

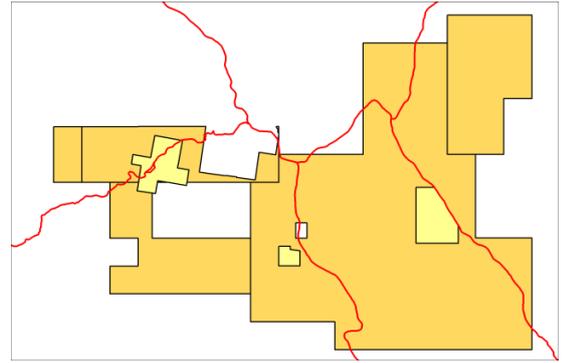


**EXPLORATION LICENCE 18/2003  
ANNUAL REPORT**

**DECEMBER 2009 – DECEMBER 2010**

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 is a 100% owned subsidiary of Creart Resources Holdings Limited) within Exploration Licence 18/2003 (EL 18/2003) during December 2009 - December 2010.

### **Role in the Regulation Process**

This document fulfils the role of an Annual Report for EL 18/2003 during December 2009 - December 2010, as required under Section 28 of the *Mineral Resources Development Act 1995*.

### **Datum**

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

## **ABSTRACT**

ZZ Exploration Pty Ltd (ZZE) currently holds exploration licence 18/2003 (EL18/2003), which is primarily of interest to the company for the potential to host remobilised nickel skarn deposits akin to Avebury. Of secondary interest are magnetite-tin deposits in the northern block of the licence adjacent to the current drilling in EL30/2002.

At least one drill hole is planned on the northern block of the licence (see Figure 6) in the first quarter of 2011, the exact drill date is dependent on an “Exemption from Conditions of a Licence” being granted by the Minister in January 2011. The lack of drill rig availability has unfortunately caused the program schedule to fall behind.

A geochemical grid comprising 11 lines approximating 12 line-km has also been cut in the northern part (of southern section) of EL18.

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## **1 INTRODUCTION**

### **1.1 Purpose of This Document**

This document fulfils the role of an Annual Report for EL 18/2003 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. ZZE currently holds Exploration Licence 18/2003, which includes mineral occurrences mostly adjacent to the Heemskirk Granite. Creat Resources Holdings Ltd'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 18/2003 (EL 18/2003) covers 12 square kilometres located four kilometres southwest from Zeehan, and an additional two square kilometres located eight kilometres west from Zeehan, in western Tasmania (Figure 1).

The main access to EL 18/2003 is via Trial Harbour Road and a 4WD is required to negotiate the numerous overgrown tracks that cross the area.

EL 18/2003 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.

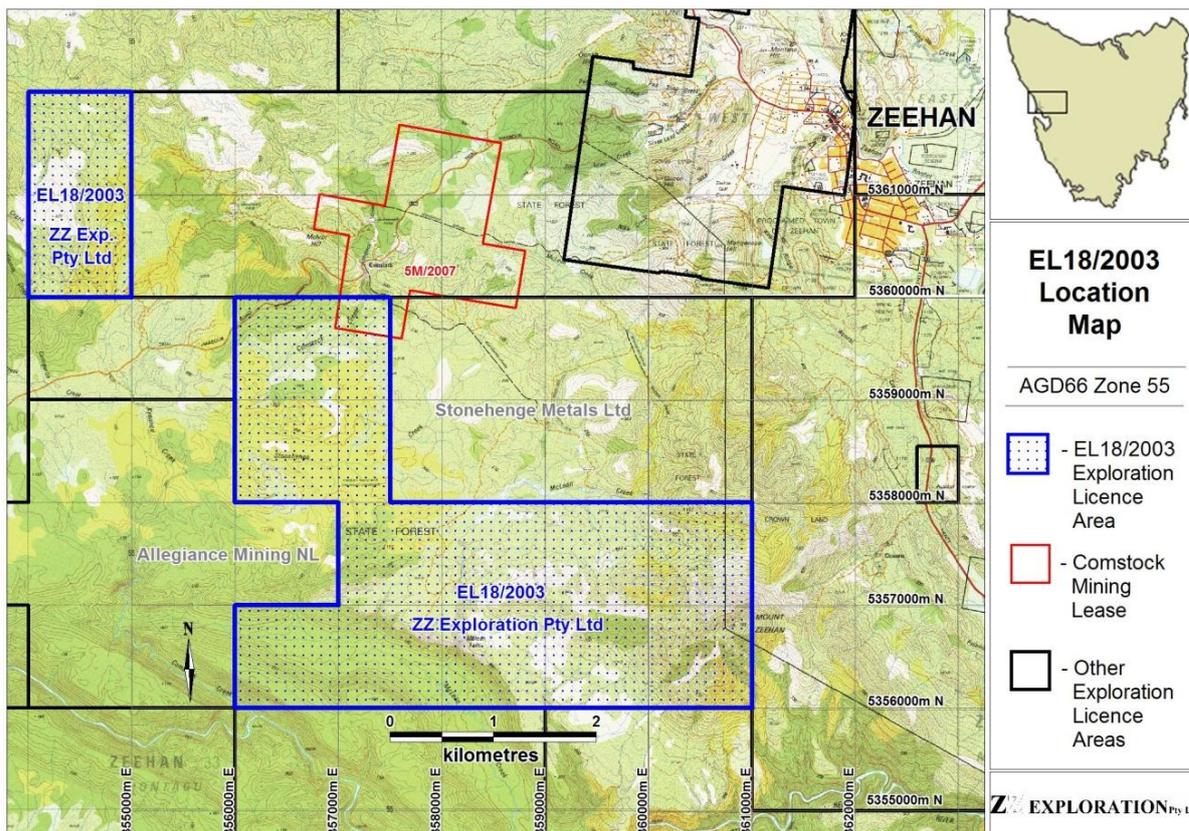


Figure 1 Location of EL 18/2003

### 1.3.2 Exploration Licence Tenure

EL 18/2003 was granted to ZZE on 3 February 2005 for a period of five years and applies to all Category 1, 3, 4 and 5(a) minerals. The licence covers 14 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 18/2003 is provided in **Error! Reference source not found..** The area within EL18 shown in red constitutes the Comstock Retention Licence, RL 4/2009.

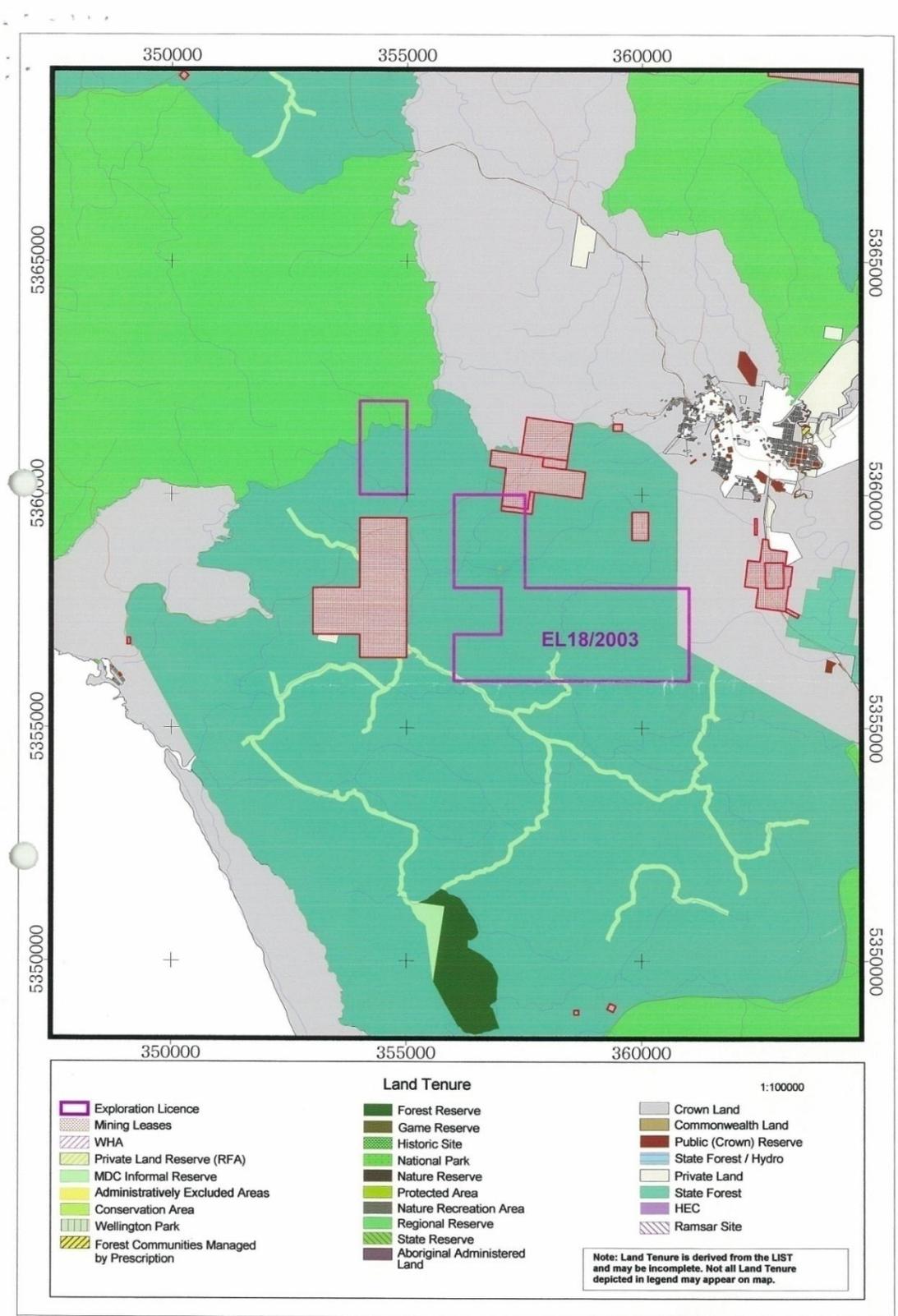


Figure 2 Land tenure for EL18/2003

## **2 SUMMARY OF PREVIOUS WORK**

### **2.1 Previous Mining and Exploration within EL 18/2003**

The known mineral occurrences within EL 18/2003 have been subjected to various phases of mineral exploration which date back to the 19th century as outlined in Blissett, 1962.

### 3 EXPLORATION UNDERTAKEN DURING 2010

#### 3.1 Summary

A summary of exploration activities undertaken is presented below.

- Geochemical grid comprising 11 lines approximating 12 line-km cut in northern part (of southern section) of EL18

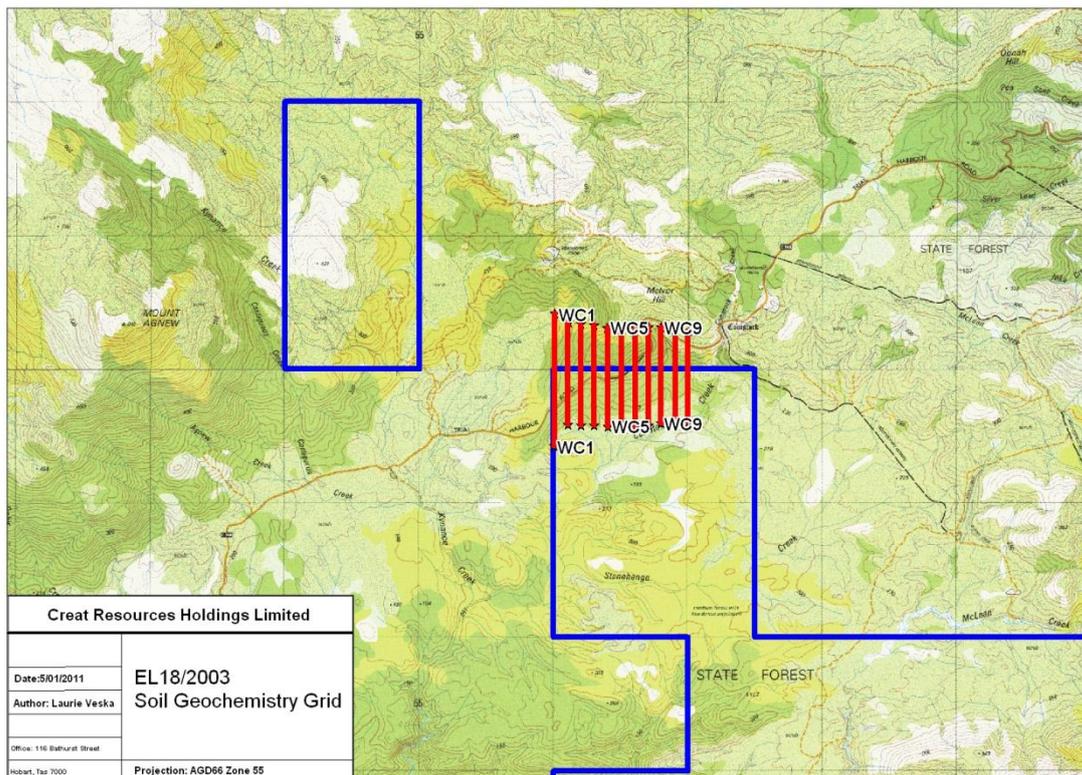


Figure 3: Geochemistry grid EL18/2003 (overlaps EL30/2002 by 50%)

The grid-lines are currently being soil sampled and mapped, with a possible Ground CSAMT survey in planning.

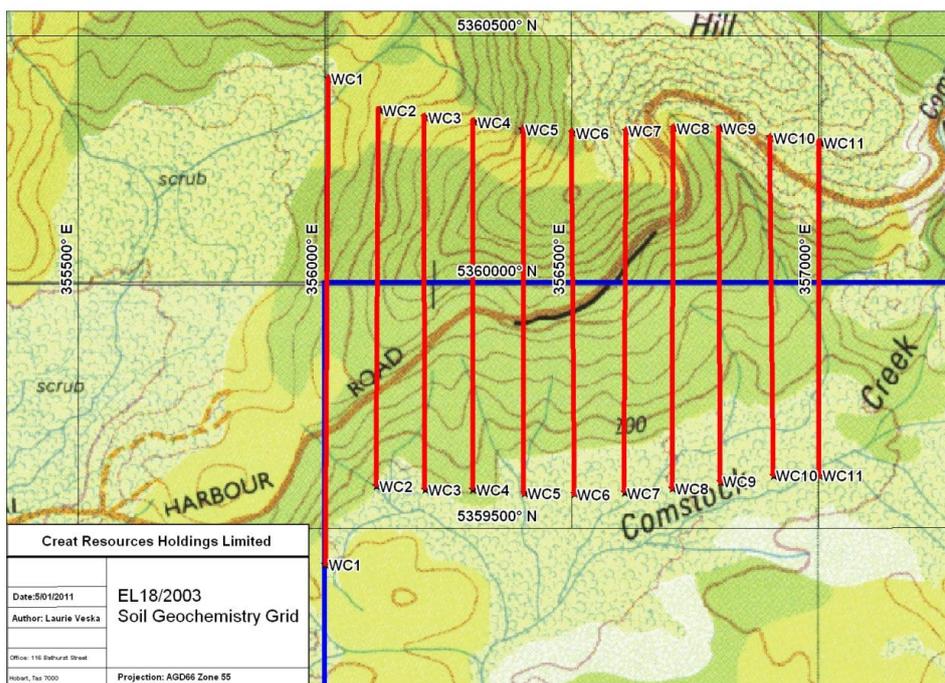


Figure 4: Geochemistry grid EL18/2003 zoomed, topography background, licence boundary in blue

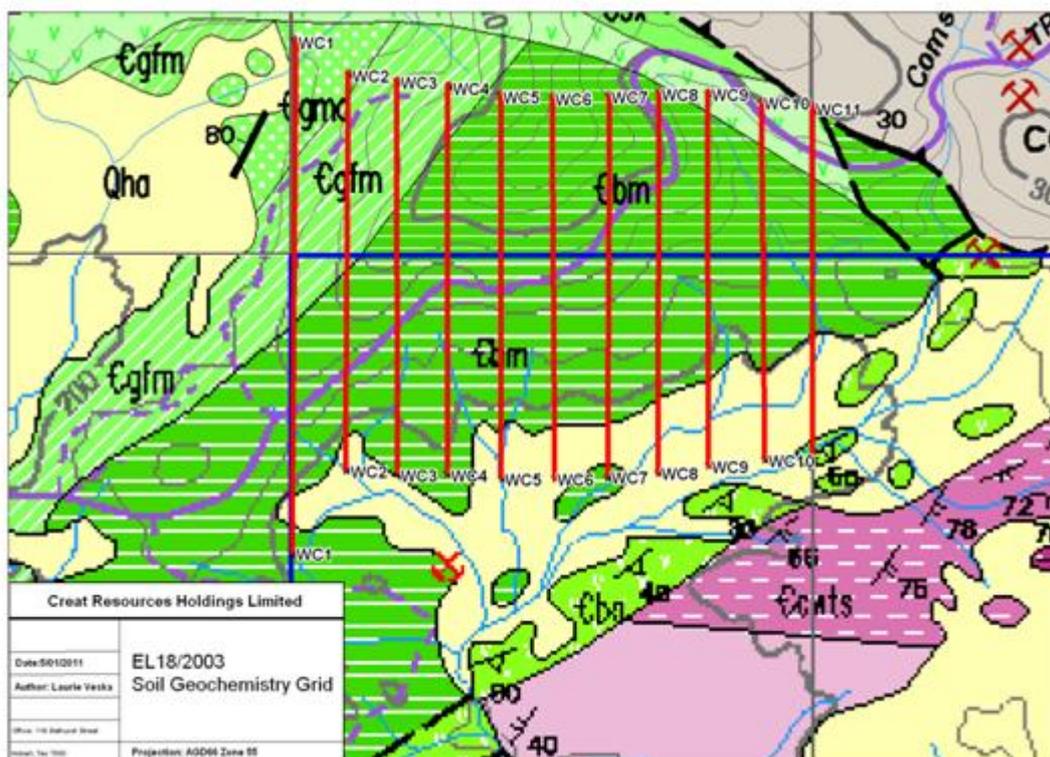


Figure 5: Geochemistry grid EL18/2003 zoomed, geology 1:25,000 background, licence boundary in blue

## **4 CONCLUSIONS**

Exploration work leading up to the drilling of targets in 2011 in EL18 will include:

- Soil geochemistry surveys in the southern block extended over the most prospective areas in the region, to help further target possible mineralised horizons, and can be completed using Burnie Laboratories or with the Company's hand-held XRF analyser.
- A possible Ground CSAMT survey in the southern block of EL18, we are currently in discussions with Kate Godber and Moombarriga Geosciences.

The magnetite occurrence shown in Figure 6 will be the focus of drilling activity in Q1 of 2011. This will constitute a progression of the diamond drilling program nearby in Tenth Legion EL30. The suitability of the near-surface magnetite as a DSO will initially be examined. 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. Beneficiable magnetite is defined as material which may contain as little as 25% iron, but which is upgradeable to around 60% Fe using separation techniques).

## 5 PROPOSED WORK PROGRAM

CRHL has prepared a proposed work program and budget for exploration during 2011. It includes work as outlined in the **Error! Reference source not found.** section above.

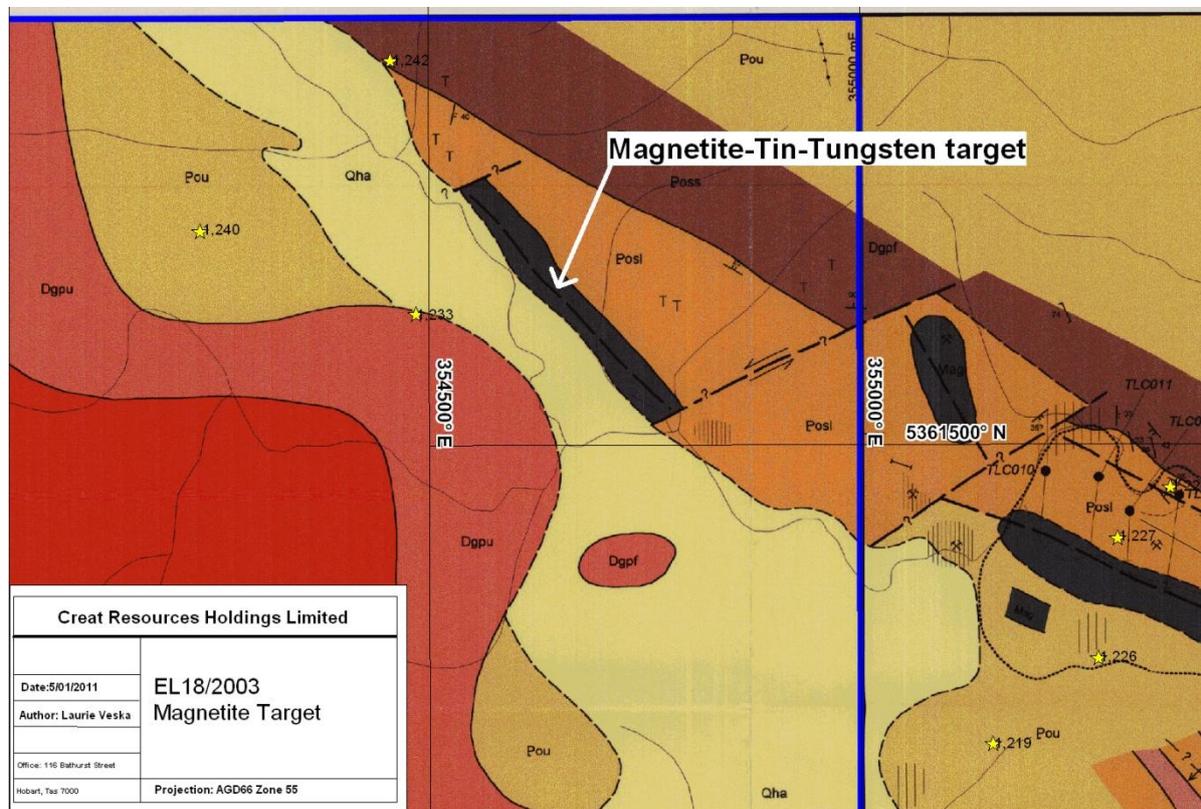


Figure 6: Intended drill target during quarter 1 of 2011. Yellow stars are SkyTEM anomalies, licence boundary in blue.

The magnetite occurrence shown in Figure 6 will be the focus of drilling activity in Q1 of 2011. Some field investigations of the nearby 2009 SkyTEM anomalies shown as yellow stars will also be undertaken. Drilling has already taken place immediately to the east on the shown magnetite outcrop in EL30/2002.

A Ground CSAMT survey over the grid cut shown in the figures 3-5 above is planned for 2011, the exact timing of this survey is dependent on exploration funds currently being sought from the Chinese government, and the involvement of a potential JV exploration partner.

## **6 ENVIRONMENT**

Minimal environmental disturbance occurred during the reporting period, a total of 11 gridlines were cut, it is expected these lines will regenerate naturally within approximately 2 years.

## **7 EXPENDITURE**

Expenditure for the four quarters for 2009 is presented below.

2009	Q4	\$	4539
2010	Q1	\$	-
	Q2	\$	1550
	Q3	\$	3595
	Q4	\$	*

\*The figures for EL18/2003 Q4 are currently being collated and will be presented in the next annual report.

## **8 REFERENCES**

Blisset, A.H. (1962). Geology of the Zeehan Sheet.

Godber, K (2009) Interpretation of the January 2009 Zeehan SkyTEM Survey. Unpublished Report.

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

## **9 APPENDICES**

**Appendix A:** (Digital) This report in pdf format