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EXPLORATION LICENCE 2436

PINE CREEK REGION

ANNUAL REPORT, 1985

EXPLORATION PROPOSAL, 1986

NORTHERN TERRITORY
GEOLOGICAL SURVEY

CR 86 / 162

ANNUAL REPORT AND EXPLORATION
PROPOSAL FOR EXPLORATION LICENCE 2436

MARCH 1985 TO MARCH 1986

PINE CREEK REGION, NORTHERN TERRITORY

SUBMITTED BY COSTAIN AUSTRALIA LIMITED
ON BEHALF OF MR. P.R. EVANS, DARWIN

Map Reference: Pine Creek Sheet 5270,
1:100,000 Topographic Series

Copies To : The Director, Department of
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15th May, 1986.

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1. INTRODUCTION

Costain Australia Limited is currently formalising an agreement with Peter R. Evans, of Darwin to undertake exploration of an area located to the south west of Pine Creek, N.T. covered by Exploration Licence 2436 (See Figure 1).

During the period of these negotiations Costain was informed by the N.T. Department of Mines and Energy that certain reporting requirements had not been met by Mr. Evans. It was resolved that Costain Australia Limited should assume responsibility for E.L. 2436, and an application for the title transfer was lodged on 18 March, 1986.

Costain has undertaken to conduct exploration activities within E.L. 2436 to a sufficient level to assess the prospectivity of the contained alluvials. This work will be conducted in association with exploration activities in E.L. 4774 (held by P.R. Evans) and E.L. 3262 (also transferred from P.R. Evans to Costain Australia Limited).

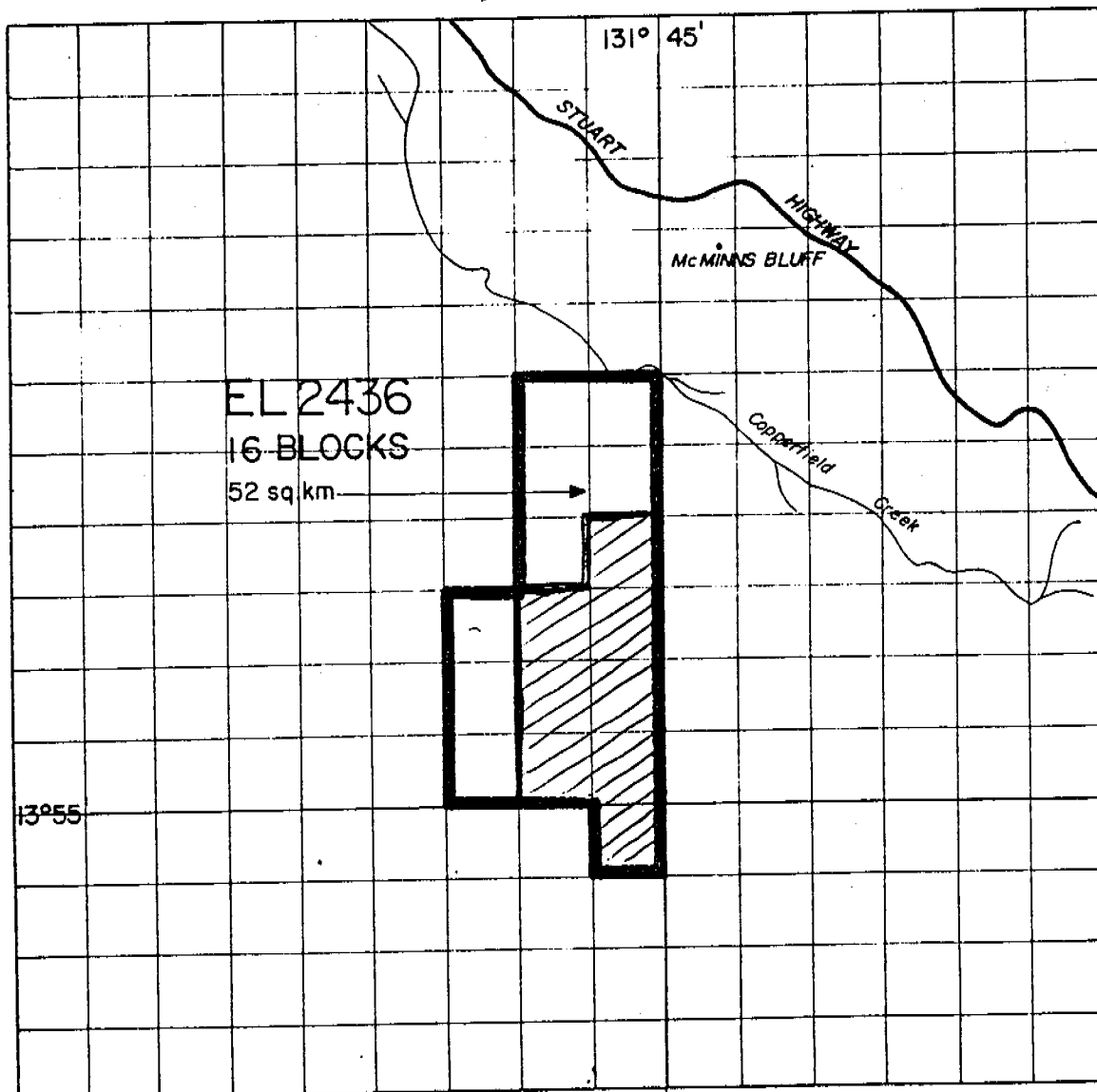
When finalised details of agreements between P.R. Evans (representing Geometal Resources Ltd.) and Costain will be forwarded to the Department of Mines and Energy.

This report includes the following:

- a) Annual report of exploration for E.L. 2436 and Statement of expenditure for 1985 by Peter R. Evans (included as Appendix 1).
- b) Proposed exploration programme and budget, for E.L. 2436, for 1986.

FIGURE 1.

Plan of Area



AREA OF RENEWAL 1986

2. SUMMARY OF EXPLORATION ACTIVITIES

According to Mr. P.R. Evans the area is considered prospective for alluvial tin and, to a lesser extent, alluvial gold, within the catchments draining mineralisation associated with the Cullen Granite.

Owing to the depressed commodities market and the bleak outlook for tin, limited exploration activities were carried out in the area covered by E.L. 2436.

Exploration and evaluation activities were largely confined to reviews of existing data, and remote sensing studies, in addition to time spent attempting to finalise joint venture agreements.

It is understood from Mr. Evans that a limited field sampling has verified the prospectivity of the area. No specific information has been obtained. Extensive track clearing was undertaken in advance of the proposed sampling programme. The inability to secure a joint venture partner prior to the onset of "the wet" precluded completion of the programme.

In January, 1986 a verbal agreement was obtained with Costain Australia Limited to assess the potential for alluvial tin and gold in the area covered by E.L. 2436.

3.

STATEMENT OF EXPENDITURE

1.	Travel and time associated with the preparation of joint venture agreements (Airfares and 100 man hours)	\$ 3,194
2.	Field mapping and preliminary sampling (200 man hours)	\$ 3,000
3.	Helicopter charter	\$ 2,094
4.	Hire of motor vehicles	\$ 500
5.	Aquisition of aerial photographs	\$ 500
6.	Hire of earthmoving equiment (track clearing)	\$ 1,520
7.	Office overheads	\$ 500

		\$ 10,808
		=====

This compares to a proposed total expenditure of \$10,000.

4. **PROPOSED EXPLORATION PROGRAMME AND BUDGET**

As discussed above exploration activities will be carried out in the area covered by E.L. 2436. Exploration will be carried out simultaneously within E.L. 3262 and E.L. 4774.

It is anticipated that the pre-feasibility evaluation will be divided into 4 stages as follows:-

- | | |
|------------------|---|
| STAGE I | <ul style="list-style-type: none">- Further aerial photograph interpretation.- Mineralogical assessment of heavy mineral concentrates.- Regional inspection and track clearing.- Regional sampling of alluvials; pan concentration of small sample volumes; mineralogical assessment of heavy mineral suite.- Preliminary survey of resources dimensions. |
| STAGE II | <ul style="list-style-type: none">- Excavation of 20 150 kg samples in key areas.- Concentration of heavy mineral fraction; assay for Sn and other potentiall y economic mineral species.- Definition of resource dimensions and limits. |
| STAGE III | <ul style="list-style-type: none">- Excavation of 5 bulk samples of approximately 30 to 50m³ volume.- Concentration of heavy mineral fraction using pilot trommel/jig plant. |
| STAGE IV | <ul style="list-style-type: none">- Excavation of bulk samples to establish a "measured reserve" status for the deposit. |

All exploration and testwork will be supervised by personnel from Costain Australia Limited, or their nominated consultants.

The following budget has tentatively been prepared for the above programme.

STAGE I	-	5,000
STAGE II	-	5,000
STAGE III	-	10,000
STAGE IV	-	10,000
		<hr/>
		\$30,000
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Results will be evaluated after each stage of the proposed programme. Exploration will be curtailed should preliminary results not confirm the earlier findings.

Approval will be sought from the department of Mines and Energy prior to any bulk sampling and testing work.