



TRIAL HARBOUR EL 22/1997
ANNUAL REPORT
FOR THE PERIOD ENDING 30th JUNE 2012

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<i>Figure 1</i>	Tenement Location and 1 :25K Geology	1 :50,000

1. SUMMARY

Exploration Licence EL22/1997 (Figure 1) is adjacent to Avebury 3M/2003 and East Avebury 6M/2007 which contain the Avebury Nickel Sulphide deposit. MMG's administration of EL22/1997 is strategic in the assessment and development of further potential to the Avebury Mine.

EL22/1997 is considered highly prospective for similar occurrences of mineralisation as can be seen at the Avebury Mine. The Avebury Nickel Sulphide deposit is hosted in Cambrian Ultramafic Rocks which have been demonstrated to extend onto the surrounding EL's, including EL22/1997. Geophysical surveys and subsequent first pass diamond drilling have confirmed the extension of the host sequence onto EL 22/1997 to the north, west and southwest. Earlier drilling has focused on the Burbank prospect with later drilling completed in 2006 - 2007 aimed at testing geophysical anomalies immediately west and north of the original Avebury ML.

No significant work was completed on this tenement during the period.

2. INTRODUCTION

EL22/1997 Trial Harbour was granted to Allegiance Metals (currently a member of the Minerals and Metals Group of companies) in 1997. The EL has been held under an annually renewed Term of Extension since 2003.

EL22/1997 is a licence in two parts bordering the Avebury Mining Leases to the northeast and bordering MMG held EL28/1998 Zeehan in the west (Figure 2). The EL covers an area that is highly prospective for Avebury style nickel sulphide deposits and forms an important part of MMG's long term exploration program aimed at nickel resource expansion in the region. The Avebury deposit is hosted in serpentinised dunite or strongly metasomatised, tremolite-diopside ultramafic skarn intruded into Mid Cambrian basaltic volcanoclastics, equivalent to the Crimson Creek Formation. The altered ultramafics contain a significant quantity of magnetite which is why high resolution aeromagnetics has to date been an effective geophysical exploration tool for identifying the extension of this lithology from known occurrences at the Avebury Mine.

Allegiance Metals have been actively exploring ML's 3M/2003 and 6M/2007, and the surrounding tenements EL28/1988, EL22/1997 and EL37/2003. All of the EL's are considered prospective and are planned to be adequately tested in a district wide program. Academic research and the use of new techniques will continue to be used to advance our understanding of the Avebury mineralising system and help locate similar deposits in the region. Exploration has continually extended the Avebury Resource with an additional Mining Lease 6M/2006 added to the existing operations in 2007. Further resource additions from the ML's and surrounding EL's are anticipated.

On April 4 2007 a request for amalgamation of exploration expenditure on the near Mine Exploration was granted.

3. LAND TENURE

Exploration Licence 22/1997, Trial Harbour, is coincident with the Trial Harbour Road in the north, and the Little Henty River in the central portion (Figure 1). The EL is located 4km east of the Trial Harbour village and has a holding area of 8km². The land covered by EL 22/1997 is gazetted as a State Forest Informal Reserve.

4. GEOLOGY

The Avebury deposits are hosted in serpentinised Cambrian dunite (Figure 1) or strongly metasomatised, tremolite-diopside ultramafic skarn obducted onto Mid Cambrian basaltic volcanoclastics. The ultramafic rocks demonstrably extend onto the surrounding EL's including EL 22/1997. EL 22/1997 is therefore considered highly prospective for Avebury style nickel sulphide mineralisation.

The serpentinised ultramafics have a strong magnetic signature due to their high concentrations of magnetite, and their presence can be interpreted from magnetic images (Figure 2). The nickel sulphide mineralisation too has a strong magnetic signature due to the pentlandite-pyrrhotite-magnetite relationship. High resolution aeromagnetics is a key early exploration tool.

5. CURRENT EXPLORATION

No major work was completed during the period.

6. ENVIRONMENTAL

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

7. EXPENDITURE

Direct expenditure on EL 22/1997 Trial Harbour for the year ending 31st July 2012 was \$17,273. On April 4th 2007 a request for amalgamation of exploration expenditure on the near Mine Exploration was granted – significant costs for Avebury exploration have been incurred.

8. REFERENCES

Stewart, L. F., 2009. EL28/1988 Zeehan – Annual Report to November 2009. Unpub. MMG Exploration Report.

Wighton, K., 2010. EL22/1997 Trial Harbour – Annual Report for Period Ending July 2010. Unpub. MMG Exploration Report.