

ZZ EXPLORATION_{Pty Ltd}

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**Zeehan Mineral Field
Exploration Licence 20-2002
Part Relinquishment Report**

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Introduction

The relinquished area of Exploration Licence 20/2002 (EL 20/2002) covers 59 square kilometres and is located one kilometre southeast from Zeehan, western Tasmania (Figure 1, Appendix 3). ZZ Exploration Pty Ltd (ZZ Exploration) is a wholly owned subsidiary of Zeehan Zinc Limited, and holds 100% interest.

Work completed covers the period from January 2003 to June 2004.

- 1) Collation and evaluation of historical data over EL 20/2002.
- 2) A summary list of target concepts over various deposits and old workings over EL 20/2002.
- 3) Preliminary investigation of geophysical, image, company and map data to determine a) areas of greater significance for future exploration b) prioritise ground held under EL 20/2002 and c) facilitate decisions regarding future possible relinquishments (Refer to Appendix 1).

The Murchison Hwy, Zeehan Hwy and Henty Rd provide access to EL 20/2002. The Emu Bay Railway and the Murchison Hwy connect Zeehan with the Port of Burnie, located 140 kilometres to the north.

Vegetation cover is sparse over EL 20/2002, dominated by button grass and banksias on the ridges and button grass and gorse in the marshy valley. Dense tea tree and eucalypt scrub occur along the creeks.

Location

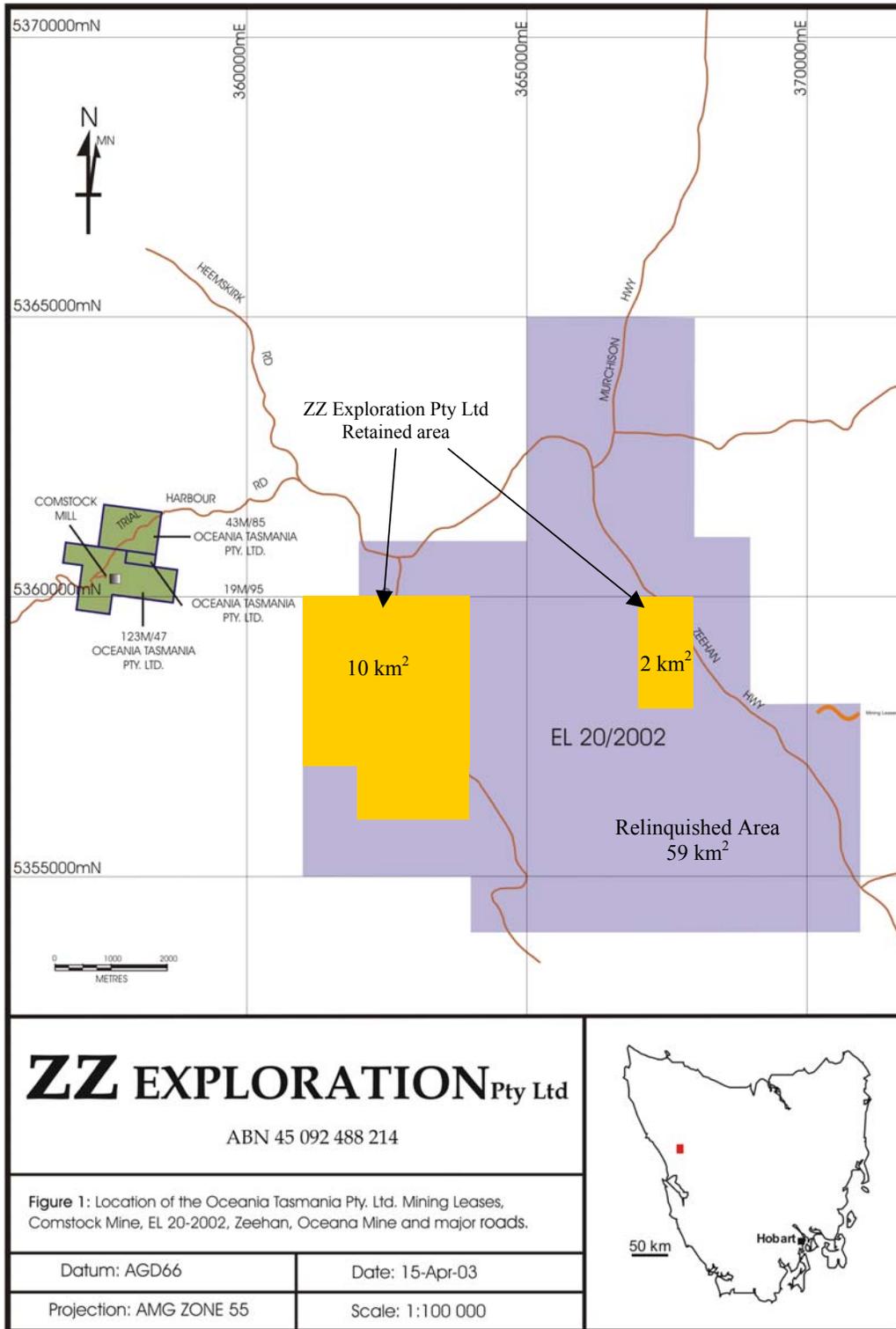


Figure 1. Original EL20/2002 - 71km² (combined purple & yellow areas). Total area (yellow) retained by ZZ Exploration (12 km²). Total area (purple) relinquished by ZZ Exploration - 59km².

Tenure

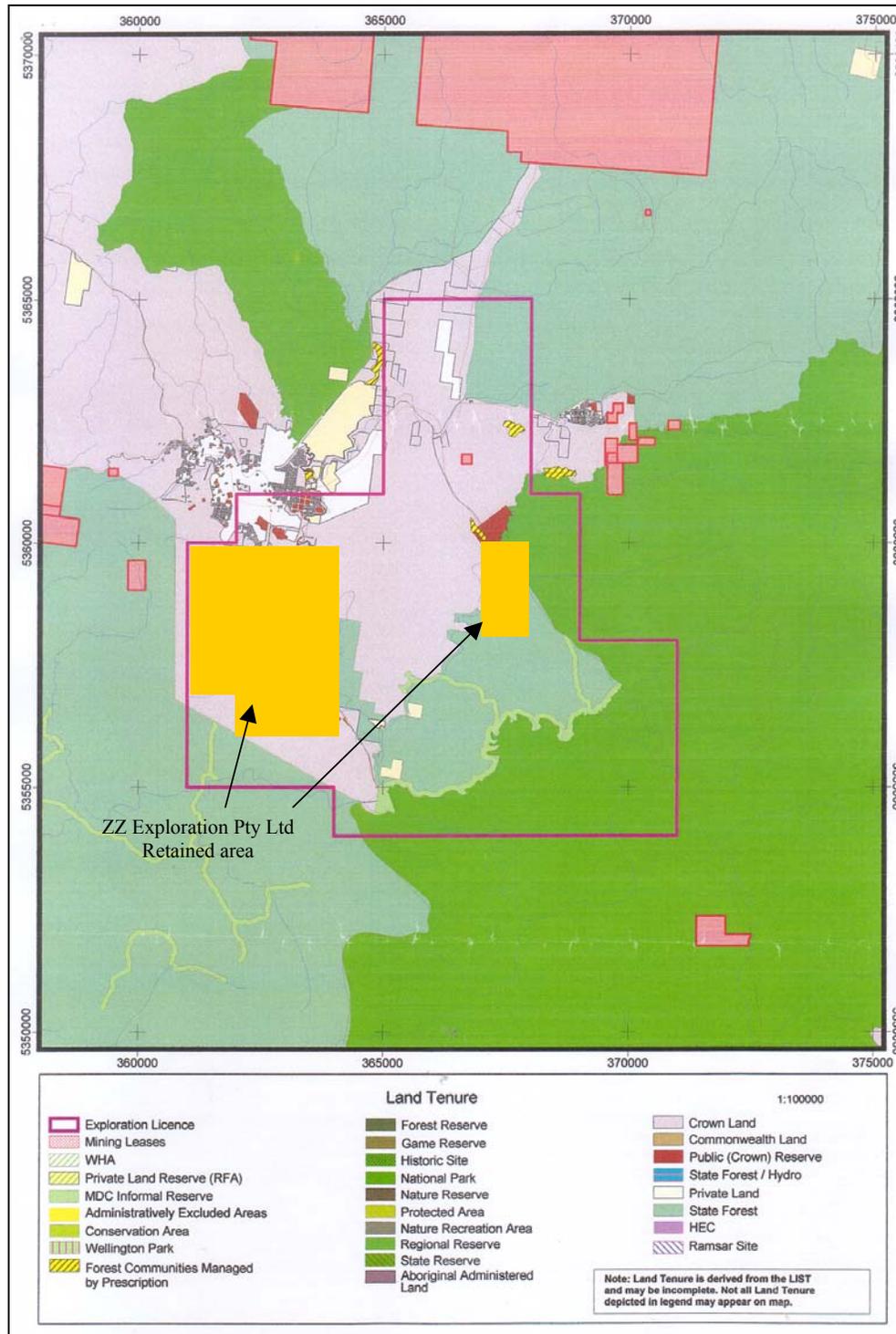


Figure 2. Land Tenure within and around EL20/2002. The area to be retained by ZZ Exploration is represented by the yellow area (12 km²).

Exploration Objectives

The principal commodities sought by ZZ Exploration within the relinquished area of EL20/2002 (Figures 1 & 2) was zinc, lead and silver. ZZ Exploration focussed on exploring for small (<0.5Mt) to large-scale (>100Mt) economic resources based on previously identified anomalies. The exploration program included the search for carbonate-hosted metallic minerals of possible Devonian granite-related origin (similar to those located on the Comstock mining leases) and Ordovician Irish-type (such as Oceana deposit).

Work Completed

Prospective-based exploration

In December 2003, ZZ Exploration commissioned Ochre Australia Pty. Ltd. to complete a Phase 1: 'Image Processing and Target generation' map over EL20/2002 (Appendix 1).

Collation and review of pre-existing data – Target summaries of Blackjacks, Sunny Corner – Bannockburn, Tom Creek, Westerway, and Leatherwood are included in Appendix 2.

Results

See Appendix 1 and 2

Environmental disturbance and rehabilitation

Exploration over the relinquished area of EL20/2002 was environmentally low impact due to the existence of numerous sealed and unsealed roads and tracks. No rehabilitation work is required.

Conclusions

ZZ Exploration has reviewed previous studies within the relinquished area of EL20/2002, some of which include geological mapping, geophysical surveys, costeaning, rock-chip, soil, stream and bedrock geochemistry, basin analysis studies, aircore, and diamond drilling. Additionally, a geophysical evaluation has highlighted areas of greatest interest to ZZ Exploration in the short to medium term.