

PINE CREEK GOLDFIELDS LIMITED

MLN 13

ANNUAL REPORT, 1986/87

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CR 88 / 365

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1. Location - MLN 13

ATTACHMENTS

1. Report on Enterprise Drilling, Dec 1986 - C.F.D. PEASE
CR 1986-0325
2. Report on Monarch Drilling, Aug-Dec 1986 - C.J. CANNARD
CR 1986-0329
3. Report on Czarina North Drilling, Sept-Dec 1986 - C.J. CANNARD
CR 1986-0330
4. Report on Exploration at Kohinoor Prospect, May-Dec '86 - C.J. CANNARD
CR 1986-0331
5. Southern Mining Lease Drilling Report, May-June 1986 - C.J. CANNARD
CR 1986-0332

1. PRODUCTION

Mining of the open cut continued satisfactorily with some 15 vertical metres of ore and waste being mined between the northern and southern confines of the first stage of the pit. However the pit was developed to its final boundaries to the east and west in order to provide sufficient waste to meet the requirements of tailings dam construction, which is proceeding satisfactorily.

A total of 999,050 tonnes of ore and 1,147,000 tonnes of waste were moved during the year, a stripping ratio of just over 1:1. This ratio will increase in the coming year.

Approximately 480,000 cubic metres of the ore and waste required blasting using ANFO and Powergel (wet season). It is anticipated that nearly all material to be moved in the coming year will require blasting.

A total of 1,010,076 tonnes of ore with an average feed grade of 2.27 g/t Au were treated in the plant during the year. Bullion production yielded 1919kg of gold and 597kg of silver, equating to a gold recovery rate of 85.4%. Plant commissioning problems previously experienced were overcome, reflected in the design capacity throughput.

Following the confirmation of geostatistically predicted ore within the pit by diamond drilling a decision to increase the throughput capacity of the mill to 1.4 million tonnes per annum. This entails the addition of a second ball mill, two leach tanks, three CIP tanks and other associated works. The construction of these facilities was well advanced by the end of the year. This upgrade is predicted to raise annual gold production to between 80,000 - 100,000 ounces.

2. EXPLORATION

Following successful commissioning of the grade control system within the mine during the previous year, greater emphasis was given to exploration on the mining lease by the Geology Department during the 1986-87 financial year. This consisted of diamond and percussion drilling in the immediate pit area and on selected targets elsewhere on the lease.

2.1 Enterprise Anticline

Drilling of three diamond drill holes within the pit area designed to test the primary ore zone successfully confirmed the presence of geostatistically predicted ore. This resulted in a re-estimation of the ore reserves at Enterprise and a redesign of the open cut based on geostatistically predicted global ore reserves. In-situ reserves, as of January 1987, were estimated at:-

11.2 M tonnes averaging 2.6 g/t Au, comprising

2.8 M tonnes averaging 2.3 g/t Au oxide (0.9 g/t cut off)

8.4 M tonnes averaging 2.7 g/t Au primary (1.0 g/t cut off)

Mineable reserves as of January 1987 were estimated at:

9.2 M tonnes averaging 2.7 g/t Au comprising

2.6 M tonnes averaging 2.3 g/t Au oxide (proven and probable)

6.6 M tonnes averaging 2.9 g/t Au primary (probable)

2.2 Enterprise Syncline

Four diamond drill holes and twelve percussion holes were drilled on this structure during the year. The details of this drilling are contained in the relevant report (Monarch Area) attached to this report. The re-design of the Open Cut will include part of this structure, excluded in the original design, and thus further work on the syncline will be suspended until mining exposes the mineralisation.

2.3 Czarina Anticline

Two hundred metres east of the Enterprise Anticline, the Czarina Anticline has now been located from the mine access road to south of the Stuart Highway, a strike length of approx. 900m. Previous drilling south of the Pine Creek access road (on the Southern Mining Lease) had indicated the presence of low grade mineralisation on this structure. Grade control style drilling in 1985-86 had indicated a northern extension to this mineralisation. This was followed up with the drilling of 17 percussion holes and five diamond drill holes during 1986/87.

This drilling confirmed the presence of low grade mineralisation on this structure within the Upper Mine Greywacke. Further drilling on this Anticline is planned for the coming year.

2.4 Kohinoor Anticline

Paralleling the Enterprise Anticline in the Southern Mine Lease area, the Kohinoor Anticline has been the focus of intense mining activity in the past, and has clear affinities to the saddle reef style of mineralisation observed at Enterprise.

Exploration in the past year consisted of detailed mapping of the underground workings, percussion drilling on the Kohinoor saddle reef and diamond drilling to test geology and mineralisation at depth. The results of these programmes indicate considerable potential in the area, but further drilling is required to resolve structural and stratigraphic complexities before a major programme can be undertaken.

Further work is planned for the coming year.

2.5 Southern Mining Lease - Various

Percussion drilling totalling 1134m was undertaken on selected targets within the Southern Mining Lease during 1986-87. These areas were selected due to their potential to host small tonnages of ore with grades greater than Enterprise grades. The results reported in the relevant attachment, were mixed, but no significant high grade intersections were obtained, and only minor work is planned on these areas in the coming year.

3. ENVIRONMENTAL MONITORING AND REHABILITATION

Environmental monitoring had been undertaken during the past year in accordance with the monitoring schedule laid down by the Department of Mines and Energy. No significant problems have been detected to date.

The walls of the process water dam were successfully hydromulched prior to the onset of the wet season and all walls are stable.

Construction of a second process water dam on MLN 13 was commenced during the year. Rehabilitation of areas effected by the associated works will be undertaken on completion.

Rehabilitation of the Tailings Dam walls awaits the establishment of final batters. This work should commence during the 1987-88 financial year.

