



GODKIN EL 50/2007

**ANNUAL REPORT
FOR THE PERIOD ENDING 20th SEPTEMBER 2011**

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1. SUMMARY

There was no field activity carried out on Exploration Licence EL 50/2007, Great Northern Creek (informally called Godkin) during the fourth year of tenure.

MMG continue to be encouraged by previous exploration on the tenement. Allegiance Metals completed a four-hole diamond drilling program over the summer of 2008 for a total of 2328m. Three of the holes intersected altered serpentinitised ultramafics intruding what are interpreted to be Huskisson Group sediments and volcanoclastic breccias. Minor sulphide and arsenic mineralisation was intersected in the drill holes. Although these intersections were of a low tenor, their presence suggested to Allegiance that the area was prospective for Averbury style mineralisation.

Expenditure for tenure year 2010 /2011 was not met on EL50/2007 due to MMG's activities being restricted by staffing issues. Exploration was also focussed on other key tenements held within the MMG Tasmania portfolio. MMG Exploration has secured a balanced team of Geologists and will be advancing activities in the coming year.

MMG's administration of EL50 / 2007 is strategic in the development strategy of its focus on exploring for nickel mineralizing systems on the West Coast of Tasmania. MMG is actively involved in sponsoring academic research into understanding the nature of the nickel occurrences on the West Coast of Tasmania.

The company is continually assessing all of its tenement holdings with potential Ni mineralisation as part of an overall program of expansion through exploration.

2. INTRODUCTION

EL50/2007 is located approximately 3km southeast of the Renison Mine which is 6km west of the township of Rosebery in Western Tasmania (Figure 1).

The EL is considered by MMG and its former owners OZ Minerals and Eastren Pty. Ltd. to be prospective for nickel sulphide deposits. Nickel prospectivity is derived from an interpretation of aeromagnetic data which shows strong magnetic features associated with Cambrian ultramafic outcrop on an adjoining tenement continuing undercover into EL 50/2007 (Figures 2).

Known recent exploration consisted of a four-hole diamond drilling program for a total of 2328m. Three of the holes intersected altered serpentinised ultramafics with minor sulphide and arsenic mineralisation (Figure 3).

The EL is located in high relief terrane with a cover of temperate rainforest. Access is provided to the EL by forestry roads and historic exploration tracks from the Murchison Highway.

3. LAND TENURE

EL 50/2007, Great Northern Creek (known informally as Godkin) was granted under the ERA system to Eastren Proprietary Limited, a wholly owned subsidiary of Allegiance Mining Pty Ltd, on 24 October 2007 for a period of 5 years.

Allegiance Mining Pty Ltd was purchased by Zinifex Australia Limited in early 2008. Subsequently on July 18th 2008 the name of Zinifex Australia Limited was changed to OZ Minerals Australia Ltd as a result of a corporate merger between Zinifex Ltd and Oxiana Ltd. In June 2009 China Minmetals Non-Ferrous Metals Co Ltd acquired from OZ Minerals Ltd a 100% indirect interest (through its subsidiary Album Investment Pty Ltd) in MMG Australia Limited (previously OZ Minerals Australia Ltd) the holder of the tenement.

MMG holds the tenement until 24th October, 2012.

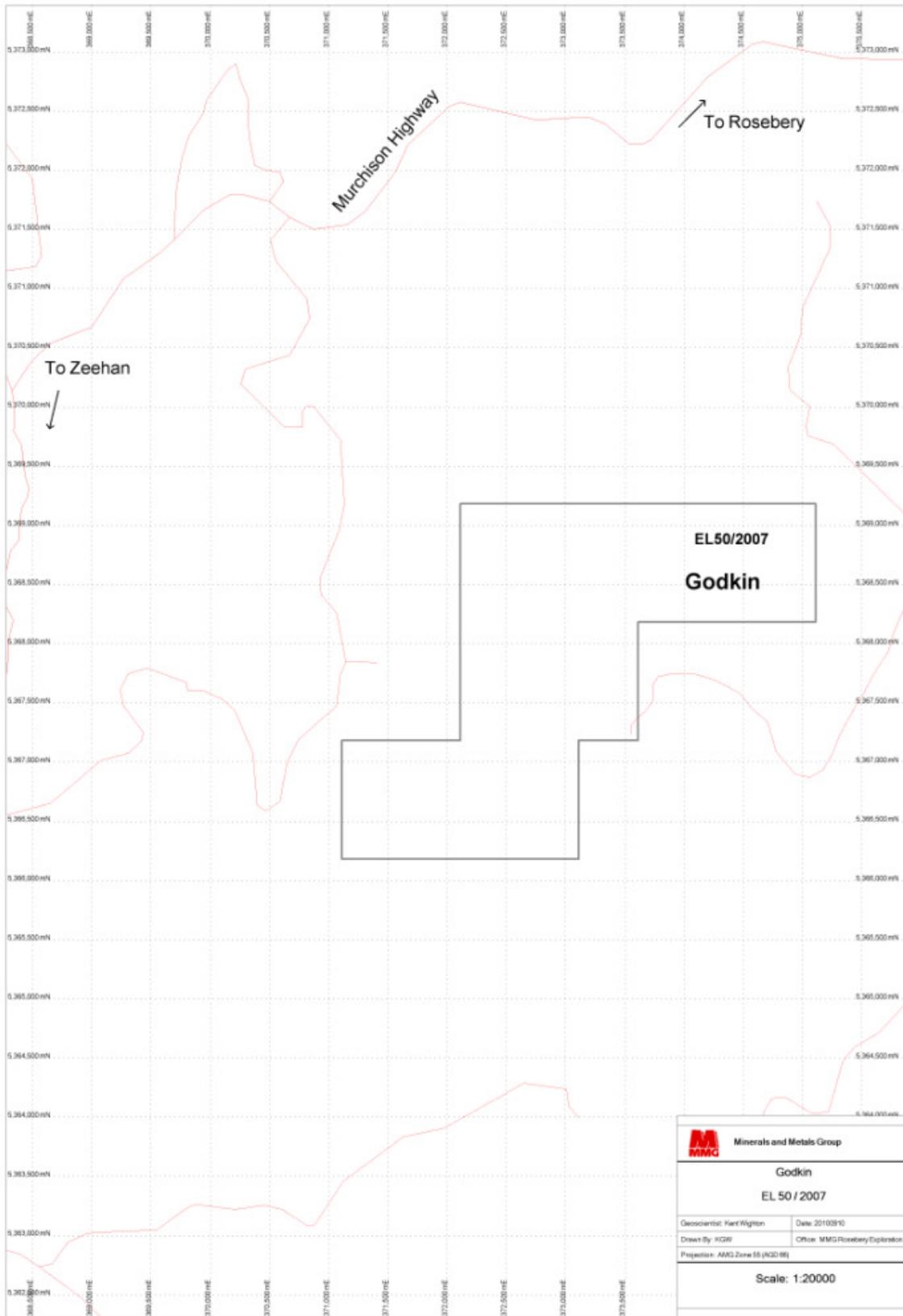


Figure 1: Location EL50/2007 Godkin

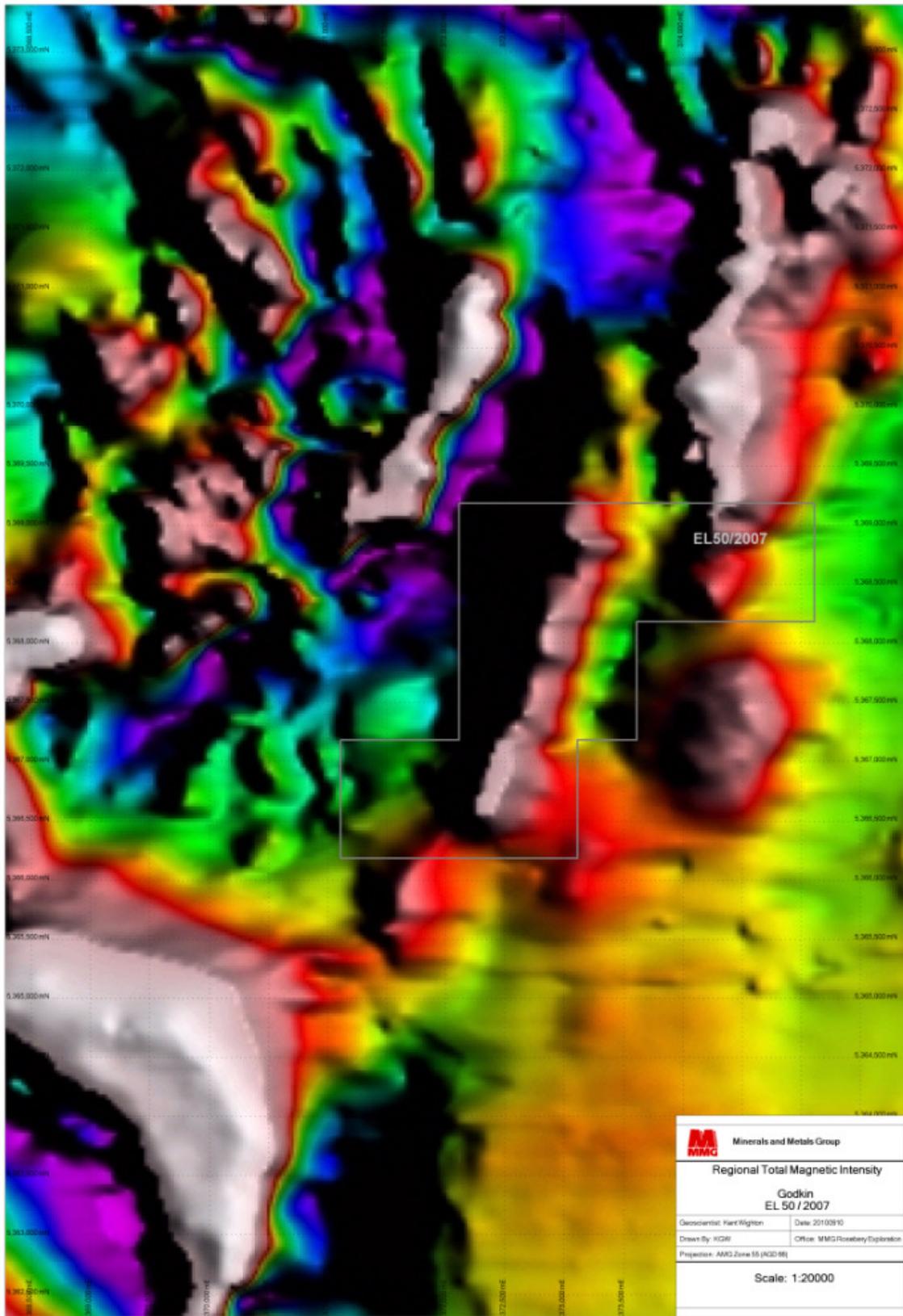


Figure 2: Regional Total Magnetic Intensity of EL50/2007 Godkin

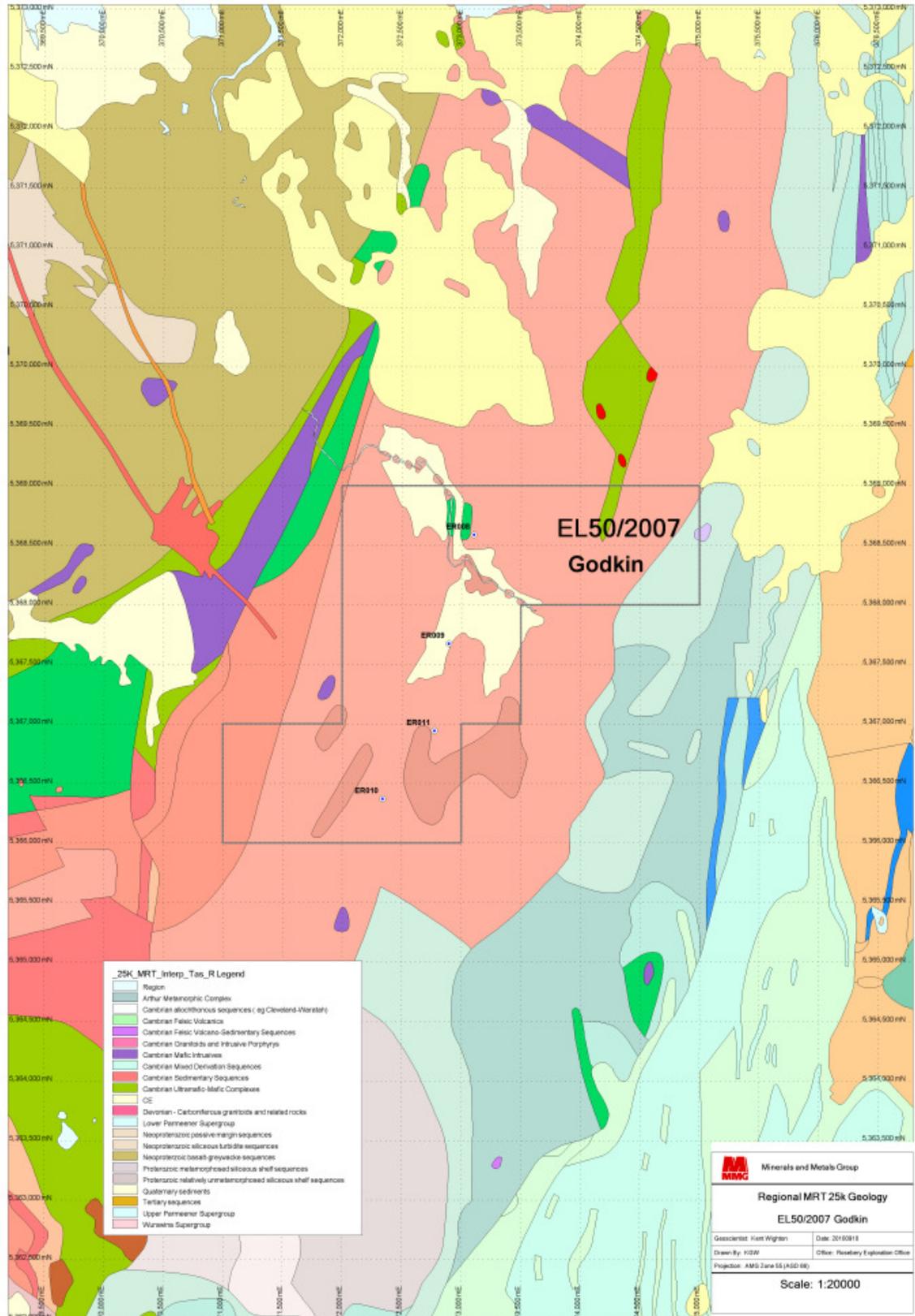


Figure 3: Regional 1:25K Geology of EL50/2007 Godkin

4. GEOLOGY

The Avebury deposits are hosted in both serpentinised dunite and strongly metasomatised, tremolite-diopside ultramafic skarn. The ultramafic has intruded Mid Cambrian basaltic volcanoclastic greywackes overlain by sandstone, siltstone and polymictic felsic volcanic breccias.

The ultramafic has a strong magnetic signature due to high concentrations of magnetite released during the serpentinisation process and subsequent Fe metasomatism. High resolution aeromagnetics is a key early exploration tool.

EL 50/2007 overlies Cambrian volcanoclastic sediments hosting two belts of Cambrian mafic-ultramafic rocks (Figure 3). The Cambrian sequence is intruded at depth by a late Devonian Granite which forms an ENE trending ridge connecting the Granite Tor and Pine Hill Granite outcrops. The granite intrusion has extensively altered and metasomatised both the Cambrian volcanoclastics and ultramafic intrusions.

The ultramafic rocks are strongly serpentinised and locally metasomatised to a diopside-tremolite assemblage. The associated gabbros are frequently extensively talc-carbonate altered. Calcareous sediments are extensively diopside altered with garnet rich skarns.

A variety of mineralisation styles are interpreted as accompanying the granite metasomatic event:

- Cu-Pb-Zn-Ag veins in altered gabbros and Cambrian sediments
- Qtz-cassiterite veins
- Large Cu-As (-WO₄) skarns at Colebrook Hill
- Pervasive (sometimes massive) pyrrhotite mineralisation in altered gabbros and sediments.
- Scheelite mineralisation in skarned sediments.

Considering the geological setting and the obvious intense metasomatic activity in the area, MMG considers the area to be prospective for Avebury style remobilised nickel sulphide deposits in altered ultramafics. This model dictates that all ultramafic occurrences within a prescribed distance from a granitic intrusive are potential targets.

The company also considers the presence of other, more conventional styles of nickel sulphide mineralization as a possibility and is tailoring its exploration data interpretation efforts accordingly.

5. CURRENT EXPLORATION

Work Completed in the 2010-2011 Period

No on-ground exploration was carried out on EL 50/2007 this year.

An aerial LIDAR (Light Detection and Ranging) survey was conducted by Fugro Spatial Solutions Pty. Ltd. over the total area of the licence during the reporting period. Flight lines were 1km apart with additional tie lines at the border of the relevant lease. Figure 4 contains the relevant information of the survey. A delay in processing and payment has resulted in deferral of expenses incurred until the following reporting period.

Most work carried out with supporting expenditure has been of an administrative, data management and review nature.

The main reason for the lack of activity is the transitional period from Oz Minerals to MMG governance and regulation, and the subsequent inconsistencies in staffing arrangements. MMG has placed considerable importance on rectifying any ongoing concerns.



Figure 4: LIDAR Survey flight lines over EL50/2007

Product	Item	Format	Media	Projection
LIDAR				
Digital Terrain Model	Lidar ground model key points	ASCII	DVD	MGA94/55+AHD
Digital Elevation Model	2m Gridded DEM	ASCII	DVD	MGA94/55+AHD
Vertical Accuracy	+/- 0.20m at 1 σ			
Horizontal Accuracy	+/- 0.40m at 1 σ			
Contours	0.5m	DGN		MGA94/55+AHD
Report	Metadata	PDF		
IMAGERY option				
Orthoimage	0.25m GSD RGB	ECW	DVD	

Table 1: Key parameters and outputs for LIDAR survey over EL50/2007

Work conducted by MMG on EL 50/2007 during 2009-2010

Work during 2009 / 2010 tenement year concentrated on data compilation. Data from all exploration tenements with nickel potential are re-interpreted on a continual basis as more information comes to hand from research projects designed to increase our understanding of the Avebury mineralising system and or identify characteristics of more conventional styles of nickel sulphide mineralisation.

Work conducted by Allegiance Mining/Eastren on EL 50/2007 during 2008-2009

There was no field activity carried out on Exploration Licence EL 50/2007, between October 2008 and October 2009.

Work conducted by Allegiance Mining/Eastren on EL 50/2007 during 2007-2008

Work completed on EL50/2007 during the first year of tenure included four diamond drill holes for 2328m. All holes were logged by contract geologist Nic Turner (Callaghan, 2008).

DDH ER008 intersected actinolite-chlorite-carbonate altered gabbro with two narrow intervals of quartz-axinite-calcite skarn. No significant mineralisation was intersected.

DDH ER009 intersected serpentinitised ultramafic intruding what has been interpreted to be Huskisson Group sandstone, carbonaceous shale and siltstone with thin interbeds of chert conglomerate and felsic volcanic breccia. The ultramafic contact was interpreted as being intrusive. The ultramafic was locally altered to intensely metasomatised diopside-tremolite skarn with minor sulphide mineralisation.

Minor but significant Nickel arsenides and possible nickel sulphides were present in the hole with best intercepts of:

345.7 – 349.2 3.5m @ 0.2% Ni and 0.5% S.

355.0 – 356.0 1.0m @ 0.4% Ni, 0.5%, As and 0.5% S.

The stratigraphy and structural setting is seen as having many similarities to the Avebury Mine.

DDH ER010 intersected a similar sequence to that previously described in ER009. Again minor nickel sulphides and arsenides were present, particularly towards the end of the hole.

DDH ER011 intersected a similar sequence to that previously described in ER009. No significant nickel sulphides were present. Sulphides were observed in the ultramafic but the nickel values did not increase correspondingly.

The alteration and sulphide mineralisation hosted in the ultramafic intrusions was regarded as encouraging but petrographic studies are required for confirmation of sulphide and arsenide species. A full geological interpretation is yet to be completed from the drilling program

6. CONCLUSIONS AND RECOMMENDATIONS

The geology intersected in holes ER 009, 010 and 011, i.e., serpentinised ultramafic that is locally altered to intensely metasomatised diopside-tremolite skarn with minor sulphide mineralisation is considered interesting from an Avebury-style Ni-sulphide point of view.

Detailed trace element geochemistry of the serpentinite and skarned serpentinite intersected in holes ER 090 to 011 will give the best indication of whether the serpentinites have been hydrothermally altered sufficiently by granitic fluids to result in an Avebury style deposit.

Other geochemical and petrological work to determine the serpentinite protolith is also considered necessary.

Detailed petrological work on the sulphides to establish whether they may be hydrothermally remobilised or primary magmatic in origin may also be advantageous.

Positive indicators from this geochemical testing would be followed-up by further drilling as required.

Surface LIDAR has provided an accurate surface profile for structural mapping at a tenement scale which will be followed by ground truthing of relevant features and interpretation for further assessment.

7. ENVIRONMENTAL

There were no surface disturbance or rehabilitation activities undertaken during the reporting period.

8. EXPENDITURE

Expenditure on EL 50/2007 Godkin for the year ending 20th September 2011 was approximately **\$21,381** mainly relating to staff salaries and administrative costs.

9. KEYWORDS

Keywords

GODKIN, GREAT NORTHERN CREEK, RENISON, AVEBURY, NICKEL
SULPHIDE MINERALISATION, LIDAR, ULTRAMAFIC, SERPENTINITE

10. REFERENCES

Callaghan, T., 2008. EL50/2007 Great Northern Creek, Annual Report to October 2008,
Unpublished OZ Minerals company report.