



**EXPLORATION LICENCE 30/2002
ANNUAL REPORT**

DECEMBER 2009 – DECEMBER 2010

Prepared by

Laurie Veska



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 is a 100% owned subsidiary of Creart Resources Holdings Limited) within Exploration Licence 30/2002 (EL 30/2002) during December 2009 - December 2010.

Role in the Regulation Process

This document fulfils the role of an Annual Report for EL 30/2002 during December 2009 - December 2010, as required under Section 28 of the *Mineral Resources Development Act 1995*.

Datum

Geodetic Datum AGD66 has been used for this report unless stated otherwise.

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 magnetite-tin

Exploration licence renewals for EL30/2002 were refused in January 2010 by the government authority, Mineral Resources Tasmania (MRT). The Company successfully appealed the Minister's decision not to renew EL 30 in Court, and following negotiations with the Minister's representative, the Parties agreed to settle on the basis that as of 10/05/2010 (with the order of the Court Mining Tribunal) EL30 is now renewed for the duration of the term – 31 January 2011.

As a condition of the licence renewals for EL30, the Company has committed to an exploration work program including drilling a total of 5000 metres (leading to a potential magnetite-tin resource evaluation) at EL30 Tenth Legion Prospect.

Secondary targets within EL30 include lead-zinc carbonate replacement deposits, and remobilised nickel skarn deposits akin to Avebury.

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1 INTRODUCTION

1.1 Purpose of This Document

This document fulfils the role of an Annual Report for EL 30/2002 during December 2009 – December 2010 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 Creat Resources Holdings Limited (CRHL). ZZE currently holds Exploration Licence 30/2002, which includes numerous diverse historic mineral occurrences. CRHL'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.

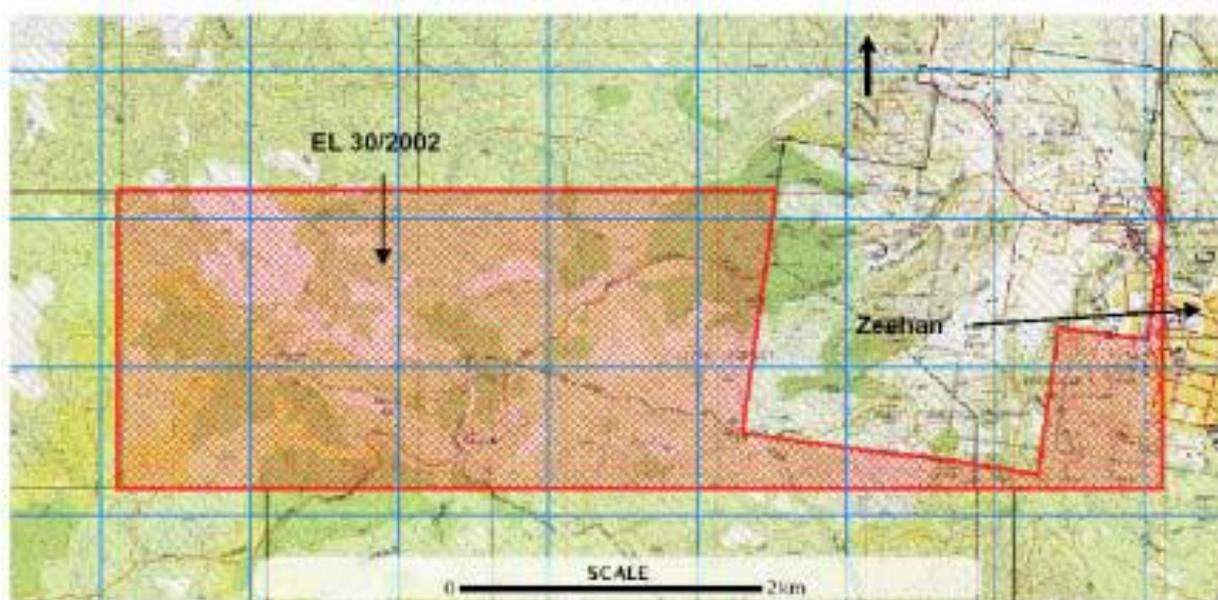


Figure 1: Location of EL 30/2002

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. The area within EL30 originally constituting the Comstock Mine Lease, ML 5M/2007, has been granted as a Retention Licence RL4/2009.

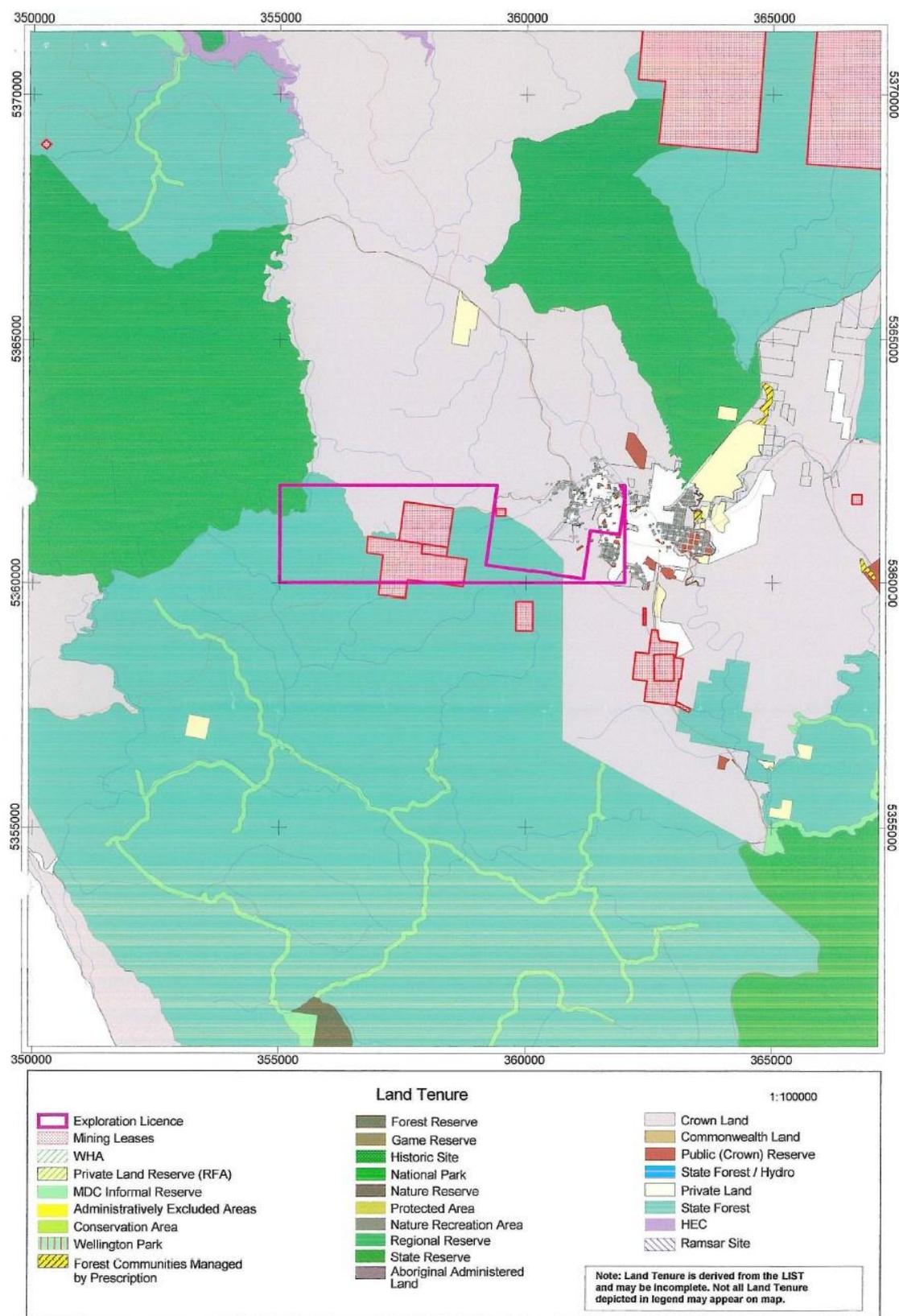


Figure 2: Land tenure for EL30/2002

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).

An airborne SkyTEM survey was flown in January 2009 by CRHL, with the results discussed in the 2009 Annual Report for EL30/2002, including a follow-up soil geochemical survey during 2009 comprising 4 small grids.

3 LOCAL GEOLOGY

The rocks at Tenth Legion have been metasomatically metamorphosed by the nearby granite. The oldest rocks belong to the Oonah Formation, originally a sedimentary rock sequence, including sandstones, siltstones, shales, limestones and dolomites. These rocks were later intruded by the Cambrian ultramafic complex which outcrops in the south-eastern corner of the area. All these pre-existing rocks were intruded by the Devonian Heemskirk Granite which outcrops just to the west of Tenth Legion.

The mega-structure of the area is dominated by two features, both attributable to Tabberabberan events: an anticline and a fault – The Tenth Legion Fault. The anticlinal axis strikes just south of east and appears to plunge steeply to the east; the rocks on the limbs of the anticline dip steeply to the north on the northern limb, and to the south-west on the southern limb. The Tenth Legion Fault cuts across the north-eastern corner of the area and separates the mineralised and altered rocks to the south from relatively unaltered Oonah Formation rocks to the north.

The sedimentary rocks have been metamorphosed and metasomatically altered during the intrusion of the granite. Metamorphism has altered the sandstones to quartzites, and crystallised parts of the dolomites. The most obvious effect of the metasomatism is the presence of massive to semi-massive magnetite which has replaced parts of the calcareous rocks. Other alterations include serpentinisation of the calcareous rocks, calc-silicate alteration of siltstones, and calcareous siltstones, and sericitisation of quartzites. Several sulphide minerals are also known in the area including pyrrhotite and pyrite, chalcopyrite, and traces of cassiterite have been detected.

Of the base metal sulphides, the most common is sphalerite and parts of the area have been subject to prospecting for zinc in the past.

**Local Geology extracted from McKeown, 2000*

4 EXPLORATION UNDERTAKEN DURING 2010

4.1 Summary

A summary of exploration activities undertaken is presented below.

- Approximately 3000 metres of a 5000 metre diamond drilling program has been completed at Tenth Legion as of the time of writing of this report, comprising a total of 12 drill holes.

4.2 Strategy

The primary focus at EL30/2002 Tenth Legion Prospect is to evaluate the extent and quality of the long-known magnetite mineralisation present to determine the suitability as a Direct Shipping Ore (DSO). Other explorers have recognised the potential at Tenth Legion including most recently ASX-listed Venture Minerals which currently is drilling similar mineralisation at Mount Lindsay in Western Tasmania. The similarities with Shree Mineral's Nelson Bay Iron Ore Project are also being considered.

Given the outcropping nature of the iron at Tenth Legion and its typical location at topographic highs, an initial aim will be to outline a magnetite resource ultimately to JORC classification. The secondary target will be Sn +/- W enriched zones within the magnetite iron. CRA Exploration P/L drilled for tin within the magnetite iron in the early 1980's and estimated an exploration potential of approximately 900,000t of 0.4% to 0.5% tin. The results of the CRAE drilling will be used in conjunction with the current program to define a magnetite iron resource, with the potential to have included tin (+/- tungsten) credits.

Of additional interest at Tenth Legion, the poly-metallic sulphide skarn system at Tenth Legion hosted by carbonates is also prospective for base metals including zinc, lead and copper. In 1990 RGC Exploration drilled hole SY005 aimed at a magnetic high about 1400 metres east of the current drilling and intersected massive magnetite as well as massive pyrrhotite. This hole had a base metal intersect of 507.4 – 535.8m: 28m @ 0.2% Cu, 1.9% Pb and 3% Zn.

4.3 Diamond Drilling Program

Eight diamond drill holes will be summarised for the purposes of this report, with further holes currently being logged and assayed at the time of writing. A further four diamond drill holes have been additionally completed, with two drill rigs continuing at the time of writing. Drill holes are currently being geology logged and processed at the time of writing.

Table 1: Collar details for Tenth Legion drill holes

Drillhole	Easting	Northing	RL	Az. (Mag)	Dip	Length	Date	Local X	Local Y
TLC15	355464	5361400	253.43	177	-50	212.5	1-Sep-10	5360	4963
TLC16	355553	5361401	260	177	-50	181.1	13-Sep-10	5450	4979
TLC17	355772	5361222	303	177	-55	191.1	1-Nov-10	5700	4840
TLC19	355685	5361284	283	177	-52.5	202.5	6-Oct-10	5600	4887
TLC21	355599	5361377	270	177	-50	203.8	23-Sep-10	5500	4963
TLC22	355148	5361597	260	225	-60	194.2	8-Dec-10	5010	5105
TLC23	355604	5361388	272	184	-60	239.1	14-Oct-10	5509	4993
TLC24	356103	5361017	330	177	-75	338.5	1-Dec-10	6070	4697

4.3.1 Tenth Legion Local Grid

Drill hole orientation is generally along the CRAE P/L Local Grid established in the early 1980's. CRAE drill holes at Tenth Legion were collared and drilled grid south, at an azimuth of 177^o magnetic. The local grid followed cut lease boundaries of lease 53M/75; with the north western corner of the lease assigned the grid coordinates 4990N, 5000E. Grid lines were made parallel to the north-south trending boundary lines, an AGD66 bearing of 8 degrees, 43 minutes, and spaced a nominal 100 metres apart. See Appendix D for survey details.

4.3.2 Downhole surveys

Due to the magnetite content in the lithologies drilled, downhole surveys were affected, with azimuth readings displaying spurious results. It was decided to hire a gyroscopic instrument to counteract this and obtain accurate azimuth readings in magnetite-rich zones. From hole TLC18 onwards, the gyroscopic instrument was used, with dip and azimuth readings obtained every 4 metres down hole.

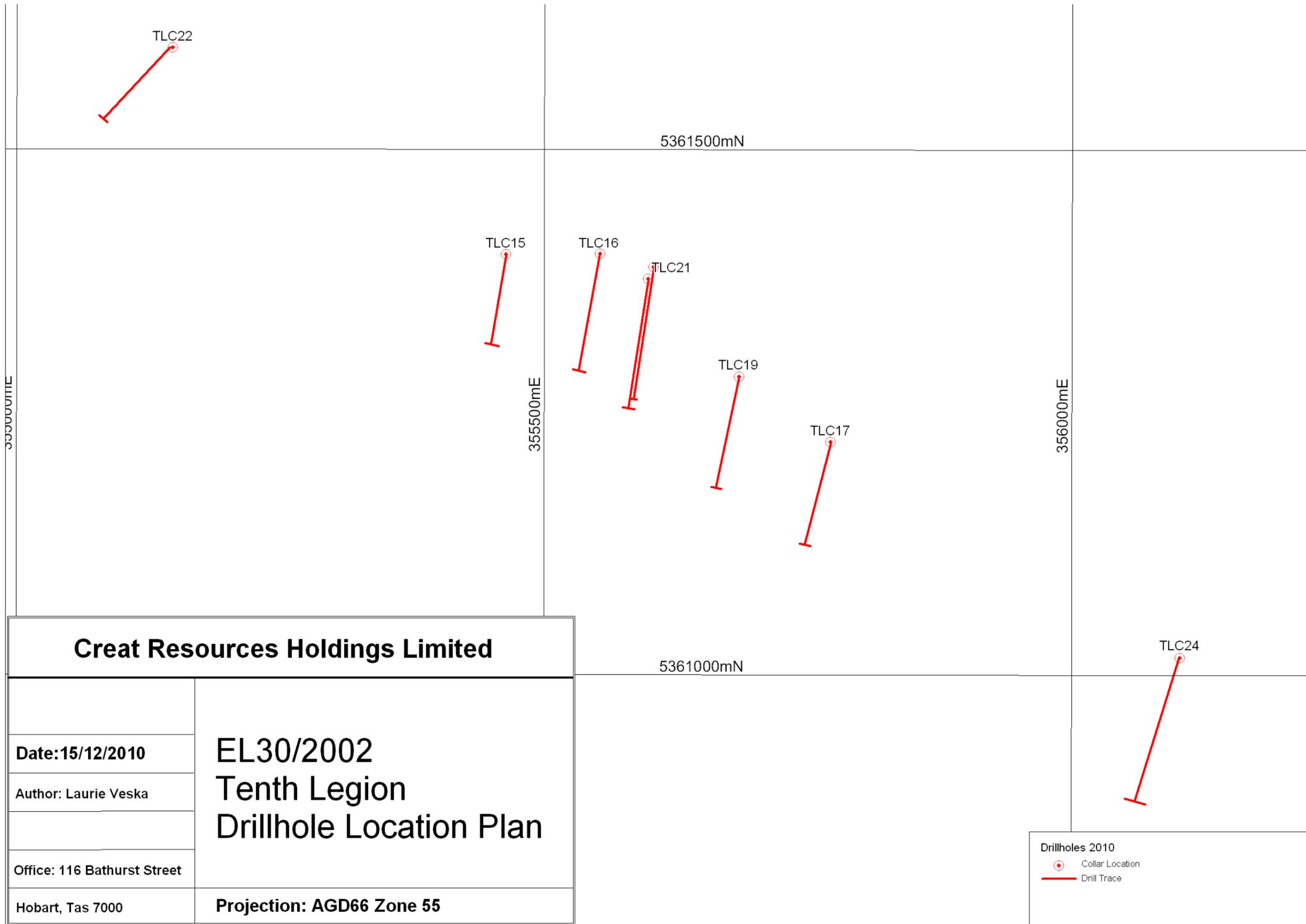


Figure 3: Drill hole locations and approximate drill traces

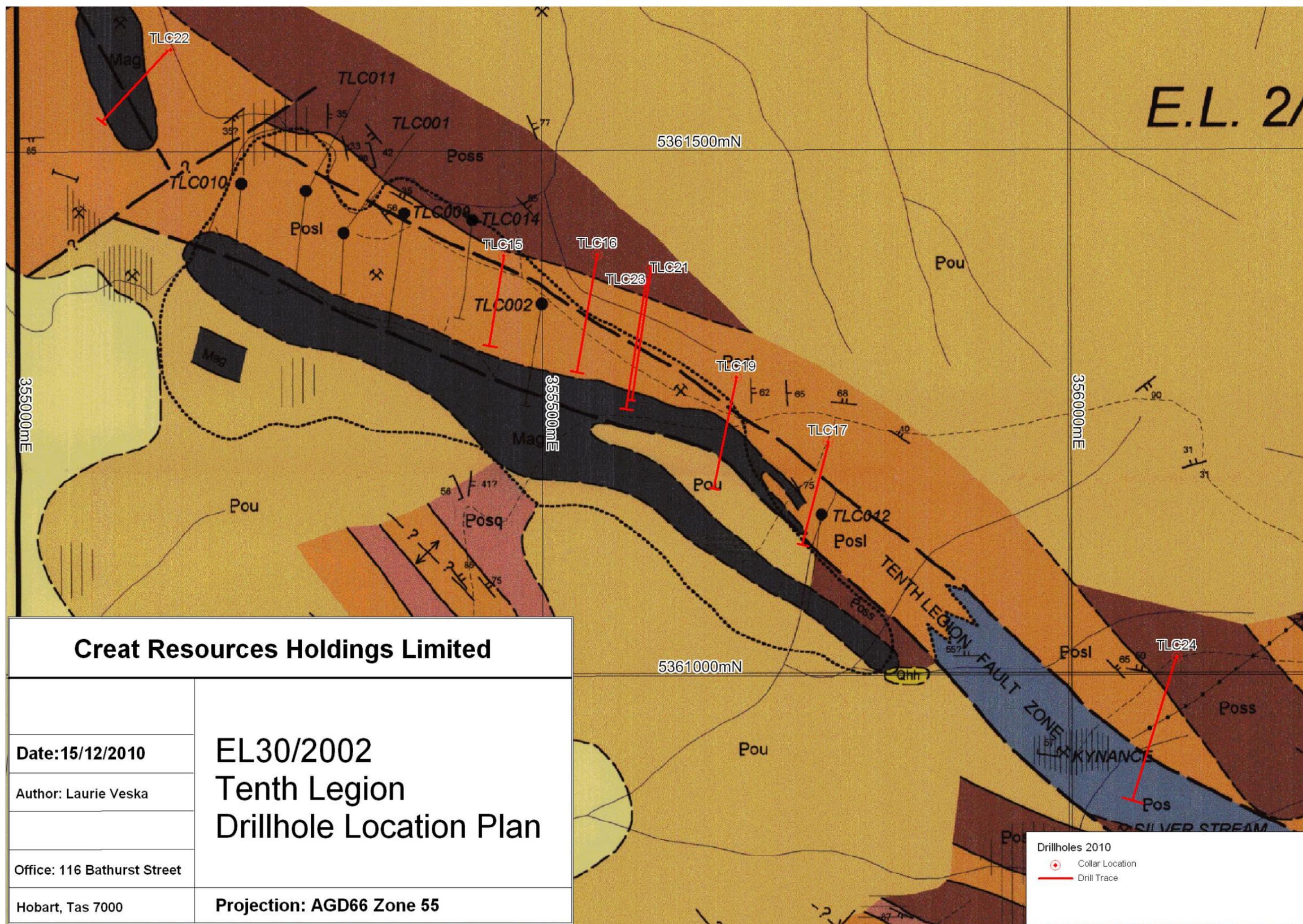


Figure 4: Drill hole locations on geology (geology map from Reid, 2000)

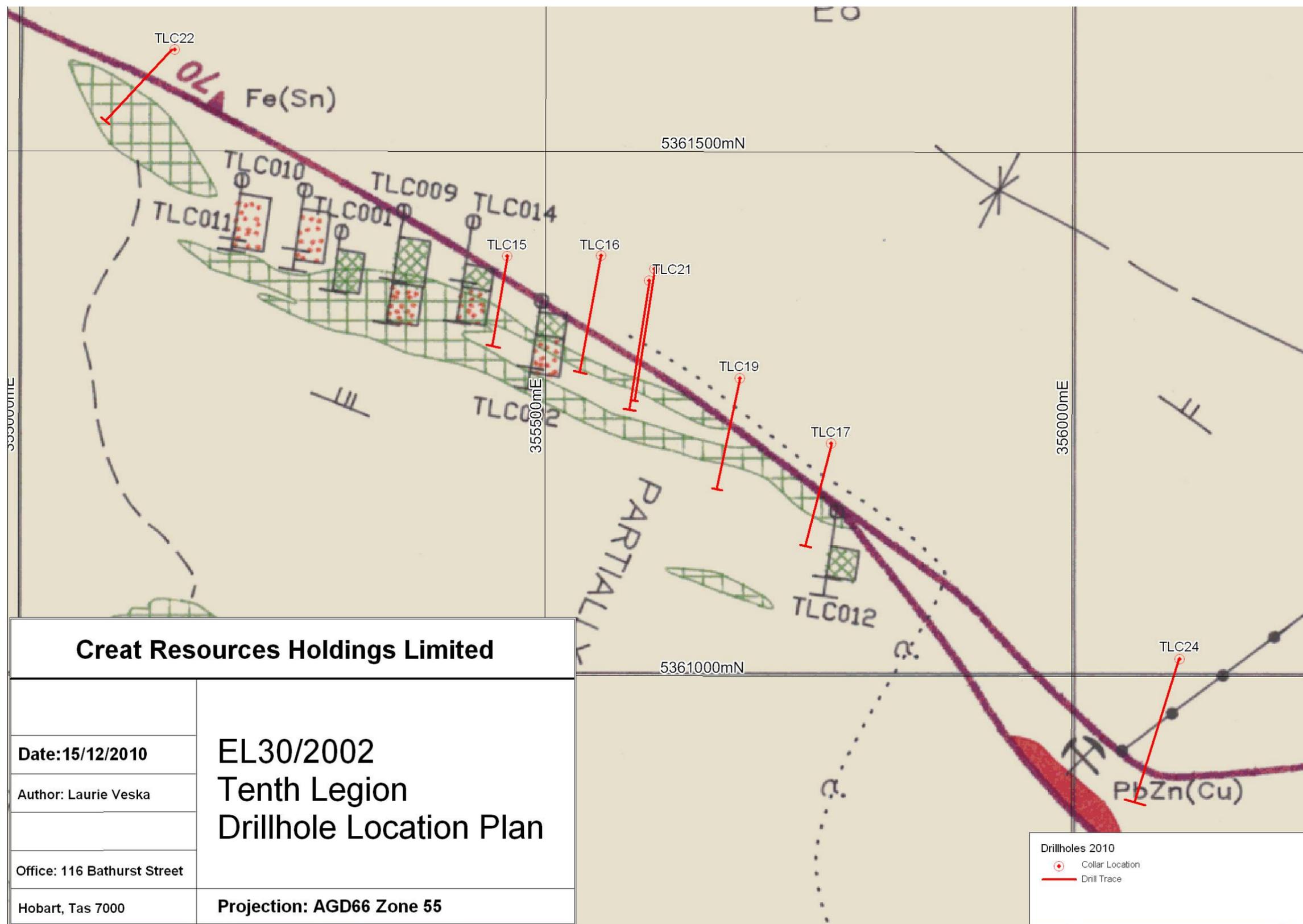


Figure 5: Drill hole locations on mineralisation map. CRAE P/L holes also shown.

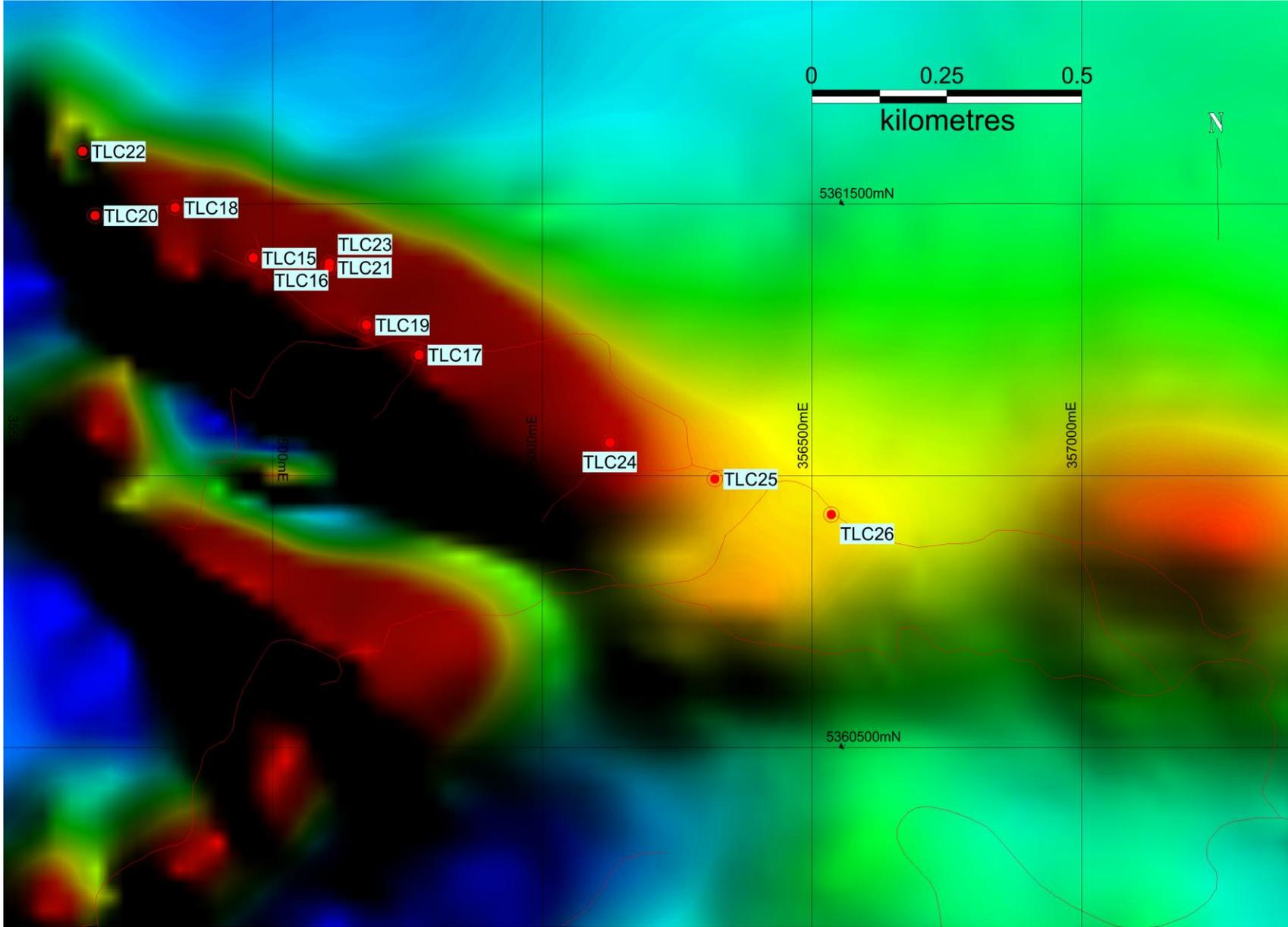


Figure 6: Location of Tenth Legion drill holes with CRHL SkyTEM 2009 TMI (some planned drill holes also shown)

EL30/2002 Tenth Legion Drilling 2010



Drillhole	Easting	Northing	Datum	RL(m)	Azimuth	Dip	Depth(m)	Drill Date	Property	Prospect	X Local	Y Local	Comments
TLC15	355464	5361400	AGD66	253.43	177	-50	212.5	1/09/2010	EL30	Tenth Legion	5360	4963	2010 diamond hole TA based on Simon Tear 07/06/2007. First hole drilled in CRHL program at Tenth Legion for 2010.
TLC16	355553	5361401	AGD66	260	177	-50	181.1	13/09/2010	EL30	Tenth Legion	5450	4979	2010 diamond hole TB based on Simon Tear 07/06/2007. Holes are deviating to the west due to ground conditions.
TLC17	355772	5361222	AGD66	303	177	-55	191.1	1/11/2010	EL30	Tenth Legion	5700	4840	Located approximately 60m north of TLC12 CRAE P/L hole
TLC19	355685	5361284	AGD66	283	177	-52.5	202.5	6/10/2010	EL30	Tenth Legion	5600	4887	
TLC21	355599	5361377	AGD66	270	177	-50	203.8	23/09/2010	EL30	Tenth Legion	5500	4963	
TLC22	355148	5361597	AGD66	260	225	-60	194.2	8/12/2010	EL30	Tenth Legion	5010	5105	Hole into north-western un-drilled magnetite body. Located at adit entrance.
TLC23	355604	5361388	AGD66	272	184	-60	239.1	14/10/2010	EL30	Tenth Legion	5509	4993	Examining potential down-dip from TLC21.
TLC24	356103	5361017	AGD66	330	177	-75	338.5	1/12/2010	EL30	Tenth Legion	6070	4697	Drillhole on magnetic feature near Balstrup Fault/Tenth Legion Fault intersect 2010/2011

Figure 7: Collar details for Tenth Legion reported drill holes



Figure 8: Diamond drill hole TLC15 in progress – first hole of 2010 program

5 DISCUSSION

The current drilling program has been affected by the inability of Perth SGS analysis laboratory to process the half-core samples submitted in a timely manner. To date the Company has only received the assay results back for 4 drillholes, and a number of these assays have only been received quite recently. The current mining boom, particularly in the west of the country, has meant that smaller companies such as CRHL have been given low priority in the processing queue. The Company has been investigating other facilities and options for analyses, and have received good service through Burnie Assay Laboratories recently for some old core which was submitted for assay. The Burnie laboratory will be used in the 2011 for exploration diamond drill core, which should result in a better turnaround in future.

Selected magnetite-rich zones in the diamond drill core have been assayed using the SGS "Lithologic Package" in addition to a standard suite of elements. The Lithologic Package includes chemical species such as SiO_2 , P_2O_5 , Al_2O_3 , TiO_2 as well as LOI which will be helpful in determining the general level of deleterious contaminants in the magnetite.

Tin assays have only been received back from two of the drill holes submitted to the laboratory due to an initial misunderstanding of the elements required; the results for the remainder of the holes are expected in the near future.

The majority of the holes drilled at Tenth Legion thus far have either in-filled the 1980's drilling, or examined the down-dip magnetite and calc-silicate skarn mineralisation with relation to the earlier CRAE drilling. This has meant that magnetite intersections have been generally quite deep (~ 180 RL). The Fe grades and associated deleterious element components from intersections in these deeper magnetite bodies so far have generally been below that which could be considered suitable for a DSO. Usually DSO is hematite rather than magnetite, however work during the 1940's at Tenth Legion performed by the Tasmanian Mines Department (UR1940_001-14) resulted in the estimation of a historic non-JORC compliant resource of 1.7Mt @ 66% Fe, with 0.46-4.2% silica, 0.03 – 0.05% phosphorous and 0.71 – 1.91% alumina. This figure was based on underground adit and surface sampling at No. 1 Zone and No. 2 Zone (which corresponds to the 800m strike-length magnetite body currently being drilled by the Company). There is an expectation that the Tenth Legion Project has potential to produce at least a small tonnage of DSO with grades of around 60% Fe, as well as an additional beneficiated magnetite product (Direct Shipping Ore is defined as ore containing around 60% or more Fe. Beneficiated magnetite is defined as material which may contain as little as 25% iron, but which is upgradeable to around 60% Fe using separation techniques).

The approximately 800m magnetite body in outcrop is quite massive and indurated, and the ridge or topographic high near-surface magnetite provides the best prospect for a DSO in the author's and the geology team's opinion. This potential is currently being investigated by the first of a series of short, around 50m) vertical to sub-vertical holes to be drilled at or near the ridge peak. These holes will provide valuable information regarding the quality of the near-surface magnetite, as well as its general attitude and thickness. It is believed that the original interstitial calc-silicate and limestone/dolomitic material associated with the magnetite has been at first weathered to clay, then leached near surface, leaving an Fe-enriched cap. Surface weathering processes have produced a gossan in some areas, which is expected to be of even higher grade and possibly haematitic in parts.

The high grade tin intercept of CRAE drill hole TLC1 is hoped to be duplicated and exceeded by CRHL drilling, TLC1 experienced much core loss, much of it in the tin rich zone, with the hole eventually being lost. Drill hole TLC18 has recently been completed with a potential intersection below this at ~ 130 RL. A vertical hole is also planned with a potential intersection near that of TLC1.

TLC22 intersected a wide (over 40m zone of clay and weathered magnetite/gossan). This zone corresponds to the mapped/interpreted expression of the Tenth Legion Fault. No assay results have been received back from the laboratory at the time of writing. A second drill hole, TLC42, at the same collar location (same drill pad) but drilled at a shallower angle has recently been completed, but no details are available at the time of writing.

6 PROPOSED WORK PROGRAM

CRHL has prepared a detailed proposed work program and budget for exploration during 2011. This program will be provided to MRT in January as part of the renewal documents for the licence. It focuses on resource calculation for the magnetite drilling using in-house skills and consultant sign-off.

7 ENVIRONMENT

Environmental disturbance in EL30 during the reporting period mainly involved drill pad and access track construction for the holes drilled. Wherever possible, existing tracks were used for either access, or for drill pad sites. Following the completion of the drillholes, pads are being systematically rehabilitated using excavator, with re-contouring and finally the replacement of topsoil originally set aside in piles. A lot of quartzite material is available on-site for the sheeting of access roads and drill pads which has helped to limit the erosion of the drill sites by service vehicles.

8 EXPENDITURE

EL30 Expenditure for the four quarters for 2010 is presented below.

Table 2: Expenditure for 4 quarters

2009	Q4	\$ 12,643
2010	Q1	\$ 0
	Q2	\$ 5,250
	Q3	\$ 109,209
	Q4	\$ *

*The figures for EL30/2002 Q4 2010 are currently being collated and will be presented in the next report.

9 REFERENCES

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Tear , 2007 Zeehan Zinc Nickel Project, Western Tasmania. Internal Zeehan Zinc Report (included in EL20/2002 2008 Annual Report Appendix A)

10 APPENDICES

Appendix A: *Drill hole sections for TLC drill holes*

Appendix B: *Geology summary logs for TLC drill holes*

Appendix C: *Assays for TLC holes*

Appendix D: *Original survey information for local Tenth Legion Grid.*