



STELLAR RESOURCES LIMITED
Rubicon MinTech Ventures Pty. Ltd.

EL 49/2004 RAYNE

**ANNUAL REPORT FOR THE PERIOD
10 JANUARY 2012 – 9 JANUARY 2013**

Compiled by/Author: R.K. Hazeldene & A. Rigg

DATE: January 2013

SUBMITTED TO: Executive Chairman

DISTRIBUTION:

**Mineral Resources Tasmania, a Division of the
Department of Infrastructure, Energy and Resources - Hobart
Stellar Resources Ltd - Melbourne**

ACCEPTED BY:

**Stellar Resources Limited
(ACN 108 758 961)
Level 7, 530 Little Collins Street,
Melbourne,
Victoria, 3000.**

ABSTRACT

This Annual Report for EL49/2004 Rayne covers the period 10 January 2012 to 9 January 2013.

The Rayne licence covers a large low order aeromagnetic anomaly (known by Stellar as the 'Dunkley Magnetic Anomaly' or DMA) located 8km to the NE of Zeehan. Allegiance Mining's Melba Flats/Cuni prospects are situated approximately 1.5km east of the northeast boundary of the Rayne licence, where massive sulphides of nickel and copper occur in thin lenses associated with gabbro dykes and amphibolites.

Previous exploration in the area of the DMA includes geological mapping, bedrock auger geochemical sampling, ground geophysics and drilling. Elsewhere in the licence, light to very sparse stream sediment sampling, geological mapping and some geophysical survey work has been undertaken. The southwest corner of the EL abuts the vicinity of the town of Zeehan, known for its historic base metals production.

The source of the magnetic anomaly in the Rayne EL is conjectural but analysis indicates that it is due to hornfelsing associated with granite apophyses and potentially could host a Renison style sulphide/carbonate replacement tin deposit. Renison drilled one hole (S1200) in 1985 to test the DMA, with inconclusive results for the geochemistry and geophysics.

An alternative hypothesis is that the DMA could be due to ultramafic rocks rather than granites. The mineralised dykes on, and adjacent to EL43/1992, could be indicative of processes similar to those giving rise to the formation of the Voiseys Bay Ni, Cu, PGE deposit in Canada.

As Stellar's joint venture partner, MMG Ltd drilled a second hole (RYN001) into the DMA in 2011. MMG and Stellar considers that the results still do not explain the magnetic anomaly conclusively.

During 2012 MMG completed their studies of the RYN001 drill results and withdrew from the joint venture. Stellar has reviewed the drilling results and formulated a program to further test the DMA. It has continued to collect historical exploration data covering the EL area.

Expenditure on EL 49/2004 for 2012 totals \$24,786.74 (includes Stellar's expenditure and MMG's expenditure for the first half of 2012).

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- Appendix 2. DH RYN001 XRD Analysis MPR2012044 MMG 10Oct12.

1. INTRODUCTION

1.1. EXPLORATION RATIONALE & GEOLOGICAL SETTING

The licence area is positioned to cover a large low order aeromagnetic anomaly (the Dunkley Magnetic Anomaly [DMA]) located 8km to the NE of Zeehan. The magnetic anomaly is situated immediately south of the Renison Bell Mining Lease and also immediately west of MMG's Melba Flats prospects where massive sulphides of nickel and copper occur in thin lenses associated with gabbro dykes and amphibolites. Further eastwards there is a significant outcrop of ultramafic rocks at Serpentine Hill.

The source of the DMA is conjectural but analysis suggests it may be due to hornfelsing associated with a granite apophyses. Renison traced the Renison Mine Sequence to this area prior to the 1984 collapse of the tin price. They drilled one drill hole (S1200), which intersected only Crimson Creek Formation sediments and no significant mineralisation. After drilling the source of the magnetic anomaly remained inconclusive. As joint venture partner, MMG Ltd drilled a second hole (RYN001) into the DMA to 644m in 2011. Geochemistry was mildly anomalous around gabbro dykes intersected at 447m and 596m. MMG and Stellar considers that the results still do not explain the magnetic anomaly conclusively.

1.1.1. Geological Setting

The majority of the Rayne licence (SW segment) is underlain by Ordovician Gordon Limestone (including quartz sandstone and minor siltstone) and Silurian Eldon Group sediments comprising sandstone, siltstone and mudstone. These rocks strike NNW and comprise the eastern limb of a gently folded syncline.

The Gordon Limestone is overthrust on its eastern contact by Cambrian Crimson Creek Formation rocks along the Boodecker Fault. The Crimson Creek Formation is a thick sequence of tuffaceous siltstones, greywackes and clastic sediments. A mixture of haematitic agglomerates, cherts, tuffs, sandstones and thin carbonates known as the Red Rock Member marks the base of the Crimson Creek. This averages 20m thick and is overlain by a dolomite horizon 5-15m thick called the No.1 at Renison Bell where it hosts replacement style pyrrhotite cassiterite mineralisation. A small section of the Lower Cambrian Success Creek Group abuts the Crimson Creek along the SW trending Dunkley Fault in the northern part of the licence area. The Success Creek Group comprises sandstones and polymict conglomerate, quartz sandstone and siltstone. The upper part of the Success Creek Group in this region includes two major dolomite-siderite carbonate horizons, 10-20m thick, which are the Nos 2 and 3 dolomites at Renison Bell.

Immediately to the east of the licence, at the Cuni prospect area and within the Crimson Creek Formation, are a series of north trending Cambrian pyroxenite and gabbro sill/dykes over a 2-3km strike length. Thin lenses (1m) of massive nickel and copper sulphides generally occur along the footwall contact of the dykes or within the underlying sediments.

1.2. LICENCE

TENEMENT NUMBER: 49/2004

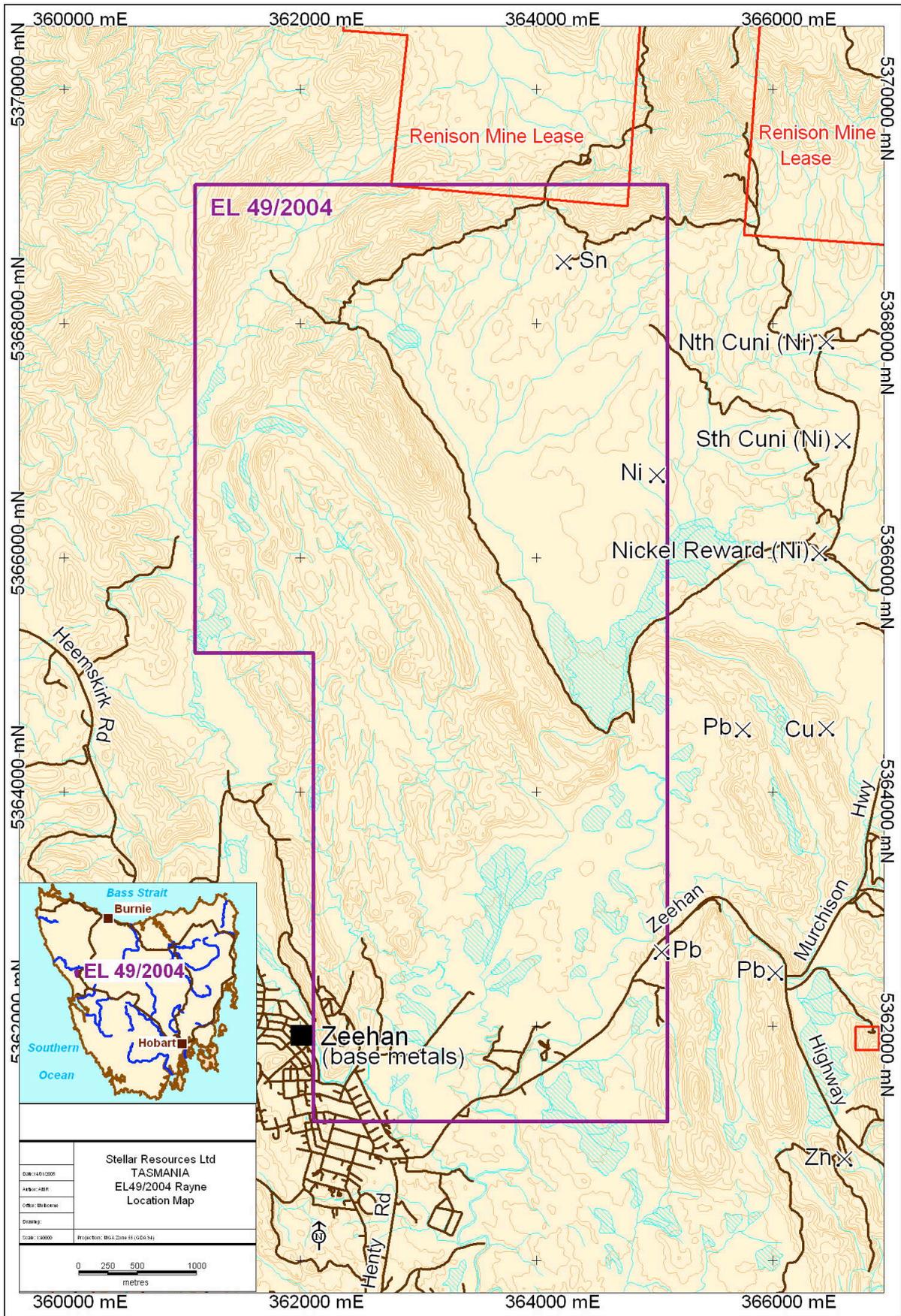
TENEMENT NAME: Rayne

TENEMENT LOCATION: Extends approximately 8km north of the town of Zeehan, which abuts the southwest corner of the licence. Main road access is from the Zeehan Highway, which passes through the southeast of the licence (Figure 1). The licence covers 28km² from 2km northwest of the Cuni nickel prospect, in the north, south to the town of Zeehan and the Zeehan Highway. Almost all of the EL area is Crown Land, and in accordance with the West Coast Planning Scheme 1999 is covered by "Natural Resources", private land is restricted to the Zeehan town site. The topography within the licence ranges from low/undulating to steep, being generally steeper in the west and northwest. Vegetation coverage by proportion high to low is buttongrass moorland, ti-tree/acacia forest, nothofagus rainforest, wet eucalyptus forest and wet scrub. Access is provided by the Zeehan Highway in the south, Cuni area mineral exploration tracks via the Murchison Highway to the northeast, the disused Dunkley's Tramway along Parting Creek in the north, and tracks running east of the Heemskirk Road in the west. Much of the area is not well serviced by tracks and may only be accessible by foot.

REPORTING PERIOD: 10 January 2012 to 9 January 2013

TENEMENT HOLDER: Rubicon Min Tech Ventures Pty Ltd., a wholly owned subsidiary of Stellar Resources Ltd.

1.3. LOCATION OF LICENCE



• Figure 1. EL49/2004, Location Map.

1.4. LAND TENURE

SCHEDULE

LAND DISTRICT OF MONTAGU
VICINITY OF ZEEHAN
MUNICIPALITY OF WEST COAST
EXPLORATION LICENCE 49/2004 28km²
RUBICON MIN TECH VENTURES PTY. LTD.

Commencing at the northwest corner at grid coordinates 361 000 mE 5 369 000 mN, thence grid east to 365 000 mE, grid south to 5 361 000 mN, grid west to 362 000 mE, grid north to 5 365 000 mN, again grid west to 361 000 mE aforesaid, thence again grid north to the point of commencement.

Coordinate datum - AGD66AMG, Zone 55.

EXCLUSIONS

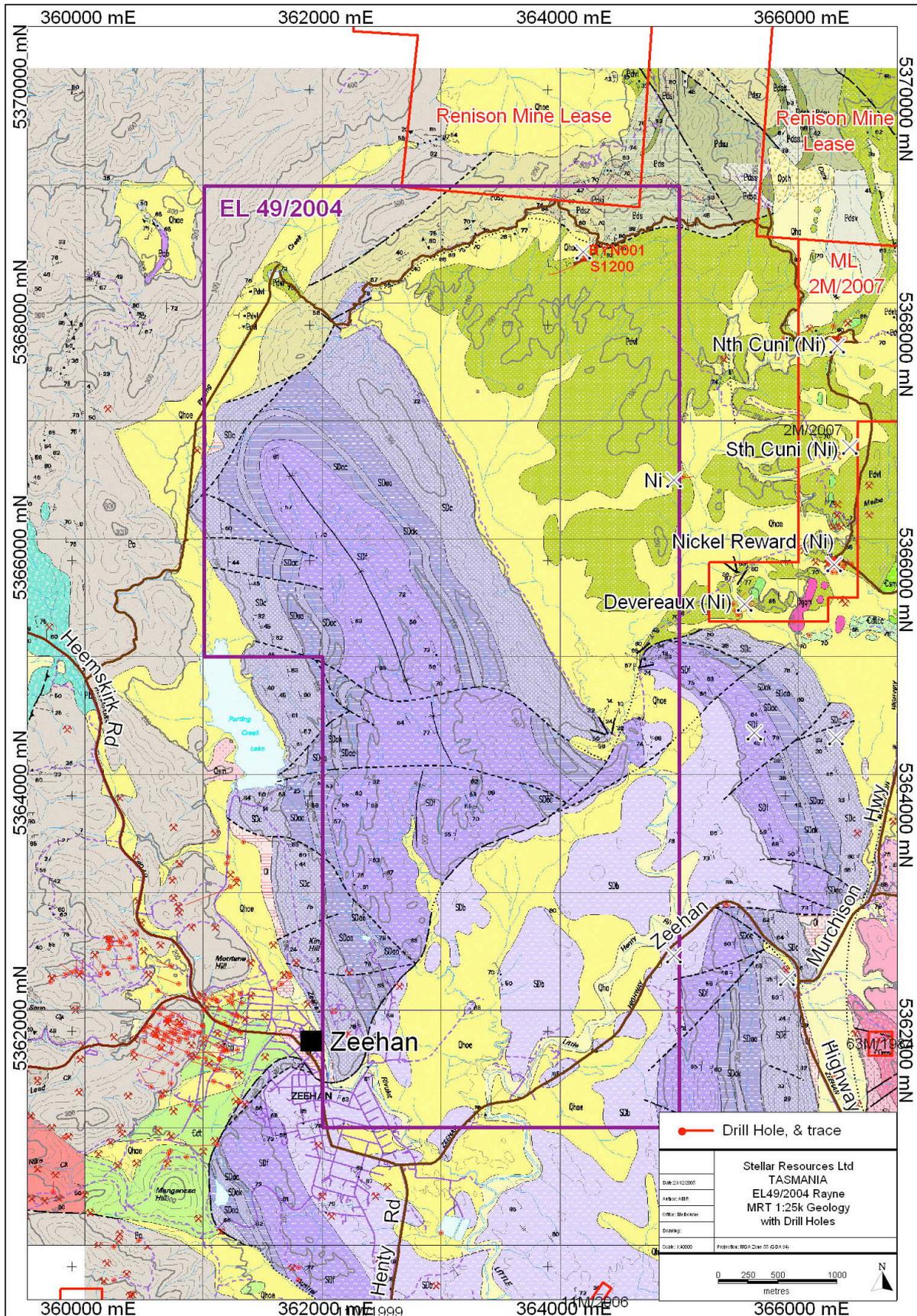
- (a) Any land owned or leased by the Commonwealth of Australia.
- (b) Mining Leases amounting to 20 ha (more or less) which were applied for or in force prior to the date of application for this licence: viz Renison Mine Lease.
- (c) Crown reservations or other land amounting to 19 ha (more or less) set apart or dedicated for any public purposes such as public reserves, municipal reserves or roadways unless such areas have been brought under the provisions of the *Mineral Resources Development Act 1995*.
- (d) Areas of private land which either have been, or are in the process of being, purchased by the Crown under the Regional Forest Agreement - Private Forests Reserves Program and / or private land over which the landowners have agreed, or are in the process of agreeing, to place a covenant or management agreement for conservation purposes under the Regional Forest Agreement - Private Forests Reserves Program.

LAND TENURE

The area comprises:

- Private Property
- Crown Land
- Crown Land (Subject to DPIWE approval)
- Multiple Use State Forest
- Parting Creek Regional Reserve

The licence area contains Forest Communities Managed by Prescription.



• Figure 2. EL49/2004, MRT Geology Plan with drilling.

2. REVIEW OF PREVIOUS WORK

2005 - 2011: MRT digital geology and geophysics datasets, DPIWE topographic data as well as data captured from open-file company reports have been reviewed. The capture of information from previous tenement holders (Rio Tinto, Renison, CSR, CRA) from MRT open-file reports has been completed.

2006 - 2011: Review / re-interpretation of historic data

2011: Drilling: 1 DD hole (RYN001) into Dunkley Magnetic Anomaly

3. EXPLORATION COMPLETED DURING THE REPORTING PERIOD

3.1 REGIONAL EXPLORATION ACTIVITIES

3.1.1. Data Acquisition, Mapping & Analysis

Renison (1984) bedrock auger geochemistry sampling assays were captured and maps produced (see figure 3).

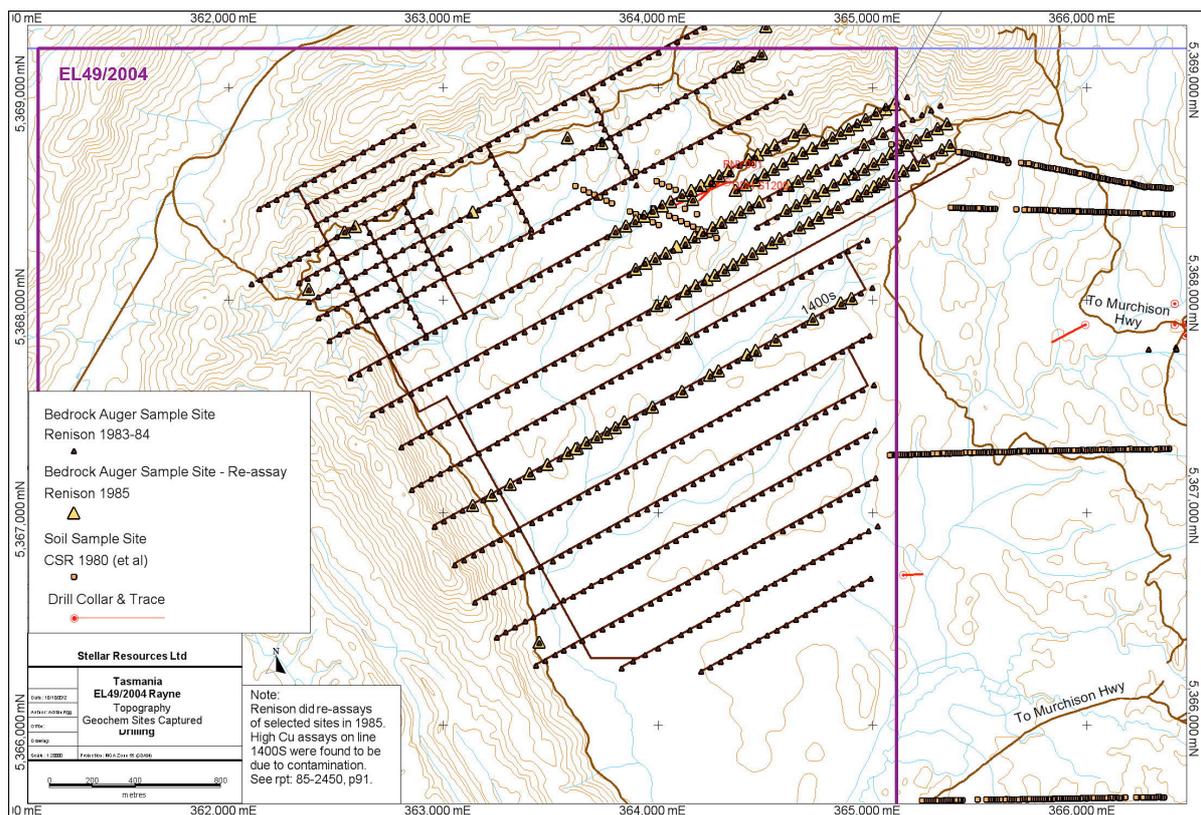
3.2 DUNKLEY MAGNETIC ANOMALY ACTIVITIES

3.2.1. MMG

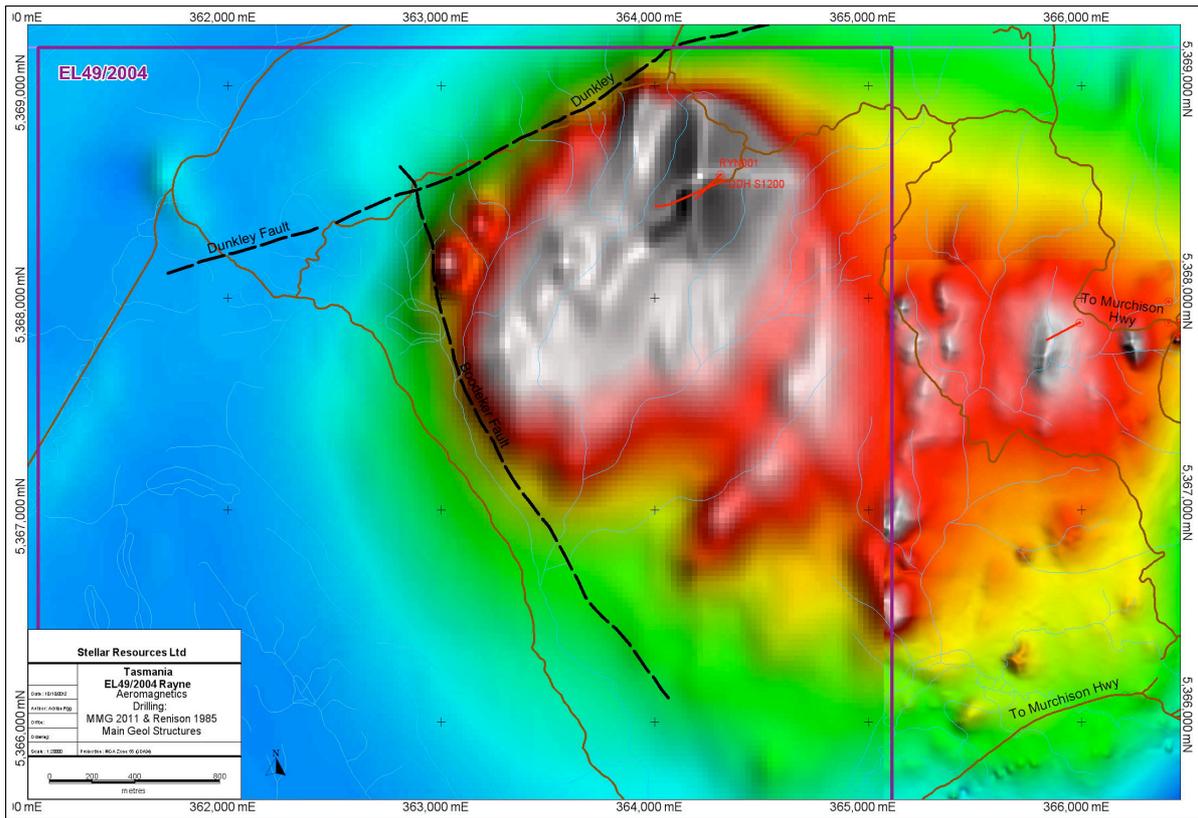
During the first half of 2012 MMG completed a mineralogical study of the igneous rocks intersected in RYN001. The report on this work is presented as Appendix 1.

3.2.2. Stellar Resources

Stellar's geophysical consultant, Dr Tom Whiting has reviewed the MMG data and interpretation and developed a program for further work focussed on the DMA.



• Figure 3. EL49/2004, DMA Area Geochemical Sample Sites.



• Figure 4. EL49/2004, DMA Aeromagnetics showing drill holes.

4 DISCUSSION OF RESULTS

Renison's interpretation of the Dunkley Magnetic Anomaly and the geology was of a magnetic body at about 350 metres depth. Based on this they drilled diamond drill hole S1200 which did not explain the anomaly.

William's study (2008) suggested that the Precambrian basement is at depths of greater than 500 metres; that the source of the anomaly is a magnetic body within the basement which is about 2.5 km north-south x 2.9 km east-west and that it is probably an intrusive magnetic Devonian granitoid.

The "peak anomaly" has been modelled as a 100m x 100m x 100m magnetic body at a depth of about 300 – 400 metres but it could also be a flat body at a depth of 600 – 700 metres below surface. This deep body would correspond with the interpreted depth of the Renison Mine Sequence.

Based on this reinterpretation of the magnetic data it appears that historic drill hole S1200 did not test the target. It was too shallow but the lack of alteration and/or veining in the core from the deepest sections of the hole is difficult to explain. Considering the proximity of S1200 to the modelled magnetic and granitoids some alteration and/or veining would be expected.

Stellar's consultant Dr Tom Whiting reviewed all data on EL49/2004 and neighbouring exploration licences, in particular EL43/1992 and RL5/2009 immediately east of EL49/2004. He considered narrow intersections of high grade Ni, Cu and PGE's by CRAE and Allegiance, hosted within basaltic dykes on EL43/1992, are could be indicative of processes similar to those giving rise to the formation of the Voiseys Bay Ni, Cu, PGE deposit in Canada.

This led to the alternative hypothesis that the DMA could be due to ultramafic rocks rather than granites.

The principal purpose of RYN001 was to intersect either host rocks similar to mineralised host rocks at Melba Flats, or the Renison sequence, which could host greisen, or skarn hosted Sn mineralisation. Whilst gabbros similar to those seen at Melba Flat were intersected, there was little indication of sulphide mineralisation or proximity to possible sulphide mineralisation.

RYN001 tested the Dunkley Anomaly to the satisfaction of MMG staff however the anomaly remains unexplained to date.

5 CONCLUSIONS

- The RYN001 drill hole results do not satisfactorily explain the Dunkley Magnetic Anomaly.
- Either the Renison or Voisey Bay model may still be valid.
- The DMA target warrants more work.

5.1 RECOMMENDATIONS

- A three-component downhole magnetic survey of RYN001
- High-resolution magnetics and VTEM over the whole EL to identify Voisey Bay style targets in the basaltic dykes (similar to the Cuni occurrences).
- Depending on results from above, a further drillhole approximately 100m east of the RYN001 collar to test 100m to 200m below RYN001.

6 ENVIRONMENT

Michael Reid, of the MRT, inspected the site on 12/12/12 with MMG personnel. He indicated it was acceptable to leave the access track open and the drill site (RYN001) as it is.

He is not sure about the borrow pit we used for road base. It may have to be filled in.

The old drill collars, that are capped, may have to be buried.

The site has yet to be formally signed off.

7 EXPENDITURE

Printed At: 14/01/2013 14:17:19		Transaction Report Rubicon Limited		Page: 3
Job No	Job Details	Department		
Tran. Date		Doc Ref - Description	Posting Ref	Amount
Job Code: 6503	EL 49/2004 Rayne	D1		
	1053	Technical	Total	AU\$3,321.49
Phase Total	105	STAFF COSTS		AU\$3,321.49
	1061	Professional Technical	Total	AU\$3,708.47
Phase Total	106	CONTRACT PERSONNEL		AU\$3,708.47
	1251	Vehicle Costs All	Total	AU\$120.00
Phase Total	125	SUPPORT COSTS		AU\$120.00
	1651	Administration	Total	AU\$2,389.00
Phase Total	165	OVERHEADS		AU\$2,389.00
Job Total : 6503	Class RUB			AU\$9,538.96

Stellar's annual expenditure on EL49/2004 totals \$9,538.96.
MMG's reported expenditure for the first half of 2012 is \$15,247.87.

Total expenditure on EL 49/2004 is then \$24,786.74.

8 REFERENCES

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Keywords

Location: Zeehan, Cuni, Melba Flats
Mineralisation environment: Carbonate replacement, skarns,
Minerals: Cassiterite, Arsenopyrite, Magnetite
Exploration methods: Geochemistry, Aeromagnetics, UTEM, Drilling
Mine/prospect name: Dunkley Magnetic Anomaly
Stratigraphic name: Oonah Formation, Success Creek Group, Crimson Creek Formation,
Eldon Group
Lithology: quartzite, slate, dolomites, sandstone, conglomerate, siltstone,
greywacke, granite
Geological Province: Dundas Trough
Geological age: Precambrian, Cambrian, Ordovician, Devonian, Tertiary

Appendix 1.

**DH RYN001 Igneous Composition Memorandum
MMG 7Mch12.**

Appendix 2.

**DH RYN001 XRD Analysis
MPR2012044, MMG 10Oct12.**



MEMORANDUM

To David Wallace; Steve Beresford
From Todd McGilvray
Date 7 March 2012
Subject **RAYNE JV WORK PROGRAM**

Dave and Steve,

The recently completed RYN001 drillhole as part of the Stellar Resources JV yielded the following results:

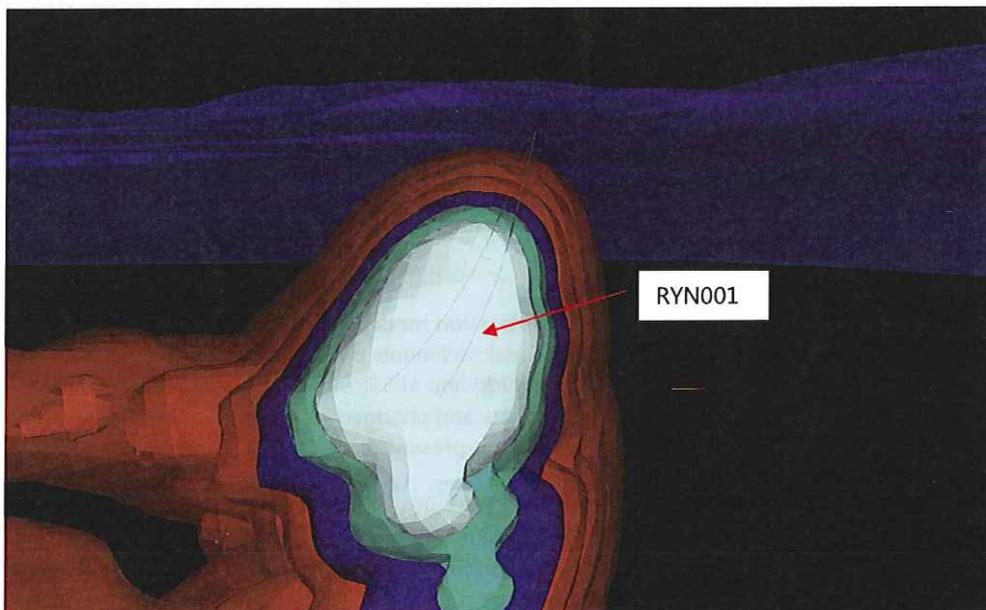


Figure 1: TMI inversion model anomaly with magnetic susceptibility shells

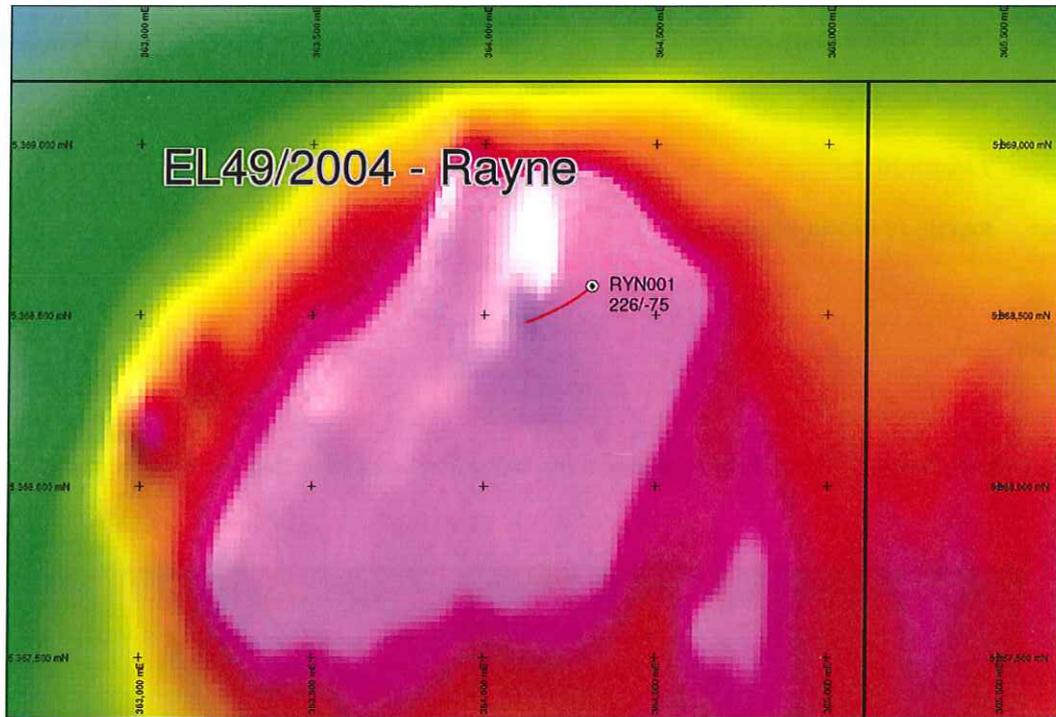


Figure 2: TMI heat map with drill trace RYN001.

Drilling adequately intersected the main body of the inversion modelled TMI data (**Figures 1 & 2**). Drilling progressed through peritidal to supratidal Crimson Creek sediments downhole generally dipping to the east at 50°. Gabbro dykes were intersected at 447.3m (1.5m thick) and at 595.9m (6.6m thick), as fine grained magnetite-phyric dykes with quenched margins. Contacts and phenocrysts (blebs) hosted very fine grained pyrrhotite and pyrite with no indication of nickel sulphides present.

Figures 3 to 5 illustrate the intersected dykes were High Fe tholeiitic gabbros however this was probably biased by the magnetite phenocrysts. The presence of crystalline magnetite would normally indicate the magma was oxidised and hence, calc-alkaline, however the known gabbros in the Crimson Creek Formation at this location have been determined as tholeiitic series basalts/gabbros.

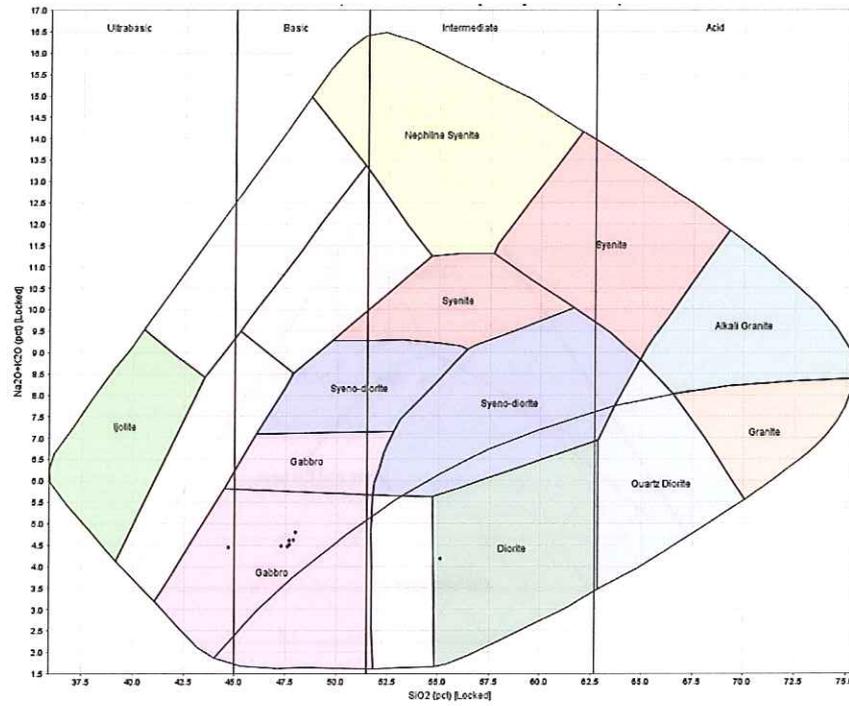


Figure 3: Rayne igneous compositions plotted on TAS plutonic diagram using total alkali vs. silica (from Wilson 1989 in Rollinson 1993).

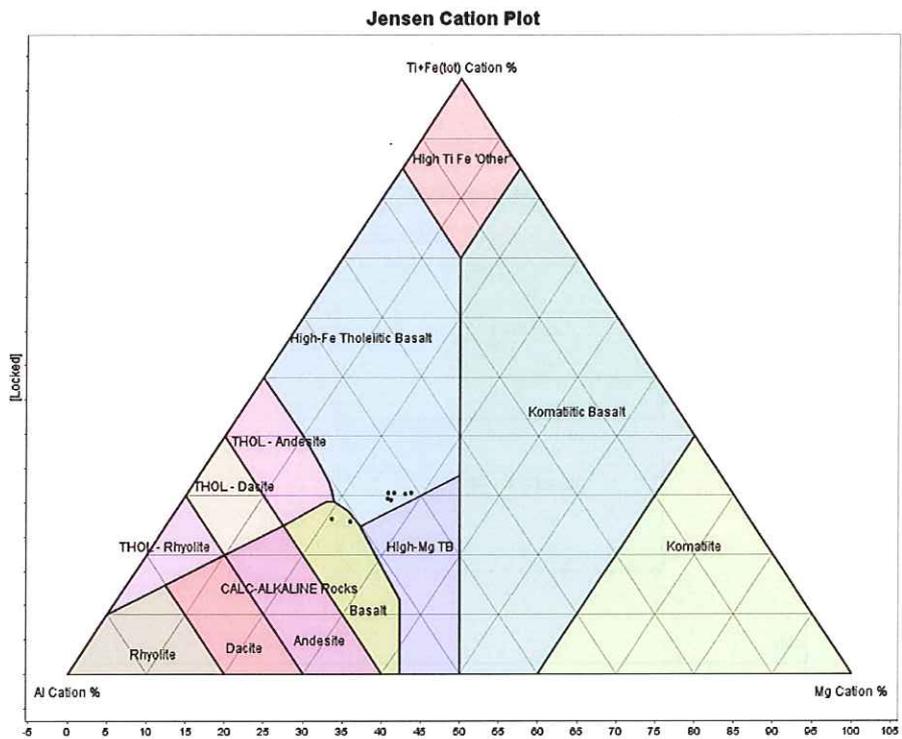


Figure 4: Rayne igneous compositions plotted on Jensen Cation Plot

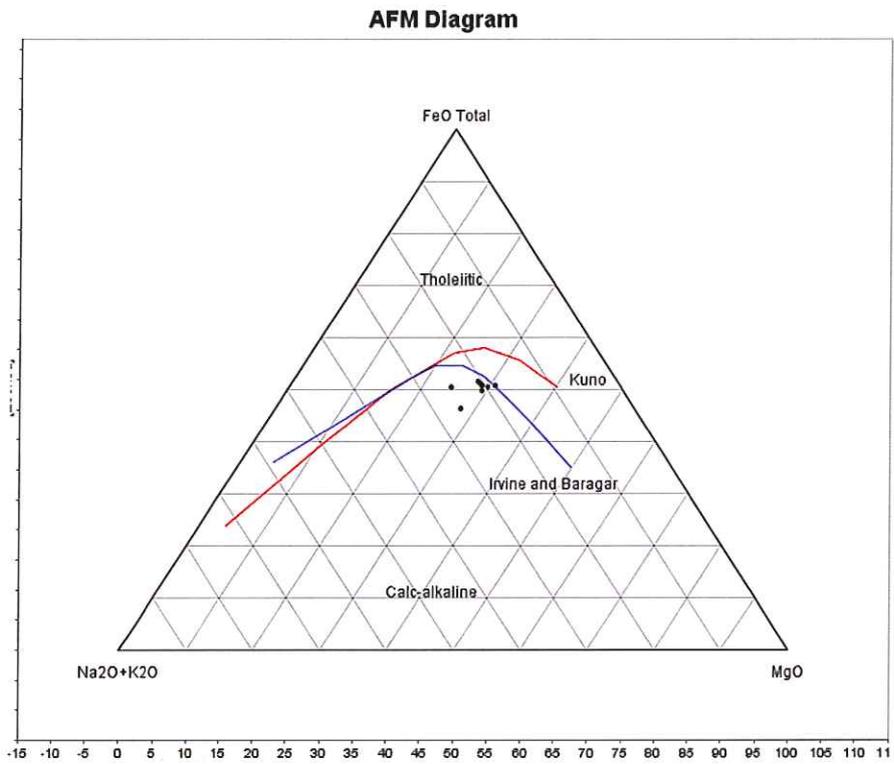


Figure 5: Rayne igneous compositions plotted on an AFM Ternary Diagram



Figure 6: Rayne igneous compositions plotted on an Alteration Box Plot (CCPI vs. AI).

Comparison with Melba Flats Gabbro

Wholerock assay of samples from the unmineralised Gabbro from DDH MF95 are compared to the Gabbro samples from RYN001 below:

Note: MF95 was chosen for comparison due to the gabbro being fertile and unmineralised at this location.

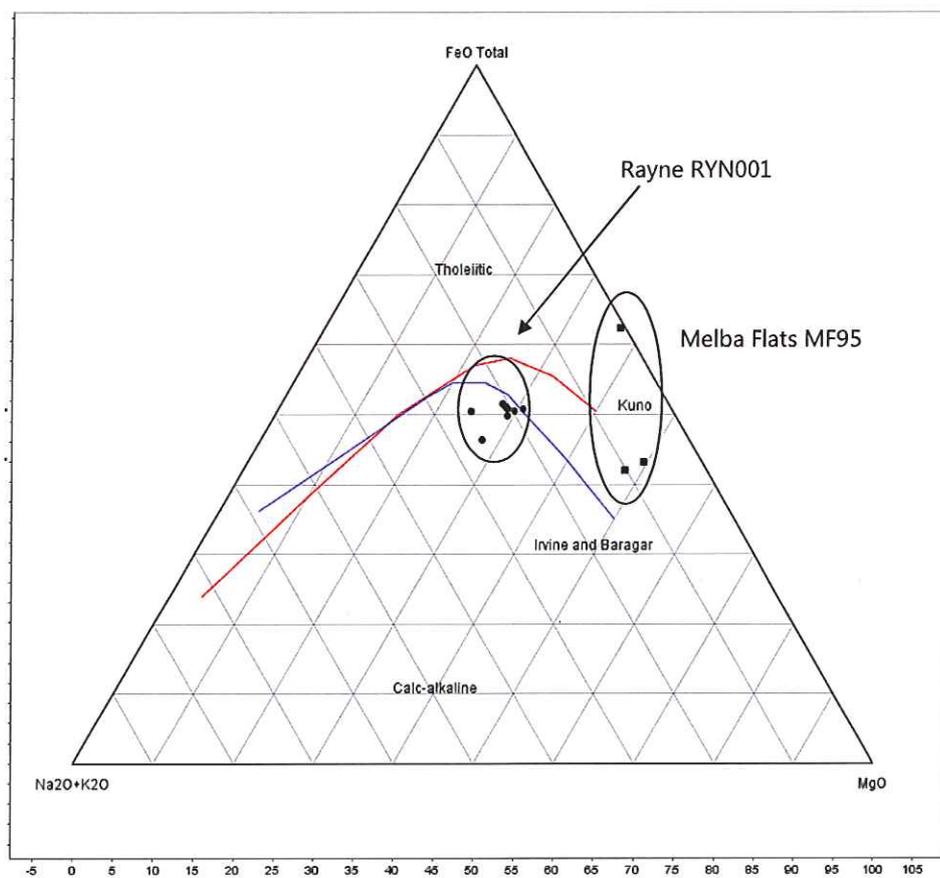


Figure 7: Rayne and Melba Flats igneous compositions plotted on an AFM Ternary Diagram

Melba Flats Gabbros are less evolved tholeiitic magmas than Rayne Gabbros due to lesser removal of MgO% content from crystallisation of pyroxene/olivine. Both Gabbros plot on the tholeiitic magma series curves indicating both gabbros are reduced but are probably related to two different intrusive events.

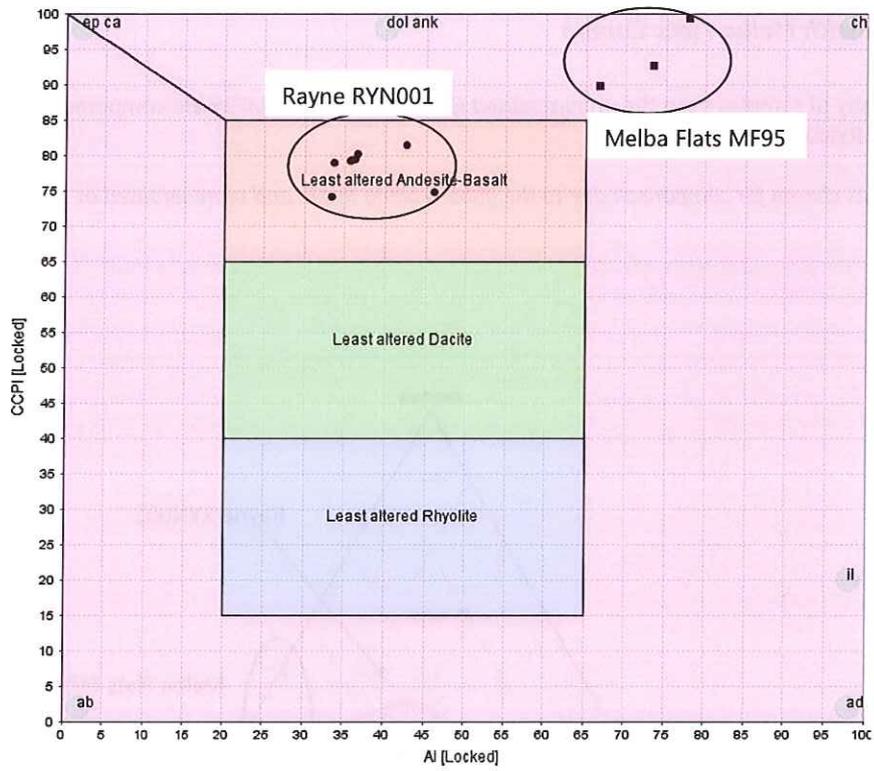


Figure 8: Rayne igneous compositions plotted on an Alteration Box Plot (CCPI vs. AI).

There is a clear differentiation between the least altered samples from Rayne to the more chlorite altered samples from Melba Flats. Drillcore observations confirm the difference in intensity of alteration however the Melba Flats MF95 drillcore is similarly unmineralised.

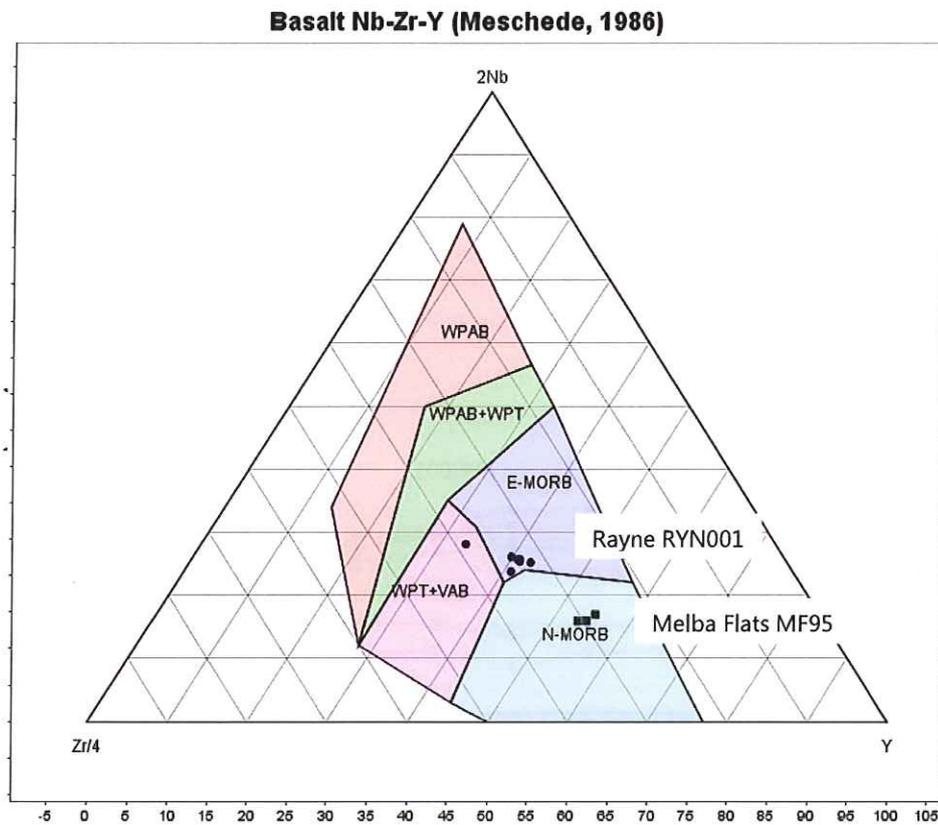


Figure 9: RYN001 and MF95 samples plotted on the Basalt classification Nb-Zr-Y ternary diagram produced by Meschede 1986.

There is a clear distinction between Rayne samples (circles) positioned as E-MORB compositions, and Melba Flats samples (squares) positioned as N-MORB compositions. The difference is possibly related to the voracity of the intrusive events, where the Rayne Gabbro was emplaced over a longer period where a higher degree of fractionation occurred and the LILE's were allowed to accumulate during crystallisation. Under this interpretation the Melba Flats Gabbro would have been intruded and crystallised rapidly which produced a more normal composition of MORB with lesser fractionation.

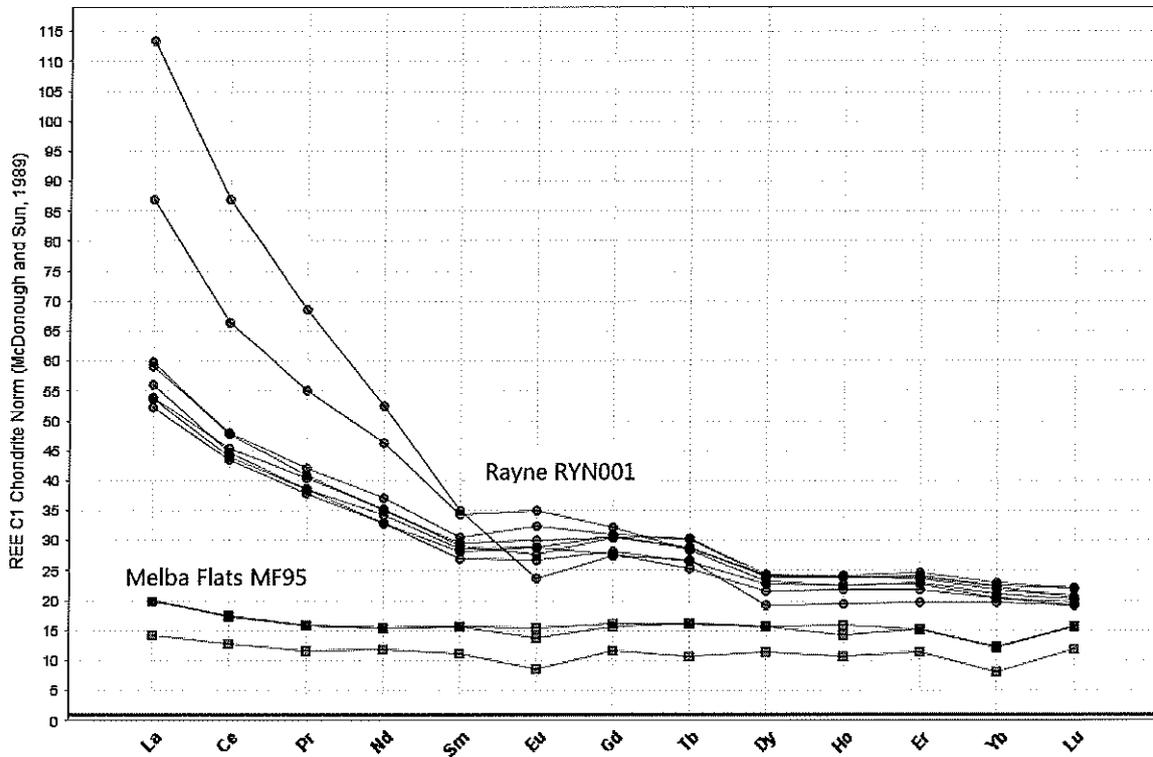


Figure 10: REE C1 Chondrite Normalised Spider Plot with Gabbro samples from RYN001 and MF95

As discussed below Figure 9, the clear differentiation between the Rayne and Melba Flats compositions can be seen here in Figure 10. The MF95 Gabbro has a normal MORB composition whereas the Rayne Gabbro is LREE and MREE enriched, and to a lesser degree HREE enriched.

Mineral Resources Tasmania
Mineralogical/Petrology Report
MPR2012/044

XRD ANALYSES: MELBA FLATS

An unpublished Mineral Resources Tasmania report for
T. McGilvray, MMG, Rosebery Mine

by R S Bottrill and R N Woolley

10 October 2012

Mineral Resources Tasmania

INTRODUCTION

The objective of this particular study is to confirm the mineralogy of a sample collected by Todd McGilvray from a drillhole in the Rayne prospect, on EL49/2004 Rayne in the Melba Flats area, near Rosebery in W Tasmania. The sample is high in Ba and Sr; the assay gives >10000 ppm Ba and 5450ppm Sr (unpub. MMG data). The drillhole is RYN001, intersected at 446.6m (0.6m wide), located at E364312/N5368584 (GDA94) drilled to 237magN azimuth at -75 degrees dip.

The sample was identified as in Table 1 below:

Table 1: Sample details

MRT ID	Sample ID	Location	Description	Comment/Instruction
G403598	D1392659	Rayne Prospect, RYN001/446.6m	Breccia zone	High Ba & Sr

TREATMENT

The sample was prepared, examined and analysed in the MRT laboratories, Rosny Park, Tasmania. It was run on an automated Philips X-Ray diffractometer (XRD) system: PW 1729 generator, PW 1050 goniometer and PW 1710 microprocessor with nickel-filtered copper radiation at 40kV/30mA, a graphite monochromator (PW1752), sample spinner and a proportional detector (sealed gas filled PW1711). The PW1710 system is presently driven by the CSIRO XRD software: "PW1710 for Windows" and "XPLOT for Windows". Interpretation and quantification is largely manual, using a series of prepared standards of the more common minerals to enable some semi-quantitative analysis.

DESCRIPTION

The sample was examined by stereomicroscopy in the MRT laboratories, Rosny Park. It exhibits a hydrothermal breccia with abundant angular clasts of white to grey barite and medium to dark grey weakly foliated mudstone, in a white to grey matrix rich in barite with ~10% pyrite. The grain size of both the barite and pyrite is medium to coarse grained (0.1-4 mm). There may be trace arsenopyrite, but no other identifiable minerals were noted.

Mineral Resources Tasmania

XRD RESULTS

The sample is rich in barite, with minor calcite, quartz, pyrite, chlorite and plagioclase. There is a trace of a mineral corresponding with barian celestine, or perhaps strontian barite, an intermediate phase between barite and celestine (SrSO₄).

INTERPRETATION

The strontian barite/ barian celestine may be richer in the grey barite zones, probably largely the breccia matrix in the core, rather than the white areas, suggesting it may have formed during brecciation. The chlorite and plagioclase may be in the grey "mudstone" clasts.

Barite and celestite form a complete solid solution, but intermediate compositions are rare. This is because the minerals in this series are very inert once precipitated, and reflect some changes in hydrothermal fluid compositions during formation, e.g. perhaps a late increase in Sr forming a coating on older barite crystals during brecciation?

R. S. Bottrill
Mineralogist-petrologist

R. N. Woolley
Technical Officer

Disclaimers

While every care has been taken in the preparation of this report, no warranty is given as to the correctness of the information and no liability is accepted for any statement or opinion or for any error or omission. No reader should act or fail to act on the basis of any material contained herein. Readers should consult professional advisers. As a result the Crown in Right of the State of Tasmania and its employees, contractors and agents expressly disclaim all and any liability (including all liability from or attributable to any negligent or wrongful act or omission) to any persons whatsoever in respect of anything done or omitted to be done by any such person in reliance whether in whole or in part upon any of the material in this report.

This and other data collected in MRT laboratories may enter the MRT databases but every attempt will be made to ensure it remains closed file and not be available externally, unless at your request.

Mineral Resources Tasmania

Appendix 1: XRD Analyses

MRT Laboratory Report

Client: T. McGilvray, MMG

Sample Source: Rayne prospect

MRT Job Number: MPR2012/044

Analysis: Approximate Mineralogy

Method: X-Ray Diffraction

Results (approx wt %)

Sample	MRT Reg. No.	25%-35%	10%-15%	5%-10%	2%-5%
D1392659	G403598	Barite	Calcite, Quartz, Pyrite	Chlorite, Plagioclase, ? ¹	Ba- Celestine ²

Peak overlap (e.g. Clinopyroxene, K-Feldspar and Titanite) may interfere with identifications and quantitative calculations

Amorphous material (e.g. hydrous iron oxides, organic matter) and minerals present in trace amounts may not be detected

¹ peak at 3.24Å, small peak at 3.00Å, very small peaks at 3.95Å, 2.90Å, 2.77Å; probably Titanite and/or K-Feldspar

² apparently concentrated in darker portions of core

Weight loss after treatment with HCl: 14.8%, probably representing calcite.

Analyst: R.N. Woolley

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