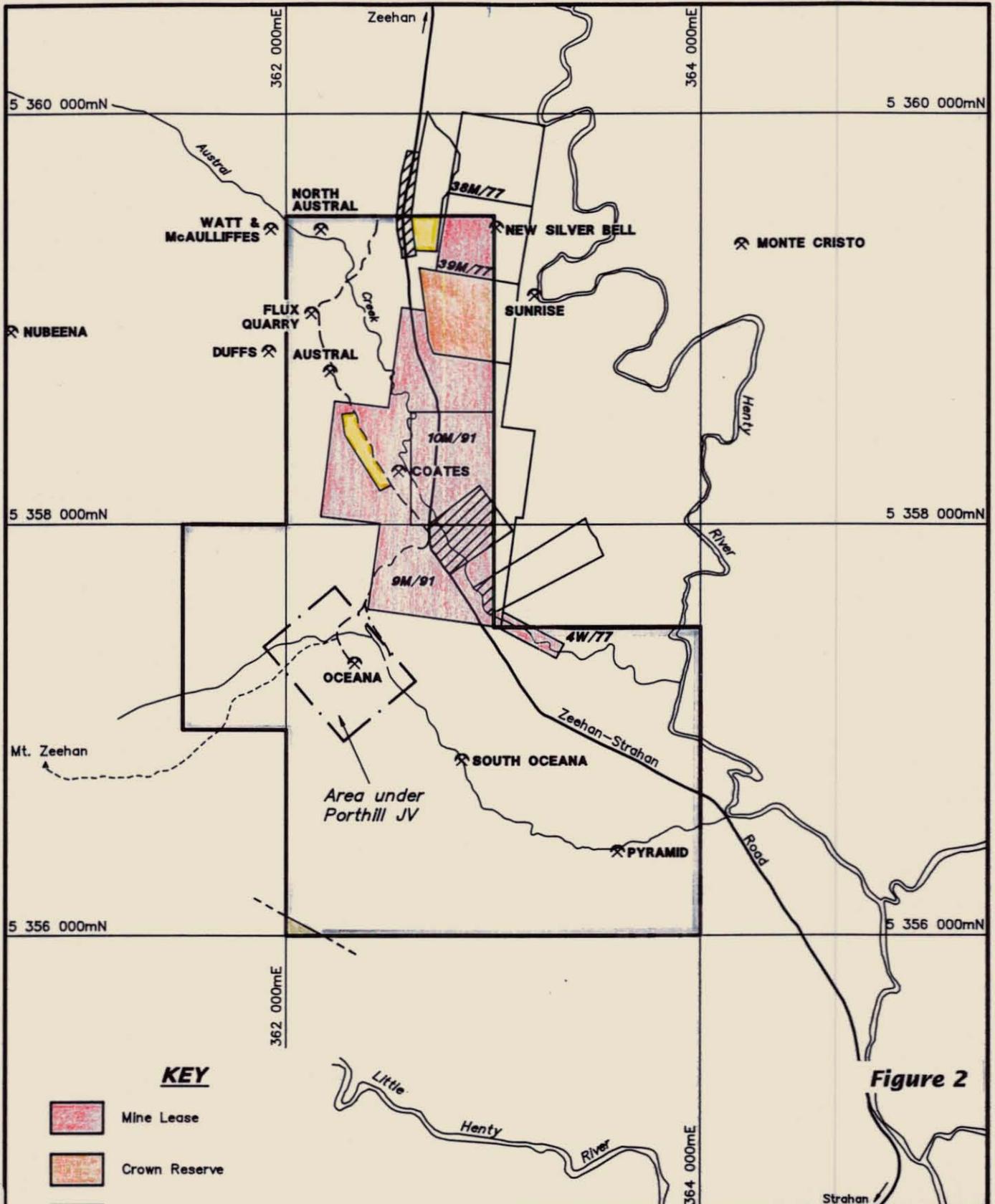
Oceana Mine Area

1. Zeehan Exploration: Five diamond drill holes and re-opening of the old mine workings
2. Amoco/Cyprus: Auger geochemistry, costeaning, geophysical surveys (magnetics, IP, EM, gravity) and 13 diamond drill holes (plus 1 pre-collar and



5 cm

Figure 1



KEY

-  Mine Lease
-  Crown Reserve
-  Multiple Use Forest
-  Private Freehold Land
-  Unallocated Crown Land (within EL only)
-  National Estate Interim Listing

NOTE :
Land tenure is shown within RL8809 only

5 cm

Figure 2

 PASMINCO EXPLORATION A Division of Pasminco Australia Limited	
COMPILED : G.M.B. DATE : Sept., 1995 DRAWN : P.G.R. REVISIONS : FILE : 25_OCLTN	R.L. 8809 - OCEANA JV LAND TENURE
DRAWING No. 311-GN-003	SCALE 1:25,000
	
FIG. No. 2	

an abandoned hole), resource estimates

3. Pasmaenco: Mapping, surface sampling, 1 diamond drill hole

Austral Valley Area (Austral and Flux Quarry Mines)

1. Zeehan Exploration: Three diamond drill holes
2. Amoco/Cyprus: Auger geochemistry, geophysical surveys, 11 costeans, and 11 drill holes (of which 7 were designed to test a large gravity anomaly and were not directly targeted at known mineralisation).
3. Pasmaenco: Mapping, rock chip sampling, ground magnetics, grid based aircore drilling, three diamond drill holes, metallurgical test work on near surface decomposed mineralised material.

Pyramid and South Oceana Mine Areas

1. Zeehan Exploration: Five diamond drill holes
2. Amoco/Cyprus: Auger sampling, costeaning, geophysical surveys (IP, EM, gravity, magnetics).
3. Pasmaenco: Dump sampling, ground magnetics, 1 diamond drill hole at Pyramid and 1 diamond drill hole at South Oceana.

Aircore and diamond drill hole locations for the Oceana Mine and Austral Valley area are shown on Figure 3.

4 GEOLOGY

The Oceana Project area is underlain by a sequence of Cambrian to Devonian sediments. The main lithology of interest is the Ordovician Gordon Group (Gordon Limestone), a limestone dominated succession which overlies the Late Cambrian - Ordovician Denison Group (Moina Sandstone and Mt Zeehan Conglomerate) and underlies the Silurian - Devonian Eldon Group (Bell Shale, Florence Quartzite, Amber Slate, Crotty Quartzite). The Devonian Heemskirk Granite outcrops to the northwest of RL 8809 and is modelled from geophysical data to form an east-northeast trending ridge at a depth of approximately 2 km below the Oceana Mine. A simplified geological map of the tenement is presented as Figure 4.

The Gordon Limestone, the primary target sequence within RL 8809, extends over the north - south length of the tenement, dips steeply to the east or west and is approximately 350 metres thick. This unit has been disrupted by a series of NE - SW and NW - SE trending brittle faults as shown on Figure 4 and the largest of these, the Oceana Fault, has a dextral offset of 700 metres. Within the tenement area, the Gordon Limestone is reasonably homogenous and displays variation in sedimentary facies indicating cycling low and high energy shallow water deposition.

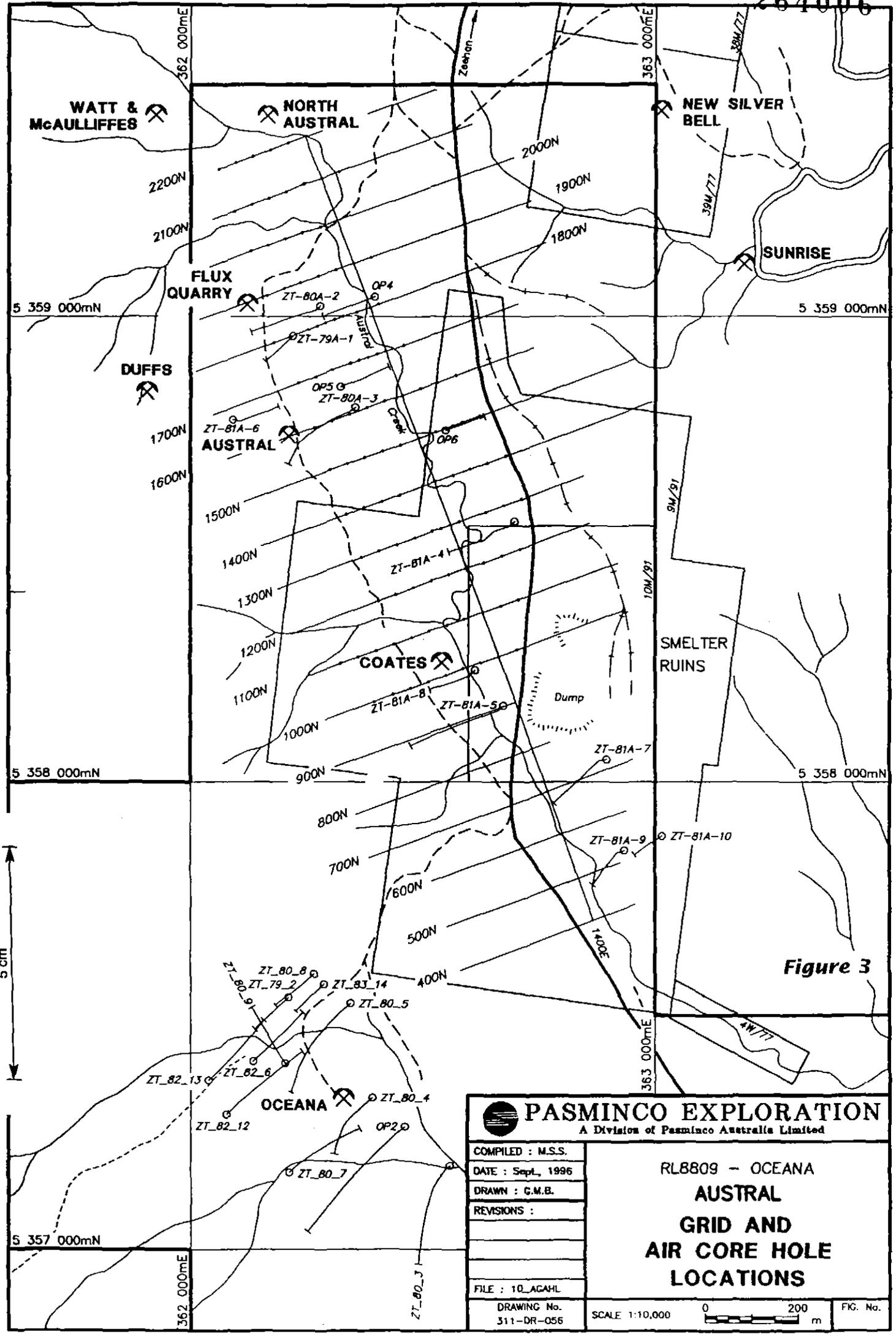
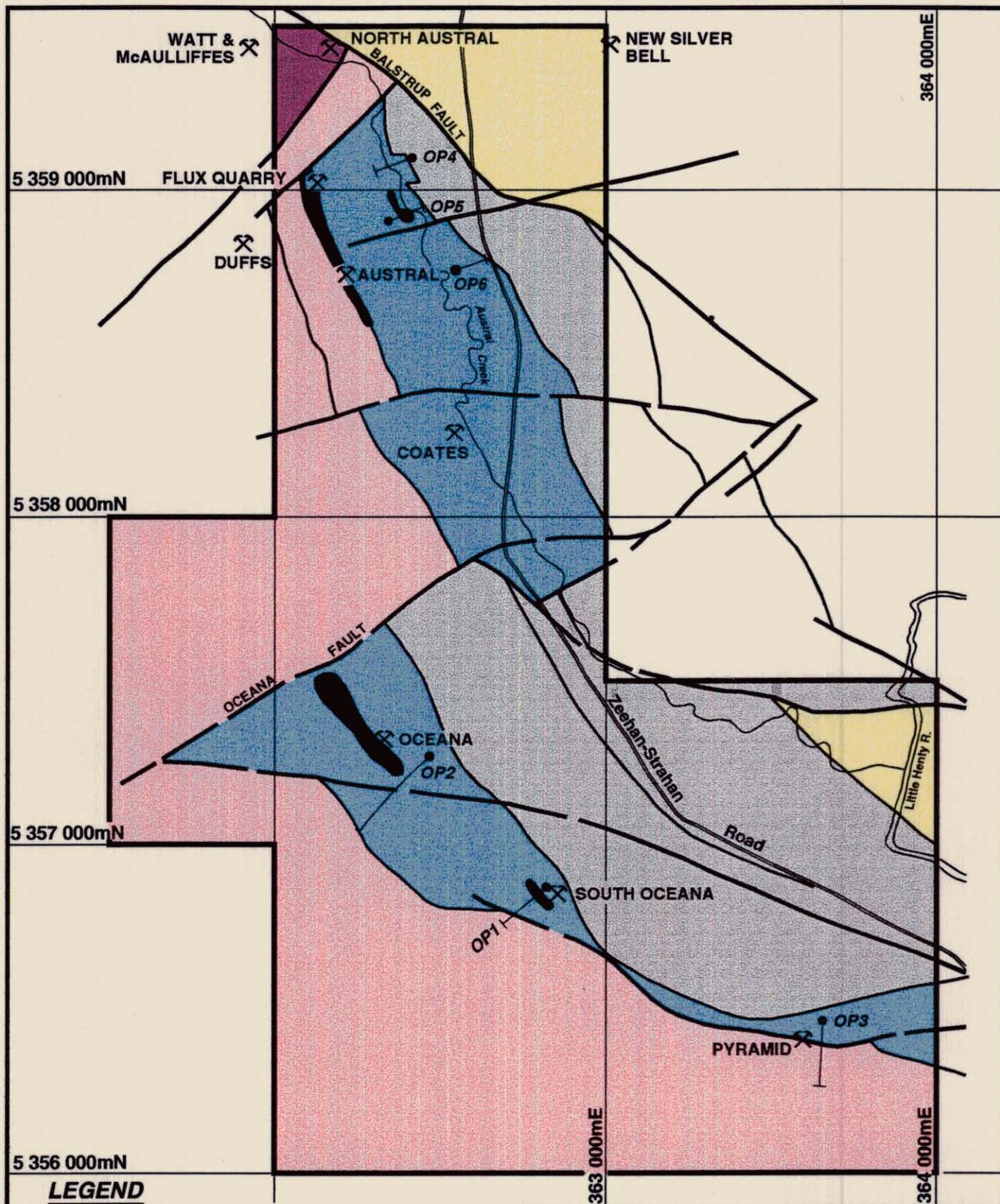


Figure 3

 PASMINCO EXPLORATION A Division of Pasminco Australia Limited	
COMPILED : M.S.S. DATE : Sept., 1996 DRAWN : C.M.B. REVISIONS :	RL8809 - OCEANA AUSTRAL GRID AND AIR CORE HOLE LOCATIONS
FILE : 10_ACAHL DRAWING No. 311-DR-056	SCALE 1:10,000 
	FIG. No.

5 cm



LEGEND

- Florence Quartzite
Bell Shale
- Crotty Quartzite, Amber
Slate, Keel Quartzite
- Gordon Limestone
- Crimson Creek Formation
- Moina Sandstone,
Mt. Zeehan Conglomerate



PASMINCO EXPLORATION
A Division of Pasminco Australia Limited

COMPILED : M.S.S.
DATE : Sept., 1996
DRAWN : G.M.B.
REF. :

FILE : 25_SGEOL

DRAWING No.
311-GL-045

Figure 4

R.L. 8809 - OCEANA

**SIMPLIFIED
GEOLOGY**

SCALE 1:1750

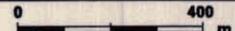
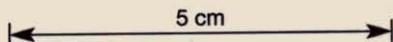


FIG. No.



5 MINERALISATION

Two main areas of known base metal sulphide mineralisation within RL 8809 occur at the old Oceana Mine and in the Austral Mine / Flux Quarry area in the northern part of the Austral Valley. Other areas of known mineralisation which have recently been subjected to limited exploration include the old Pyramid and South Oceana Mine workings in the southern portion of RL 8809.

5.1 OCEANA MINE

The Oceana Mine was originally worked near the turn of the century and possibly again sporadically between 1919 and 1940. Following additional exploration by Zeehan Exploration (North Broken Hill/Broken Hill South Joint Venture) the mine was re-opened in 1954 and produced 128,177 tonnes of ore averaging 11.6% lead and 146 g/t silver until it closed again in 1960 due to depressed metal prices and excessive water inflows. At the time of closure a further sub-economic zone grading 5.5% Pb over 11 metres had been outlined north of the mine.

Based on mine records, costeaning and diamond drilling Amoco/Cyprus interpreted the Oceana deposit to consist of two separate styles of mineralisation, ie

- i) Epigenetic style mineralisation in four separate and distinct lenses to the north of the old Oceana Mine and the Mine Fault and centred on the Oceana Fault. This mineralisation consists of coarsely crystalline galena - sphalerite mineralisation which cross cuts stratigraphy and is associated with recrystallised and weakly silicified dolomites, siderite and minor calcite.
- ii) South of the Mine Fault, the mineralisation has been interpreted as occurring in two stratabound lenses at the base (western zone) and top (eastern zone) of a series of chaotic submarine debris flow breccias with similarities to those found in the major Irish mines.

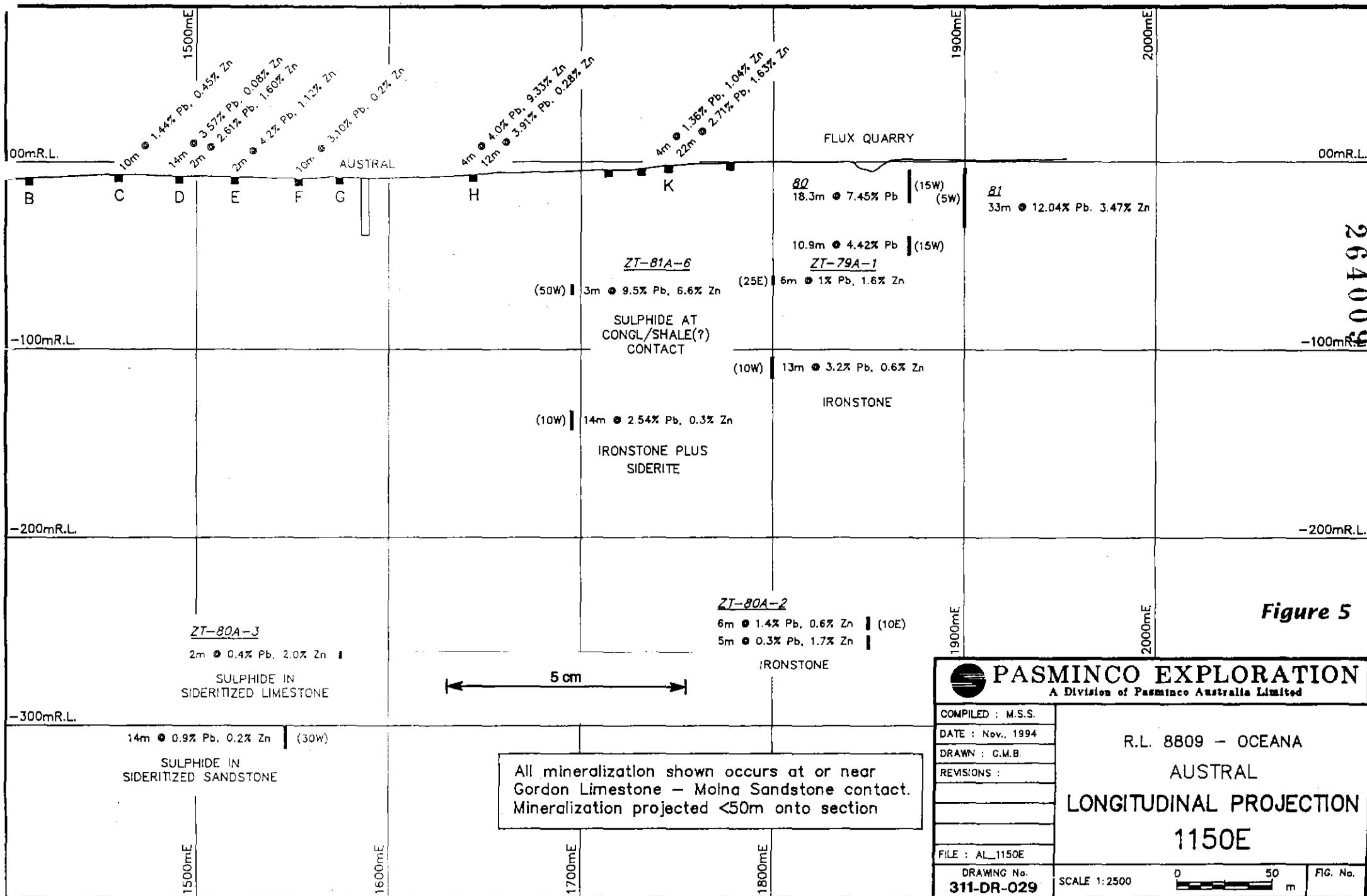
In both styles, semi massive siderite - ankerite is the main gangue assemblage.

Pasminco's hole OP2, drilled to test for a possible southern extension to the Oceana Mine mineralisation, failed to intersect significant mineralisation

5.2 AUSTRAL VALLEY MINERALISATION

The Austral Mine / Flux Quarry area, in the northern portion of the tenement, was the focus of early exploration by Amoco/Cyprus and more recently by Pasminco. This work yielded base metal anomalous ironstone and some sulphides at or near the Moina Sandstone / Gordon Group contact. Where fresh, mineralisation consists of disseminated or vein galena and sphalerite within quartz sandstone or limestone lithologies which have been replaced (or veined) by siderite. The Austral Valley area has been effected by weathering to a depth of up to 250 metres and the comparison between results from the surface costeaning and the deeper drilling suggests some enrichment may have occurred (see Figure 5).

Pasminco's ground magnetic survey delineated numerous linear, northwest striking anomalies in



the Austral Valley which were interpreted to represent ironstone horizons with a number of anomalies correlating with known mineralisation at the Austral and North Austral workings. The aircore drilling was of limited success due to the wet ground which resulted in some blocking and also down hole contamination but nevertheless delineated two linear, northwest striking lead/zinc anomalies as shown on Figure 6. Pasminco concluded that the aircore drilling probably upgraded mineralised intersections, however a significant resource may exist within the weathered limestone but this would need to be confirmed by continuous core drilling.

Of the two subsequent core holes drilled in the Austral Mine area, both were drilled to test the coincident eastern aircore and ground magnetic anomaly. Hole OP4 did not intersect significant mineralisation but was interpreted to have failed to adequately test the target. The second hole OP5, intersected three separate zones of mineralisation, the best down hole interval being 3.10 metres at 5.17% Pb, 0.60% Zn and 62 g/t Ag. A subsequent hole (OP6) was drilled to test the Gordon Limestone/Crotty Sandstone contact on which the mineralisation in OP5 was located. This hole was abandoned due to drilling problems before intersecting the target.

5.3 OTHER PROSPECTS

A number of other occurrences of mineralisation occur within and immediately adjacent to RL 8809 as shown on Figure 4. These include Coates workings in the central portion of the area (but excluded from RL 8809) and the South Oceana and Pyramid workings in the southern portion of the licence.

The single hole (OP3) recently drilled at the Pyramid mine workings, intersected minor galena within calcite veining with a best result of 8 metres at 0.4% Zn and 195 ppm Pb from pug filled fault zone. Earlier costeaning by Amoco in this area had yielded a best result of 6 metres at 7.2% Pb and 2.1% Zn.

At South Oceana, costeaning by Amoco/Cyprus outlined a zone 150 metres long and 2 to 4 metres in width which assayed up to 33.8% Pb, 8.5% Zn and 303 g/t Ag. Pasminco's hole OP1, drilled to test for a potential extension of the South Oceana line of mineralisation, failed to intersect the Gordon Limestone / Moina Sandstone contact and was considered not to have adequately tested the target.

6 OCEANA RESOURCE ESTIMATES

Resources have only been estimated for the Oceana Mine area where a number of estimates were undertaken by Amoco Minerals, Cyprus and most recently by Pasminco. The individual estimates are presented in the various detailed reports available in Sydney office.

The most recent resource estimate (Inferred category) by Pasminco, using an SG of 4.0 and a 5% Pb+Zn cut-off, as reported in the Annual Report for the period September 1994 to September 1995 is a combination of a estimates undertaken for different portions of the deposit by Cyprus, EZ Minerals and Pasminco as shown on Figure 7 and also detailed below. Note that on Figure 7, the B1 zone of EZ encompasses Pasminco's smaller B2 zone.

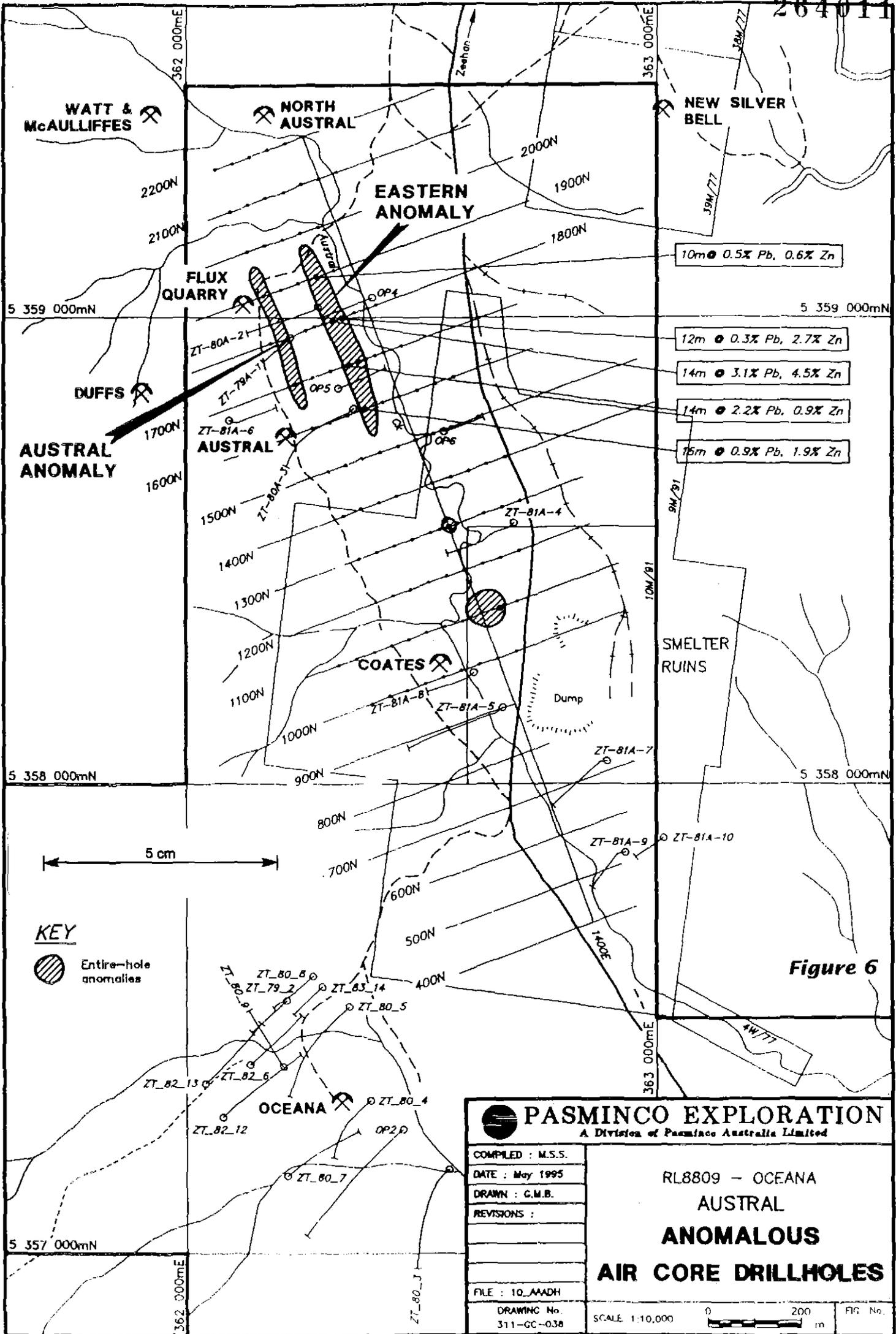
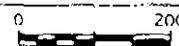
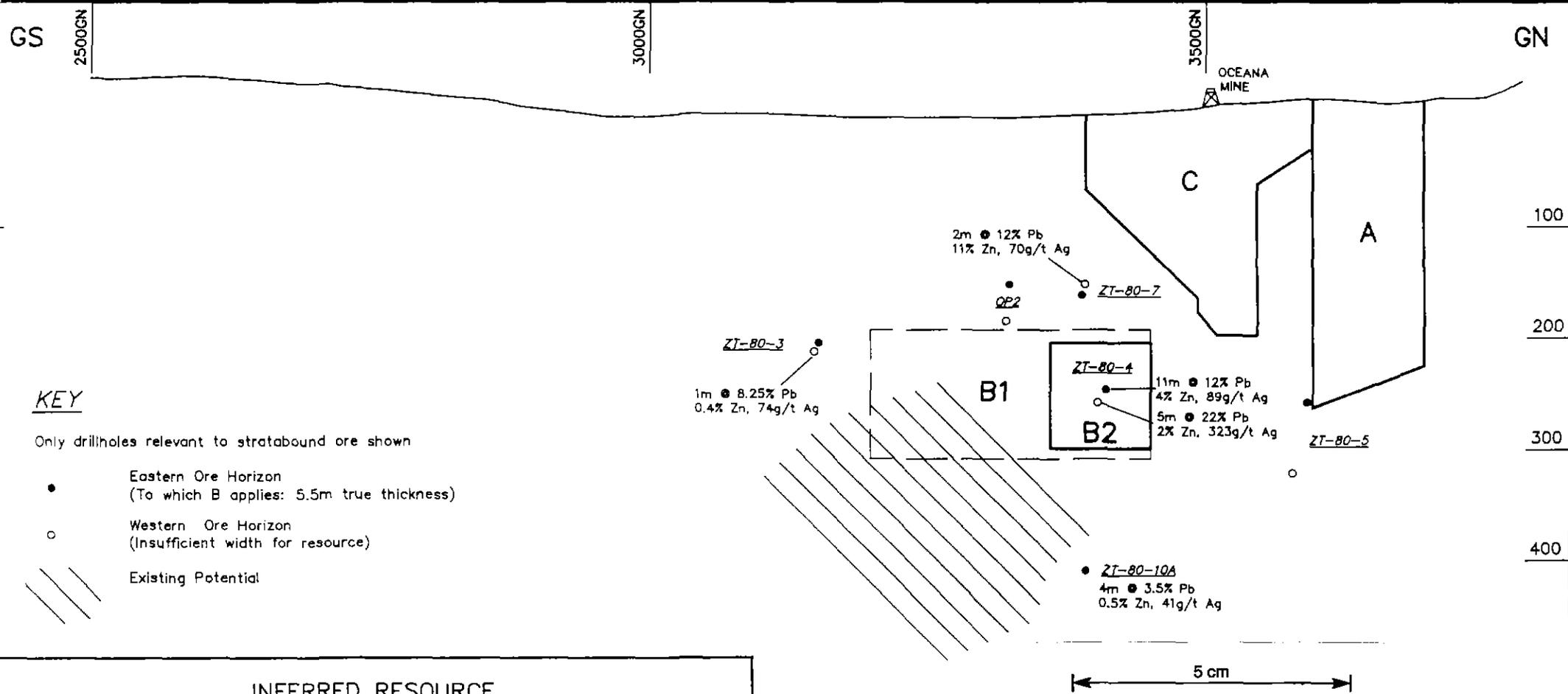


Figure 6

 PASMINCO EXPLORATION A Division of Pasminco Australia Limited	
COMPILED : M.S.S. DATE : May 1995 DRAWN : G.M.B. REVISIONS :	RL8809 - OCEANA AUSTRAL ANOMALOUS AIR CORE DRILLHOLES
FILE : 10_AADH DRAWING No. 311-GC-038	SCALE 1:10,000 
	FIG No.



INFERRED RESOURCE

Using SG = 4 Cut off = 5% Pb + Zn

		tonnes	Pb %	Zn %	Ag g/t
A	CYPRUS 1988	2,297,000	7.1	2.5	48
B1	EZ 1983	750,000	12	4	89
B2	PASMINCO 1994	188,000	12	4	89
	TOTAL (1994)	2,485,000	7.5	2.6	51

C PRODUCTION AND DETAILED PRE-1960 DRILLING

PASMINCO EXPLORATION
A Division of Pasminco Australia Limited

COMPILED : P.M.Q.
DATE : Oct., 1992
DRAWN : G.M.B.
REFERENCE :

REVISIONS : M.S.S.
Modified Sept., 1994
File No: 5 RESPOT

DRAWING No. 311-GL-014

RL8809 - OCEANA
LOCATION OF
INFERRED RESOURCE
AND POTENTIAL

SCALE 1:5000

0 100 m

FIG. No.

Figure 7

	tonnes	% Pb	% Zn	g/t Ag
3550 - 3700 GN (cross cutting lens)	2,297,000	7.1	2.5	48
3350 - 3340 GN (stratabound lens)	188,000	12.0	4.0	89
Total	2,485,000	7.5	2.6	51

It should be noted that Pasminco have recently cast doubt on the above estimate as they now feel that an alternative interpretation with respect to the orientation of the mineralisation maybe applicable. If correct, a number of the Cyprus/Amoco holes may have been drilled along strike / down dip, resulting in an exaggeration in the tonnage. It is stressed that this latest interpretation has not been tested by additional drilling nor have any current Arimco technical staff undertaken a detailed re-interpretation of the available data. *Any interested party will need to form their own view as to the potential resource available at Oceana.*

7 REFERENCES

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