



Melba Siding RL 5/2009

**ANNUAL REPORT
FOR THE PERIOD ENDING 1 DECEMBER 2016**

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<i>Figure 1</i>	Tenement Location Diagram	1:20,000

1. SUMMARY

No work was completed during the current reporting period. Late in the period MMG entered into a sales agreement with Dundas Mining to purchase Avebury and associated tenements.

2. INTRODUCTION

The Melba Siding retention licence area RL5/2009 is an approximately 3 km² block within the Melba Flats Exploration Licence EL43/1993 located to the west of the Murchison Highway immediately to the south of the Renison Bell tin mine, between the towns of Rosebery to the north and Zeehan to the south (Figure 1).

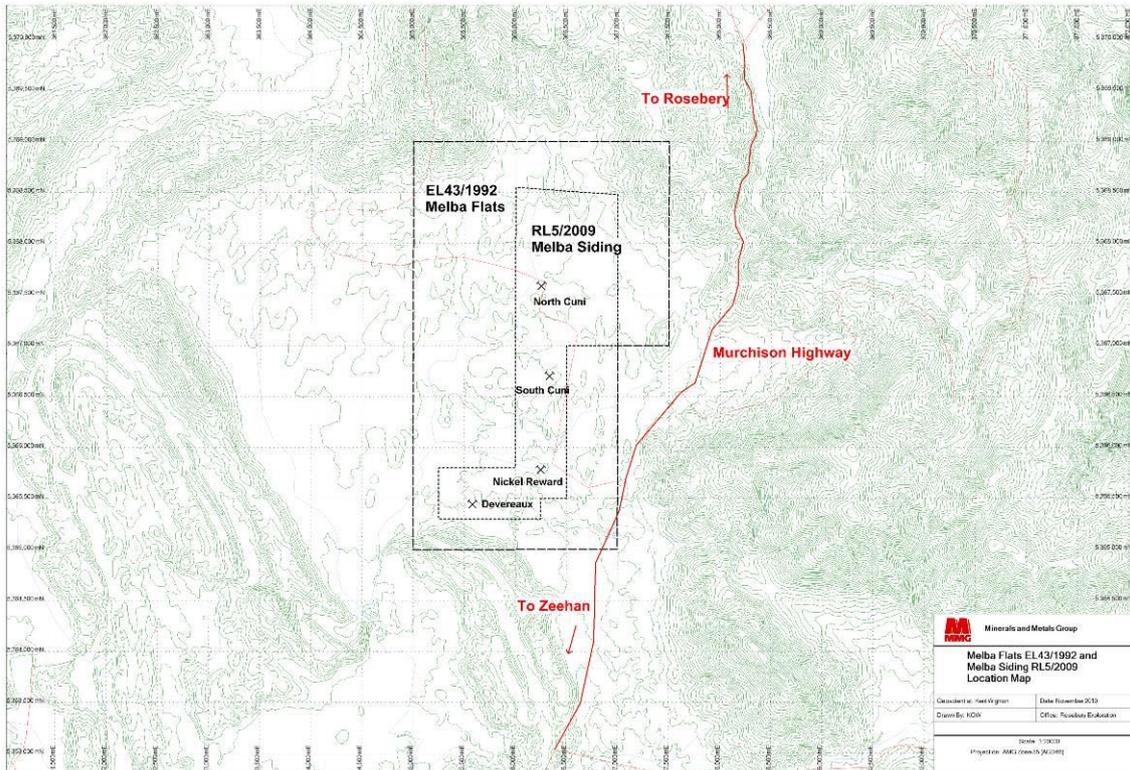


Figure 1: Location RL5/2009 Melba Siding

The Melba Flats area has had a long exploration history as indicated by numerous small scale historical workings and adits. It is thought that copper and nickel mineralization was first discovered in the Melba Creek Area as early as 1893. Recent exploration efforts by Allegiance Mining and later Oz Minerals resulted in the delineation of small scale, high grade nickel resources.

The Melba Flats area is underlain by Cambrian sediments intruded by a number of Cambrian gabbro dikes, genetically associated with the Serpentine Hill and Razorback Ultramafic bodies east of the tenements. The sediments dip to the east and generally strike north-south. Variations in these trends are caused by district folding and common small-scale faulting. The gabbro dikes are intrusive, often with chilled and brecciated margins, and are both concordant and discordant with the enclosing sediments. The dikes, sediments and ultramafics are pervasively altered. Carbonate and carbonate-talc alteration of the gabbro dikes is typically accompanied by late stage carbonate veining. Nickel-copper mineralisation is widespread in the altered gabbros and accumulates in small high grade pods on the footwall of one (?) of these dikes. The mineralisation is accompanied by Au, Pt, Pd, Co mineralisation in broad correlation with the Ni-Cu contents. The late-stage carbonate alteration and veining is also accompanied by significant coarse galena-sphalerite-

chalcopyrite. Exploration to date by Allegiance has shown the Ni-Cu mineralisation to be more widespread and persistent to greater depths than previously thought. Drilling by Allegiance, complemented by surface exposure and former mine workings has identified modest shallow resources at Nickel Reward and North Cuni-Genets. The district is regarded as highly prospective for extensions of these resources and for more substantial bodies at depth associated with larger gabbro and ultramafic intrusives.

The overall strategy of Allegiance and later OZ Minerals at Melba Siding was to commence production from several small pits and to access deeper resources by way of appropriately-sized declines from within these pits. The resources to be extracted from the Melba Flats area were planned to complement and be processed with the ore from Avebury at the Avebury Mine Site.

Exploration activities were disrupted and hindered by economic conditions and subsequent major corporate activities. Prior to its takeover by Zinifex in 2008 (and the subsequent merger etc to create MMG) Allegiance Mining had been exploring and evaluating the Melba area since 1997 with expenditure in excess of \$2,500,000. This work culminated in the identification of modest shallow resources within the Melba Flats area at Nickel Reward and North Cuni-Genets.

3. LAND TENURE

In October 2007 a 10 year mining lease 2M/2007 was granted. Subsequently, OZ Minerals applied for and was granted the conversion of Mining Lease 2M/2007 to a Retention Licence RL5/2009 under the provisions of Section 53(2) of the Mineral Resources Development Act, 1995. The application was made on the grounds of economic reasons not to mine the small scale resources. The same economic conditions resulted in the Avebury nickel mine being placed on care and maintenance.

RL5/2009 was granted on 30/11/2009 for a four year period to the 1/12/2013. The tenement was extended in 2013, 2014, 2015 and for a further period of 12 months the tenement expires on 1st December 2016.

4. ENVIRONMENTAL

No ground disturbing activities were undertaken and no rehabilitation work was completed during the period.

5. WORK COMPLETED 2016

The Director of Mines agreed to an exemption from the expenditure condition up to the period ending 30 June 2016 whilst the Avebury sale is being negotiated. A further application exemption from the expenditure requirement was lodged for the period up 1 December 2016. There was no further work completed during the period.

6. PROPOSED WORK 2017

The Melba Flats tenements are part of the Avebury asset sale process. On the 28th September 2016, the private company Dundas Mining signed an agreement for the acquisition of Avebury.

Estimated expenditure for 2017 is \$20,000, the work program will be designed and implemented by the new owners of the tenement.

7. EXPENDITURE

		Melba Siding RL5/2009
TOTAL COSTS	AUD	
Research by Third Parties	AUD	

Table 1: Tenement expenditure.

8. REFERENCES:

Crawford, A. C. and Keays, 2010. Magmatic Ni-Cu sulphides in mafic sills at Melba Flats, Western Tasmania-a geochemical investigation. Unpubl. Report prepared for Allegiance Minerals, 34 pages.

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