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BASS RESOURCES NL

ACN 080 168 314.

INFORMATION MEMORANDUM

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PURPOSE OF THIS INFORMATION MEMORANDUM

This document has been issued to provide outline information on BASS RESOURCES NL. It should not be treated as a prospectus or public offer for fund raising purposes.

Prospective private investors should make their own investigations and rely their own enquires and should not rely on this Memorandum as a titute for a recommendation in respect of the company to which this orandum relates.

December 1998

AMG REFERENCE POINTS ADDEI

99-4275

INFORMATION MEM - ML 123M/47,
43M/85, 19M/95 & 6M/95 - BASS RESOURCES

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Supporting Documents

APPENDIX 1: Independent Geologist's Report, Comstock Silver Lead Zinc Prospect, prepared by J.M. Knight & Associates Pty Ltd; dated November 1998.

APPENDIX 2: Independent Geologist's Report, for Greater Bendigo Gold Mines NL, prepared by Australian Mining Consultants dated 4th September 1996.

List of Attachments

- Attachment 1: Independent Valuation on Zeehan Properties, dated 25th November 1997 prepared by Australian Mining Consultants.
- Attachment 2: Independent Valuation on Bendigo Properties, dated ??th ????? 1998 prepared by Australian Mining Consultants.
- Attachment 2: Independent Valuation on Alberton Property, dated ??th ????? 1998 prepared by Australian Mining Consultants.

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EXECUTIVE SUMMARY

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BASS RESOURCES NL has been formed to take advantage of highly prospective base metal and gold prospects in Tasmania and Victoria. These properties are close to pre-mining feasibility studies, infill drilling to change the status of the ore from inferred to proven being necessary before any further development work is completed.

It will be a company based in and operated from Tasmania taking advantage of local, highly skilled Geo-scientists, with financial and legal support coming from mainland commercial centres.

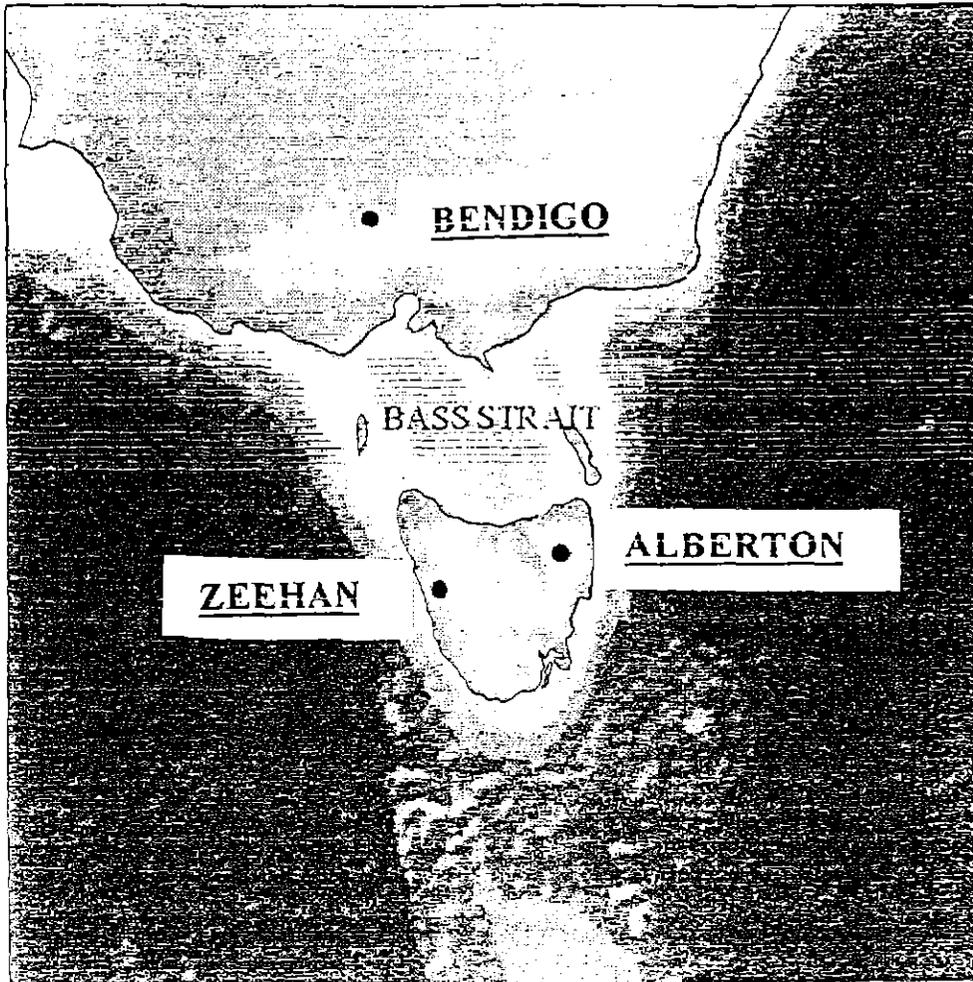
BASS RESOURCES NL is intended to fill the gap between small local prospectors and large multi-national companies which have, in recent times, dominated Tasmania. BASS RESOURCES NL holds six current mining leases and its portfolio contains current exploration licences. These tenements are shown in figure 0.1.

Encouraged by the positive results of past drilling programs and with substantial knowledge of the geology over its leases the company is preparing to fund its (mine appraisal / production phase ??) and begin a three year exploration and development program by raising \$3 million through a public float and ASX listing, planned for March 1999.

Up to \$400,000 in seed capital is currently being sought in exchange for fully paid shares attractively discounted in BASS RESOURCES NL . This seed capital funding will enable the Company to undertake detailed planning and research proposed development, meet working capital requirements and cover statutory expenses associated with public listing.

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BASE METALS

GOLD

ZEEHAN

- COMSTOCK, 123M/47
- SYLVESTER, 43M/85
- BENDALL'S, 19M/95

BENDIGO

- SEBASTIAN GOLDFIELD, EL3105
- GREY'S SADDLE, MIN 4236
- WILSONS REEF, MIN 4273

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ALBERTON

- ALBERTON, 6M/95

Figure 0-1 Tenements held by BASS RESOURCES NL

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1. COMPANY BACKGROUND:

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Bass Resources NL has adopted a policy of acquiring a balanced portfolio of mining and exploration properties. This broad base provides it with flexibility to adjust its exploration priorities in the future given the cyclical nature of commodity prices. The company has adopted a long term counter-cyclical approach with its gold opportunities, and intends a more immediate realisation of its Base metal prospects. The company is planning to be in production within 1 year, inline with anticipated increases in metal prices.

The mining leases and exploration licences proposed for Bass Resources N.L. will be acquired from two sources. Firstly, from existing leases and licences held by Oceania Tasmania Pty Ltd, Greater Bendigo Gold Mines and Tas Tiger Mines Pty Ltd, and secondly from new acquisitions directly secured by Bass Resources N.L.

The Base metal mining leases near Zeehan to be held by Bass Resources NL form the foundation of the portfolio, for the fact that they have inferred reserves of 2.9 million tonnes at 50 g/t Silver, 4.6% Lead and 8.6% Zinc. This site exists in western Tasmania, and is surrounded by intense mining and exploration activities on adjoining areas. These are held by major multi-national companies such as Renison Goldfields, Pasminco, Aberfoyle and CRA.

The Gold areas acquired by Bass Resources N.L. are based on traditional Gold plays around Bendigo and North Eastern Tasmania. These Gold Plays are in areas of significant past production and use of modern magnetics methods should delineate previously undetectable loads.

A summary of research and exploration milestones can be found in Appendix A: 'Research and Exploration History'.

On the 18th of November 1998, GAS AND OIL TASMANIA NL changed its name to BASS RESOURCES NL, appointed its current board of Directors and issued / transferred its current share allocation in preparation for the planned public float.

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2. FINANCIAL INFORMATION:

Following the encouraging drilling results of the recent exploration on tenements held by BASS RESOURCES NL, the company is committed to a mining pre-feasibility study of its inferred reserves including infill drilling and advanced geophysical techniques.

The public float is targeted for March 1999. The company plans to raise approximately \$5 million.

BASS RESOURCES NL is seeking to raise up to \$400,000 seed capital in exchange for shares attractively discounted in the company.

Private Equity Funding: \$400,000 in exchange for fully paid shares in BASS RESOURCES NL which represents approximately 9% equity in the company upon floating.

Discount: Capital investments resultant from this memorandum will attract a discount of 60% per share to reflect the early stage investment risk attached to such shares and the likelihood that some of these securities may be subject to escrow once the company achieves public listing. (Investors should seek their own advice on the subject of restricted securities.)

Minimum Investment:	\$10,000
Maximum Investment:	\$400,000
Total Assets:	\$4,100,000 – Properties (as per independent valuation)
Total Liabilities:	\$10,000
Total Net Assets:	\$4,090,000 – total assets less total liabilities
Shares to be issued:	50,000,000 fully paid shares
Share Value:	20c – net asset backing per share
Share Value Discounted:	12c – 20c less 60% discount per share

Total assets include mining and exploration areas at Directors' Valuation of \$4,100,000. This valuation reflects development, planning, documentation and exploration expenditure incurred by BASS RESOURCES NL and its predecessor companies to-date and has also been determined by reference to the Independent Technical Report prepared by Knight, November 1997 and reviewed by Australian Mining Consultants, November 25th 1997.

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Proposed Public Listing: BASS RESOURCES NL (ACN 080 168 314)
is the registered name for the purpose of public listing.

Registered Office: Level 3, 65 Murray Street, Hobart 7000

Public Capital Raising: \$3,000,000

Par Value: 20 cent fully paid ordinary shares

Share Issue: up to 150,000,000 fully paid shares to \$0.20 per share

Public Listing Date: March 1999 has been targeted in preparation of listing on the Australian Stock Exchange.

Stockbroker and Underwriter: To be announced. Negotiations are currently being carried out with:

Bato Partners

Companies vending into the float: Greater Bendigo Goldmines NL
Oceania Tasmania Pty Ltd
Tas Tiger Mines Pty Ltd
Sundew Pty Ltd
Mersey Lea Mining Pty Ltd

Intended use of seed capital

- | | | |
|----|----------|---|
| 1. | \$30,000 | for Independent Geological reports/valuations |
| 2. | \$50,000 | Comstock → evaluation |
| 3. | \$50,000 | Bendigo → evaluation |
| 4. | \$15,000 | Accountancy |
| 5. | \$55,000 | - Lodgment fee \$15,000 ASX |
| | | - Listing fee \$40,000 ASX |
| | | - Lodgement fee \$ 2,000 ASC |
| 6. | \$20,000 | Legals |
| 7. | \$30,000 | printing and graphic art |
| 8. | \$ | office costs |

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3. DIRECTORS & SENIOR STAFF:

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3.1 Directors & Officers:

held	Position	Name	Occupation	Interest in
GSLM	Chairman: & Chief Geologist:	Mr Alan Humphris	Merchant Banker	%
	Deputy Chairman:	Mr Douglas Cahill	Solicitor	%
	Managing Director:	Mr Malcolm Bendall	Explorationist	%
	Exploration Manager:	Mr David Tanner	Professional Engineer	%
	Chief Geologist & Director:	Mr Gregory Kunda	Geophysicist	%

Note: In the lead up to the public float and ASX listing it is likely the Board will be restructured appropriately.

Geophysicist:	Dr David Leaman	Interpretation
Geophysicist:	Dr John Stanley	Aquisition
Geophysicist:	Mr Gregory Kunda	Interpretation
Geophysicist:	Mr Jonathan Knight	Data Mine
Geophysicist:	Dr Roger Lewis	Turam acquisition and interpretation

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3.2 Background - Directors & Senior Staff:

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Mr Alan J. Humphris:

Please fill in.

Mr Douglass Cahill:

Please fill in.

Mr David Tanner:

David Tanner is the CEO and Exploration Manager of GSLM. Mr Tanner has a Bachelor of Engineering Degree from the University of Tasmania, is a Chartered Engineer and holds a current Well Control and Blowout Prevention Certificate.

Mr Tanner has a background in mining and civil engineering having worked on major oil, mineral, power and construction projects in Australia and internationally. He is also a graduate of the Australian Institute of Company Directors.

Mr Malcolm Bendall:

Mr Bendall is Deputy Chairman and Executive Director of GSLM. He is a founding Director of the GSLM Group which includes much of the exploration licenses initially held by his private companies, Conga Oil Pty Limited and Condor Oil Investments Pty Ltd.

Mr Bendall has published in an international petroleum journal and worked as a mine manager and drilling supervisor.

More Blurb required on base metal background -Comstock specific.

Mr Gregory Kunda:**DRAFT****CONFIDENTIAL**

4. EXPLORATION AND MINING INTERESTS:**463011**

BASS RESOURCES NL mining leases and exploration licences are summarised in the following three tables (tables 4.1 to 4.3), and further discussed in the following section.

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BASS RESOURCES N.L. - PROPOSED EXPENDITURE

TABLE 1.

Property	Title No. Held	expiry date	Percentage	Area	Commodities	Owner	(A) Application Per Year \$	(B) Rent Per Year \$	(C) Total Amount Duc	(D) Proposed Work Commitment Per Year	(E) Bonds \$	
<u>TASMANIA</u>												
COMSTOCK	123 m/47		Pasminco 5% royalty	145 Ha	Zn, Ag, Pb	Oceania Tasmania P/L	\$	\$	\$	\$	\$	
SYLVESTER	43 M/85		100%	80 Ha	Zn, Ag, Pb	Oceania Tasmania P/L	\$	\$	\$	\$	\$	
BENDALLS	19 M/95		100%	11 Ha	Zn, Ag, Pb	Oceania Tasmania P/L	\$	\$	\$	\$	\$	
ALBERTON	6M/95		100%	3 Sq Km	Au	Tas Tiger Mines P/L	\$	\$	\$	\$	\$	
<u>VICTORIA</u>												
SEBASTIAN GOLDFIELD	EL 3105		100%	14 Sq Km	Au	Greater Bendigo Goldmines LTD	\$	\$	\$	\$	\$	
GREYS SADDLE	Min 4236		100%	200.2 Ha	Au	Greater Bendigo Goldmines LTD	\$	\$	\$	\$	\$	
WILSONS REEF	Min 4273		100%	48.2 Ha	Au	Greater Bendigo Goldmines Ltd	\$	\$	\$	\$	\$	
Zn = Zinc, Ag = Silver, Pb = Lead, Au = Gold							TOTALS	\$	\$	\$	\$	\$

TOTAL AMOUNT PER YEAR (C+D) = \$ Application fees, rents and minimum work commitment

amounts are derived from

- Exploration Licences (General Condition - Tasmania Department of Mines) as at March 1992
- Fees, Rents and Royalties Under the Mining Act 1929 as at 10th June 1991.

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BASS RESOURCES N.L. - BASIS OF VALUATIONS

TABLE 2.

Property	Title No. Held	Historical Grade * Inferred	Historical mining tonnes * Inferred	Value of metal won in 1998 \$'s	Drilling metres	New Inferred Reserves Tonnes	Reserves \$A value
<u>TASMANIA</u>							
COMSTOCK	123 M/47	20%combined, Ag,Pb,Zn	8,000Tonnes	\$ 8,000,000	M	T	\$
SYLVESTER	43 M/85	20%combined, Ag,Pb,Zn	1,000Tonnes	\$1,000,000	M	T	\$
BENDALL'S	19 M/95	not mined			M 5,165	3 MIL T	\$ 800,000,000
ALBERTON	6 M/9	15,000oz Au	30,000Tonnes	\$ 7,050,000	M 2,000	T	\$
<u>VICTORIA</u>							
SEBASTIAN GOLDFIELD	EL 3105	186,000oz Au	350,000Tonnes	\$164,500,000	M 2,000	T	\$
GREYS SADDLE	Min 4236	25,000-30,000oz Au	30,000Tonnes	\$ 14,100,000	M 7,300	2 MIL T	\$ 134,000,000
WILSONS REEF	Min 4273		Tonnes \$		M	T	\$
			419,000 Tonnes	\$194,650,000	M16,465	5 MIL T	\$934,000,000

Zn = Zinc, Ag = Silver, Pb = Lead Au - Gold

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BASS RESOURCES N.L. - FULLY OWNED SUBSIDIARIES FINANCIAL SUMMARIES

TABLE 3.

Property	Title No Held	PROPERTY VALUATION A	OWNER	PREVIOUS EXPLN COSTS B	CURRENT LIABILITIES C	NET WORTH D
<u>TASMANIA</u>						
COMSTOCK	123 M/47	\$ 350,000 surface \$ 1,000,000 sub-surface	Oceania Tasmania P/L	\$	\$	\$
SYLVESTER	43 M/85	\$ 150,000 surface \$ 1,000,000 sub-surface	Oceania Tasmania P/L	\$	\$	\$
BENDALLS	19 M/95	\$ 200,000 surface \$ 300,000 sub-surface	Oceania Tasmania P/L	\$	\$	\$
ALBERTON	6 M/95	\$ 300,000	Tas Tiger Mines P/L	\$	\$	\$
<u>VICTORIA</u>						
SEBASTIAN GOLDFIELD	EL 3105	\$300,000-\$550,000	Greater Bendigo Goldmines NL	\$	\$	\$
GREYS SADDLE	Min 4236	\$325,000-\$525,000	Greater Bendigo Goldmines NL	\$	\$	\$
WILSONS REEF	Min 4273	\$325,000-\$525,000	Greater Bendigo Goldmines NL	\$	\$	\$
Zn = Zinc, Ag = Silver, Pb = Lead Au - Gold		TOTAL \$ 4,100,000		TOTAL \$	TOTAL \$	GRAND TOTAL \$

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 VICTORIA

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**5. BASE METAL MINING INTERESTS - WEST COAST
TASMANIA****5.1 COMSTOCK MINING LEASE****LEASE DATA**

Lease No.	123 M47
Location	4 km West of Zeehan
Granted	Feb, 1947
Expiry Date	Feb, 2003
Area	145 ha
Land Status	Crown Land
Ownership	Oceania Tasmania Pty.Ltd.
Encumbrances	5% Royalty to Pasmenco
Mineral	Silver - Lead - Zinc

EXISTING INFRASTRUCTURE

Access:	Public road through lease
Electrical power:	3 km from reticulated power
Water:	Constant flow creek (Comstock creek)

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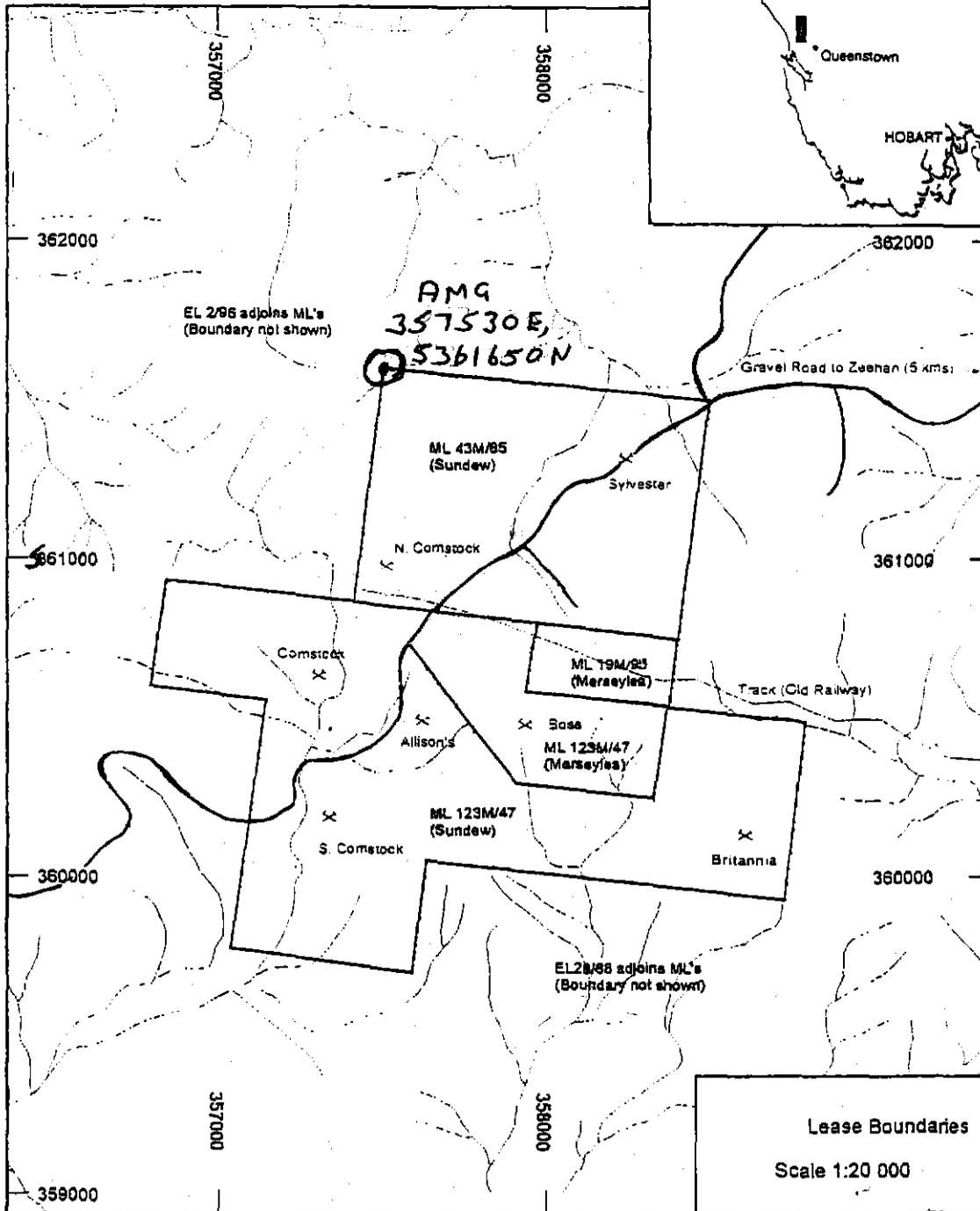
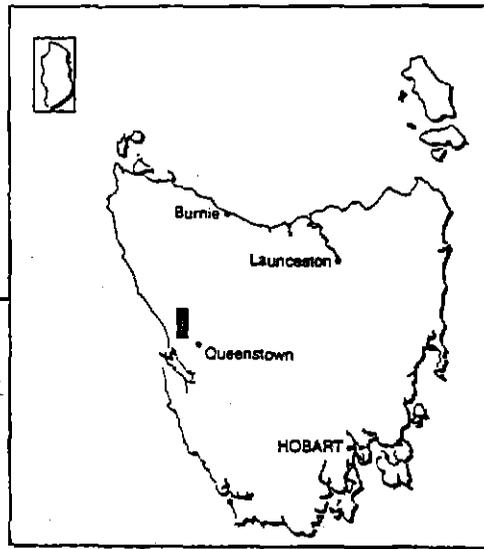


Figure 5-1 COMSTOCK MINING LEASE: 123M/47
 AND SYLVESTER MINING LEASE: 43 M / 85
 Location of mines

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SUMMARY OF SALIENT GEOLOGY

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The rocks hosting mineralisation in the Comstock mine area are a variable succession of deformed mica schists, phyllites, dolomites, calcareous siltstones and slate with quartzite and siltstone. The rocks are believed to be the upper part of Oonah quartzite and slate faulted against Cambrian gabbro to the west and Silurian sediments to the North. The mineralisation occurs where the faults (up to 4000m long) cut favourable lithology's (limestone or shale) forming lodes up to 30 metres wide.

PREVIOUS MINING AND EXPLORATION

The mine was discovered in 1888 and was worked by deep trenches, shallow shafts and a 220 metre adit until 1895 when primitive equipment and heavy inflow of water led to the abandoning of the field. Tributaries and small companies produced a little ore until 1935. The original lower adit was continued on by the government to 600 metres and was finished in 1940. The adit drained the field and enabled tributaries in latter years to carry out open cut operations with no water problems. The E.Z. Company has held the lease from 1948 and between 1948 and 1950 carried out a geological survey and diamond drilling operation. However, no exploratory work has been done on the lease by them since that time. This was mainly because their diamond drilling showed no significant mineralisation of the strata-bound replacement type deposit which they were looking for. Furthermore they did not recognise the fact that the major lodes were striking 15 degrees west of the bedding and related to shear zones. Therefore their drill siting was such that they missed the areas of major mineralisation. An estimated total of 8,000 tons of ore was won prior to 1952. This ore yielded 1700 tonnes (21.3% Pb) of lead, 170,000 ounces of silver (21.3 ounces/ton Ag) and 2,100 tons of zinc (26% Zn) since 1952 approximately 6,000 tons of ore at a minimum of 14% zinc, 5% lead was produced by open cut operations and sold to the E.Z. Company Rosebery.

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POTENTIAL TARGETS

With three parallel lodes of at least 400m strike length and skarn type mineralisation at depth, there is a big possibility of more ore bodies being found and those already found being proved at depth. At present the perceived open cut target is about 200,000 tonnes of 10-15% combined zinc and lead. The current underground mining target is approximately 10 million tonnes at 10-15% combined lead and zinc.

WORK UNDERTAKEN BY OCEANIA TASMANIA PTY LTD

Drilling, trenching, gridding, assaying, geophysics and mapping have been undertaken by Oceania Tasmania Pty Ltd. The results of this are compiled in the 1998 Comstock report (Knight, 1998). In addition, a preliminary process design has been carried out by a materials handling consultant. A number of lodes and anomalies have been defined by the work undertaken to date, and require future drilling and extended geophysical work.

PROPOSED FUTURE EXPLORATION AND COST

A large turam anomaly exists south of the opencut. Further geophysics needs to be undertaken along the strike of the known lodes. The strike length is in excess of 3,000m. The geophysical anomalies found up to date need to be drilled, and the lodes exposed to date need to be drill tested further at depth. The projected cost for the initial work program is approximately \$200,000 to move from inferred to proven reserves.

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5.2 THE SYLVESTER MINING LEASE

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LEASE DATA

Lease No.	43 M / 85
Location	3km West of Zeehan, adjacent Comstock
Granted	October, 1985
Expiry Date	October, 2007
Area	80 Ha
Land Status	Crown Land
Ownership	Oceania Tasmania Pty. Ltd.
Encumbrances	None
Mineral	Silver - Lead - Zinc

EXISTING INFRASTRUCTURE

Access:	Public road through lease
Electrical power:	2km from reticulated power
Water:	constant flow creek (tributary of Comstock Creek)

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SUMMARY OF SALIENT GEOLOGY

The Sylvester Mine is in a similar host rock sequence to that of the Comstock with similar, probably concurrent mineralisation, fracturing, potential targets.

SUMMARY OF PREVIOUS MINING AND EXPLORATION

A total of 1,192 tons of ore was mined returning 274 tons (32.6% Pb) of lead and 16,560 ounces (13.9 ounce/ton Ag) of silver, there is no record of any zinc being mined. As in the Comstock Mine the zinc appears to be more abundant in the lodes than lead, though uneconomic circa 1912. In 1988 Oceania Tasmania Pty Ltd mined 1000 tonnes of zinc ore which assayed 32% zinc from a small open pit 10 metres in depth.

POTENTIAL TARGETS

Same as for Comstock.

WORK UNDERTAKEN BY OCEANIA TASMANIA PTY LTD

General study of the area including old workings and reports as well as one excavation trench which uncovered massive high grade mineralisation.

PROPOSED FUTURE EXPLORATION AND COST

Because of the poor surface exposure for this area, all geological information would have to be gained by trenching and geophysical work would be needed to define the mineralisation. Two inclined Diamond Drill holes (200 m deep @ \$100 per metre) are planned to test the old lode at depth, once an idea of location and dip is obtained by geophysical work. The cost of this program will be approximately \$100,000.

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5.3 BENDALL'S MINING LEASE

LEASE DATA

Lease No.	19 M / 95
Location	3km West of Zeehan, adjacent Comstock
Granted	1995
Expiry Date	June, 1999
Area	11 Ha
Land Status	Crown Land
Ownership	Oceania Tasmania Pty. Ltd.
Encumbrances	None
Mineral	Silver - Lead - Zinc

EXISTING INFRASTRUCTURE

Access:	Public road through lease
Electrical power:	2km from reticulated power
Water:	none

SUMMARY OF SALIENT GEOLOGY

Bendall's lode is a similar host rock sequence to that of the Comstock with similar, probably concurrent mineralisation, fracturing, potential targets. The mineralisation occurs where the Balstrup fault (up to 4000m long) cuts limestone forming lodes up to 4 metres wide.

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SUMMARY OF PREVIOUS MINING AND EXPLORATION

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None

POTENTIAL TARGETS

Same as for Comstock.

PROPOSED FUTURE EXPLORATION AND COST

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6. GOLD MINING INTERESTS - NORTH EAST TASMANIA**6.1 ALBERTON MINING LEASE****LEASE DATA**

Lease No.	6M/95
Location	Alberton, N.E. Tas
Granted	1988
Area	3 km ²
Land Status	95% Crown Land, 5% Private
Ownership	Tas Tiger Mines Pty. Ltd.
Encumbrances	None
Mineral	Gold

EXISTING INFRASTRUCTURE

Access:	Public road frontage
Electrical power:	Along frontage
Water:	Dorset and New Rivers.

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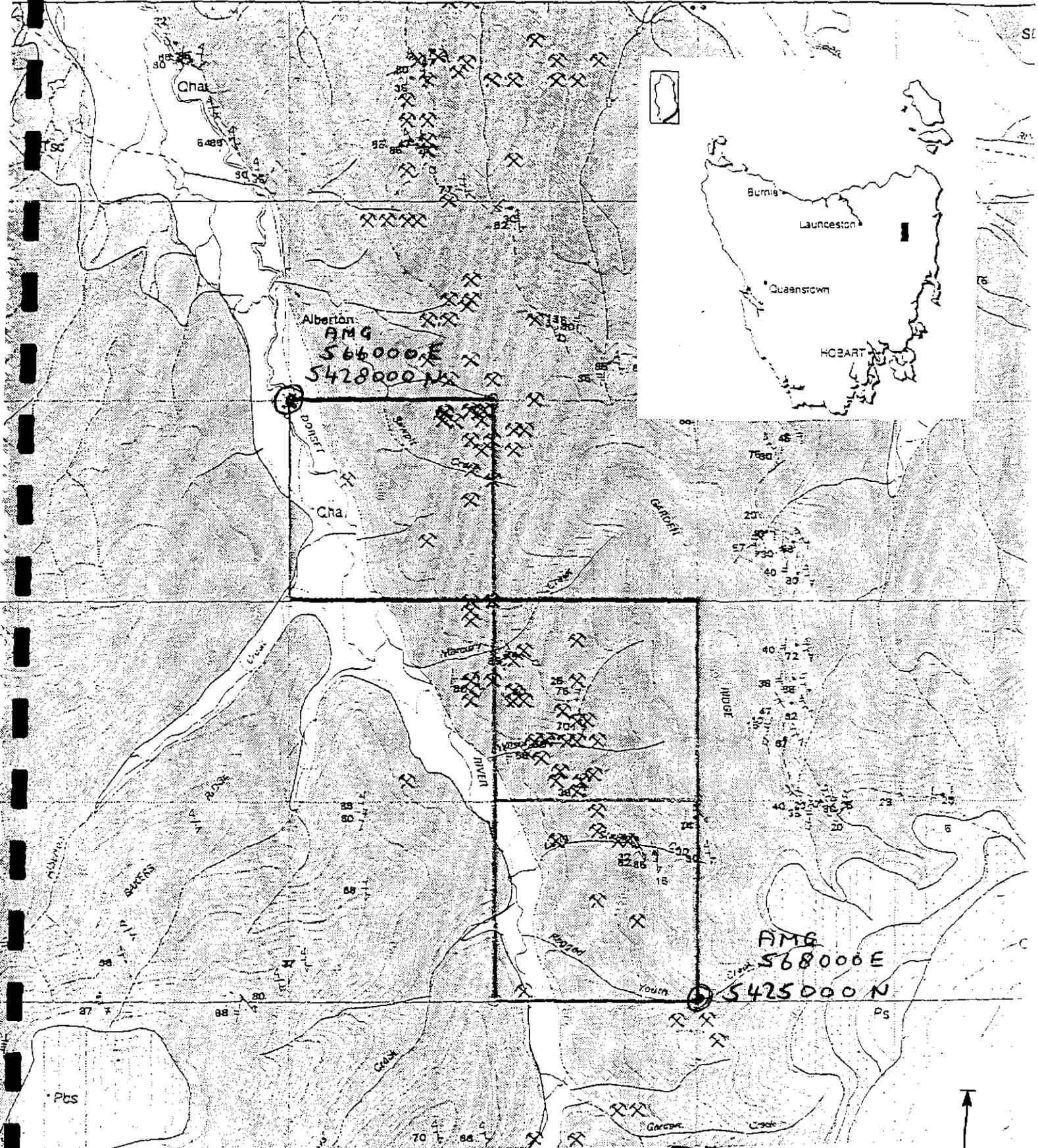


Figure 6-1 ALBERTON MINING LEASE: 6M.95

Location of mines

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Scale 1:25,000

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SUMMARY OF SALIENT GEOLOGY

The Upper Devonian granite is 5 kilometres east of the Lower Devonian Mathinna beds. These form a ridge which runs north of Mount Victoria containing all the mines. These reefs are of a fault fissure nature, have strikes of N.E.- S.W. and N.W.- S.E. relating to a N.N.W. - S.S.E. trending anticlinal structure in the Mathinna beds, dipping to the south. Saddle reefs and laminated quartz lodes, characteristic of the Bendigo gold field, are also present in the area. Almost the complete Mathinna sequence is represented at Alberton, from the graphitic shales at the bottom to yellow argillaceous sandstones and brown slates, to blue grey slates with interbedded quartzites and sandstones, to the upper sequence of quartzites, sandstones and feldspathic sandstones.

PREVIOUS MINING AND EXPLORATION

The goldfield was discovered in 1883 and was intermittently worked until 1925. Over 100 reefs were mined, five being on a major scale, (New River, Ringarooma United, Mercury, Long Struggle, and Mount Victoria Mines.) All these workings are recorded on a map compiling details of underground production (Nye and Blake, 1934). The field was abandoned due to under-capitalisation, sulphide ores, the Depression and fire which destroyed the six batteries in the area. A total of 15,000 ounces of gold was produced from approximately 30,000 tonnes of lode material from the field.

POTENTIAL TARGET

The old workings did not sink to any depth on the lodes and even the deepest mine, the Ringarooma United, did not go below river level. The Ringarooma United Mine, a 60m deep lode of 1 metre width and 6m length, has three lodes converging at depth. These lodes assayed 1 ounce per ton. Re-opening of the prospect shaft would mean that mining could be carried out immediately. Also ore left in the mine under 12 grams per ton could now be treated. This philosophy could be

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followed for the five major mines in the area producing at least 50,000 ounces of gold, provided the lodes continue at depth with similar grades and width.

WORK UNDERTAKEN BY TAS TIGER MINES PTY. LTD.

Two annual reports have been produced, covering relocation and cleaning of old workings, assaying, channel sampling, track cutting and geophysical work.

PROPOSED FUTURE EXPLORATION AND COST

Complete re-opening the five major mines and drilling to test further extensions of known lodes.

REFERENCES

Blake, F. (1934). Alberton Map sheets No. 3 and 4. Held at Tasmania Development and Resources, Industry, Safety and Mines division library.

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7. GOLD TENEMENTS – BENDIGO REGION VICTORIA

BASS RESOURCES NL hold interests in 3 mining leases in the Bendigo Region of Victoria, namely Wilson's Reef, Grey's Saddle and Sebastian, see figures 5.1 and 5.2.

Tenements in the Wilson's Hill Goldfield (MIN 4236 and 4273) are located some 15km east of the Bendigo Goldfield while the tenements in the Sebastian Goldfield are located 18km north-north west of Bendigo.

The following Regional geology, production history, exploration targets and the proposed exploration program and budgets are sampled directly from the independent geological report prepared by Australian Mining Consultants (Supporting Document 2).

7.1 WILSONS REEF MINING LEASE

LEASE DATA

Lease No.	MIN 4236
Location	Wilson's Hill
Granted	1996
Area	200.2 ha
Land Status	
Ownership	Greater Bendigo Gold Mines NL
Encumbrances	
Mineral	Gold

EXISTING INFRASTRUCTURE

Access:	sealed & gravel roads through lease
Electrical power:	
Water:	

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7.2 GREYS SADDLE MINING LEASE

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LEASE DATA

Lease No.	MIN 4273
Location	Marong Victoria
Granted	1996
Expiry Date	????
Area	48.2 ha
Land Status	
Ownership	Greater Bendigo Gold Mines NL
Encumbrances	
Mineral	Gold

EXISTING INFRASTRUCTURE

Access:	sealed & gravel roads through lease
Electrical power:	
Water:	

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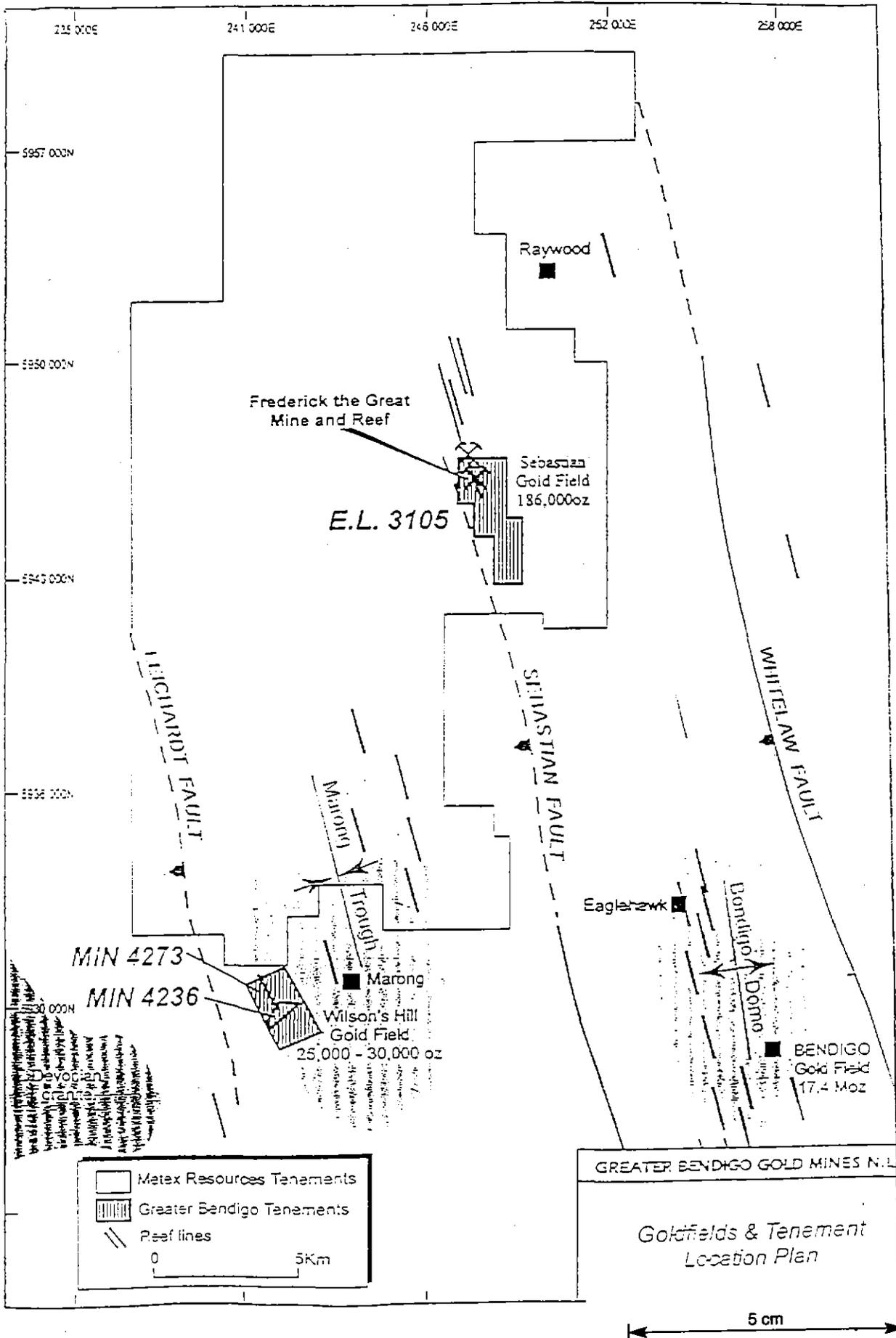


Figure 7-1 BENDIGO MINING AND EXPLORATION LEASES:

Grey's Saddle: Mining Lease MIN4236
 Wilson's Reef: Mining Lease MIN4273
 Sebastian Gold Field: Exploration Lease EL3105

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SUMMARY OF SALIENT GEOLOGY AND

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The Wilson's Hill Goldfield contains auriferous quartz reefs in tightly folded states and sandstones of Ordovician age. Regional strike of the fold is approximately N 30° W. The goldfield is located in the Marong trough west of the highly productive Bendigo dome.

The position of the goldfield appears to be structurally controlled on the east side of the Leichardt fault. Conditions conducive to the formation of saddle reefs and spurry stockworks in the Bendigo Goldfield appear to have been present in the Wilson's Hill Goldfield which is dominated by two parallel anticlines, Wilson's Line and Gray's Line, with an intervening synclinal axis, the Albion Line (Figure 2).

The goldfield contains numerous poorly exposed reefs scattered over an area of 10km by 7km. The Wilson's Reef portion of the goldfield appears to be located adjacent to a flexure on the Leichardt fault, which may have produced a series of mineralised splays in a dilation zone.

The reef lines tended to be controlled by anticlinal and synclinal axes with gold deposited in saddle reefs and on east and west dipping limbs (legs) of the fold structures; spurry stockwork auriferous-quartz is developed in the footwall of these veins.

Identified, significant reefs within the GBGM tenements from east to west are:

- **Kennedy's Reef** - Width 1.0 to 1.5m, dips west.
- **Duke of Edinburgh Reef** - West dipping reef containing around 1oz/t, reported to be of limited extent, located along a synclinal axis.
- **Slate Reef** - Stockwork spurry reefs developed on an east dipping (=70) reef pitching north around 35. The surface outcrop extends for around 400m and varies in width between 2.4m and 24m. The gold was described as being very fine grained.
- **Gray's Line of Reef** - This reef is confined to an anticlinal structure. Reefs were extensively worked by open cuts and shafts (deepest 46m) along a mineralised system 250m in length. Grade is reported to have averaged 8g/t.
- **Albion Line** - This lies along a synclinal fold structure which has been traced for over 300m with variable widths between 0.45m and 1.2m. The mineralisation appears to lie within a breccia zone; gold was described as fine grained and probably remobilised.
- **Wilson's Line of Reef** - This lies along an anticlinal structure which has been traced for over 600m. Workings were up to 30m deep and 9m wide. Grades around 15 g/t Au were reported from the mineralised quartz veins, exceptional grades to 18 oz/t were recorded from these workings.

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- **Wilson's Hill Reef** - This west dipping reef averaged 1.5m in width and worked over strike length of 250m to a depth of 150m. The reef was accessed from several shafts including the Whim, Inverness and Kent shafts. Recovered grades from early mining activities exceeded 10 oz/t, however average grades were reported as 15 g/t.

PREVIOUS MINING AND EXPLORATION

The Wilson's Hill Goldfield was discovered around 1867 with early mining on the Duke of Edinburgh Reef, no production is recorded after 1898. There are no production records but it is estimated production may have been in the 20,000 to 25,000 oz range - it could also have been considerably more. Mining on the field ceased around 1939 with the closure of the Marong cyanide plant.

Production from individual reef lines are estimated to be:

Slate Reef	to 1899	1,360 oz
Albion Reef	to 1899	615 oz
Wilson's Line		15,000 - 20,000 oz

No evidence of exploration has been sighted covering the period 1939-1975.

Around 1975, Planet Mining NL completed 2087m of costeans across the goldfield, gold values were considered to be low with no significant widths of mineralisation at surface.

Between 1980 and 1988, Western Mining Corporation ("WMC") completed an extensive exploration program involving rotary air blast, reverse circulation and diamond drilling. Most of the diamond drilling investigated deep reef targets while the reverse circulation drilling concentrated on shallow opencut targets.

The WMC drilling program comprised:

- Reverse circulation - 44 holes, 3301m, average depth 75m
- Diamond - 9 holes and wedges, 4,307m

Diamond drill core was split and assayed at intervals (guided by geology) from 0.15m to 1.5m. Cuttings and core were assayed for gold by acid digest of a 25gm sample split followed by AAS determination. Limited fire assay checks were carried out. Drill assay data was calculated using a 1g/t cut off.

In 1990 it was estimated the current value of the above program was around \$750,000. Assuming 4% inflation between 1990-1996, the 1996 value of the program is estimated to be $\$750,000 \times (1.04)^6 = \$950,000$.

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WMC did not follow up on their investigations and the tenements were relinquished.

4273 - 14/7/89 - Old Title DL 1160

4236 - 19/5/87 - Old Title DL 618

In (month) 19 GBGM applied for MIN 4236 and MIN 4273, these were granted in February (month) 1995 The work programs have involved an assessment of existing exploration data.

Expenditure between 1995 and December 1996 is estimated to be \$20,000.

WORK UNDERTAKEN BY GREATER BENDIGO GOLD MINES PTY LTD

The company has completed a review of available early mining and later exploration data.

The results of the WMC drilling program suggest a division into three targets:

- Wilson's Hill Reef. Shallow opencut potential.

Historical records indicate the richest ore was extracted through the Shim shaft. More than half the WMC drilling has been concentrated in this area aggregating 13 rotary air blast holes, 18 reverse circulation holes and 1 diamond drill hole.

Drilling indicates the quartz is sporadically mineralised. Of considerable interest is a zone of mineralisation below the footwall of the Main reef, this feature is plotted at approximately 50m below surface (Figure2), the mineralised zone is about 400m long and varies in width between 12m-23m. Towards the north end of this zone the mineralisation has been traced below surface for 150m. The zone is open to the north and at depth. Assay values are set out in Table 1.

- Slate Reef. Shallow opencut potential.

WMC defined a consistent zone of mineralisation 140m long by 5m true width (Figure 2), assay values are set out in Table 2.

- Gray's Line of Reef. Deeper underground potential.

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In summary the results from the drilling of the Wilson's Hill Goldfield indicate the presence of near surface oxide and deeper sulphide associated gold mineralisation in all structures tested. In assessing the assay data, visible gold was observed in the core from four diamond drill hole intercepts, namely:

Wilson's Hill Reef	WHD 9A	157.45m	4.15m @ 1.17g/t
Gray's Line of Reef	WHD 3	230.35m	1.35m @ 2.44g/t
Gray's Line of Reef	WHD 2	289.75m	8.00m @ 14.10g/t
Gray's Line of Reef	WHD 6	150.55m	0.25m @ 7.57g/t

It is probable that coarse gold is a feature of this goldfield. Doubts have been raised over the appropriateness of 0.25g assay samples used by WMC as an adequate test of gold content in this geological setting.

PROPOSED FUTURE EXPLORATION AND COSTS AND BUDGET

The drilling results indicate shallow opencut and deeper high grade shoots are potential targets. Specific targets identified from previous production and later drilling are:

- **Wilson's Hill Reef.** Opencut target. Drilling has identified a shallow oxidised target. Continuity of mineralisation but not necessarily economic grade down dip for 150m is indicated at the northern end of the prospect which is 300m long by 12m to 20m wide.
- **Slate Reef.** Opencut target. Drilling has identified a zone of shallow mineralisation 130m long by 8m to 10m wide.
- **Gray's Line of Reef.** Underground target. It is possible that drill hole WHD 2 intersected a saddle reef around 150m from surface. The dimensions of Bendigo-type saddle-reefs can be as small as 5-6m wide, 9-10m high but with a plunging strike length between 100m and 300m. Ore grades are known to exceed 1 zo/t and can be as high as 20 zo/t. Ore shoots to 30,000 tonnes could be expected. Repetitions on the anticlinal axis constitute attractive targets.
- **Wilson's Hill Reef System.** High tonnage low grade target. With increasing efficiency in heap leach operations, there exists the possibility of defining a resource of several million tonnes grading 0.8 to 1.0g/t. Such an operation could provide the Company with a long term operation.

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The status of the tenements of the Wilson's Hill Goldfield with respect to commitments and previous expenditures is set out below.

MIN	Reporting Expenditure Period	Year Number	Commitment	
			\$	\$
4236	95/97	1	70,000	10,000
	95/97	2	80,000	
4273	95/97	1	70,000	
		2	80,000	10,000

Explanation:

Awaiting department authority to commence work - Not yet issued. All pending matters resolved.

The 1997/1998 program has been designed to confirm continuity of mineralisation previously identified by WMC drilling. Shallow opencut targets will be sought along Slate Reef and Wilson's Hill Reef while deeper saddle reef style mineralisation will be followed up from earlier drilling at the southern end of Gray's Line of Reef.

The budgets and REMV expenditure commitments are set out below.

Aggregated MIN Data

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1997/1998

Budget

\$400,000

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7.3 SEBASTIAN EXPLORATION LEASE

LEASE DATA

Licence No.	EL 3105
Location	Sebastian Goldfield
Granted	1996
Expiry Date	????
Area	14 km ²
Land Status	
Ownership	Greater Bendigo Gold Mines NL
Encumbrances	
Mineral	Gold

EXISTING INFRASTRUCTURE

Access:	sealed & gravel roads to lease
Electrical power:	
Water:	

The Sebastian Goldfield is located around 18km north-north-west of the Bendigo Goldfield. Private land comprises around 90% of the locality with Crown Land accounting for the remainder.

The Company holds an exploration licence, EL3105/ **DRAFT** 012 km² which contains the old workings of the Frederick the Great mine and its extensions

SUMMARY OF SALIENT GEOLOGY

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The stratigraphy of the Sebastian Goldfield consists of tightly folded sediments of Ordovician age composed of sandstone, slate and occasional quartzite bands, pyrite is disseminated throughout the succession.

Structurally the Sebastian Goldfield lies between the Whitelaw and Sebastian faults. The nature of the folding, faulting and quartz reef development in this goldfield indicates it might be an extension of the Bendigo Goldfield mineralising system. On the strength of the similarities and spatial relationship the Frederick the Great veins are considered to be a continuation of the Prince of Wales line which originates on the Bendigo Goldfield (Whitelaw 1899).

Superficial Tertiary and Recent sediments are on-lapping and obscuring the Ordovician host rocks.

The gold mineralisation in the Sebastian Goldfield is contained within quartz reefs which exhibit a structural style and occurrence similar to that on the Bendigo field. It has been noted, however, the principal reefs, quartz spurs and stockworks carrying the mineralisation appear to be located in crosscutting faults and not within the axial planes of the folding or hinge zones. Gold occurs as free, coarse grained particles as well as fine grained material associated with the sulphides.

The Frederick the Great gold deposit is a fissure reef striking north-north-west occupying a fault which dips near vertical to steep west near surface but dips less steeply, around 65° West in the lower workings. The upper fault contact is regular and striated while lower fault contact is ill defined, tending to be associated with spurry, stockwork gold mineralisation. The quartz reefs crosscut the sedimentary sequence which dips 75° east.

The upper portions of the reef were mined to widths up to 30m while in the lower levels, mining widths decreased between 0.7m and 16m. At the 29m level below the main shaft the reef was mined over a width of 7.3m. Between 140m and 180m below surface the reef was faulted (with a displacement 18m to the east), there appeared to be a depletion of gold in this fault structure.

A new shaft (No.20 shaft) some 200 to the south of the Main shaft worked the reef below the fault to a depth of 250m below surface. The Brunn shaft 100m south of No.20 shaft worked the southern section of the reef down to 100m at which depth grades again decreased and mining operations became unproductive.

The South Frederick the Great shaft (located 300m south of Brunn's shaft) was sunk to 140m to intersect the rich shoot worked from Brunn's shaft. Extensive "low grade" mineralisation was discovered and partially mined but it was considered (Whitelaw, 1899) that the shaft had stopped short of the mineralised shoot.

The North Frederick the Great shaft (located 200m north of Main shaft) was sunk to 100m, cross cuts failed to intersect payable gold-bearing reefs below near surface mineralisation, however, coarse gold was noted in the deeper workings.

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Reef structures in the Frederick the Great Mine vary from lamellar to cryptocrystalline quartz, the lamellar portions proving to be the most productive. In places the quartz reefs tend to be highly mineralised containing chlorite, galena, pyrite, chalcopyrite, arsenopyrite and feldspar. From stoping records it has been considered the mineralised system pitched 20° south, with individual shoots oriented steep southerly across the west dipping quartz-fissure system. The reef in the South Frederick the Great Shaft is reported to have pitched 60° south and sipped 45° west.

The apparent 20° southerly pitch should be reviewed since it appears to be in part derived from the geometry of a small open cut at the north end of the workings. The dominant structures appears to be a 50° - 60° southerly pitching shoots that may relate to the intersection of the mineralised fault system with crosscutting folded stratigraphy.

The Frederick the Great workings reached depth of some 220m below surface. The mineralisation appears to be open at depth and to the south. The length of the ore shoots worked in the mine appeared to be between 150m and 200m in length.

PREVIOUS MINING AND EXPLORATION

In 1863 alluvial gold was discovered in gullies draining from the Frederick the Great locality. The main reef, the Frederick the Great reef, was first worked in 1864 initially from an opencut with reported dimensions of 49m long, 18m wide and 25m deep.

There were two main phases of underground development; between 1864 -72 and 1882-93, with no further significant production after 1893. The recovered grades in the period 1864-72 were reported as 13.6g/t from 168,000t of ore. Total production from this mine is recorded as 170,000oz of gold derived from surface to 150m.

In 1934 the South Frederick the Great reef was opened up, however there was virtually no production due to low gold grades. In 1935 the mine produced 635t ore for a recovered grade of 15.8g/t before closing down. During the 1930's, gold was recovered from cyanidation of tailings with all work ceasing on the goldfield by 1940.

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The Sebastian Goldfield lay dormant till the 1980's when WMC carried out extensive exploration that involved induced polarisation surveys, reverse circulation and diamond drilling. WMC endeavoured to locate reef structures similar to those on the Bendigo Goldfield. The drilling program tested the Frederick the Great reef over a strike length of 850m across 8 section lines spaced 80m to 200m apart. The program consisted of:

Reverse circulation drilling	17 holes 1064,	average depth 62m
Diamond drilling	4 holes 1273m	average depth 318m

An estimate of the inflated 1996 costs of the exploration program are \$300,000.

Drill samples were assayed for gold by acid digestion of 25gm sample splits and AAS determinations, some fire assay checks were carried out.

The drilling results on the Frederick the Great mine and adjacent reefs demonstrate the presence of sporadic but significant near surface (above 50m) and deeper high grade gold mineralisation. The high grade intersection in drill hole 41 may be derived from an extension of the Frederick the Great reef - offset by faulting 150m below surface. It is significant to note that several gold intersections appeared to be quartz deficient.

Study of the WMC drilling pattern leads to a conclusion the mineralised system has not been adequately tested.

No mineral resources can be identified, further drilling and the testing of large samples will be necessary to confirm grade of a system believed to contain coarse gold.

SUMMARY OF WORK UNDERTAKEN BY GREATER BENDIGO GOLD FIELDS PTY LTD

The Company maintains exploration licence 3105 in good standing. EL3105 was renewed in August 1995, for a further two years at a reduced area of 8km². Reductions have been made on the periphery of the tenement distant from the Frederick the Great line and adjacent mineralisation.

The Company completed studies of old records and the recent drilling program by WMC, which has resulted in the identification of drilling targets southward from the Main shaft.

In 1994-95 the Company identified some 5000t of untreated tailings, aggregated drilling data produced grades over several lines of 0.60, 0.68, 1.16, 0.71, 0.45, 0.77 and 0.58g/t. MIN applied for (TTL 390 - cancelled 1994) KND pending grant (5ha).

PROPOSED FUTURE EXPLORATION AND COST

The Frederick the Great workings present an attractive underground target. ~~The prime target is the continuation of the auriferous quartz veins beneath the~~

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fault located in workings accessed from the Main shaft and also down the postulated 50° -60° southerly pitch of the mineralised lenses associated with the west dipping fault. Mining records indicate the upper stopes were up to 30m wide, with lower stopes to 15m wide. The previous WMC drilling did not adequately test the southern down pitch extension of the Frederick the Great system.

The reported decrease in gold grades at the 100m level might indicate a zone of gold depletion in the leached zone or the development of primary sulphide ore below the supergene zone which could not have been effectively treated with earlier metallurgical techniques. A secondary target is near surface openpit oxide ore and underground fill.

The WMC drilling results consistently recorded narrow widths (1m-4m_ of 1 to 2g/t material which is not consistent with the historical mining widths.

Considering the previously recorded mining width (to 30m), the narrow mineralised width recorded in the drilling program require confirmation.

PROPOSED EXPLORATION PROGRAM AND BUDGET

The status of exploration licence 3105 with respect to commitments and previous expenditure is set out below.

EL Expenditure	Reporting Period	Year Number	Commitment	
			\$	\$
3105	8/94-8/95	1	17,000	14,809.50
	8/95-8/96	2	17,000	14,087
	8/96-8/97	3	unknown	
	8/97-8/98	4	unknown	

The 1996/1997 program has been designed to complete a thorough study of previous mining and exploration data. This will be followed by survey control, geological mapping and costean sampling.

The 1997/1998 program will consist of reverse circulation and diamond drilling to locate mineralised structures along strike from and adjacent to Frederick the Great mineralised system.

The budgets and REMV expenditure commitments are set out below:

Data	8/96-8/97	8/97-8/98
Budget	\$40,000	\$60,000
Commitment	Unknown	Unknown

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CONSOLIDATED PROGRAMS AND BUDGETS

We have reviewed the proposed exploration budgets and programs for the Wilson's Reef and Sebastian Goldfields.

EXPLORATION METHODS

GBGM has recognised the potential for significant gold deposits in the Wilson's Hill and Sebastian Goldfields.

The Company has also recognised the requirement for a detailed evaluation of early records and more recent exploration techniques and results. In particular, there is a recognition of the difficulties in evaluating coarse gold deposits and the requirement for implementing accurate and closely supervised gold assessment techniques.

8. EXPLORATION AND PRODUCTION STRATEGY

The ultimate aim of BASS RESOURCES NL is to maximise the value of its acreage in the Tasmania and Victoria and reach production as soon as possible. ????????????????????

To achieve this aim BASS RESOURCES NL will pursue the following objectives:

- 1.
- 2. BASS RESOURCES NL has identified magnetic acquisition as the key element in achieving its strategy. Details of the magnetics program defined by BASS RESOURCES NL is described in the Exploration Program below.

9. EXPLORATION AND PRODUCTION PROGRAM:

BASS RESOURCES NL intends to increase its interest in the Tasmania by conducting the following comprehensive exploration and appraisal program.

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Drilling program:

APPENDIX 1

Dear Sirs

RE - INDEPENDENT GEOLOGIST'S REPORT

By letter of 4th September 1996, you have requested that Australian Mining Consultants Pty Ltd ("AMC") prepare an Independent Geologists Report on Greater Bendigo Gold Mines NL ("ACN 007 287 452") ("GBGM") exploration interests in the Bendigo region. The objective of this report is to provide technical data on which to base a valuation of the mining tenements.

AMC has been requested to prepare this report in relation to tenements set out below:

Tenements by Project Area

Area	Tenement	Name	Area	Expiry
Marong Victoria	MIN 4236	Grey's Saddle	200.2 ha	22 February '99 Renewal pending
	MIN 4273	Wilson's Reef	48.2 ha	22 February '99 Renewal pending
Sebastian Victoria	EL 3105	Sebastian Goldfield	14km ²	8 August '96 Renewal pending
	MIN 5104		5 ha	Application pending

Tenements in the Wilson's Hill Goldfield are located some 15km east of the Bendigo Goldfield while the tenements in the Sebastian Goldfield are located 18km north-north west of Bendigo. In the report which follows, we have concluded that:

- GBGM ("the Company") has a satisfactory and clearly defined exploration and expenditure program which is reasonable having regard to the objectives of the Company; and
- Enough exploration work has been completed by the Company and previous companies in recent years to justify the proposed exploration and expenditure program.

The information used to prepare this report is drawn from discussions with the technical advisers of the Company, from reports prepared by consultants and previous tenement holders, from GBGM documents and from field examination. We have checked mapping information in the field and have examined estimates and proposals for project development.

The report is prepared in accordance with relevant requirements of the Australian Stock Exchange Limited ("ASX") and the Valmin Code of the Australasian Institute of Mining and Metallurgy ("AusIMM").

Where resources have been referred to in this report, the terminology used is consistent with that set out in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves ("JORC Code") published by the Joint Committee of the AusIMM, the Australian Institute of Geoscientists and the Minerals Council of Australia.

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Our report follows the format below:

- 1) Scope of Due Diligence
- 2) Introduction
- 3) Regional Geological and Structural Setting
- 4) Project Areas (Wilsons Hill Goldfield, Sebastian Goldfield)
 - Geological and Structural Setting
 - Production History and Previous Exploration
 - GBGM Initiatives
 - Exploration Targets
 - Proposed Exploration Programs and Budgets
- 5) Consolidated Programs and Budgets
- 6) Qualifications
- 7) References

Yours faithfully

G R Appleyard
Principal

J H Hill
Associate

1. SCOPE OF DUE DILIGENCE

Agreement by letter dated 4th September 1996, GBGM requested that AMC prepare an Independent Report and Valuation on the Company's tenements in the Bendigo region based on field examination and geological, exploration and production information supplied by it. The purpose of the valuation is to provide information necessary for a proposed merger of exploration assets between the Company and Metex Resources NL (ACN 057 552 137).

To complete that brief, we have made site visits to each of GBGM tenements and have reviewed the reports, plans, sections and other relevant production and exploration data provided to us by the Company.

We did not audit the exploration data but aimed to satisfy ourselves that it had been collected and prepared according to proper industry standards. We did not search titles or audit expenditure records but, for the purposes of compliance with Australian guidelines, would have relied on verification of those matters by other experts whose reports we have sighted. There were no resources to audit.

The GBGM project areas contain old mine workings, alluvial and hard rock, most of which are apparent by dumps shafts, ground subsidence and generally disturbed ground partially covered by secondary growth.

We visited the old mining sites and surroundings, however, geological outcrop was virtually non-existent due to past mining activity and to **DRAFT** cover. We reviewed all reports which we considered material but did not review in detail the historical reports which

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contributed these documents. GBGM has advised us that it has made available all material information and we have no reason to believe that any material information has not been provided to us or that the data we have reviewed contains any material omissions or errors.

2. INTRODUCTION.

A geological assessment has been completed on tenements held by GBGM. The properties are located within 15km west (Wilson's Hill Goldfield) and 18km north-north-west (Frederick the Great mine, Sebastian Goldfield) of the Bendigo Goldfield. They are prospective for hard rock opencut and underground gold deposits.

The tenements are favourably located with respect to potential for economic gold mineralisation, for example:

Wilson's Hill prospect

Hard rock deposits (past production 25,000-30,000 oz) are located adjacent to the Leichardt-Muckleford fault system; to the south the Maldon, Daylesford and Gordon goldfields are also located adjacent to the eastern side of this fault system.

Frederick the Great mine

Frederick Great Gold mine (past production 186,000oz) lies some 12-15 km along strike from the Bendigo Goldfield and adjacent to the Sebastian fault that has in conjunction with the Whitelaw fault, controlled gold deposition in the Bendigo Goldfield.

The selection of these exploration areas reflect an awareness on the part of GBGM of the importance of controlling structures associated with the location of productive goldfields.

The exploration tenements are dominated by the former presence of hard rock underground mining operations which finally closed down in the late 1930's due to reasons not wholly connected with exhaustion of lode systems at relatively shallower depths (-150m), but probably related to changing mineralogy from oxide to sulphide and to operational difficulties.

From information derived from mining operations and exploration activities by other companies, combined with work by GBGM, specific zones prospective for opencut and underground hard rock gold potential have been identified.

The status of the tenements and identification of the licences are dealt with in the Solicitor's report and have not been confirmed independently in the preparation of this report.

3. REGIONAL GEOLOGICAL AND STRUCTURAL SETTING

The mining tenements controlled by the Company are the sites of early mining operations adjacent to structures apparently influencing the emplacement of significant gold deposits.

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Regionally the tenements are located in the Bendigo-Ballarat tectono-stratigraphic zone comprising folded Ordovician turbidite sediments. Outcrop is poor with the Ordovician bedrock obscured by Quaternary to Recent superficial cover of Murray Basin sediments.

The mineralisation in the Wilson's Hill Goldfield is located east of and adjacent to the Leichardt-Muckleford fault system. The gold deposits in the Sebastian Goldfield constitutes an extension of the mineralised trend of the Bendigo gold field located between the Sebastian and Whitelaw listric faults (Figure 1).

Deformation during Silurian times has produced tight chevron folding about steep north trending axial planes. Fold hinges with flat north and south plunges have produced dome and trough structures in the region. Major north-north-west strike faults (Leichardt, Sebastian, Whitelaw) are developed and minor bedding plane faults disrupt the Ordovician succession. The previously mined auriferous quartz reefs in the Bendigo region are now considered to be closely associated with dilation zones related to faulting and bedding plane orientation in the Ordovician host rocks.

Significant gold deposits tend to be developed in specific structural setting, namely:

- On dilation crests of anticlinal structures, eg. saddle reefs in the Wilson's Hill goldfield.
- In thick deformed sandstone units conducive to development of numerous spurs, veinlets and stockworks, Frederick the Great mine, Sebastian Goldfield.
- Parallel to slippage along bedding planes producing thin laminated reefs.
- Along axial plane deformation zones.
- Along reverse faults cross cutting arenaceous lithologies.

4. PROJECT AREAS

4.1 Wilson's Hill Goldfield

The Wilson's Hill Goldfield is located approximately 15km west of Bendigo. Sealed and gravel roads and tracks provide access throughout the area. Private land comprises 80% of the tenants with Crown Land and Reserves accounting for the remainder. The goldfield is protected by two tenements, MIN 4236 and MIN 4273, aggregating 248.4ha.

4.1.1 Geological and Structural Setting

The Wilson's Hill Goldfield contains auriferous quartz reefs in tightly folded states and sandstones of Ordovician age. Regional strike of the fold is approximately N 30° W. The goldfield is located in the Marong trough west of the highly productive Bendigo dome.

The position of the goldfield appears to be structurally controlled on the east side of the Leichardt fault. Conditions conducive to the formation of saddle reefs and spurry stockworks in the Bendigo Goldfield appear to have been present in the Wilson's Hill Goldfield which is

dominated by two parallel anticlines, Wilson's Line and Gray's Line, with an intervening synclinal axis, the Albion Line (Figure 2).

The goldfield contains numerous poorly exposed reefs scattered over an area of 10km by 7km. The Wilson's Reef portion of the goldfield appears to be located adjacent to a flexure on the Leichardt fault, which may have produced a series of mineralised splays in a dilation zone.

The reef lines tended to be controlled by anticlinal and synclinal axes with gold deposited in saddle reefs and on east and west dipping limbs (legs) of the fold structures; spurry stockwork auriferous-quartz is developed in the footwall of these veins.

Identified, significant reefs within the GBGM tenements from east to west are:

- **Kennedy's Reef** - Width 1.0 to 1.5m, dips west.
- **Duke of Edinburgh Reef** - West dipping reef containing around 1oz/t, reported to be of limited extent, located along a synclinal axis.
- **Slate Reef** - Stockwork spurry reefs developed on an east dipping (=70) reef pitching north around 35. The surface outcrop extends for around 400m and varies in width between 2.4m and 24m. The gold was described as being very fine grained.
- **Gray's Line of Reef** - This reef is confined to an anticlinal structure. Reefs were extensively worked by open cuts and shafts (deepest 46m) along a mineralised system 250m in length. Grade is reported to have averaged 8g/t.
- **Albion Line** - This lies along a synclinal fold structure which has been traced for over 300m with variable widths between 0.45m and 1.2m. The mineralisation appears to lie within a breccia zone; gold was described as fine grained and probably remobilised.
- **Wilson's Line of Reef** - This lies along an anticlinal structure which has been traced for over 600m. Workings were up to 30m deep and 9m wide. Grades around 15 g/t Au were reported from the mineralised quartz veins, exceptional grades to 18 oz/t were recorded from these workings.
- **Wilson's Hill Reef** - This west dipping reef averaged 1.5m in width and worked over strike length of 250m to a depth of 150m. The reef was accessed from several shafts including the Whim, Inverness and Kent shafts. Recovered grades from early mining activities exceeded 10 oz/t, however average grades were reported as 15 g/t.

4.1.2 Production History and Previous Exploration

The Wilson's Hill Goldfield was discovered around 1867 with early mining on the Duke of Edinburgh Reef, no production is recorded after 1898. There are no production records but it is estimated production may have been in the 20,000 to 25,000 oz range; it could also have been considerably more. Mining on the field ceased around 1939 with the closure of the Marong cyanide plant.

Production from individual reef lines are estimated to be:

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Slate Reef	to 1899	1,360 oz
Albion Reef	to 1899	615 oz
Wilson's Line		15,000 - 20,000 oz

No evidence of exploration has been sighted covering the period 1939-1975.

Around 1975, Planet Mining NL completed 2087m of costeans across the goldfield, gold values were considered to be low with no significant widths of mineralisation at surface.

Between 1980 and 1988, Western Mining Corporation ("WMC") completed an extensive exploration program involving rotary air blast, reverse circulation and diamond drilling. Most of the diamond drilling investigated deep reef targets while the reverse circulation drilling concentrated on shallow opencut targets.

The WMC drilling program comprised:

- Reverse circulation - 44 holes, 3301m, average depth 75m
- Diamond - 9 holes and wedges, 4,307m

Diamond drill core was split and assayed at intervals (guided by geology) from 0.15m to 1.5m. Cuttings and core were assayed for gold by acid digest of a 25gm sample split followed by AAS determination. Limited fire assay checks were carried out. Drill assay data was calculated using a 1g/t cut off.

In 1990 it was estimated the current value of the above program was around \$750,000. Assuming 4% inflation between 1990-1996, the 1996 value of the program is estimated to be $\$750,000 \times (1.04)^6 = \$950,000$.

WMC did not follow up on their investigations and the tenements were relinquished.

4273 - 14/7/89 - Old Title DL 1160
4236 - 19/5/87 - Old Title DL 618

In (month) 19 GBGM applied for MIN 4236 and MIN 4273, these were granted in February (month) 1995 The work programs have involved an assessment of existing exploration data.

Expenditure between 1995 and December 1996 is estimated to be \$20,000.

Table 1
Wilson's Hill Reef - Shallow, Opencut Target
Summary of WMC Drilling Results

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Line North	Hole WHRC ¹	From m	To m	App. Width m	Au g/t
130950	29	31.0	34.0	3.0	4.12
		35.0	36.0	1.0	1.30
131010	67	21.0	22.0	1.0	1.69
131100	35	15.0	17.0	2.0	2.04
131150	25	24.0	25.0	1.0	1.37
		83.0	84.0	1.0	1.07
		88.0	89.0	1.0	1.69
131210	26	48.0	49.0	1.0	2.37
	33	17.0	18.0	1.0	1.57
131250	WND 9A ²	36.0	37.0	1.0	1.03
		38.0	39.0	1.0	3.15
		44.0	45.0	1.0	1.31
		157.45	161.60	4.15	1.17
131350	11	84.0	85.0	1.0	3.20
		89.0	95.0	6.0	2.63
		12	16.0	17.0	1.0
131450	20	41.0	55.0	14.0	1.73
		19.0	23.0	4.0	6.68
131550	22	72.0	73.0	1.0	1.98
		25.0	27.0	2.0	1.41
		41.0	46.0	5.0	2.02
131550	31	101.0	120.0	1.0	1.14
		24.0	25.0	1.0	1.20
		27.0	30.0	3.0	1.19

1 WHRC - Reverse Circulation Hole
2 WHD - Diamond Hole

Table 2
Slate Reef - Shallow Open Pit Target
Summary of WMC Drilling

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Line North	Hole WHRC ¹	From m	To m	App. Width m	Au g/t
131070	41	13.0	14.0	1.0	1.04
		15.0	16.0	1.0	1.97
		18.0	19.0	1.0	3.20
		20.0	21.0	1.0	2.95
		24.0	25.0	1.0	2.59
		33.0	34.0	1.0	3.25
		36.0	37.0	1.0	1.66
131150	39	27.0	28.0	1.0	2.41
		31.0	33.0	2.0	2.13
	40	8.0	9.0	1.0	4.08

1 WHRC - Reverse Circulation Hole

Table 3
 Gray's Line of Rock
 Summary of WMC Drilling Results

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Line North	Hole WHRC ¹	From m	To m	App. Width m	Au g/t
130450	2	37.00	38.00	1.00	1.14
130650	3	42.00	43.00	1.00	1.76
130750	3	230.35	231.70	1.35	2.44
					visible gold
130850	WHD 2 ²	247.90	248.45	0.55	1.25
		278.90	284.05	5.15	1.11
		289.75	297.75	8.00	14.10
					visible gold
	WHD 2A	299.10	299.75	0.65	1.45
	WHD 2B	278.40	278.95	0.55	1.41
	WHD 2C	264.80	265.70	0.90	2.13
		279.20	284.40	5.20	1.09
	WHD 4	43.90	47.40	3.26	0.66
		includes		0.40	2.08
		77.40	80.75	3.35	0.72
		includes		0.50	1.92
		and		0.30	2.80
	1	28.00	29.00	1.00	3.43
131050	5	29.00	30.00	1.00	5.95
		33.00	34.00	1.00	1.10
	14	34.00	35.00	1.00	1.49
	15	44.00	45.00	1.00	1.25
	16	39.00	41.00	2.00	1.16
	19	11.00	12.00	1.00	3.40
131350	WHD 6	20.85	21.20	0.35	2.95
		114.60	114.85	0.25	1.15
		150.55	150.80	0.25	7.75
					visible gold

1 WHRC - Reverse Circulation Hole
2 WHD - Diamond Hole

Table 1
Albion Line of Reef

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Summary of WMC Drilling Results

Line North	Hole WHD'	From m	To m	App. Width m	Au g/t
130750	WHD 3	380.35	382.90	2.55	1.15
130850	WHD 2A	243.05	243.15	0.10	2.60
	WHD 4	291.55	295.65	4.10	1.45
		302.50	303.20	0.70	2.43
130950	WHD 1	344.95	348.25	3.30	1.12

1 WHD - Diamond Hole

4.1.3. GBGM Initiatives

The company has completed a review of available early mining and later exploration data.

The results of the WMC drilling program suggest a division into three targets:

- Wilson's Hill Reef. Shallow opencut potential.

Historical records indicate the richest ore was extracted through the Shim shaft. More than half the WMC drilling has been concentrated in this area aggregating 13 rotary air blast holes, 18 reverse circulation holes and 1 diamond drill hole.

Drilling indicates the quartz is sporadically mineralised. Of considerable interest is a zone of mineralisation below the footwall of the Main reef, this feature is plotted at approximately 50m below surface (Figure 2), the mineralised zone is about 400m long and varies in width between 12m-23m. Towards the north end of this zone the mineralisation has been traced below surface for 150m. The zone is open to the north and at depth. Assay values are set out in Table 1.

- Slate Reef. Shallow opencut potential.

WMC defined a consistent zone of mineralisation 140m long by 5m true width (Figure 2), assay values are set out in Table 2.

- Gray's Line of Reef. Deeper underground potential.

In summary the results from the drilling of the Wilson's Hill Goldfield indicate the presence of near surface oxide and deeper sulphide associated gold mineralisation in all structures tested. In assessing the assay data, visible gold was observed in the core from four diamond drill hole intercepts, namely:

Wilson's Hill Reef	WHD 9A	157.45m	4.15m @ 1.17g/t
Gray's Line of Reef	WHD 3	230.35m	1.35m @ 2.44g/t
Gray's Line of Reef	WHD 2	289.75m	8.00m @ 14.10g/t

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Gray's Line of Reef WHD 6 150.55m 0.25m @ 7.57g/t

It is probable that coarse gold is a feature of this goldfield. Doubts have been raised over the appropriateness of 0.25g assay samples used by WMC as an adequate test of gold content in this geological setting.

4.1.3 Exploration Targets

The drilling results indicate shallow opencut and deeper high grade shoots are potential targets. Specific targets identified from previous production and later drilling are:

- **Wilson's Hill Reef.** Opencut target. Drilling has identified a shallow oxidised target. Continuity of mineralisation but not necessarily economic grade down dip for 150m is indicated at the northern end of the prospect which is 300m long by 12m to 20m wide.
- **Slate Reef.** Opencut target. Drilling has identified a zone of shallow mineralisation 130m long by 8m to 10m wide.
- **Gray's Line of Reef.** Underground target. It is possible that drill hole WHD 2 intersected a saddle reef around 150m from surface. The dimensions of Bendigo-type saddle-reefs can be as small as 5-6m wide, 9-10m high but with a plunging strike length between 100m and 300m. Ore grades are known to exceed 1 zo/t and can be as high as 20 zo/t. Ore shoots to 30,000 tonnes could be expected. Repetitions on the anticlinal axis constitute attractive targets.
- **Wilson's Hill Reef System.** High tonnage low grade target. With increasing efficiency in heap leach operations, there exists the possibility of defining a resource of several million tonnes running 0.8 to 1.0g/t. Such an operation could provide the Company with a long term operation.

4.1.5 Proposed Exploration Program and Budget

The status of the tenements of the Wilson's Hill Goldfield with respect to commitments and previous expenditures is set out below.

MIN	Reporting Period	Year Number	Commitment \$	Expenditure \$
4236	95/97	1	70,000	10,000
	95/97	2	80,000	
4273	95/97	1	70,000	10,000
		2	80,000	

Explanation:

Awaiting department authority to commence work - Not yet started. All pending matters resolved.

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The 1997/1998 program has been designed to confirm continuity of mineralisation previously identified by WMC drilling. Shallow opencut targets will be sought along Slate Reef and Wilson's Hill Reef while deeper saddle reef style mineralisation will be followed up from earlier drilling at the southern end of Gray's Line of Reef.

The budgets and REMV expenditure commitments are set out below.

Aggregated MIN Data	1997/1998
Budget	\$400,000
Commitment	

4.2 Sebastian Goldfield

The Sebastian Goldfield is located around 18km north-north-west of the Bendigo Goldfield. Sealed and gravel roads provide ready access. Private land comprises around 90% of the locality with Crown Land accounting for the remainder.

The Company holds an exploration licence, EL3105/1 of 8 km² which contains the old workings of the Frederick the Great mine and its extensions. Cancelled 1994 - No longer exists.

4.2.1 Geological and Structural Setting

The stratigraphy of the Sebastian Goldfield consists of tightly folded sediments of Ordovician age composed of sandstone, slate and occasional quartzite bands, pyrite is disseminated throughout the succession.

Structurally the Sebastian Goldfield lies between the Whitelaw and Sebastian faults. The nature of the folding, faulting and quartz reef development in this goldfield indicates it might be an extension of the Bendigo Goldfield mineralising system. On the strength of the similarities and spatial relationship the Frederick the Great veins are considered to be a continuation of the Prince of Wales line which originates on the Bendigo Goldfield (Whitelaw 1899).

Superficial Tertiary and Recent sediments are on-lapping and obscuring the Ordovician host rocks.

The gold mineralisation in the Sebastian Goldfield is contained within quartz reefs which exhibit a structural style and occurrence similar to that on the Bendigo field. It has been noted, however, the principal reefs, quartz spurs and stockworks carrying the mineralisation appear to be located in crosscutting faults and not within the axial planes of the folding or hinge zones. Gold occurs as free, coarse grained particles as well as fine grained material associated with the sulphides.

The Frederick the Great gold deposit is a fissure reef striking north-north-west occupying a fault which dips near vertical to steep west near surface but dips less steeply, around 65° West in the lower workings. The upper fault contact is regular and striated while lower fault contact is ill defined, tending to be associated with sparsely stockwork gold mineralisation. The quartz reefs crosscut the sedimentary sequence which dips 75° east.

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The upper portions of the reef were mined to widths up to 30m while in the lower levels, mining widths decreased between 0.7m and 16m. At the 29m level below the main shaft the reef was mined over a width of 7.3m. Between 140m and 180m below surface the reef was faulted (with a displacement 18m to the east), there appeared to be a depletion of gold in this fault structure.

A new shaft (No.20 shaft) some 200 to the south of the Main shaft worked the reef below the fault to a depth of 250m below surface. The Brunn shaft 100m south of No.20 shaft worked the southern section of the reef down to 100m at which depth grades again decreased and mining operations became unproductive.

The South Frederick the Great shaft (located 300m south of Brunn's shaft) was sunk to 140m to intersect the rich shoot worked from Brunn's shaft. Extensive "low grade" mineralisation was discovered and partially mined but it was considered (Whitelaw, 1899) that the shaft had stopped short of the mineralised shoot.

The North Frederick the Great shaft (located 200m north of Main shaft) was sunk to 100m, cross cuts failed to intersect payable gold-bearing reefs below near surface mineralisation, however, coarse gold was noted in the deeper workings.

Reef structures in the Frederick the Great Mine vary from lamellar to cryptocrystalline quartz, the lamellar portions proving to be the most productive. In places the quartz reefs tend to be highly mineralised containing chlorite, galena, pyrite, chalcopyrite, arsenopyrite and feldspar. From stoping records it has been considered the mineralised system pitched 20° south, with individual shoots oriented steep southerly across the west dipping quartz-fissure system. The reef in the South Frederick the Great Shaft is reported to have pitched 60° south and sipped 45° west.

The apparent 20° southerly pitch should be reviewed since it appears to be in part derived from the geometry of a small open cut at the north end of the workings. The dominant structures appears to be a 50° - 60° southerly pitching shoots that may relate to the intersection of the mineralised fault system with crosscutting folded stratigraphy.

The Frederick the Great workings reached depth of some 220m below surface. The mineralisation appears to be open at depth and to the south. The length of the ore shoots worked in the mine appeared to be between 150m and 200m in length.

4.2.2 Production History and Previous Exploration

In 1863 alluvial gold was discovered in gullies draining from the Frederick the Great locality. The main reef, the Frederick the Great reef, was first worked in 1864 initially from an opencut with reported dimensions of 49m long, 18m wide and 25m deep.

There were two main phases of underground development; between 1864 -72 and 1882-93, with no further significant production after 1893. The recovered grades in the period 1864-72 were reported as 13.6g/t from 168,000t of ore. Total production from this mine is recorded as 170,000oz of gold derived from surface to 150m.

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In 1934 the South Frederick the Great reef was opened up, however there was virtually no production due to low gold grades. In 1935 the mine produced 635t ore for a recovered grade of 15.8g/t before closing down. During the 1930's, gold was recovered from cyanidation of tailings with all work ceasing on the goldfield by 1940.

The Sebastian Goldfield lay dormant till the 1980's when WMC carried out extensive exploration that involved induced polarisation surveys, reverse circulation and diamond drilling. WMC endeavoured to locate reef structures similar to those on the Bendigo Goldfield. The drilling program tested the Frederick the Great reef over a strike length of 850m across 8 section lines spaced 80m to 200m apart. The program consisted of:

Reverse circulation drilling	17 holes 1064,	average depth 62m
Diamond drilling	4 holes 1273m	average depth 318m

An estimate of the inflated 1996 costs of the exploration program are \$300,000.

Drill samples were assayed for gold by acid digestion of 25gm sample splits and AAS determinations, some fire assay checks were carried out.

Table 5 summarises the drilling results which set out the assay data above 50m (open cut ? oxidised material) and assay data below 50m (underground ? sulphidic material).

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Table 5
Drill hole Assay Data (1g/t Au cut-off)
Summary of WMC Drilling Results

Section	Hole No. (m)	From (m)	To (m)	Interval (m)	Au g/t
Assay Data above 50m					
A-A	34	33.0	34.0	1.0	1.03
B-B	33	19.0	20.0	1.0	1.17
I-I		50.0	51.0	1.0	1.51
C-C	30	0.0	1.0	1.0	1.01
D-D	21	28.0	32.0	4.0	1.98
	23	15.0	16.0	1.0	1.33 ¹
		34.0	36.0	2.0	2.11 ¹
E-E	26	16.0	17.0	1.0	1.25
		24.0	30.0	1.0	1.54
F-F	28	36.0	37.0	1.0	1.40
Assay Data below 50m					
C-C	31	60.0	61.1	1.0	1.15 ¹
D-D	21	80.0	82.0	2.0	1.11 ²
		90.0	91.1	1.0	1.04
	22	104.0	105.0	1.0	1.19
	23	124.0	125.0	1.0	1.64 ¹
E-E	27	106.0	107.0	1.0	2.11
		123.0	124.0	1.0	1.18
		140.0	141.0	1.0	2.15 ¹
		144.0	146.0	2.0	7.57
		147.0	149.0	2.0	2.50
		150.0	152.0	2.0	3.24
		156.0	157.0	1.0	2.41
		161.0	162.0	1.0	1.05
		164.0	165.0	1.0	1.14
		175.0	176.0	1.0	1.31
		178.0	179.0	1.0	1.39
H-H	41	415.0	415.6	0.6	22.70

1 No quartz
2 Stope fill

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The drilling results on the Frederick the Great mine and adjacent reefs demonstrate the presence of sporadic but significant near surface (above 50m) and deeper high grade gold mineralisation. The high grade intersection in drill hole 41 may be derived from an extension of the Frederick the Great reef - offset by faulting 150m below surface. It is significant to note that several gold intersections appeared to be quartz deficient.

Study of the WMC drilling pattern leads to a conclusion the mineralised system has not been adequately tested.

No mineral resources can be identified, further drilling and the testing of large samples will be necessary to confirm grade of a system believed to contain coarse gold.

4.2.3 GBGM Initiatives

The Company maintains exploration licence 3105 in good standing. EL3105 was renewed in August 1995, for a further two years at a reduced area of 8km². Reductions have been made on the periphery of the tenement distant from the Frederick the Great line and adjacent mineralisation.

The Company completed studies of old records and the recent drilling program by WMC, which has resulted in the identification of drilling targets southward from the Main shaft.

In 1994-95 the Company identified some 5000t of untreated tailings, aggregated drilling data produced grades over several lines of 0.60, 0.68, 1.16, 0.71, 0.45, 0.77 and 0.58g/t. MIN applied for (TTL 390 - cancelled 1994) KND pending grant (5ha).

4.2.4 Exploration Targets

The Frederick the Great workings present an attractive underground target. The prime target is the continuation of the auriferous quartz veins beneath the fault located in workings accessed from the Main shaft and also down the postulated 50° -60° southerly pitch of the mineralised lenses associated with the west dipping fault. Mining records indicate the upper stopes were up to 30m wide, with lower stopes to 15m wide. The previous WMC drilling did not adequately test the southern down pitch extension of the Frederick the Great system.

The reported decrease in gold grades at the 100m level might indicate a zone of gold depletion in the leached zone or the development of primary sulphide ore below the supergene zone which could not have been effectively treated with earlier metallurgical techniques. A secondary target is near surface opencut oxide ore and underground fill.

The WMC drilling results consistently recorded narrow widths (1m-4m) of 1 to 2g/t material which is not consistent with the historical mining widths.

Considering the previously recorded mining width (to 30m) **DRAFT** the narrow mineralised width recorded in the drilling program require confirmation.

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The significance of the "no quartz" comments (Table 5) associated with several gold intersections requires clarification since these might reflect assay boundaries rather than structural/stratigraphic boundaries to low grade higher tonnage mineralisation.

4.2.5 Proposed Exploration Program and Budget

The status of exploration licence 3105 with respect to commitments and previous expenditure is set out below.

EL	Reporting Period	Year Number	Commitment \$	Expenditure \$
3105	8/94-8/95	1	17,000	14,809.50
	8/95-8/96	2	17,000	14,087
	8/96-8/97	3	unknown	
	8/97-8/98	4	unknown	

The 1996/1997 program has been designed to complete a thorough study of previous mining and exploration data. This will be followed by survey control, geological mapping and costean sampling.

The 1997/1998 program will consist of reverse circulation and diamond drilling to locate mineralised structures along strike from and adjacent to Frederick the Great mineralised system.

The budgets and REMV expenditure commitments are set out below:

Data	8/96-8/97	8/97-8/98
Budget	\$40,000	\$360,000
Commitment	Unknown	Unknown

5. CONSOLIDATED PROGRAMS AND BUDGETS

We have reviewed the proposed exploration budgets and programs for the Wilson's Reef and Sebastian Goldfields.

5.1 Exploration Methods

GBGM has recognised the potential for significant gold deposits in the Wilson's Hill and Sebastian Goldfields.

The Company has also recognised the requirement for a detailed evaluation of early records and more recent exploration techniques and results. In particular, there is a recognition of the difficulties in evaluating coarse gold deposits and the requirement for implementing accurate and closely supervised gold assessment techniques.

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We consider the exploration approach by the Company in the search for large low grade hep leach deposits, smaller opencut deposits and underground higher grade deposits is appropriate.

5.2 Budgets

The program objectives for 1997 (year 1) and 1998 (year 2) are:

- To complete a detailed evaluation and interpretation of available geological, production and recent exploration data.
- To site drilling programs based on specific opencut and underground targets
- To complete preliminary drilling programs to the status of indicated and perhaps measured resource preparatory to planning more detailed investigations.

The proposed budgets support these objectives and are set out against tenement commitments required by NREV (Table 6).

Table 6
Consolidated Budgets and NREV Commitments

Goldfield	Year 1 - 1997		Year 2 - 1998	
	Budget S	Commitment S	Budget S	Commitment S
Wilson's Hill	150,000	Unknown	250,000	Unknown
Sebastian	40,000	Unknown	360,000	Unknown

The 1997 budgets are more definitive as expenditure in 1998 will be mainly dependent on the results of the work carried out in 1997.

In our opinion:

- GBGM has a satisfactory and clearly defined exploration and expenditure program which is reasonable having regard to its stated objectives; and
- Enough exploration by GBGM and other parties has taken place on the properties in the past two years to justify the budgeted exploration and expenditure program.

6. Qualifications

This report has been prepared by Mr J H Hill, Msc. DIC F AusIMM. C Eng, an Associate of AMC. The writer's experience spans some thirty years of geological mapping, mining, geology, evaluation of exploration properties and mineral deposits. Over the past five years there has been a specialisation towards gold deposits.

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Neither AMC nor Messrs Appleyard and Hill have any interest in GBGM or the outcome of the proposed valuation which could reasonably be constructed as affecting their independence.

GBGM has stated in writing that it has provided AMC with all material information relevant to the tenements being assessed and we have no reason to believe that any of this information is materially inaccurate or that there are any material omissions from it. We have provided GBGM with a draft of our report for correction of matters of fact and noting of any material omissions.

Our conclusions are appropriate at the date of this report but could change in the future depending upon technical developments concerning the prospectivity of the various tenements.

No part of this Report or the valuation, nor any reference to them may be used for any purpose without our prior written consent.

GBGM has agreed to provide an indemnity to AMC and to the signatories as to damage, losses and liabilities relating to or arising out of our engagement other than those arising from wilful default, negligence or unlawful act on our part.

The Signatories are Fellows of the AusIMM and are bound by its Code of Ethics.

7. REFERENCES

Wilson's Hill Goldfield

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**COMSTOCK MINE DEVELOPMENT
PROPOSAL**

OCTOBER 1998

**SWANSEA MINING CO. PTY. LTD.
Managing Director: M R Bendall**

INTRODUCTION.

The Comstock Mine is 5km West of Zeehan on the West Coast of Tasmania. It's exact location is indicated in Appendix 1.

The reports in Appendices 1 and 2 cover the Geology and proposed Mill Design for the Development of the 2.9 million tonnes of ore identified at 4.6% Lead 8.6% Zinc, and 50 g/t Silver.

It is intended to develop the mine in 3 stages as outlined on page 1 based on the grades and tonnages outlined on page 2 and with the people and companies outlined on page 3.

It is intended to float the company on the ASX in March 1999 through Bato Partners.

COMSTOCK MINE:- Development Plan

	STAGE 1 Start 9-11-98	STAGE 2 Start 14-1-99	STAGE 3 Float 1-2-99
Task	DRILLING to take reserves from Inferred to Proven For 200m x 2m x 400m x 5sg = 800,000t 800,000t x \$222 = \$177,600,000 gross metal	MINE DEVELOPMENT	PUBLIC FLOAT
Finance	Finance seed from Investors \$400,000 part of the Float Capital	Rothschilds Finance on Ore Reserves \$10million	Float on ASX \$3million
Work	Infill Drilling 300m Holes x 6 \$100 per metre = \$180,000 Assays on core = \$ 40,000 Wages and reports = \$ 50,000 Mine Development plan = \$ 50,000 Total = \$320,000	Start underground Development with Elphinstones from lower adit drive ahead to ore body. Mine and ship ore to Roseberry	- Prospectus - Production - Float
Staff	Data Mine:- John Knight Mine Geologist:- Jeff Iliff Driller:- Andy Horbach Mining Engineer:- Eddy Forbotco Project Co-ordinator:- Malcolm Bendall	Equipment Supply:- Dale Elphinstone Mining Contractor:- Mancala Mine Manager:- Jeff Iliff Rothschilds - Jeff Zeiger	Underwriter:- Bato Alan Humphris Andrew Drummond Doug Chall Alan Horn

463065

Comstock Mine:- Ore Calculations

Based on Grades at 2.9 million tonnes high grade

Lead @ 4.6% Zinc @ 8.6% Silver @ 59g/t

(Pb x \$951) + (Zn x \$1864) + (Ag x \$9.14)

(0.046 x \$951) + (0.086 x \$1864) + (2 x \$9.14)

\$43.75 x .80 + \$160.30 x 85 + \$18.28 x 80

Lead Zinc Silver

\$35 \$136.30 + \$14.60

Total value of Ag / Pb / Zn = \$222.33 per tonne gross metal value

→ 2,900,000 tonnes x \$222.33 = \$644,757,000

\$644,757,000 – (Mining + milling + administration)

\$185.90 – \$92 = \$93.90 minimum profit \$281,079,000

\$185.90 – \$76 = \$109.90 maximum profit \$318,710,000

PROJECT CONTACT NUMBERS.

STAGE 1

Project Co-ordinator	Malcolm Bendall	Tel: 03 6231 9339 Fax: 03 6231 9338 Mobile: 0417 588 171
Data Mine	Jonathan Knight	Tel: 03 6221 7478
Mine Geologist	Jeff Iliff	Tel: 03 6376 8303
Driller	Andy Horbach	Tel: 03 6473 1553
Mining Engineer	Eddy Farbotko	Tel: 0749739811
Environmental & Mine Plan	Lawrence Howroyd	Tel: 03 6223 7317

STAGE 2

Equipment Supply	Dale Elphinstone	Tel: 03 6431 2311
Mining Contractor	Mancala	Tel:
Mine Manager	Jeff Iliff	Tel: 03 6376 8303
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STAGE 3

<i>Underwriter</i>	<i>Bato Partners:</i>	
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	Andrew Drummond	
	Doug Chall	

APPENDIX 1

COMSTOCK SILVER LEAD ZINC PROSPECT

PREPARED BY J.M. KNIGHT & ASSOCIATES PTY LTD

APPENDIX 2

MINSTOCK SILVER/LEAD/ZINC PROJECT

PRELIMINARY PROCESS DESIGN

prepared for

LAWRENCE H. HOWROYD & ASSOCIATES

JULY 1984

By

LONGWORTH & MCKENZIE PTY LIMITED