EAST RENISON EL 05/2002

ANNUAL REPORT
FOR THE PERIOD ENDING 9th MAY 2014

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1. SUMMARY

Executive Summary:

Reassessment and drilling of the Salmons Pb-Zn vein deposit was completed during 2013. The aim was to assess the potential for a supplement of ore for the Rosebery mine. A total of four diamond drillholes were completed for 693.8m for the entire program with 2 holes for 343.8 metres completed in the current period. Drilling intersected both the Salmons Pb-Zn vein and a Cu rich vein located at the contact of a series of interbedded siltstones and sandstones and an altered ultramafic. However, these intersections did not replicate significant mineralised intervals identified by Comstaff during the early 1980's.

These mixed results are thought to be due to the nature of the mineralised system itself. Mineralisation is located in a structurally controlled complex vein system extending the entire length of the prospect area. Zones where there is an increase in apparent thickness of the veins could be due to structural controls such as dilational zones or fault jogs.

Following completion of the program and interpretation of the results, it was determined that subsequent testing of the Salmons vein was not warranted.

INTRODUCTION

Extensive exploration has previously been undertaken by others in selected areas within EL 05/2002. Historical work has been focused primarily on tin mineralisation known as the Pieman Deposit, Pb-Zn-Ag mineralisation known as the Salmon Deposit and the Cu-As skarn zones on Colebrook Hill.

During the period MMG completed drilling at the Salmon Deposit.

2. LAND TENURE

Exploration Licence EL 05/2002, East Renison, straddles the Murchison Highway between the town of Rosebery and the Renison Mine in Western Tasmania (Figure 1) and has an area of 24 km². The tenement was held by Eastren Pty Ltd until the 21st March when it was transferred to MMG Exploration Pty Ltd.

The status of land covered by EL 05/2002 is varied and includes Crown Land, HEC Land, Informal Reserve (Renison Bell Regional Reserve), and State Forest.

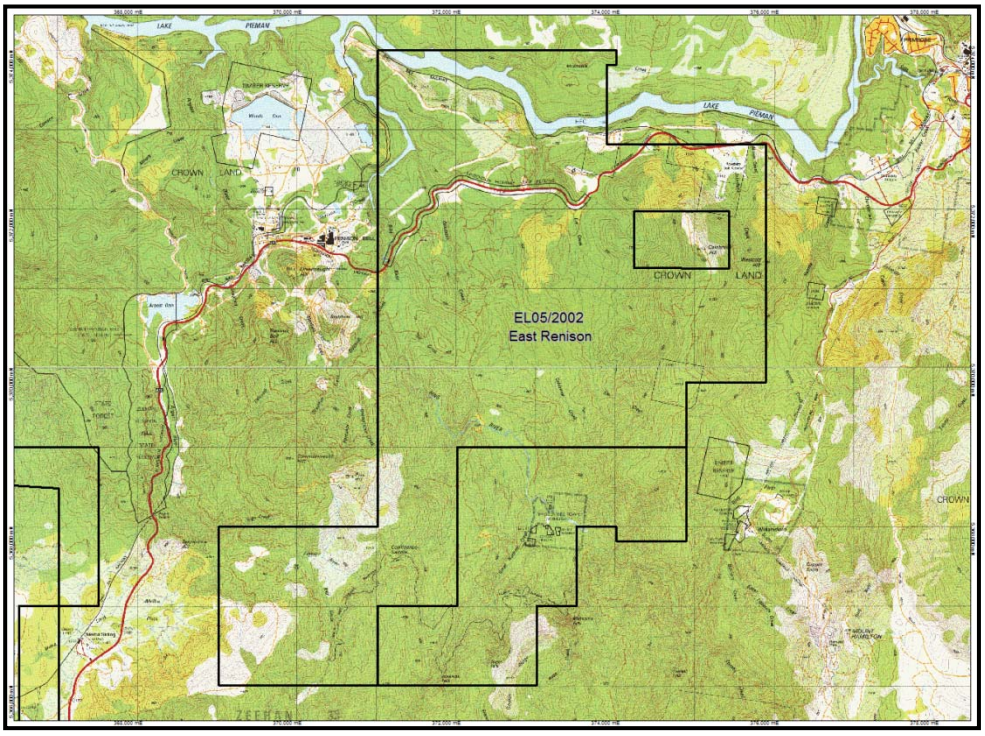

Figure 1: EL05/2002 Regional Location Map (GDA94).

3. GEOLOGY

EL 05/2002 is interpreted to cover a sequence of Cambrian sediments, cut by two belts of highly magnetic Cambrian mafic/ultramafic rocks intruded and altered by Devonian-Carboniferous granite (Figure 2). The granite forms an ENE trending ridge at approximately one kilometre depth and connects to granite outcrops at Pine Hill in the west and Granite Tor in the east.

Intrusion of the granite has resulted in extensive alteration of the adjacent sediments and mafic-ultramafic belts, ranging from contact metasomatism adjacent to the granite to more distal alteration, caused by migrating hydrothermal fluids. The ultramafics, which were probably pyroxenites, were altered to dark-green serpentinite carrying abundant magnetite. Gabbros, particularly associated with the western ultramafic, were extensively altered to talc-carbonate. This alteration appears most intense around structural zones

(faults) cutting the gabbro. Calcareous sediments were extensively altered to marbles and garnet rich skarns.

Allegiance Mining NL also considered the area as geologically analogous to the Avebury mine area and considered the East Renison EL as prospective for Avebury-style remobilised nickel sulphide deposits.

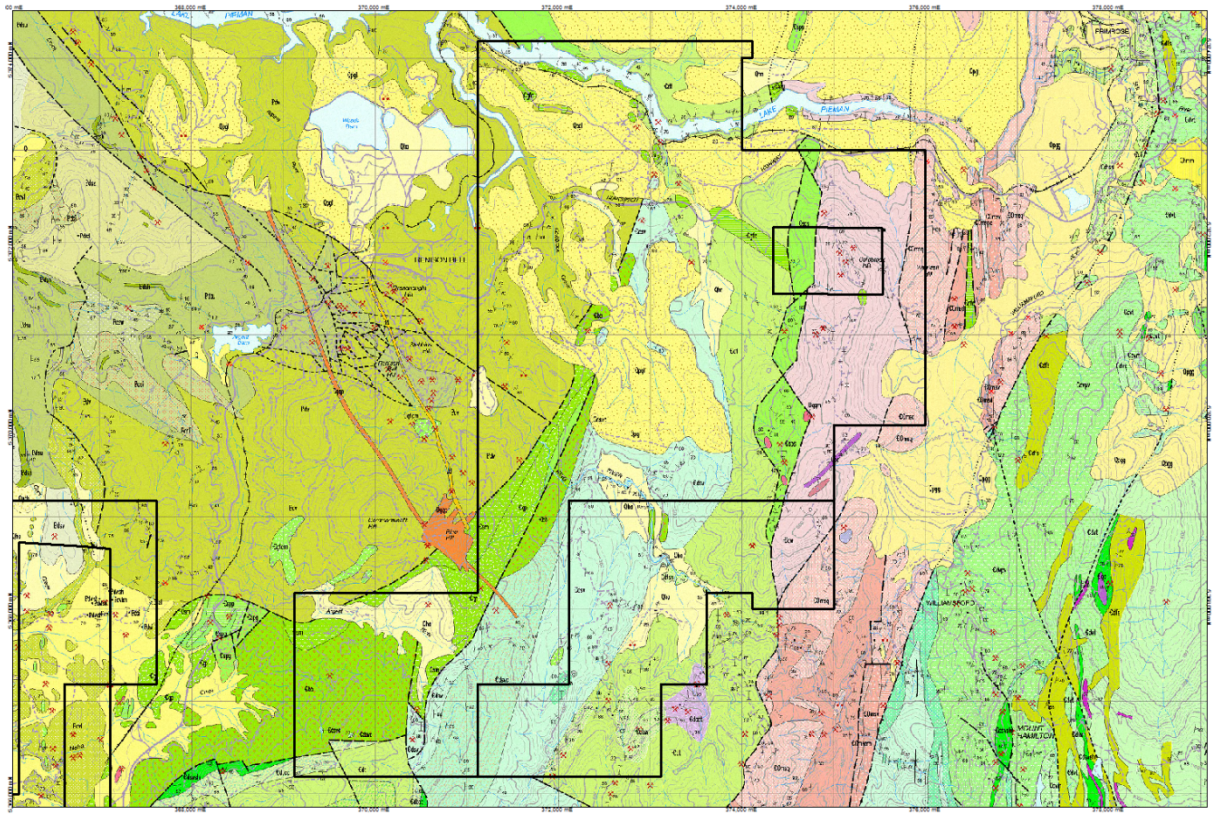

Figure 2: EL05/2002 overlaid on 1:25K MRT Geology (Dundas: Rosebery Sheets).

4. PREVIOUS EXPLORATION

Previous exploration has been well compiled in the 2012 annual report, the reader is referred to this report for details.

5. CURRENT EXPLORATION

Drill program:

The initial program was planned to test the validity of historical drilling and to test for extensions to known mineralisation. Planned drillholes were strategically located to fill in gaps in existing drilling and determine potential mineralisation closer to the surface.

The drilling program completed four drillholes for a total of 693.8m. Recent drilling intersected both the Salmons Pb-Zn vein and a Cu rich vein which was located at the contact of a series of interbedded siltstones and sandstones and an altered ultramafic (talc carbonate).

Further details of drilling including significant intersections are shown below; true widths have been calculated using apparent thickness intervals and average alpha angles of mineralised veins.

Mineralisation of both the Salmons and Cu rich veins are hosted within Cambrian Upper Crimson Creek Formation sediments. The principal Salmons vein system is comprised of at least three sub-parallel veins in a zone approximately 30 to 100m wide.

The Salmons and Cu rich vein are closely associated with an altered ultramafic (talc-carbonate) unit, which lies within the outer zone of a contact metamorphic aureole of the underlying Devonian Pine Hill granite body. Locally there may have been a degree of upgrading where the veins intersected the talc carbonate unit, predominantly within the central and southern sections of the system. The vein system strikes NE and N and dips almost vertically.

All completed drillholes intersected both the Salmons Pb-Zn rich vein and a Cu rich vein. The Salmons vein was identified within a series of interbedded volcaniclastic sandstones and shales. The vein was comprised of three to four smaller veins varying in thickness from 5cm up to 50cm, all with similar sub-vertical to vertical orientation and striking approximately north-south. Mineralisation was comprised of coarse grained pyrite-arsenopyrite-galena-sphalerite in quartz-carbonate veins.

The Cu rich vein was identified proximal to the contact of interbedded sandstones and siltstones and a talc carbonate unit (Altered ultramafic). The vein was comprised of up to three to four smaller veins that varied in thickness from 5cm up to 30cm. The veins had a similar sub-vertical to vertical orientation and were striking approximately north-south. Mineralisation was made up of coarse grained pyrite-arsenopyrite-chalcopyrite within quartz-carbonate veins.

Depth of weathering in the typical country rock extended to roughly 30 to 40 meters depth. The weathered and oxidised zone over the Salmons vein, however, increases to approximately 70 to 80 meters depth. The vein within this weathered zone (intersected by RBE052) was completely oxidised out, with secondary lead minerals such as mimetite and pyromorphite identified within the oxidised zone.

The following table (Table 1) illustrates significant intersections from recent drilling. Figures 3-4 show these intersections in a plan map with modelled surfaces of the Salmons vein and talc carbonate units. Figures 5-6 illustrate the recent results in cross section and Figure 7 shows a long section of the Salmons vein with significant results, both recent and historical.

Significant intersections:

Hole ID	From	To	Interval (m)	True thickness (m)	Alpha angle min	Cu %	Pb %	Zn %	Ag ppm
RBE051	57.1	60.4	3.3	2.3	45	0.1	13.9	2.0	342
including	57.8	59.2	1.4	1	45	0.2	31.3	4.2	790
RBE051	61.3	63.6	2.3	1.6	45	0.0	0.2	0.2	3
RBE051	72.3	78	5.7	3.3	35	0.1	1.5	0.9	39
RBE051	125.8	126.9	1.1	0.6	35	1.8	0.6	0.4	109
RBE052	21.2	28.2	7	5	45	0.2	1.1	0.2	80
RBE052	92.8	93.4	0.6	0.5	50	0.1	0.8	2.3	34
RBE052	95.9	96.4	0.5	0.4	50	0.0	0.4	2.9	27
RBE052	100.3	104	3.7	2.8	50	0.8	0.1	0.0	33
including	103.2	104	0.8	0.6	50	2.1	0.1	0.0	70
RBE054	163.3	165.6	2.3	1.3	35	0.1	15.5	3.8	316
including	163.9	164.6	0.7	0.4	35	0.4	49.8	8.7	1010
RBE054	174	189	15	9.6	40	0.1	0.2	0.2	10
RBE054	216.4	217.1	0.7	0.5	40	2.9	0.2	0.3	71
RBE055	139.6	142.4	2.8	2.2	50	0.0	4.5	2.5	88
RBE055	157.3	157.6	0.3	0.2	50	1.8	0.0	0.3	97
RBE055	177.9	178.3	0.4	0.3	50	1.8	0.1	0.1	71
RBE055	181.3	184.8	3.5	2.7	50	1.4	0.1	0.1	40
RBE055	191.2	192	0.8	0.6	50	0.5	0.0	0.0	17

Table 1 – Significant intersections from recently completed drilling program. Table shows original interval thickness and calculated true thickness of the intersection. Also included is the average alpha angle of the intersected mineralised vein. Figures have been rounded to one decimal place.

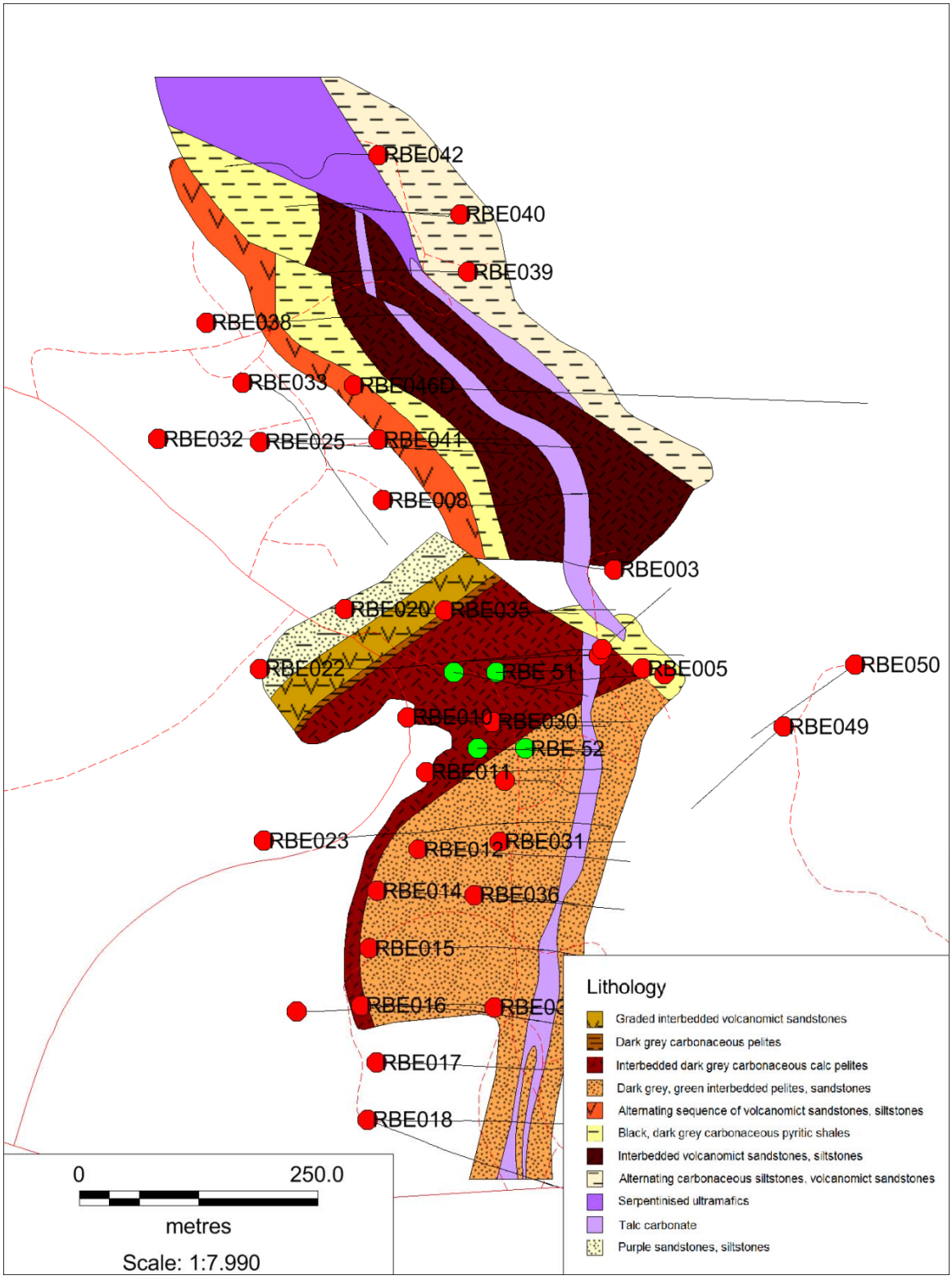

Figure 3 – Plan map of Salmons illustrating all historical drilling with red collars and recent drilling in green collars. Purple unit is talc carbonate within series of interbedded volcaniclastic siltstones and sandstones.

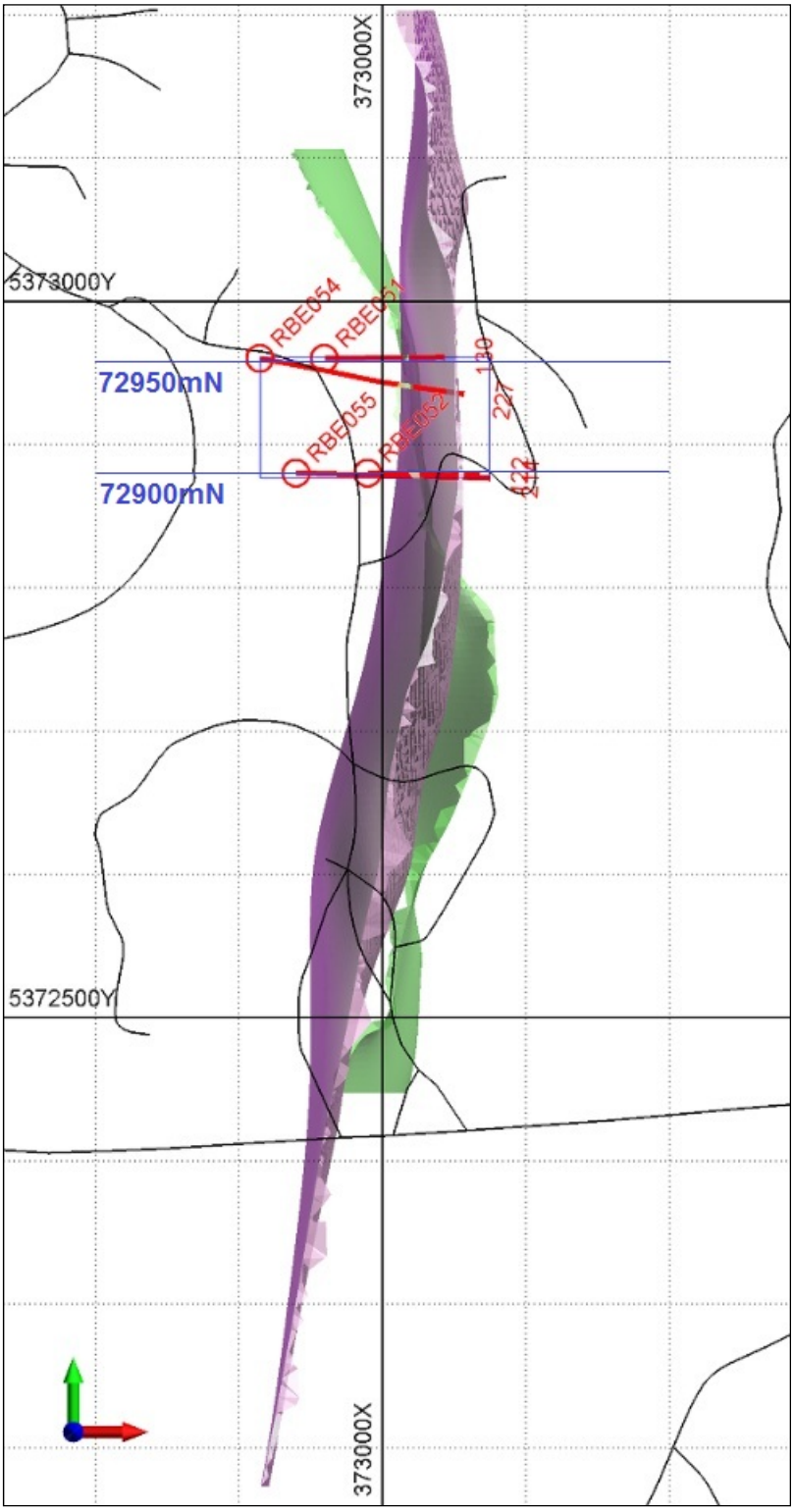

Figure 4 – Plan map of Salmons illustrating locality of the 72900mN and 72950mN sections. Recently completed drilling program shows drill traces in red. The green unit is the Salmons vein and the purple unit is the talc carbonate, both units have been constrained from historical and recent drilling.

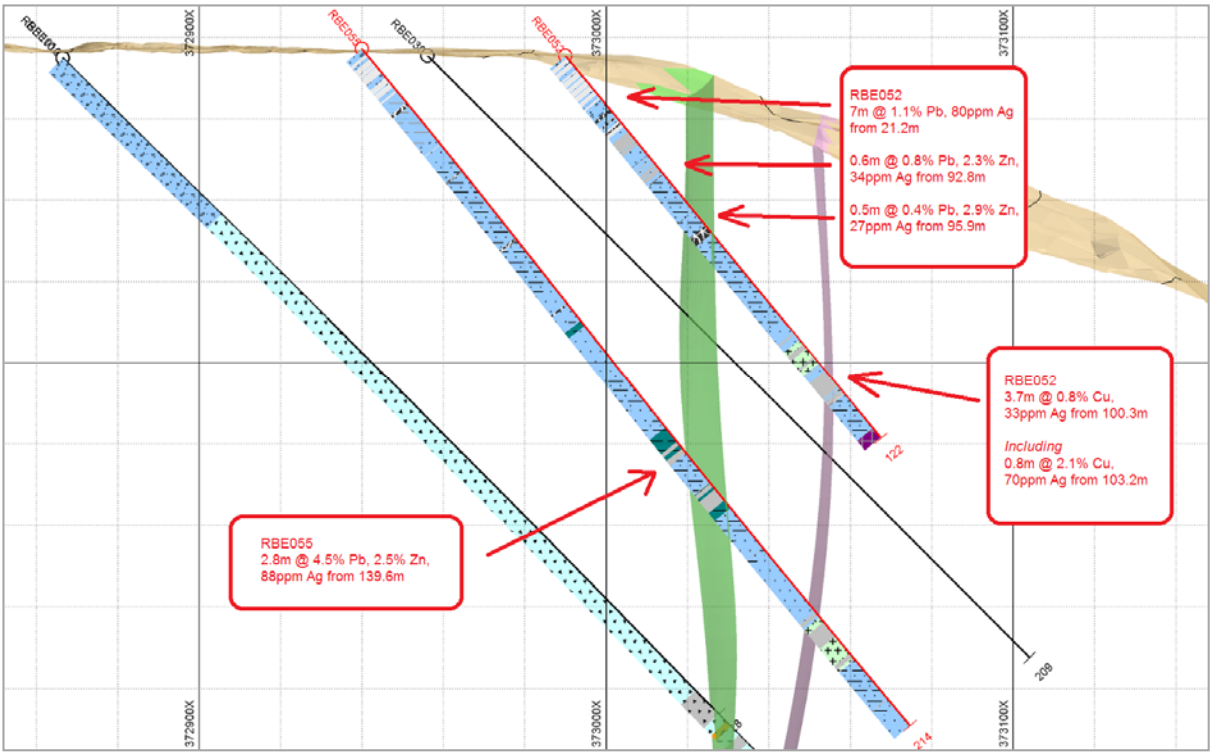

Figure 5 – Cross section at 72900mN, historical drillholes in black and completed drillholes RBE055 and RBE052 in red, Salmons vein is in green and talc carbonate in purple. Significant intervals highlighted with assay results.

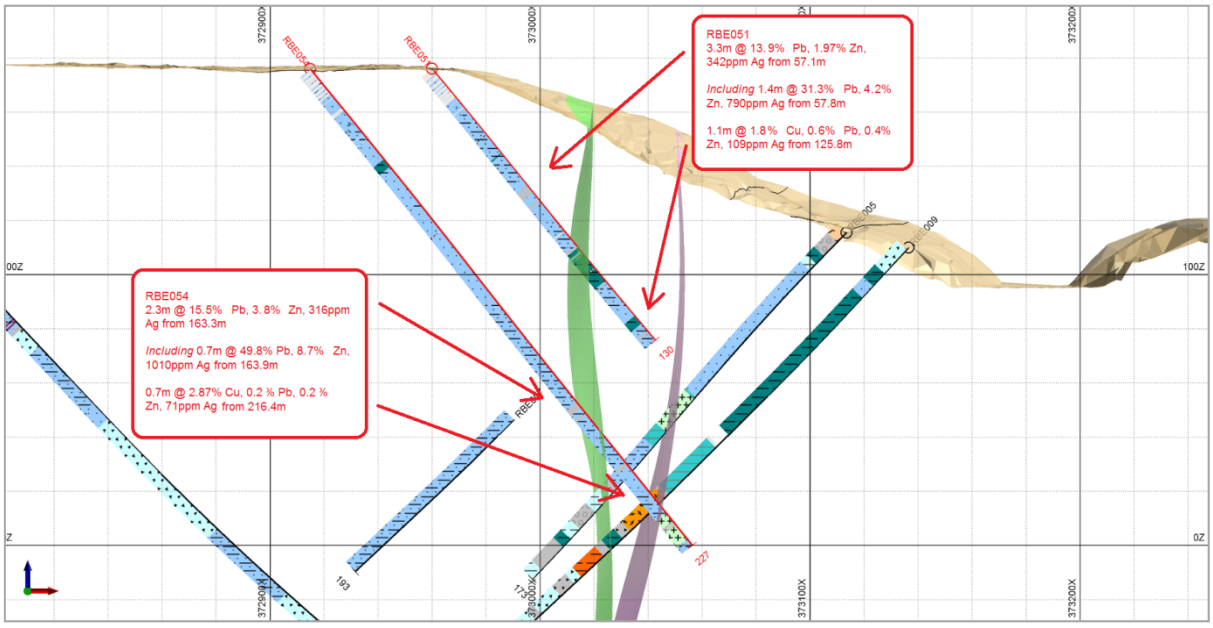

Figure 6 – Cross section at 72950mN, historical drillholes in black and completed drillholes RBE054 and RBE051 in red, Salmons vein is in green and talc carbonate in purple. Significant intervals highlighted with assay results.

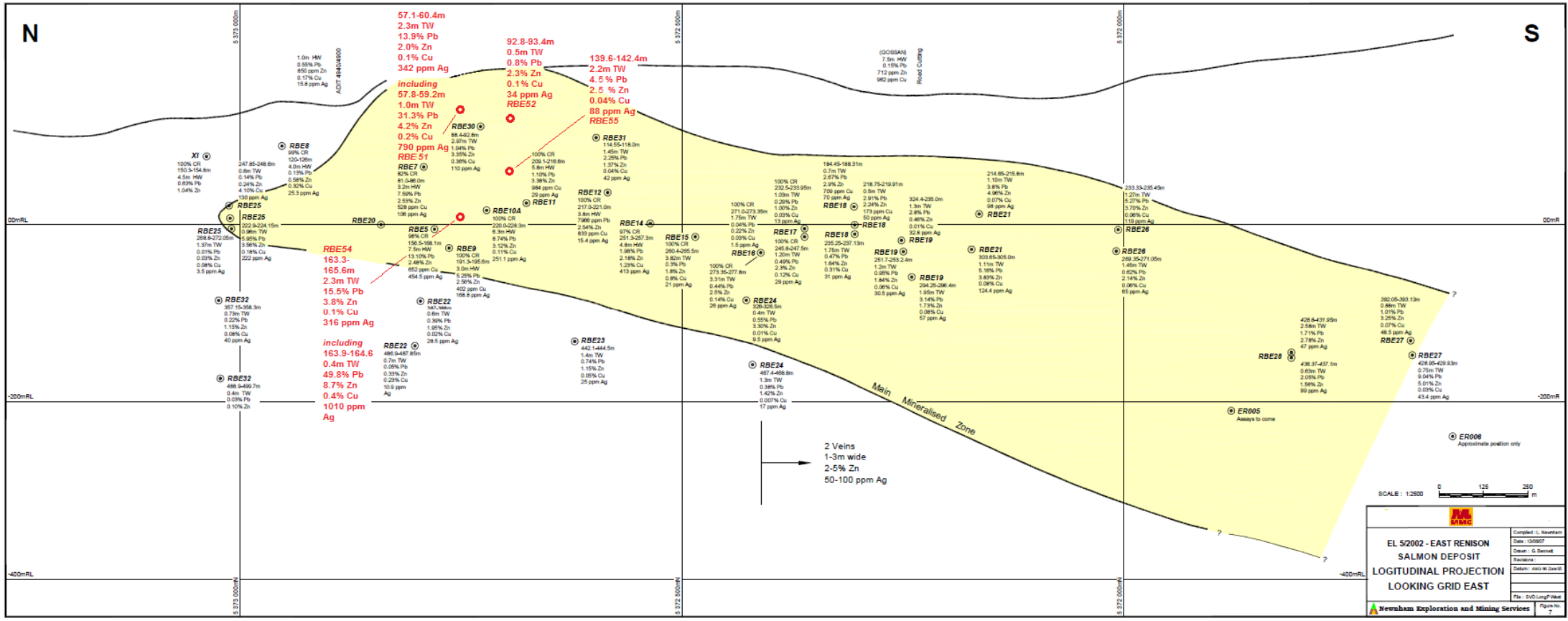

Figure 7 – Long section at 373000mE, historical drillholes in black and proposed drillholes in red, The Salmons vein mineralisation is outlined in yellow. Illustrates intersections of the Salmons Pb-Zn rich vein only and highlights significant mineralised intervals intersected from recent drilling.

6. CONCUSIONS AND RECOMMENDATIONS

The recent drilling intersected both the Salmons Pb-Zn and the Cu rich vein in all four drillholes. The true widths of these intersections, however, were variable and did not replicate historical results that were identified initially by Comstaff.

Analysis on the mineralisation indicated that the vein system has a strong structural control, whereby vein thicknesses are controlled by fault jogs and dilational zones. Targeting these zones is difficult both up and down plunge of the mineralisation and even more so along lateral extents of the system. The veins were seen to pinch in and out down plunge and could thin out and disappear entirely along strike.

Zn grades intersected within the system are also much lower than that of the Pb, in comparison to the Zn/Pb ratios shown in Cambrian aged volcanic deposits such as Rosebery and Hercules exhibit which are much higher.

These are characteristics shared by other Devonian aged Pb-Zn-Ag fissure vein style deposits (Zeehan, Dundas, Waratah) occurring in rocks ranging from Proterozoic to Devonian in age, which are considered to be inherently related to Upper Devonian granitic intrusions.

In conclusion, the resources that has been re-investigated at the East Renison Pb-Zn Salmons vein and Cu vein are thin, steeply dipping and would be of a low to moderate grade when bulked out to mineable widths. In areas where mineralisation is shallow, the depth of weathering has increased significantly, and the veins are oxidised out with secondary lead oxides and phosphates present, that could introduce potential metallurgical issues.

Due to the nature of these Devonian aged vein style systems and results obtained to date, further investigation of the Salmons vein is not considered to be warranted.

The East Renison area, however, does hold potential for carbonate-replacement cassiterite-sulphide deposits of Renison style. The major NW-trending Federal-Bassett fault which was the main conduit for mineralisation at Renison, is located both to the south and west of the tenement. Fluid migration from this structure into favourable carbonate lithologies within the Crimson Creek Formation may have occurred during emplacement of mineralisation at Renison. This potential has never been fully tested and would warrant future investigation prior to any action regarding tenement holdings.

7. ENVIRONMENT

No new roads were created for the drilling program with all holes of existing track. However the drill sites have not yet been rehabilitated.

8. EXPENDITURE

Expenditure on EL 05/2002 East Renison for the year ending was $143,436.

Salary and wages	10050
Tenement	1854
Drilling	113678
Earth works	4262
Assay	13592
Total	143436

9. PROPOSED WORK FOR 2014-15 YEAR

MMG has intersected high grade base and precious metals in a new structural domain in the north on the western side of the Rosebery Fault. Similar geology persists into this tenement. Work for this tenement for the next tenement year will be to evaluate this potential on this tenement.

Estimated expenditure is $50,000.