

NEUNHAM EXPLORATION & MINING SERVICES



GOLDEN TRIANGLE RESOURCES NL

PROPOSED INITIAL DRILLING PROGRAM

**MAIN CREEK-BOWRY CREEK
MAGNESITE DEPOSITS**

WESTERN TASMANIA

MICROFILMED
FICHE No. 014897 -

MINERAL RESOURCES	
46M/90	
29 MAR 1999	
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SERIALIZED	FILED
See folio 54	

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PROPOSED INITIAL DRILLING PROG.
MAIN CK-BOWRY CK MAGNESITE
DEPOSITS-GOLDEN TRIANGLE - 46M/90

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1. SUMMARY

The Bowry Creek and Main Creek magnesite deposits lie on the west coast of Tasmania 10 km south of the Savage River Mine.

They are held by Savage Resources Limited under a Consolidated Mining Lease and a Retention Licence, and are subject to an option to purchase agreement between Savage Resources Limited and Golden Triangle Resources NL.

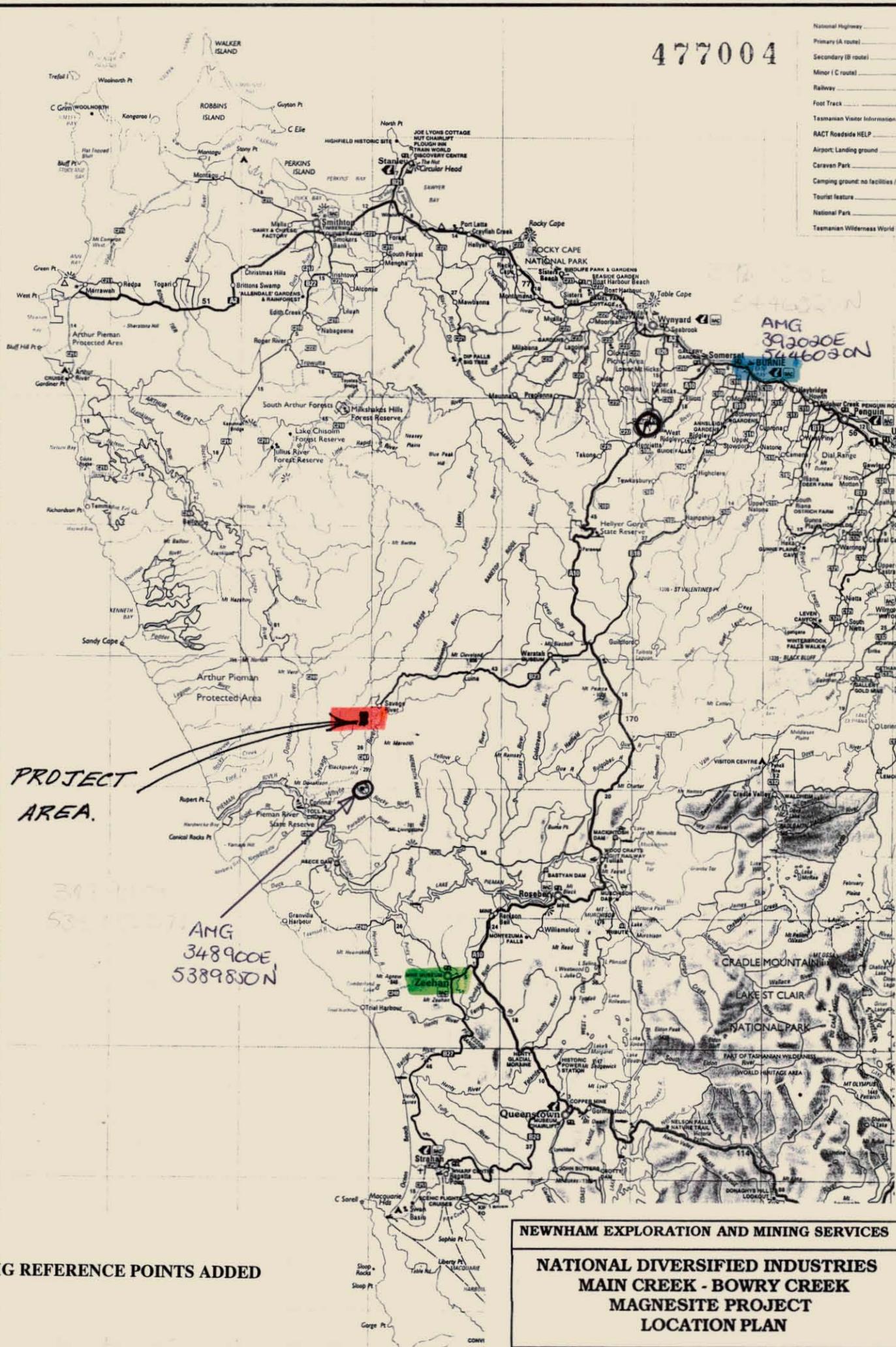
The deposits are considered to have the potential to contain a substantial high quality magnesite resource and, thus, represent a marketable feedstock to a magnesium metal processing plant developed either in Tasmania or elsewhere.

To confirm this potential, an initial program of core drilling, consisting of nine (9) drill holes totalling 3,300 m and costing \$450,000, is recommended for completion in January-March, 1998.

This initial program is a minimum program of work, quite specifically designed to confirm the potential of the deposits to host an adequate tonnage of marketable material. Further drilling and metallurgical testing programs would be required during the option period to identify a resource which could be marketed to an end-user processing facility.

477004

- National Highway
- Primary (A route)
- Secondary (B route)
- Minor (C route)
- Railway
- Foot Track
- Tasmanian Visitor Information
- RACT Roadside HELP
- Airport/Landing ground
- Caravan Park
- Camping ground: no facilities
- Tourist feature
- National Park
- Tasmanian Wilderness World



PROJECT AREA.

AMG 348900E 5389850N

AMG 392030E 5446030N

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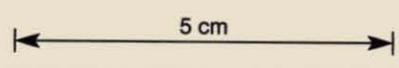
NATIONAL DIVERSIFIED INDUSTRIES

MAIN CREEK - BOWRY CREEK

MAGNESITE PROJECT

LOCATION PLAN

AMG REFERENCE POINTS ADDED



Scale: 1:750,000	
Drawn: LAN	Date: Dec 97
Fig: 1	

2. EVALUATION STRATEGY

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The most likely market for the Bowry and Main Creek magnesite is the magnesium metal market. Processing plants in this market are relatively small, the largest (QMC) producing 90,000 t metal pa.

To produce this amount of metal requires approximately 400,000 tpa magnesite feed. Thus, a very large plant operating for 50 years would require a total resource of 20-30 Mt.

There is little value in proving up a resource of, say, 100-200 Mt.

Of critical importance to the processing plant is, firstly, the chemical quality of the magnesite and, secondly, the cost of the raw material delivered. Desirable feed is basically high in MgO, and low in SiO₂, Fe₂O₃, CaO, plus a range of minor metals.

The aim of Golden Triangle's evaluation programs up to 30 September, 1998, should be to define and characterise 25 Mt of high quality magnesite which would be readily marketable to a magnesium metal processing plant either in Tasmania or elsewhere.

Three stages of evaluation are envisaged during this 10-month period:

Stage I: An initial drilling program designed to confirm that the potential for such a resource exists at Bowry and Main Creeks. **Note:** This is not a resource definition program.

Stage II: If this initial drilling program confirms that potential exists, a program of resource definition drilling would be required. At the conclusion of such a program, an identified resource could be estimated in accordance with AustIMM guidelines.

Stage III: Metallurgical test work must be undertaken to determine the suitability (and, thus, marketability) of the resource material to potential processing plant operators.

Stage II and III work should run concurrently.

The scheduling and costing of Stage I is detailed in this report. However, the total scheduling and costing of Stages II and III shown below are indicative only.

	Dec 97	Jan-Feb-Mar	Apr-May-Jun	Jul-Aug-Sep 98
Stage I Initial Drilling Program (Potential Confirmation)		↔		
Stage II Resource Identification Drilling			↔	
Stage III Metallurgical Test Work			↔	
Quarterly Cost		450,000	950,000	600,000
Cumulative Cost			1,400,000	2,000,000
Major Decision Points		↑		↑

If the results of the initial drilling program did not confirm the desired minimum potential, work should stop and the option not be exercised.

3. INITIAL DRILLING PROGRAM

This program is designed to confirm the potential for the Bowry Creek and Main Creek deposits to host a minimum 25 Mt of high quality (marketable) magnesite.

It is not designed as an identified resource definition drilling program.

If the minimum potential is defined, then this program will also highlight those areas where subsequent resource definition drilling and metallurgical test work should be focused.

The program makes no allowance for geological mapping or metallurgical test work. That would be the subject of Stage II and III evaluation programs. As such this initial program is quite specifically designed as a project "go-no go" program.

3.1 Program Design:

Previous drilling and geological studies at Bowry and Main Creeks indicate potential for several thick (50-100 m wide) near vertical beds of high quality magnesite.

This available data is not of a sufficient standard to allow more specific quantification of the resource tonnage and quality.

However, if we assume 50-100 m wide beds of magnesite are present then, to get 25 Mt, we require the following dimensions:

$$25 \text{ Mt} = 1,000 \text{ m strike} \times 75 \text{ m wide} \times 150 \text{ m deep} \times 2.8 \\ \text{density, with a 75-80\% mining recovery}$$

Variations of the above parameters will, of course, give the same tonnage result. However, the substantial 75 m width is seen as desirable in order to support either a low cost underground or open-cut operation.

Underground mining is seen as a very real alternative to surface mining. In rugged, heavily vegetated areas, unit mining costs can be as low as open-cut costs and in some situations can, in fact, be lower. The open-cut blinkers must come off.

The initial drilling program has been designed to determine if blocks of high quality magnesite of the above dimensions do, in fact, exist in this area.

The main features of the nine hole program are:

- (a) Three (3) widely spaced holes into the Bowry deposit. These will be sufficient to indicate if this deposit has the minimum potential required.
- (b) Six (6) widely spaced holes into the Main Creek deposit, testing a strike length of 1,000 m.
- (c) Four of the Main Creek holes lie on two central sections and are designed to indicate possible chemical variations in the magnesite with depth as well as with stratigraphic position. These holes will also indicate any stratigraphic variations with depth; ie, do the magnesite beds change thickness with depth?

The sequence of drilling is not critical as this is a minimum program; ie, all holes need to be drilled and the drilling of one hole does not depend on the results of other holes.

3.2 Drilling Factors:

All holes are designed to drill east to west. The reasons for this are:

- bedding/schistosity is thought to be either vertical or steeply east
- difficult (costly) access to the west
- seven of the nine holes can be collared on existing tracks thereby minimising environmental impact

Collar dips are -50° or -55° . Holes are anticipated to flatten into the schistosity. Down hole camera surveying will be used to track holes.

Hole size is PQ through overburden and broken formations, probably to about 30-50 m, then HQ to about 100-150 m, depending on ground conditions, then NQ to end of hole.

It is considered important to case off poor ground near surface with PQ/HW and keep HQ going to some depth in case any cavernous or poor ground is intersected down hole; ie, keep one size available in case of difficulties.

Water supply should not be a problem.

Drilling quotations have been sought from four companies based on one rig on 2 shifts and possibly a second rig on 1 or 2 shifts. Shifts would be 12 hours, 5 days/week. Assuming 3 shifts per day, averaging 25 m/shift = 75 m/day = 44 days = 9 weeks to complete. In order to complete by end March, this means starting mid-late January.

Proposed that core be stored and processed in the Allegiance core shed in Zeehan. Special procedures would be implemented to ensure no contamination of the core from other sources.

Core would be logged, photographed, cut and stored in Zeehan.

Samples would be prepared at Analabs in Burnie and assayed by Analabs, probably in Perth.

A preference is expressed for logging to be done using the Surpac system because this allows for future integration with computerised surveying and mine design software systems.

The program envisages all required personnel to be supplied and managed by NEMS.

3.3 Schedule:

The schedule below is driven by the requirement to have the initial drilling program completed and evaluated by end March, 1998.

This will then provide a basis on which to decide whether to proceed with Stage II and III in the period April-September, 1998.

Item	Dec 97	Jan 98	Feb	Mar
Program Approval	→			
Permitting		→		
Drilling			→	→
Collation and Reporting				→

Initial Drilling Program: Schedule

3.4 Budget:

Drilling quotations have been called for but are not yet available. Thus the drilling costs are based on experience rather than quoted prices.

Drilling:

3,300 m of core drilling, consisting of
430 m PQ (\$110/m), 820 m HQ (\$90/m)
and 2,050 m NQ (\$80/m).

Plus 10% for drill consumables, active
field costs, etc: 314,000

Mobilisation/Demobilisation:

Charges associated with moving two
rigs into area: 4,000

Site Preparation & Rig Movement:

Excavator 1 day to prepare 2 sites
Excavator 9 days to move rigs
9 days @ \$800/day: 7,000

Consumables:

Core trays, blocks, bags, hire of saw,
rent of shed, etc
\$5/m: 17,000

Surveying:

Surveying of drill collars. Survey
crew 4 days. Plotting of results: 3,000

Assaying:

Assuming 50% of core to be assayed
 in one metre lengths = 1,500 samples
 Preparation: \$5/sample
 Major elements: \$17/sample
 Total: \$22/sample: 33,000

Petrology:

Limited petrology studies: 4,000

Drafting & Report Collation:

Preparation of CAD drawings for
 report and report preparation: 5,000

Personnel:

It is envisaged that this project would
 run concurrently with other projects
 managed by NEMS in the Zeehan area.
 This represents a saving in personnel,
 facility and associated costs.

Project Geologist:
 60% of time for 10 weeks
 @\$2,250/week
 100% for 2 weeks 18,000

Technician:
 70% of time for 10 weeks
 @\$1,200/week
 100% for 2 weeks 12,000

Management:
 2 days/week for 10 weeks
 @\$1,000 pw
 3 days/week for 2 weeks 13,000

Head Office Charges 5,000 48,000

Travel and Accommodation:

Supply of accommodation and food
shared for 10 week period for personnel
above

\$50/day/person: 5,000

Supply of vehicles shared for 10-week
period

2,000 km/week @ \$0.50/km

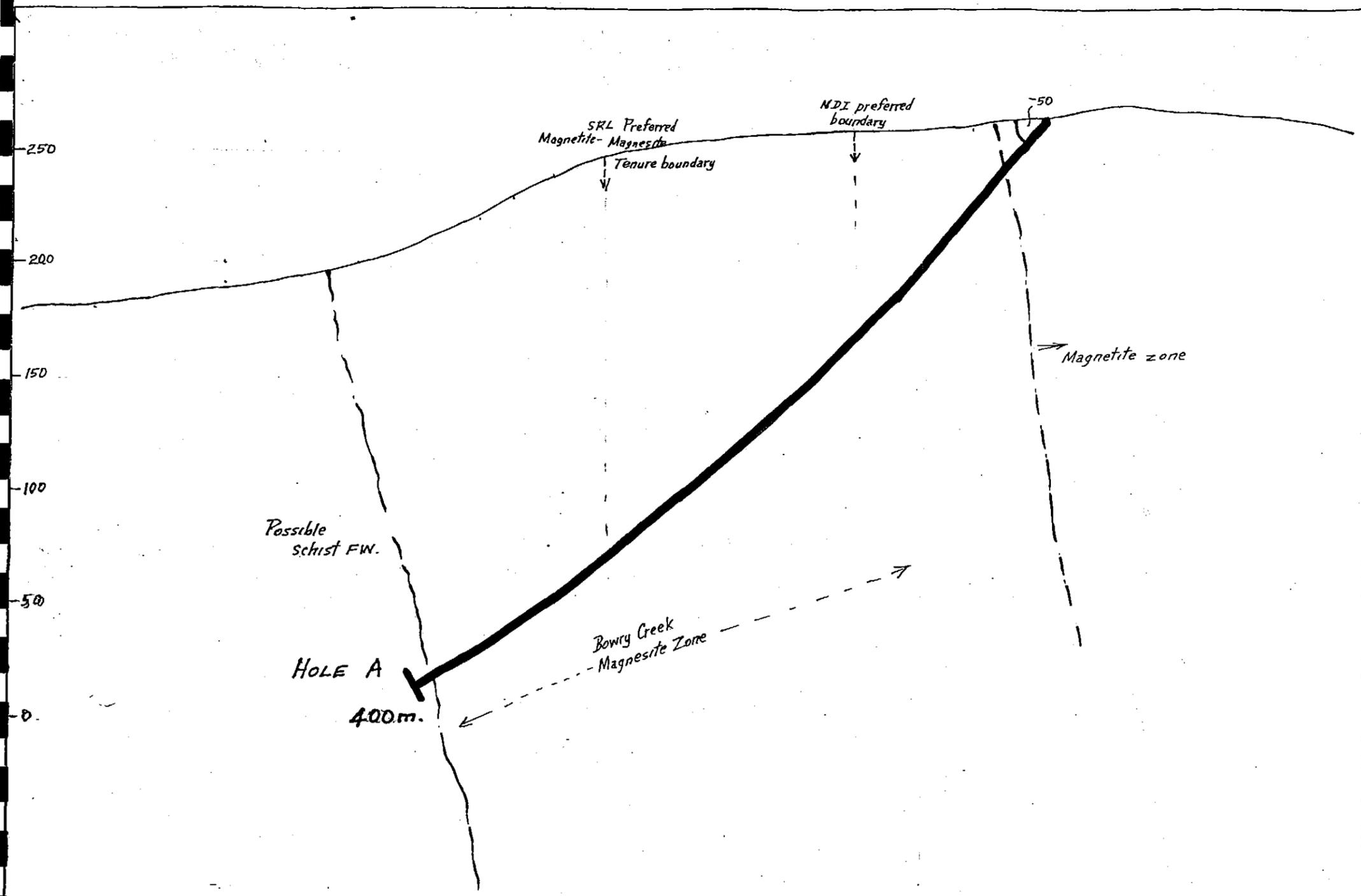
Per week: \$1,000: 10,000 15,000

Sub-Total Budget:

\$450,000

Item	Dec	Jan	Feb	Mar	Totals
Drilling		70,000	150,000	94,000	314,000
Mobilisation		2,000		2,000	4,000
Site Prep		3,000	3,000	1,000	7,000
Consumables		9,000	6,000	2,000	17,000
Surveying				3,000	3,000
Assaying			16,000	17,000	33,000
Petrology			2,000	2,000	4,000
Draft/Reporting				5,000	5,000
Personnel	4,000	12,000	14,000	18,000	48,000
Travel & Accom	1,000	3,000	6,000	5,000	15,000
TOTALS	5,000	99,000	197,000	149,000	450,000

Initial Drilling Program: Budget

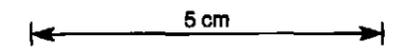


Hole designed to test the Bowry Creek Magnesite deposit to the immediate west of the Long Plains magnetite deposit.

It is strategically important to know at an early stage if there is a high quality magnesite resource in this area in order to resolve potential difficulties with mining the adjacent magnetite. One hole should achieve this objective.

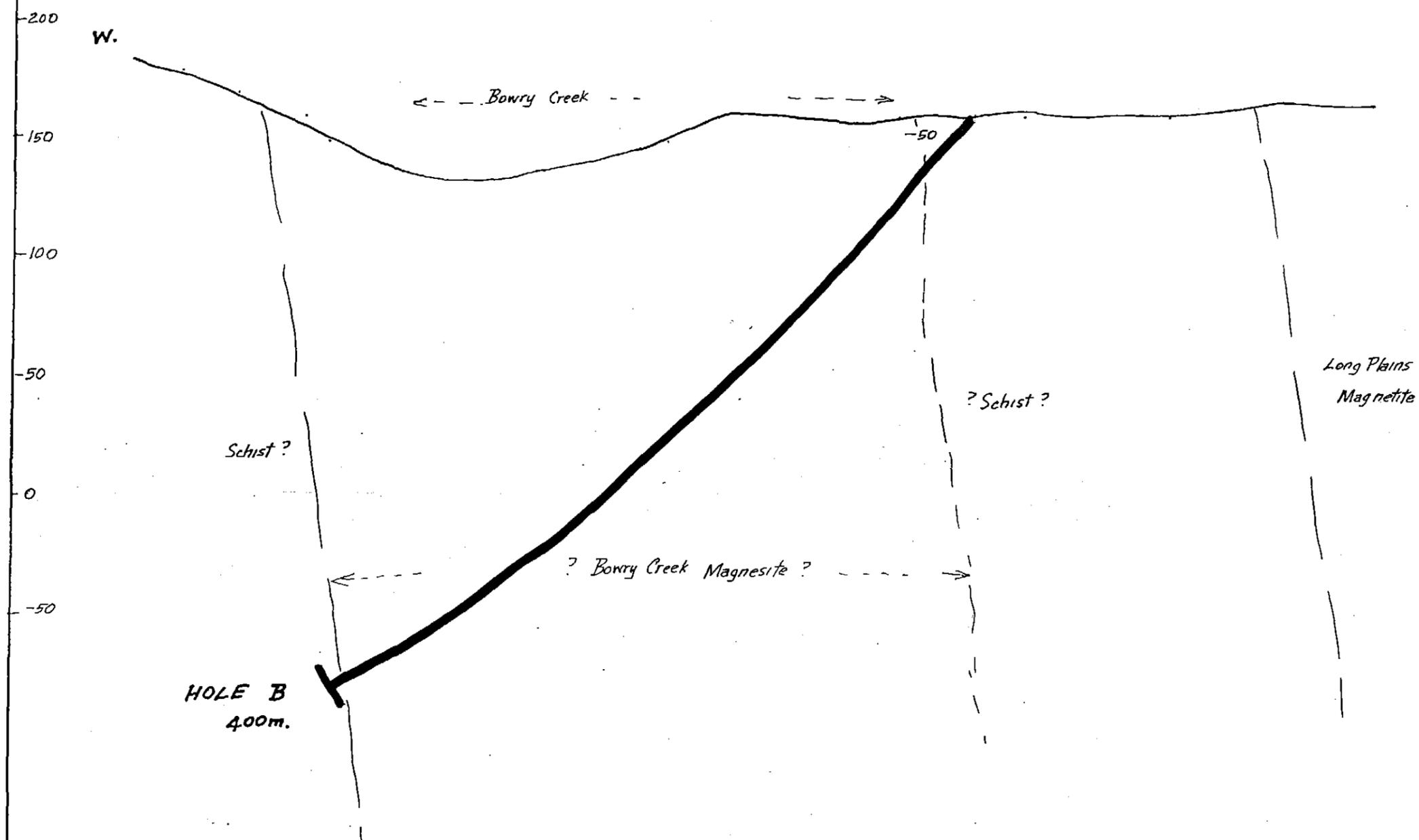
Hole designed to collar in schist, on an existing road, drilling east to west perpendicular to schistosity.

- Collar dip: -50
- Length: 400m.
- Size: PQ to 30m.
- HQ to 100m.
- NQ to 400m.



NEWHAM EXPLORATION AND MINING SERVICES		
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MAGNESITE PROJECT		
PROPOSED DRILL HOLE A		
BOWRY CREEK AREA		
Scale: 1:2000		
Drawn: LAN	Date: Dec 97	Fig: 2

477014



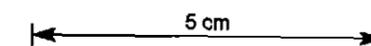
Hole designed to test the Bowry Creek Magnesite deposit approximately 400m. north along strike from recommended Hole A.

There is no other existing drilling information on the magnesite in this area.

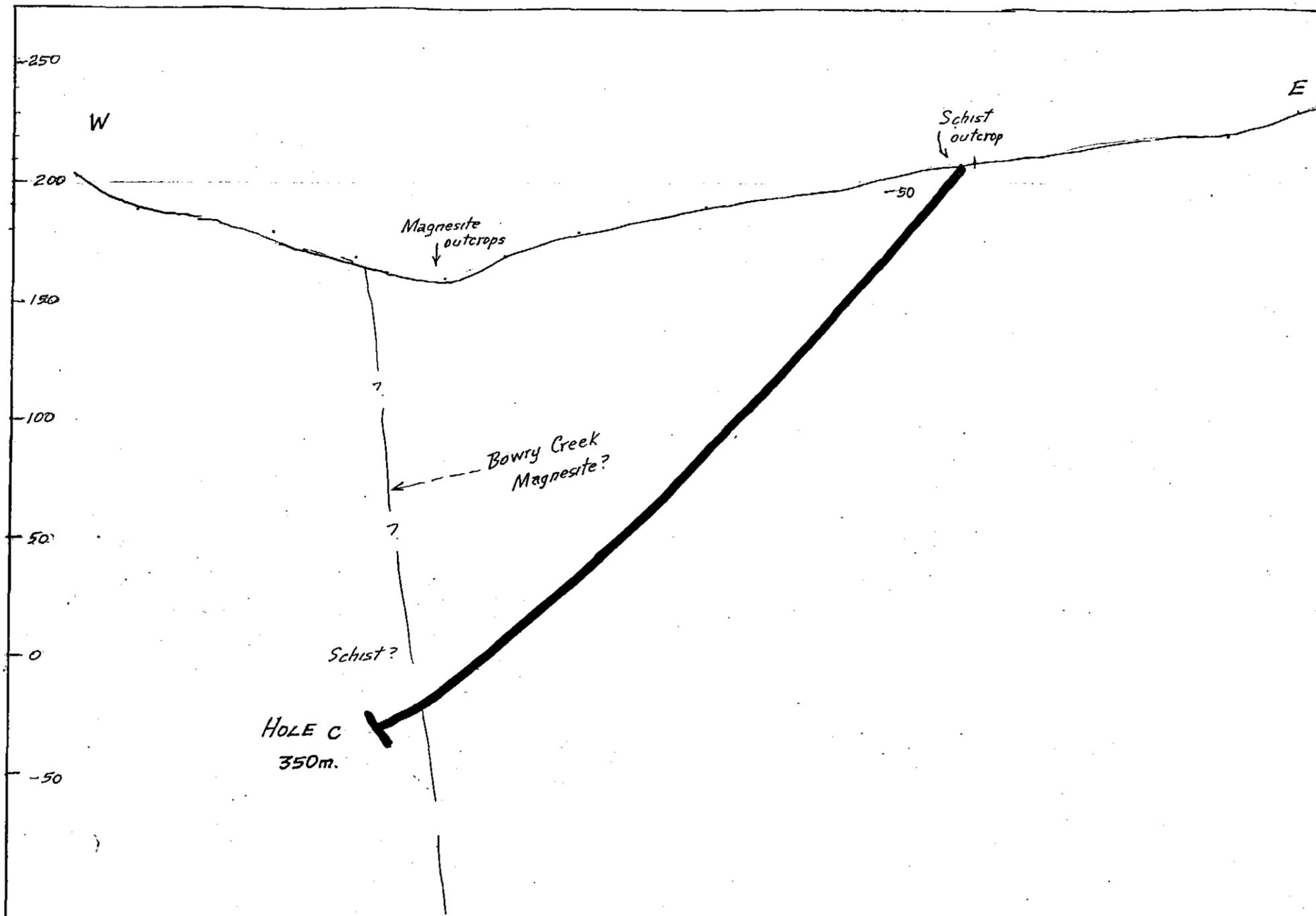
The hole will pass beneath and parallel to a substantial exposure of magnesite in Bowry Creek. Hopefully this will not represent a complication to drilling.

Hole designed to collar in schist, on an existing road, drilling east to west perpendicular to schistosity.

Collar dip: -50
 Length: 400m.
 Size: PQ to 50m.
 HQ to 150m.
 NQ to 400m.



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NATIONAL DIVERSIFIED INDUSTRIES		
MAGNESITE PROJECT		
PROPOSED DRILL HOLE B		
BOWRY CREEK AREA		
Scale: 1:2000		
Drawn: LAN	Date: Dec 97	Fig: 3

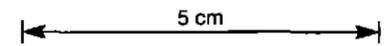


Hole designed to test the Bowry Creek Magnesite deposit approximately 250m. north along strike from recommended Hole B.

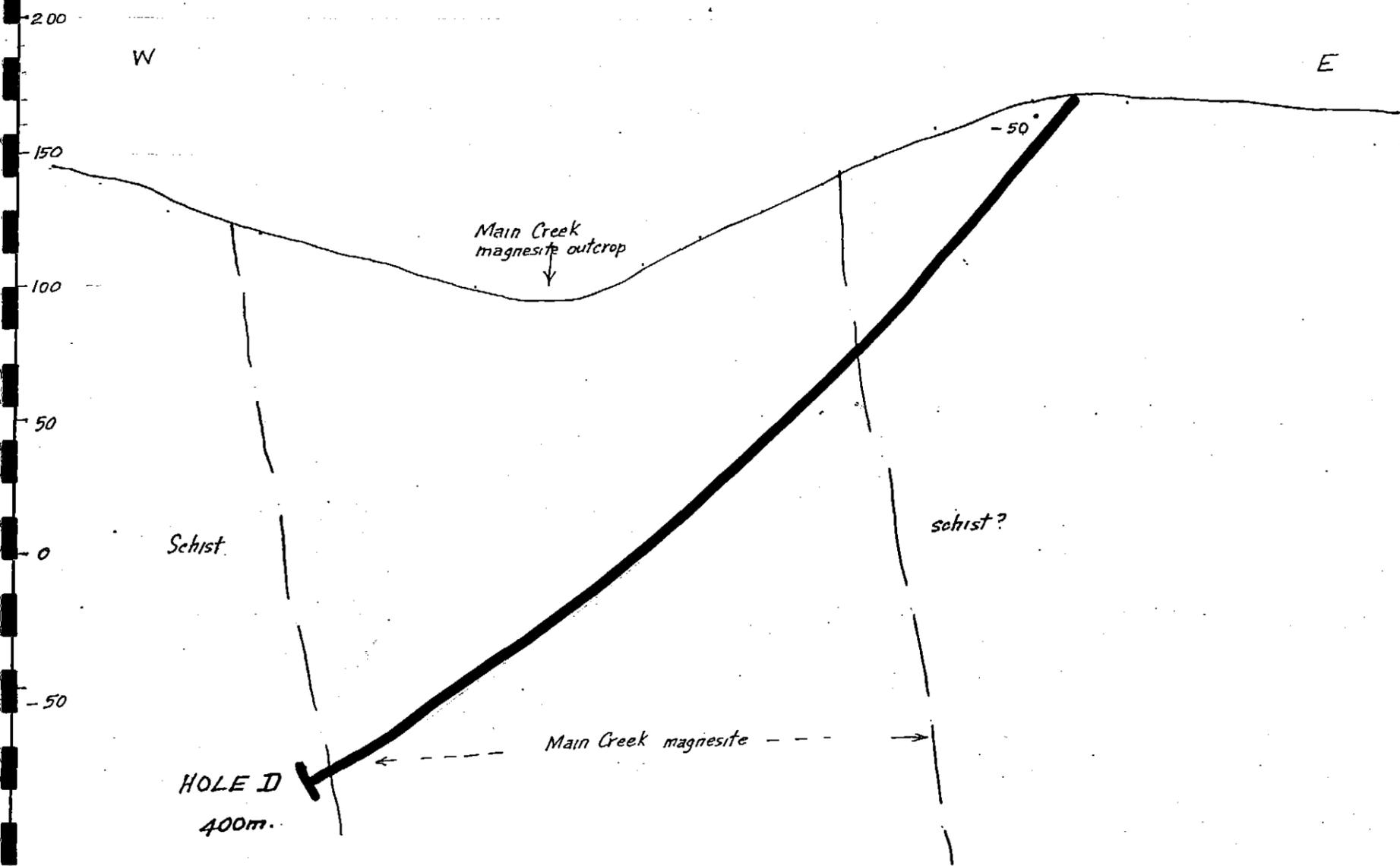
There is no other existing drilling information on the magnesite in this area. The Bowry Formation has previously been interpreted as thinning slightly in this region due to faulting. However, this requires testing by way of drilling.

Hole designed to collar in schist, on an existing road, drilling east to west perpendicular to schistosity, which is thought to swing to the NW in this area.

- Collar dip: -50
- Length: 350m.
- Size: PQ to 50m.
- HQ to 100m.
- NQ to 350 m.



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NATIONAL DIVERSIFIED INDUSTRIES MAGNESITE PROJECT	
PROPOSED DRILL HOLE C BOWRY CREEK AREA	
Scale: 1:2000	
Drawn: LAN	Date: Dec 97
Fig: A	

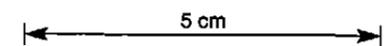


Hole designed to test the southern extension of the Main Creek magnesite body, approximately 300m. of previous drill hole MC2.

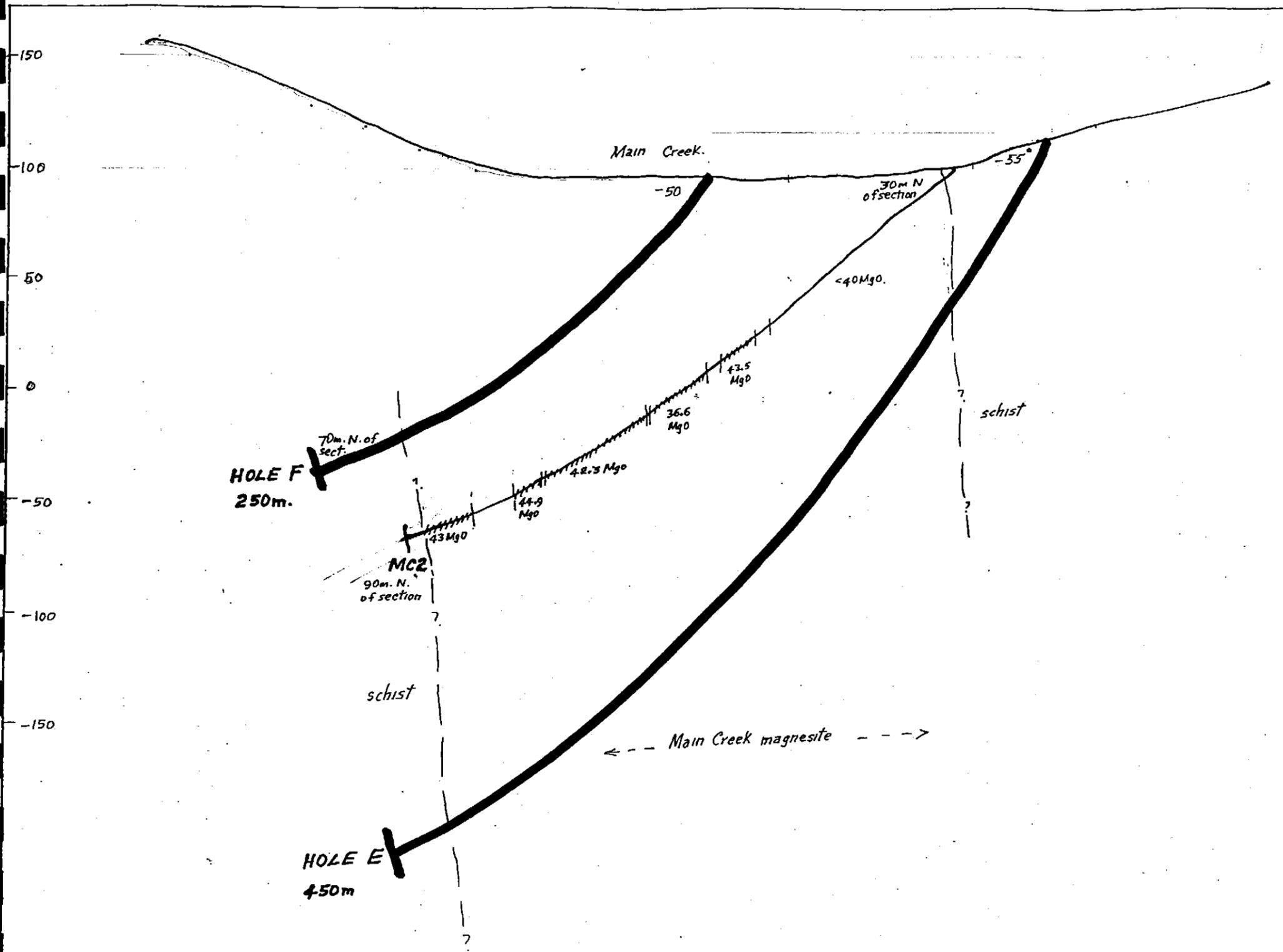
Little is known of this area apart from magnesite outcrops in Main Creek.

Hole to be collared on an existing road, in an area mapped as schist, drilling east to west.

Collar dip: -50
 Length: 400m.
 Size: PQ to 50m.
 HQ to 150m.
 NQ to 400m.



NEWHAM EXPLORATION AND MINING SERVICES		
NATIONAL DIVERSIFIED INDUSTRIES		
MAGNESITE PROJECT		
PROPOSED DRILL HOLE D		
MAIN CREEK AREA		
Scale: 1:2000		
Drawn: LAN	Date: Dec 97	Fig: 5



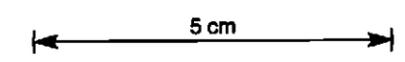
Holes designed to test the Main Creek magnesite deposit 300m. north of hole D, in the vicinity of previous hole MC2, which intersected a number of magnesite beds.

By testing these beds above and below MC2, they will provide useful data on depth variations in the magnesite.

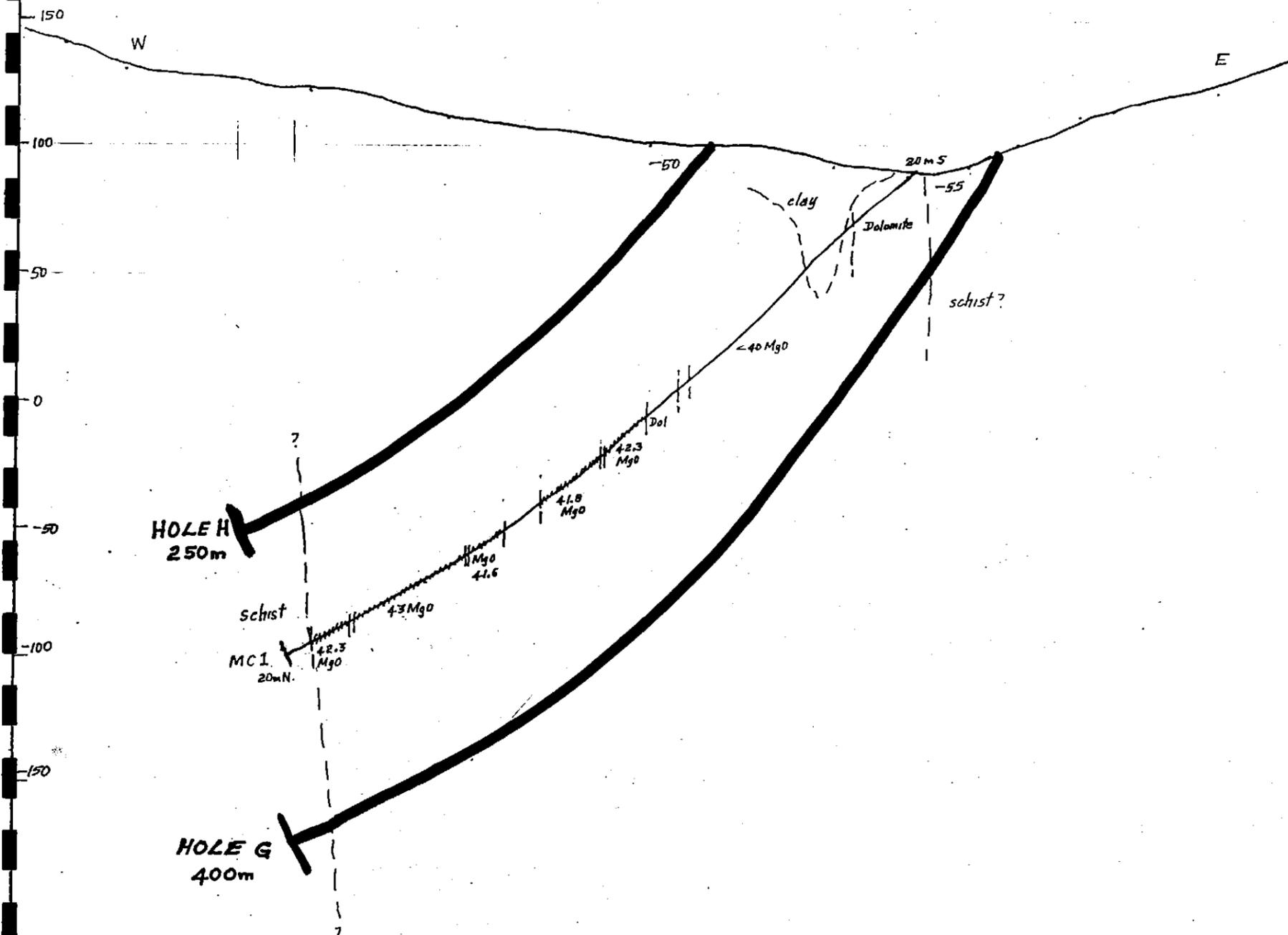
Some drill site access development will be required for both holes.

Hole E:
 Collar dip: -55
 Length: 450m.
 Size: PQ to 50m.
 HQ to 150m.
 NQ to 450m.

Hole F:
 Collar dip: -50
 Length: 250m.
 Size: PQ to 50m.
 HQ to 150m
 NQ to 250m



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NATIONAL DIVERSIFIED INDUSTRIES MAGNESITE PROJECT		
PROPOSED DRILL HOLES E and F MAIN CREEK AREA		
Scale: 1:2000		
Drawn: LAN.	Date: Dec 97	Fig: 6.



Holes designed to test the Main Creek magnesite deposit 200m. north of holes E and F, in the vicinity of previous hole MC1, which intersected a number of magnesite beds.

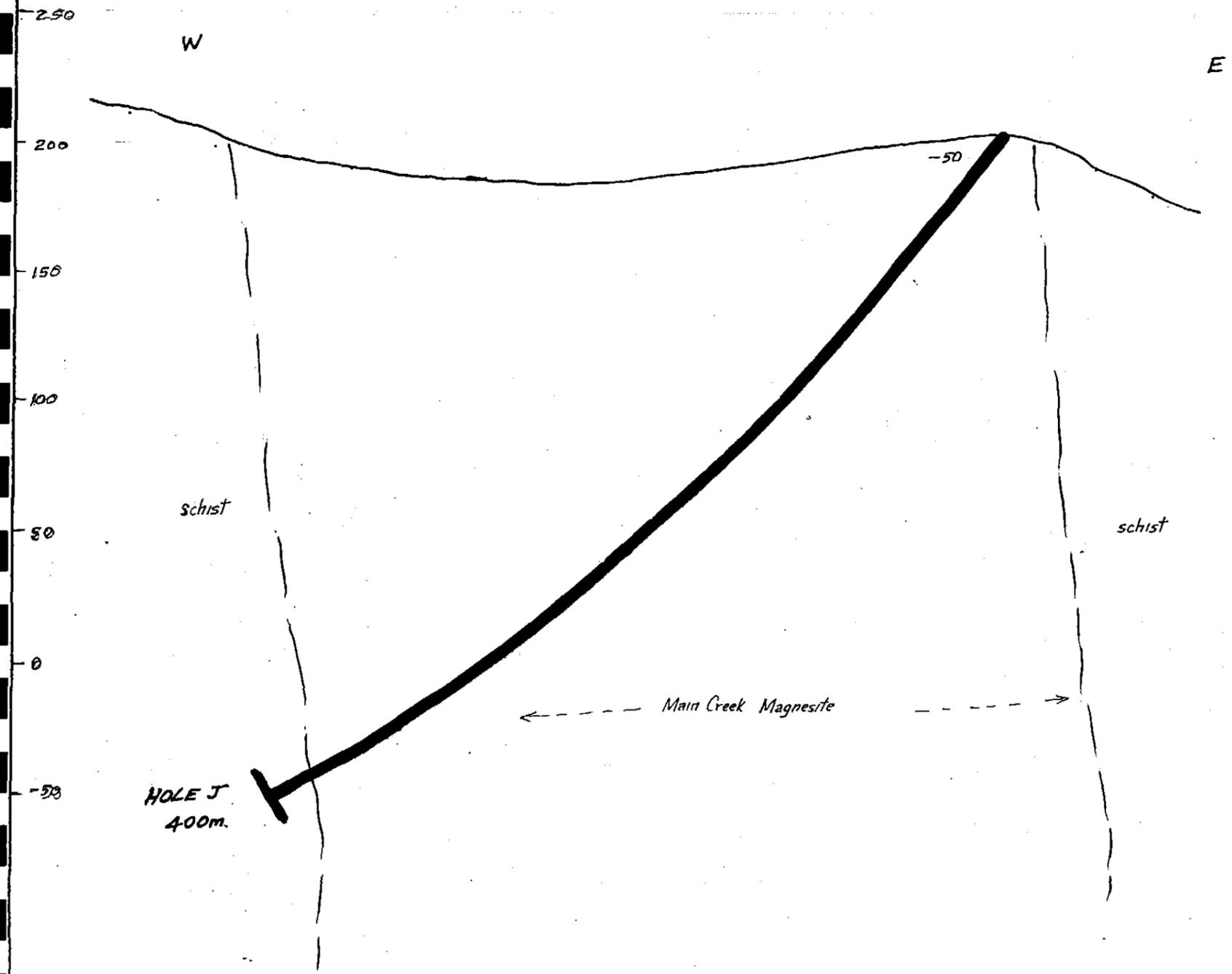
By testing these beds above and below MC1, they will provide useful data on depth variations in the magnesite in this area.

The holes have been designed to collar on existing tracks. Hole G will collar in schists, however hole H will collar in deeply weathered magnesite.

Hole G:
 Collar dip: -55
 Length: 400m.
 Size: PQ to 50m.
 HQ to 150m.
 NQ to 400m.

Hole H:
 Collar dip: -50
 Length: 250m.
 Size: PQ to 50m.
 HQ to 150m.
 NQ to 250m.

NEWHAM EXPLORATION AND MINING SERVICES		
NATIONAL DIVERSIFIED INDUSTRIES MAGNESITE PROJECT		
PROPOSED DRILL HOLES G and H MAIN CREEK AREA		
Scale: 1:2000		
Drawn: LAN	Date: Dec 97	Fig: 7

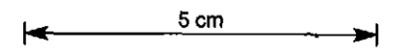


Hole designed to test the Main Creek magnesite deposit 400m. north of holes G and H, and 600m. south of MC 27. It plots 100m. south of MC 28 which was abandoned in a cavity before it reached the better quality western magnesite.

Hole is designed at some distance from MC 28 in order to possibly avoid this same cavity..

Designed to collar on an existing track, in schist but close to the magnesite hangingwall.

Collar dip: -50
 Length: 400m.
 Size: PQ to 50m.
 HQ to 150m.
 NQ to 400m.



NEWHAM EXPLORATION AND MINING SERVICES		
NATIONAL DIVERSIFIED INDUSTRIES MAGNESITE PROJECT		
PROPOSED DRILL HOLE J MAIN CREEK AREA		
Scale: 1:2000		
Drawn: LAN	Date: Dec 97	Fig: 8



- Creek, River
- Drifting mass beds
- Proposed drill hole
- Proposed mill hole
- Geological boundaries (Other etc.)

42020
N

NEWHAM EXPLORATION AND MINING SERVICES
 DRAWN: J. McWhirter
 CHECKED: J. McWhirter
 DATE: 28.11.97

GOLDEN TRIANGLE RESOURCES
 MAIN CREEK - DOWRY CREEK
 MAGNETITE PROJECT

PROPOSED INITIAL DRILLING PROGRAM

FILE No. 205
 FIG. No. 9.

SCALE: 1:2500

5 397 000
 5 398 000
 5 399 000

5 397 000
 5 398 000
 5 399 000

5 397 000
 5 398 000
 5 399 000

CML 44/90

CML 45/90

RL 8802

RL 8802

These squares are 100m x 100m

Drilling effort has
 resulted in the hole being
 abandoned before reaching
 main magnetite beds

Magnetite partly developed
 in this hole