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EXPLORATION LICENCE 4875
ANNUAL REPORT
FOR PERIOD
7 FEBRUARY 1987 TO 6 FEBRUARY 1988

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1. INTRODUCTION

Exploration Licence 4875 was granted to Petrocarb Exploration N.L., on 7 February, 1986. The Company previously held a number of EL's in the Molyhil area in Joint Venture with Peko-Wallsend Operations Limited including EL's 2774, 3056, 3256, 3257, 3259 and 3319 on which significant exploration work was undertaken up to mid 1985. These EL's were relinquished in 1985 and subsequently two reduced exploration areas EL 4876 and 4875 were applied for and granted over a zone adjacent to the Molyhil Mine and prospective for skarn hosted scheelite - molybdenite mineralisation. The two licences cover a zone of interest along the lateral extent of the Delny-Sainthil Fault Zone.

2. GEOLOGY

Exploration Licence 4875 is situated to the south-east of the Molyhil scheelite-molybdenite deposit. This deposit is composed of coarse scheelite and molybdenite clots within a magnetite chlorite skarn in calc-silicate rocks and high grade thermally metamorphosed sediments. The deposit occurs as an inlier in the Jinka Granite within a major linear structure called the Delny-Sainthil Fault Zone.

3. EXPLORATION COMPLETED - YEAR 2

Due to the continuing low wolfram and molybdenum prices exploration work on EL 4875 has been concerned not only with the possibility of the discovery of additional scheelite-bearing skarn deposits to add to the existing resource at Molyhil, but also with a study undertaken as to the feasibility of the mineralisation in this area.

The company's consultants carried out a detailed review of the literature and geology of the area but concluded that there were no indications of potential targets of mineralisation other than scheelite-molybdenite mineralisation, which warranted investigation. The gold bearing potential of the 2 major granite systems and the potential for epithermal gold mineralisation was investigated, but the rock chemistry of such host rocks was discouraging.

4. EXPLORATION PLANNED - YEAR 3

Exploration work on EL 4875 will concentrate on determining if there is an additional scheelite resource which can be added to the known Molyhil resource and increase the economic viability of re-opening the Molyhil Mine when metal prices improve.

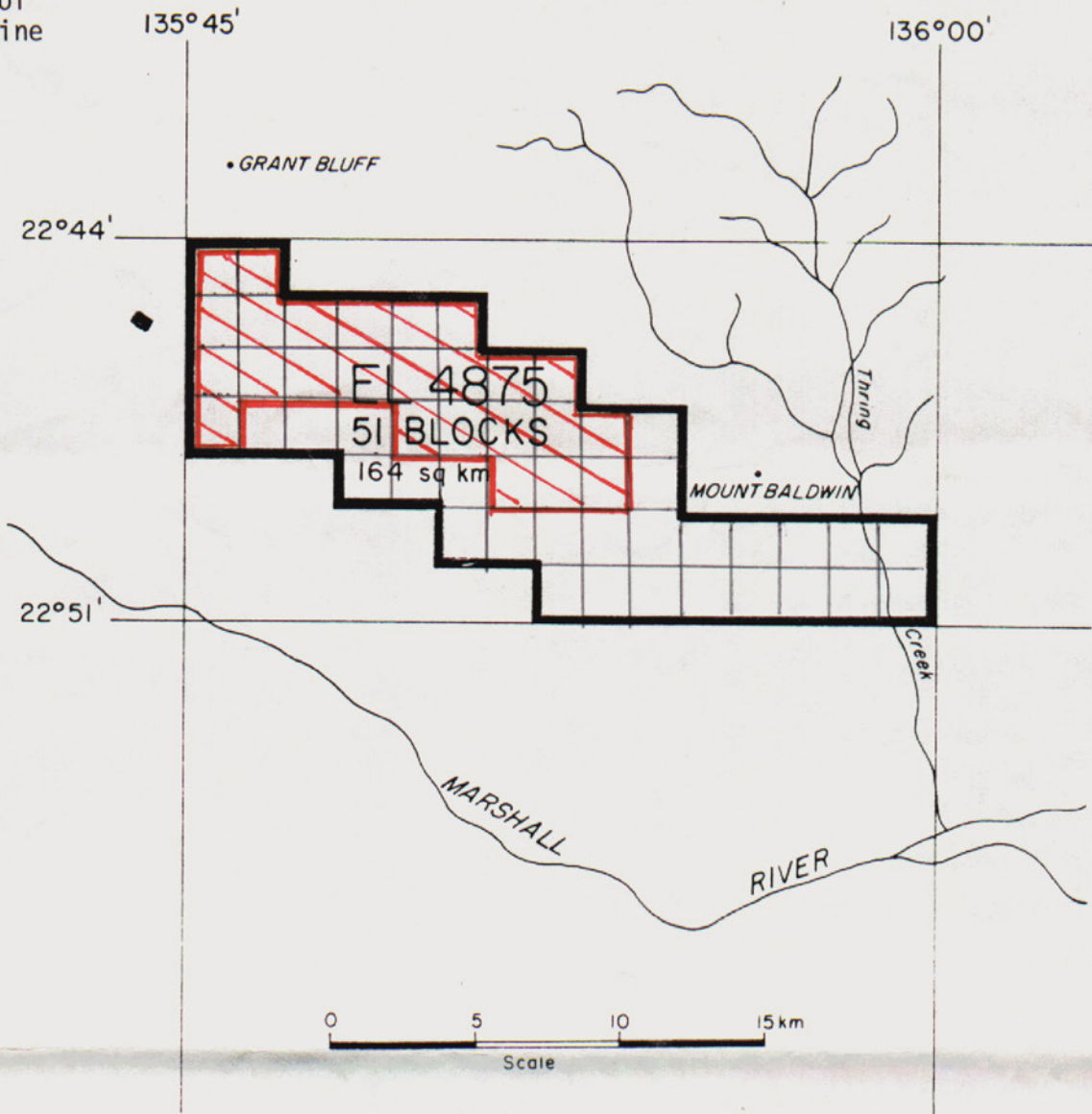
This forthcoming year the exploration programme will be based mainly on ground work - magnetics, sampling and interpretation.


5. EXPENDITURE PROPOSED


Exploration expenditure and associated activities within EL 4875 was \$4,150 (exclusive of title rent)

EL 4875
LOCATION MAP

Approximate
Location of
Molyhil Mine



 Area to be relinquished

 Area to be retained

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