

**Lottah Mining Pty Ltd (on behalf of Dundas
Mining Pty Ltd)**

Annual Report on Exploration

EL 28/1988 “Mt Zeehan”

Dec. 2016 to Dec. 2017

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Abstract

There has been no exploration work undertaken on EL 28/1988 during the reporting year.

During the year Allegiance Mining Pty Ltd, holders of the licence, was acquired by Dundas Mining Pty Ltd (Dundas) with all associated assets now belonging to Dundas.

Dundas Mining Pty Ltd also acquired the Avebury nickel+cobalt mine and intend exploring EL 28/1988 primarily for further ore suitable for the Avebury mill but with an eye open for any commercial commodity (category 1).

Lottah Mining Pty Ltd is managing and operating the project on behalf of Dundas Mining Pty Ltd.

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1.0 Introduction

EL 28/1998 “Mt Zeehan” is a category 1 exploration licence held by Allegiance Mining Pty Ltd, a subsidiary of Dundas Mining Pty Ltd. Lottah Mining Pty Ltd is managing and operating the project on behalf of Dundas Mining Pty Ltd.

1.1 Location and access

EL 28/1988 covers an area of 25 km² on Tasmania’s west coast between Zeehan and Trial Harbour.

Access to the tenement is achieved from the Trial Harbour road. Access within the tenements is limited to a few tracks.

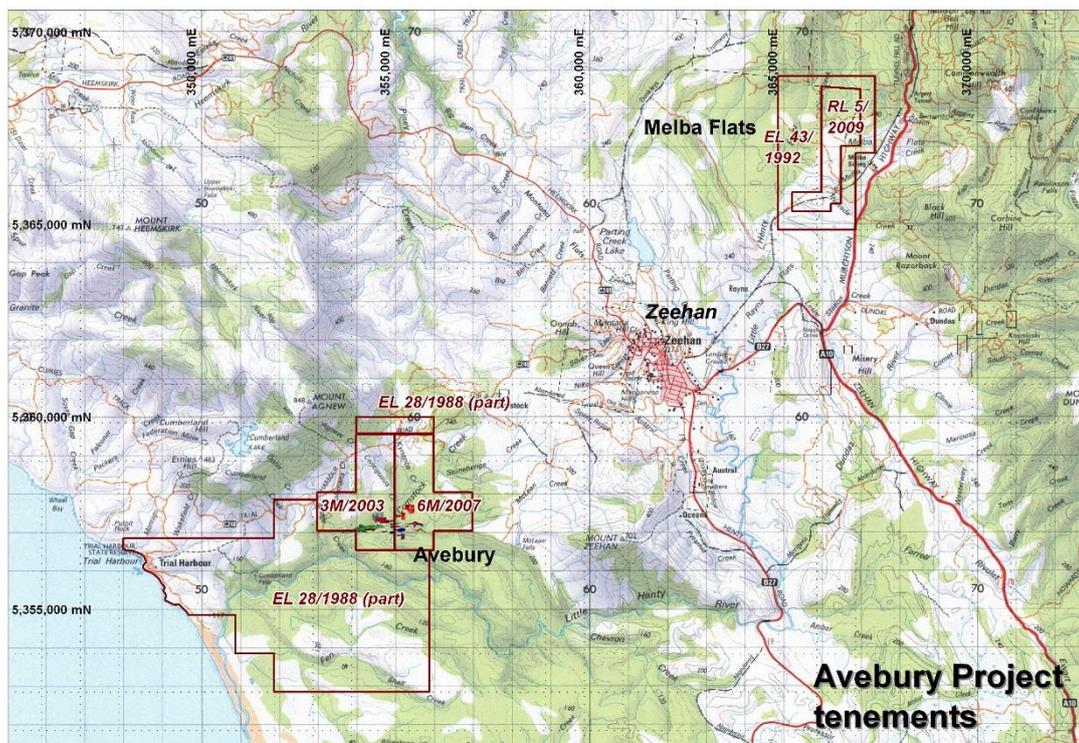


Figure 1.1: EL 28/1988 location. Coloured symbols within the ML’s are the solid wireframe shapes of the Avebury ore lenses.

1.2 Land status and usage

The tenement includes land under the following categories – Authority Land, Conservation Area, Crown Land, Informal Reserve, Private Parcel, Public Reserve, Regional Reserve, State Forest.

1.3 Tenure

EL28/1988 was initially 13 km² and covered the current Avebury and Avebury East Mining leases, with 3M/2003 excised in 2003 and 6M/2007 excised with the delineation of the East Avebury Resource. In 2013 three tenements EL 28/1998, EL22/1997 and EL37/2003 were amalgamated into a single 25 km² tenement EL 28/1998.

In mid-2017 Dundas Mining Pty Ltd acquired the Avebury Nickel Mine and associated tenements by a friendly take-over of Allegiance Mining Pty Ltd in which name the tenements remain. The sale was completed on the 7th July, 2017.

1.4 Exploration focus

Dundas Mining Pty Ltd have acquired the Avebury nickel+cobalt Mine with a view to reopen the operation in the near term and so Dundas Mining Pty Ltd's focus is primarily Nickel+/-Cobalt mineralisation suitable for treatment in the Avebury mill. Dundas Mining Pty Ltd is also interested in any commodities of commercial value.

2.0 Geology

The following is drawn verbatim from Denwer (2016)

“The Avebury deposits are hosted in serpentinitised Cambrian dunite or strongly metasomatised, tremolite-diopside ultramafic skarn obducted onto Mid Cambrian basaltic volcanoclastics. The ultramafic rocks demonstrably extend onto the surrounding EL's including EL 28/1988. EL 28/1988 is therefore considered highly prospective for Avebury style nickel sulphide mineralisation.

Variable metasomatism of the serpentinitised host ultramafics, thought to have occurred during intrusion of the Heemskirk Granite, has formed two distinctly different mineral assemblages, each of which may host ore grade nickel sulphide mineralisation:

1. **Essentially unmetasomatised serpentinitised ultramafic:** a fine grained black rock composed predominantly of antigorite with minor disseminated chromite, magnetite and sulphides

2. **Metasomatised serpentinitised ultramafics:** pale grey or green, coarsely crystalline tremolite/actinolite and diopside with minor magnetite, chromite and sulphides.

Sulphide mineralisation in both serpentinitised ultramafic and ultramafic skarn generally consists of pentlandite and pyrrhotite and is associated with magnetite in the form of crystalline intergrowths and veins within massive granular magnetite-chromite. Pentlandite occurs as coarse disseminations and stringer veins associated with secondary magnetite. Sulphide contents are generally low with mineralised ultramafic comprising between 0.5 to 3% sulphides although massive pentlandite does occur in some drill intersections.

Nickel sulphide mineralization is largely concentrated within the ultramafic immediately adjacent to its margins with nickel grades diminishing toward the interior of the intrusions. Some internal zones of nickel sulphide mineralisation are present.

The serpentinitised ultramafics have a strong magnetic signature due to their high concentrations of magnetite, and their presence can be interpreted from magnetic images. The nickel sulphide mineralisation too has a strong magnetic signature due to the pentlandite-pyrrhotite-magnetite relationship. High resolution aeromagnetism is a key early exploration tool.

The Oonah Formation and the Crimson Creek Formation are the most prevalent sedimentary rocks, and the Devonian Granite and Mclvor Hill Complex are the most prevalent igneous rocks within EL28/1988.”

3.0 Review of Previous Work

A thorough review of previous exploration will be completed and detailed in the coming reporting period.

4.0 Exploration completed during the reporting period December 2016 to December 2017

A thorough review of previous exploration has recently commenced but is as yet incomplete and there are no results to report.

5.0 Discussion

There are no new results to discuss.

EL 28/1988 is highly prospective for Avebury style nickel+cobalt mineralisation.

6.0 Proposed Works Programme 2017/18 year

A thorough review of previous exploration will be completed with drill targets to arise out of that work.

EL 28/1988 is highly significant to the long term future on the Avebury operation and will be a major focus of exploration in the coming year.

7.0 Expenditure

There has been no actual exploration expenditure on the tenement in the 2016/17 reporting year.

8.0 Environmental

There has been no exploration activity on the tenement and therefore no environmental disturbance. There are believed to be no outstanding liability issues.

9.0 References

Denwer, K. (2016) EL 28/1988 Zeehan, Annual Report for the period ending 9th December, 2016. *unpub, rept. for MMG*