



**QUEENSLAND METALS CORPORATION N. L.**

**COMPANY PROFILE**



#### **DIRECTORS**

Sydney Christie O.B.E.  
Ronald E. Camm  
Sir Leslie C. Thies Kt., C.B.E.  
Ian H. Howard-Smith  
Ian W. Donaldson  
Roger A. North  
Alan C. Thies

#### **COMPANY SECRETARY**

Bohdan Burban

#### **GENERAL MANAGER**

Ian D. Hartnell

#### **AUDITORS**

Douglas Heck & Burrell  
3rd Floor, MMI Building  
370 Queen Street  
Brisbane, Qld. Australia 4000

#### **SHARE REGISTRY**

Hall Chadwick & Co. Share Registry  
Level 12, Hall Chadwick Centre  
Cnr. Edward & Margaret Streets,  
Brisbane, Qld. Australia 4000  
(G.P.O. Box 736 Brisbane, Q. Australia 4001)  
Telephone: (07) 233 3555.

#### **DIRECTORS**

##### **S. Christie O.B.E., B.Eng. (Mech & Elec) Chairman**

Mr. Christie has had 42 years mining and managerial experience and was for 19 years General Manager/Managing Director of Comalco Ltd., a large bauxite miner and aluminium producer. He now holds consulting briefs to a number of other organisations involved in resource and energy development and related fields.

##### **R. E. Camm Deputy Chairman**

Mr. Camm is a former Deputy Leader of the Queensland Parliamentary National Party. For 15 years, as Minister for Mines and Energy he oversaw a period of unprecedented development of the State's coal and mineral resources. Other portfolios included Electricity and Police.

##### **I. H. Howard-Smith Executive Director**

Mr. Howard-Smith has been engaged in the coal and mineral exploration/mining industry for 21 years. In 1970 he initiated large scale exploration for coal on the Darling Downs area of Queensland and was primarily responsible for the discovery of the Millmerran coal fields, where reserves now stand in excess of 2.2 billion tonnes.

#### **REGISTERED OFFICE AND OPERATIONS OFFICE**

Level 6, 9 Sherwood Road,  
Toowong, Brisbane, Qld. Australia 4066  
(P.O. Box 445, Toowong, Q. Australia 4066)  
Telephone: (07) 371 6844  
Facsimile: (07) 371 3380  
Telex: 44624 QMETAL

#### **BANKERS**

Westpac Banking Corporation Ltd.  
260 Queen Street  
Brisbane, Qld. Australia 4000

#### **SOLICITORS**

Chambers McNab Tully & Wilson  
12 Creek Street,  
Brisbane, Qld. Australia Q. 4000  
Telephone: (07) 228 9333

#### **STOCK EXCHANGE LISTING**

All Member Exchanges of the Australian  
Stock Exchange Limited.

#### **Sir Leslie C. Thies Kt., C.B.E.**

##### **Director**

Sir Leslie was the founder of the Thies Holdings Ltd. Group. He is chairman of the Thies Watkins Group of Companies, a major contracting and construction organisation which holds substantial interests in major developments throughout Queensland.

#### **I. W. Donaldson A.A.U.Q., F.C.A.**

##### **Director**

Mr. Donaldson is the managing partner of Hall Chadwick & Co., Queensland's largest firm of independent Chartered Accountants. He is a Director and/or trustee of a number of investment groups and companies in Australia.

#### **R. A. North LL.B.,**

##### **Director**

Mr. North is a senior partner of a Brisbane firm of Solicitors and specialises in mining law. He is a Director of Queensland Science and Technology Ltd.

#### **A. C. A. Thies**

##### **Director**

Mr. Thies controls a broadly-based portfolio of investments in residential and commercial properties in Australia.



**PROFESSIONAL STAFF**

Queensland Metals professional staff includes a metallurgist and five geologists with exemplary academic records and work experience acquired through both minor and major international mining companies in Australia and overseas.

**Ian Hartnell — General Manager**

Bachelor of Engineering (Chem.Eng.(Hons.))  
University of Sydney 1970.  
MBA, University of New South Wales, 1977.  
Mr. Hartnell has had broad experience in commercial and banking fields in Australia, Europe, South Africa and South East Asia.

**Bohdan Burban — Exploration Manager**

Associate Diploma in Applied Geology, Ballarat School of Mines 1967.  
Mr. Burban has had 20 years experience in the minerals and mining industry in Australia and Papua New Guinea.

**John Fawckner — Senior Geologist**

B.Sc. (Hons) James Cook University majoring in Geology 1975.  
Ph.D. James Cook University 1981.

**Bill Eeson — Senior Geologist**

B.Sc. University of London, majoring in Chemistry & Geology 1966.  
B.Sc. (Hons) University of New England majoring in Economic Geology 1971.

**Malcolm Forbes — Senior Geologist**

B.Appl. Sc. Degree in Geology, Darling Downs Institute of Advanced Education 1974.

**Darcy Milburn — Senior Geologist**

B.Sc. (Hons) James Cook University majoring in Geology 1979.

**Rodney Nicholson — Metallurgist**

B.App.Sc. Degree in Primary and Extractive Metallurgy, Bendigo School of Mines 1981.

This team, built up since 1980, is augmented by five technical/field assistants, an experienced geological draftsman, a computer programmer/operator and support staff and, on specific projects, the services of contract and consulting geologists, geophysicists and engineering groups.

**CAPITAL STRUCTURE**

July 1987

<u>100,000,000</u>	<b>AUTHORISED CAPITAL</b> Ordinary Shares of 50 cents each	<u>\$50,000,000</u>
	<b>ISSUED AND PAID UP CAPITAL</b>	
90	Ordinary Shares of 50 cents fully paid	45
31,960,600	Ordinary Shares of 50 cents paid to 40 cents	12,784,240
	<b>UNCALLED CAPITAL ON ISSUED SHARES</b>	3,196,060
	<b>UNISSUED CAPITAL</b>	
<u>68,039,310</u>	Ordinary shares of 50 cents each	<u>34,019,655</u>
<u>100,000,000</u>		<u>50,000,000</u>
	<b>OPTIONS</b>	
5,329,400	November 30, 1987 Options to subscribe for Shares at the paid value of Ordinary Shares at the date of exercise.	
	<b>QUOTED SECURITIES</b>	
31,960,600	Ordinary Shares of 50 cents each paid to 40 cents	
5,329,400	November 30, 1987 Options.	

Employee Options — 1,810,000 November 30, 1987 Options have been reserved by the Directors for issue to Company Officers and key personnel from time to time.



## BACKGROUND

Queensland Metals Corporation N.L. (QMC), incorporated in January 1983, was formed to acquire the issued share capital in Howard-Smith Exploration Pty. Ltd. (HSE), a company controlled by Ian Howard-Smith, Executive Director of the Company.

In 1970, Mr. Howard-Smith formed and controlled a private company, Millmerran Coal Pty. Ltd., which embarked upon exploration in the Southern Darling Downs area of Queensland. This work resulted in the subsequent discovery of 2.2 billion tonnes of shallow steaming coal in the Millmerran area, 175 km west of Brisbane.

Early in 1980, the issued share capital of Millmerran Coal Pty. Ltd., which then held a 20% interest in the Millmerran project, was sold to Joint Venture partners, the Amax and Mitsui Groups.

The resultant cash flow from this source was utilised by HSE to enlarge its review of geological data and records, gather a team of specialists, delineate regional target areas and to embark upon comprehensive evaluation of a large number of mineral properties in Queensland.

Queensland Metals Corporation N.L., which acquired HSE in March 1983, was listed on the Australian Associated Stock Exchanges on July 7, 1983 and has continued aggressive programmes of exploration since that time.

## EXPLORATION PHILOSOPHY

Australia, with 7.7 million square kilometres of surface area, and only 16 million people, remains largely unexplored and the Directors of QMC believe that mineral provinces and deposits of World significance remain undiscovered.

They also believe that conceptual and innovative geological thinking can lead to such discoveries, whereas ad hoc property acquisition and routine exploration concentrated upon known and well covered "address" areas may not.

During the last ten years a plethora of companies — mostly with limited cash resources — have spent some A\$2.5 billion on exploration in Australia.\*

Accepting the industry "rule of thumb" that it costs an average of A\$40 million to discover a significant orebody, then statistically that A\$2.5 billion *should* have resulted in the discovery of 60 **medium** (Eleura — Telfer — Kidston) to **large** (Broken Hill — Mt. Isa — Ranger) orebodies. Obviously the actual success rate during those last ten years has been less than stimulating.

It is interesting to examine the circumstances which led to the two most remarkable mineral discoveries made in Australia in the last decade or so: Argyle Diamonds and Roxby Downs.

These two events were not preceded by the traditional re-examination of old workings and, as such, represent a powerful argument against this type of patchwork exploration. Although this approach was undoubtedly successful in the past, nowadays a substantial amount of exploration appears to be at the whim of commodity spot-price movements — if it is fashionable, a large number of companies will seek appropriate "addresses".

This type of exploration generally tends to produce, at best, small deposits in the \$1-200 million class, many of which are marginal. Both the Smoke Creek and Roxby Downs discoveries evolved from conceptual and innovative ideas which were followed up in a logical, sequential order by systematic exploration from grass-roots. They were also made in (seemingly) the most unlikely places.

Using these precedents, in 1980, Howard-Smith Exploration Pty. Ltd. embarked upon an aggressive reconnaissance exploration programme in Queensland aimed at recognizing new mineral provinces and prospects with large tonnage implications.

In early 1983, Queensland Metals Corporation was formed to acquire this Company and to continue an accelerated evaluation of these areas and large-scale reconnaissance programmes in Queensland.

Since mid 1980, QMC staff have been melded into an experienced and highly motivated exploration team which has administered in excess of \$13.5 million of exploration expenditure on behalf of the QMC group and joint venture partners and, in summary, have devised, managed and undertaken the following activities:

- \* Regional geochemical reconnaissance over three areas totalling 220,000 km<sup>2</sup>.
- \* Compilation and assessment of hydrogeochemical data over the state of Queensland.

\* ("Mining in Australia", Australian Bureau of Statistics and other sources).

- ★ High resolution aeromagnetic surveys of 53,000 line kilometres over twenty areas.
- ★ Drilled 42,700 metres of non-core and 12,600 metres of core.
- ★ Acquired some 37,000 stream sediment, soil and bulk cyanide leach samples, 13,000 pan-concentrate samples, 11,000 rock and drill samples (approx. 1 million analytical determinations) to generate specific and statistical data bases.
- ★ Developed proprietary computer programmes which index all available data on previous mineral tenements in the State of Queensland.

A large part of the Company's activities is directed towards regional reconnaissance over large yet relatively unexplored areas of Queensland.

The basic aim of these reconnaissance programmes is to discover potential mining provinces and subsequently detect as many large targets/deposits as possible within those provinces before competitors scent the opportunity.

The activity is undertaken to acquire an economic overview of large geologic entities and is conducted without tenure to the ground being investigated. The following sequence is employed:

1. Selection of reconnaissance area through literature research and/or assessment of large geochemical data banks established by Governmental agencies.
2. "First-pass" helicopter sampling to locate one or more geochemically anomalous provinces within the reconnaissance area.
3. "Second-pass" sampling to verify initial results and pinpoint broad target areas within each anomalous province.
4. Acquisition of title over the target areas.

Although these types of programmes have traditionally been regarded as the domain of major companies, in recent times the advent of sophisticated data processing has greatly increased the flexibility of smaller groups such as QMC.

The Company has developed proprietary programmes and a computer data bank capable of storing, retrieving and processing large volumes of information thus avoiding problems of duplicating past work and enabling the Company to quickly focus on areas of interest.

In-house data of this type includes locations of all Authorities to Prospect granted in Queensland, details of other Company and Governmental exploration activities reports and results allied with Queensland Metal's extensive analytical and geophysical data base.

The merit of this approach was graphically illustrated by the discovery in late 1985 of the Kunwarara Magnesite Deposit, a World-class resource of cryptocrystalline nodular magnesite with ore reserves now standing at 550 million tonnes in-situ. This large, open-cut deposit, in close proximity to road, rail, electric power and associated infrastructure is planned to form the raw material base for large-scale production of magnesia and magnesium metal for the World market.

Australia is largely unexplored — great buried ore deposits must exist and the Directors of QMC believe that innovative ideas, detailed research, conceptual modelling, use of sophisticated techniques and drilling will lead to further discoveries.

Queensland Metals Corporation is committed to programmes of generative exploration aimed at discovering such resources.

July 1987.