



MELBA FLATS EL 43/1992

**ANNUAL REPORT
FOR THE PERIOD ENDING 30th April 2013**

Author: Kim Denwer

Date: April, 2013

Submitted To: Exploration Manager - Australia

Copies To: Tasmanian Regional Exploration Office Library
Mineral Resources Tasmania, Hobart
MMG – Melbourne Group office

Submitted By: Neil Rankine

CONTENTS

1.	SUMMARY	1
2.	INTRODUCTION.....	1
3.	LAND TENURE.....	2
4.	GEOLOGY	2
5.	CURRENT EXPLORATION	3
	Work Completed in the 2012-2012 Period.....	3
6.	PROPOSED EXPLORATION	3
7.	ENVIRONMENTAL	4
8.	EXPENDITURE	4

LIST OF FIGURES

Figure No.	Title	Scale
Figure 1	EL43/1992 location on 1:250K topographic map	1:25K
Figure 2	EL43/1992 overlain on Public Land Classification/Cadastral Classification	1:25K
Figure 3	MRT 1:250K Geology with tenement location	1:25K

1. SUMMARY

No field work was completed during the period.

EL 43_1992 Melba Flats has a current exploration expenditure moratorium that is valid until 30th June 2013.

2. INTRODUCTION

The Melba Flats area is located 17km WSW of Rosebery township and is 9km NE of Zeehan township in Western Tasmania (Figure 1). Access to the project area is from the Murchison Highway via tracks established by Forestry Tasmania roads. EL 43/1992 is a 6 sq. km Exploration Licence surrounding former mining lease, ML 2/2007, now RL02/2009 with an area of 3 sq. km. These areas were acquired to facilitate development of identified resources at Melba Flats. Minerals and Metals Group Limited (MMG) hold both licences. Mining Lease 2M/2007 was granted on 22 August 2007 for a 10-year period. Due to the prevailing economic conditions in 2009 and the current size of the resource at Melba Flats, during 2009, MMG gained approval for conversion of ML 2/2007 into a Retention Licence – RL5 / 2009.

Prior to its takeover by Zinifex in 2008 (and the subsequent Zinifex/Oxiana transaction that resulted in formation of OZ Minerals in 2008) Allegiance Mining had been exploring and evaluating the Melba Flats area since 1997. Prior to 1997 Rio Tinto Exploration (CRA Exploration) had been exploring the area since 1993. Annual Reports written by Rio Tinto provide comprehensive summaries of any work completed in the area prior to their period of tenure. Allegiance Mining compiled their regional drill hole database from information provided in the Rio Tinto Reports.

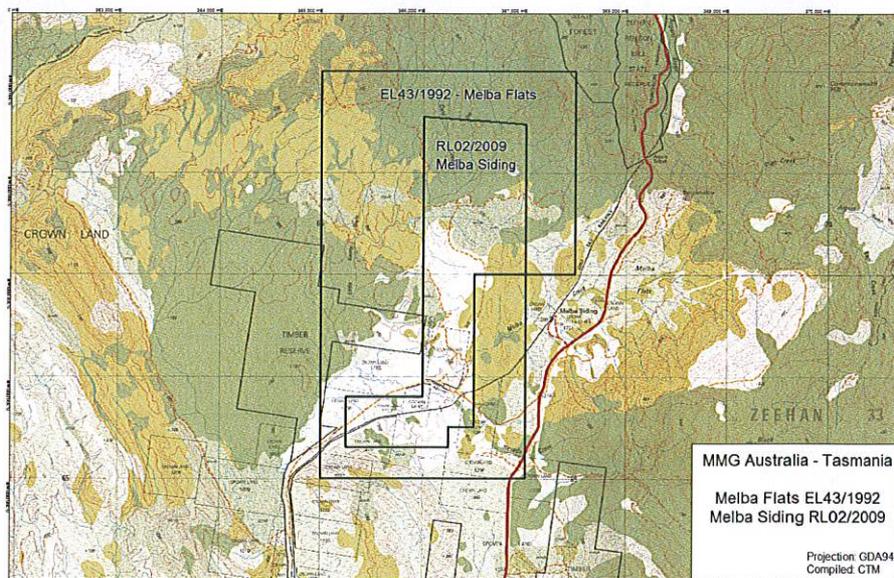


Figure 1: EL43/1992 location on 1:25K topographic map

3. LAND TENURE

EL43/1992 is coincident with state forest under management of Forestry Tasmania and administered under the Forestry Act (45 of 1998).

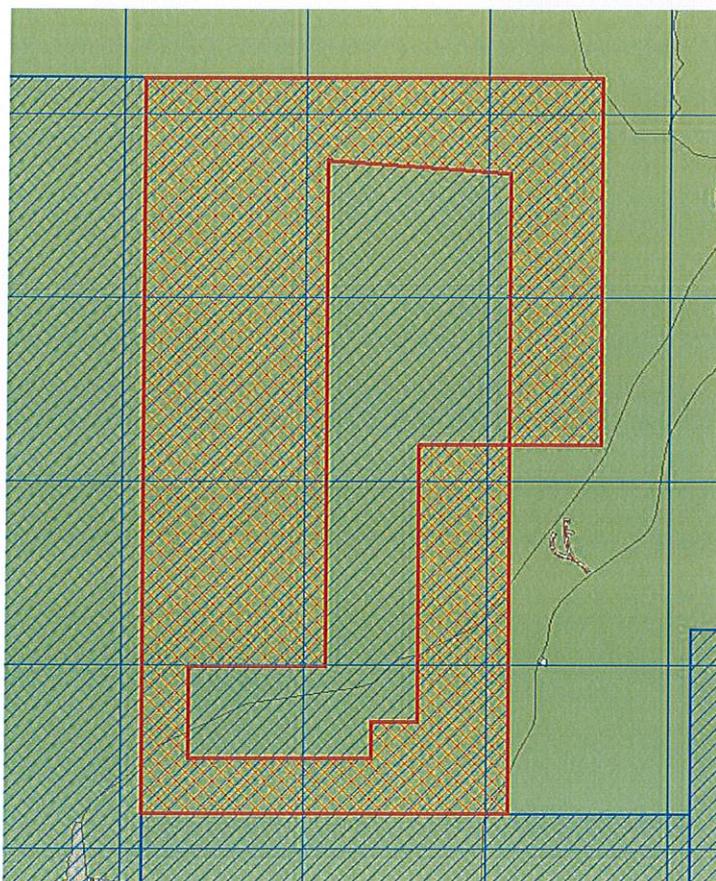


Figure 2: EL43/1992 overlain on Public Land Classification/Cadastral Classification

4. GEOLOGY

The Melba Flats area consists of Cambrian Crimson Creek Formation sediments intruded by a number of gabbro dykes of unknown age. The dykes are considered as genetically associated with the Serpentine Hill and Razorback Ultramafic bodies east of the area of interest. It is possible the dykes are alternatively associated with the Henty Dyke Swarm. Turbiditic sediments dip to the east and generally strike north-south. District folding and common small-scale faulting commonly cause local variations to this trend.

The gabbro dykes are intrusive, often with chilled, brecciated margins, and are both concordant and discordant to sediments. The dykes, proximal sediments and ultramafics are pervasively carbonate and carbonate-talc altered with ubiquitous late stage carbonate veining.

The Melba Flats Ni-Cu mineralisation is typically disseminated throughout the gabbro dyke host rock, and more concentrated on footwall contact positions. Mineralisation is principally pentlandite-millerite-chalcopyrite-pyrite. Significant cobalt, gold and PGE are associated with

7. ENVIRONMENTAL

Correspondence was received from John Pemberton, MRT Environmental Officer, regarding an environmental legacy issue at Melba Flats that was inherited by Allegiance Mining. None of the drillholes conducted by Allegiance Mining had been rehabilitated to standards outlined in the Mineral Exploration Code of Practice and would require significant effort to remediate every site.

A field crew was mobilised late in 2011 to begin remediation and they reached approximately 50% of the sites before other work programs gained precedence. The remainder of this work was completed during the current report period.

8. EXPENDITURE

The expenditure for EL43/1992 for the 2012/2013 term was \$16,446.