



EL37/2003 Fen Creek/Little Henty

**ANNUAL REPORT
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1. SUMMARY

The Fen Creek EL37/2003 is located to the south of the Little Henty River and has no access infrastructure. The Exploration Licence lies immediately southwest of ML 3M/2003 which hosts the Avebury Nickel Sulphide deposit. The Avebury Nickel Sulphide deposit is hosted in Cambrian Ultramafic Rocks which have been demonstrated to extend onto the surrounding EL's. Geophysical surveys have identified a strong ESE trending aeromagnetic high extending from outcropping ultramafic in the Trial Harbour region through the centre of EL37/2003. Subsequent diamond drilling at the Burbank prospect on adjacent EL 22/1997 and EL 28/1988 has confirmed the presence of the host ultramafic.

MMG consider its entire portfolio of nickel prospective tenements surrounding the Avebury nickel mine as highly prospective for similar styles of mineralisation.

This tenement has been exempted from exploration expenditure until 30th June 2013.

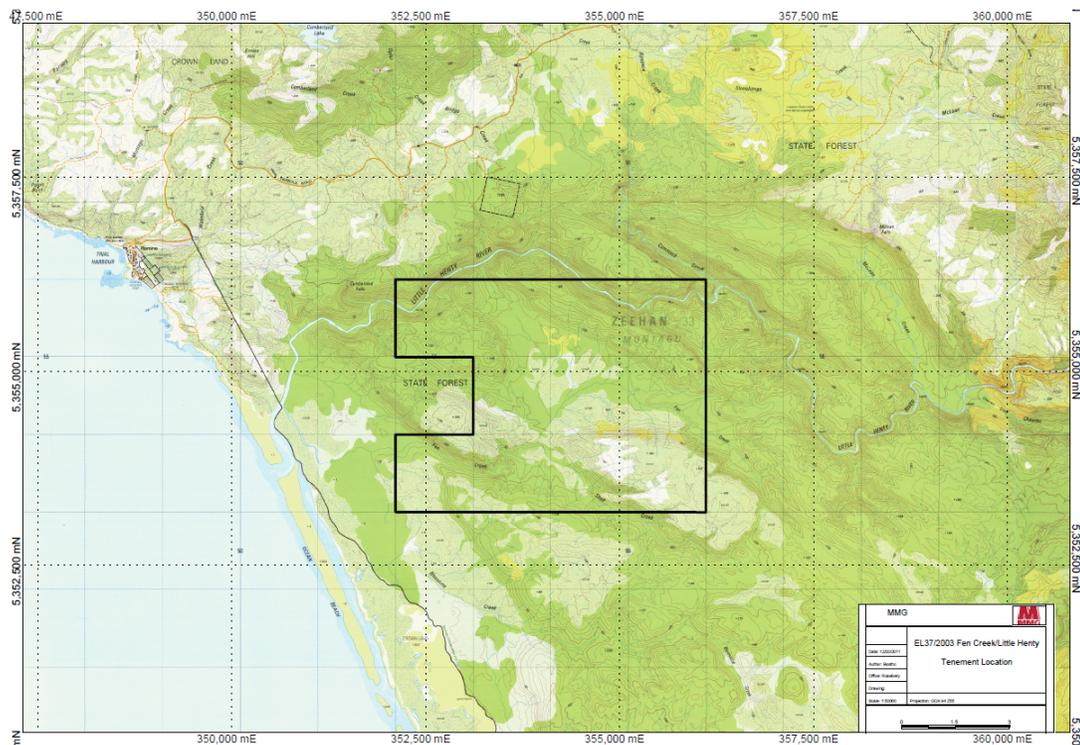


Figure 1: EL37/2003 Location Map

2. INTRODUCTION

EL37/2003 Fen Creek was granted to Allegiance Mining in 2003. Allegiance Mining is a wholly owned subsidiary of the Minerals and Metals Group, (MMG)

The then OZ Minerals owned Avebury Mine and Mill was commissioned in June 2008 and was ramped up to full production of 7,000tpa of Ni in high grade concentrates from 900,000tpa. In February 2009 the operation was placed on care and maintenance due to a drastic fall in Nickel price and debt service difficulties of the parent company due to the 2008 Financial Crisis.

A restructuring of OZ Minerals resulted in the sale of the Avebury Mine and surrounding tenements to MMG in mid 2009. An exploration budget for the tenements was approved by MMG management in late 2009. The Avebury operation remains on care and maintenance pending improved financial conditions.

The Avebury mineralization was also subject to various geophysical studies including closed loop EM and down hole EM on selected sections. Down hole petrophysics was performed on selected drill holes within the East Avebury resource area including the capture of conductivity, gamma and magnetic susceptibility data sets.

MMG are also engaged in sponsoring academic studies on the Avebury mine through funding an ongoing PhD at University of Tasmania (CODES) and multiple honours projects through the Monash University School of Geosciences in 2011.

3. LAND TENURE

EL37/2003 is 11Km² and is wholly covered by State Forest and lies within the King-Henty Catchment. It is cut by the Little Henty River in the NE and NW corners.

4. GEOLOGY

The Avebury deposits are hosted in serpentinitised Cambrian dunite or strongly metasomatised, tremolite-diopside ultramafic skarn obducted onto Mid Cambrian basaltic volcanics.

Variable metasomatism of the serpentinitised host ultramafics, thought to have occurred during intrusion of the Heemskirk Granite, has formed two distinctly different mineral assemblages, each of which may host ore grade nickel sulphide mineralisation:

- Essentially unmetasomatised serpentinitised ultramafic: a fine grained black rock composed predominantly of antigorite with minor disseminated chromite, magnetite and sulphides
- Metasomatised serpentinitised ultramafics: pale grey or green, coarsely crystalline tremolite/actinolite and diopside with minor magnetite, chromite and sulphides.

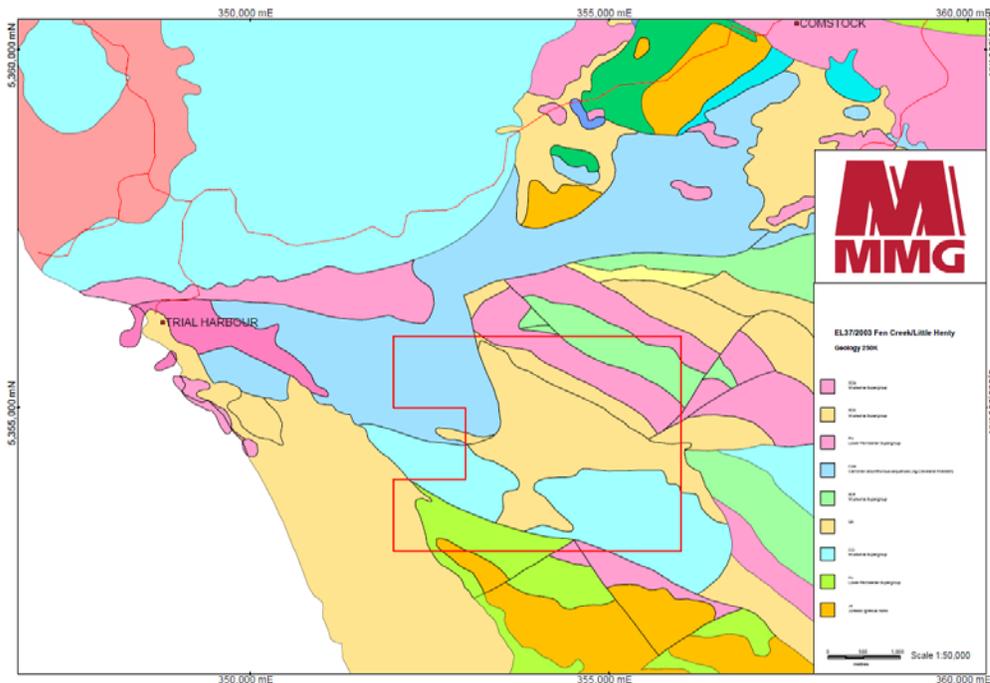


Figure2 : EL37/2003 Geology 250K Map

Sulphide mineralisation in both serpentinised ultramafic and ultramafic skarn generally consists of pentlandite and pyrrhotite and is associated with magnetite in the form of crystalline intergrowths and veins within massive granular magnetite-chromite. Pentlandite occurs as coarse disseminations and stringer veins associated with secondary magnetite. Sulphide contents are generally low with mineralised ultramafic comprising between 0.5 to 3% sulphides although massive pentlandite does occur in some drill intersections.

Nickel sulphide mineralization is largely concentrated within the ultramafic immediately adjacent to its margins with nickel grades diminishing toward the interior of the intrusions. Some internal zones of nickel sulphide mineralisation are present. The serpentinised ultramafics have a strong magnetic signature due to their high concentrations of magnetite, and their presence can be interpreted from magnetic images. 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.

EL 37/2003 covers an area immediately south-west of the Avebury deposits. Aeromagnetic surveys completed previously by Allegiance (MMG) and MRT are interpreted as suggesting the Avebury altered ultramafic host rocks may extend into the licence area, largely beneath thick formations of upper Paleozoic sediments from the Wurawina Supergroup and Crimson Creek

5. CURRENT EXPLORATION

No work has been completed in the current period.

6. ENVIRONMENTAL

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

7. CONCLUSIONS AND RECOMMENDATIONS

A desktop assessment to concatenate the data from recent drill holes, geological mapping and geophysics.

Follow-up work on TRL001 results (EL28/1998) including pending lithogeochem results will determine the ongoing work programs on the MMG Avebury Ni portfolio for the coming 2013/14 reporting year.

8. EXPENDITURE

Total expenditure including administration costs was \$2,743.00. Costs incurred during the reporting period are primarily due to the support activities.

9. KEYWORDS & LOCALITY

MMG, AVEBURY, TRIAL HARBOUR, ULTRAMAFIC, CRIMSON CREEK

FORMATION, LIDAR, DIGITAL ELEVATION MODEL, SERPENTINITE