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**EL 28/95 ANNUAL REPORT 1997 - 1998**

At the commencement of this year (97/98), the initial intention was to carry out a small scale track cutting and gridding programme over the western side of Davies Hill, with the intention of assaying along the grids in order to detect high levels of base metal mineralisation in that area of the license.

This was to be carried out on the naive layman's assumption that the anomalous ground magnetometer values, reported from that region, and repeated over numerous traverses, were indicative of something worth proper investigation.

Professional geophysical advice was put to me that this approach was, in fact, a waste of time and money, as the high magnetometer values were caused by fresh basalt containing high levels of groundwater.

This was also reckoned to be the explanation for the anomalous signals noted in the same area, with a metal detector.

It was suggested that the pertinent thing to do next, was to accurately delineate the on ground physical contact zones of the regional basalts and mudstones in the areas of reported pyrite mineralisation, ie. Southern area, before any gridwork commenced, and to carry out a thorough investigation of any and all creek systems, in that area, by systematic panning and concerted methodical analysis of the ground beneath.

Also, Steven Mudge, chief geophysicist for R.G.C. Exploration, reviewed the Pasmenco aeromagnetic contour maps (93) of the license area, and outlined three bodies in the southern area that he recommended be visited at length. This was confirmed by David Leaman as well.

The new advice has been followed, although the task has proven to be a lot easier said than done, considering the very thickly forested, steep slopes, and gullies that cover most of the southern area.

As well, many of the small tributaries found, flow through virtually impenetrable, swampy ground, which has made accurate mapping and panning difficult to say the least.

The work carried out by myself, has involved literally dozens of forays throughout the year over the southern square kilometre of the lease, with the general aim of finding the contact zones, panning the creeks and gaining a proper knowledge, as best as I can, of the ground itself, ie. its type, characteristics, strike trends, mineralisation etc, and to correlate the information with the mapped stratigraphy and aeromagnetic contour maps.

From a layman's point of view this has proven a very interesting task, albeit strenuous.

There are several recently excavated tracts of quite large exposures of mudstones, shales and porphyries across the southern boundary line of the license, as a result of landowner activity, which have proven to be invaluable as reference bases to go on.

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Two separate clumps of clay and schist, lying on the surface, containing high concentrations of chalcopyrite were located on one of these exposures, although their 'source', after repeated inspections of the area, could not be ascertained.

A D8 dozer belonging to C.H. Williams P/L, had worked over the area for two days, road building and dozing two large house pads.

Small trenches were dug around both locations, though nothing of interest was observed. Apart from the Cambrian porphyry extrusives, the main structural feature of the southern square kilometre is the 100 metre wide Cambrian siltstone slatestone band that runs parallel and underneath the Zeehan Highway, commencing immediately north of the Madam Howard Baryte Mine addits, extending in a northerly direction for half a kilometre.

There are several large areas of shale along this belt, mainly in the southern half, that are full of fine grain pyrite mineralisation, across the sedimentary planes, that appears to be as a result of salt water activity (Flitcroft).

Two excellent plant fossils were also found in siltstones a little east of the shalestone belt.

Easily visible pyrite cubes, some up to 4mm across were located along a ten metre wide east west section of the shale belt at the point where Diamond Creek flows across it. They were found sprinkled throughout clays, dug from the creek bed during past drainage excavation work.

Directly across the highway from the site of the pyrite cubes, is a 10 metre wide band of green discoloured sandstone, much like the bands of green coloured sandstones found along Melba Flats, near Nevada Creek, in the ultra mafic belt.

This section of Diamond Creek lies 100 metres downstream of the first discovered ferruginous agglomerate beds, which reported high levels of iron.

The creek bed in this area was panned at length, though only fine pyrite was ever noticed.

The second ferruginous bed is sited two hundred and fifty metres south east of the Diamond Creek ferruginous bed. It covers an area of approximately two hundred square metres and is by far the largest accumulation of ferruginous agglomerate so far seen by me in the Penghana, Madam Howards, and Davies Hill vicinity.

The other two ferruginous beds are located near the Works Tasmania base on Penghana Hill, lying on top of andesitic porphyries, and trenched long ago by early prospectors. These other beds were found only after carrying out several traverses of the large areas of regrowth burnt out by a bush fire, in February this year.

The fires also caused the complete exposure of the quite extensive Madam Howards mine site, and railway formation network.

There are several long addits with rails intact, numerous trenches and one shaft, with many large mullock dumps full of potential fossicking material.

The whole site is now very easily accessible, and starts adjacent and west of the Lake Margaret Road intersection on the Zeehan Hwy.

The contact zones of the extrusive basalts and the mudstones lie on the south side of Davies Hill near the summit.

It is defined by a large, albeit very well concealed porphyry outcrop, that trends N/W and dips nearly vertical.

It took a lot of finding to say the least, and is the only porphyry outcrop of notable size to be found anywhere on either of the two summits of Davies Hill.

The primary contact area is generally very steep and lies at an altitude of 380 metres. It is very thickly forested.

The zone is approximately 50 metres wide with many basaltic floaters easily found throughout the regrowth. It lies immediately south of the outcrop and extends across to Diamond Creek and West Davies Hill.

A small tributary of Diamond Creek has cut a steep gully that bisects the contact zone, adjacent to the outcrop.

The tributary itself is no more than six inches wide and is quickly lost in a tangle of growth before exiting at the foot of the hill into a virtually impenetrable marshy swamp.

A very small particle of gold as well as a minor show of chalcopyrite was noticed in a pan taken from a six-inch wide stream that drains a section of the same swamp. The sample was dug out from a hard sandstone bed.

This may be the tributary that the Kerrison family, (Lake Margaret railway fettlers), were reported to have regularly sluiced in the fifty's and sixty's.

Ben Wallace a 30 year resident of the Davies Hill area attests sincerely that the Kerrisons did in fact get gold from a creek in that area, on an irregular basis over a long period of time.

He also said that he had panned the creek in the early sixty's and seventy's but had only noticed traces of what he believed to be titanium.

Mr. Wallace also pointed out that Jack Stephens' original Davies Hill camp site, for many years, was actually atop the ferruginous agglomerate bed, which lies two hundred metres south of the swamps.

Panning of a two foot tributary that runs through the ferruginous beds showed minor pyrite only, although a strong signal was noticed in the bed of the tributary when a traverse was made with a metal detector.

A hole was dug 18" into the sandstone bed and the signal still occurred. It is my intention to hire a mini excavator to dig a 100 metre long 1 metre deep east west trench, through this bed to test for signs of mineralisation, and to cut a narrow track to the edge of the marsh, so as to dig a similar east west 100 metre trench.

The large ferruginous bed also lies on the edge of a magnetic body outlined by Mudge.

Activities throughout the year included, outcrop delineating, step out mapping, panning, metal detector traverses, regional traverses across Penghana, Pearl Creek, Madam Howards, Lake Margaret Road, along the Owen Lyell fault area.

Expenditure incurred has been around \$2000, made up of \$400 metal detector hire at \$25 per week for 16 weeks, 150 hours of field work at \$10 per hour and two trips to Hobart at \$50 each.

There has been no environment disturbance except for track and stream location markers; flag markers and numerous pelican pick holes. The slate is clean so to speak.

My own conclusions for the year can be summarised thus. It appears to me that the pyritised narrow Cambrian shale belt that runs through the centre of the southern square kilometre of the license is the likely key to any exploration success in the future.

Geologically the shale belt is sandwiched by Cambrian siltstones and sandstones, which are flanked by two large blocks of porphyry basalts in an overturned syncline.

There is known base metal mineralisation at either end of the belt, ie. Madam Howards Baryte Mine as well as some gold reported from the swampy tributaries of Diamond Creek, at the foot of south Davies Hill.

In the middle of the belt there is extensive pyrite mineralisation of salt water origin, as well as two beds of ferruginous agglomerate that lay directly to the east of the belt lying over sandstones/siltstones with numerous barren crystal quartz tuff outcrops.

The good plant fossil ground in sandstones adjacent to the belt possibly indicates that the shalestone is the upturned exposed remnant of an ancient sea floor, given that no fossils of any kind have so far been found either side of the shale belt over its exposed length.

The ferruginous beds are found in the lowest part of the license area and may well have originated in the marshy swamps containing high levels of iron rich water, caused by the localized pyrite mineralisation found in the shale belt, or as a result of feldspar leaching from the porphyry basalts and accumulating in the lowest part of the license area.

In closing, I should like to make it known, that my partner Mr. Trevor Stringer has decided to forgo his involvement in the license and will no longer take part in any activity associated thus

I am still personally very committed to continue the exercise and hereby apply to retain the license for the remainder of the period agreed to.

Yours faithfully,

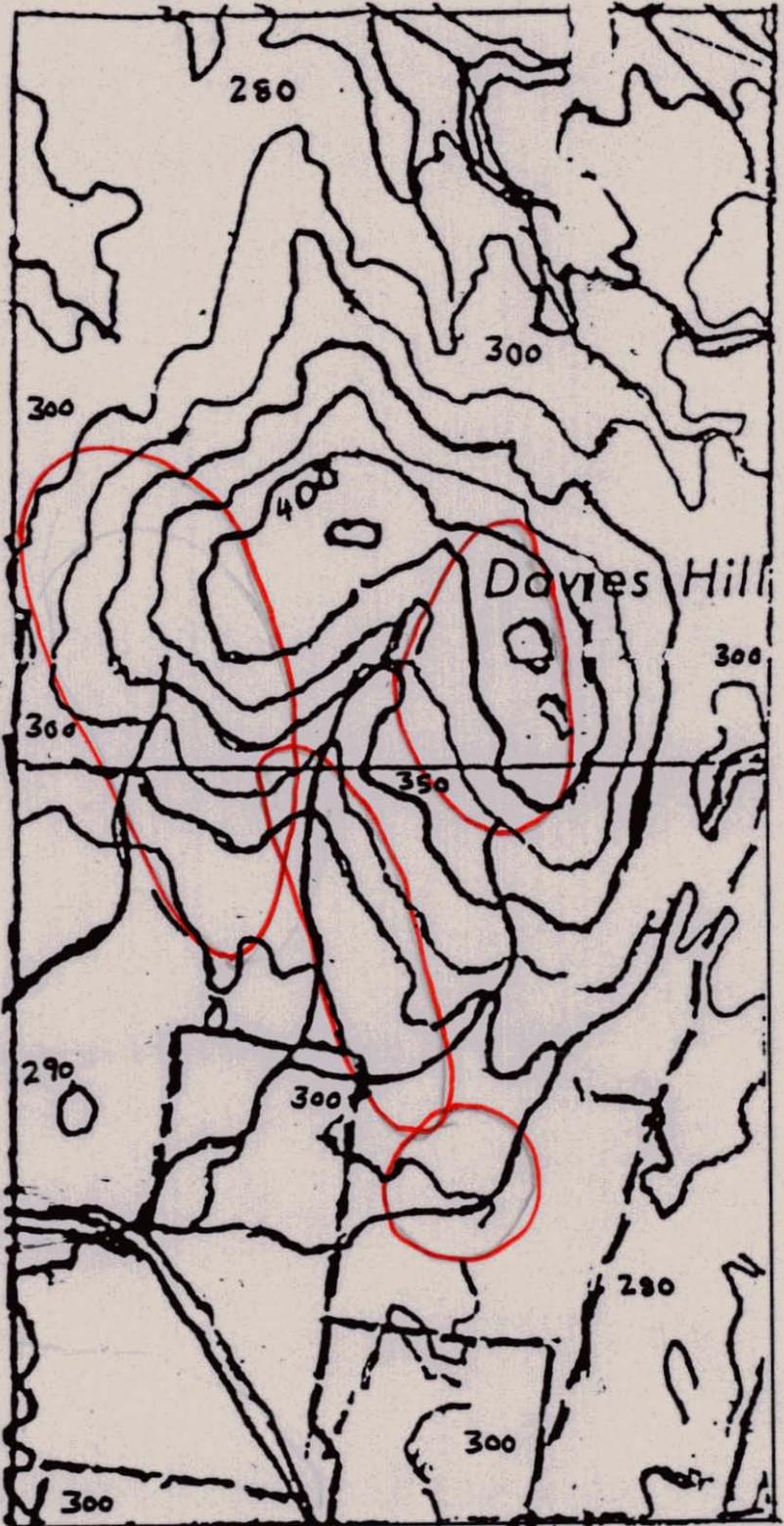


Rory Wray-McCann

MAP K.

Bodies outlined by Midge.

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MAP 2

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- Shale belt
- Bodies outlined by Mudge.
- Porphyry.
- Ferruginous agglomerate
- Swamp

