

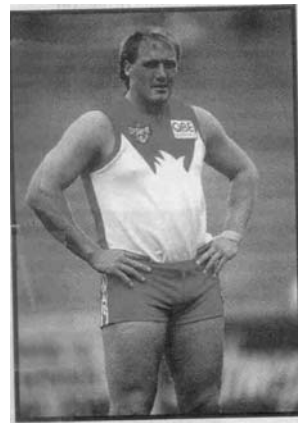
THE STOCKEX REPORT

ISSUE 1/97 -March 1997

SUMMIMARY and REVIEW

Question: What is Plugger's Dog Syndrome??

"Plugger" is an Australian icon, particularly at this time of year (PHOTO), when all thoughts turn to the onset of the footy season. And not just any sort of footy - Aussie Rules to be precise, the Australian game which dominates our sporting inclinations especially in the southern states of Australia March to September. "Plugger" refers to Tony Lockett, a big cut of a man skilled at kicking goals for his current team, the Sydney Swans. Without him, it is said, the Swans will be lucky to repeat their success of 1996, and with two games already completed and lost this year, the Swans without Lockett may not be the force they were.



Injuries have kept Tony off the paddock so far this year, but there is hope that he will return to destroy the opposition in the next week or two. Plugger is quite a well paid footballer, admittedly not in the Joe Montana class in the USA, but certainly worth \$200,000 or so per annum. Not content with this, Tony has branched out into another great money-making Australian sport - that of greyhound racing and breeding of superior dishlickers from his own stud racing dog. Tony is in a degree of trouble with the law at present, with a court case pending, in which the one and only Plugger is charged with misrepresentation and fraud, to wit that he had illegally signed official Dog Breeding Certificates stating that his sire did in fact service various clients' bitches, and that the resultant young pups were going to be a grand champion in the mould of his canine father.

Officialdom became a bit suspicious when a large number of registration forms were received from various clients of Mr Lockett, with Plugger's randy champion mutt listed as the sire, at a sire's fee of many hundreds of dollars each. The prosecution is claiming that, after certain DNA tests, it can be established that in fact Plugger at times substituted a few very ordinary mutts to do the siring deeds, but still charged champion rates.

Such is life - alleged deception and substitution of a champion's deposit with a deposit of much lower quality, and right this moment we are all asking ourselves has this happened at the champion deposit of Busang. Has Busang got a bad case of Plugger's Dog Syndrome?

In our Stockex Issue 6/96 of October - November last year we wrote as follows, at about the time Bre-X was being asked to go on a blind date with Barrick.

For the record, Stockex reports the following for Busang, from Kilborn's pre-feasibility study:

Resource:	645,752,000 mt @ 2.19 g/t (some say 900 mt).
Ounces Au.:	45.5 to 62.2 million
Waste:	794 million t.
Strip ratio:	Waste:Ore 1.23/1
Production rate:	29 million tpa for 1.9 million ozs. pa
Recovery:	95%
Cash Costs:	US \$96/oz.

Capex: \$930 million (\$688 - \$1,000 million).

Remarkably, given the involvement of groups like Kilborn in the intermediate feasibility study defining proven, probable and possible ore, there are still skeptics out there - on 30.11.96, an anonymous senior geologist in Jakarta was quoted as saying about Busang:

“They haven't proved a thing to me yet.”

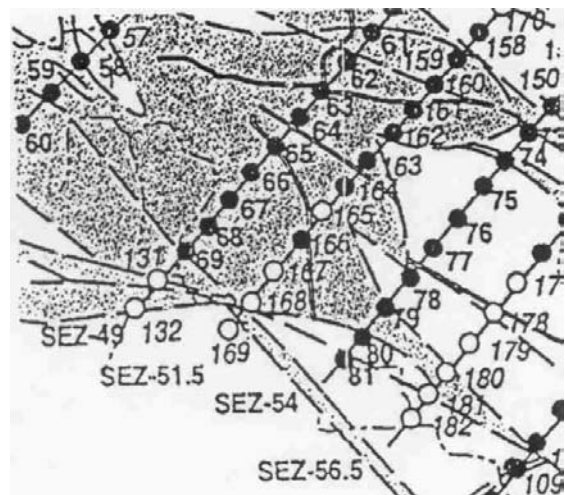
We also recall skeptics of a few months ago who were saying that BreX in some way or another were fudging the assay results; Stockex feels that unless we are looking at the one of the great scams of the 20th Century, can \$20 million in exploration costs, 2 years work by 15 geologists and 7 drill rigs, be anything but Kosher?

It seems there is at least one still anonymous senior sceptical geologist in Jakarta, and all power to him or her if their reservations of October 1996 prove correct. Since the above data were published, Bre-X have gone on to claim anywhere from 70 to 200 million ozs of gold may be present at Busang, and the Indonesian glitterati and power brokers have all scratched and broken their fingernails in getting a seat inside the Aladdin's Cave that is Busang. It would indeed be one of the world's great ironies if this avaricious mob have ended up with 4/5 of 2/3 of stuff-all. (We'll come to the Canadians later.)

By providing some historical overview of Busang and its main players, we can update events to about 7th April 1997. From March 26th 1997, Strathcona Mineral Services were retained by Bre-X to audit both the Bre-X program and the Freeport due diligence programs. It was Strathcona who tapped Chairman David Walsh on the shoulder and told him that there was “strong possibility that the gold resource was overstated because of invalid samples and assaying of those samples.” (Letter in Stockex text). Stockex was recently informed that all Busang sample preparation was done onsite before shipment to the laboratory. Ho hum.

Stockex also lists the March 27 letter outlining the Freeport program of due diligence, and the initial results from the first holes drilled by Freeport all about 1.5 m from the collar of the relevant Bre-X hole. These comparative assays are listed below, and are listed in the Stockex text. Plugger's dog would feel right at home with this lot. The map below is an extract of the larger map in the text, and shows the two section lines (SEZ49 and SEZ56.5) initially redrilled by Freeport.

Drill Hole	Interval		Intercept		Bre-X Assays		Freeport Assays	
	From	To	m	ft	g/t	oz/t	g/t	oz/t
TWIN HOLES								
Section SEZ 49					BSSE-63		BSSE-63A	
BSSE-63 (63A)								
	0	11	11	36	1.8	0.05	0.01	0.00
	25	191	166	545	4.39	0.13	0.01	0.00
	211	253	42	138	3.71	0.11	0.01	0.00
Section SEZ 56.5					BSSE-173		BSSE-173A	
BSSE-173 (173A)								
	5	145	140	459	1.33	0.04	0.02	0.00
Section SEZ 56.5					BSSE-202		BSSE-202A	
BSSE-202 (202A)								
	72	119	47	154	3.23	0.09	0.06	0.00
Section SEZ 56.5					BSSE-217		BSSE-217A	
BSSE-217 (217A)								
	226	250	24	79	5.68	0.17	0.01	0.00



Note: Intervals not as previously reported because of incomplete Freeport data.

SEZ49 cuts through one of the widest zones and silica - sulphide - altered “auriferous” zones - about 600m wide.

Just to remind readers what is at stake here, the following assays were released in January 1997 from line SEZ66.5, further to the SE from SEZ49. These holes would be prime contenders for some Strathcona - Freeport due diligence.

Drill Hole Number	Intercept (m)			Intercept Length			Assays	
	From	–	To	Metres	–	Feet	Gold g/t	Gold oz/t
SEZ-66.5								
BSSE-198(X)	4.0	–	400.0	396.0	–	1300.0	12.56	– 0.37
including	56.0	–	146.0	90.0	–	295.0	17.69	– 0.52
and	208.0	–	372.0	164.0	–	538.0	16.21	– 0.47
SEZ-66.5								
BSSE-199	4.0	–	377.0	373.0	–	1224.0	7.30	– 0.22
including	27.0	–	91.0	64.0	–	210.0	7.87	– 0.23
and	105.0	–	211.0	106.0	–	348.0	9.16	– 0.27
and	229.0	–	361.0	132.0	–	433.0	8.23	– 0.24
	385.0	–	393.0	8.0	–	26.0	2.71	– 0.08

Drillcore from the due diligence by Strathcona and Freeport is being assembled in a Balikpapan hangar guarded by tight security, and word is that the ore should be assayed in Australia at 3 independent labs with results due mid-May. On April 6th it was reported that as long ago as July 1996 the Australian metallurgical consultants Normet were commissioned by Bre-X, and reported to Bre-X that the gold particles in its Busang samples were rounded, perhaps consistent with placer gold. Comments like this make one wonder whether Bre-X’s executives harboured any suspicions about their sample collection procedures at the mine site. And did any of the Normet group think that the whole issue was not just a tad suspicious?

It is easy to be wise after the event, and it might still be the case that Busang is a Kelian - one of the world’s top gold mines. But Stockex, when faced with the first ever list of independently drilled and sampled material (by Freeport above), has to say that these results are Busang busters.

ABC Radio’s Background Briefing carried a wide-ranging account of Bre-X and other issues related to the Canadian junior miners - like Robert Friedland, his Indo China Resources and Ivanhoe companies, his nickname Toxic Bob and his connections with the Executive Action group of mercenaries used by Diamond Works (A Robert and Eric Friedland company) to sort things out for them in Sierra Leone. This radio program interviewed Michael Doggett of the Centre for Resource Studies, Ontario. Mr Doggett cast his mind back to 1976 when a certain geologist was accused of salting a copper or gold mine in the USA in 1976. That same geologist, Doggett said, was now, or had recently been, an employee of Bre-X. That is certainly a circumstantial and anecdotal comment, but an interesting one nevertheless. Rest assured that Stockex, in its perennial quest for integrity in geology, will attempt to contact Mr Doggett via the anarchic Internet to follow this through just a little more.

Some will wish Mr and Mrs Walsh all the best for their financial acumen in selling large slabs of stock between August 19th and September 18th 1996, at prices from \$24.40 to \$28.40. Total returns for some of the Bre-X crew at this time are as follows:-

Mr Walsh	\$6.2 million	–	CEO
Mrs Walsh	\$10.9 million	–	Corporate Secretary
Mr Felderhof	\$22.9 million	–	Senior VP/Explorations
Mr McAnulty	\$982,000	–	VP/Investor Relations

That would buy a lot of dog food for Plugger's oversexed greyhound! We leave Busang for now, with a summary history of Bre-X and Busang. Is it still the world's biggest gold deposit? Is it only a Kelian deposit with 15 million ozs. instead of 70 million ozs. Or is it a gold cyanide or placer gold - enhanced play destined to scandalise the (junior) mining industry worldwide, but especially in Canada?

17Feb97 INDONESIA: CHRONOLOGY OF INDONESIA'S HUGE BUSANG GOLD FIND.

JAKARTA, Feb 17 (Reuter) – Following is a chronology of the discovery of one of the world's biggest gold finds in the Busang area of Indonesia's East Kalimantan province, and the subsequent controversy over its ownership and development:

1993:

- March – Small Calgary, Alberta-based exploration company Bre-X Minerals Ltd starts gold exploration in Busang, and area of rain forest and rugged hills on Borneo island.
- October Bre-X and Canada's Barrick Gold Corp fail to reach agreement on joint venture on Busang. In February 1996, Bre-X Vice-President Steve McAnulty describes that as "the best deal we never did".

1995:

- October – Bre-X says Busang could contain more than 30 million ounces of gold.

1996:

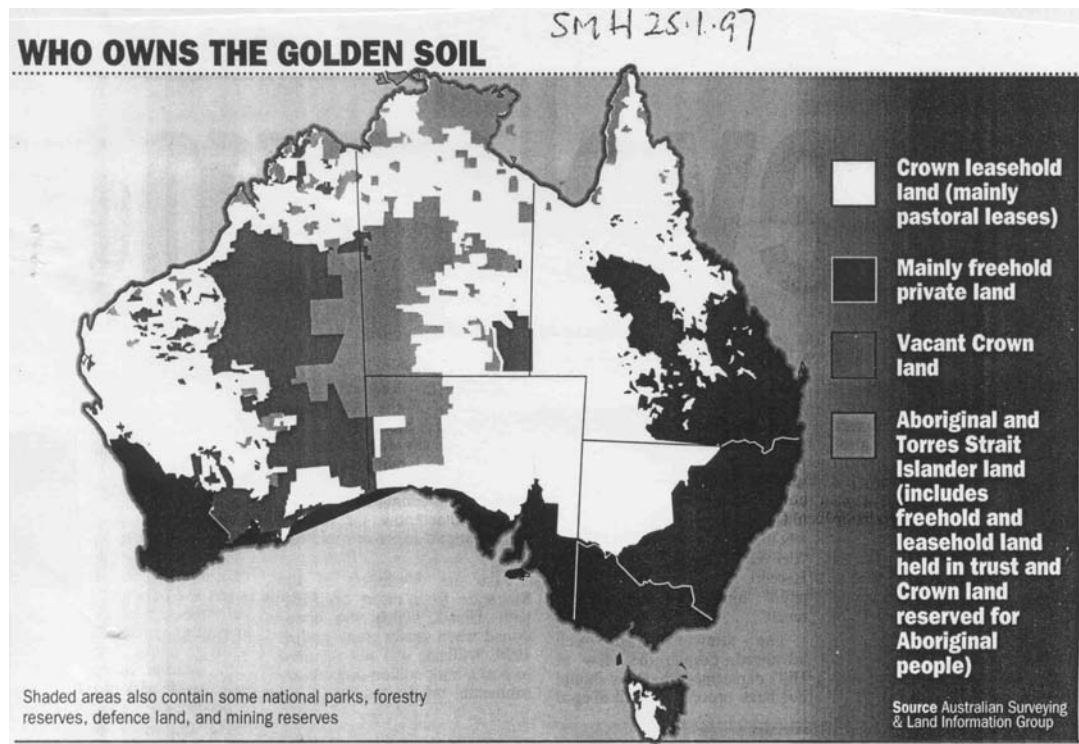
- Feb 12 – Indonesian Mines and Energy Ministry says Bre-X has found gold deposit of around 40 million ounces.
- March 14 – Bre-X says Busang holds 30 million ounces of gold "plus, plus, plus".
- April 23 – Bre-X listed on Toronto Stock Exchange. Price rises C\$5 (\$3.70) to C\$192.50 (\$142.45) within minutes of opening.
- April 24 Canadian miner Teck Corp says it passed up opportunity to buy stake in Bre-X at C\$50 (\$37) a share. Hints is not abandoned chase.
- May 10 – Bre-X shareholders approve 10-for-1 stock split. Stock price hits C\$201.75 (\$149.30). Bre-X says little chance of hostile takeover.
- May 22 – Bre-X's stock splits 10 for 1. June 20 – Bre-X announces Busang reserves may be up to 39.15 million ounces.
- July 22 – Bre-X raises Busang gold estimate to 46.92 million ounces.
- Aug 19 – Bre-X begins trading on U.S.-based Nasdaq.
- Sept 5 – Bre-X names J.P. Morgan and Co as financial adviser, Republic National Bank of New York as corporate adviser.
- Sept 26 – Bre-X says it is seeking major mining partner to help develop Busang.
- Oct 10 – Indonesia says it is delaying Bre-X contract of work for Busang II and III areas containing bulk of gold until it sorts out ownership dispute with local partners.
- Oct 16 – U.S.-educated Indonesian businessman Jusuf Merukh, who has undisputed 10-percent stake in Busang I, says he is entitled to 40 percent stake in whole Busang claim.
- Oct 28 – Bre-X says it has alliance with PT Panutan Duta, company controlled by President Suharto's eldest son Sigit Harjojudanto. Says company to get \$40 million over 40 months and 10 percent of Busang II and III to act as consultant and help deal with administrative and technical matters.
- I Nov 1 – Barrick says its association with company controlled by Suharto's eldest daughter Siti Hardiyanti Rukmana has nothing to do with Busang.
- Nov 26 – Bre-X says Indonesian government has told it the government wants Barrick Gold Corp to have 75 percent stake in Busang. Barrick confirms it is in talks with Bre-X over Busang.
- Dec 2 – Canadian miner Placer Dome Inc says it wants to partner Bre-X in Busang.
- Dec 3 – Bre-X estimates Busang gold reserves at 57.33 million ounces.
- Dec 9 – Indonesia says Bre-X and Barrick have agreed to split Busang 25-75 and give 10 percent to government.

- Dec 17 – Indonesia says Bre-X and Barrick agreed to split Busang 22.5-67.5 with 10 percent to government.
- 1997
- Jan 14 – Placer Dome offers \$5.0 billion merger with Bre-X. Jusuf Merukh files C\$2.0 billion (US\$1.48 billion) suit in Canada against Bre-X over their Busang ownership dispute, claiming Bre-X used Merukh's information to discover the richest parts of Busang.
- Jan 15 – Teck Corp says it more hopeful for shot at Busang. In Jakarta, industry sources say timber tycoon Muhammad "Bob" Hasan, close associate of Suharto, has taken 50 percent interest in PT Askatindo Karya Minerals, which has 10 percent interest in Busang II and III.
- Jan 17 – Indonesia sends letter to Bre-X and Barrick giving one-month deadline to settle with local partners.
- Jan 23 – Mines and Energy Minister Sudjana says Indonesia will seek investors in Busang if Bre-X and Barrick fail to meet February deadline.
- Jan 24 – Placer Dome chief executive officer John Willson says in Jakarta Placer is holding talks with Bre-X on Placer's merger proposal.
- Jan 30 – Bre-X President David Walsh says in Jakarta he is optimistic about reaching agreement with local partners soon. Teck Corp President Norman Keevil says Teck will only participate in Busang if invited by Indonesian government.
- Feb 16 – Bre-X, U.S. mining giant Freeport-McMoRan Copper and Gold Inc and Muhammad Hasan, on behalf of Indonesian interests, sign memorandum of understanding for development of Busang. Bre-X to get 45 percent stake. Freeport 15 percent and Indonesian interests 40 percent
- Feb 17 – Bre-X confirms agreement with Freeport McMoRan and Hasan, says Freeport will be sole operator of Busang mine. Bre-X increases estimates of Busang gold reserves by 13.6 million ounces to 70.95 million ounces.
- Feb 20 – Evidence, of major selling by Bre-x management of Bre-x stock in Aug-Oct 1996, reaping \$38 million.
- Feb 20 – David Walsh says Busang would produce 2m ozs pa, rising to 4m ozs pa in 2002, at cash cost of \$96/oz.
- March 19 – Busang Chief Geologist Michael de Grusman falls or leaps to his death from a helicopter ferrying him to a due-diligence meeting with Freeport executives near Busang.
- March 26 ~ Bre-x advised by Strathcona that gold resources at Busang may be seriously overstated
- March 27 – Freeport releases first results of drill holes twinning Busang holes, revealing virtually no gold in at least 3 holes tested to date.
- March 31 – Felderhof considers legal action against all those responsible for a proliferation of misinformation about Bre-x and Busang.
- April 3 – Strathcona completes 2 of 6 test drill holes, with samples being shipped to Australia for assay.
- April 5 – Report by Northern Miner that a July 96 Normet report identifies Busang gold particle shapes as rounded, with beaded outlines. Bre-x share price \$C 3.00.
- April 6 – Kilborn re-assaying of 475 Busang samples at two separate laboratories confirms original Bre-x grades.
- April 7 – Indonesian Mines Minister Mr Sudjana sacks his three most senior mining officials – Mr Kuntoro, Director General of Mining, and 2 others.
- April 11 – Reports that the body recovered from the helicopter fall 19.3.97 may not have been that of Mike de Grusman.

One other significant issue of our time at present is Native Title in Australia.

STOCKEX advises that the following text is probably not for the politically correct.

Our map below gives an idea of just who owns or controls what in Australia. The extent of crown leasehold land is clear, and it is this land which is now under “threat” by Native Title - 52% of the continent. “Aboriginal” land clearly forms a large percentage of the Northern Territory - about 48% - and the whole picture is such that 2% of Australia’s population now hold or control more of Australia than other racial groups can only aspire to in their dreams. One letter writer has put it at 20 million hectares, and the legislated presence of a \$1.2 billion land fund enables the Aboriginal Land Trust to buy land from the Australian taxpayer via the Federal Government at a steady and significant rate. This hardly suggests that the present situation represents a “land grab” by pastoralists - more the reverse it seems.



Your editor takes the view that in general Aboriginal Australians should be viewed as being part of and not separate from the rest of Australia. We have introduced a legislative framework which promotes separation and which would be called another name if it was happening in South Africa. We do not have Departments of Italian or Grecian Affairs, nor Land Trusts for other racial groups.

The aboriginal population by any measure is not at present a major contributor to our GNP and general prosperity. The mining and pastoral industries by contrast are the most productive and biggest contributors to the wealth of Australia, and what grieves me most is that through legislation and policies of the warm inner glow, the Wealth Creation process is being crucified by arrangements such as the Native Title Act. The mining industry in particular is in practical terms the one industry which could bring a measure of good health, wealth, self-reliance and dignity to Aboriginal people everywhere, but especially so in remote areas, yet it is being hamstrung by the very processes which were meant to help Aboriginal people.

Stockex summarises a few views below which incorporate collective wisdoms, idiocies, and real politik surrounding the Native Title Act. The views are biased towards those who think “the Native Title Act is arguably the most unworkable shambles of a law ever passed by Canberra, and that the High Court did its level best to make the Act an even bigger mess.” (Trevor Sykes, Pierpont, 17.1.97.) Sykes called the High Court “The Magnificent Seven”, changing it to “The Deficient Seven” after a while, mainly because the majority opinion, as stated by Justice Toohey noted that to establish whether any Native Title had been extinguished or not, each individual lease would need to be considered case by

case. As Sykes remarks, this is plainly a decision designed to create employment for Justice Toohey's great-great-grandchildren.

It remains a fact that the intention of the Native Title Act as introduced and passed by the Keating Labour government was that native title could not survive the valid grant of a pastoral lease; this view was stated in the preamble to the Act, and was based on another High Court majority decision in *Mabo* (No. 2), which concluded that "native title is extinguished by the valid grant of a lease, for whatever purpose". The *Wik* decision of course upset this widely held view, and one wonders who needs a Parliament when we can pay 7 aging lawyers to run the country instead, 5 of whom, one notes, were appointed by the Hawke/Keating government. Amongst other things the Native Title Act conferred a "Right to Negotiate" on Native Title holders and claimants which is not available to others e.g. pastoralists. Mr Hayden says this is nothing less than a licence to blackmail! This is an extremely irksome point for miners and pastoralists, since the latter sit back and see a few hundred dollars coming their way from miners for fence damage, drill holes, reseeding etc., while at the same time the mining company, coerced or otherwise, is liable to negotiated payments of several hundred thousand, if not millions, of dollars, to native title claimants over the same pastoral lease.

"For all the talk of dispossession and the use of land for ceremonial purposes, foraging etc., the true value of native title is mainly as a hold-out bargaining chip" (Alan Moran, *Inst. of Public Affairs*, 7.3.97). Alan notes that after the *Wik* decision, CRA decided to sell Century to Pasmenco, at which point the Aboriginal's representatives reaction was to call for renewed talks, using the starting point of the \$60 million previously offered to allow development to proceed. He goes on: "Aboriginal groups and their advisers are no different from others when they see an opportunity for gain."

Unfortunately those aborigines who gain financial advantage from native title will do so not from their own exertions but by the paternalism of the High Court. Unearned benefits can create a mendicant culture and undermine a generation's ability to be self-reliant."

Former Governor General Bill Hayden has delivered the most scathing criticism of the Act, and he would know one would think, being the chief negotiator for the State of Queensland with the Right to Negotiate team at Century Zn deposit. Notwithstanding a few gratuitous remarks made by some Aboriginals about Bill's partial deafness, Hayden has delivered a few home truths from his first hand experience of the Act in practice.

Like Stockex, Hayden is concerned about the economic detriment to Australia, and the effect on our investment reputation when deposits like Century are only marginally closer to a go-ahead decision 7 years after discovery. He points out that currently anyone can call themselves a native title claimant; there is no test of just who might be a genuine representative of the local people. A few pseudo claimants can be part of the negotiation and also part of any financial outcomes, his or her share of this outcome; is supposedly then held in trust until someone somewhere decides whether the claimant is a valid person. This is madness!

Stockex would like to see the following overhaul of the Native Title Act.

1. Limit the right to negotiate, and exclude exploration and prospecting from the right to negotiate. These latter activities are already regulated by State and Territory environmental, planning and heritage legislation.
2. Apply an onus of proof on registration as a native title claimant, prior to any negotiations.
3. Insist on a proven and physical connection to the land on which title is claimed. The so-called "spiritual" connection to the land is almost impossible to define in law and illustrate in practice.

4. We are sympathetic to the view that the common law right of Native Title be replaced by a statutory access agreement which allows Aboriginals access to pastoral properties for traditional hunting, fishing, and ceremonial purposes. This situation already prevails in WA, SA and NT legislation.
5. If the rights of pastoral lessees are to be codified, then so must native title rights. Under the present system, who is to decide when a Native title right is prevailed over by the pastoral title in the case of conflict? If a pastoralist chops down a tree for fence posts, who is to say that that wouldn't reduce the capacity of an area to carry flora and fauna, and which might breach a Native Title right?

And would Native Title rights inhibit the pastoralists' wife from setting up a farm homestay business with some native flora tastefully arranged in guests' bedrooms? Some aboriginal groups would consider the homestay business a breach of the pastoral lease conditions. Who knows? The Aboriginal lobby has so far given no indication it is happy to co-exist with viticulture, yabby farming, tea tree oil, cotton farming etc. which are now part of survival on the land.

6. Any forms of tenure should promote, not inhibit, productivity.
7. A final date should be fixed beyond which any native title rights may not be claimed.

One could go on and on about this, but the brain is almost in Wik overload. Not least confusing are the warm and fuzzies in our midst saying the Native Title act will work - just give it time. RTZ/CRA recently announced the Yandicoogina iron ore deal was completed within the Native Title Act framework. Conversely, the Capral Aluminium group completed a deal with the Cape York landholders over the Ely bauxite deposit, without going through the Native Title due process. The deal, like that offered for Century, includes annual royalties of +\$500,000, an up-front payment, employment and training opportunities and education bursaries. This, it seems, is the preferred option of the Qld. Mining Council, which would be actively dissuading companies from "getting into the mire that is the Native Title Act" (*Michael Pinnock in C. Mail 10.3.97*).

There may well be one other situation more frustrating than working through the Century Zinc negotiations. We refer, of course, to doing business in parts of the old U.S.S.R. Consider Star Mining: their report in Stockex notes that **Sukhoi Log** in Siberian Russia contains 414 mt @ 2.5 g/t and could contain +40 million ozs., "second only to Busang" (that may be undergoing radical change). Proposed production is 650,000 ozs pa, about the same as **Lihir**, GCM etc., and capex would be \$700 million. On 8/4/97, a Russian court says the company Star was in JV with, Lenzoloto, was formed illegally! Star, it seems, are suddenly up the creek without a paddle, with all sorts of subsequent contracts in jeopardy. And all this from a country in which the hat is passed around the passengers in the Aeroflot terminal, so that the airline can buy a spare part to enable the flight to carry on to the next port of call.

Gold mining in Australia, and WA in particular, remains as buoyant as ever, the future clouded somewhat by enactment of a gold royalty in the state. This issue sees a lot of reference to Great Central Mines - if not by Stockex, then by Keith Goode, the gold analyst from Bell Securities; a few of his reports are contained in this issue, and they are useful not least for tabulations of cash costs, margins/oz, big operators (over \$400m capital). For those reading the columns, the one headed "lost (koz)" would appear to be cumulative total gold production (see p. 27).

In his list of margins/oz (p. 28), Eagle Mining stands out at \$259/oz, Hargraves with \$229/oz, NFM \$219/oz, and all the way down to Kidston at - \$50/oz. Keith argues that in February 1997 at least, about 15% of Australia's gold production is produced at a loss. If there is to be any upside from the Busang situation, it could be that there may be more positive focus on well run Au operations in Australia, with proven ounces in the ground.

Bell Securities also nominate the best 5 and worst 5 companies based on the December 1996 quarterlies, as shown below:

Table 2. Below \$400m Market Cap Gold Company Performance Comparison for December 1996 Quarterly

Best 5	1	2	3	4	5
Highest Gold Prodn (000oz)	Mt Leyshon 65	Aust Resources 55	Aurora 55	Kidston 44	Niugini 40
Highest Incr Gold Prodn % Change	Cons Gold 117%	Mt Leyshon 75%	Prec Metals 30%	Forrestania 28%	Centr Norseman 24%
Lowest Cash Costs (A\$/oz)	Eagle 205	Centr Norse 250	Burdekin 273	Aurora 254	Burdekin 273
Price Performance** % Change	Mt Edon 37%	Hargraves 30%	St Barbara 19%	Herald 17%	Lynas 16%
Highest Trade* (A\$m)	Mt Edon 84	Forrestania 62	Aurora 42	Niugini 28	Eagle 27
Worst 5	1	2	3	4	5
Lowest Gold Prodn (000oz)	Pacific Islands 3	Australasian 3	General Gold 6	Crocus 8	Lynas 10
Highest Decr Gold Prod % Change	Pacif Islands -57%	Domc -21%	General Gold -20%	Herald -12%	New Hampton -11%
Highest Cash Costs (A\$/oz)	Kidston 600	Australasian 595	Lynas 591	Herald 565	General Gold 519
Price Performance** % Change	General Gold -26%	Cons Gold -25%	Burdekin -18%	Pacif Islands -17%	Mt Leyshon -16%
Lowest Trade* (A\$m)	Prec Metals 1.4	Domc 1.5	Burdekin 2.2	Herald/Perilya 3.0	Otter 3.6

* during the past three months to 28 February 1997 ** during almost three months to 28 February 1997

It is good to see Mt. Edon turning things around; they are present in Issue 2, and are currently subject to takeover by the Teck/Camelot group. In all of Bell's listings, the "Strongbuy" recommendations are for 3 companies - Great Central, Centaur Mining and Resolute.

The former two groups are part of the Gutnik stable. The buzz about GCM relates to its position of eminence in the Yandal Goldfield, at **Bronzewing** and **Jundee**. Bell Securities remind us that the Yandal field started big-time life in March 1992, on reported intersections of 4m @ 2 g/t in surface laterite, and 10m @ 1 g/t Au at 75 m. Bronzewing is heading for 400,000 ozs pa by mid-1997, and Jundee could reach 400,000 ozs by 2000, thanks to proposed underground operations at the Barton Deeps. Centaur is breathing some life into **Ora Banda/Mt. Pleasant** areas, mainly through the new **Quarters** deposit, now totalling 1.6 million ozs. And while with GCM, a big hello and best wishes to Dermot Ryan, ex-CRA Mt. Isa, who has found a life after CRA working beside Ed Eshuys.

At Ora Banda, Stockex is mildly interested in the juxtaposition of deposit names such as **Sleeping Beauty** with **Slippery Gimlet**, and notes that their Co-Ni project is moving along, on a proven reserve of 34 mt @ 1% Ni, 0.08% Co.

Then there is BHP, given a bit of an overview by the analysts at J.B. Were. This time it is a review of their major projects to beyond 2000 - call them new and replacement projects, with an eye-catching \$1600 million capex allocated to the Hot Briquetted Iron (or HBI) project in WA, at Port Hedland. J.B. Were estimate that A\$7.5 billion worth of new projects are either under construction, committed or very likely, with potential to add A\$850 million to BHP's earnings of A\$1300m by 2000.

For those to whom IRR is important, Were suggests the following returns may apply; **Lac de Gras** and **Cannington** figure prominently as "nice little earners". (Memo Nick Stump - you could have had quite a bit of Cannington.)

Project	Anticipated I.R.R.
Lac de Gras (Di)	30%
Cannington (Pb-Zn-Ag)	25%
Beup (HM)	13%

HBI (Fe)	16%
Hartley (Pt)	15%

Various Cu expansions are clouded somewhat by negative price expectations for the next year or so. The chart below shows that Lac de Gras will be a significant producer by world standards, coming in just behind Argyle in output value at about US\$400 million pa.

1995 Diamond Production (Source Terraconsult and J B Were & Son)				
Mine	Location	Value	Value	Output Value
		US\$/Cr	US\$/t	US\$m
Udachny	Russia	90	118	1,062
Jwaneng	Botswana	95	130	862
Venetia	South Africa	100	119	492
Argyle	Australia	12	28	480
Orapa	Botswana	60	41	322
Namdeb	Namibia	310	14	237
Premier	South Africa	90	41	150
Lethlakane	Botswana	115	43	128
Finsch	South Africa	55	39	124
Namaqualand	South Africa	175	34	116
<i>By comparison the NWT Diamond mine would rate as follows (initial estimated production is quoted).</i>				
NWT	Canada	95	129	400

With MIM mentioned above re making a choice re Cannington, their half-yearly report to 31/12/96 suggests that they cannot remember when the Pb-Zn operations at Mt. Isa last turned in an IRR of 25%. Lead-zinc operations at **Isamine** turned in a loss of \$27 million, and **McArthur** operations similarly returned a loss of \$15.5 million for the first half year to 31/12/96. A lower average Zn price of A\$1369, impacted on the loss.

Copper operations have been the saviour of Isamine operations, but even there the scene is not a pretty one, with a drop in profit from \$123 million in 1995/96 first half, to \$26 million in first half 1996/97. The last thing Mr Stump needed was a significant rain-induced blowout of the capex at Alumbrera, which now stands at +US\$1,000 million. The loss of Ross Fardon as General Manager exploration, and other experienced personnel, does not, to this observer, look like much of a positive for the company which is at least getting on with Ernest Henry, and succeeding reasonably with its gold operations. One can only wonder how long before questions are asked of Mr Stump's performance..... His next challenge might be to oppose or otherwise two native title claims over Ernest Henry, and two over parts of Mt. Isa operations. Ernest Henry is a classic example of aboriginal groups using the NTA as an opportunity for gain, insofar as no aboriginal groups have occupied, used, or been involved with this land for many decades, and the ore body itself was concealed beneath 50m of cover. MIM have nevertheless awarded a transport tender for the movement of concentrate to an Aboriginal-controlled business, and that is how the future should be.

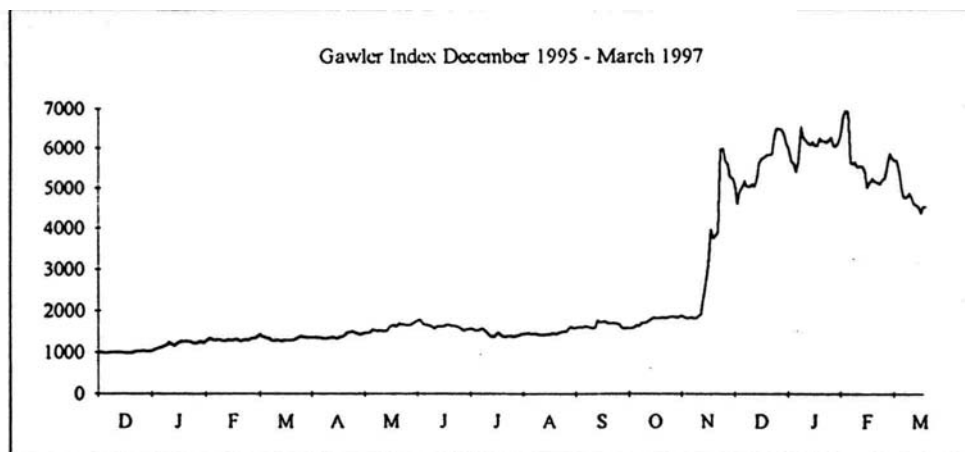
The spinoffs to local communities from mining projects is also well exemplified by Newcrest at their **Cadia** project near Orange, central NSW. The mining spinoff is well underway in this part of the world, what with **Northparkes**, **Browns Creek** and **Peak Hill** well underway. Cadia, however, looks like being granddaddy of them all, with open pit development being focussed initially on Cadia Hill; the nearby Cadia East is a huge resource of Cu-Au suitable perhaps for block caving, and to the WNW the high grade **Ridgeway** deposit shows promise of providing high-grade mill feed to Cadia Hill operations. Mineralisation there is in the same subvertical sheeted quartz vein stockwork package encountered at Cadia Hill, but with much higher grades e.g. 71m @ 7.27 g/t Au, 1.57% Cu.

Like mining developments near Cloncurry and elsewhere, Newcrest have recruited 70% of their labour force from the local area, and awarded 60% of contracts to local businesses. They are also probing deeper and deeper into the giant ore system that is Telfer. It was in 1988 that the first murmurings were voiced publicly that the old “syngenetic” gold reef concepts for Telfer were inappropriate. It is now clear that deeply-sourced mineralising fluids, probably fertile granite-related, are circulating widely throughout the Telfer dome systems intersecting chemical structural traps at many stratigraphic levels. The **Middle Vale Reef** (MVR) is now just one part of the story, and either side of the MVR we now read about mineralisation in the Rim Sandstone (48m @ 1.13 g/t Au), and Footwall Sandstone (9m @ 7.18 g/t Au, 0.2% Cu); in the M40 Reef, 0.85m @ 30.4 g/t Au, and just below this, some stockwork mineralisation in subvertical veins assaying 1.5m @ 61 g/t Au.

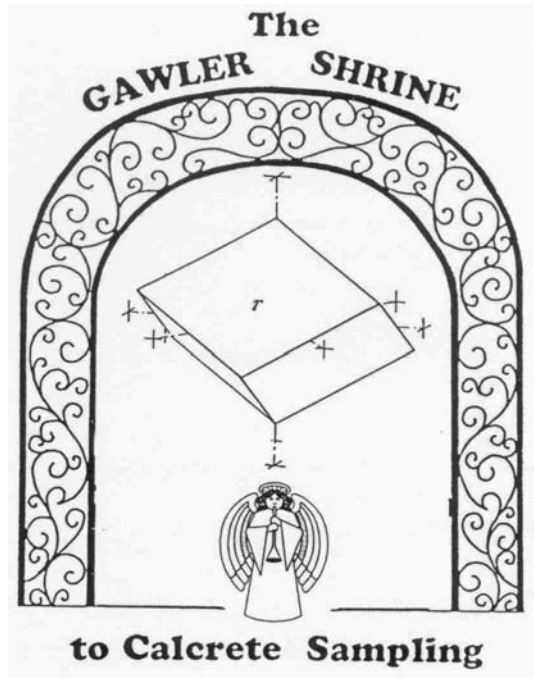
The WA gold scene remains the scene of significant new discoveries, and Plutonic are no exceptions. They are less highly rated than GCM for example in the Bell Securities listings, and the market has taken a small set against the company in recent weeks. Their **Centenary** deposit at Darlot continues to grow, and in December 1996 the indicated resource was 3.5 mt @ an impressive 8.2 g/t Au for 900,000 ozs, with everything open in most directions. Hole 446 some 320m worth of the resource limit intersected 3.75m @ 15.9 g/t Au, and this quoted resource could increase significantly. It is clear also that company tenement managers earn their money when one reads that Plutonic manages over 1200 tenements across Australia.

With a month’s drilling ahead of your editor, time is of the essence, so we move directly now to our **AWARDS & PITHY SAYINGS**.

In support of our Gawler Craton explorers - Helix, Pima, Craton, Goldstream, Goldsearch, Minotaur, Adelaide Res., Redfire, Desertstone - we reproduce below the Gawler Gold Index provided by Bell Securities. This index has been falling in sympathy with Helix Resources, but as of 26/3/97, the combined market capitalisation of the Index was A\$333 million.



Adelaide Resources are now firmly on their way with Gawler exploration, and they are very strong devotees of calcrete sampling, certainly as a higher priority than the waving of structural arms at this stage - 3,163 samples have been taken by their "calcrete teams", and Stockex has observed that near Tarmoola each Monday morning the calcrete teams, and any supporting geologists, stop briefly at a recent edifice designed by Stockex, as shown here. We all hope the few small gold coins thrown in to the grotto of the shrine are a sign of wealth to come.



This blessing business is not confined to Tarmoola and the Gawler. From Kalgoorlie, we have the ***Ballykissangel Ore-daining Award***, which goes to the Reverend Andrew Corrington of Kalgoorlie, who recently blessed the trucks of Kalgoorlie's mining fleet, then put in a strong blessing for the Super Pit's orebody. (AFR 27.3.97).

In their clearing of land for Cadia development, Newcrest have won the ***CORNERING THE CANBERRA FIREWOOD MARKET AWARD*** - the timing is just right, as Newcrest report that all timber cleared at Cadia Hill is being used for fencing materials and firewood consumption.

In a lighter moment at the recent Oscar Awards, we noted that President Clinton, trying to save face regarding the use of the White House as a motel for certain paying customers, confided that his favourite film was "**101 Donations**". Ho hum.

Busang figures prominently in our awards, not only because of the list of quotable quotes, but because of the propensity of its principals to exaggerations. Thus we have the ***WALSH/FELDERHOFF AWARD FOR GOLD PRODUCTION HYPERBOLE***, going to Greg Earl of the Financial Review for his misprint regarding production. "Per annum" is surely the intention.

Freeport, which operates a large copper-gold mine in Irian Jaya will pay US\$400 million towards the mine development cost and raise US\$1.2 billion in additional bank financing which is expected to finance the entire US\$1.5billion mine, which will produce ***about 2 million ounces a day***.

The ***D.R. AWARD FOR WILFUL MISINFORMATION*** goes to journalist Mark Westfield for this remark in "The Australian" of 10 March 1997. (Note in 2002 - 'DR' is not identified here)

run-off from the mine, who took BHP to court.
Remarkably, given the Ok Tedi experience, Ross has not spoken to the people who live downstream on the Teteri river flood plain who will have to cope with the impact of between 8 million to 10 million tonnes of waste material flushed downriver each year.

ON-LINE TO THE BACK OF BEYOND

BLACK ORE in northern Queensland, a town of 1400 hundred people serving a small and struggling pastoral district on the Barcoo River, is not where you would expect to find a thriving on-line community — but it is precisely the place where there should be one.

McDonald lives on a property about 60 kilometres outside Black Ore. Like most of her rural colleagues, she is forced to communicate

Black Ore's intense lobbying for additional on-line services stemmed from the positive results that came out of the town's distance-learning

She petitioned Telstra to install the higher-bandwidth ISDN service but the company wanted Black Ore to demonstrate the demand.

put together a tender calling for an Internet service provider to set up shop in Black Ore.

Black Ore's experience is reflected in other rural locations around Australia. It highlights the need for a review of the

The town on the Barcoo is in fact BLACKALL, and Sandy Plunkett, author, can only be a foreigner imported recently to Australia, and/or one who conducts all her research using a poor quality mobile phone. Any red-blooded Australian would recall the much-quoted mantra of the depression years in Australia viz.

*“Things are crook in Tallarook ...
There's no work in Bourke ...
And there's f... all in Blackall ...”*

Our **LASSETER AWARD FOR BEST GOLD ASSAY** was won in Issue 8/96 by Bre-X for a Busang intersection of 396m @ 12.56 g/t Au. This issue we saw 52m @ 5 g/t at Plutonic's Centenary deposit, and an even better 13m @ 147 g/t Au from Great Central Mines at Bronzewing. The winner, however, is Centaur Mining, **for 41m @ 85.9 g/t Au at the Carbine deposit at Ora Banda**. Congratulations!

As Geoff will be away drilling for 3 weeks or so, Issue 2/96 will appear at the end of April. Perhaps clients can wish ME good luck for this upcoming drill campaign. Stay tuned.

Best regards to you all.

Geoff Derrick