ASF RESOURSES LTD

ABN: 24 121 465 405

TASMANIA

MOUNT DUNDAS PROJECT

EXPLORATION LICENCE: EL14/2007

ANNUAL REPORT FOR THE PERIOD:

24/07/2010 TO 23/07/2011

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Abstract

This report summarizes previous and current exploration undertaken in the area covered by Exploration Licence 14/2007 Mt Dundas, granted to ASF Resources Pty Ltd in August 2007.

During the reporting period the tenement became the subject of a Joint Venture between ASF Resources Pty. Ltd. and Heilongjiang Pty. Ltd. Exploration has consisted of detailed stream sediment geochemistry, geological mapping the entire tenement at a scale of 1:50,000 and rock chip sampling. This work focused attention on an area in the upper reaches of Adelaide Mine Creek. This prospect was subjected to detailed soil geochemistry and further detailed mapping at 1:10,000scale.

At the time of writing, assays from the stream, rock and soil sampling was awaited.

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1. Introduction

The Mount Dundas Project comprises one granted exploration licence of 23km2, granted to ASF Resources on the 23/07/2007. The tenement is located approximately 7km east of Zeehan and access to the centre of the tenement is via gravel road from the Zeehan Highway to the mining centre of Dundas. The eastern and southwestern area of the Mount Dundas Project is heavily vegetated and the access is limited (Figure 1). Current EL tenure in the vicinity of EL 14/2007 is shown in Figure 2. Target mineralisation styles are volcanogenic base metals and epigenetic vein and replacement tin mineralisation. During the reporting period a joint venture was established between ASF Resources Pty. Ltd. and Heilongjiang Pty. Ltd.

Figure 1: Location and physiognomic map

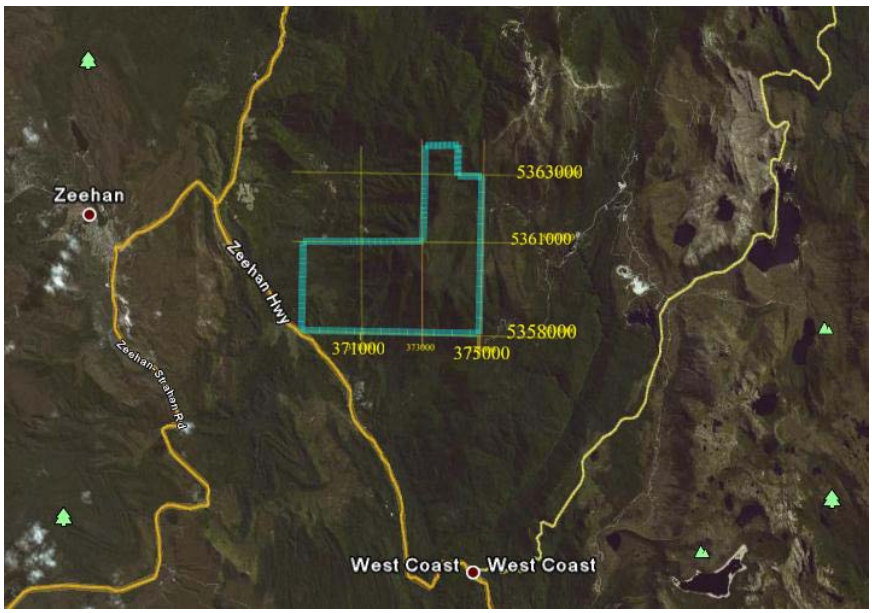
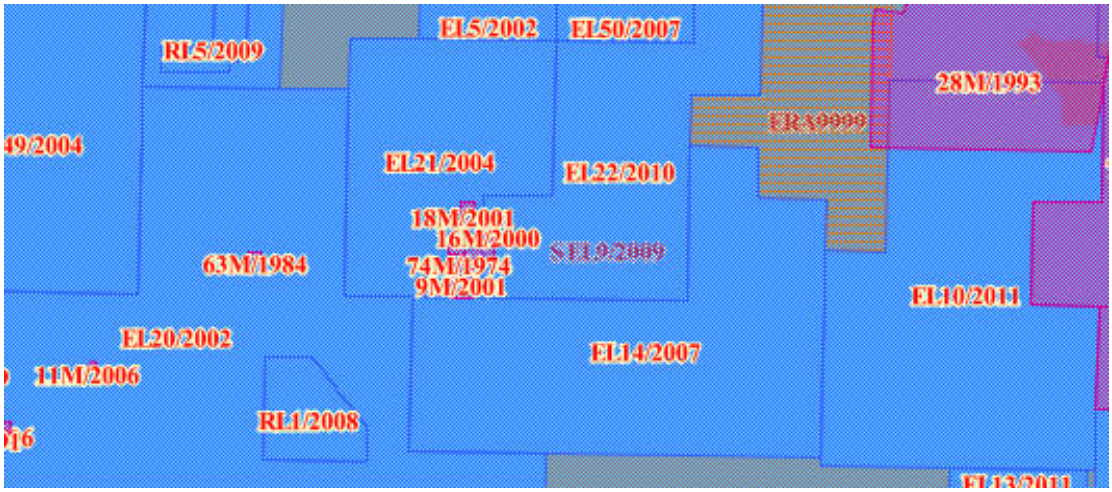


Figure 2: Current EL Tenure in the Vicinity of EL 14/2007 Mt Dundas (MRT as at 12/06/2011)



2. Review of Previous Work

Previous tenement holdings in the general area have been numerous; however the majority of exploration activity has been adjacent to, rather than coincident with, the present tenure.

Previous exploration appears to have been most intensive in the 1980's/1990's, with virtually no co-incident exploration in the immediate area of EL 14/2007 from 2000 until the present. Activity in the areas of overlap has included geological mapping, geochemical grid sampling (rock chip, stream sediment and soil) and ground and airborne EM surveys, and subsequent follow-up and assessment.

Drilling was undertaken in the area of overlap during 1980's, mainly in the center and the north. Given that much of this work was undertaken several years ago, and in many cases around, rather than within, EL 14/2007, there appears to be scope for further examination and consideration of renewed exploration methods.

Appendix 1 shows prior exploration of EL14/2007 XRF analysis stream sediment sample results. Semi-regional stream sediment exploration data does suggest potential for further mineralization within the current tenement, related to several Pb, Zn anomalies as shown in figures as shown in Figures 3-5.

Figure 3: Geochemistry map of lead

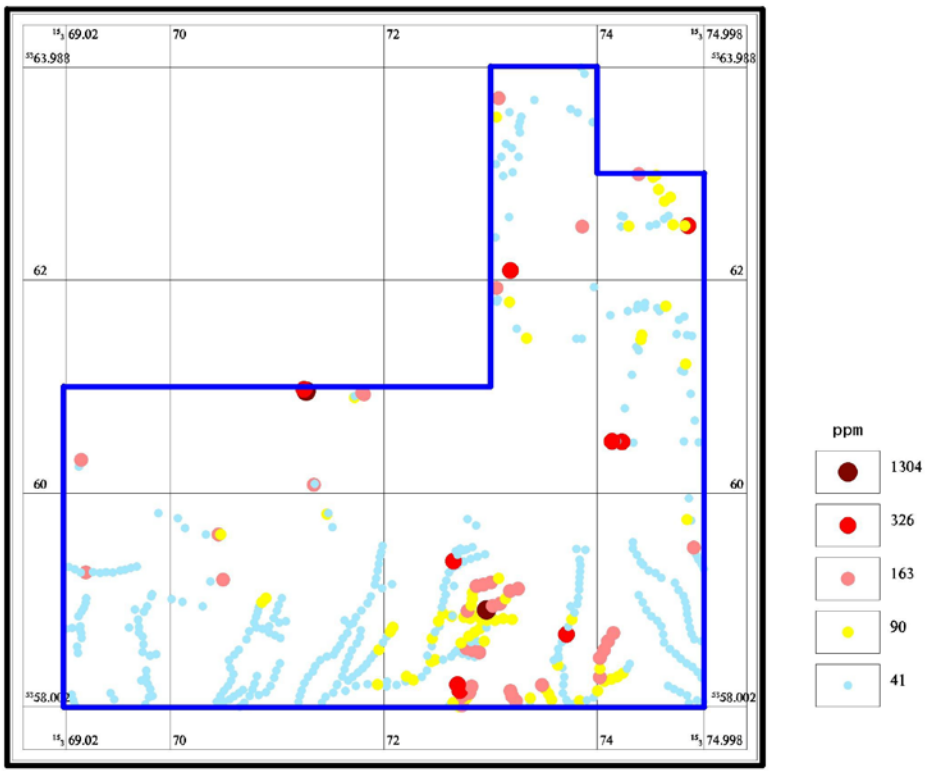


Figure 4: Geochemistry map of zinc

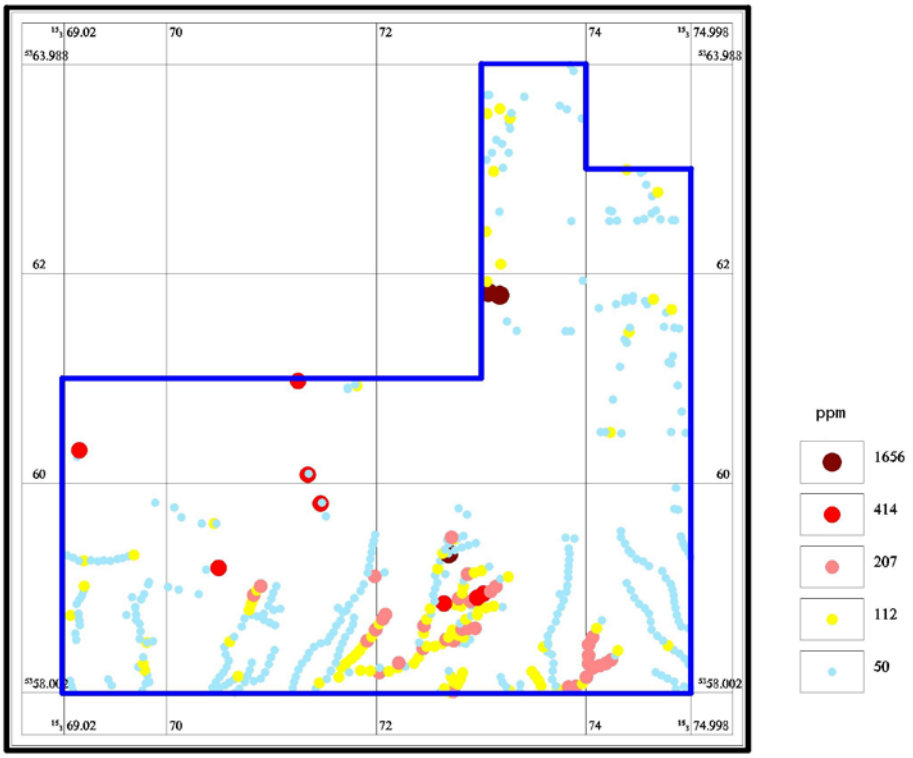
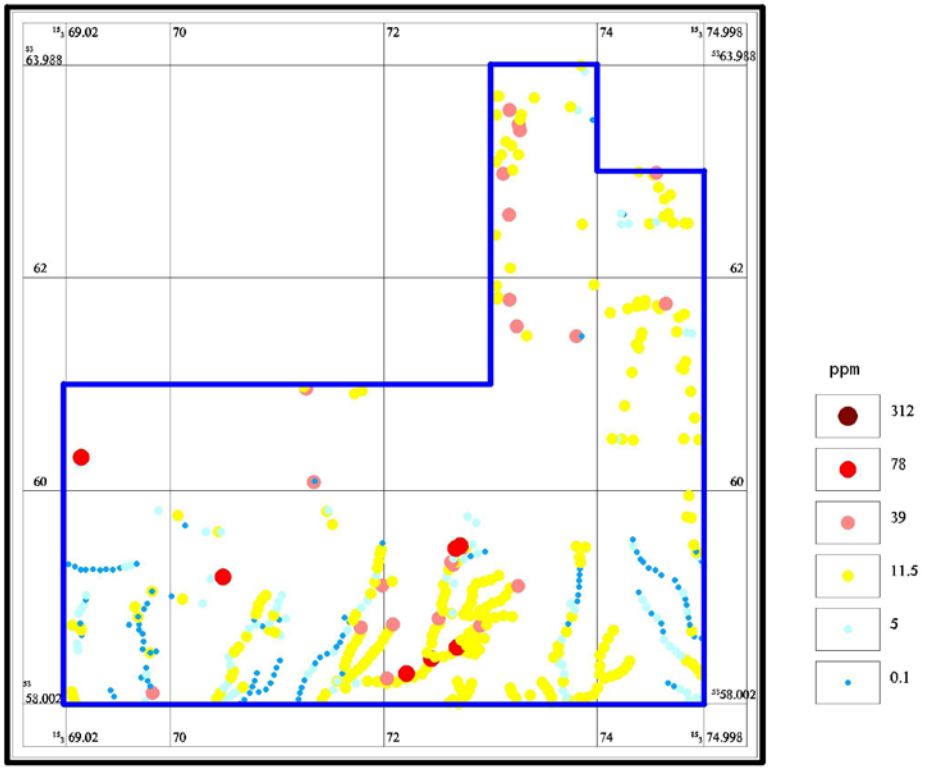


Figure 5: Geochemistry map of copper

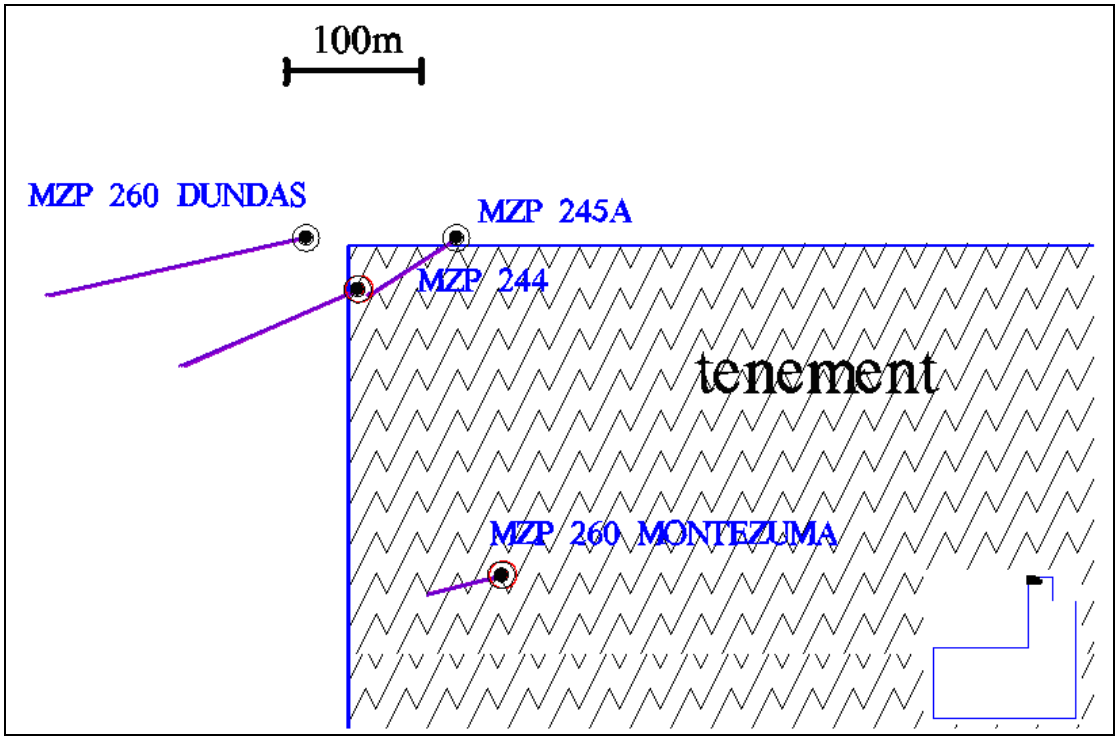


Electrolytic Zinc Company of Australasia Limited completed a drilling program in the northeastern area of our tenement in 1983. Drill holes MZP 244, MZP245a, MZP260, intersected low grade mineralization of 0.36-4.88%Pb, 0.51-3.53%Zn, over 6m apparent thickness as summarised in Table 1.

Table 1 – EZ Co. Drill data

	A.M.G.CO.ORDS		COLLAR		TOTAL	
HOLE NO	E	S	DIP	AZIMUTH	DEPTH	Drilled
MZP 244	373027.9	5363960	60	240	250	1983-5-4
MZP 245a	373086.5	5364004	80	240	374	1983-5-5
MZP 260	373120	5363732	70	256	149.4	1984-4-27

Figure 6: Location of EZCo. Drill Holes



The drill holes targeted co-incident EM and soil-Sn geochemical anomalies for statabound Sn within the Montezuma Fault cutting the Maestries Dolomitic Conglomerate. Summary drill logs for drill holes DDH MZP 244 and 245a are given in Appendix

3. Exploration Conducted

Exploration during the reporting period comprised a complete review of previous exploration, re-interpretation of previous geochemical surveys and drilling. In the Adelaide Mine Creek and other main structures, existing anomalies were followed up

by reconnaissance using a portable XRF analyser.

Regional and detailed geological mapping was undertaken as a basis for controlling further gridded soil geochemistry and infill stream geochemistry over previously defined anomalous catchments. Rock chip sampling and orientation ground magnetics was conducted over areas of interest. Interpretation of regional geophysical data, accompanied by trials of appropriate airborne geophysical survey methods to define drill targets was undertaken.

3.1 Geological Mapping

Geological mapping was undertaken at a scale of 1:50,000 over the entire tenement area of 23km^2 and detailed geological mapping at a scale of 1:10,000 was completed over an area of interest of 0.4km^2.

The 1:50,000 mapping was conducted in the field at a scale of 1:10,000 with minimum sized outcrops of 100x50x250m recorded. Faults with a strike of >250m were also recorded. Any mineralisation or alteration was recorded. Quaternary and Recent deposits were mapped where the area exceeded 0.5 km^2 within bed rock areas or where valley fill deposits exceeded 100m in width. Location error is less than 20m. Geological traverse spacing was 500-800m and observation points along traverses were 300-500m. Drafting of the 1:50,000 mapping was in progress at the time of writing this report.

An area of 0.4km^2 was mapped in at 1:10,000 scale over an area of anomalous soil geochemistry. The location of this area is bounded by the corner datum in the table below:

	Easting	Northing
1	370000	5361000
2	371250	5361000
3	370750	5360525
4	370000	5360525

Rock sampling was conducted during the course of mapping to provide reference material for thin petrological work to elucidate the nature of mineralisation and alteration.

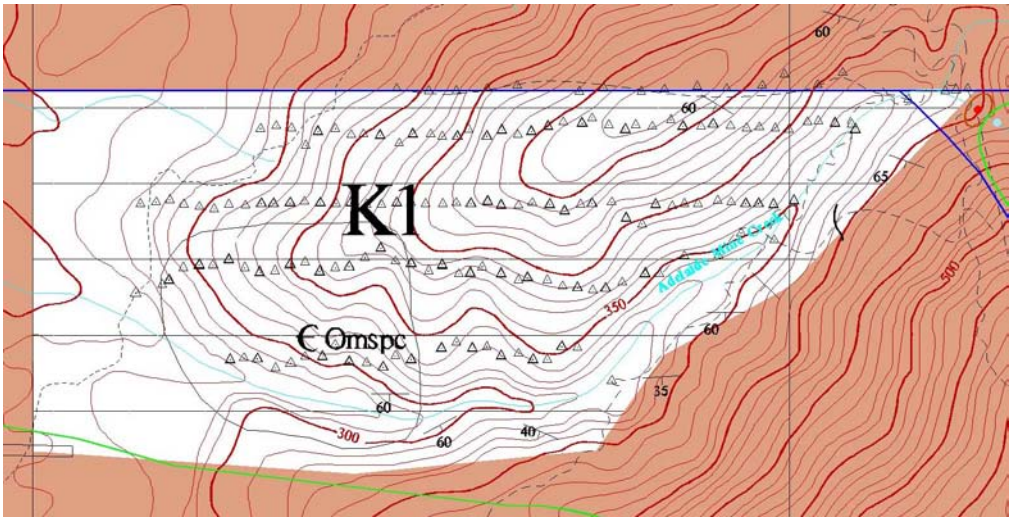
3.2 Geochemistry

Stream sediment geochemistry was undertaken over the entire tenement at a density of approximately 4 samples per km^2, for a total of 80 samples. Samples were screened after collection in the field and the +60#-20# retained for analysis by AAS

with a minimum weight of 150g sent for analysis.

Soil sampling was undertaken over the area of interest previously described in section 3.1. Gridded soil geochemistry was undertaken on a spacing of 100x20m with 300 samples in total collected. A minimum of 500g of material was collected in the field at the base of 'B" horizon and the top of 'C' horizon. Samples were subsequently sieved to +603 - 20# after drying and sent for AAS analysis for Au, Ag, Cu, Pb, Zn, Sn, As, Bi, W, Mo, Sb. Sample Locations are shown in figure 7.

Figure 7: Location of Soil Sampling Traverses Adelaide Mine Creek



Rock chip sampling was done on a continuous chip basis with a maximum across-strike width of 5m. Sampling was delimited by lithological or alteration boundaries. Sample weight was a minimum of 500g and analysed by AAS for Au, Ag, Cu, Pb, Zn, Sn, As, Bi, W, Mo and Sb.

The usual precautions of thoroughly cleaning sieves between samples and avoiding cross-contamination during transport, etc, were followed to prevent sample contamination. All geochemical samples were sent to the Institute of Testing Technology of Heilongjiang Province; a Class A qualified testing institute.

No results had been returned at the time of submitting this report. Maps showing sample results and statistical treatment of the data will be submitted with the next annual report.

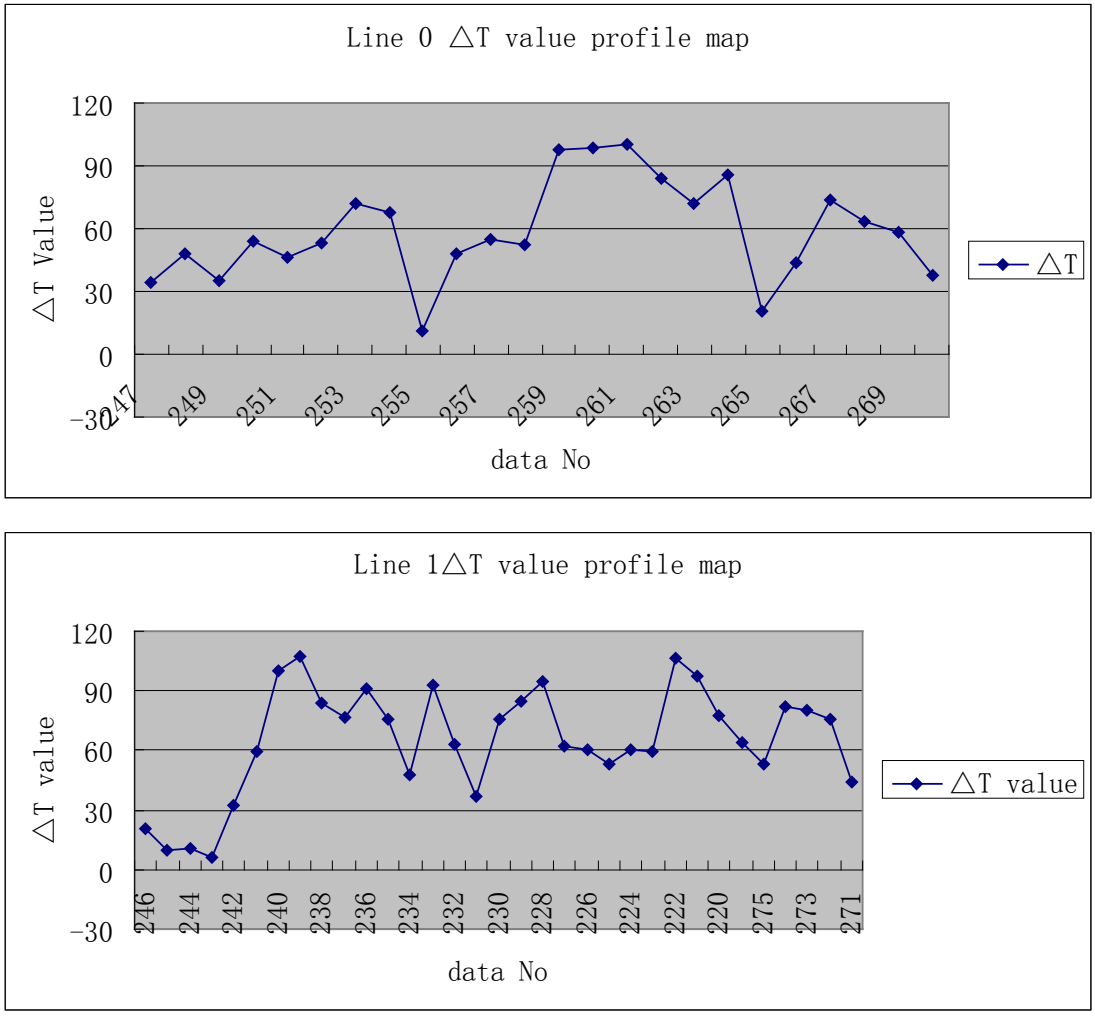
3.3 Geophysics

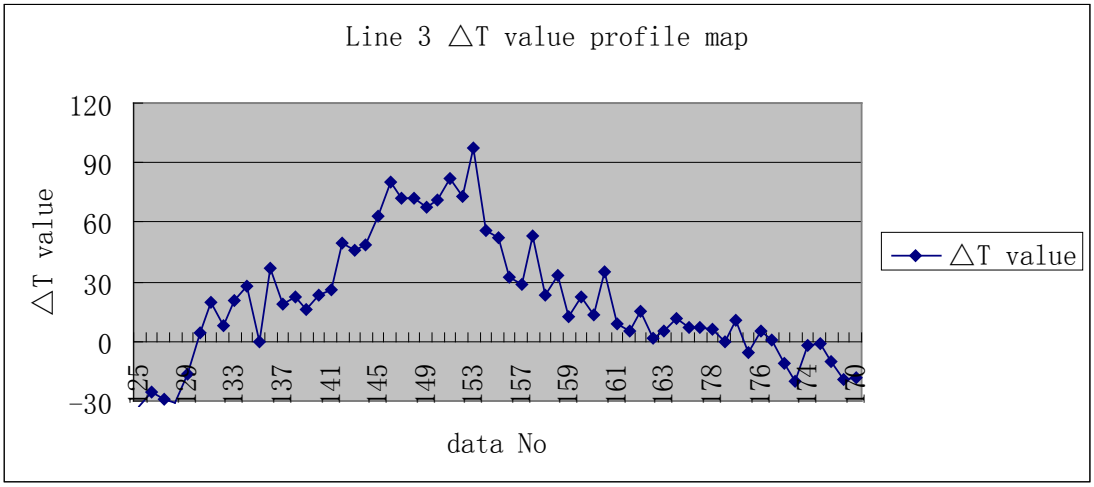
A ground magnetic survey was conducted over the 0.4km^2 area of the soil geochemical grid as an adjunct to geological mapping and to determine any obvious magnetic anomaly which may be associated with mineralisation.

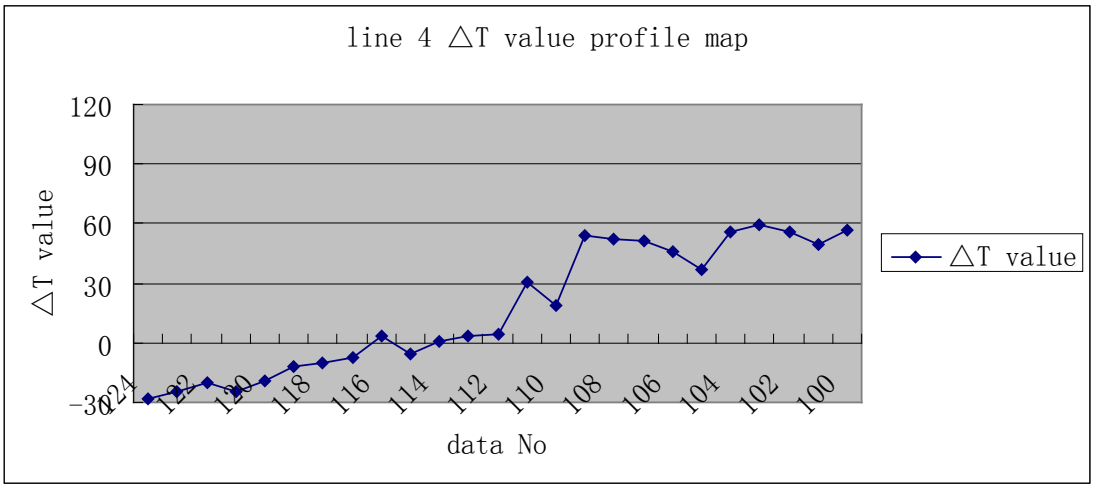
Readings were taken on a 100x40m grid using a proton magnetometer to a precision of 5nT. The instrument was calibrated and checked for consistency and noise level by conducting preliminary traverses. The sensor height was optimized during the trials and a base station used to determine the diurnal correction.

Representative rock samples were collected for magnetic susceptibility and a susceptibility meter was used to determine the magnetic characteristics of each rock type. Data was corrected for diurnal variation. The four lines of data are presented in figure 7.

Figure 8: Profiles for Ground Magnetic Data Collected Over Four Traverses







4. Discussion of Results

During the reporting period, a large amount of data has been collected for which analytical results were awaited at the time of preparing this report. Analysis and interpretation of these results will inform the field programme and exploration strategy for the next field season. The results of previous explorers will also be useful in formulating the forward exploration programme.

The regional mapping programme showed that outcrop in the tenement comprises Cambrian sediments composed dominantly of sandstone with inter-bedded schist and conglomerate and minor basalt which crops out over 0.4km^2 in the central part of the working area. Sandstone occupies over 90% of the working area. The rocks strike from northeast to southwest, 200-250° with dips to the southeast of 50-80°. No obvious structures or folding were noted during the mapping.

During the stream sediment sampling, no mineralisation was noted in outcrop although alteration float was noted in the area of interest that was soil sampled. While results of our stream sampling are awaited, historical data together with the

results of sampling from our portable XRF analyser (Table 2) highlighted an area of 0.4km2 in the upper catchment of Adelaide Mine Creek, Figure 7. Old workings 200m northeast and northwest of this area indicate proximal mineralisation as does past drilling intercepts close to the boundaries of the tenement. There are no obvious magnetic anomalies as shown from MRT data (Fig.9) and our own ground geophysical data.

Table 2: Anomalous Assays from a Portable XRF Analyser from the Adelaide Mine Creek Area

Sample No	Pb ppm	Zn ppm	Cu ppm	Media
0-184	4541.79	95.36	72.95	soil
0-224	4887.7	763.44	82.83	soil
4-186	3329.45	257.9	94.2	soil
4-190	1553.63	83.74	47.57	soil
4-198	2260.17	223.74	55.56	soil
4-194	1432.95	195.78	70.61	soil
S2	677.31	2950	43.22	stream sed.
SAE	1101.75	1968.15	51.7	stream sed.
S71	712.62	1858.35	43.34	stream sed.

5. Conclusions and Proposed Programme

Further work on the tenement will be informed by the results of the stream, soil and rock geochemical results. However it is also intended to review and interpret previous geophysical data which overlaps the project area.

Yunan Tin Group conducted a ground transient EM survey just to the north of the northern boundary of the tenement close to the area of interest defined in the headwaters of Adelaide Creek and subsequently drilled two holes, SC4 and SC5 (Fig. 9). In discussing Yunan's data it was determined that mineralisation intersected in their holes probably extended into our tenement based on the interpretation of Yunan's EM data and the geology. Consequently it is intended to drill four drill holes for a total of 600m next season to the south of Yunan's drilling as shown in Figure 10. Prior to this it is intended to undertake ground TEM surveys.

Further exploration will be dependent on the results from the stream sediment programme. It is anticipated that any anomalies will be followed up with detailed soil sampling, mapping and potentially ground geophysics including magnetics and EM.

Figure 9: MRT Aerial Magnetic Data and Summary Geology over the Area of Interest, Adelaide Creek

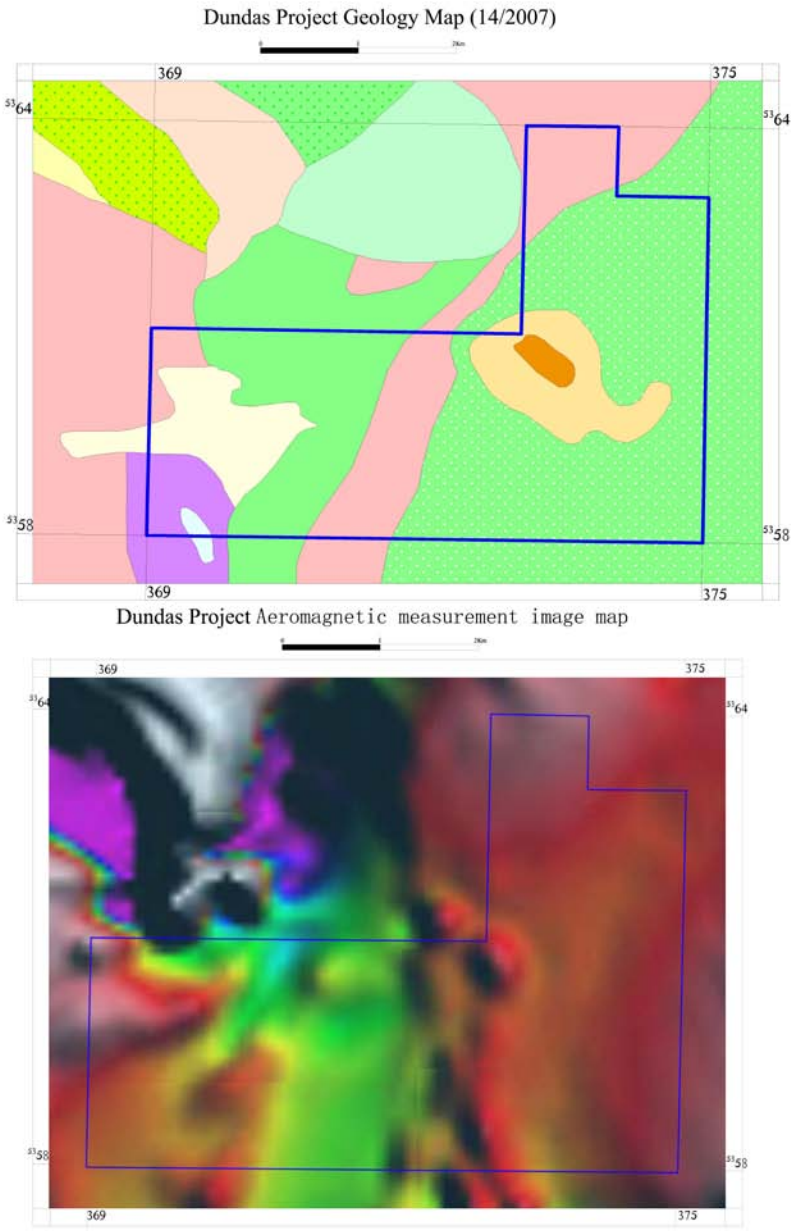
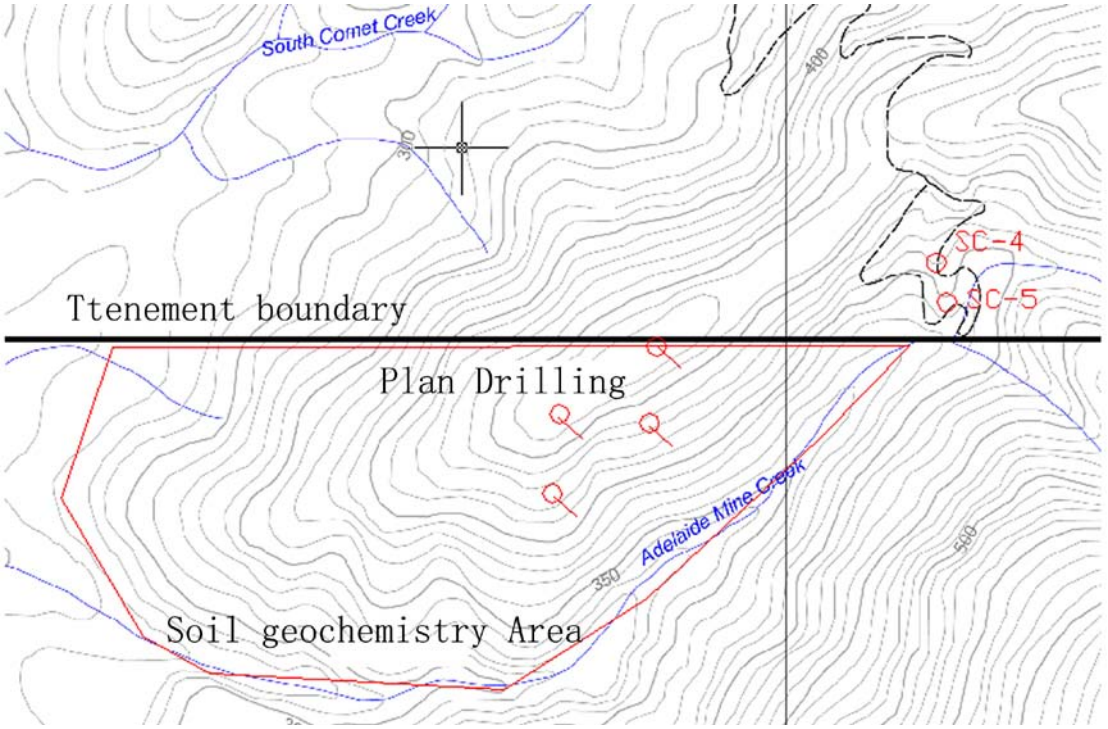


Figure 10: Location of Yunan Tin Group Drill Holes and Proposed Drilling in the Adelaide Creek Area of Interest.



6. Environmental Rehabilitation

All exploration conducted within the tenement during the reporting period was by foot. No vehicular or foot tracks were constructed or cut. As a consequence no environmental disturbance was incurred and no rehabilitation was necessary.

Key Words

Dundas, Adelaide Creek, Cambrian, Geological Mapping, Soil Geochemistry, Stream Geochemistry, Ground Magnetics.

Appendix 1

Summary Logs of EZ Company Limited's Drill Holes MZP244, 245a

MZP 244		sample	ASSAY DATA					
From to	ROCK DESCRIPTION	length	Pb	Zn	Fe	Sn	Ag	As
0-3	No core							
3-6.18	black slate							
6.18-6.25	Interblended distinctly laminated black slate and fine grey quartzite							
6.25-9	Interblended distinctly laminated black slate and fine grey quartzite	2.75	0.36	3.53		0.27%		
9-19.0	Interblended distinctly laminated black slate and fine grey quartzite							
19-20	Interblended distinctly laminated black slate and fine grey quartzite	1	4.88			0.29%	233ppm	
9-26.85	Interblended distinctly laminated black slate and fine grey quartzite							
26.85-32.8	black slate							
32.8-36.25	Dark grey to black laminated slate							
36.25-38	Interblended distinctly laminated black slate and fine grey quartzite							
38-38.75	quartz veining							
38.75-42.4	Interblended distinctly laminated black slate and fine grey quartzite							
42.4-42.5	quartz veining							
42.5-42.95	quartz veining	0.45			7.7	0.11%		2
42.95-47.25	quartz veining							
47.25-48	Interblended distinctly laminated black slate and fine grey quartzite							
48-50	quartz veining							
50-67.4	Interblended distinctly laminated black slate and fine grey quartzite							
67.4-77.9	black laminated slate with minor quartzite intercalations							
77.9-81.9	Strongly sheared and brecciaed							
81.9-85.75	black laminated slate with minor quartzite intercalations							
85.75-92	Strongly sheared and brecciaed							
92-94.8	black laminated slate with minor quartzite							

MZP 244		sample	ASSAY DATA					
From to	ROCK DESCRIPTION	length	Pb	Zn	Fe	Sn	Ag	As
	intercalations							
94.8-139.9	black slate							
139.9-167.45	recrystallised dolomite-matrix-supported pebble conglomerate or pabb1y dolomite							
167.45-171.7	recrystallised dolomite-matrix-supported pebble conglomerate or pabb2y dolomite	4.25	0.92	0.51	21.6	76ppm		
171.7-194	recrystallised dolomite-matrix-supported pebble conglomerate or pabb3y dolomite							
194-195	Laminated cherty quartz arenite							
195-250	Finely laminated grey to black cleaved siltstone							

MZP 245a		sample	ASSAY DATA	
From to	ROCK DESCRIPTION	length	Sn	Fe
0-60.45	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded			
60.45-67.5	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
67.5-67.8	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets	0.3	0.30%	12
67.8-72	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
72-90	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
90-93	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets	3	0.12%	3.55
93-96	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
96-99	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets	3	0.12%	3.75
99-114	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
114-117	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets	3	939ppm	
117-126	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
129.8-138	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded,Thin pyrite veinlets			
138-189	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded			

MZP 244		sample	ASSAY DATA					
From to	ROCK DESCRIPTION	length	Pb	Zn	Fe	Sn	Ag	As
189-201	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded							
201-215.4	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded							
215.4-232.15	Black slate and grey quartzite,interbedded,laminated and frequently intensely sheared and folded							
232.15-232.65	Conglomerate							
232.65-254.8	Khaki silty dolomite,grey slump-brecciated dolomite and minor white dolomitic quartz arenite							
254.8-264	Conglomerate							
264-268.53	khaki arenaceous dolomite,slump-brecciated							
268.53-308.65	Conglomerate							
308.65-343.45	silty dolomite,dolomitic arenita pyritic siltstone with narrow intervals of conglomerate							
343.45-366.1	Conglomerate							
366.1-367	quartz veined and pyritic dark grey arenite							
367-374	Dull green massive to poorly laminated'schist'							