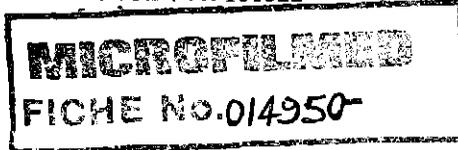


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DEFIANCE MINING NL

A.C.N. 009161522



ANNUAL REPORT FOR THE PERIOD

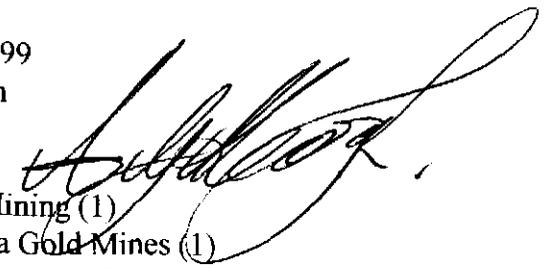
30 MAY 1998 TO 29 MAY 1999

FOR EL 18/91 - MANGANA

MINERAL RESOURCES	EL 18/91	PT 2
29 MAY 1999		
See folio 26		

99-4321

ANNUAL REPORT - EL 18/91
MANGANA - DEFIANCE MINING
D JACKSON

Report No : Def 078D
 Date due : 29 April 1999
 Author : DG Jackson
 Accepted By: AG Keogh
 Signature : 
 Copies : Defiance Mining (1)
 : Connemarra Gold Mines (1)
 : Mineral Resources Tasmania (1)

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TAS 042	Mathinna Joint Venture Exploration Activity Map EL 18/91	1:25000
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LIST OF APPENDICES

1. **Historical Soil Geochemical Data**

1. Summary

Defiance Mining NL are exploring EL 18/91 at Mangana in Joint Venture with Connemarra Gold Mines Pty Ltd, a wholly owned subsidiary of the Mining Contractor, Barmenco Pty Ltd.

The targets are high-grade gold bearing reefs containing more than 50,000 ozs and similar in style to the Mangana Reef in adjacent tenement 24M/93.

Since the Joint Venture was signed in September 1998, Defiance has mainly concentrated its field program within 43M/89 near Mathinna, located approximately 20km to the north of EL 18/91.

Work completed in EL 18/91 during the reporting period has included:

- Entering historical geochemical data from Resolute Samantha Limited into a digital data base and processing the data in a GIS package, at a variety of scales, as both images and dot plans.
- Obtaining regional airborne geophysical data from Mineral Resources Tasmania and having it processed into images by Southern Geoscience Consultants.
- Evaluation of all the available historical data within the tenement and selection of a number of targets for further work.
- Purchasing geological and topographical data in digital form to enhance map production.

2. Introduction

EL 18/91 "Mangana", of approximately 9sq km, is centred on the town of Mangana approximately 65 km east of Launceston. The licence, which is now nearing its eighth birthday, is due for renewal on 29 May 1999.

Connemarra Gold Mines Pty Ltd now holds the tenement, which has been previously held by Alex White and Resolute Samantha Ltd. Defiance Mining NL has signed a joint venture with Connemarra, whereby they can earn a 50% equity in this and other associated tenements, by spending \$1 million on exploration for high-grade gold reefs.

The licence is a mixture of private land on alluvial flats and State Forest in adjacent hilly country. Access is generally excellent with a sealed road to Launceston and strategically placed gravel roads throughout the tenement.

3. Conclusions and Recommendations

- First pass evaluation drilling should be completed on the Argyle/Golden Entrance old workings and Blackboy Ridge soil geochemistry targets as soon as evaluation drilling in the New Golden Gate area is completed.

4. Geology

EL 18/91 lies near the southern end of the 90-km long, north-north-west trending, line of gold deposits that extend from Mangana in the south to Lyndhurst on the north coast.

The gold deposits occur as auriferous quartz reefs, hosted in the Mathinna Beds, a folded sequence of Silurian-Ordovician age sediments. The Mathinna beds are intruded by younger, Devonian-Carboniferous age granites and are in part overlain by Permo-Triassic glacial marine sediments, Jurassic dolerites and Tertiary basalts.

The gold bearing veins are structurally controlled and occur in a range of orientations and forms within zones of shearing and tectonic deformation. Typical vein features are:

Width	0.1-1.0m	up to 10m
Length	10-100m	up to 350m
Depth	<100m	up to 580m
Grade	15-30g/t	cut off 10g/t
Strike	variable	NW to NE dominant
Dip	typically steep	70-80°
Mineralogy	quartz, arsenopyrite, pyrite	minor galena, chalcopyrite, sphalerite

This overall geological setting is very similar to the high grade, quartz vein style mineralisation in the slate belts of central and eastern Victoria which have historical production of approximately 80Mozs.

5. Summary of Previous Exploration

The first gold discovery in Tasmania was made at Mangana in 1852. As exploration extended to the north, further discoveries were made in the Lyndhurst-Mangana belt (including additional discoveries in Mangana EL 18/91) and at Lisle, Lefroy and Beaconsfield.

In this first phase of mining, production peaked sometime prior to 1884. In the Lyndhurst-Mangana zone, activity was concentrated on the southern section between Mangana and Alberton within a 70km by 5km belt of deformed sediments.

In about 1887, after the first phase of mining had largely been completed, a Mr A Loane discovered a reef (Loane's Reef) in the abandoned adit of the Golden Gate mine. Sinking of a shaft to evaluate this reef discovered an additional reef (Main

Reef). These two reefs were subsequently mined down to about 280m depth and probably each produced somewhere between 50,000 and 100,000 ozs.

Further exploration at depth below, and adjacent to, these reefs discovered a further two reefs (East and West Reefs) which were mined from 250-470m depth. The New Golden Gate Shaft was subsequently extended to 549m.

The bulk of the 265,000 ozs of gold from the New Golden Gate mine was produced in the years 1888 to 1904. Intermittent production occurred through to 1929 when the workings were finally abandoned. New Golden Gate production represents approximately 16% of Tasmania's historical production.

Early mills were generally simple stamp and gravity mills, which recovered most of the coarse free gold, but gold associated with sulphides was lost. The New Golden Gate mill experimented with cyanide extraction of their sulphides with limited success.

An important feature of the area is that many of the quartz veins never outcropped and were only discovered during underground development aimed at other veins.

Modern day exploration activity has seen a number of companies hold tenure over the Mangana area, however, very few have carried out drilling programs in the area of the old mines. Recent drilling programs have largely concentrated in the Mathinna area.

A large number of old workings remain untested by drilling.

A more detailed summary of historical exploration is available in MacDonald (1996)

6. Summary of Work Completed

6.1 Soil Geochemical Data

Resolute Samantha Ltd collected a large number () of soil and auger samples over Mangana EL 18/91 while they held tenure. These samples, which were collected at 100m by 50m spacing with 100m by 25m infill in anomalous zones, cover an area of approximately five square kilometres. They were analysed at Minlabs in Perth WA for Au by fire assay (AAS finish) with a 50g charge and a detection limit of 1ppb and for As by perchloric acid digest and AAS with a 10ppm detection limit.

After ascertaining that Resolute did not have the data in digital form Defiance arranged to have it entered into a digital data base (Appendix 1 - Excel 97 spreadsheet). In the Defiance data base samples below detection limits are entered as half of the detection limit to facilitate statistical processing.

Plots of sample locations and both elements at a variety of scales and in a number of formats were then possible using the Map Info GIS package. Attached Plan Nos TAS048-049 present the Au and As data as images at 1:25000 scale and Plan Nos

TAS045-047 illustrate the sample locations and elements as dot plans at 1:10000 scale.

6.2 Airborne Data Processing

Defiance purchased the available airborne magnetic and radiometric data, comprising the Fingal (1993), Mathinna (1990) and Alberton-Mangana (1989) surveys from Mineral Resources Tasmania.

These data were processed by Southern Geoscience consultants to produce a number of images. The Total Magnetic Intensity image is presented here at 1:25000 scale (Plan No TAS044).

The structural features that control the Au mineralisation are not readily apparent on the magnetic image. Two linear magnetic highs running through the southern portion of the tenement probably reflect magnetic paleochannel deposits.

6.3 Prospect Evaluation

Prior to Defiance Mining NL and Connemarra Gold Pty Ltd forming the Mathinna Joint Venture, Connemarra arranged the production of a report on all the potential gold prospects in the area (Colville 1998). A number of these prospects, on which further work was recommended, are within the Mangana EL 18/91 and are summarised below.

6.3.1 Argyle/Golden Entrance Old Workings

The Argyle/Golden Entrance line of workings is 300m to the northeast and parallel to the north-north westerly striking Mangana Reef (totally within enclosed tenement 24N/93). They extend over 600m strike and have a historical production of approximately 3000 ounces at about 4 ounces per tonne. In the next year a number of RC and possibly core holes are planned in both the Mangana and Argyle/Golden Entrance Reefs to determine their prospectivity.

6.3.2 Blackboy Ridge Soil Anomaly/Aeromagnetic Trend

The most significant soil anomaly from the Resolute Samantha program came from Blackboy Ridge. This area was chosen for sampling as it lies along strike from the Argyle/Golden Entrance and Mangana reef trend yet has no reported old workings. A fault interpreted during interpretation of the aeromagnetic data (Ashley, 1995) trends roughly through the best (195ppb) gold and As (570,190,100 & 300ppm) anomaly. Drilling of four fences of 80m RC holes was proposed by Colville, however, a smaller program is likely as a first pass test of the target.

7. Proposed Future Program

In the period June-July 1999 Defiance plans to drill approximately 3090m in 41 holes in the vicinity of the New Golden Gate mine. The majority of this drilling will be within 43M/89.

Defiance would then expect to complete a second larger program in the Mathinna area in late 1999. This program would include additional drilling in the vicinity of New Golden Gate but would also involve drilling of a number of regional targets in the Mathinna/Mangana area.

These targets are likely include the Argyle/Golden Entrance and Blackboy Ridge prospects outlined above. At Argyle/Golden Entrance two holes are planned for a total of 170m of RC drilling where the reef crosses the ridge top and at Blackboy Ridge four, 100m RC holes are planned as a preliminary test of the anomaly.

8. References

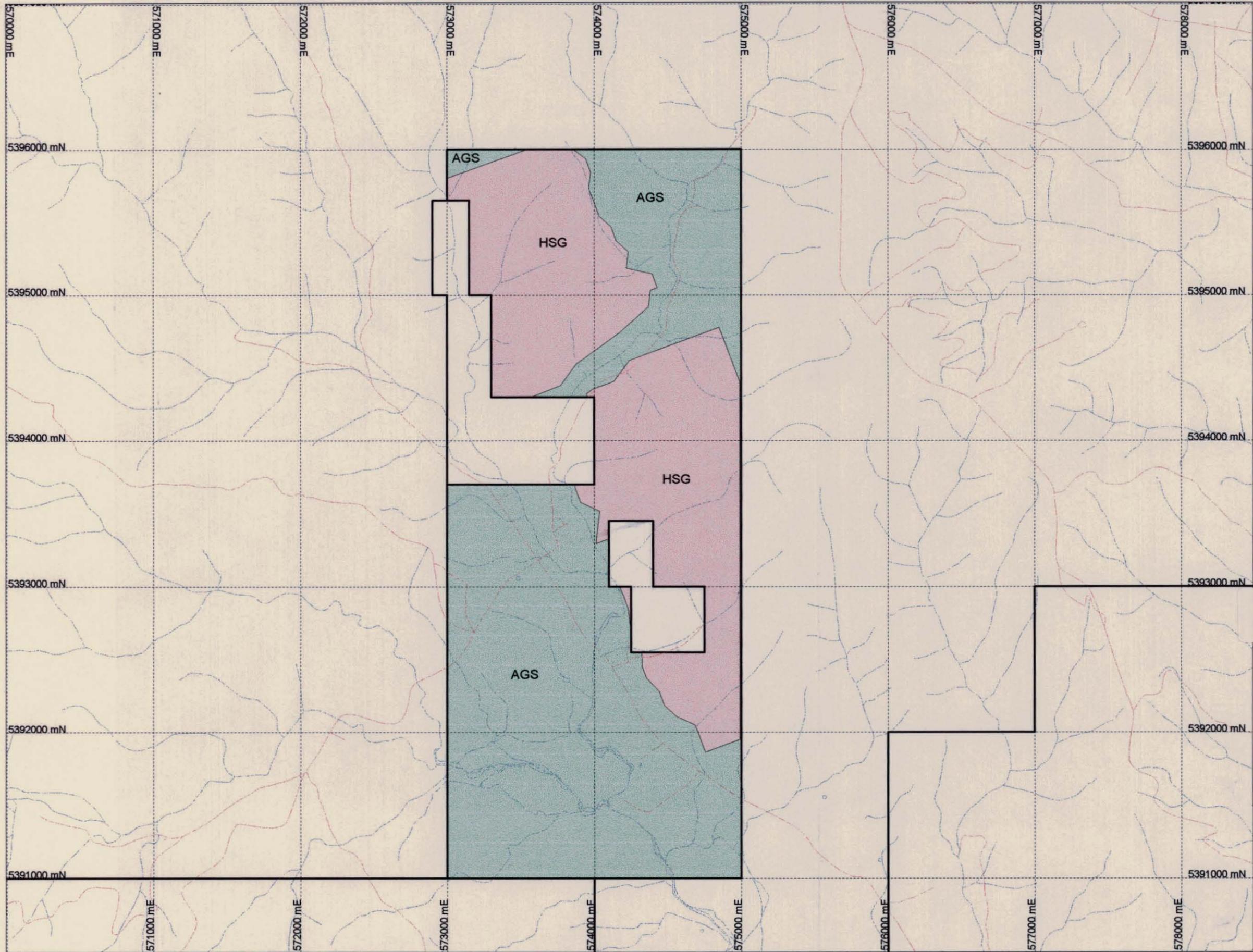
- Ashley, J 1995 Resolute Samantha Group Northeast Tasmania "Mathinna Project" Interpretation of Aeromagnetic Data.
- Colville, R. 1998. Connemarra Gold Mines Pty Ltd, Mathinna Gold Project, Annual Report on Exploration Licence 3/97 for the Twelve months ending 19 September 1998.
- MacDonald, G. 1996. Resolute Samantha Limited, Annual Report 1995 EL 17/91 "Mathinna".

9. Expenditure Statement – EL18/91**For the period 1 July 1998 to 31 March 1999**

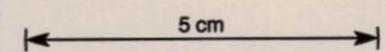
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Literature Research	328.61
Freight	55.00
Geophysics - Aeromags	75.00
Computing & CAD Services	892.84
Consultant - Geophysics	765.50
Salaries & Wages	8328.28
Vehicles	319.64
Travel & Accommodation	4170.95
Consumables - Drilling	441.95
*Planning Future Drilling	4000.00
*Site Inspection	4000.00
Overheads at 10%	2505.28
Total	27558.03

Notes:

1. Items Marked with (*) are sourced from Connemarra Gold quarterly report for quarter ending 30.9.98. All other expenditure is attributed to Defiance Mining NL in the period 1.10.98 to 31.3.99.

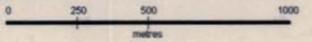


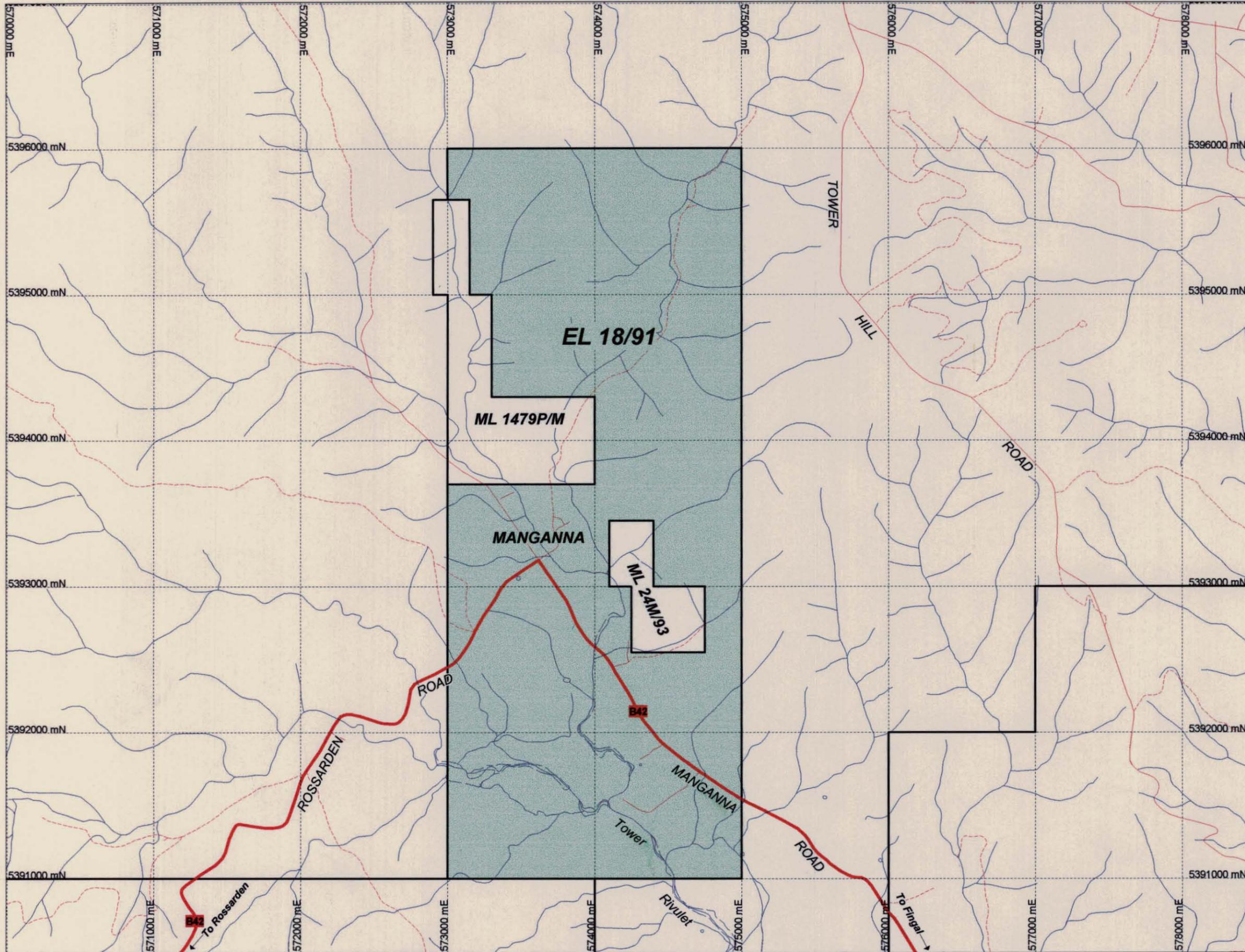
579010



- AGS Airborne Geophysical Survey
- HSG Airborne Geophysical Survey and Historical Soil Geochemistry Survey
- Roads
- River

DEFIANCE MINING NL
 Mathinna Joint Venture
 Exploration Activity Map
 EL 18/91

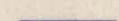
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	Author: TC Downs	Plan No: TAS04-2
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Scale 1:25000 		



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 MANGANA - DEFIANCE MINING
 D JACKSON

579011

-  Tenement EL 18/91
-  Primary Surfaced Roads
-  Secondary Roads
-  Unsurfaced Roads and Tracks
-  River

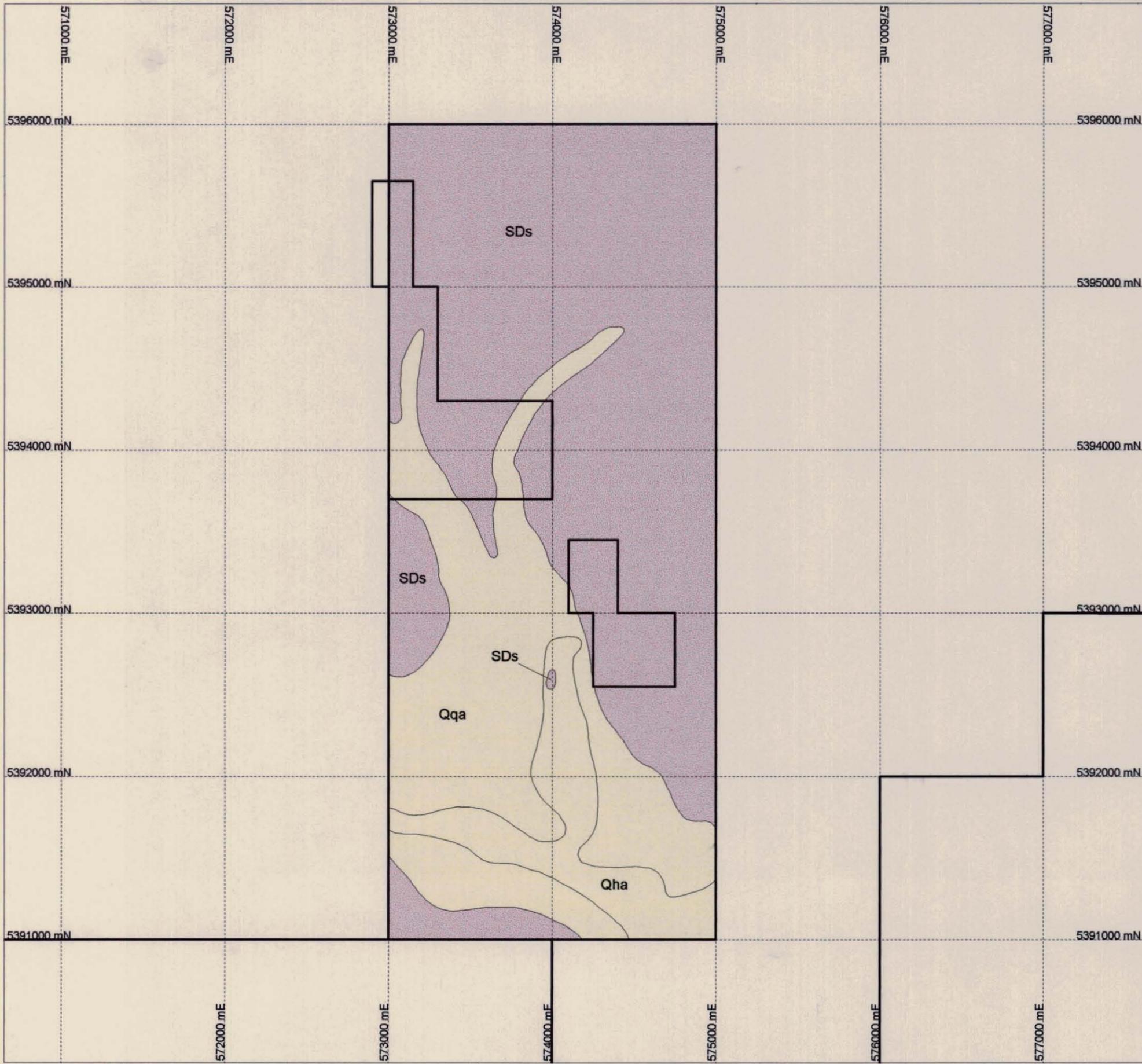
DEFIANCE MINING NL
 Mathinna Joint Venture
 Tenement Location Plan
 EL 18/91

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	Author: TC Downs	Plan No: TFS041
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Scale: 1:25000



5 cm



CENOZOIC	QUATERNARY	Qm	Mine tailings and man disturbed ground		
		Qa	Stream alluvium, swamp and marsh deposits		
		Qo	Older alluvium of river terraces		
		Qc	Colluvium - derived from Mathinna Group		
		Qp	Talus consisting of dolerite and subordinate Upper Permian rocks		
		Qd	Dolerite block fields probably underlain by clay from weathered dolerite, with interstitial fines		
		Qf	Topped dolerite masses (>100m), coherent or partly disaggregated, produced by cliff failure		
		Tar	Conglomerate with rounded clasts of Mathinna Group and very rare weathered dolerite, often partly cemented by iron oxides		
		MESOZOIC	TRIASSIC	Ts	Dominantly lithic sandstone with minor mudstone and coal
				Tq	Quartz rich lithic sandstone and minor quartz sandstone (RT), with mudstone and carbonaceous mudstone (Rm)
Tp	Cross bedded quartz sandstone				
Tf	Fine grained, slightly feldspathic quartz sandstone, micaceous shale and minor carbonaceous mudstone				
Tg	Poorly sorted grey mudstone, siltstone and rare sandstone, unfossiliferous except for rare forams. Bed of pebbly sandstone indicated (Pmp)				
Tk	Thick bedded usually poorly sorted, pebbly sandstone passing upward to interbedded sandstone, siltstone and mudstone. Marine fossils abundant in places				
Tl	Dominantly bioclastic limestone				
Tm	Marine fossiliferous mudstone siltstone and minor sandstone and bioclastic limestone				
Tn	Fine grained pebbly sandstone with phosphatic nodules. Marine fossils present in some areas				
PALAEOZOIC	PERMIAN			Ps	Mudstone siltstone and poorly sorted sandstone. Uncommon marine fossils
		Pt	Dominantly well sorted quartz sandstone, usually cross bedded and commonly with interbedded and inter-laminated carbonaceous shale lesser conglomerate and rare coal		
		Pu	Poorly sorted pebbly mudstone, sandstone and minor conglomerate, marine fossils present in places (Ptl), dominantly thick bedded to massive, medium to coarse grained quartz sandstone and minor conglomerate (Ptu)		
		Pv	Quartzitic turbidite sequence of interbedded sandstone siltstone and mudstone (SDu), sequences with significant mudstone indicated (SDip), dominantly sandstone and siltstone (SDs), some quartzite units indicated (SDiq)		
		Pw	Dominantly mudstone and siltstone (SDs)		
		Px	Metapsammite (SDsm, SDspm), metaquartzite (SDqpm)		
		EARLY DEVONIAN (?) - SILURIAN - ORDOVICIAN (?)	IGNEOUS ROCKS	Tb	Basinite
				Jd	Dolerite - grain size <0.2mm (vf). Areas with later very fine-grained dykes shown (fd)
				Ap	Aplite
				MAJOR GRANITIC INTRUSIONS	SCOTTS DALE BATHOLITH
Os	Generally equigranular medium to coarse grained, leucocratic biotite alkali feldspar granitoid/monzonite with pale pink feldspar				
Op	Sparsely to moderately porphyritic (quartz and K feldspar), fine to coarse grained biotite granite				
Osc	Equigranular coarse to very coarse grained biotite +/- hornblende adamellite / granodiorite with pink to white feldspar				
DEVONIAN	BLUE TIER BATHOLOITH				
	Bt			Medium grained, equigranular to rarely porphyritic (KF), biotite-hornblende granodiorite. Locally with a strong grain foliation. Variable but usually strongly magnetic (Dtp)	
	Btm			Weakly magnetic (Dtpm)	
BEN LOMOND GRANITE		Bm	Fine to coarse grained equigranular to porphyritic (KF) alkali feldspar granite		

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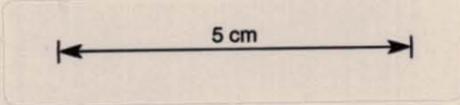
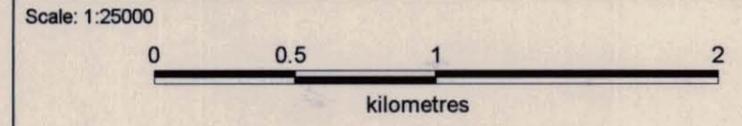
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MANGANA - DEFIANCE MINING

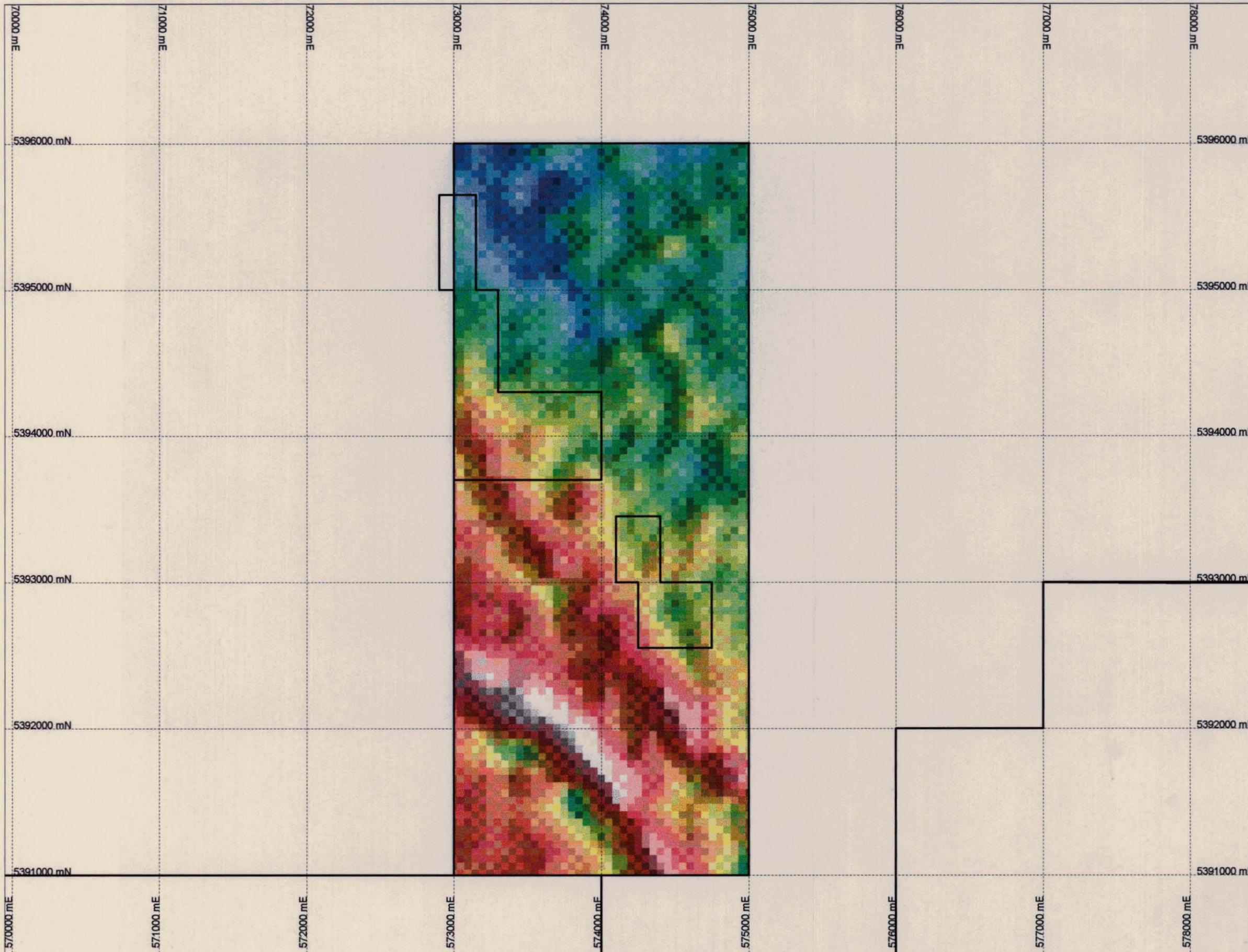
DEFIANCE MINING NL

Mathinna Joint Venture
Regional Geology
EL 18/91
579012



Date: 8/4/1999
Geologist: DG Jackson
Author: TC Downs
Plan No: TASO43
Projection: AMG Zone 55 (AGD 84)



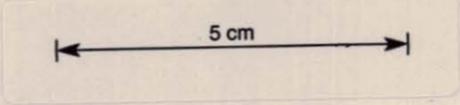


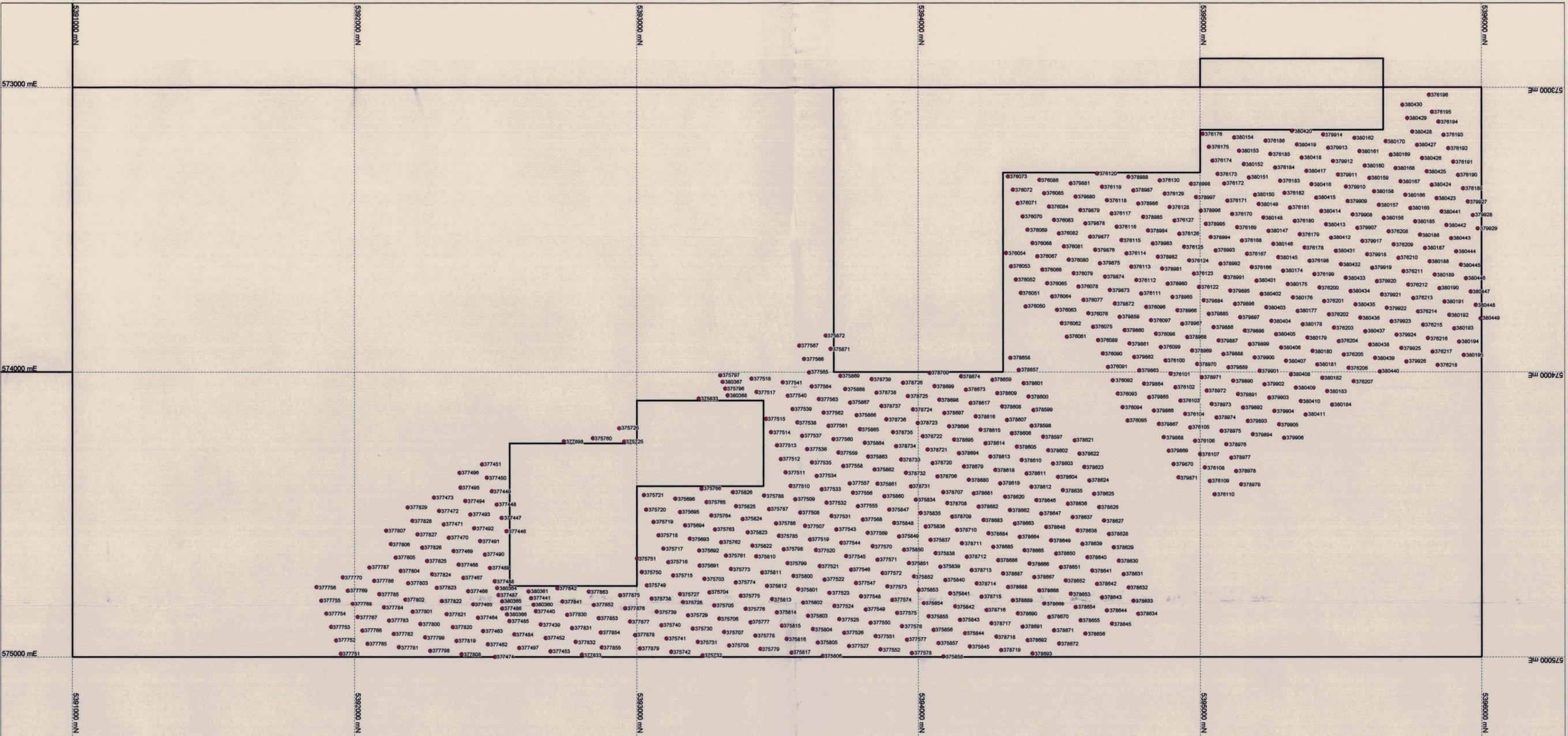
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Aircraft	:	Bell 206
Instrumentation	:	Geometrics G833
Survey date	:	Oct 1993
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Flight Line Spacing	:	200 metres
Flight Line Direction	:	090 - 270 deg.
Tie Line Spacing	:	400 metres
Mean Terrain Clearance	:	60 metres
Navigation	:	Novatel GPS
Grid Cell Size	:	50mE x 50mN

99-4321
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 MANGANA - DEFIANCE MINING
 D JACKSON

579013

DEFIANCE MINING NL	
Mathinna Joint Venture Airborne Geophysical Survey Total Magnetic Intensity Image (NL) EL 18/91	
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Author: TC Downs	Plan No: TAS044
Projection: AMG Zone 55 (AGD 84)	
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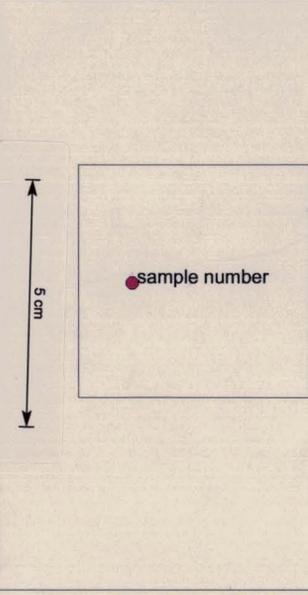


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Author: TC Downs
Geologist: D.G. Jackson
Plan No: TAS04-S

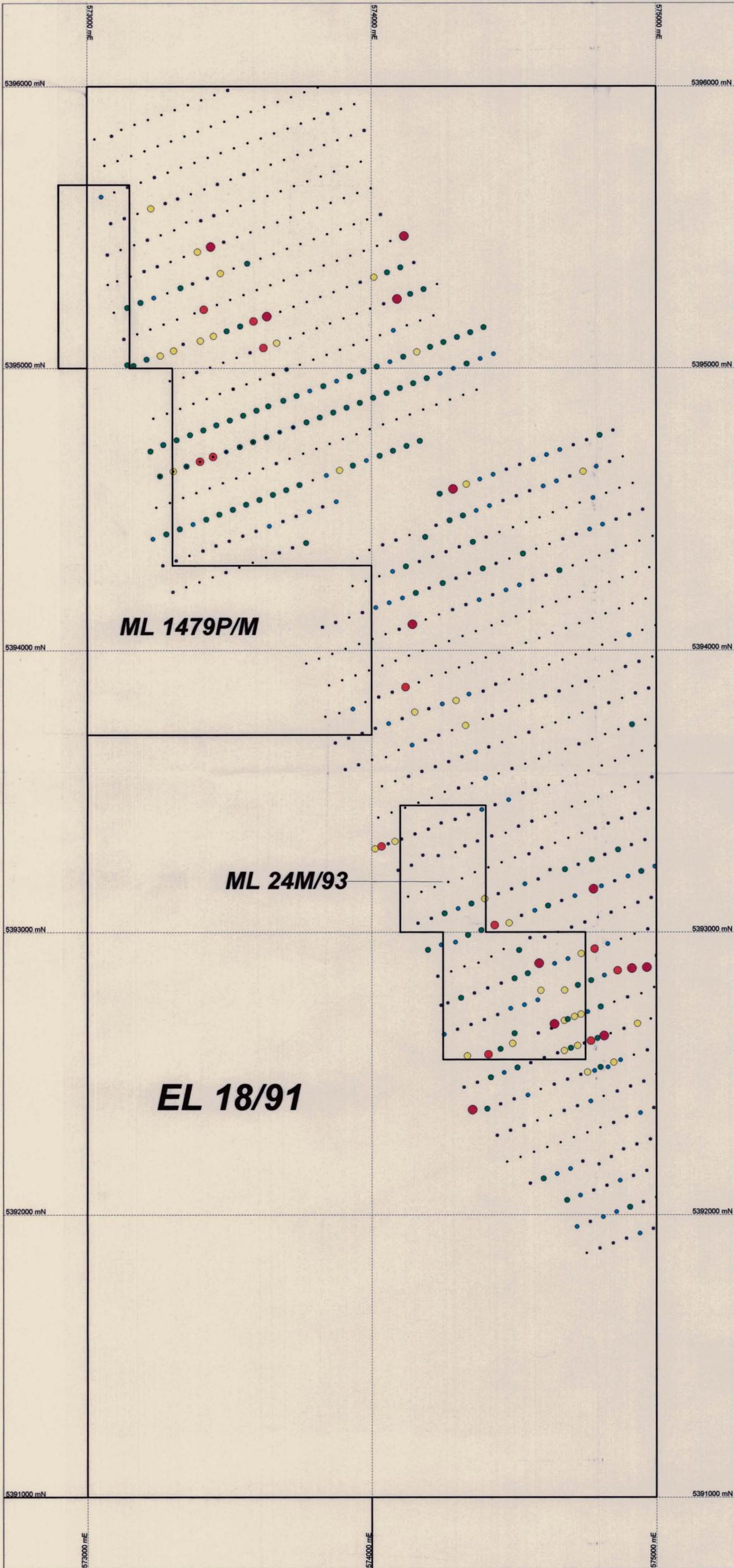
DEFIANCE MINING NL
 Mathinna Joint Venture
 Historical Soil Geochemistry Survey
 Sample Location Plan
 Survey Conducted by Resolute Samantha Ltd.
 EL 18/91



ANNUAL REPORT - EL 18/91
 MANGANA - DEFIANCE MINING
 D JACKSON

99-4321

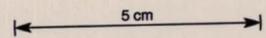
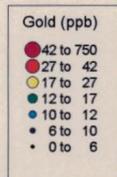
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MANGANA - DEFIANCE MINING
D JACKSON

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DEFIANCE MINING NL

Mathinna Joint Venture
Historical Soil Geochemistry
Gold Dot Plan
EL 18/91



Date: 8/4/1999

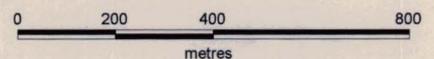
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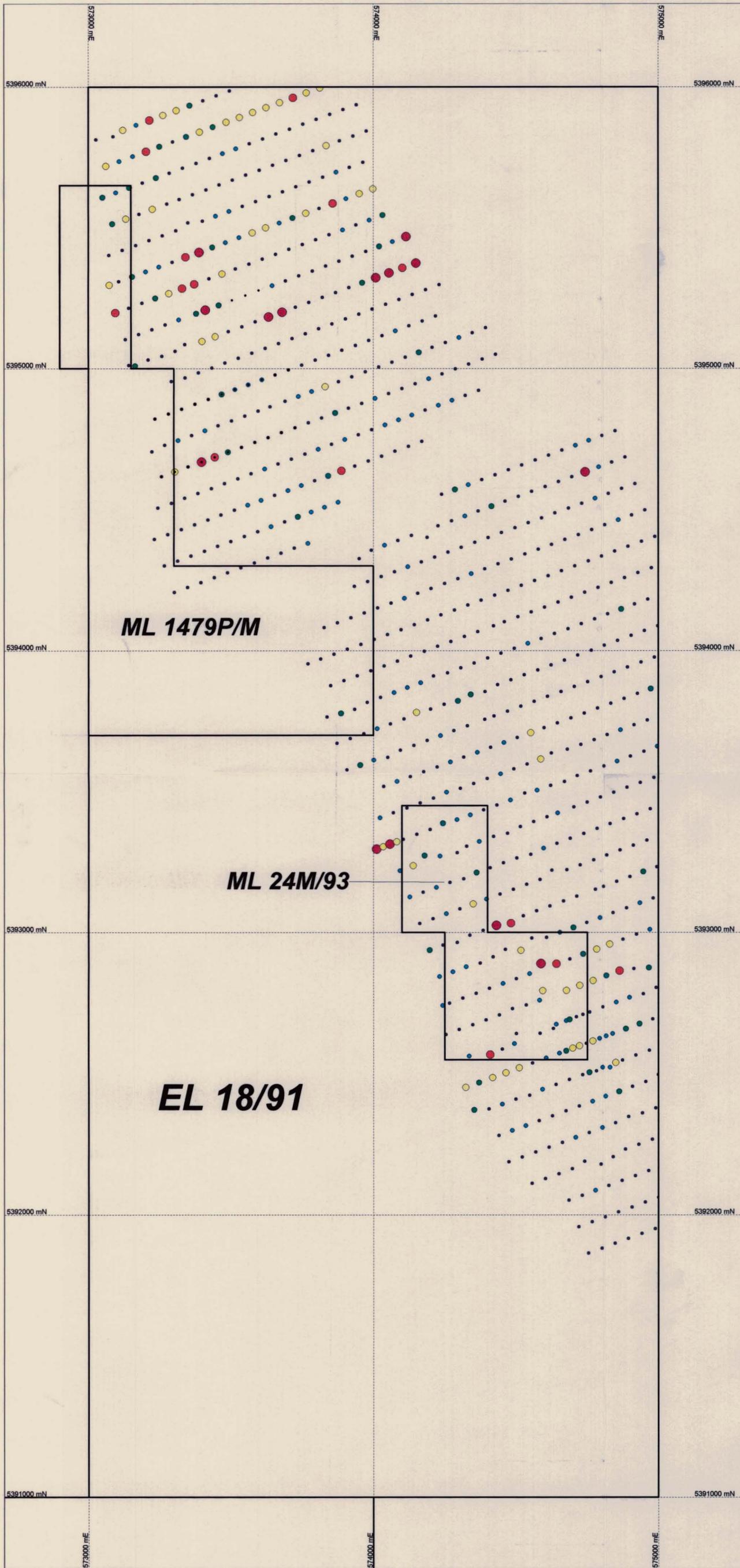
Author: TC Downs

Plan No: TASC046

Projection: AMG Zone 55 (AGD 84)

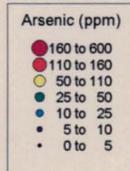
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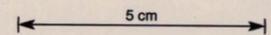


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MANGANA - DEFIANCE MINING
D JACKSON



579016



DEFIANCE MINING NL

Mathinna Joint Venture
Historical Soil Geochemistry
Arsenic Dot Plan
EL 18/91



Date: 8/4/1999

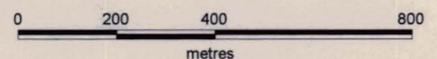
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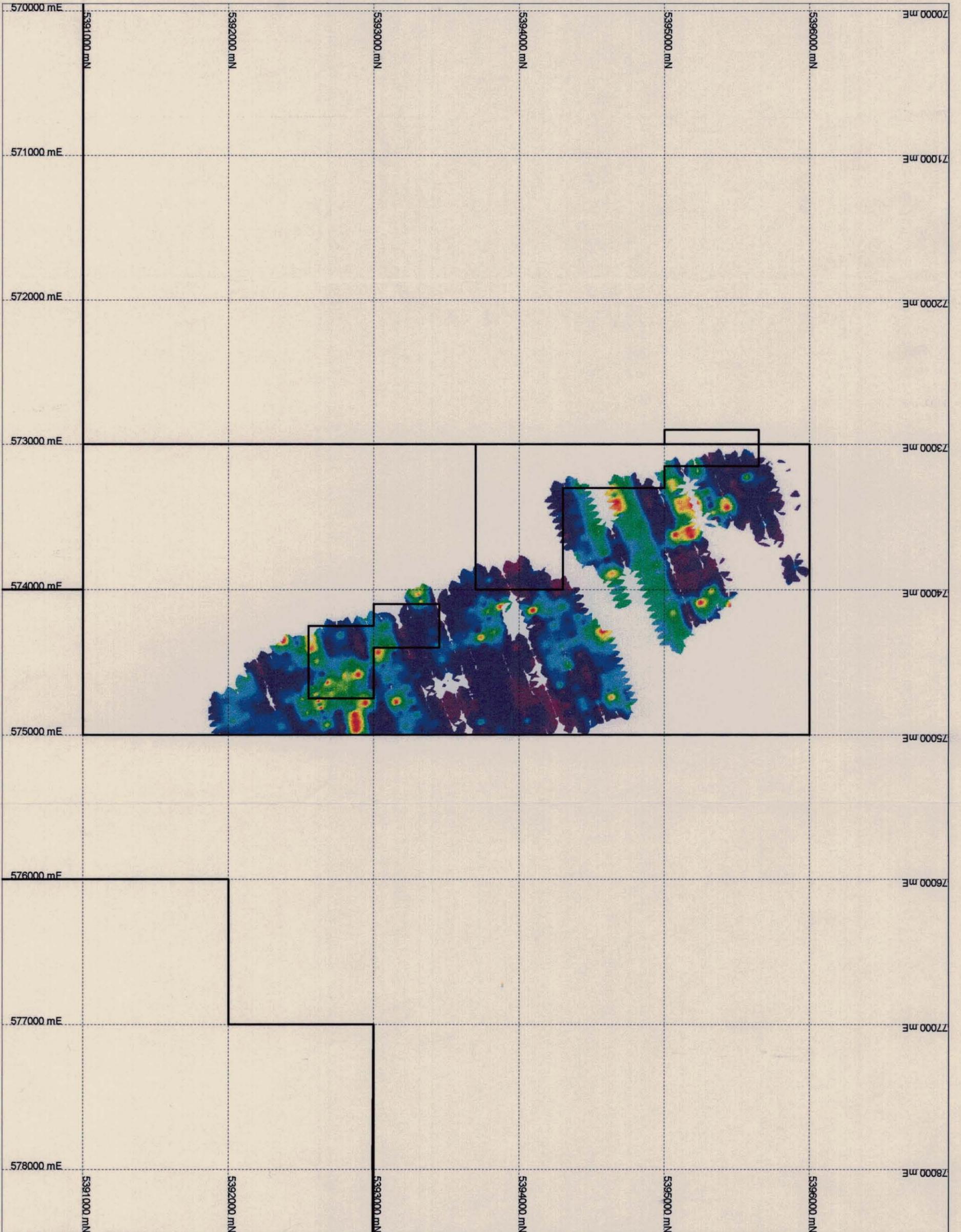
Author: TC Downs

Plan No: **TAS047**

Projection: AMG Zone 55 (AGD 84)

Scale: 1:10000





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99-4321

ANNUAL REPORT - EL 18/91
MANGANA - DEFIANCE MINING
D JACKSON

5 cm

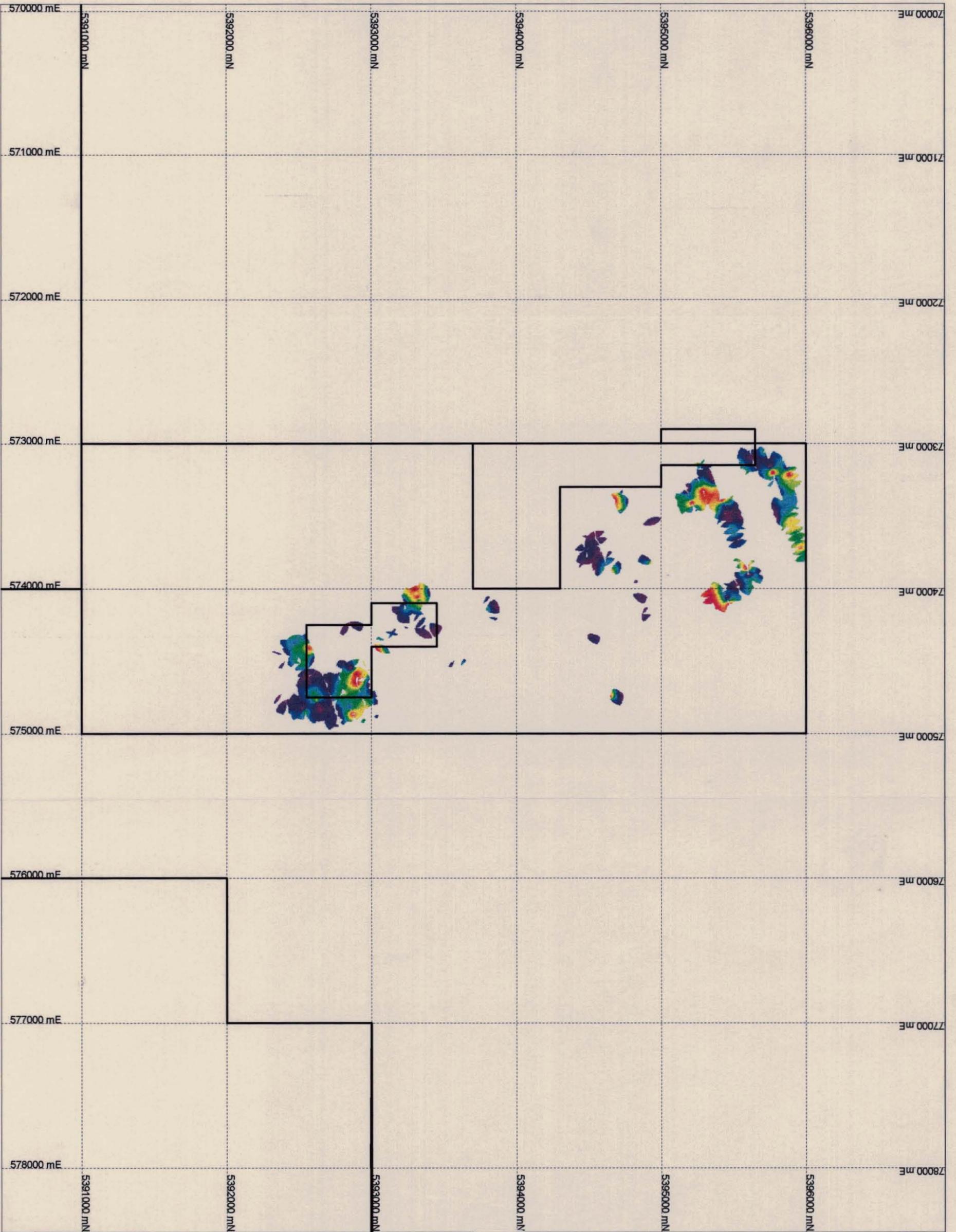


DEFIANCE MINING NL
Mathinna Joint Venture
Historical Soil Geochemistry
Gold Image
EL 18/91

Date: 7/4/1998
Author: TC Dawes
Geologist: DG Jackson
Part No: **TASO48**

Scale: 1:2500
0 250 500 1000
metres





579018

99-4321

ANNUAL REPORT - EL 18/91
MANGANA - DEFIANCE MINING
D JACKSON

5 cm

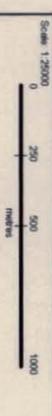
Arsenic (ppm)



DEFIANCE MINING NL

Mathinna Joint Venture
Historical Soil Geochemistry
Arsenic Image
EL 18/91

Date: 7/4/1998
Author: TC Dawkins
Projection: AMG Zone 55 (GCS 84)
Part No: **TASO4-1**
Geologist: D.G. Jackson



579019

Appendix 1
Historical Soil Geochemistry Data