



Mt Kershaw

EL 48/2004

RELINQUISHMENT REPORT

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1. SUMMARY

MMG has explored EL48/2004 Mt Kershaw for the past ten years. Numerous small VMS deposits occur in the tenement but no major deposits have been discovered. MMG has allowed a Mining License over the small deposits on this tenement including Browns Tunnel and Southern Trenches. A large regional grid based soil sampling that has recently been completed by MMG failed to identify any significant anomalies on this tenement and subsequently the tenement is relinquished.

2. REGIONAL GEOLOGY

EL 48/2004 is located in the northern portion of the Mt Read Volcanics approximately 10km north of Rosebery (Figure 1). The three known prospects in the area (Southern Trenches, Thomas's Tunnel and Brown's Tunnel) are intimately associated with a sedimentary sequence known as the Burns Peak Subgroup. Structurally, the sequence displays a complex history with local and regional cleavage recorded as trending north east. The northerly orientated Rosebery Thrust Fault is located to the west as a number of splays and to the east, the north easterly trending Pinnacles Shear forms the eastern boundary of the Subgroup (Figure 2).

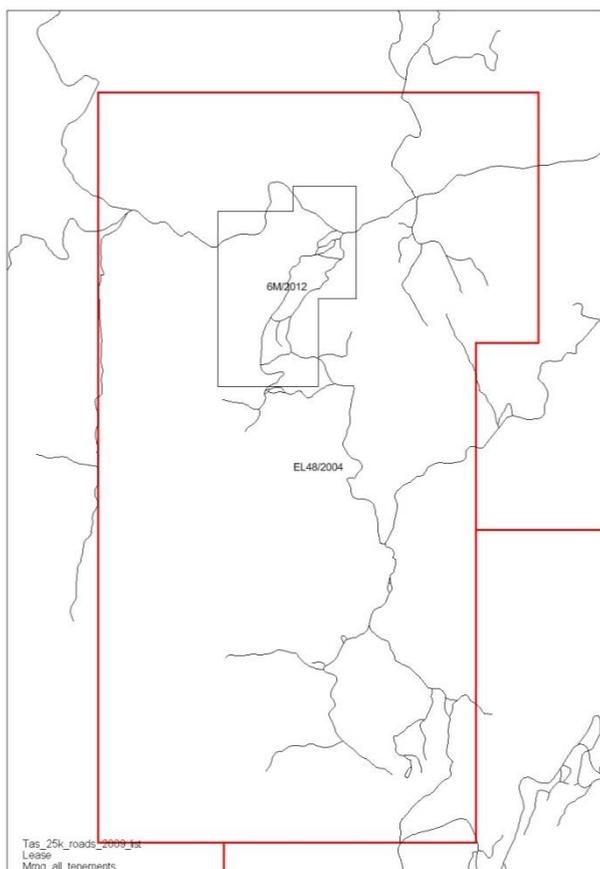


Figure 1 - EL 48/2004 Location Diagram

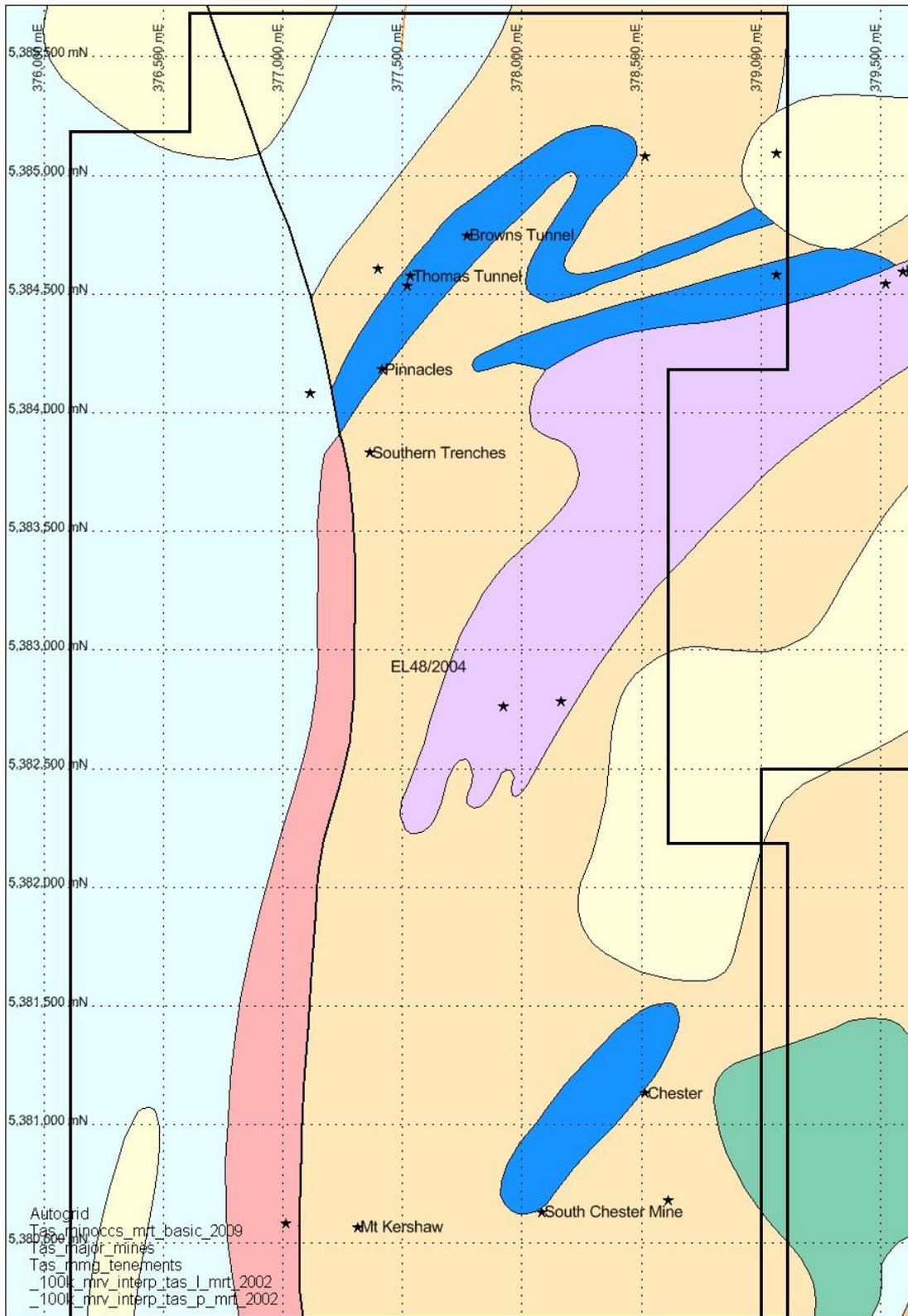


Figure 2 - Burns Peak Interpretative Geology

The stratigraphic sequence in the area is analogous to the sequence exposed in and around the Rosebery Mine. The prospects are hosted by the Browns Tunnel Formation, a complex suite of volcanoclastics, interbedded sediments, dacitic and andesitic intrusives. The Browns Tunnel Formation can be broadly correlated with the upper portion of the Central Volcanics Sequence, which at this location, is overlain by the Pinnacles Rhyolite and the White Spur Formation (Southwell Subgroup). Interbedded within the lower portions of and underlying the Browns Tunnel Formation is the feldspar phyric dacitic pumice breccia and dacite lava/intrusives of the Central Volcanic Sequence.

At Southern Trenches, both the hanging wall and footwall of the host rocks are pumice breccias while further north at Thomas's Tunnel dacitic tuffs and andesite form the hanging wall sequence. Further north at Browns Tunnel, the Thomas's Tunnel hanging wall sequence becomes the footwall sequence.

Hosting the massive sulphides at Burns Peak is a locally discontinuous, although regional (500m -1,500m) continuous zone of syn-volcanic sediments and volcanoclastics. Lithology's range from discontinuous beds of chert, tuffaceous sediments, siltstone, and shale to epiclastics and debris flow units. Vesicular andesite cross cuts and/or intrude sedimentary units in places.

Alteration of the host units, and to a lesser degree the hanging wall and footwall lithology's is ubiquitous. Intense siliceous and pyrite alteration surrounds the massive sulphide lenses, while chlorite, carbonate and sericite alteration (+/- pyrite) is found throughout the host units. Low tenor sericite and carbonate alteration of non-host rocks is sporadically developed.

3. LAND TENURE

Exploration Licence 48/2004 was granted to Zinifex Australia Limited on the 23rd November 2005 for a period of 5 years. Following corporate restructuring and divestment, beneficial ownership of the Licence resides with MMG Australia Limited. The licence was renewed in on the 22/11/2014 for a period of 6 months. Mancala Resource have been granted by MMG the right to apply for a depth limited (150m) mining lease on a portion of EL 48/2004 in accordance with the terms of a Heads of Agreement between MMG and Mancala.

On the EL, all land is Crown Land gazetted as State Forest, informal reserves, portions of the Burns Peak and Mt Kershaw Forest Reserves and some HEC reserves. The proposed Mining Lease is contained wholly within the Burns Peak Forest Reserve.

4. WORK COMPLETED

MMG explored this tenement looking for Rosebery style VMS mineralisation, the work completed in the past ten years is documented in the previous annual reports and the reader is referred to these reports.

In the period leading up to relinquishment, 131 samples collected on the license were analysed. The samples were submitted for ALS MS61 analysis (using 4 acid digest and multi-element mass spectrometer analysis). The samples were collected on a combination of old grid lines and tracks.

When ranked against the wider Rosebery dataset, few samples were considered anomalous (Figure 3). The chalcophile characteristics of the samples is crudely summarised by shape and plotted spatially in Figure 4.

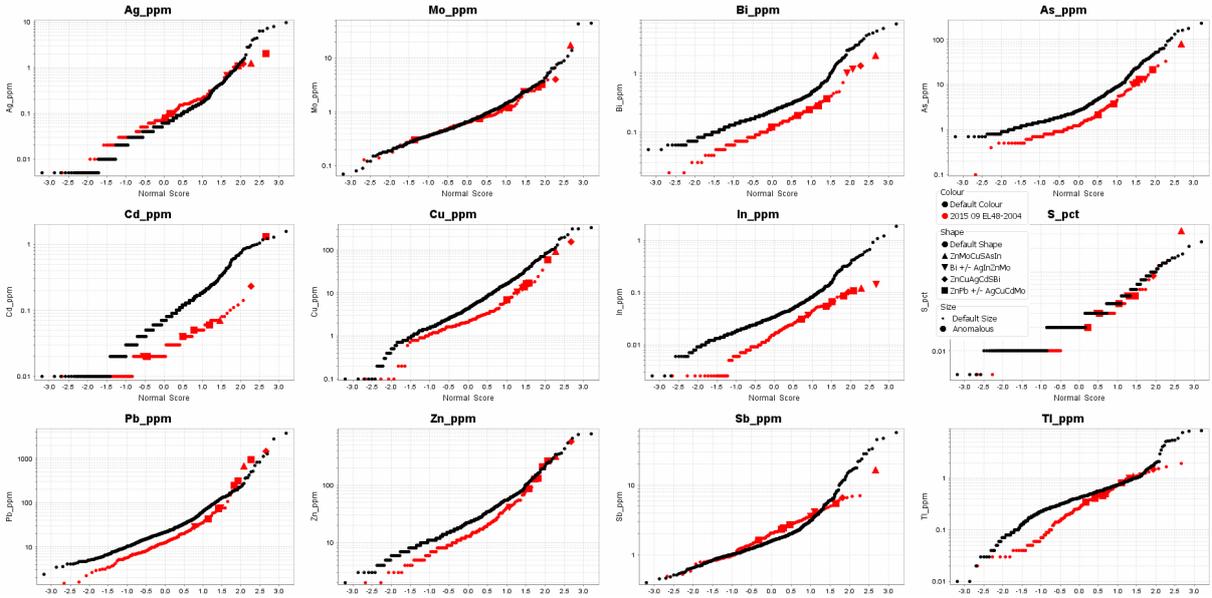


Figure 3 - Mt Kershaw Soil samples (red) compared to MMG Rosebery district MS61 samples (black). A small number of weakly to moderately anomalous samples are evident in the tenement area

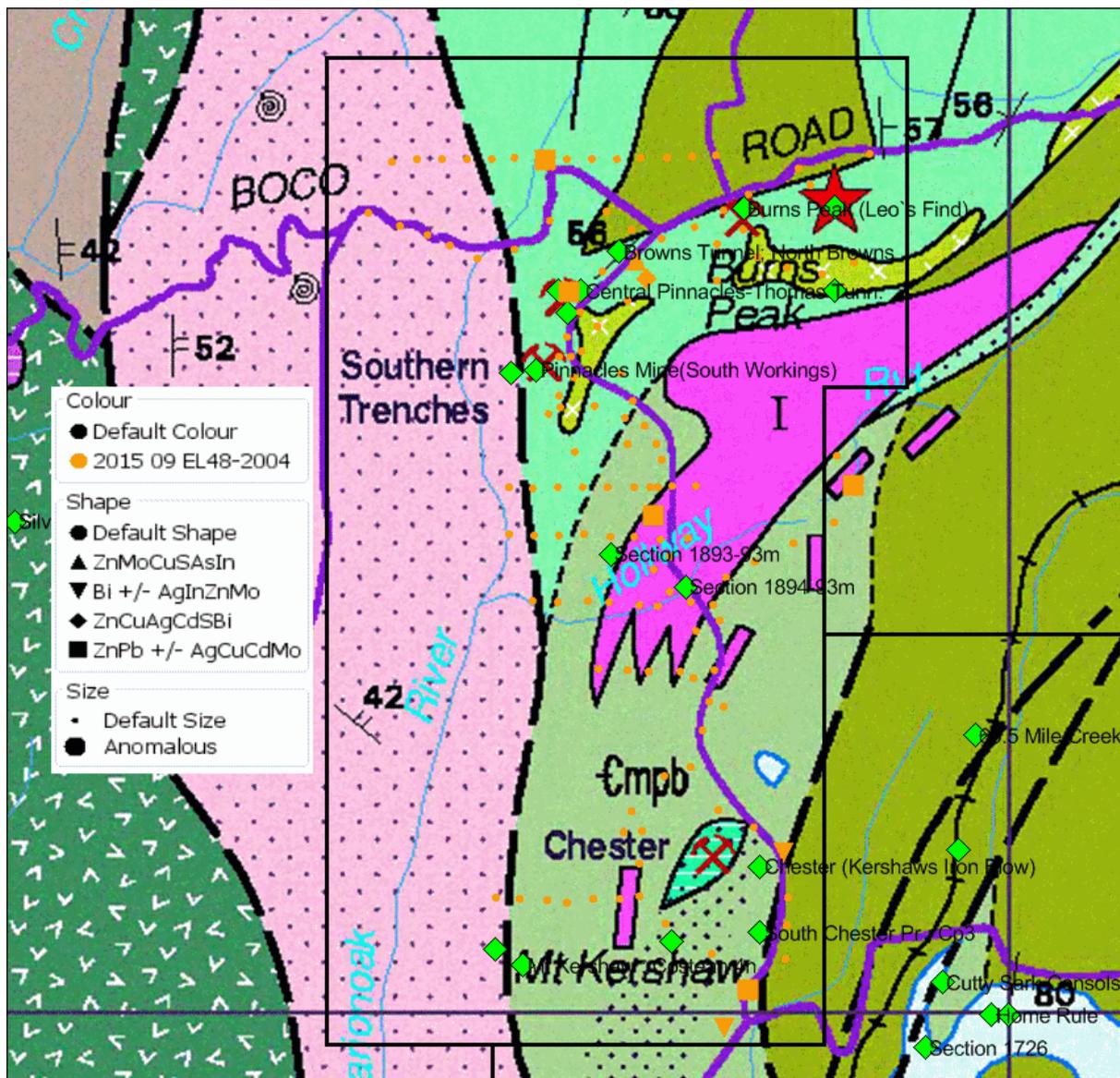


Figure 4 - Soil samples (orange) from the Mt Kershaw area, with shape indicating the chalcophile element associations. Most anomalous samples plot at known mineral occurrences.

The spatial distribution of the chalcophile elements are shown in Figure 5. The broad polymetallic anomaly in the north corresponds with the Brown's tunnel and nearby prospects. Local thallium anomalism is also noted along the fault south of the Southern Trenches (Figure 6).

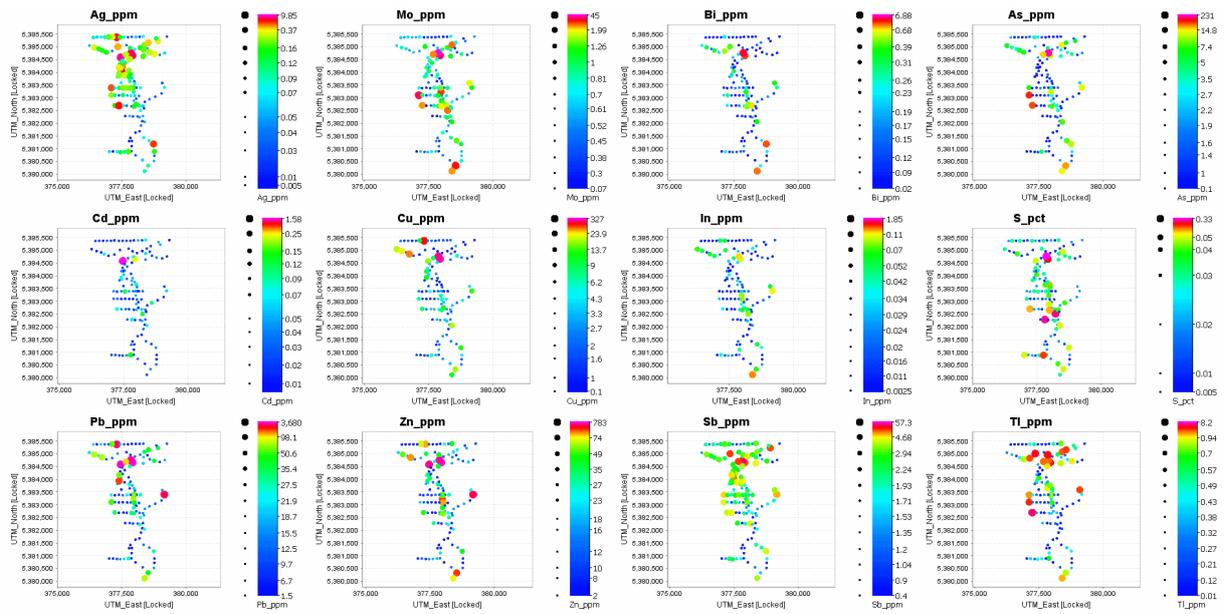


Figure 5 - Soil sample trace element thematics. Note the area of patchy multi-element anomalism in the north (around Brown's tunnel and Burn's Peak), with a broader local TI anomaly coincident (but not regionally anomalous)

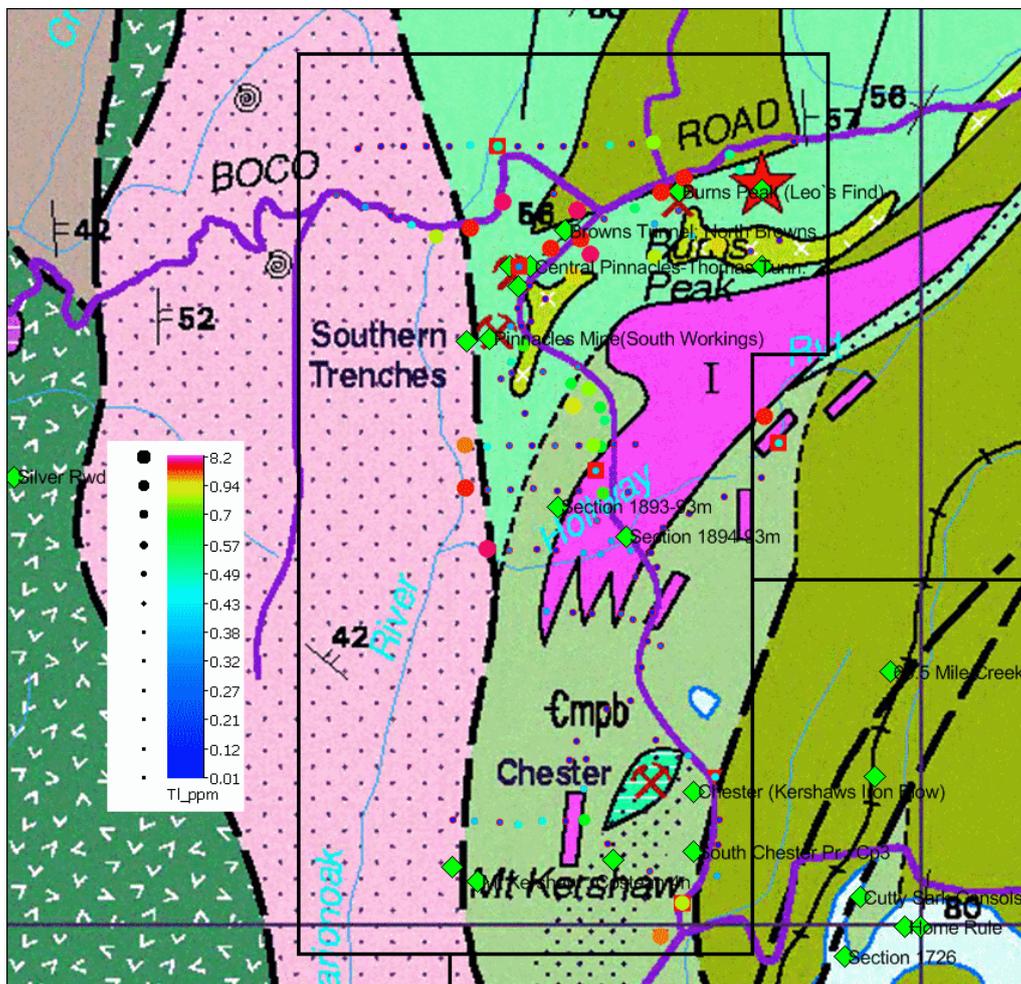


Figure 6 – Thallium thematic plotted over mineral occurrences and 250k geology

Unfortunately, the base metal anomalism is considered explained by known mineralisation or not of sufficient tenor to warrant further MMG interest.

5. EXPENDITURE

A total of \$ 2,016,784 has been spent on this tenement.

Period of Term From	Period of Term To	Total
23/11/2005	7/09/2015	\$2,016,784.00

Table 1: Tenement Expenditure over term of licence