ASF RESOURCES PTY LTD

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TASMANIA

LAKE PIEMAN PROJECT

EXPLORATION LICENCE: EL15/2007

2nd ANNUAL TECHNICALREPORT
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23/07/2008 TO 22/07/2009

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Copies

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1. Summary

During the second year of grant for EL 15/2007 (Lake Pieman Project) ASF Resources finalised the initial geological and mineralisation overview of the project and compiled all currently available GIS data. The Early Cambrian Crimson Creek Formation which comprises mafic volcaniclastic lithicwacke and siltstone and carbonate beds was highlighted as a prospective unit for skarn iron, tungsten and gold mineralisation and will be the main focus in the coming field season. The Crimson Creek Formation outcrops in the north east of the project area,

ASF Resources carried out a brief field visit to the north east of the project with Ron Gregory and traversed the Salmon Track making brief geological observations.

Representatives of Shan Dong Yan Guang Mining visited the project in late 2008 with a view to a joint venture opportunity..

Keywords: Zeehan, Roseberry, Queenstown Mount Dundas, Hellyer, Que River, Henty, Renison Bell, Mount Read Volcanics, Tyennan Block, Dundas Trough, Oonah Formation, Togari Group, Tyndall Group, Owen Group, Cu, Pb, Zn, Sn, Au

2. Introduction

The tenement is located in the highly mineralized Paleozoic Dundas Trough on the West Coast of Tasmania. The region is host to a number of significant Cambrian age volcanogenic base metal and gold deposits (Hellyer, Que River, and Henty (?)), porphyry associated copper-gold deposits (Mt. Lyell) and numerous epigenetic deposits associated with Devonian granite intrusions including tin, lead – silver and skarn tin/zinc deposits (Mt. Bischoff, Cleveland, Renison Bell, Razorback, and Oceana).

The region has been subjected to extensive exploration in the past with exploration based primarily on a volcanogenic model for base metal mineralisation in the Mt. Read Volcanics. "Modern" exploration has been undertaken from the late 1950's to the mid to late 1990's and includes a large amount of ground and airborne geophysics.

ASF Resources will be actively exploring for precious, base metals and iron in the south-west of Tasmania in the vicinity of the Zeehan, Queenstown and Roseberry Mining Centres.

3. Location and Access

The Lake Pieman Project is located approximately 15km west of Renison Bell tin mine. Lame Pieman, a narrow lake on the Pieman River, runs through the EL. Access north and south of the lake through the tenement is via a sealed road from Zeehan on to Granville

Harbour and west from Tullah on the Pieman Dam road. However access through most of the tenement is limited due to the steep topography of the Pieman Valley (**Figures 1 & 2**).

4. Tenure

The Lake Pieman Project comprises one granted exploration licence (**Table 1**) which was granted to ASF Resources on the 23/07/2007.

Table 1 Tenement Register

Tenement	Area (km2)	Grant Date	Final Date	Expenditure Commitment
EL15/2007	250	23/07/2007	23/07/2012	$125,000

5. Regional Geology and Mineralisation

5.1 Regional Geology

The oldest rocks in the region are the Meso to Neoproterozic quartzitic rocks of the Tyennan Block which provide basement to the younger sequences in western Tasmania. In the area of interest the Tyennan Group is overlain by the quatzwacke turbidite rocks of the Oonah Formation (100-750Ma) which were deposited in an N-S trending basin which was probably the precursor to the later Dundas Trough. The upper sequence of the Oonah Formation is dominated by pelites and/or carbonates with some mafic rocks and conglomerates. This part of the sequence provides an important host to vein, skarn and replacement tin deposits at Zeehan and Mt Bischoff.

The Oonah Formation is disconformably or unconformably overlain by the Success Creek and Crimson Creek Groups of the Togari Group of Neoproterozoic to Cambrian age (750-520Ma). Within the project area these rocks tend to comprise a lower sequence of dolomitic shallow water sediments resting on basal conglomeratic sandstone followed by upper mafic rift volcanic and associated volcaniclastic sediments. The lower dolomitic sequence is an important host to the tin replacement deposits of Renison Bell.

The above sequence was subjected to a number of major deformations during the Tyennan Orogeny commencing with the south directed compression (515-510Ma) followed by E-W compression from Middle Cambrian which produced the linear narrow Dundas Trough. The Dundas trough was an important depositional site for the Mount Read Volcanics and associated sediments and their polymetallic mineralisation.

The Mount Read Volcanics (MRV) is divided into three sequences. The Central Volcanic Sequence (CVS) is comprised of marine, proximal volcanics consisting of rhyolite and

dacite domes and cryptodomes, massive pumice breccias, andesites and rare basalts. The CVS is host to most of the polymetallic volcanogenic hosted mineralisation in the Dundas Trough ie Hellyer, Que River and Rosebery. The CVS interfingers with the Western Volcano-Sedimentary Sequence to the west comprised of lithicwacke, turbidites, mudstones, siltstones, shale with subordinate intrusive rocks and lavas. The CVS inter fingers with the Eastern Quartz Phyric Sequence (EQPS) to the east, comprised of quartz phyric lavas, intrusive porphyries and volcaniclastics intruded by magnetite series granite.

The MRV on the Western side of the Dundas Trough is overlain by the Tyndall Group of quartz bearing volcaniclastic sandstone and conglomerates of mixed felsic and andesitic provenance. Some workers (Seymour et al 2007) have suggested that the Tyndall Group is a time correlate of the EQPS to the east.

In the late Cambrian – Lower Ordovician, a period of E-W compression caused basin inversion of the Dundas Trough, resulting in uplift of the Tyrennan Block to the west and subsequent deposition of the Owen Group conglomerate in a half graben on the western side of the Dundas Trough. Basin inversion also caused reactivation of the major faults in the Dundas Trough.

In the Middle Devonian, Tasmania was affected by polyphase deformation, attendant folding and intrusion by major I-type granite batholiths. In the west most of the intrusions post date the folding event and are represented by reduced, moderately to strongly fractionated I-type granite.

5.2 Regional Mineralisation

The rocks of the Dundas Trough are host to significant polymetallic (Pb,Zn,Cu,Sn,Ag,Au) mineralisation including:

- Mt Lyell – 311Mt @ 0.97%Cu and 0.31g/t Au
- Rosebery – 34.03Mt @ 13.8%Zn, 4.1%Pb, 0.57%Cu, 143g/t Ag and 2.2g/t Au
- Hellyer – 16.5Mt @ 13.9%Zn, 7.2%Pb, 169g/t Ag and 2.55g/t Au

Mineralisation can be broadly classified into two associations.

1. Base metal and gold mineralisation related to volcanogenic processes associated with the emplacement of the MRV rocks, particularly the CVS, during the middle to late Cambrian.
2. Epigenetic Zn, Cu, Sn, Pb and Ag mineralisation associated with the intrusion of the Devonian Granites.

While it is generally accepted that the polymetallic mineralisation in the MRV is volcanogenic in nature, this has been questioned on the basis of observations that much of this mineralisation (eg Rosebery, Hercules) was emplaced subsequent to the main cleavage

forming event and controlled by the interplay of cleavage and bedding in pure shear zones associated with carbonate altered lithologies (Dr. M. Tomkinson per.com.). If true then this model implies that lithologies in such settings outside the CVS may be prospective. Prior exploration has concentrated on the CVS based on a volcanogenic model. The Henty Fault, reactivated during the Tyennan Orogeny tends to divide mineralisation of a Zn-Pb-Cu-Au volcanogenic association to the NW of the fault from a Cu-Au-Fe association to the SE of the fault. The Henty gold mine (2.83Mt @ 12.5g/t Au) is unusual for the region, being a gold only deposit located within the Henty Fault. The Devonian granites have mineralized a broad range of lithologies, generally close to and within the contact aureoles of the batholiths. Mineralisation is represented by simple high angle veins (Pb, Ag, Zn, Sn), skarn (Zn, Sn) and replacement bodies (Sn) which have resulted in some significant deposits such as Renison Bell (24.54Mt @ 1.41%Sn), Mt. Bischoff (10.54Mt @ 1.1%Sn) and Ocean (2.6Mt @7.7%Pb, 2.5%Zn, 55g/t Ag). The larger granite related deposits tend to be associated with reactive and or replaceable host rocks, usually carbonates.

6. Previous Exploration

An initial search of previous exploration reports produced 102 references from Mineral Resources Tasmania data base. However a cursory scan of this material indicates that most prior exploration was to the south and east of the tenement area. Except for some engineering drilling by the HEC at Pieman Dam, no exploration drill holes are recorded for the tenement application area.

7. Current Exploration

In the current reporting period all available open file GIS data was assembled for review in Mapinfo with a particular focus on the north east corner where the Crimson Creek Formation Outcrops. A brief field visit to the project area was made by ASF Resources staff to review the geology and magnetic character of the rocks with an iron rich skarn model in mind. A 3km section of the Salmon Track was traversed from the intersection of the sealed bitumen road towards the south east. Along the track a mixture of mudstone and siltstone were observed with one small area of basalt noted. All geological observations are included as Appendix 1.

8. Conclusions and Recommendations

A complete review of previous exploration will be completed with systematic compilation of relevant data onto a GIS data base. All available digital data will be assembled in Mapinfo with a view to target selection followed by all or some of the following exploration programs

dependant on the available time during the field season and focussed in the north east corner of the project.

• Implementation of a stream sediment sampling program for precious and base metals to 1)follow up existing geochemical anomalies and 2)complete the stream sediment coverage over recently defined target areas. In conjunction with the stream sediment sampling outcrop and float geological mapping will be carried out.

• Follow up of any stream sediment anomalies using 500x500m soil sampling for precious and base metals.

• Grid soil sampling on 100x25m over any anomalies defined from the initial soil program.

- Commission an aerial magnetic and radiometric survey.
- Follow up ground magnetic traverses

9. Expenditure

The annual expenditure incurred for EL 15/2007 for the year ending 22nd July 2009 was $46,292 with a breakdown of expenditure shown below.

Table 3 Expenditure Statement

Cost Centres	Expenditure Incurred
Geoscientific (Geology)	$24,266
Feasability Study(Marketing Visit)	$2,968
Other Costs(Rental)	$7,950
Administration	$11,108
TOTAL	**$46,292**

Total expenditure since inception of EL15/2007 is $96,053

10. References

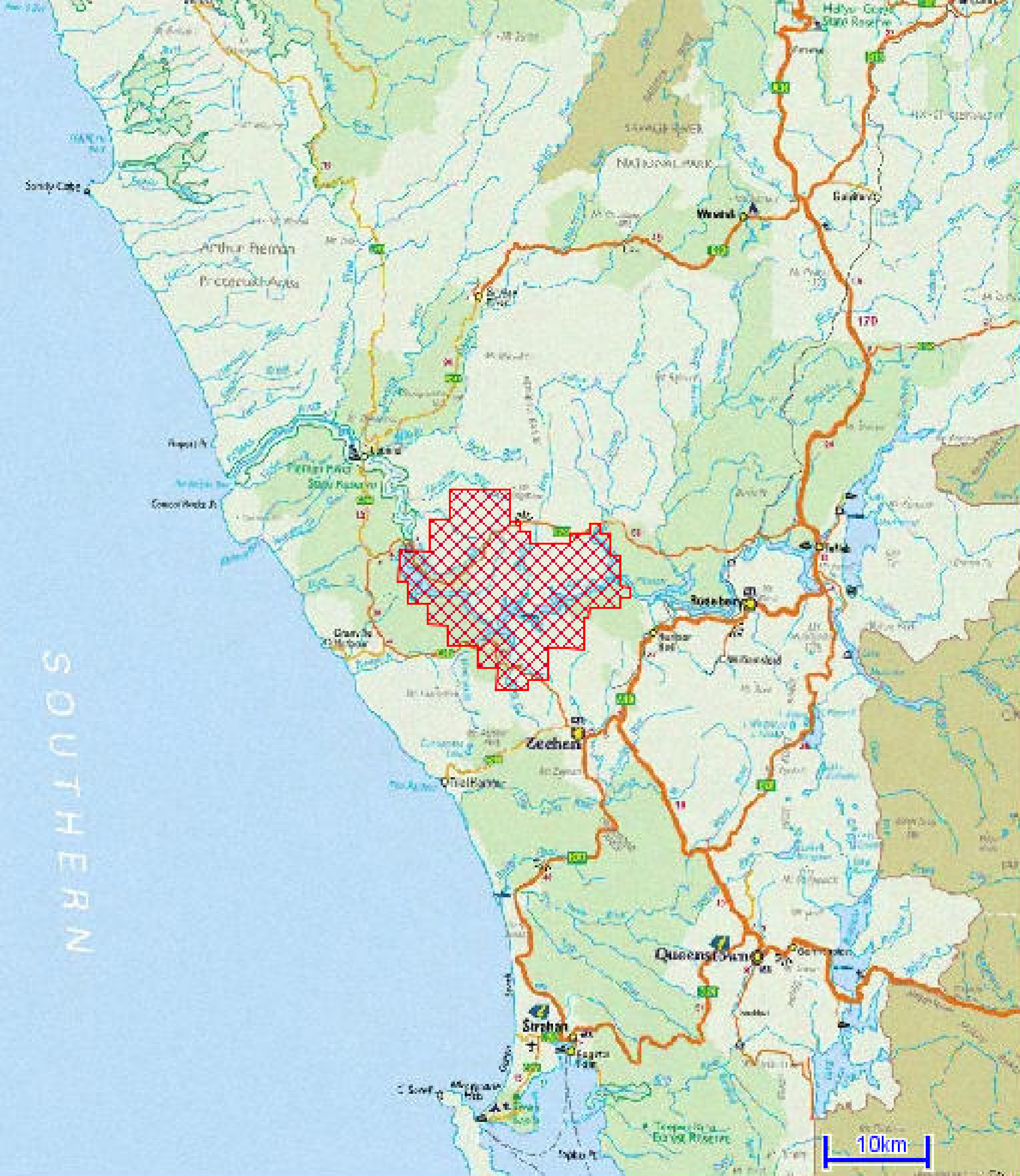
Crossing, D.J.F., E.L. 101/87 Dundas and E.L. 13/88 Moores Pimple Partial Relinquishment Report for the Period 1988 to 1992. RGC Exploration Report M.R.T. Open File Report 92-3358.

Seymour, D.B., Green, G.R., Calver,C.R, 2007. The Geology and Mineral Deposits of Tasmania: a Summary. Geological Survey Bulletin 72, Mineral Resources Tasmania.

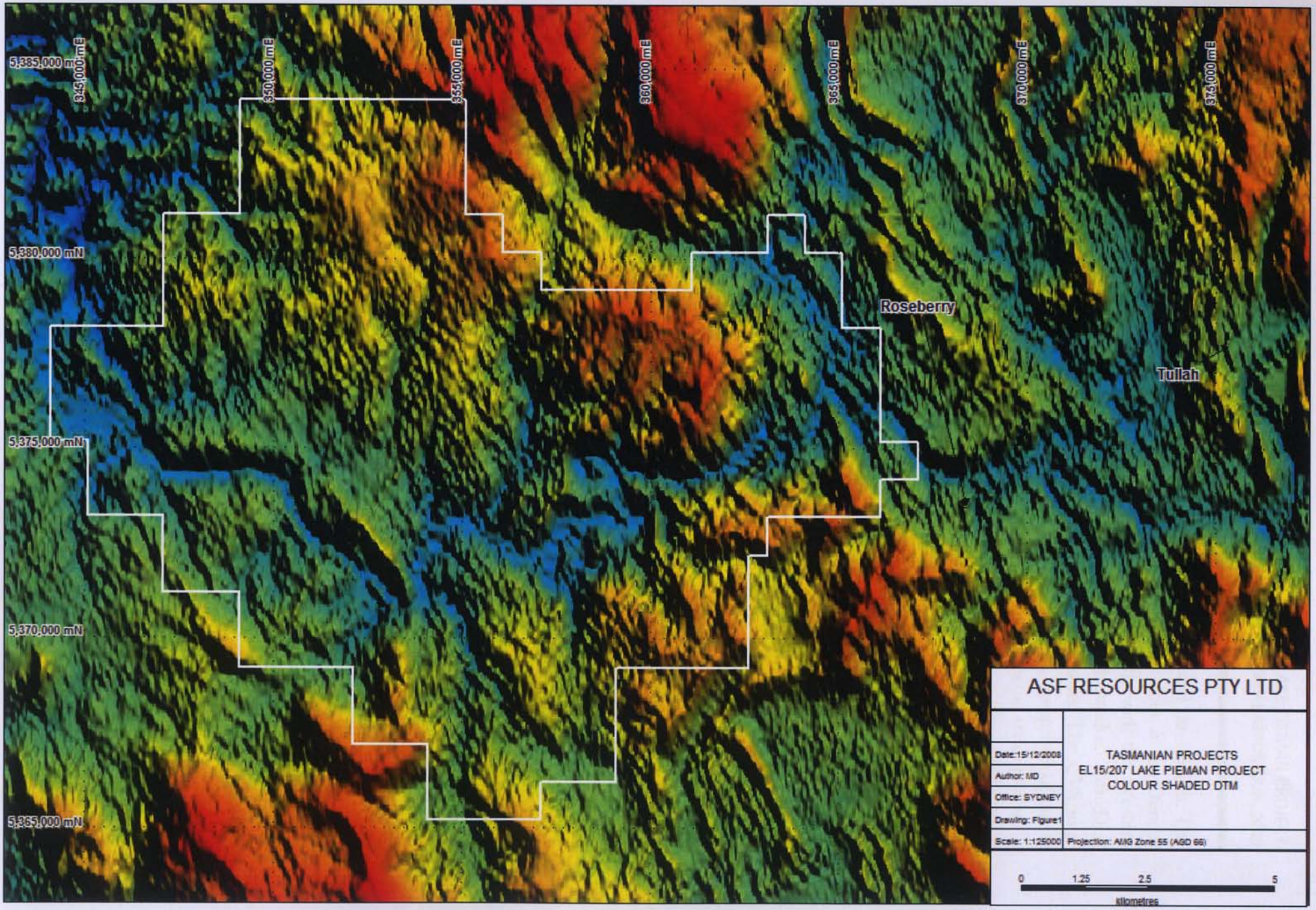
APPENDIX 1

SALMON TRACK GEOLOGICAL TRAVERSE

Sample	Zone	GDA mN	GDA mE	Rock Type	Colour	Grain Size	Alteration	Clasts	Clast Colour	Clast Size	Vein	Vein Thickness	Origin	Comments
1	55	5380326	362226	Lithicwacke	Br-Or			Yes	Yellow	1mm			Volcaniclastic	Well sorted
2	55	5380054	362116	Siltstone	Rd-Br	vf	hematite	No			clay	1mm		White soft vein clay
3	55	5379833	361965	Basalt	Gn-Gy	f								Magnetic
4	55	5379860	361868	Mudstone	Bk	vf	silica				quartz			At contast with SST
5	55	5379860	361868	Sandstone		vf					quartz			Quartz SST
6	55	5379705	361952	Sandstone		mg-cg	hematite/silica				quartz			Veining common
7	55	5379487	362202	Mudstone			mica?							Weakly pelitic
8	55	5379338	362366	Sandstone		fg-mg	hematite				quartz			Veining common
9	55	5378827	362563	Mudstone Chert	Bk-Rd		silica				quartz			hematite on weatherd surfaces



SOUTHERN
Arthur Pieman
NATIONAL PARK
Waratah
Rosebery
Zeehan
Queenstown
Strahan
10km


345,000 mE
350,000 mE
355,000 mE
360,000 mE
365,000 mE
370,000 mE
375,000 mE
5,385,000 mN
5,380,000 mN
5,375,000 mN
5,370,000 mN
5,365,000 mN
Roseberry
Tullah
ASF RESOURCES PTY LTD
Date:15/12/2008
Author: MD
Office: SYDNEY
Drawing: Figure1
TASMANIAN PROJECTS
EL15/207 LAKE PIEMAN PROJECT
COLOUR SHADED DTM
Scale: 1:125000
Projection: AMG Zone 55 (AGD 66)
0
1.25
2.5
5
kilometres