

**LYNCH CREEK
HUSKISSON RIVER
TASMANIA
EL 1/2009**

ANNUAL REPORT FOR THE YEAR ENDING THE 25 MAY 2011

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INTRODUCTION

This mineral exploration licence is primarily focused on metallic minerals, specifically silver, lead zinc, reported to have been located in Lynch Ck. It is for a total of 11 sq. km.

The Lynch Ck district is very rugged State Forest located about 22 km west of Tullah. The majority of the area is covered with myrtle or eucalypt rainforest.

Access to the western end of John Lynch Ck is via Boco Rd to the old Comstaff, "Lynch Ck. Track", now overgrown and no longer passable by vehicles.

The eastern end of John Lynch Ck can be reached via Higgins Ck Track off Boco Rd. This track was well formed 15 years ago but is now moss covered, but is traversable by vehicle.

An approach was made by the Australia China Coal Geology Engineering Corporation Pty Ltd in November 2010. A verbal agreement was made in December 2010. Formal negotiations resulted in a sale agreement being signed to the ACCCGE subsidiary Heilongjiang Resources Pty Ltd This agreement is currently with the Minister, for signature.

EXPLORATION PHILOSOPHY

This licence was acquired to locate and assess the Lynch Ck prospect (ref 2260), which is reported to be located at 375240E 5387480N (AGD66). No record of modern exploration has been located since a visit by Reid in 1918. No record of geochemical sampling along strike of the Lynch Ck. prospect to the **Just in Time prospect** in the north and **Bastyn Dam prospect** in the south has been found. This is perhaps due to the rugged terrain. This possibly mineralized formation may represent a viable exploration target.

GEOLOGY

I am really not qualified to comment on the geology of the district.
Miss Karen Adams was engaged to provide the Report.

PREVIOUS EXPLORATION

1918

The Lynch Ck Prospect was first discovered by A. McIntosh Reid and reported in Geological Survey Bulletin No.28. He described it as a “**strong lode**” and that it is “probably the continuation” of the “**Just-in-Time claim**”. “Very large loose blocks of ore were first discovered in the bed of Lynch Ck.” “The indications of the potentialities of this ore bearing horizon as a source of galena are decidedly encouraging.” (GSB 28 - pages 98-100 plus map)

1963 – 1988

Comstaff carried out significant regional exploration and identified the Will O Wisp and Just in Time prospects which may be a continuation of the Lynch Ck formation. Several reports postulated this theory. (85_2401)

Several reports mentioned the Lynch Ck prospect, but that is all. (68_0540)

1994

Sipa Exploration mentioned Lynch Ck Prospect, but did not locate it (page 2 in 96-3725).

1993 – 1997

Pasminco Exploration explored the “Just in Time” prospect but did no work on the Lynch Ck Prospect.

The Licence was located just to the north of the prospect (97-4004)

2007 – 2009

Bass Metals conducted no work on the Lynch Ck Prospect. (08_5680)

4.

EXPLORATION COMPLETED 2010/2011

1. A foot track was cut north from the end of Higgins Ck Track (formed road) to Lynch Ck and then West until a large waterfall was encountered.
2. An inspection of the section of Lynch Ck encountered did not reveal any mineralization, but significant quartz veining in a hematized sandstone matrix, was noted.
3. A foot track was cut to Lynch Ck. north from the end of Higgins Ck Track down the steep hillside. When Lynch Ck. itself was located, the track was cut upstream towards the waterfall. This work was conducted in December and there was too much water in Lynch Ck to adequately inspect the bedrock. From the time of the agreement of sale to ACCCGE Pty Ltd no further work has been done.

PROPOSED WORK 2011/2012

1. Ron Gregory Prospecting currently provides field guides and other logistic services to ACCCGE in their greenfields exploration of EL 14/2006. This Chinese company is conducting stream sediment, rock chip and soil samples in the Salmons Track area and the shores of Lake Pieman. From verbal discussions I have had I expect they will conduct a similar survey over the Lynch Ck Licence as soon as possible after the transfer is approved. The company currently has a team of 9 geologists with 2 of my Fieldies, based at Tullah. When the transfer is approved, a formal work program will be submitted, through Ron Gregory Prospecting.

EXPENDITURE 2010/2011

Actual expenditure was for the engagement of professional track cutters and the preparation of the Geology Report by Miss Karen Adams and the preparation of maps by Gillian Bennett. The field work investigation of Lynch Ck was done by me with friends. The value of work done during the year was at least \$8,274.

Brief Discussion of Geology of Exploration Licence 1/2009

(Based on literature review)

Huskisson River

Karen Adams

January, 2011

The Huskisson River Exploration Licence 1/2009 is comprised of four main rock groups: The Oonah Formation (Proterozoic), Dundas Group (Cambrian), Tyndall Group (Cambrian) and the Crimson Creek Formation (Cambrian). Work done in this area previously includes geophysical surveys, stream and soil geochemical analysis and geological mapping. It is noted in the majority of the exploration reports reviewed for this document that the rugged terrain and inhospitable weather are major correlates to the amount of work that has been done on the district. Outcrop is described by White (1996) as being restricted to road cuttings as a result of glacial overburden that can be quite thick and partially cemented.

The oldest rocks on the lease are those of the Oonah formation, part of which is represented by a fault bounded sliver of this Neoproterozoic age formation that dominates the western half of EL 1/2009. These meta-sediments are generally described as thinly bedded calcareous siltstone and conglomerate with minor quartzwacke and mudstone. The Oonah Formation is a highly deformed sequence and is thought to have undergone at least seven different deformation events.

The Cambrian rocks in the area are described as being comprised of shale to sandstone, tuff to greywacke and conglomerate with intercalated volcanic rocks (Everett, 1971).

The Crimson Creek Formation occurs west of the Bobadil Fault in a north trending belt and comprises the central sliver of EL 1/2009. This formation can consist of andesitic volcanic derived coarse and fine grained turbiditic rocks, with some noted occurrences of thinly bedded felsic tuffs (White, 1996). These tuffs are likely to be ash fall tuffs as they are noted to be fine grained. They are noted to be completely composed of fine grained sericite with coarser grained clots.

Dundas Group rocks occur in the south-east corner and north-eastern branch of EL 1/2009. In the south East, they host the Lynch Creek prospect which contains Pb-Ba mineralisation. Previous geochemical analyses have identified base metal anomalies in the vicinity of the Bobadil Fault in this area. In conjunction with the Lynch Creek Ba-Pb association, it should also be noted that barium (commonly in barite lenses) is known to be associated with base metal deposits on Tasmania's west coast. This occurs at Rosebery (Pb-Zn-Ag), North Lyell (Cu +/- Pb), and at the Just In Time and Silver Falls prospects within and Near EL 1/2009.

The Dundas Group in general is comprised of tuffs, slates, graywackes, siltstones and conglomerates and has been aged as middle to upper Cambrian due to fossil occurrences. This sequence is thought to have a conformable contact with the underlying Crimson Creek Formation (Cornwall & McBride, 1968).

Outcropping Dundas Group in the area of EL 1/2009 has been described as coarse volcanoclastic breccias, which are thought to be of acid to intermediate volcanic origin, interbedded with carbonaceous mudstones (White, 1996). White (1996) also points out the possibility that in this area there is limited thickness of the Dundas Group due to a shallowly dipping Rosebery Fault.

The Dundas Group is generally considered a prospective unit for VHMS type deposits. There is also the potential for CSA style Pb-Zn replacement deposits in Dundas Group rocks that are situated in appropriate structural settings along the generally north-south trending Bobadil Fault (White, 1996).

In the far north-eastern corner of EL 1/2009 occurs an area of Tyndall Group rocks. The Tyndall Group is a part of the greater Mt Read Volcanics. This sequence is mainly volcanoclastic to polymictic sandstone, breccia, siltstone, mudstone and conglomerate with contained sequences of dominantly siliciclastic conglomerate and sandstone.

The Silver Falls and Pinnacles Pb-Zn-Ag prospects (to the west and south-west of EL 1/2009) occur within the Mt Read Volcanics, towards the base of the sequence and near the upper Success Creek Stratigraphy, and according to McBride (Cornwall & McBride, 1968), this stratigraphic area (the top of the basal Cambrian Success Creek Group) is prospective for the occurrence of base metal deposits on the west coast of Tasmania. McBride adds that the major mineralisation phenomena in the west of Tasmania could be linked to an orogenic time where the Success Creek and Mt Read Volcanics were separated from the overlying sediments to account for the concentration of known deposits occurring at this particular area of the stratigraphic column.

Cornwall also notes that in the north west of Tasmania the majority of known mineralised occurrences are associated with the Cambrian sediments and volcanics (Cornwall & McBride, 1968). For example, the massive sulphide deposits in the area such as Rosebery, Hercules and Farrell are all located in sedimentary sequences composed of tuffaceous shales within the massive pyroclastic rocks of the Mt Read Volcanics.

References

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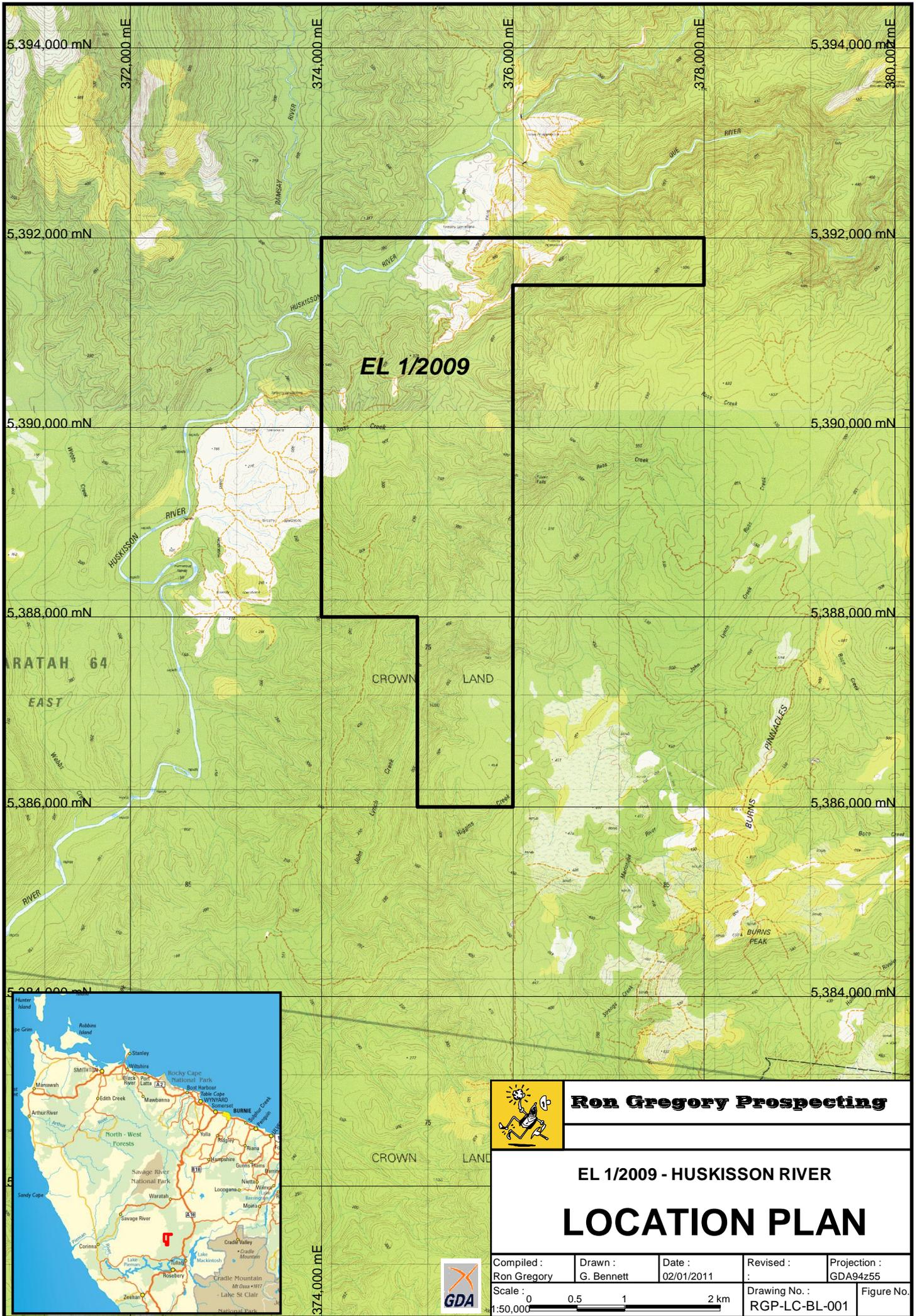
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EL 1/2009

**WARATAH 64
EAST**

CROWN LAND



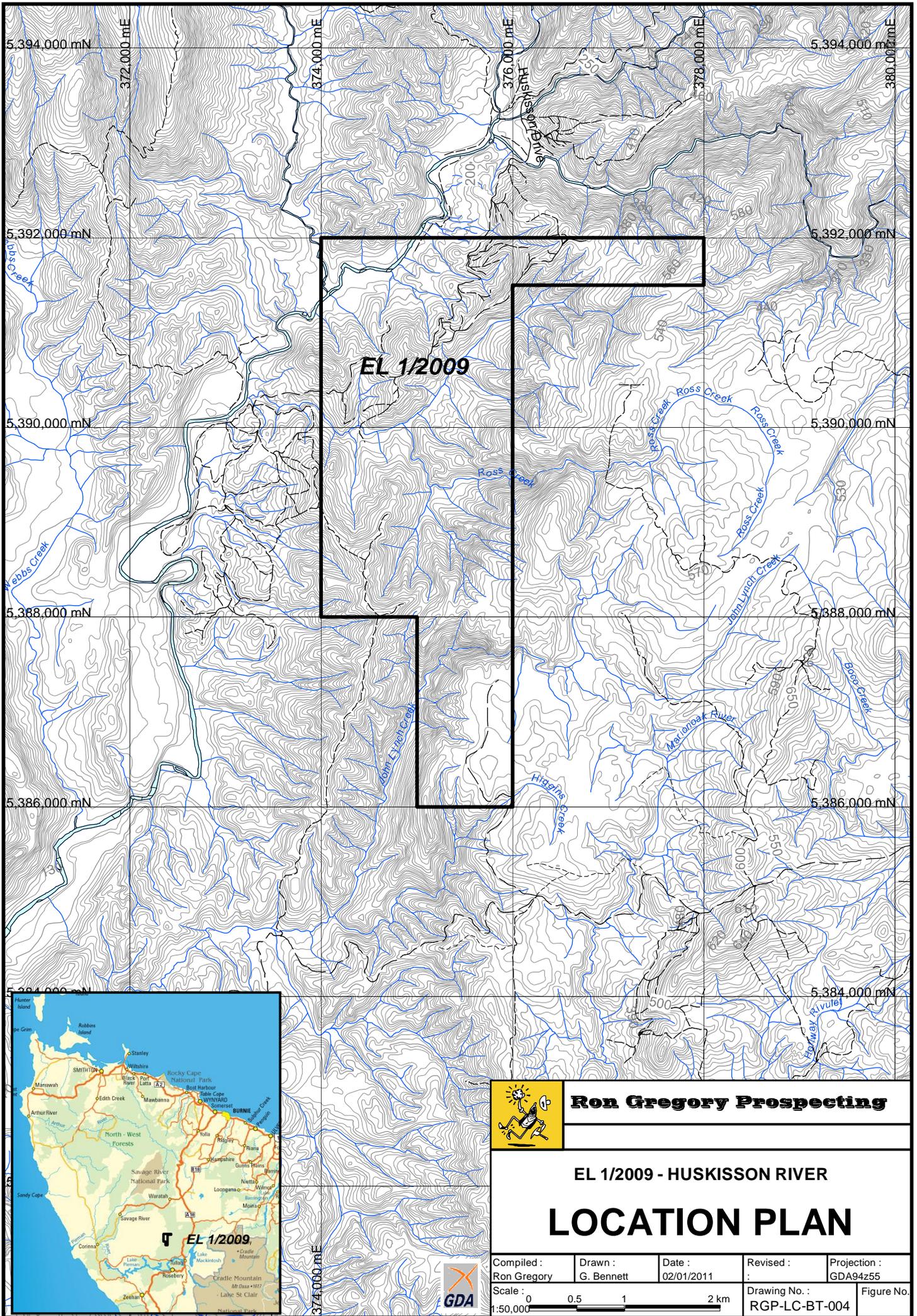
Ron Gregory Prospecting

EL 1/2009 - HUSKISSON RIVER

LOCATION PLAN

Compiled : Ron Gregory	Drawn : G. Bennett	Date : 02/01/2011	Revised : :	Projection : GDA94z55
Scale : 0 0.5 1 2 km 1:50,000			Drawing No. : RGP-LC-BL-001	Figure No.:





EL 1/2009

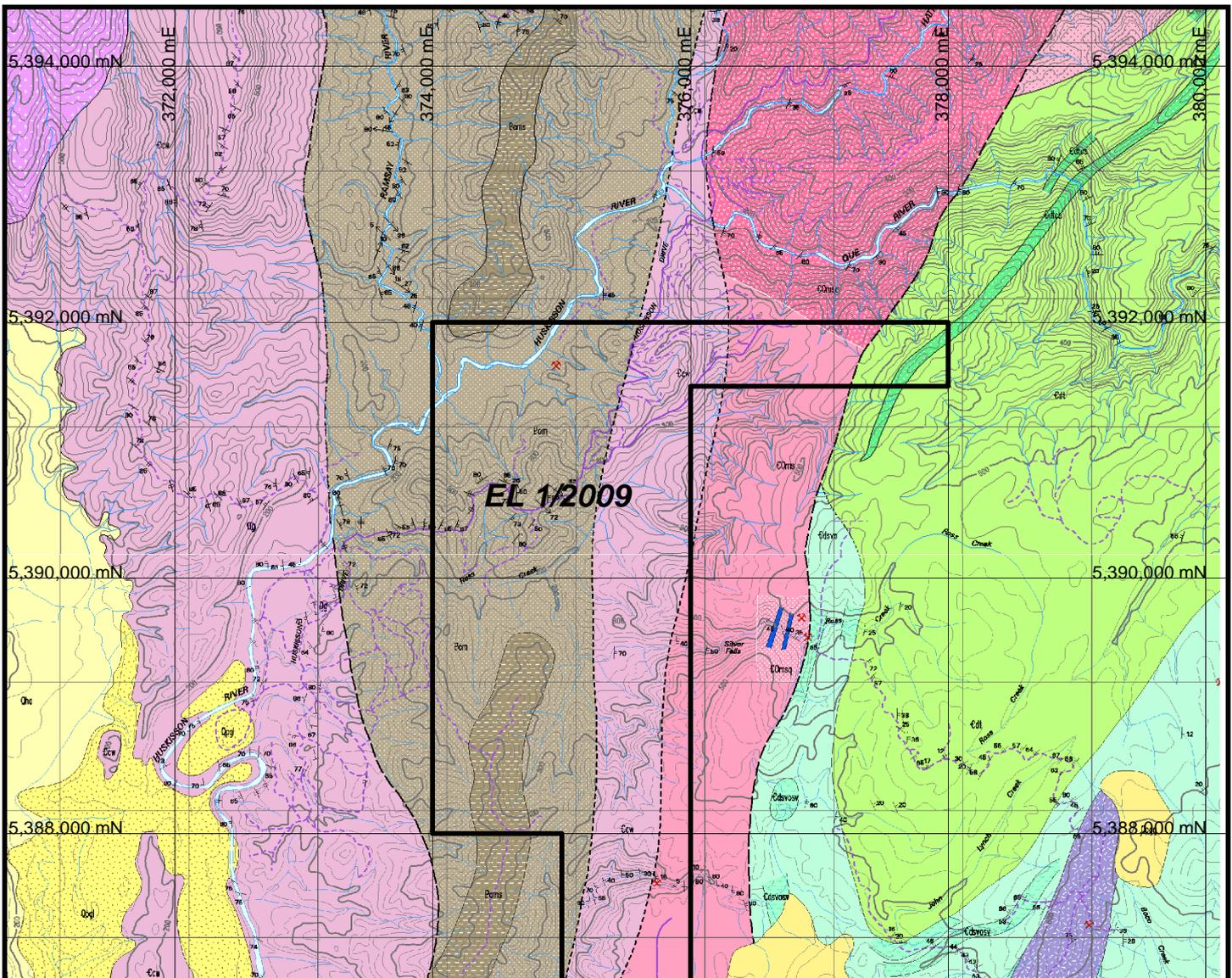
Ron Gregory Prospecting

EL 1/2009 - HUSKISSON RIVER

LOCATION PLAN

Compiled : Ron Gregory	Drawn : G. Bennett	Date : 02/01/2011	Revised : :	Projection : GDA94z55
Scale : 0 0.5 1 2 km 1:50,000			Drawing No. : RGP-LC-BT-004	Figure No.:





CAMBRIAN	Chs	Marsh and swamp deposits, alluvium, river gravels and slope-wash deposits (Chs). Erosional surface.	EARTH GROUP
	Th	Basalt (Th).	
	Ts	Sand, silt and conglomerate (Tsc), interlayered with basalt. Sand and clay (Tc).	
PALAEOZOIC	SiB	Siltstone, siltstone and mudstone (correlate of Bad Sheet) (SiB).	EARTH GROUP
	SiF	Dominantly quartz sandstone (correlate of Florence Quartzite) (SiF).	
	SiD	Siltstone, mudstone and calcareous siltstone (correlate of Anker Shale, Iron Quartzite and Austral Creek Siltstone) (SiD).	
	SiC	Quartz sandstone with minor mudstone and gravelly conglomerate layers (correlate of Grassy Quartzite) (SiC).	
PALAEOZOIC	Cl	Limestone and Impure limestone (correlate of Gordon Group) (Cl).	EARTH GROUP
	Faulted contacts on this sheet.		
LATE CAMBRIAN	COms	Marine sandstone-siltstone-conglomerate sequence, calcareous to argillaceous (COms).	EARTH GROUP
	COmsc	Marine conglomerate-rich sequence with some sandstone and mudstone, in Hafford River area (COmsc).	
	COmsd	Marine sandstone-siltstone-mudstone sequence, generally argillaceous (COmsd).	
PALAEOZOIC	COt	Mafic, volcanitic to pyroclastic sandstone, siltstone, mudstone and conglomerate sequence with some siliceous conglomerate units (COt).	EARTH GROUP
	COtc	Mafic siliceous conglomerate and sandstone (COtc).	
	COsv	Interbedded volcanoclastic sandstone, argillaceous siltstone, mudstone and conglomerate (COsv).	
PALAEOZOIC	Faulted contacts of COt attributed to major thrusting.		EARTH GROUP
	COw	Mafic volcanoclastic (trachytic, siliceous and mudstone with minor carbonate and basalt) (COw).	
SANDY CAMBRIAN	COwf	Commonly planar flow basalt (COwf).	EARTH GROUP
	Faulted contacts of COw attributed to major thrusting.		
PROTEROZOIC	Evw	Thinly bedded calcareous siltstone and conglomerate, with minor quartzite and mudstone (Evw).	EARTH GROUP
	Evnc	Conglomerate with well rounded limestone and quartzite pebbles in a calcareous matrix. May be part of a younger sequence (Evnc).	
	Evms	Dominantly quartz sandstone and quartzite with minor black laminated mudstone (Evms).	
INTRUSIVE ROCKS			
LATE DEVONIAN EARLY CARBONIFEROUS	Dg	Very coarse grained porphyritic biotite granite, with very abundant inclusions of fine-grained orthopyroxene (quartz, K-feldspar, megacrysts) biotite granite (Dg).	EARTH GROUP
	Dgsp	Some areas of grey fine to medium-grained orthopyroxene biotite granite (Dgsp). Quartz - biotite granite (Dgsp).	
LATE DEVONIAN EARLY CARBONIFEROUS	Dgsp1	Thinly bedded, medium-grained, equigranular to anisogranular quartz, K-feldspar and orthopyroxene, biotite and minor hornblende-bearing granitoid (Wentworth phase of Meredith granite) (Dgsp1).	EARTH GROUP
	Dgsp2	Thinly bedded, medium-grained, equigranular to anisogranular quartz, K-feldspar and orthopyroxene, biotite and minor hornblende-bearing granitoid (Wentworth phase of Meredith granite) (Dgsp2).	



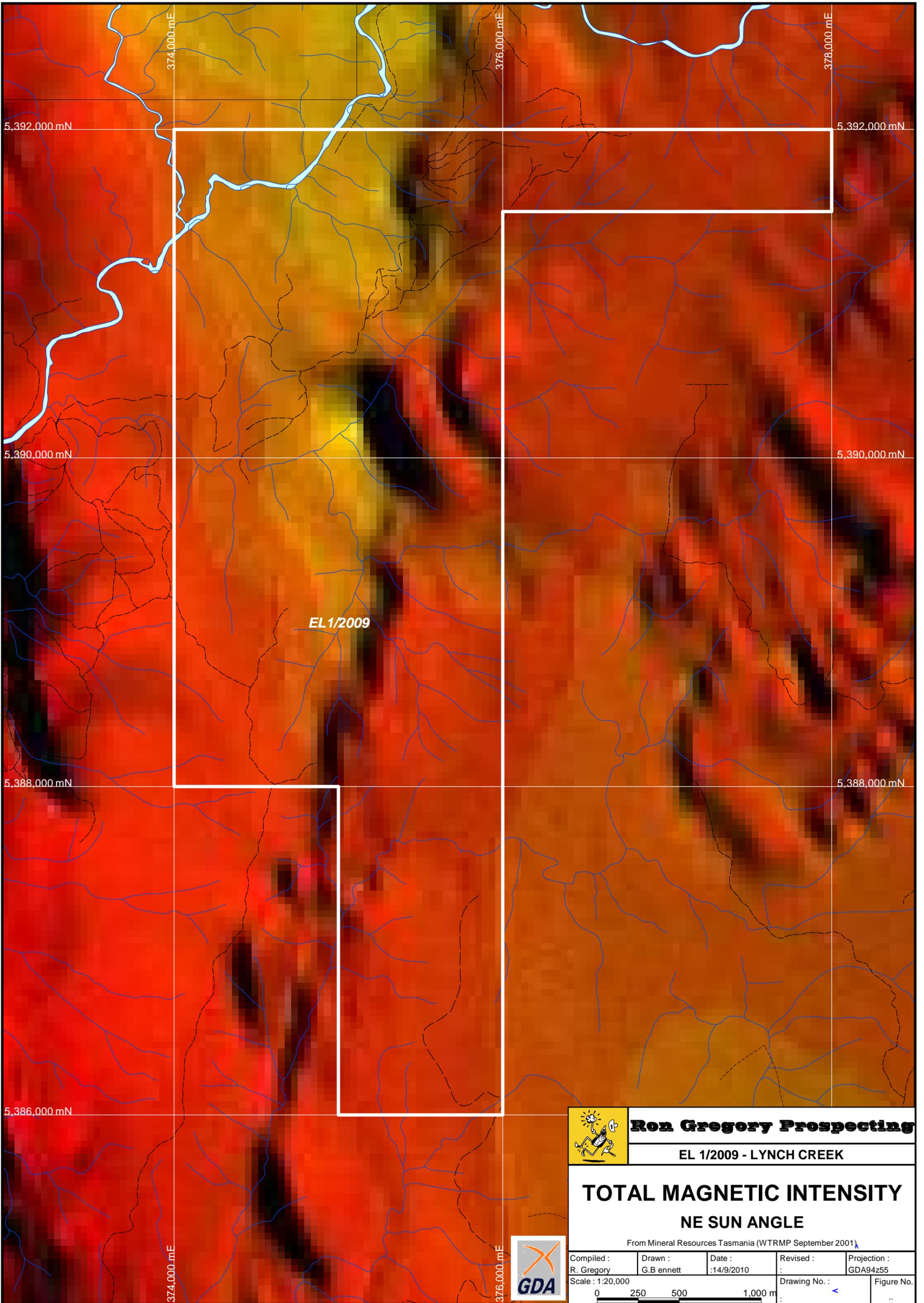
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EL 1/2009 - HUSKISSON RIVER GEOLOGY PLAN

From 1:25,000 Geology - Mineral Resources Tasmania

Compiled : Ron Gregory	Drawn : G. Bennett	Date : 02/01/2011	Revised : :	Projection : GDA94z55
Scale : 1:50,000	Drawing No. : RGP-LC-GLR-005		Figure No. :	





EL 1/2009



Ron Gregory Prospecting

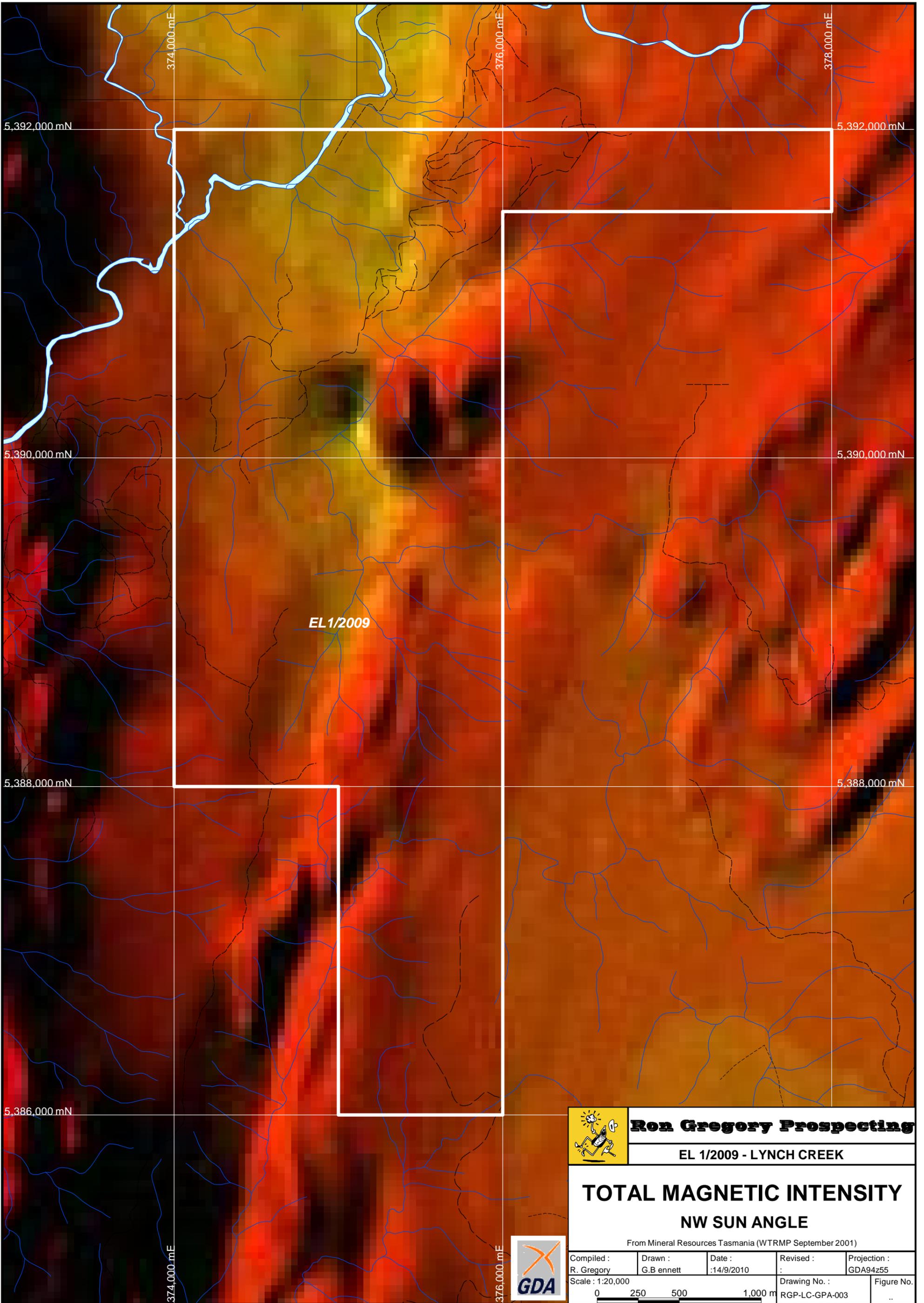
EL 1/2009 - LYNCH CREEK

**TOTAL MAGNETIC INTENSITY
NE SUN ANGLE**

From Mineral Resources Tasmania (WTRMP September 2001)

Compiled : R. Gregory	Drawn : G.B ennett	Date : :14/9/2010	Revised : :	Projection : GDA94z55
Scale : 1:20,000			Drawing No. : :	Figure No. :
0 250 500 1,000 m				





5,392,000 mN

374,000 mE

376,000 mE

378,000 mE

5,392,000 mN

5,390,000 mN

5,390,000 mN

EL 1/2009

5,388,000 mN

5,388,000 mN

5,386,000 mN

374,000 mE

376,000 mE



Ron Gregory Prospecting

EL 1/2009 - LYNCH CREEK

**TOTAL MAGNETIC INTENSITY
NW SUN ANGLE**

From Mineral Resources Tasmania (WTRMP September 2001)

Compiled : R. Gregory	Drawn : G.B ennett	Date : :14/9/2010	Revised : :	Projection : GDA94z55
Scale : 1:20,000			Drawing No. : RGP-LC-GPA-003	Figure No. ..

