EXPLORATION LICENCE 7492

MT PAQUALIN AREA

ANNUAL REPORT 1992 - 1993

AUTHOR: LICENCE HOLDER: J W BENGER
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INTRODUCTION

EL 7492 was granted on 6/9/91 for a period of three (3) years.

The expenditure covenant for the second year was $3,000.00.

The Licence is held by John William Benger.

The area of the Licence covers 2 blocks being approximately 6 square kilometres.

GEOLOGY & MINERALISATION

Contained within the Licence is an ML containing a small gold deposit. This area is held by other parties.

This deposit was located in exploration work carried out by Planet Metals Ltd in 1970.

The Licence area contains rocks of the Early Proterozoic Golden Dyke Formation and Burrell Creek Formation and is covered mainly by alluvial-eluvial material.
SOIL SAMPLE LOCATIONS 1991-1992
All but 4 of 67 samples contained some visible gold, but nothing of any significance.

SOIL SAMPLE LOCATIONS 1992-1993
WORK CARRIED OUT

Work carried out during the 1992 - 1993 period consisted of taking a further 40 pan samples from areas as indicated on the accompanying map.

Twenty seven of these samples gave gold colours, but none appeared to be significant on their own. A proposed auger drilling program was not carried out.

Reconnaissance work carried out over the area discovered some minor gold workings. These workings appear to have been pursuing terrace gravels deposited by the Margaret River. There is evidence of wide spread quartz veining in the western block of the E.L.

SUMMARY

Work carried out to date indicates some good potential in the quartz veining within the western block of the E.L. and also potential for extensions to the Mt Paqualin ML 1111 in a northerly direction. Mapping work needs to be done followed by a shallow auger drilling program.
EXPENDITURE

Expenditure carried out on Exploration Licence 7492 during 1992 - 93 was:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles and consumables</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Wages</td>
<td>$2,000.00</td>
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<tr>
<td>Administration</td>
<td>$  400.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$3,600.00</strong></td>
</tr>
</tbody>
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PROPOSED WORK PROGRAM 1993 - 1994

An application for a 6 months deferment on reduction of E.L. was made on 13 September 1993. This deferment would allow for further work to be carried out on both blocks within the next 6 months before having to reduce the area by one block.

Mapping work followed by shallow auger drilling is envisaged. This work could then be followed by costeaming across any anomalies detected by drilling.

Expenditure commitment for the year - $15,000.00