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# Rio Tinto Exploration Pty. Limited

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MINERAL RESOURCES	
EL 43/92	
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See folio T8	

**EL 43/92 Melba Flats  
Fifth Annual Report  
for the Period Ending 15 March 1998  
Queenstown SK55-05  
1:250,000  
Tasmania Australia**

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**Date:** March 1998

**Submitted to:** Chief Consulting Geologist - Australia Region

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Rio Tinto Exploration, Eastern District - Bundoora  
Mineral Resources Tasmania  
Allegiance Mining NL

**Submitted by:** Sarah Russell

**Accepted by:** [Signature]

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# 98-4123

Rio Tinto Report No. 23723

### Abstract

Rio Tinto Exploration Pty Limited was granted EL 43/92 on the 16 April 1993 for an initial tenure of one year over an area of 16 km<sup>2</sup>. The target was bulk tonnage disseminated Ni-Cu (PGE and Au) sulphide resources.

EL 43/92, Melba Flats is located on the Pieman (7914) 1:100,000 map sheet. The licence is centred approximately 9km north of Zeehan.

A number of high-grade massive Ni-Cu (-PGE-Au) sulphide lenses are known within the Melba Flats Licence area. Massive sulphide lenses identified to date are up to 75m long, 60m wide, 1m thick and commonly exceed 15% combined Ni+Cu. Mineralisation is generally hosted by dolerite sills within steeply E dipping uncorrelated Cuni stratigraphy - interbedded mudstone, siltstone, volcanoclastic lithicwacke and quartzwacke.

No field exploration work has been completed on EL 43/92 Melba Flats during the reporting period.

During recent project rationalisation and prioritisation, Rio Tinto Exploration Pty Limited concluded that the Melba Flats Ni-Cu targets were no longer a priority.

EL 43/92 was reduced in size by 50% during the reporting period. Rio Tinto has negotiated a farm-out arrangement of this reduced tenement.

Monitoring and consolidation of all work relating to rehabilitation of drill-holes was completed during the quarter.

The incoming partner (Allegiance Mining NL) plans to undertake a review of all previous work, paying particular attention to reinterpreting helimagnetic data and airborne and ground EM data to generate new drill targets.

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Tv1285	EL 43/92 Melba Flats Partial Relinquishment	1:100,000

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## 1. Conclusions and Recommendations

No field exploration was completed on the Melba Flats licence.

EL 43/92 was reduced in size by 50% during the reporting period (Plan Tv1285). Rio Tinto has negotiated a farm-out arrangement of this reduced tenement.

The incoming partner (Allegiance Mining NL) plans to review all previous exploration with particular emphasis on reinterpreting helimagnetic data, airborne EM and ground EM data by an experienced consultant geophysicist, to generate new drill targets.

A detailed 1998 - 1999 budget and work programme from Lindsay Newnham on behalf of Allegiance Mining NL is included in Appendix 1.

Monitoring and consolidation of all work relating to rehabilitation of drill-holes was completed during the reporting period.

## 2. Introduction

Rio Tinto Exploration Pty Limited was granted EL 43/92 on the 16 April 1993 for an initial tenure of one year over an area of 16 km<sup>2</sup>. The target was bulk tonnage disseminated Ni-Cu (PGE and Au) sulphide resources.

EL 43/92 is located on the Pieman (7914) 1:100,000 map sheet. Its geographic centre is approximately 9km north of Zeehan. An overview of regional geology and mineralisation is given in Aravanis (1994).

A number of high-grade massive Ni-Cu (-PGE-Au) sulphide lenses are known within the Melba Flats Licence area. Massive sulphide lenses identified to date are up to 75m long, 60m wide, 1m thick and commonly exceed 15% combined Ni+Cu. Mineralisation is generally hosted by dolerite sills within steeply E dipping uncorrelated Cuni stratigraphy - interbedded mudstone, siltstone, volcanoclastic lithicwacke and quartzwacke.

During recent project rationalisation and prioritisation, Rio Tinto Exploration Pty. Limited concluded that the Melba Flats Ni-Cu targets were no longer a priority.

EL 43/92 was reduced in size by 50% during the reporting period (Plan Tv1285). Rio Tinto has recently negotiated a farm-out arrangement of this reduced tenement.

### 3. Review of Previous Work

#### 3.1 Prior to Current Tenement

Cu and Ni mineralisation was discovered in the Melba Creek area in 1893. A detailed history of the exploration within the Melba Flats EL area is detailed in Taylor & Burger (1952) and Ellis (1987). A summary of mining lease activity up to 1961 is given in Brown (1992). A review of drilling within the Melba Flats area is included as Appendix I in Maher (1995).

#### 3.2 During Current Tenement

##### First Year of Tenure (1993 - 1994)

##### *Fixed Wing Airborne TEM (QUESTEM) Survey*

- A fixed wing airborne TEM (QUESTEM) Survey was flown. Data was of poor quality due to very high background resistivities and higher than normal flying altitude (due to topographic variations).
- The most prominent response was a 2km strike length anomaly to the east of the Cu-Ni workings. This corresponds with a 50 m wide carbonaceous black shale unit.
- Poor conductors were associated with known massive sulphide pods at Nickel Reward, Vaudeau and North Cuni abandoned mines.
- A 300 m moderate conductor was interpreted to extend SE of the abandoned Nickel Reward mine.
- *Review of Tasmanian Mines Department Gravity Data - 1988*  
Data indicated a 0.6 mgal anomaly coincident with untested mineralised dolerite (identified by wacker sampling) west of the North Cuni mine.

##### *Geochemical Sampling*

- 129 soil auger samples were collected along cut lines and on a semi regional basis. Samples were sent to Analabs and analysed for Ag, Co, Cr, Cu, Fe, Ni, Pb, and Sn by GA140 (0.3 g aqua regia/perchloric acid digest - AAS). Maximum assays returned were 1737 ppm Cu, 964 ppm Ni, 1338 ppm Pb and 407 ppm Zn.
- 60 rock chip samples were collected from around old Cu-Ni mines and from the Serpentine Hill Ultramafic Complex. The most significant assays returned came from massive and disseminated sulphide samples from the North Cuni shaft. These included 31.3% Cu, 2.9% Ni, 7.26 ppm Pt, 8.59 ppm Pd and 2.2 ppm Au.

##### Second Year of Tenure (1994 - 1995)

##### *Drilling*

- A five hole diamond drilling program (420m) was completed within the North Cuni Genet's Winze prospect area.

- Massive sulphide was intersected in three holes. MF05 intersected disseminated pentlandite-chalcopyrite in a previously untested dolerite sill. Best results were as follows;

Bhole	Width (m)	Ni %	Cu %	Pd ppm	Pt ppm	Au ppm	From (m)
MF01	0.70	9.3	4.5	1.4	0.9	0.8	48.50
MF03	0.50	7.7	2.9	1.1	1.1	1.1	24.60
MF04	0.80	7.8	10.3	1.6	1.2	1.9	37.75
MF05	1.95	0.4	0.6	0.3	0.2	0.2	73.65

- A two hole diamond drilling programme (37.65m) was completed in the vicinity of the abandoned Nickel Reward mine within the Nickel Reward-Vaudeau prospect area. Holes failed to intersect the targeted massive sulphide sheet intersected in previous drilling. Review of drilling data indicates this sheet probably dips very steeply to the NW.

### ***Mineralogy***

Petrology of 14 rock chip samples and 21 drill core samples indicated:

- Chalcopyrite-pentlandite-pyrrhotite-millerite are the main relicts of primary massive sulphide mineralisation.
- Violerite and pyrite are supergene.
- Preserved sulphide textures are consistent with an epigenetic origin for mineralisation.
- Dolerite mineralogy is consistent with hydrous parental magmas which are incompatible with significant magmatic sulphide formation.

### ***Dolerite Whole Rock Geochemistry***

- Whole rock analysis of 6 "host dolerite" samples indicated that they are probably correlatable with mafic rocks of the Henty Dyke Swarm and Henty Fault Wedge. These rocks are associated with extension related to tholeiitic magmatism late in the history of the Mount Read Volcanics magmatic event.

### ***Geochemical Sampling***

- 44 rock chip samples were collected within the Melba Flats licence area for geochemical analysis. Samples were sent to Analabs and analysed for Cu Pb Zn Ag Ni Co Fe Cr As  $\pm$ Mn by GA140 (0.3 g aqua regia/perchloric acid digest - AAS). Samples with greater than 0.3(0.5)% Ni were additionally analysed for Au Pt Pd by GG316 (50 g fire assay - AAS).
- 934 B and C horizon soil and bedrock samples were collected by hand auger from depths up to 2m.
- 118 bedrock wacker samples were collected from depths up to 7.4m.

- Two distinct geochemical signatures relating to mineralisation were identified; Cu-Pb and Cr-Ni-Co. Additionally, scavenging of Zn, Cr, Co, (Ni) by Fe and Mn was indicated in some (often swampy) areas.

#### ***Ground PROTEM Survey***

- Protem data collected on the North Cuni-Genet's Winze grid indicates several conductors. The most prominent conductor corresponds to the position of the "eastern dolerite" massive Cu-Ni sulphide lode. Parallel conductors to the west have not been tested by drilling.
- Data from the survey covering the Nickel Reward-Vaudeau Grid is significantly affected by culture - making geological interpretation impossible.

#### ***Ground Magnetic Survey***

- 10.5 line km of data was collected over North Cuni-Genet's Winze Prospect. Interpretation indicated that some known massive sulphide mineralisation is weakly magnetic. West of known mineralisation at the North Cuni mine, weak-discontinuous magnetic anomalies correspond to an untested dolerite sill (identified by wacker sampling).
- 9.0 line km of data collected on the Nickel Reward-Vaudeau grid indicate that the massive sulphide lodes at the abandoned Nickel Reward and Vaudeau mines are non magnetic.

#### ***IP-Resistivity Survey***

- An orientation IP-resistivity survey was undertaken within the North Cuni-Genet's Winze and South Cuni prospect areas over known Cu-Ni sulphide mineralisation. Approximately 2.8 line km of data were collected along three lines. It was decided that weak chargeability responses corresponding to known Cu-Ni sulphide mineralisation would be very difficult to discriminate from noisy background of the Cuni stratigraphy. Further work was not considered.

#### ***Heliborne Magnetic and Radiometric Survey***

- Detailed Heliborne magnetic and radiometric data was collected over the Cuni Stratigraphy with the objective of detecting pyrrhotite bearing massive sulphide mineralisation. 110 line km of data were collected along 40m spaced E-W lines over a 1.6 x 2.8 km area. Data was not received during the year of reporting.

#### ***Third Year of Tenure (1995 - 1996)***

- A review of all drilling results from within the Melba Flats licence area indicated potential for extensions to known mineralisation at North Cuni, Deveraux, and Nickel Reward prospects (Refer to Maher 1996 Appendix 1).
- 1180 multi-element soil samples were collected and submitted to Analabs for multi-element geochemical analysis. The most significant

anomaly from 1180 samples collected by Rio Tinto and captured competitor data (2500 samples) is 850m long (open to the north). Cu-Ni values are higher (up to 1866 ppm Cu & 1881 ppm Ni) than those over known mineralisation 80 m to the west at the North Cuni mine. This anomaly has not been tested by drilling, has coincident but patchy ground TEM and magnetic anomalies, and offers the best potential to represent the targeted resource.

- An Honours project entitled "Geological Setting and Mineralisation of the Cuni Cu-Ni Deposits" was completed by Philip Greenhill.

#### **Fourth Year of Tenure (1996 - 1997)**

- Preliminary interpretation of helimag data was conducted.
- No field exploration was conducted during the reporting period.

#### **4. Exploration Completed in the 12 Month Period to 15 March 1998**

- No field exploration was conducted during the reporting period.
- An application for partial surrender (~50%) of EL 43/92, Melba Flats was submitted to Mineral Resources Tasmania on 11 November 1997. Licence areas to be relinquished and retained are shown on Plan Tv1285.
- During recent project rationalisation and prioritisation, Rio Tinto Exploration Pty. Limited concluded that the Melba Flats Ni-Cu targets were no longer a priority.
- Rio Tinto has recently negotiated a farm-out and joint venture agreement with Allegiance Mining NL which will include the reduced tenement area of EL 43/92, Melba Flats.
- A detailed 1998 - 1999 budget and work programme from Lindsay Newnham on behalf of Allegiance Mining NL is included in Appendix 1.

#### **5. Environment and Rehabilitation**

Monitoring and consolidation of all work relating to rehabilitation of drill-holes was completed during the quarter.

Table 1 summarises rehabilitation of drill holes within EL 43/92.

**Table 1**  
**Summary of rehabilitation of drill holes within EL 43/92, Melba Flats**

Drill Hole ID	Prospect	EL	Easting	Northin g	Total Depth (m)	Rehabilitation Conducted
DD94MF01	North Cuni	43/92	366437	5367771	62.3	All holes were drilled using a LY 38 drill rig. Where possible sites were drilled on old mine sites or tracks. One drill site was in teatree vegetation, which was pushed down using an excavator. Upon completion of the hole, all rubbish was removed from site, the hole was capped and vegetation was replaced over disturbed areas to promote regeneration. The drill sumps were filled in using an excavator.
DD94MF02	North Cuni	43/92	366438	5367771	115.5	
DD94MF03	North Cuni	43/92	366340	5367700	82.5	
DD94MF04	North Cuni	43/92	366360	5367660	75.0	
DD94MF05	North Cuni	43/92	366390	5367450	82.2	
DD94MF06	Nickel Reward	43/92	366307	5365815	22.3	
DD94MF07	Nickel Reward	43/92	366293	5365800	15.4	

## 6. Expenditure

Expenditure by Rio Tinto for EL 43/92, Melba Flats for the 12 month period ending 15 March 1998 is \$4,432.

During the reporting period Allegiance Mining NL spend \$6,516 on EL 43/92, Melba Flats. Total expenditure on the licence is \$388,468.

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#### 8. Location

Queenstown	SK55-5	1:250,000
Pieman	7914	1:100,000
Dundas	3636	1:25,000

#### 9. Keywords

Cambrian, Copper, Nickel, PGE, Gold, Disseminated, Massive,  
Dolerite

Table 2

## Rio Tinto Expenditure Statement for EL 43/92 Melba Flats

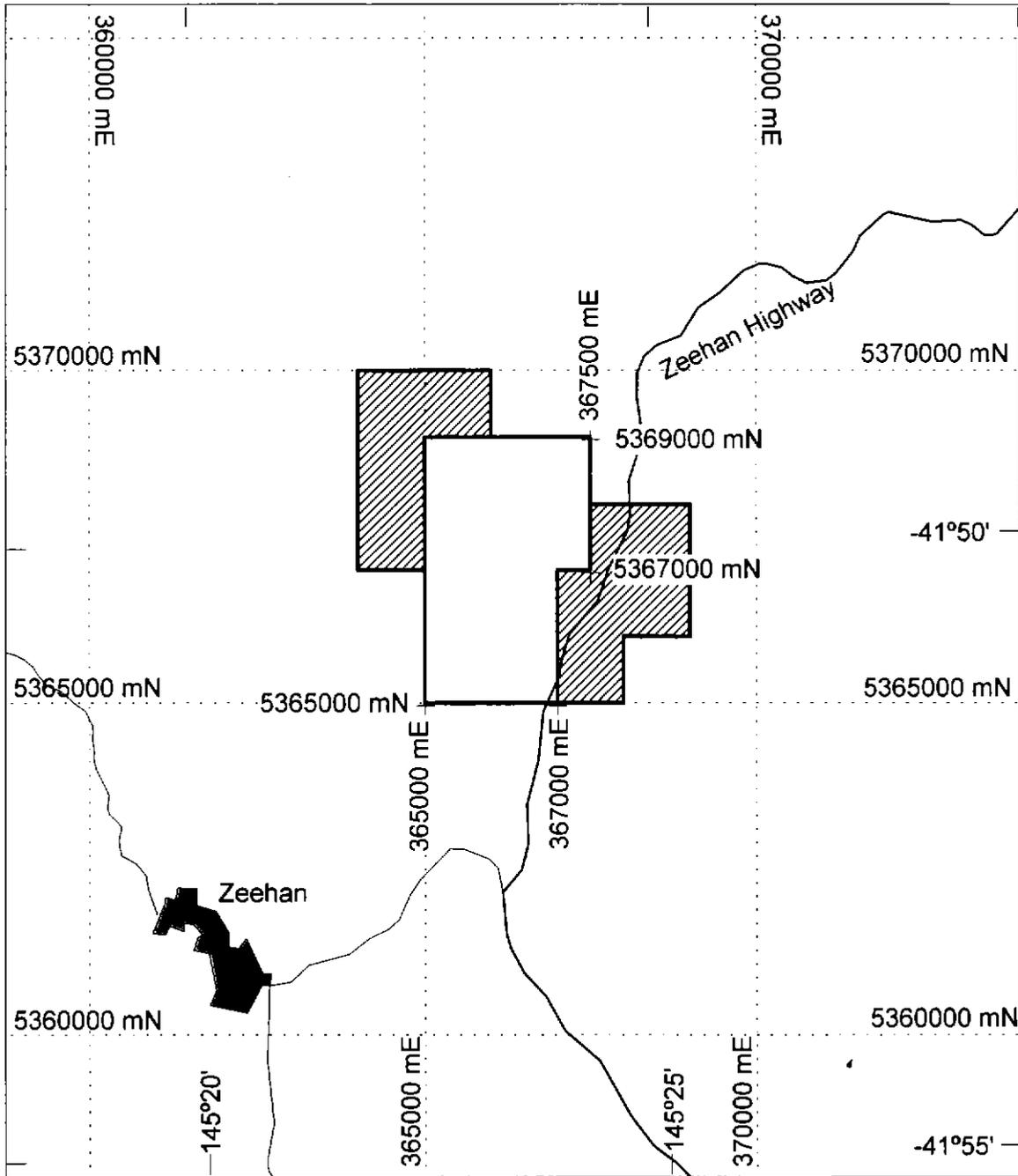
	1/3/97 - 28/2/98	TOTAL
Drilling	0	44,524
Contractors	0	93,912
Laboratory	0	27,608
Rent & Property	51	9,792
Payroll & Benefits	1,052	91,594
Field & Transport	383	33,515
Travel & Accommodation	0	3,167
Computer Services	62	8,601
Professional	0	1,441
Office & Miscellaneous	951	5,558
District Administration	389	19,273
Regional Costs	655	39,460
Tenements	889	3,507
<b>TOTAL</b>	<b>\$4,432</b>	<b>\$381,952</b>

Table 3

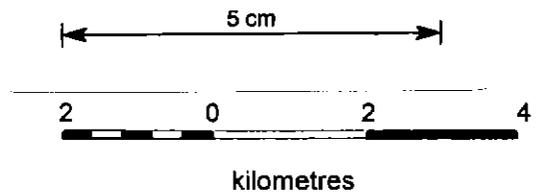
## Allegiance Expenditure Statement for EL 43.92 Melba Flats

	1/3/97 - 28/2/98
Geology	5,792
Administration	724
<b>TOTAL</b>	<b>\$6,516</b>

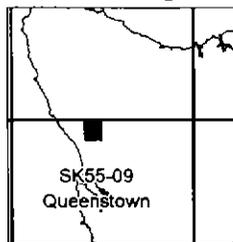
Total Expenditure on licence is \$388,468.



-  Recommended for Relinquishment
-  Area to be Retained



**Location Diagram**



100k Ref:  
Pieman 7914

CROWN COPYRIGHT  
Digital topography supplied by AUSLIG.

Projection: AMG Zone 55  
Horizontal Datum: AGD 1966  
Vertical Datum: AHD 1971

**RIO TINTO EXPLORATION PTY. LIMITED**

**EL 43/92 Melba Flats  
Partial Relinquishment**

Author: T McCona/chy	Ref: SK55-09 Queenstown
Drawn: N. Waterman	File Name: Tv1285.wor
Date: 16-9-1997	Report No:
Scale: 1:100000	Plan No: Tv1285

**Appendix 1**

**Proposed Budget and Work Programme (April 1998 - March 1999)  
for EL 43/92 Melba Flats**

①

424017

EL 43/92

PROPOSED EXPLORATION, APRIL 1998 - MARCH, 1999

To further evaluate the nickel, copper, gold and PGM potential of the Cunt Mine area, the following work is proposed during the 12-month period to March, 1999:

Data Evaluation:

- (i) Detailed collation and assessment of previous data, including reprocessing of airborne aeromagnetic and EM data.

Core Drilling:

- (ii) Ground magnetic and soil sampling surveys by Rio Tinto defined a significant anomalous zone parallel to, and immediately west of, the main known nickel bearing gabbro dikes in the North Cunt-Genets Winze area.

The anomaly is stronger and broader than the corresponding anomaly over the main known sulfide deposit to the east, and has never been tested by drilling. Rio Tinto proposed drill testing in 1995 but this was never completed.

It is recommended that one hole be completed to test this anomaly.

Hole details are:

Collar	:	5367 600 N 366 375 E
Length	:	250 m
Dip	:	-50°
Bearing	:	AMG 270°
Size:	:	HQ-NQ

As such, this hole would not only test the western anomaly at approximately 125 m depth, but also the eastern gabbroic dikes which have previously been tested in this area by two drill holes:

②

EM 4 (1953) 0.3 m 0.9 %Ni 0.7 %Cu at 20 m

MFP 109 (1965) 5.0 m 0.4 %Ni 0.5 %Cu at 56 m,  
plus several unassayed gabbros

The nearby North Cuni mine is credited for having produced approximately 1000 t 10-17 %Ni, 5.5-6.5 %Cu.

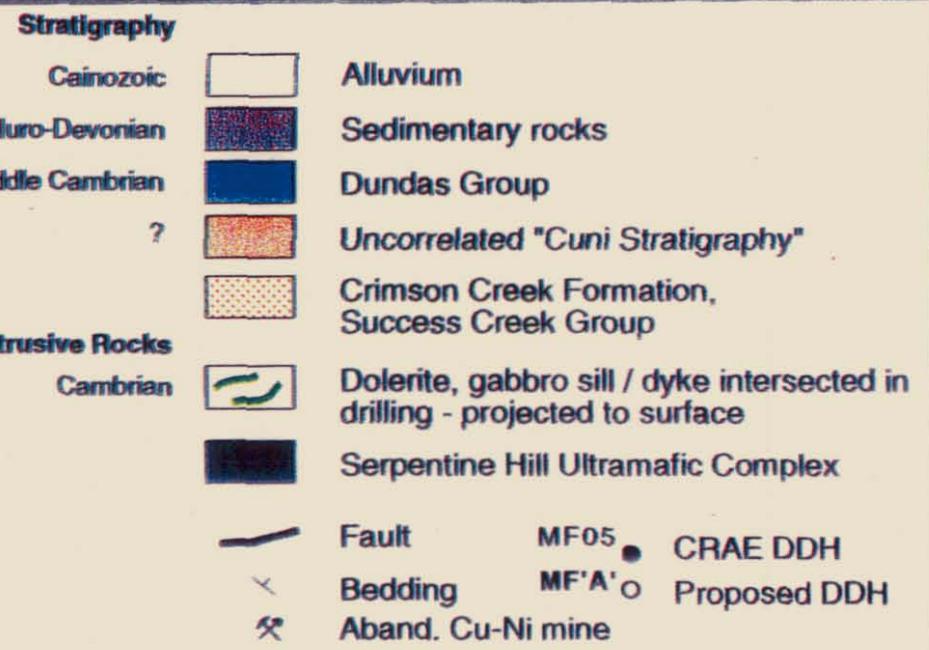
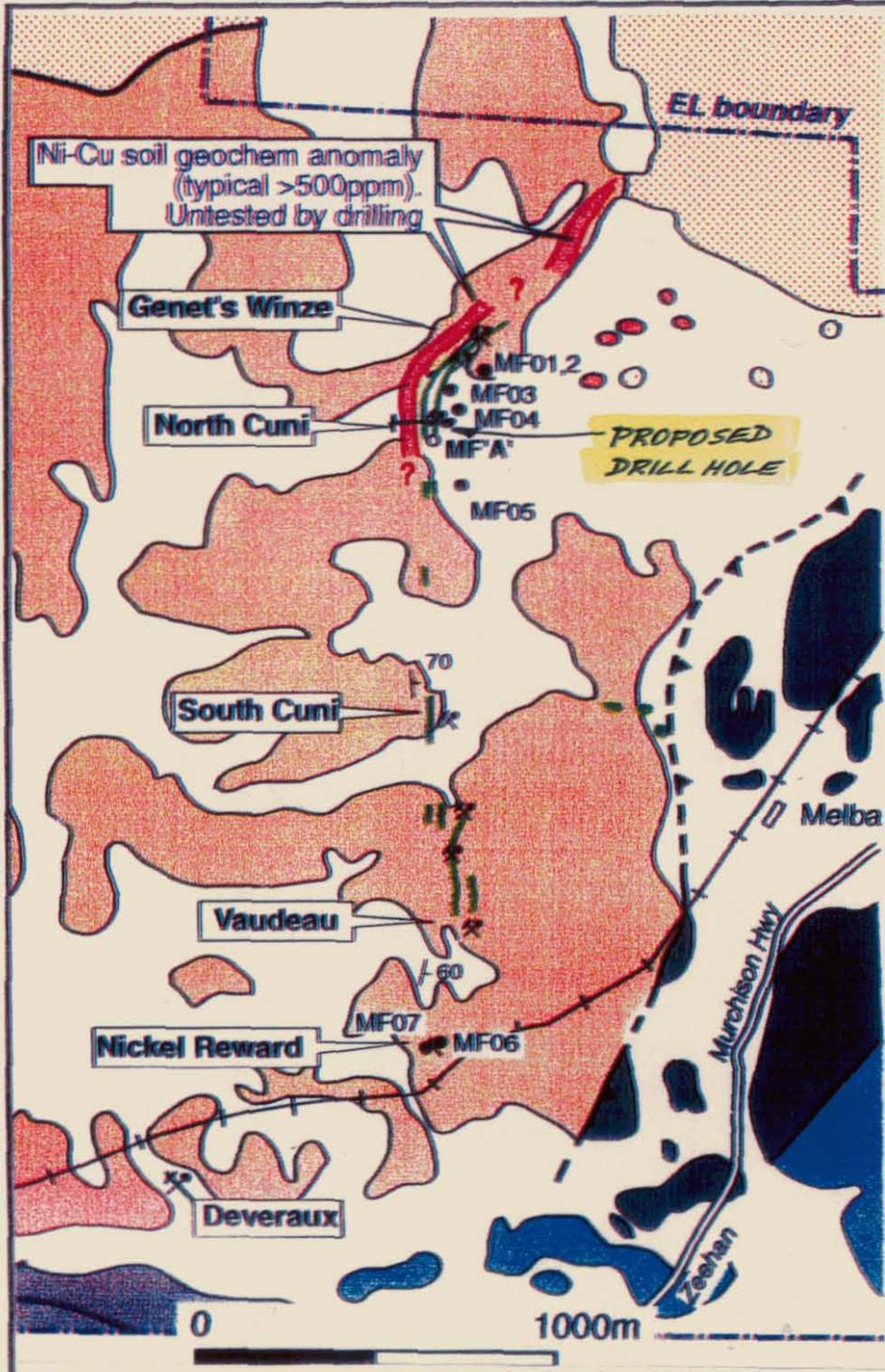
Access to this area is good and no substantial development is required.

③

424019

**Budget for the above work is:**

Data Evaluation	5,000
Drilling 1 x 250 m HQ-NQ hole @ \$100/m	25,000
Drilling consumables	1,500
Management (supervision, logging, reporting) 4 weeks	8,000
Travel, accommodation	4,000
Assaying 50 samples at \$30/sample	1,500
Petrology	1,000
Contingency (10%)	<u>4,000</u>
<b>Estimate</b>	<b><u>\$50,000</u></b>



**CRAE Drilling : 7 holes 455m**

MF01	0.7m @ 9.3% Ni, 4.5% Cu
MF03	0.5m @ 7.7% Ni, 2.9% Cu
MF04	0.8m @ 7.8% Ni, 10.3% Cu

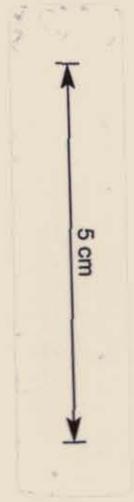
**Previous workers - Cuni Drilling : 67 holes**

Genet's Winze - North Cuni Prospect

DD04	1.1m @ 10.1% Ni, 5.5% Cu
MFD110	3.0m @ 4.3% Ni, 2.7% Cu

Nickel Reward - Vaudeau Prospect

M13	>8.8m @ 3.3% Ni, 3.3% Cu	true widths unknown
M15	4.5m @ 7.8% Ni, 2.5% Cu	



NEWNHAM EXPLORATION AND MINING SERVICES

**ZEEHAN NICKEL PROJECT**

**CUNI PROSPECT**

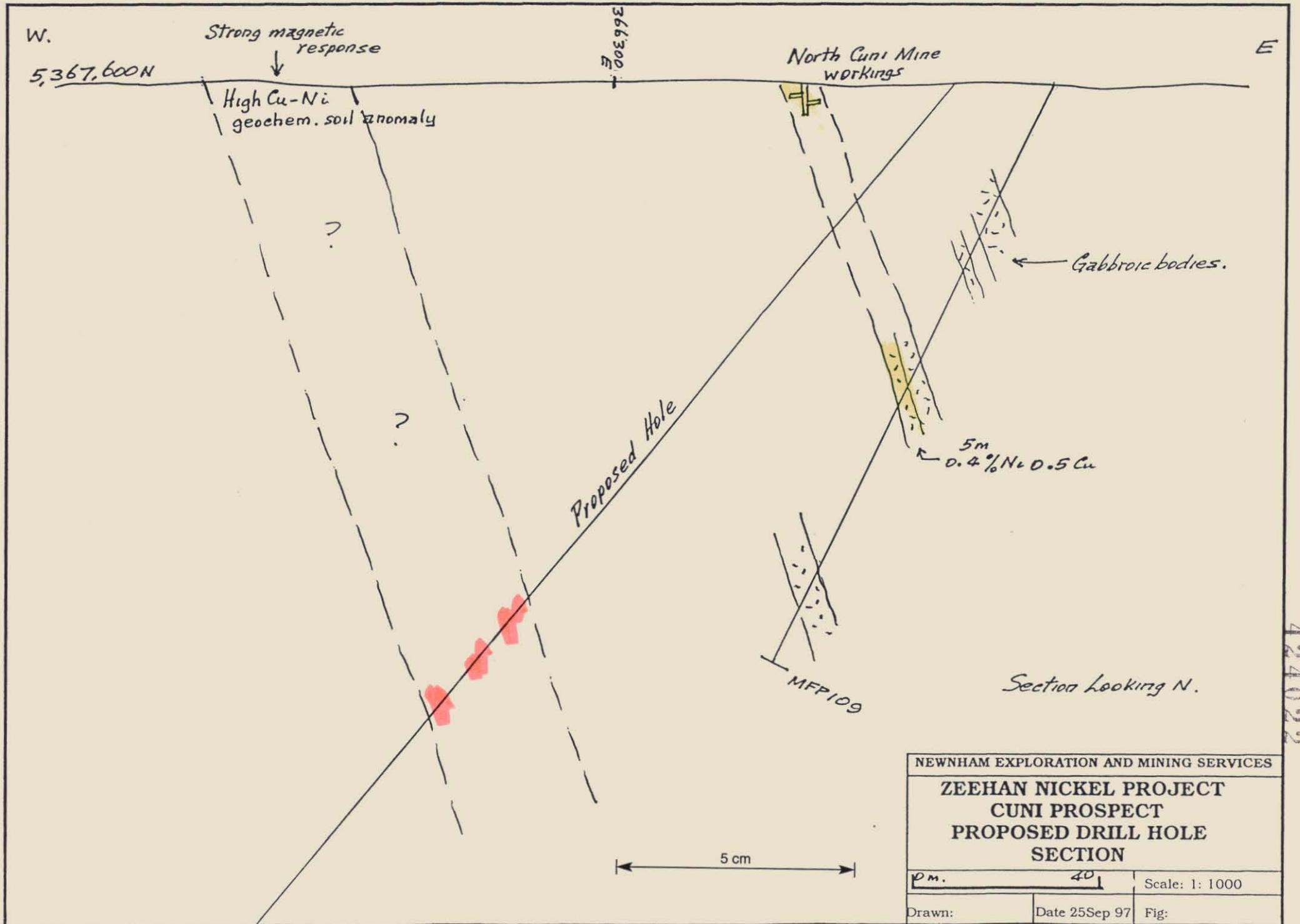
**PROPOSED DRILL HOLE**

(Base map taken in full from Rio Tinto)

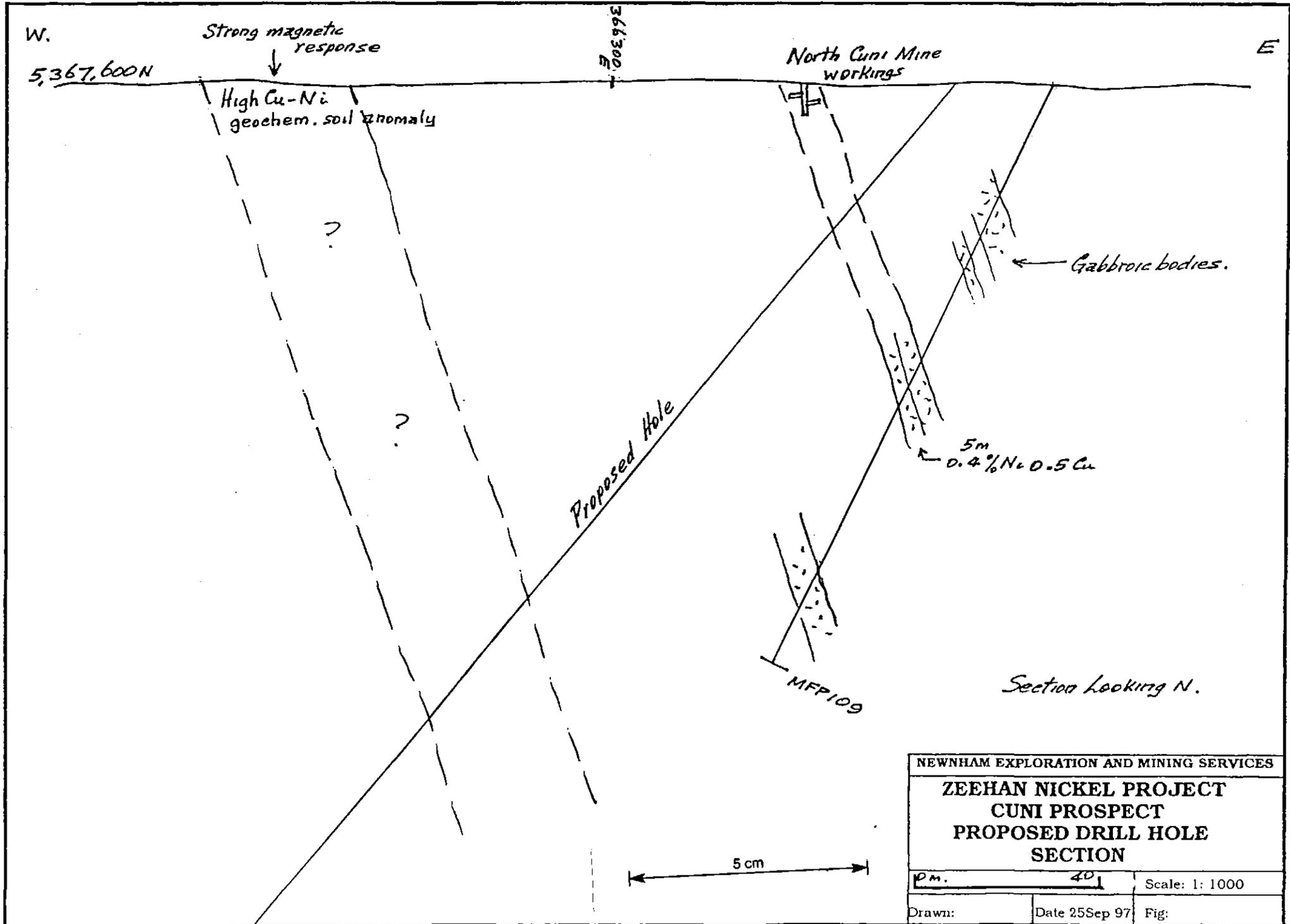
Scale: as shown	
Drawn:	Date 25Sep 97 Fig: 5

424020





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NEWHAM EXPLORATION AND MINING SERVICES		
ZEEHAN NICKEL PROJECT		
CUNI PROSPECT		
PROPOSED DRILL HOLE SECTION		
Drawn:	40	Scale: 1: 1000
Date 25 Sep 97	Fig:	

424023