

Appendix 3

**Heath, P. 2004 Zeehan Mineral field –
Exploration Licence 30-2002 (Part Relinquishment)**

ZZ EXPLORATION_{Pty Ltd}

**PO Box 1603
Hobart, Tasmania**

**Zeehan Mineral Field
Exploration Licence 30-2002
Part-relinquishment Report**

Prepared by
Paul Heath
Senior Geologist

June 2004

ZZ EXPLORATION_{Pty Ltd}

ABN 45 092 488 214

24 August 2004

Registrar of Mines
Mineral Resources Tasmania
PO Box 56
ROSNY PARK TAS 7018

Attention: Dennis Burgess

Dear Sir,

Re: 2004 Part-relinquishment report for EL30/2002

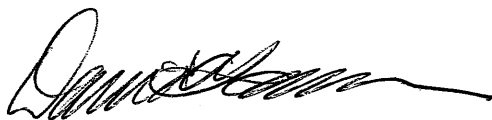
I have the pleasure in forwarding ZZ Exploration's Pty Ltd (ZZE) part-relinquishment report for Exploration Licence 30/2002.

ZZE has reviewed all the relevant data with respect to EL 30/2002 and prioritised areas of interest, specifically, the strike of the dominant mineralised structures extending from the Oceania Tasmania Pty Ltd tenements and intersecting linear structures with respect to the magnetite-serpentine skarn. The table below represents area size to be retained and surrendered by ZZE.

	area (km ²)	% of total area
Total area held by ZZE (EL20/2002)	8	100%
Area to be retained by ZZE	3.13	39.12%
Area to be surrendered by ZZE	4.87	60.87%

Should you require any further information to meet your specific requirements, please contact our Exploration Geologist, Paul Heath, on 6231 9339.

Yours faithfully,



David Tanner
Managing Director
ZZ Exploration Pty. Ltd.

Encl. Part-relinquishment report for EL30/2002

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GPO Box 1603 Hobart Tasmania 7001

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web site: www.zeehanzinc.com.au

Mineral Resources Tasmania

ABN 36 388 980 563
<http://www.mrt.tas.gov.au>

Form No. C3

Tasmania

Mineral Resources Development Act 1995

Sections 35, 67, 100

SURRENDER

Please print clearly

I/We

of

being the registered holder(s) of

Mining Lease

Retention Licence

Exploration Licence

Location:

hereby give notice of

of the above stated claim, licence or lease.

Dated at Hobart this 24th day of August 2004

Signed by the said

David Andrew Tanner

[Signature]

(Full Name of all Holders)
In my presence

(Signature of all Holders / Common Seal of Company)

Full Name of Witness

Signature of Witness (Justice of the Peace,
Commissioner for Declarations or Solicitor)



Office Use Only

Cashier

Prescribed Fee: (EL's & RL's) \$ 57.00
(per tenement) (ML's) \$ nil.

Receipt No.:

Cost Allocation:

- Total Amount Paid:

Cashier Initial &

Date:

892010.45.4602

\$.....

/ /

Directors Recommendation

Surrender Approved / Not Approved.

Director of Mines:

Date:

PART I — TOTAL SURRENDER

I/We totally surrender

TICK

Number(s)

Mining Lease

☐

Retention Licence

☐

Exploration Licence

☐**PART II — PARTIAL SURRENDER****N.B. A Final Rehabilitation Report for the area surrendered must be lodged.**

1. I/We surrender an area of

4.87 km² ha/km²

of

TICK

Number(s)

Mining Lease

☐

Retention Licence

☐

Exploration Licence

☒

EL 30/2002

and that part of the tenement to be retained is described as follows:

2.

- sketch map showing the boundaries of the area of the tenement to be retained

TICK
☒

OR

- a plan of survey of that part of the mining lease to remain in force

☐**PART III - TOTAL OR PARTIAL SURRENDER IN FAVOUR NEW MINING LEASE RETENTION LICENCE OR EXPLORATION LICENCE**

This application for surrender is made to enable me/us to make application for a new

Mining Lease

TICK

AREA (ha / km²)

Retention Licence

☐

Exploration Licence

☐

in respect of land being surrendered herein and I/We understand that the surrender is not to take effect until immediately prior to the grant of the new licence or lease.

The following must accompany this form

- Prescribed fee (Exploration Licences and Retention Licences only: \$57.00)
- **The lease or licence document issued for the tenement**
- Sketch map or survey plan as specified in 2 of PART II
- If surrender is in favour of a new Mining Lease, Exploration Licence or Retention Licence then the appropriate application form for the new Mining Lease, Exploration Licence or Retention Licence must accompany this form.
- If tenement is an Exploration Licence or Retention Licence a Relinquishment Report for the area being surrendered must be lodged.

TICK

☐☒☒☒☐☒

N.B. Please lodge surrender form with: Registrar of Mines
 PO Box 56
 Rosny Park Tasmania 7018
 Facsimile: (03) 6233 8338

Commonwealth Bank
Commonwealth Bank of Australia
MURRAY ST HOBART TAS

Pay
The sum of

Minerom Resources Tasmania
fifty seven thousand four hundred and

Or Bearer

\$ 57,000

ZZ EXPLORATION PTY LTD
"000390" 067 "0021" 2800 "3125"
"521E" "00B2" 2800 "3125"
[Signature]

Date *24.8.04*

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- Appendix 2** Aerial photography flown November 2003
- Appendix 3** Structural air photo interpretation
- Appendix 4** Location sketch map and available of EL20/2002

Introduction

The relinquished area of Exploration Licence 30/2002 (EL 30/2002) covers a total of 4.87 square kilometres is located directly west of Zeehan, western Tasmania (Figure 1, Appendix 4). ZZ Exploration is a wholly owned subsidiary of Zeehan Zinc Limited, and holds 100% exploration rights to EL30/2002.

The main access to EL30/2002 is via Trial Harbour Road and a 4WD is required to negotiate the numerous partially overgrown former tramways that cross the area. EL30/2002 is dominated by flat open button grass plains, rolling hills, swamps, tea-tree scrubland and dense eucalyptus regrowth. The latter is particularly dense along creek beds and in other low-lying areas.

This report covers the period from January 2003 to June 2004. Work completed over the relinquished areas during this period includes:

- 1) Collation and review of existing datasets
- 2) Preliminary investigation of geophysical, image, company and map data to determine a) areas of greater significance for future exploration b) prioritise ground held under EL30/2002 and c) facilitate decisions regarding future possible relinquishments (Appendix 1).
- 3) Structural air photo interpretation (Appendix 3)
- 4) Aerial photography flown November 2003 (Appendix 4).

ZZ Exploration has focused on finding minable extensions of the known Devonian granite-related deposits extending from the Comstock Mining Leases, as well as deposits of similar and/or litho-stratigraphic position.

Location

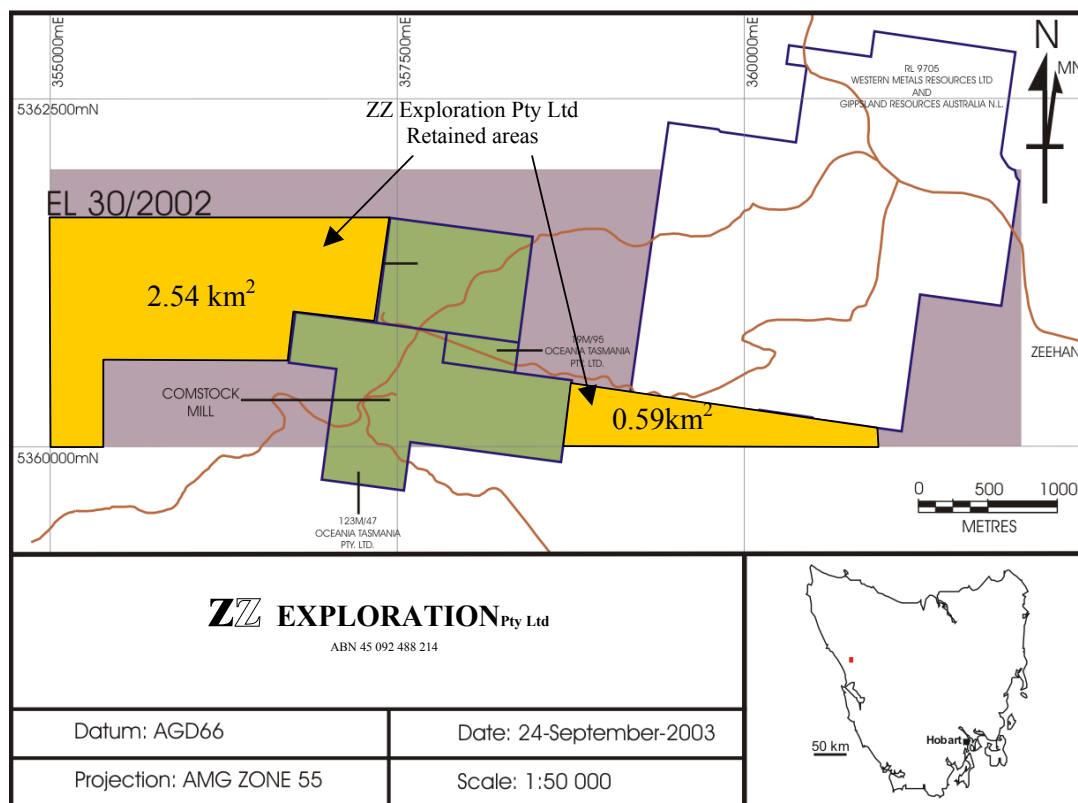


Figure 1. Original area (EL30/2002) issued to ZZ Exploration = 8km² (combined purple and yellow areas). **purple** = EL30/2002 surrendered by ZZ Exploration Pty. Ltd (4.87km²); **yellow** = area retained by ZZ Exploration (3.13km²) **green** = ML's 123M/47, 19M/95, 43M/85 held by Oceania Tasmania Pty. Ltd.; **white** with blue outline = RL 9705 held by Western Metals Resources and Gippsland Resources Australia N.L.; **red** = roads and tramways).

Tenure

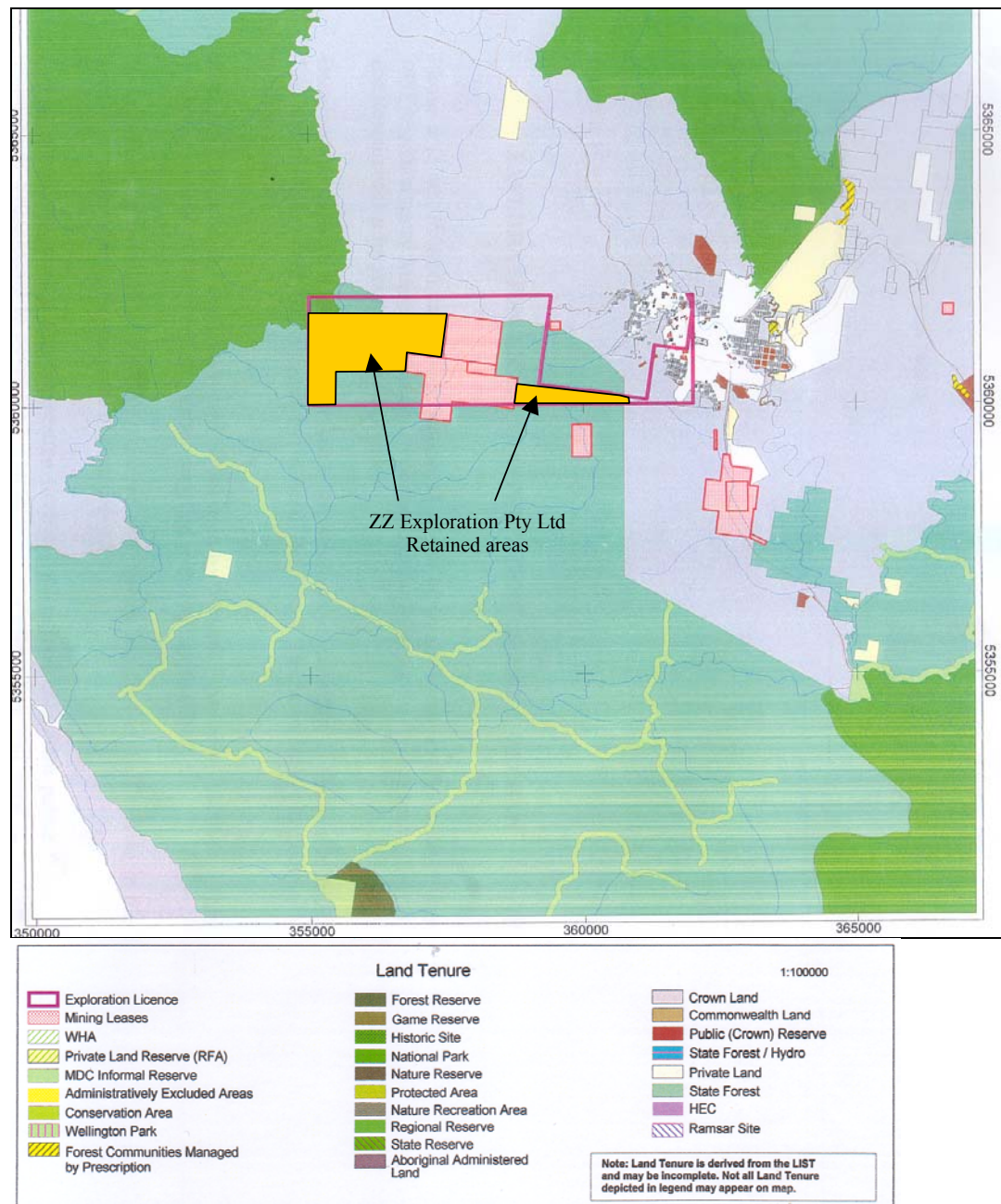


Figure 2. Land Tenure within and around EL30/2002. The area to be retained by ZZ Exploration is represented by the yellow area (3.13 km²).

Exploration Objectives

The principal commodities sought by ZZ Exploration within the relinquished areas of EL30/2002 (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).

Previous Exploration and Mining

A review of previous mining and exploration is documented in Farrell (2001), Taylor, (1993) and Crossing (1992).

Geology

Regional Geology

EL30/2002 is geologically complex. It is dominated by deformed turbidites, carbonates and volcanics of the Neoproterozoic Oonah Formation. Sediments and volcanics of the Crimson Creek Formation and Dundas Group occupy the central and eastern portions; while gabbros, basalt flows and massive serpentinite of the McIvor Hill Complex (bounded by the Tenth Legion Fault) crop out in the SW portion of EL30/2002. Siluro-Devonian sediments of the Zeehan Sub-basin including the Crotty Quartzite, Amber Slate, Keel Quartzite, Austral Creek Siltstone, Florence Quartzite and Bell Shale are exposed in the eastern portion of EL30/2002. An ENE-trending Devonian granitoid spine associated with the Heemskirk Granite is shown to extend beneath EL30/2002 (Leaman & Richardson, 1989). The regional geology is described in Farrell (2001), Taylor (1993), Crossing (1992) and Blissett (1962).

Work Completed January 2003 – December 2004

Review

ZZ Exploration's program has focussed on 1) open file search and compilation of newly acquired data and models into coherent maps and sections, and 2) review of regional and localised magnetic, electromagnetic and gravity anomalies identified from data collation to evaluate the base-metal priority target definition potential.

Regional exploration activities

Newly acquired aerial photography

An aerial survey (Appendix 2) was commissioned by ZZ Exploration to be flown over EL30/2002 at 1:12000 during November 2003. This was completed in conjunction with a regional survey (Zeehan area) conducted by the Department of Primary Industry, Water and Environment. The photographs will be used to evaluate conditions of tracks, vegetation growth, and geological mapping.

Structural air photo interpretation

EL30/2002 is traversed by a series of NW-WNW trending faults including the Tenth Legion, Balstrup, Bendall's and Sylvester Faults, which have been interpreted to be major fluid conduits for the Comstock massive sulfide deposits. A series of unnamed NW-WNW and NE-NNE trending faults have been identified through field mapping and as lineaments on aerial photographs (1984 aerial photograph) (Appendix 3).

Consultant geophysical review (EL30/2002)

In December 2003, ZZ Exploration commissioned Ochre Australia Pty. Ltd. to complete a Phase 1: 'Image Processing and Target generation' map over EL30/2002 (Appendix 1).

Results

Refer to Appendix 1- 4

Environmental disturbance and rehabilitation

Exploration over the relinquished area of EL30/2002 was environmentally low impact due to the existence of numerous sealed and unsealed roads and tracks. No rehabilitation work is required by ZZ Exploration.

Conclusions

A review of previous data and evaluation of geophysical data by ZZE, believe the relinquished areas within EL30/2002 (Appendix 4) are of lowest priority for the development of an economic zinc-lead-silver deposit.

References

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