

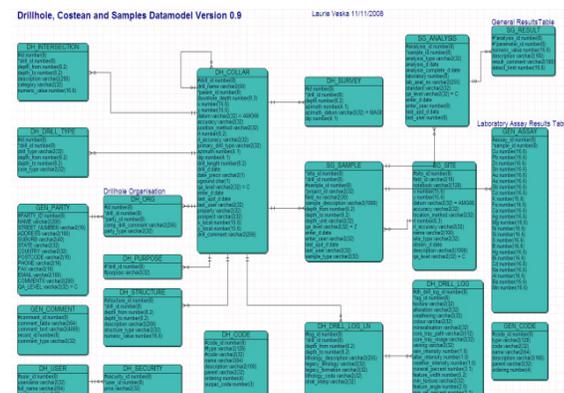
ZZ EXPLORATION Pty Ltd

EXPLORATION LICENCE 30/2002 ANNUAL REPORT

DECEMBER 2007 – DECEMBER 2008

Prepared by

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FOREWORD

Function of the Annual Report

This Annual Report has been prepared as a public document for submission to Mineral Resources Tasmania (MRT). The report provides a summary of the exploration activities undertaken by ZZ Exploration Pty Ltd (ZZE) over Exploration Licence 30/2002 (EL 30/2002) during December 2007 - December 2008.

Role in the Regulation Process

This document fulfils the role of an Annual Report for EL 30/2002 during December 2007- December 2008, as required under Section 28 of the *Mineral Resources Development Act 1995*.

ABSTRACT

ZZ Exploration Pty Ltd (ZZE) currently holds exploration licence 30/2002 (EL30/2002), which is primarily of interest to the company for the potential to host economic lead-zinc carbonate replacement deposits, and for remobilised nickel skarn deposits akin to Avebury.

During the period December 2007 – December 2008 Zeehan Zinc has seen much corporate change. During this challenging time, the exploration focus of the company has shifted almost entirely to the nickel potential of its licences.

A diamond drill core hand-held XRF analysis of selected drill holes at MRT core store within the licence was undertaken. Holes chosen containing notable sulphide intersections generally failed to return significant nickel values, although anomalous values in drill hole SY011 has given enough impetus to continue the XRF program in 2009.

An airborne geophysics survey will cover the licence area in 2009, with ground magnetics; soil geochemistry and a geological mapping program planned over resultant areas of interest (see Appendix B in EL20/2002 2008 Annual Report for detailed proposed work program).

CONTENTS

FOREWORD	2
Function of the Annual Report	2
Role in the Regulation Process.....	2
ABSTRACT.....	3
FIGURES.....	5
1 INTRODUCTION	6
1.1 Purpose of This Document.....	6
1.2 The Proponent	6
1.3 Exploration Licence Location and Operations	6
1.3.1 Site Location and Mineral Exploration Area	6
1.3.2 Exploration Licence Tenure.....	7
2 SUMMARY OF PREVIOUS WORK.....	9
2.1 Previous Mining and Exploration within EL 30/2002.....	9
2.1.1 Regional Exploration Activities	9
2.1.2 Previous Exploration over the Balstrup Fault Prospect	9
2.1.3 Previous Exploration over the Tenth Legion Fault Prospect.....	10
3 EXPLORATION UNDERTAKEN DURING 2008.....	10
3.1 Summary	10
3.2 Nickel Literature Review	10
3.2.1 Tenth Legion Area	10
3.2.2 Avebury Mining and Exploration History.....	11
3.2.3 Avebury Geology, Structure and Alteration.....	13
3.2.4 Mineralisation at Avebury.....	15
3.2.5 Geophysics	16
3.2.6 Relationship and Relevance to Zeehan Zinc’s Exploration	16
3.3 Geochemistry In 2008.....	20
3.3.1 Hand-Held XRF Analysis of Diamond Drill Core	20
4 DATABASE AND APPLICATION DEVELOPMENT.....	22
4.1 Introduction	22

4.2 Discussion.....	22
4.2.1 Software Rationale.....	23
4.2.2 Relational Model.....	24
4.2.3 Data Migration	24
4.2.4 Application Development	24
5 CONCLUSIONS.....	27
5.1 Proposed Work Program.....	27
6 ENVIRONMENT	27
7 EXPENDITURE.....	27
8 REFERENCES.....	28
9 APPENDICES	29

FIGURES

Figure 1 Location of EL 30/2002	7
Figure 2 Land tenure for EL30/2002	8
Figure 3 Avebury Resource Summary - 0.4% Ni Cut-off Grade: Mineral Resources as at 18/02/2008 (inclusive of Ore Reserves) (Source: Allegiance Mining NL restated resource statement to the Australian Stock Exchange dated 18/02/2008).....	11
Figure 4 Simplified Geology map of Allegiance’s Avebury District	12
Figure 5 Simplified geological cross section showing location of known mineralisation (in yellow) and its relationship to the ultramafic intrusive (light green).	14
Figure 6 Simplified cross section of Avebury-style mineralisation (sourced from Allegiance “Diggers n Dealers” 08 August 2005 presentation).....	15
Figure 7 Ultramafics & Massive Sulphides Drill hole SY009 (Comstock)	17
Figure 8 Coarse, high grade nickel mineralisation from drill core at Avebury (sourced from Allegiance “Diggers n Dealers” 08 August 2005 presentation).	18
Figure 9 Magnetics of the Avebury area and relationship to Zeehan Zinc’s tenements.....	19
Figure 10 AMG66 Zone55 Northings and Eastings for diamond drill holes in EL30 (some overlap into Comstock Mine Lease).....	20
Figure 11 Manganese versus nickel (ppm) hand-held XRF readings.	21
Figure 12 Thermo Niton hand-held XRF unit with accessory lead-lined analysis table for mounting unit vertically.....	21
Figure 13 CoreStore Blueprint data model	24
Figure 14 Screen capture of CoreStore Drill-hole application	25
Figure 15 Screen capture of CoreStore Drill-hole application	26

1 INTRODUCTION

1.1 Purpose of This Document

This document fulfils the role of an Annual Report for EL 30/2002 during December 2007–December 2008 as required under Section 28 of the Mineral Resources Development Act 1995.

1.2 The Proponent

ZZ Exploration Pty Ltd is a wholly owned subsidiary of Zeehan Zinc Ltd (Zeehan Zinc). ZZE currently holds Exploration Licence 30/2002, which includes numerous diverse historic mineral deposits. Zeehan Zinc's long term objective is to grow through success in nickel exploration within the Zeehan area, and through mineral acquisition opportunities both in Australia and overseas.

1.3 Exploration Licence Location and Operations

1.3.1 Site Location and Mineral Exploration Area

Exploration Licence 30/2002 (EL 30/2002) covers 8 square kilometres and is located directly west of Zeehan, western Tasmania (Figure 1).

The main access to EL 30/2002 is via Trial Harbour Road and a 4WD is required to negotiate the numerous partially overgrown former tramways that cross the area.

EL 30/2002 is dominated by flat open button grass plains, rolling hills, swamps, tea-tree scrubland and dense eucalypt regrowth. The latter is particularly dense along creek beds and in other low-lying areas.

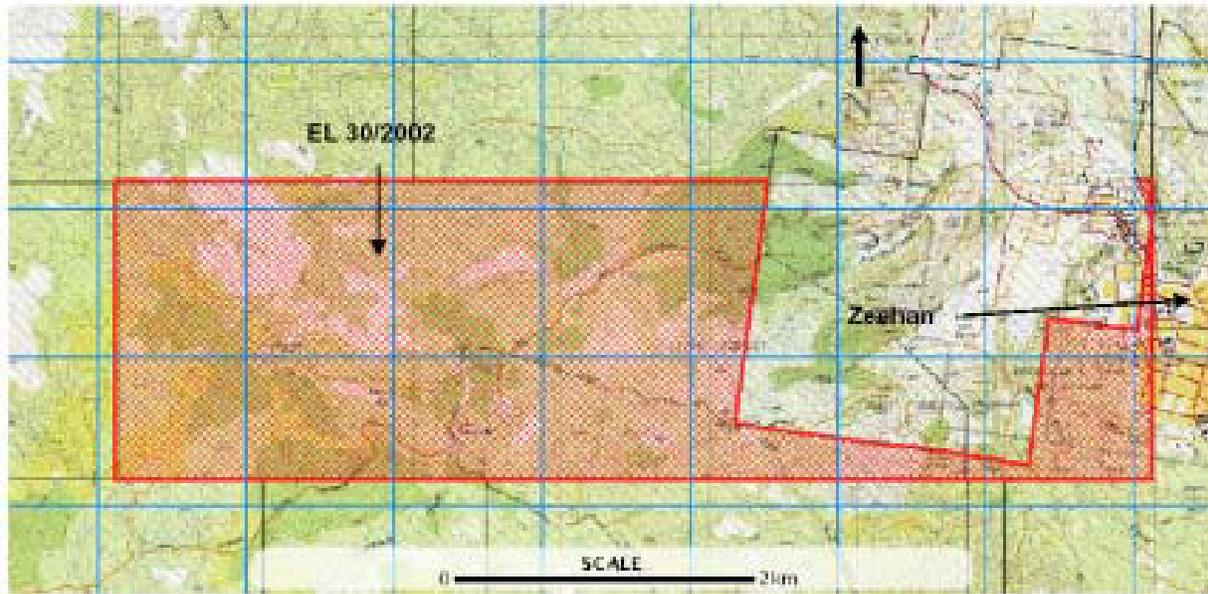


Figure 1 Location of EL 30/2002

1.3.2 Exploration Licence Tenure

EL 30/2002 was granted to ZZE on the 7 February 2003 for a period of five years and applies to all Category 1 minerals. The licence covers 8 square kilometres and excluded areas include:

- Any land owned or leased by the Commonwealth of Australia;
- Mining Leases;
- Retention Licences; and
- Crown reservations.

The current land tenure in and around EL 30/2002 is provided in Figure 2.

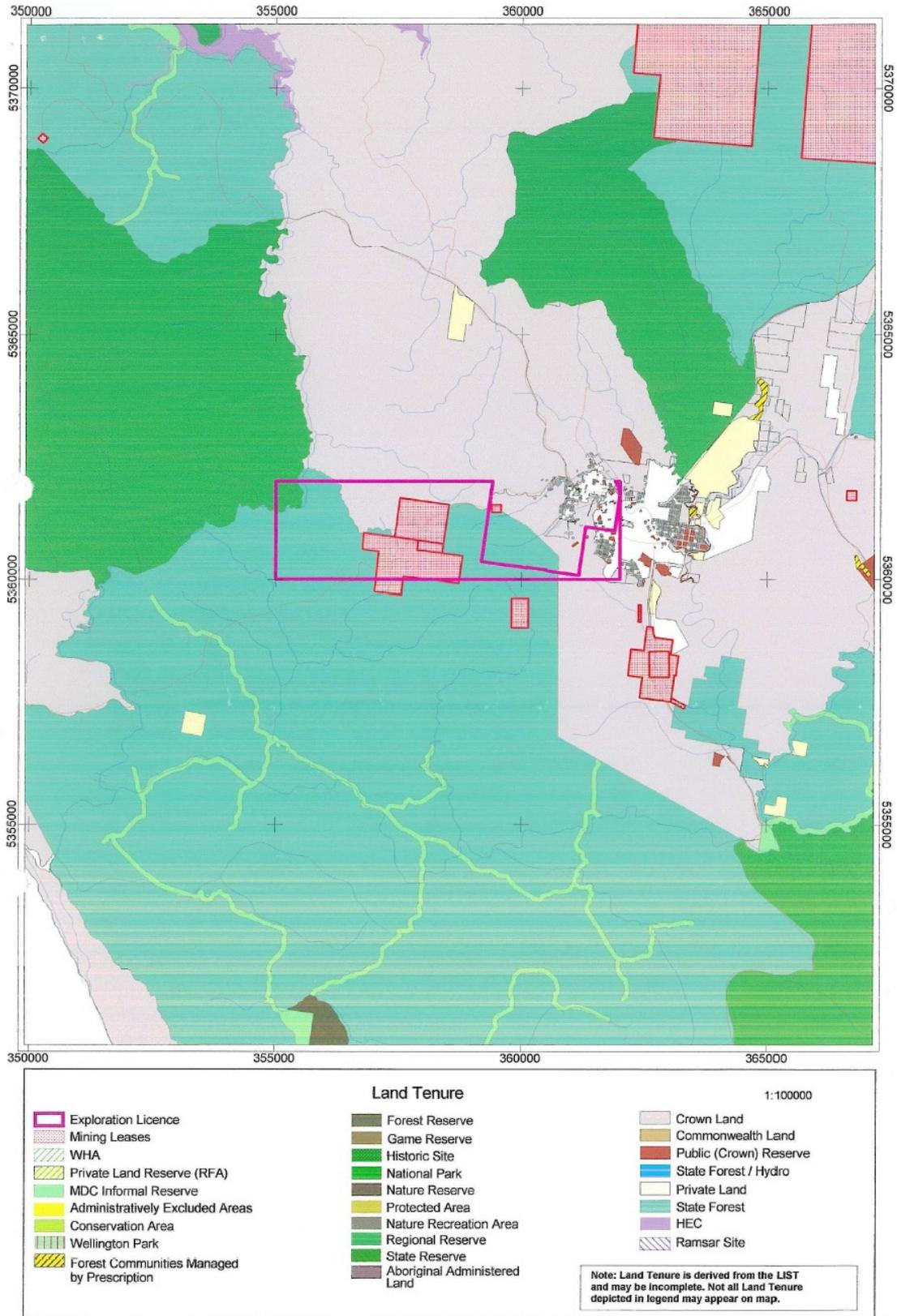


Figure 2 Land tenure for EL30/2002

2 SUMMARY OF PREVIOUS WORK

2.1 Previous Mining and Exploration within EL 30/2002

2.1.1 Regional Exploration Activities

EL 30/2002 is considered to be geologically complex, dominated by deformed turbidites, carbonates and volcanics of the Neoproterozoic Oonah Formation (Tear 2005). 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 EL 30/2002. 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 EL 30/2002. An E/NE-trending Devonian granitoid spine associated with the Heemskirk Granite is shown to extend beneath EL 30/2002 (Leaman & Richardson, 1989).

The Oonah Formation, south of the Balstrup Fault, comprises the main target sequence for lead and zinc mineralisation. These units are thought to form a complexly folded, flat lying sequence in this area (Tear 2005). At greater depths, some carbonates in the Oonah Formation have been intruded by serpentinised ultramafic units, thereby producing mineralised skarn lithologies (Tear 2005).

A high resolution helimag survey conducted in 1998 identified and defined several anomalies within the area now covered by EL 30/2002. Allegiance Mining NL conducted research into the evaluation of these anomalies to determine their potential to host nickel sulphide deposits in the 'Avebury style', with one anomaly considered to potentially host a nickel deposit (Newnham 2000).

2.1.2 Previous Exploration over the Balstrup Fault Prospect

Exploration into the mineral deposit associated with the Balstrup Fault have been previously carried out by Renison Goldfields Consolidated Ltd (RGC) and Western Metal Resources Ltd (WMR), including resource estimation based on limited drilling operations (Cotlco 2005a).

Research conducted by Farrell (2001) investigated the structural relationships and development of the Comstock Zn-Pb-Ag deposit host rocks. This study also provides a summary of past exploration activities and results of exploration within the Comstock mine area.

2.1.3 Previous Exploration over the Tenth Legion Fault Prospect

Exploration over the Tenth Legion Fault area previously known as EL2/96 was conducted by Newnham Exploration and Mining Services for report to Allegiance Mining NL.

A high resolution aeromagnetic survey was flown over EL2/96 in 1998 to detect similar magnetic anomalies to the Avebury nickel deposit situated to the immediate south. Several substantial anomalies were defined by this survey and it was decided to extend exploration through detailed mapping and litho-geochemical sampling and re-examination of core from previous drilling by C.R.A Exploration Pty. Limited. Following this, further exploration was confined to zinc-rich zones in the far south west corner adjacent to a nickel enriched structural zone on the contiguous EL22/97 (Newnham 2000).

3 EXPLORATION UNDERTAKEN DURING 2008

3.1 Summary

A summary of exploration activities undertaken is presented below.

- Development and implementation of Oracle RDBMS and web application for managing Zeehan Zinc's geoscientific data
- Handheld XRF study of selected diamond drill holes
- Literature review of nickel potential

A regional literature review of nickel prospectivity in EL30/2002 has been performed by internal geologists, and by consultant geologist Simon Tear (See Appendix A in EL20/2002 2008 Annual Report).

3.2 Nickel Literature Review

The following section outlines the key features that Zeehan Zinc geologists have used to base their nickel exploration approach during the year, and likewise for 2009.

3.2.1 Tenth Legion Area

The Tenth Legion area is prospective for the hosting of economic nickel deposits due to its proximity to the nearby Avebury deposits, and the continuation of the geophysical and geological anomalies associated with the Avebury deposits (see Figure 9). The area also shares the same spatial relationship to the nearby Heemskirk Granite, believed to be responsible for the remobilisation and concentration of the nickel at Avebury.

The large, D-shaped magnetic anomaly associated with the Avebury deposit, is also recognised in this region. However this could be due to the presence of a substantial amount of magnetite (iron oxide) mineralisation in the area interfering with the regional magnetic surveys completed. The more discrete N-S magnetic anomalies, to the west of Comstock and close to the Heemskirk granite, are associated with the Pontiac and Foundation Stone prospects to the south of Zeehan Zinc’s tenements appear more prospective due to their apparent independence from interference by the magnetite deposits.

There is also a large quantity of ultramafic mapped as occurring in the area that have as yet not been assayed for nickel, but appear to be a continuation of the ultramafics that host the mineralisation at Avebury.

3.2.2 Avebury Mining and Exploration History

The Avebury deposit was first discovered/acknowledged by CRA Exploration (a Sub-division of Rio Tinto) in 1998 through soil geochemistry and geophysics (magnetic) surveys, leading to the drilling of 3 holes ZA1, ZA2 and ZA3 in the North Avebury area, with ZA1 returning intercepts of 2.4m @ 1.44% Ni, ZA2 returning 3.85m @ 1.67% Ni and no significant assays in ZA3 (Tear, 2007). Since that time Allegiance Mining NL and now OZ Minerals have been able to define a significant resource that has gone into full production during mid-2008 (see Table 1.)

Resource Category	Tonnes	Grade %Ni	Contained Nickel Tonnes at		
			31/12/07	Previous Report 31/03/07	% increase in Tonnage
Inferred	9,760,000	0.88			
Indicated	6,050,000	1.01			
Measured	2,370,000	1.03			
Total	18,180,000	0.95	172,000	158,000	9%

Figure 3 Avebury Resource Summary - 0.4% Ni Cut-off Grade: Mineral Resources as at 18/02/2008 (inclusive of Ore Reserves) (Source: Allegiance Mining NL restated resource statement to the Australian Stock Exchange dated 18/02/2008)

The Avebury mineralisation is spread over several resource bodies and prospects including – North Avebury, South Avebury, East Avebury, Viking, Bismarck, Bison, Saxon and the Pontiac, Foundation Stone and Trial Harbour prospects (see Figure 4). Of particular interest in relation to exploration within Zeehan Zinc’s tenements are the East Avebury, Saxon, Bismarck, Foundation Stone and Pontiac prospects, due to their proximity to the boundaries of EL18 and EL30 and their location on the magnetic anomalies seen in Figure 9 that extend into these licences.

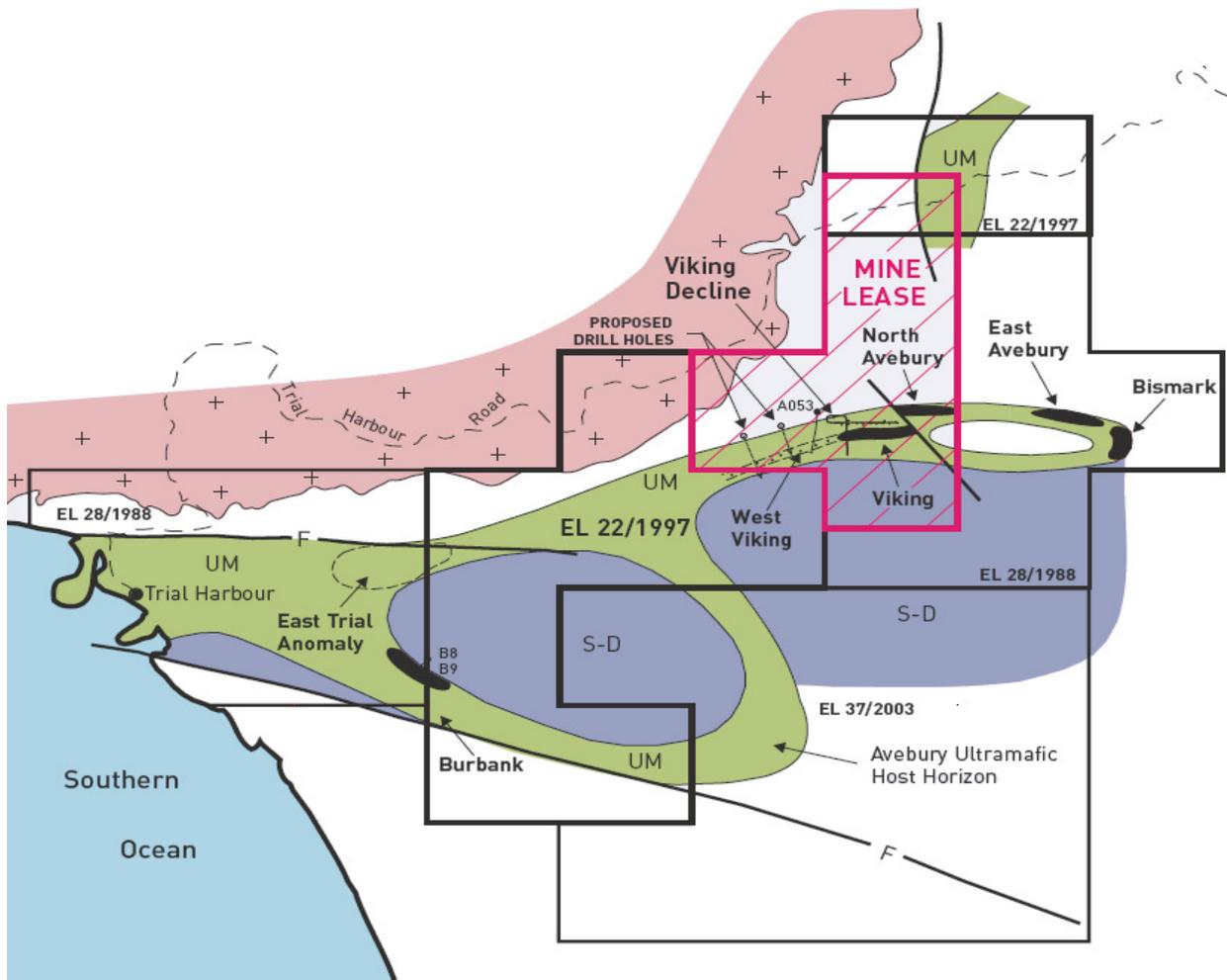


Figure 4 Simplified Geology map of Allegiance’s Avebury District

Recent Drilling around East Avebury to date has identified:

- Eastern extensions of the North Avebury resource.
- A substantial deposit at East Avebury which is interpreted as lying along strike of North Avebury.
- A new deposit south of East Avebury named Saxon which is tentatively interpreted as an eastern extension of Viking.

As stated in Allegiance Mining's December 2007 Quarterly report: "During 2007, Allegiance Mining discovered its first ore-grade intercept (in DDHP008) of 8 metres averaging 1.0% Ni outside the main Avebury horizon at the Foundation Stone prospect, located some 1,500 metres north of the mine". This location just south of the Zeehan Zinc exploration Licence EL18/2003 and part of the same magnetic anomaly that extends into EL18/2003 seen in Figure 9, further adds weight to the possibility of nickel deposits within Zeehan Zinc's exploration licences.

3.2.3 Avebury Geology, Structure and Alteration

The mineralisation in the Avebury area is hosted within extensively altered ultramafic intrusives, interpreted to be Late Cambrian in age, and is hosted by the Early- to Mid-Cambrian aged Crimson Creek Formation, consisting of volcanic and volcanoclastic sediments as well as turbidite sequences derived from a sub-tidal environment (Tear, 2007). These units are in close proximity to the Devonian aged Heemskirk Granite that has been interpreted for the ore fluids responsible for the deposition of the other mineralisation styles, such as lead-zinc and tin-tungsten, within the Zeehan mineral field.

Allegiance Mining NL interpreted a syn-formal structure running east-west through the middle of the Avebury deposits, with minor north-south and northwest-southeast cross-faulting that "offsets the ultramafic sequence" allowing the concentration of the ore sulphides in the "fold noses" of the ultramafics, proximal to the offsets (see Figure 5 and 6).

The alteration associated with the deposition of the nickel mineralisation has involved extensive serpentinisation of the host ultramafics, with the alteration zones associated with the disseminated nickel sulphide orebodies experiencing strong rodingite, or "blackwall" alteration. This type of alteration is characterized by the calcification (calcium enrichment) of the ultramafics, resulting in the presence of calcium rich silicates, such as grossular garnet replacing the original, dark, iron-rich (or mafic) mineral assemblages, giving the rocks a white-"mottled" appearance. The endpoints of the intrusive ultramafic host rocks are also characterised by the presence of many high-boron alteration derived minerals, such as tourmaline, dravite, brucite and szaibelyite, suggesting that the Devonian Heemskirk Granite has caused pervasive alteration/metasomatism during its intrusion (Tear, 2007).

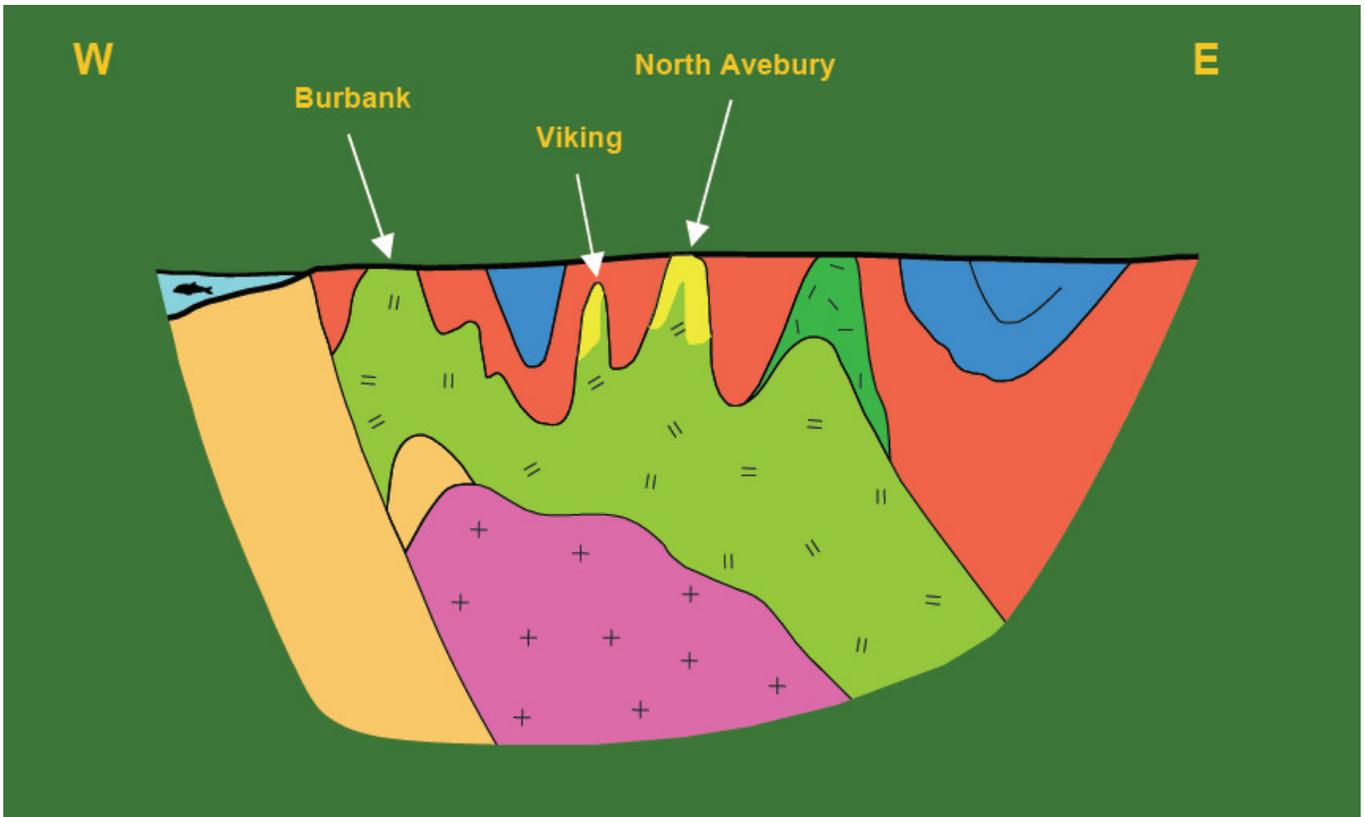


Figure 5 Simplified geological cross section showing location of known mineralisation (in yellow) and its relationship to the ultramafic intrusive (light green).

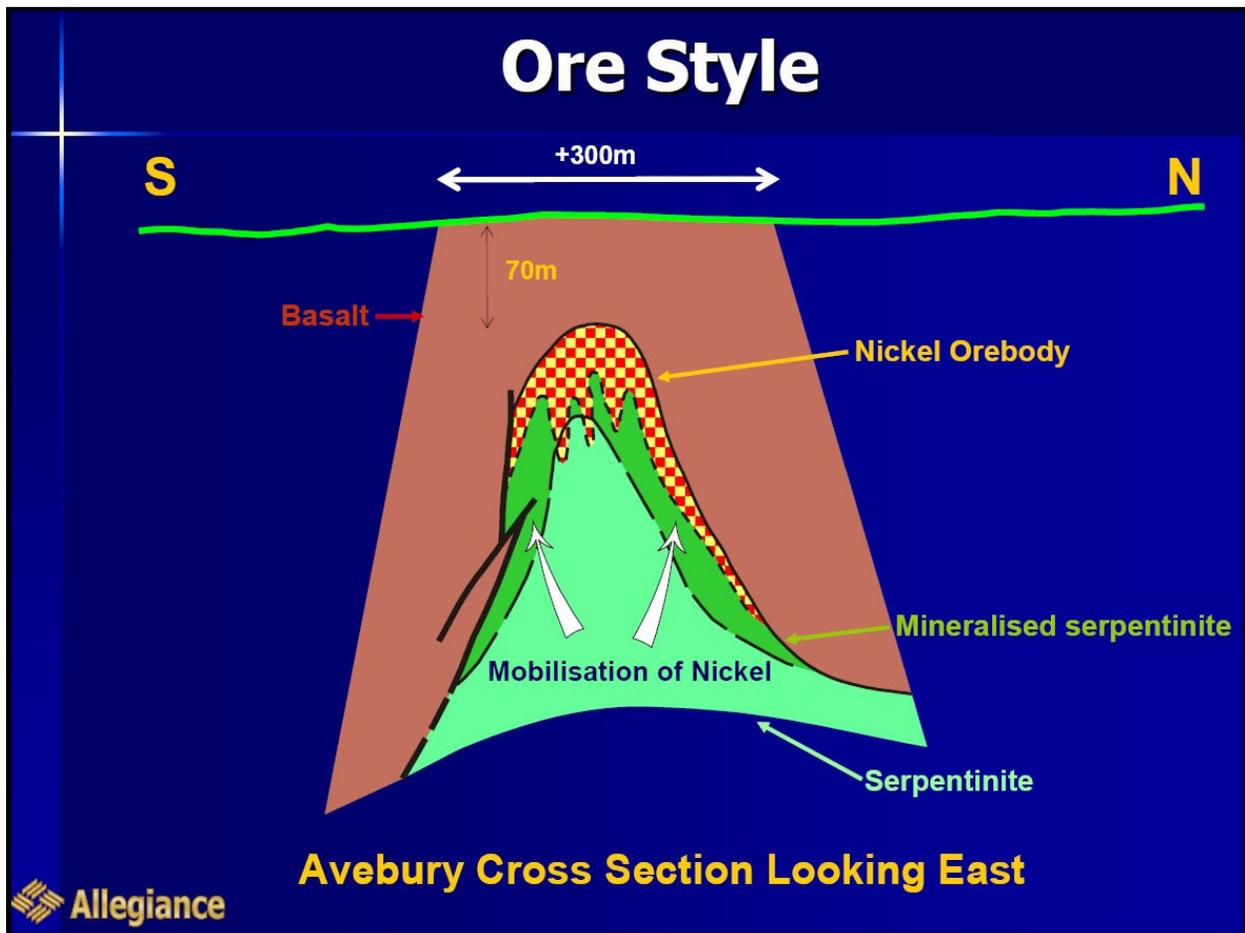


Figure 6 Simplified cross section of Avebury-style mineralisation (sourced from Allegiance “Diggers n Dealers” 08 August 2005 presentation).

3.2.4 Mineralisation at Avebury

The Avebury Nickel deposits occur as a Ni-skarn type mineralisation, with disseminated pentlandite hosted within late Cambrian ultramafic intrusive. Due to its simple metallurgy, the Avebury deposit produces one of the world’s highest grade Ni-sulphide concentrates, grading at above 20% Ni, and is expected to produce more than 172,000 tonnes of Nickel over the lifespan of the mine (OZ Minerals website).

The nickel is likely to have been sourced from the olivines within the ultramafic intrusive host package, which in turn was likely to have been sourced from a magma generated deep within the Earth’s lithosphere. The mineral concentrations of the pentlandite are essentially remobilized Ni-sulphide replacement mineralisation, related to high heat flow as a result of the post ultramafic emplacement intrusion and metasomatism associated with the Devonian Heemskirk Granite (Tear, 2007). The spatial distribution of the disseminated mineralisation appears to be structurally controlled into “fold noses” in

the ultramafic packages, adjacent to offsets, caused by faulting, within the ultramafics. This has allowed the faults to act as conduits for the ore bearing fluids and the fold noses of the ultramafics to act as structural traps for the remobilised nickel.

So far the main mineralised system at Avebury has been drill tested to extend more than 1000m along strike, with the recent discovery of “ore-grade intercepts” directly to the north of the Avebury mine at OZ minerals Foundation Stone prospect, within very close proximity to the Daverns prospect situated on the border of OZ minerals and Zeehan Zinc’s exploration licences (See Fig 4)

3.2.5 Geophysics

OZ minerals main existing resources at Avebury are shown to sit around distinct magnetic anomalies that extend well into Zeehan Zinc’s tenements. The anomaly appears in a large D-shape with Avebury sitting in the far southwest corner, extending eastward in Zeehan Zinc’s EL18, then curves to the north, and under the Comstock mine then back to the west and the Tenth Legion area of Zeehan Zinc’s EL30 (See Figure 9). This anomaly can be attributed to large magnetite deposits in the northern area around Tenth Legion, but its relationship to the Avebury deposit, and vast areas of the magnetic anomaly with the exploration licences held by Zeehan Zinc make this area a highly prospective target.

3.2.6 Relationship and Relevance to Zeehan Zinc’s Exploration

The potential for a large, Avebury-style nickel deposit is considerable, with similar geological and geophysical conditions observed to extend into Zeehan Zinc’s exploration licences from the nearby Avebury deposit owned by OZ minerals, with Zeehan Zinc holding the tenements to both the north and east of the deposit. This area of Zeehan Zinc’s tenements also displays a similar spatial relationship to the Heemskirk Granite, believed to be the cause of the remobilisation and deposition of the Avebury Ni-skarn deposit.

The serpentinised, altered ultramafics that host the Avebury deposit, are also witnessed within Zeehan Zinc’s tenements in 2 key locations, directly to the north of the Avebury deposit and the Pontiac and Foundation Stone Prospects, and directly to the east of the East Avebury/Saxon deposits (see Figures 4 and 9). An example of the serpentinised ultramafics found in Zeehan Zinc’s tenements can be seen below in Figure 7.



Figure 7 Ultramafics & Massive Sulphides Drill hole SY009 (Comstock)

However none of the large sections of these ultramafics observed in Zeehan Zinc's tenements have ever been seriously targeted for nickel, as much of the exploration work done in the area has focused on lead-zinc mineralisation and was completed prior to the discovery of the Avebury deposit.

These known ultramafic also occur within the same magnetic anomaly as the Avebury deposit, and with the same spatial relationship to the Heemskirk Granite. And whilst these regions appear highly susceptible to the occurrence of an Avebury style deposit, very little work has yet been completed, due to historical work concentrating on lead-zinc, tin-tungsten and magnetite mineralisation. However the ultramafics reported in EL18 directly east of the Avebury deposit (and along strike) have experienced even less exploration, with Mineral Resources Tasmania having no drill holes or geochemical surveys reported in the area.

Coarse Pentlandite Ore

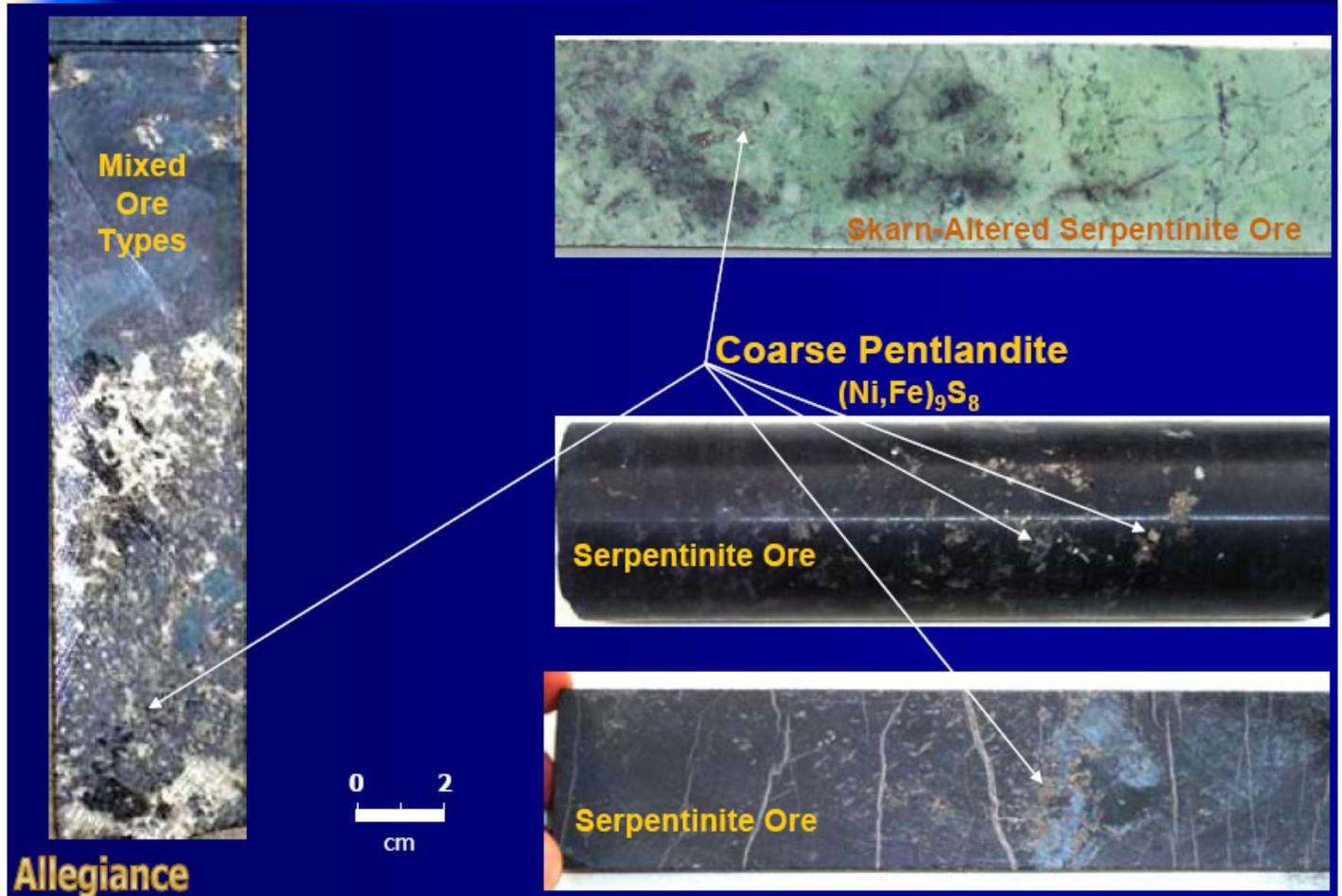


Figure 8 Coarse, high grade nickel mineralisation from drill core at Avebury (sourced from Allegiance "Diggers n Dealers" 08 August 2005 presentation).

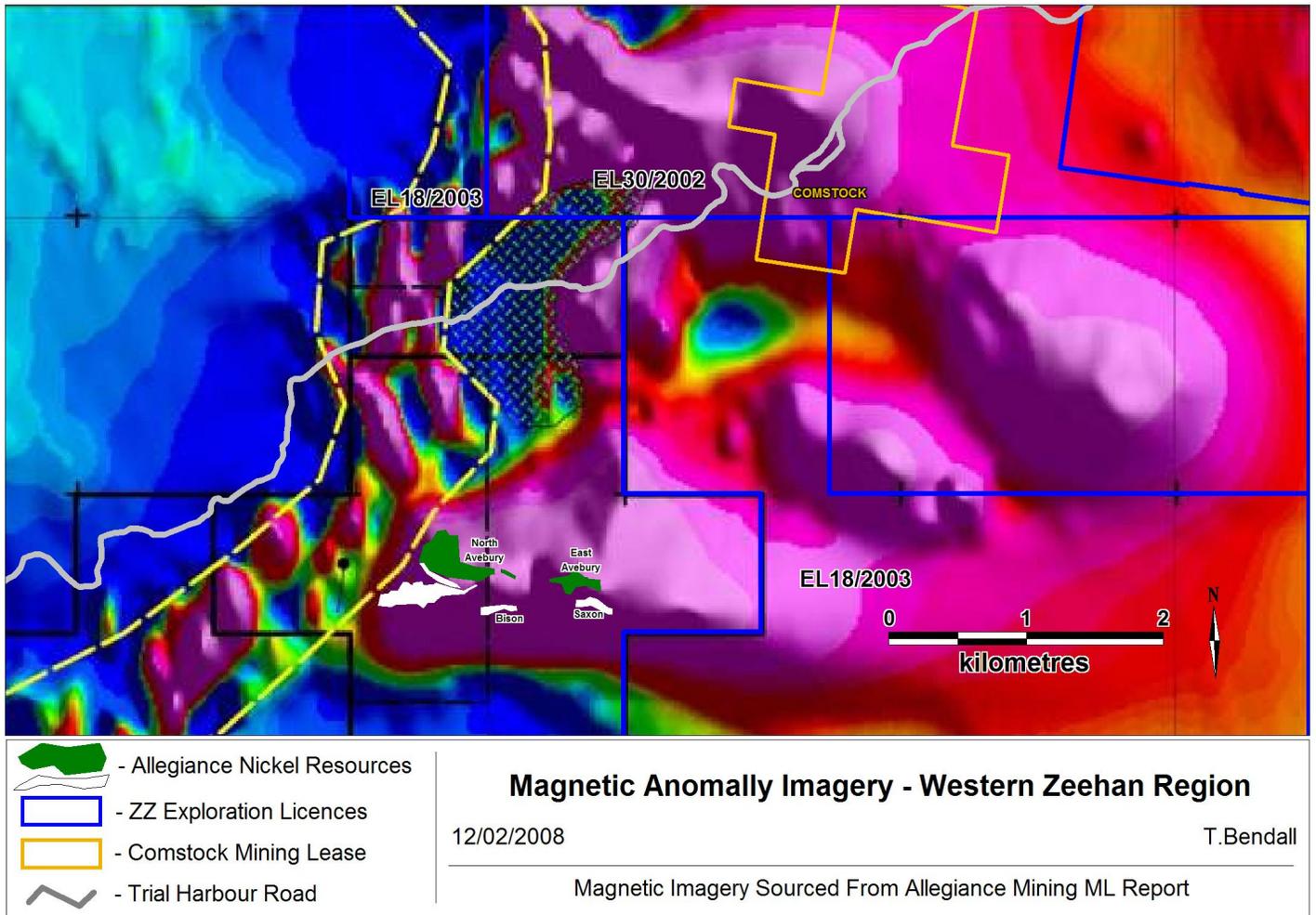


Figure 9 Magnetics of the Avebury area and relationship to Zeehan Zinc's tenements

3.3 Geochemistry In 2008

3.3.1 Hand-Held XRF Analysis of Diamond Drill Core

The following seven EL30 diamond drill holes located at MRT's Mornington core store were analysed (in part) using a Niton hand-held XRF unit. Intervals previously not analysed for nickel were given priority. Of the holes examined, SY011 easily had the highest nickel readings within the interval 146.00 – 148.00m, with a highest reading of 0.17% +/- 0.01%. These values occurred in a semi-massive quartz-sulphide band bounded by graphitic shale and grey sandstone. There would appear to be a rough correlation between manganese and nickel readings for the drill hole intervals observed in all holes.

Massive sulphide zones (e. g. Drill hole SY012 443.00 – 457.00m) generally did not register above the unit's Ni detection limit.

Refer to Appendix A and B for detailed readings.

Drill hole	Easting	Northing
SY010	356797	5361249
SY011	358616	5360534
SY012	357816	5360998
SY014	356426	5361315
SY018	357993	5360728
TL1	355600	5361280
TL2	355400	5361400

Figure 10 AMG66 Zone55 Northings and Eastings for diamond drill holes in EL30 (some overlap into Comstock Mine Lease)

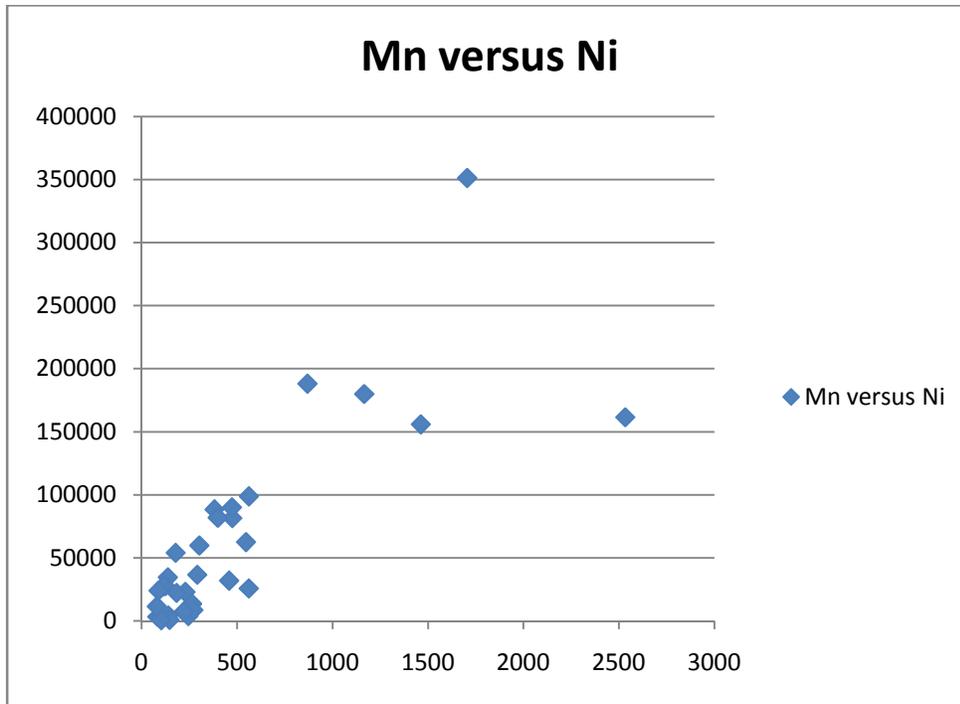


Figure 11 Manganese versus nickel (ppm) hand-held XRF readings.



Figure 12 Thermo Niton hand-held XRF unit with accessory lead-lined analysis table for mounting unit vertically

4 DATABASE AND APPLICATION DEVELOPMENT

4.1 Introduction

Zeehan Zinc has a custom, internally developed database web application to manage its geoscientific information known as [CoreStore](http://code.google.com/p/corestore) (<http://code.google.com/p/corestore>).

Zeehan Zinc previously stored its geo-scientific data in a combination of MS Excel spreadsheets and MS Access file-based databases. There were separate MS Access databases for each major prospect e.g. Oceana, Comstock and Mariposa. There is other related spatial data such as GIS layers (MapInfo tab files, ESRI Shape files) stored on the server file system.

The scope of the work undertaken covered the storage, management and access to non-GIS data held by Zeehan Zinc and its subsidiaries, and also the management of third-party historic geo-scientific data including drilling and other.

4.2 Discussion

A recent Zeehan Zinc internal report, the AMC Consultants *Zeehan Zinc Resource Review 2007* (herewith to be known as the **AMC Report**) recommended merging all data held in separate MS Access databases relating to the company's prospects into one central repository.

The AMC Report also recommended that data validation be incorporated into any solution, and that an approval or QA ability be built into the system.

Considering that Zeehan Zinc has personnel located in various locations in Tasmania, Australia (and the world) it would be logical that any solution include the ability for a worker or authorised third-party to access the company's corporate data directly and concurrently.

AMC recommend that the following outstanding information be included in the central repository:

- Detailed logging, lithology, weathering, textures and mineralogy
- QA/QC information
- Geotechnical logging
- Bulk density
- Geochemical soil sample data
- Magnetometer data
- Storage location of samples and drill core

For Zeehan Zinc to securely manage its geo-scientific data in a multi-user environment, a relational database management system (RDBMS) was chosen. This solution included the development of a custom web-based application (CoreStore) using Oracle Application Express

4.2.1 Software Rationale

Another potential software product, Microsoft SQL Server 2005 Express Edition, is a free, easy-to-use, lightweight, and embeddable version of SQL Server 2005. This product does not have a web-based management tool, or an integrated web-application development capability.

Oracle Database 10g Express Edition is Oracle Corporations equivalent solution to SQL Server Express Edition. This software is free to download and use, the key differences with Oracle's commercial database software is:

- Oracle Database XE is free for runtime usage with the following limitations:
- Supports up to 4GB of user data (in addition to Oracle system data)
- Single instance only of Oracle Database XE on any server
- May be installed on a multiple CPU server, but only executes on one processor in any server
- May be installed on a server with any amount of memory, but will only use up to 1GB RAM of available memory

Zeehan Zinc is unlikely to ever come anywhere near to the maximum user-data limit of 4GB. If this was ever a concern in the future, there is a straight-forward path for scaling up to one of Oracle's other database products. The Oracle XE product is particularly attractive because it is simple to install and administer, support is available from a number of free discussion forums, and it is a powerful and reliable software product.

The database may be administered using a web-based tool, so the company's personnel may browse, edit, import and export data from the RDBMS wherever they are in the world as long as they have browser access to the internet, and have been granted the appropriate database permissions.

The Oracle XE solution also allows various third-party applications to connect to the database via ODBC. Surpac, MS Access, MS Word, MapInfo and even MS Excel can directly connect to the database. Any software that can connect to an ODBC source should be able to connect to and interrogate the XE database.

4.2.2 Relational Model

A relational model was developed to encompass Zeehan Zinc’s drilling information, historic drilling by other companies, plus other sample data such as rock-chip, soils etc. A data model diagram is included. This data-model diagram was created using the free Blueprint CASE Modelling Tool from Geometry P/L, Hobart. (See Appendix H and I in EL20/2002 2008 Annual Report)

4.2.3 Data Migration

All data currently stored in MS Access databases and MS Excel spreadsheets was migrated into the new data structure. Any missing data, or data not stored in a digital form was located and loaded into the new tables. Data migration was done by importing the existing MS Access tables via .csv text files into Oracle XE using the inbuilt web-based tools, and by using Oracle SQL Developer inbuilt migration tools. SQL scripts and PL/SQL procedures performed any translation required of the data between old and new data-models.

4.2.4 Application Development

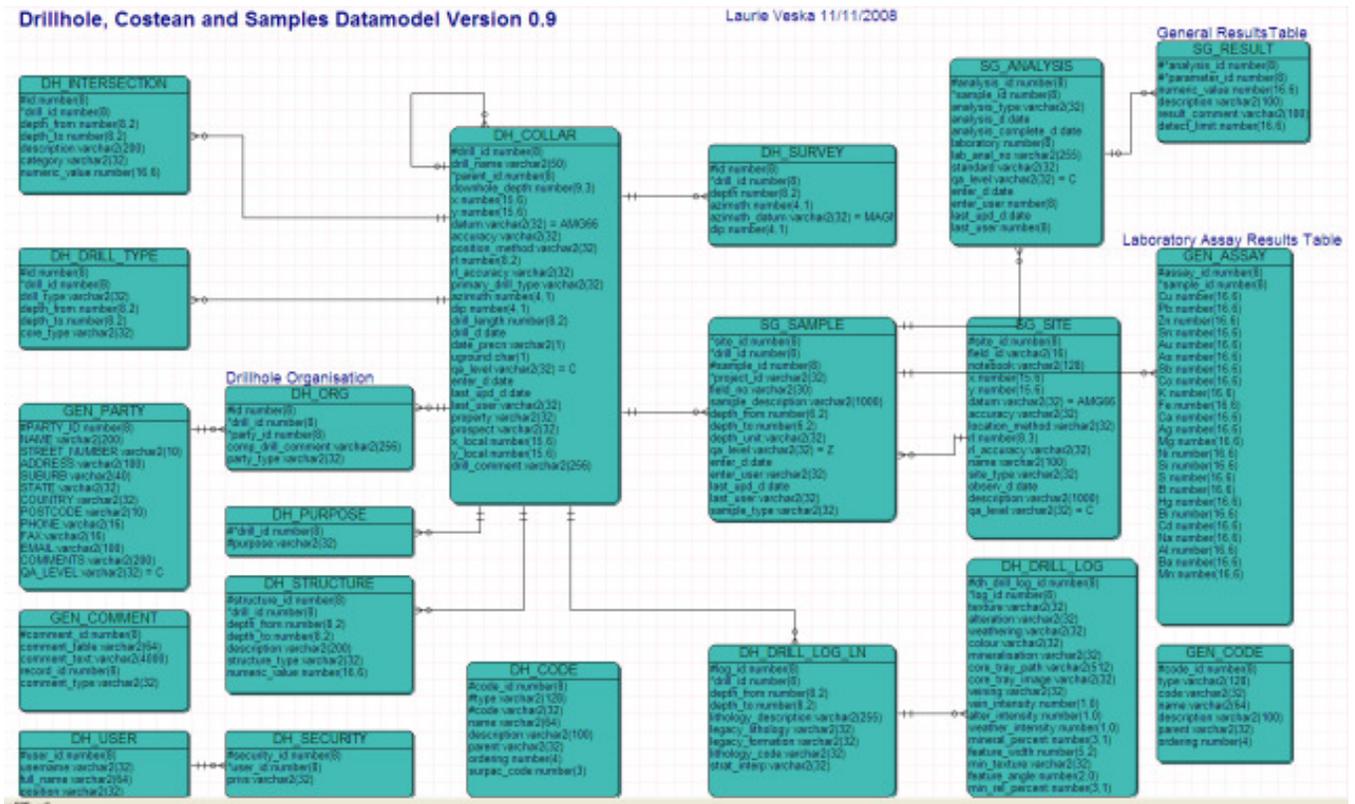


Figure 13 CoreStore Blueprint data model

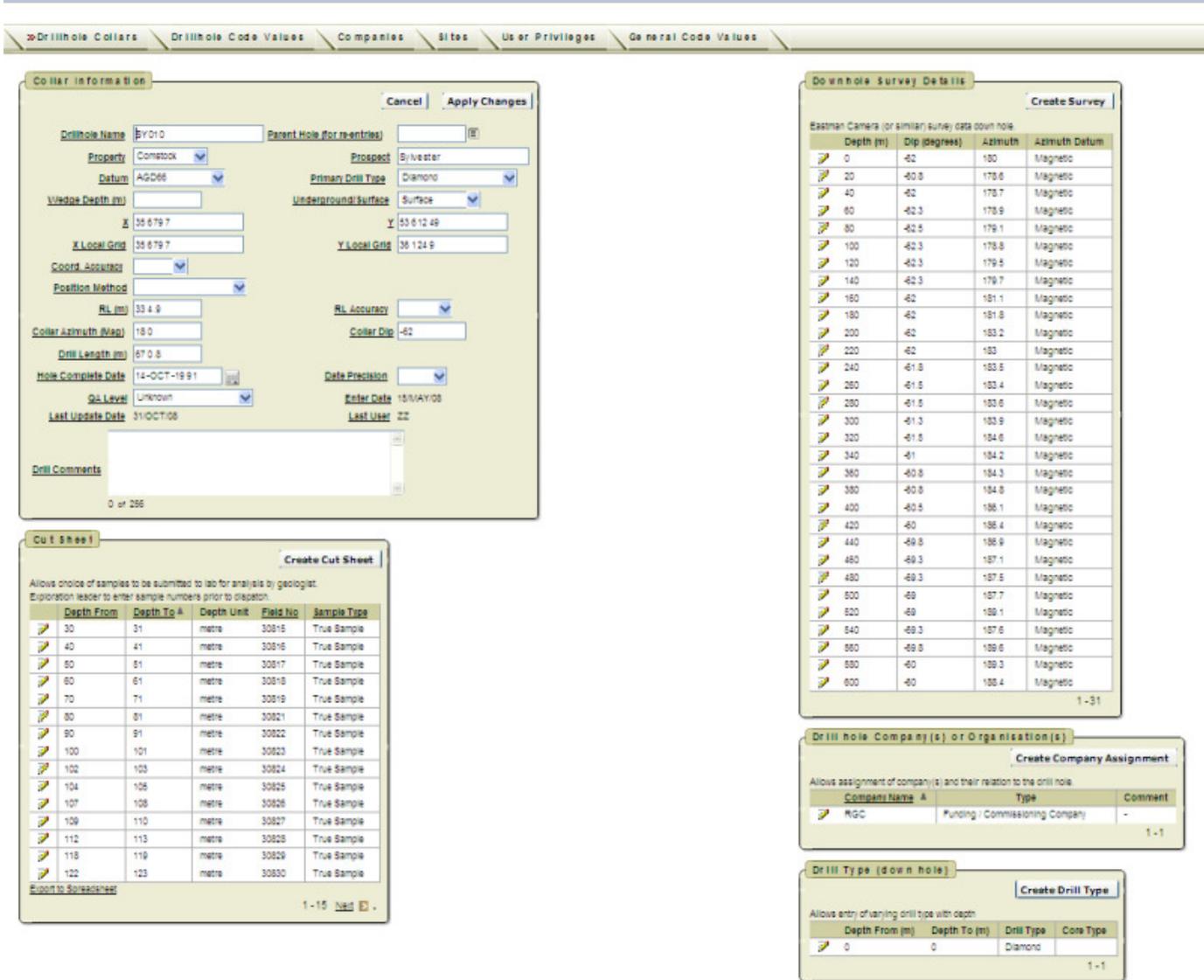


Figure 14 Screen capture of CoreStore Drill-hole application

» Drillhole Collars | Drillhole Code Values | Companies | Sites | User Privileges | General Code Values

Drillhole and Costean Collars

Enter some search criteria below, then click Filter. Click to the left of the record to see a detailed report, or edit the drillhole.

Create New Drillhole

Search: Display: 20

X Min: X Max: Filter by Drill Type: Diamond

Y Min: Y Max:

Drill Name	X	Y	Primary Drill Type	Datum	Drill Length (m)	Azimuth	Dip	Drill Date	X Local	Y Local	Position Method	RL	Property	Prospect	Underground?	QA Level	Enter Date	Last Update Date	Last User
Abx WC	357547.9	536055.13	Diamond	AGD66	1	76	80				Differential GPS	207.3	Comstock	Allisons	Surface		25/JUL/08	01/AUG/08	
CG6	367295	5363170	Diamond	AGD66	187.2	52.3	-45	12/APR/86				216	Melba Flats	Dundas	Surface	Incomplete	17/NOV/08	17/NOV/08	Administrator
CG6A	367294	5363175	Diamond	AGD66	31	52.6	-45	22/APR/86				216	Melba Flats	Dundas	Surface	Incomplete	17/NOV/08	17/NOV/08	Administrator
CG7	368898	5364960	Diamond	AGD66	8	0	-90	25/MAY/86				195	Melba Flats	Dundas	Surface	Incomplete	17/NOV/08	17/NOV/08	Administrator
CP25	357609	5360517	Diamond	AGD66	11.6	32	32		357609	5360517		267.84	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP26	357610	5360521	Diamond	AGD66	15.2	32	0		357610	5360521		266.65	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP27	357605	5360504	Diamond	AGD66	23.42	212	-45		357605	5360504		265.74	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP47	357605	5360545	Diamond	AGD66	58.5	250	-1		357605	360545		265.7	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP48	357608	5360545	Diamond	AGD66	71	212	-13		357608	360545		265.7	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP58	357506	5360545	Diamond	AGD66	72.5	278	-11		357506	360545		265.7	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP60	357405	5360382	Diamond	AGD66	15.2	19	0		357405	360382		268.4	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP64	357399	5360408	Diamond	AGD66	15.2	42	0		357399	360408		268.4	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP65	357398	5360424	Diamond	AGD66	30.5	11	0		357398	360424		258.4	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP66	357394	5360352	Diamond	AGD66	41.5	0	0		357394	360352		258	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP67	357578	5360606	Diamond	AGD66	52.7	258	0		357578	360606		255	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
CP68	357558	5360583	Diamond	AGD66	22.8	260	0		357558	360583		255	Comstock	Allisons	Underground	Unknown	15/MAY/08	15/MAY/08	
DM208	357617	5358963	Diamond	AGD66	49.2		-90		67319	58847		180	Mariposa		Surface	Unknown	15/MAY/08	15/MAY/08	
DM209	357645	5358975	Diamond	AGD66	141.7	253	-79		67350	59848		180	Mariposa		Surface	Unknown	15/MAY/08	15/MAY/08	
DM210	357463	5359482	Diamond	AGD66	62.0	252	-79		67345	59388		170.25	Mariposa		Surface	Unknown	15/MAY/08	15/MAY/08	
DM211	357494	5359508	Diamond	AGD66	150.6	252	-45		67380	59403		172.82	Mariposa		Surface	Unknown	15/MAY/08	15/MAY/08	

Export to Spreadsheet

rows: 1 - 20 of 200

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Figure 15 Screen capture of CoreStore Drill-hole application

5 CONCLUSIONS

Exploration work for nickel in this area should include;

- Detailed mapping of the ultramafic units in the area, their alteration zones due to the relationships of the alteration to the mineralisation seen at Avebury, and their relationship to the host rocks.
- Soil geochemistry surveys over the most prospective areas mapped in the region, to help further target possible mineralised horizons, and can be completed with the company's hand-held XRF analyser.
- A detailed ground magnetic geophysical survey over the prospective areas determined from the mapping should also be completed as no detailed survey has been carried out to date.
- A continuation of the hand-held XRF analysis of diamond drill core held at MRT core store, particularly intervals of favourable lithology hitherto not assayed for nickel.

Any targets produced from the above work can also then be further targeted through shallow trenching/costeaning and drilling.

5.1 Proposed Work Program

ZZ Exploration has prepared a detailed proposed work program and budget for exploration during 2009. For complete details see Appendix B in EL20/2002 2008 Annual Report.

6 ENVIRONMENT

No environmental disturbance occurred in EL30 during the reporting period.

7 EXPENDITURE

Expenditure for the four quarters for 2008 is presented below.

2008	Q1	\$	38,126.00
	Q2	\$	11,140.00
	Q3	\$	4,005.00
	Q4	\$	*

*The figures for EL30/2002 Q4 are currently being collated and will be presented in the next report.

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9 APPENDICES

Appendix A: *Hand-held XRF readings from diamond core at MRT core shed (various holes)*

Appendix B: *Hand-held XRF readings from diamond core at MRT core shed (RGC Hole SY010 only)*

Appendix C on CDROM: *MRT Drill core XRF Program spreadsheet of results Part A*

Appendix D on CDROM: *MRT Drill core XRF Program spreadsheet of results Part B*