

EXPLORATION LICENCE 22/2010 Concert Creek

FIRST ANNUAL REPORT

for the period between 9 November 2010 and 8 November 2011

Abstract

Exploration targets in the area have been Devonian Pb-Zn vein style mineralisation of the type found at for example, the South Comet Mine and Cambrian Rosebery or Hellyer type, Zn-Pb-Cu-Au-rich VHMS mineralisation hosted by the Mount Read Volcanics (MRV).

The area of EL22/2010 has a prolonged exploration history for base metals, tin and more recently gold. It is estimated that as many as 100 drill holes have been collared on the EL at a variety of geological, geochemical and/or geophysical targets.

Work carried out during first year of tenure has included previous exploration review, geological mapping, rock chip sampling and ground EM geophysics (EH4) survey.

Field work was conducted during late 2010 and early 2011 of West Coast dry season. Geological mapping and rock chip sampling were concentrated in the northern part of the tenement where Mt. Read Volcanics are present and historical exploration has suggested the existence of mineralisation. While EH4 survey was concentrated in the Comet – South Comet line of mineralisation in southern part of the tenement.

Work carried out suggested that northern half of the tenement area is prospective for VMS Cu-Pb-Zn mineralisation, while in southern area exploration targets should be epithermal Cu-Pb-Zn deposits controlled by shear zones and fault structures. EH4 survey at southern part of tenement suggests that there some conductors in the area, which are not directly related to serpentinite bodies.

With reference to surface geology, inversion of EH4 data suggests the conductors at depth in the southern area are likely as the result of geological bodies. Abundance of siderite in South Comet mine and outcropping dolomite demonstrate the need for follow up drilling test in the area.

Further work, including surface geochemistry and diamond drilling, is planned for Year Two exploration in southern Kosminsky-South Comet area.

Expenditure for Year One of exploration is A\$210,183.

Table of Contents

Contents

1. Introduction.....	1
1.1 Attribution.....	1
1.2 Access.....	2
1.3 Land Use.....	2
2. Tenement Details.....	2
3. Geology.....	3
3.1 Regional Geology.....	3
3.2 Local Geology.....	3
4. Review on Previous Exploration.....	5
5. Work Completed During First Year of Exploration.....	10
5.1 Rock Chip Sampling.....	12
5.2 EH4 Geophysical Survey.....	13
6. Discussion.....	17
7. Work Planning for Year 2.....	18
8. Environment.....	18
9. Expenditure Statement.....	19
References.....	20

Figures

Figure 1	EL22/2010 Concert Creek, Dundas, locality plan.....	1
Figure 2	Geology of Concert Creek area (1:25k MRT base geology).....	4
Figure 3	Mineral occurrences in the region	6
Figure 4	Work conducted in northern part of the tenement	11
Figure 5	Work conducted in southern part of the tenement	11
Figure 6	Rock chip anomalies as detected by Niton XRF readings	12
Figure 7.1	Line 2 - EH4 resistivity profile and its interpretation.....	14
Figure 7.2	Line 5 - EH4 resistivity profile and its interpretation.....	14
Figure 7.3	Line 4 - EH4 resistivity profile and its interpretation.....	15
Figure 7.4	Line 3 - EH4 resistivity profile and its interpretation.....	15
Figure 7.5	Line 1 - EH4 resistivity profile and its interpretation.....	15
Figure 8.1	Level 220m resistivity map	16
Figure 8.2	Level 0m resistivity map	16
Figure 8.3	Level -250m resistivity map	17

Tables

Table 1	Summary of Work Conducted During Reporting Period	10
Table 2	Planned Exploration for Year Two	18
Table 3	EL22/2010 Expenditure for the first year of tenure	19

Photos

Photo 1	EH4 survey in Concert Creek, Dundas	13
----------------	---	-----------

Appendices

Appendix 1	EL222010_201204_02_Appendix 1_Rock chip site coordinates and descriptions....	digital
Appendix 2	EL222010_201204_03_Appendix 2_Rock Chips_Niton Readings.....	digital
Appendix 3	EL222010_201204_02_Appendix 3_EH4 Survey Station Coordinates	digital
Appendix 4	EL222010_201204_03_Appendix 4_EH4 Resistivity data-Line 1	digital
Appendix 5	EL222010_201204_03_Appendix 5_EH4 Resistivity data-Line 2	digital
Appendix 6	EL222010_201204_03_Appendix 6_EH4 Resistivity data-Line 3	digital
Appendix 7	EL222010_201204_03_Appendix 7_EH4 Resistivity data-Line 4	digital
Appendix 8	EL222010_201204_03_Appendix 8_EH4 Resistivity data-Line 5	digital

1. Introduction

EL22/2010, Concert Creek, is located about 8km ENE of Zeehan and 6km SE of Renison Tin Mine, on the west coast of Tasmania (Figure 1). Historical township of Dundas is located outside of west boundary of the tenement. This tenement is found within Dundas 1:25,000 map sheet, with an area of 15 sq. kms.

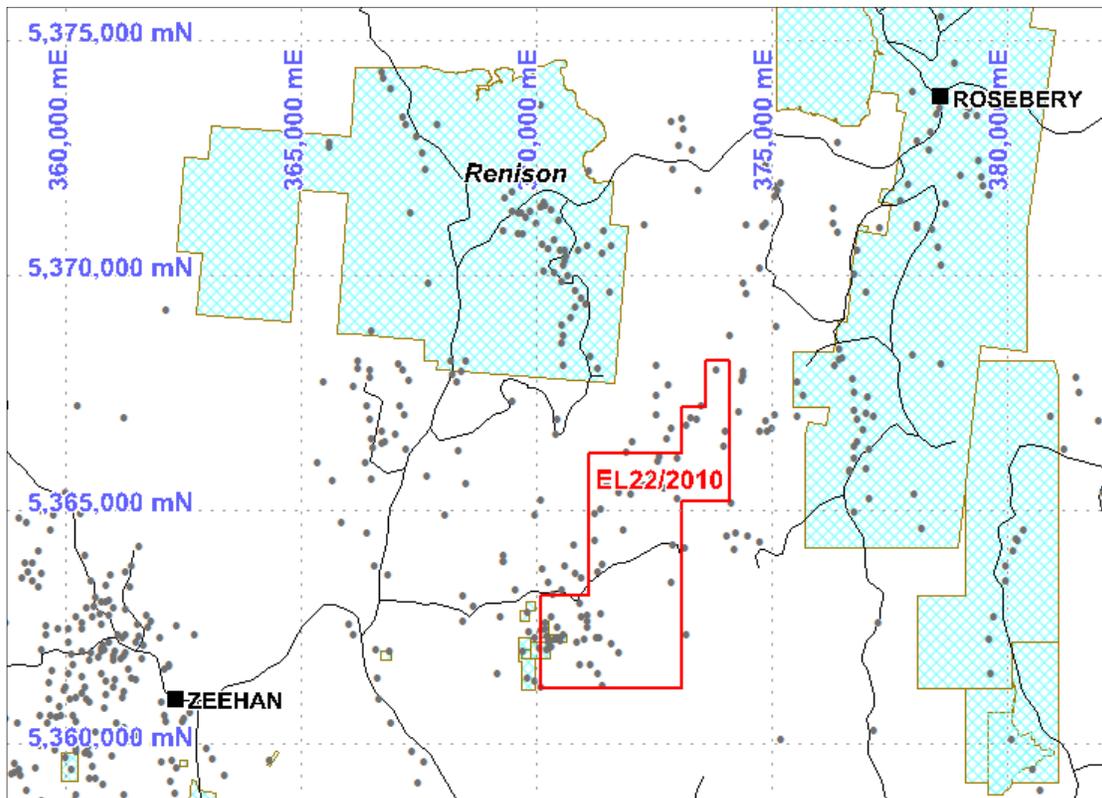


Fig 1: EL22/2010 Concert Creek, Dundas, locality plan

Yunnan Tin Australia's main targets in EL22/2010 are Devonian Pb-Zn vein style mineralisation of the type found at for example, the South Comet Mine and Cambrian Rosebery or Hellyer type, Zn-Pb-Cu-Au-rich VHMS mineralisation hosted by the Mount Read Volcanics (MRV).

1.1 Attribution

The following Yunnan Tin Group people were responsible for the work carried out with the Concert Creek tenement during the reporting period:

- Senior Geologist Mr. Shen Silian
- Geologist Mr. Yang Jun

- Senior Geologist Mr. Chen Xinshou
- Senior Geologist Mr. Jack Ma
- Graduate Geologist Mr. Hu Mingjie
- Graduate Geologist Mr. Zhou Ying
- Technician Mr. Li Yue
- Interpreter Mr. Tao Ruguang

1.2 Access

The southern region of the tenement area is accessed via Dundas Road off Murchison Highway. Dundas is an all weather unsealed road, leading up to South Comet mine near southern boundary of the tenement. A few historical exploration tracks off Dundas Road provide easy access on feet to a few locations, but they need to be cleared in order to allow vehicle access.

Access to the northern region of the tenement is more limited, with a few forestry tracks that are accessible from Williamsford. Williamsford can be reached from Murchison Highway near Rosebery.

1.3 Land Use

The land within EL 22/2010 is predominantly steep hilly country with a change in altitude of between 250m above sea level in the western part of the tenement to about 1,100m in the south-eastern corner towards Mt. Dundas.

The majority of the land in the Concert Ck area is set aside as either Forestry Reserve or Regional Reserve and is set aside for logging. A small slice of private land is located in the southwest corner, but only a small portion is cleared (Curnow, 2008).

The area also encompasses a number of small mining leases based on the historic mines located in the southern part of EL 22/2010.

2. Tenement Details

Exploration Release Area 816 was offered for tender by the Tasmanian Department of Mines, as a result of relinquishment of previous EL22/2010 held by Central West Gold NL.

Yunnan Tin Australia TDK Resources Pty Ltd was successful in the tender process. The title was granted as EL22/2010 on 9th November 2010 for a period of five years.

3. Geology

3.1 Regional Geology

EL22/2010 Boco is located in the Dundas Trough in western Tasmania, within western volcano-sedimentary sequence of the mid- to late-Cambrian Mt Read Volcanics. Mt Read Volcanic Formation which is mostly comprised of marine, sulphide rich, faulted sequences of altered conglomeritic sandstone, acid volcanics, tuff and shale.

In the Concert Creek area, two sections of the Mt Read Volcanic Formation are separated by the Dundas Trough, a sequence of Late Cambrian marine sediments dominated by the Owen Group and is bounded by the Marionoak and Rosebery fault zones (Curnow, 2009).

In the south of EL 22/2010 lies an inlier of Pre-Cambrian metasediments that have been mapped as part of the Oonah Formation, a suite of basal mafic rocks that are fault bounded and are in most part overlain by the Mt Read Volcanics and the Dundas trough (Parfery & Simpson 1999).

3.2 Local Geology

The geology in the southern half of the tenement area is dominated by the Pre-Cambrian inlier which has been called the “Comet inlier” and is comprised mostly of low grade pelites, basic volcanics, manganiferous slates and quartzites.(Fig. 2) The inlier is dominated by a unit of mica phyllite with subordinate micaceous quartzite and is known as the Concert Schist (Curnow, 2009).

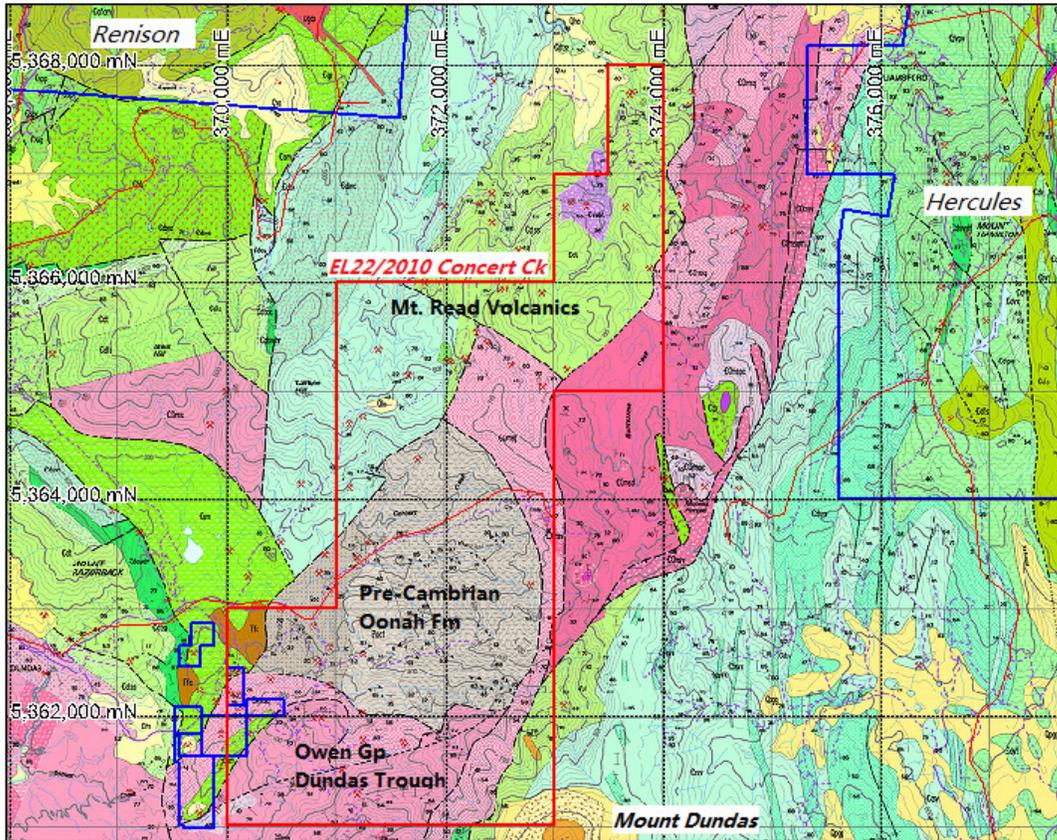


Fig. 2: Geology of Concert Creek area (1:25k MRT base geology)

The rest of the southern half of the licence area is predominantly made up by the Dundas Trough, a series of epiclastic and volcanoclastic sediments of the Owen Group make up the majority of the licence area and is dominated by a marine volcano_sedimentary sequence of turbidites, conglomerates and siltstones, as well as felsic volcanoclastic sediments (Curnow, 2009).

Northern half of tenement is occupied by Mt. Read Volcanics, with western volcano_sedimentary sequence lithology in the west and Tyndall Group in the north (Fig. 2).

The licence area is structurally complexity, making the determination of age relationships between the various stratigraphic units difficult, with most of the geological units appearing to be faulted against each other. Shearing and faulting is often preferentially taken up by the more mafic and shale dominated units, thereby complicating stratigraphic relationships. The main folds generated during the Devonian include the Huskisson Syncline north west of the Dundas licence. The Renison Anticline lies to the west of the licence, and the Dundas

Anticline is located to the northwest of Mount Dundas where it folds the Oonah Formation (McNeill, 2003).

Faulting appears to be closely associated with most of the mineralised systems. Generally there are two prominent groups of faults, a NNW trending steeply dipping set with limited dip slip to oblique slip movement and a steeply dipping NE trending set with more significant displacement. A true estimate of the amount of displacement along these NE trending structures is difficult to quantify mainly due to a lack of recognisable marker beds. The NE faults often occur along margins of the mafic - ultramafic complexes, whereas the NNW faults are more generally confined. These faults and the Cambrian thrusts (including the Rosebery Fault) also acted as zones of structural weakness during the Devonian, which resulted in further mineralisation and partial remobilisation of Cambrian ore (McNeill, 2003).

4. Review on Previous Exploration

The area of EL22/2010 has a prolonged exploration history for base metals, tin and more recently gold. It is estimated that as many as 100 drill holes have been collared on the EL at a variety of geological, geochemical and/or geophysical targets. Modern exploration commenced in the 1930s and, comprehensive summaries of previous exploration have been provided by many authors, including Ellis (1983), Crossing and Halley (1990), Weber & Murphy (1997) and Hicks (2007).

Within EL22/2010 and in the immediate surrounding areas, there are numerous historical workings dating back to the turn of last century, and many more prospects developed since, in the Dundas mineral field. Mineralisation styles range from Devonian Pb-Zn-Ag veins (Comet, Kosminsky), Devonian Sn-Cu-As veins (Greens, Frazer), Late Devonian replacement zones of Sn-Cu-As-W (Clifton, Colebrook Hill Skarn) to Quaternary placer Au-Sn (Laffer's Workings, Cornish Workings) (Hicks, 2007).

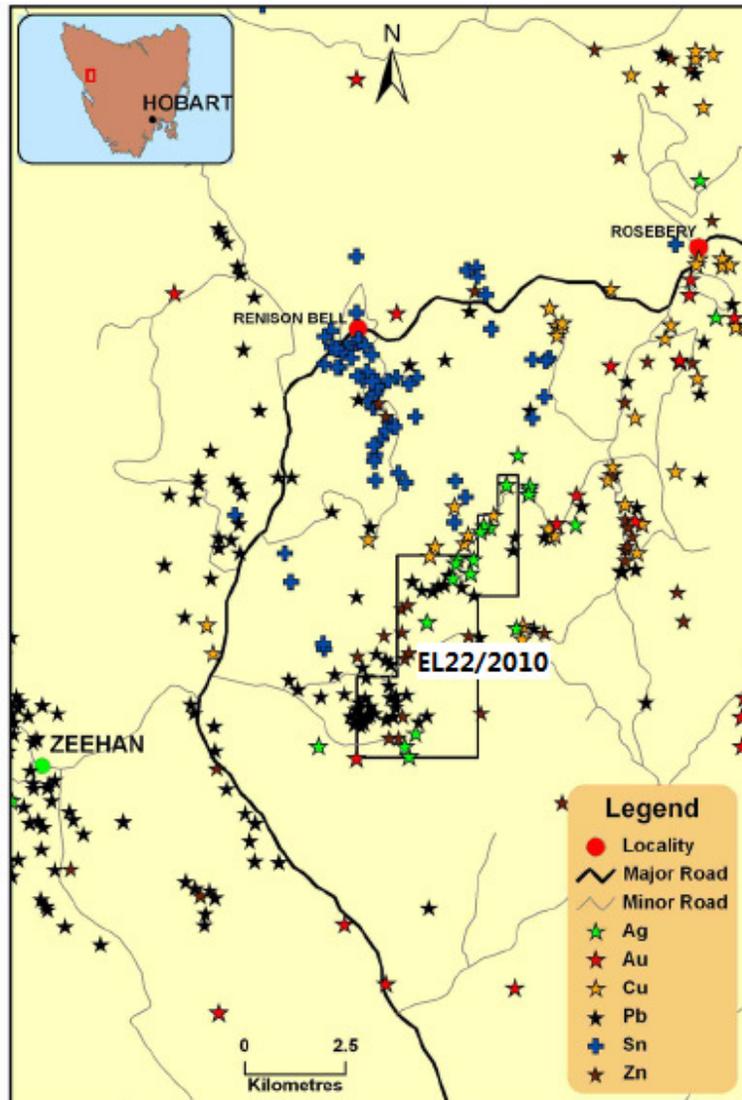


Fig. 3: Mineral occurrences in the region (after Curnow 2008)

The principal mineralising event in the Dundas area was associated with the hydrothermal fluids that accompanied the Devonian granite intrusions. Mineralisation in the Dundas field is patchy and low grade. The occasional ore shoots are erratically distributed within the controlling structural features are small and alternate with low grade or barren sections. Despite intensive exploration since the 1930s, only small resources have been located. The largest of these were the Kosminsky – South Comet mines which contained up to 60,000t @ 8.4% Pb, 7.4% Zn and 248 g/t Ag. The mineralisation at South Comet comprises a series of lenses within a well-defined shear zone, with true widths ranging from 0.75 – 2.5m thickness (Hicks, 2007).

Curnow (2008) has summarised past exploration with the Concert Creek tenement in a chronological order, which is included below for reference.

Galena was first discovered at Dundas in 1887 and a number of mines were established in the area. By 1913 most mines had ceased production and a production of 25,050 tons of lead, 629.5 tons of zinc and 1.82 million ounces of silver was recorded (Crossing & Halley 1990).

Little work was done in the area between 1913 and 1960 except for 3 diamond holes being drilled at the West Comet workings by the Mines Department in the 1930's.

Modern exploration in the Dundas region began in 1959 when BHP explored the region using geophysical techniques but found their results to be inconclusive except for areas over known mineralisation. This led to BHP withdrawing from the area without carrying out anymore exploration.

Placer explored the area between 1964 and 1966 and carried out mapping, sampling, geophysics, diamond drilling and the driving of adits though most of this work was not on ground covered by EL22/2010.

Between 1966 and 1971 New Consolidated Gold Fields of Australia explored the North Dundas region (EL61/1971) and carried out mapping, soil geochemistry and ground magnetics. A coincident Sn-As-Cu soil anomaly was outlined along the Montezuma Fault and it was costeamed. The costean exposed stanniferous sulphides associated with a shear zone but was not considered anomalous enough to be drilled.

In 1968 Geophoto Resources were granted EL7/68 at Dundas and they completed airborne EM, detailed mapping, soil and rockchip sampling, ground geophysics and drilled 79 diamond holes.

Geophoto also did underground sampling at the Great South Comet mine and the Kominski Hill workings and outlined a resource of 60,000t @ 8% Pb, 7.4% Zn and 8oz Ag with the potential of an extra 300,000t of ore.

An evaluation by RTZ found that the resource overstated the actual figure and downgraded it.

CSR Ltd were granted EL15/76 in 1976 and preceded to carry out a regional stream sediment survey which was followed up with airborne and ground geophysics, soil geochemistry and 7 diamond holes.

In 1982 Getty Oil and EZ went into a JV with CSR over the North Dundas area and another 4 diamond holes were drilled including MZP261 which included Pb Zn mineralisation from 60 to 110 metres and included grades upto 1.33%Pb, 5.10%Zn, 0.33%Sn & 51 g/t Ag. Hole MZP261 is located inside EL22/2010.

Between 1979 and 1984 Minops Pty Ltd held a tenement that partly covered the northern edge of EL22/2010 and explored for tin. Work included 6 diamond holes and resulted in an inferred resource of 300,000t @ 0.9% Sn though the resource lies outside EL22/2010.

RGC Exploration Pty Ltd were granted a number of EL's in the Dundas region and carried out rockchip sampling which highlighted a number of anomalous areas. From this work it was decided to map and sample all the old workings in the two licence areas and RGC came up with the following conclusions:

- All areas of mineralisation were of a narrow steeply dipping vein style with NNW or NNE orientations.
- Had 4 mineral assemblages.
 - Qtz-pyrite-arsenopyrite infill breccia
 - Vuggy milky white qtz with arsenopyrite+/- cassiterite
 - Massive siderite veins with pyrite, chalcopyrite, galena, sphalerite and tetrahedrite mineralisation
 - Veins of jamesonite
- Most deposits polyphase and polymetallic.
- Silver, lead and zinc are widely distributed.
- Evidence that Sn & Au+/- Bi are clustered in a NNW corridor near the Montezuma fault near Greens Prospect (and adjacent to EL 22/2010).
- A number of base metal prospects occur as replacement bodies in siderite lodes along the margins of altered serpentinite bodies.

The more recent company to hold the area covered by EL22/2010 was Pasminco (and later on Zinifex) who were granted tenure to EL 21/1996 and held the licence till 2001. In 2001 Pasminco applied for and was granted EL 11/2002 which covers part of the area that was covered by EL 21/1996 and held this ground till 2007.

Pasminco's work was broken up into stages and included:

- Historical data collection, reconnaissance mapping and GIS compilation.
- Airborne EM survey & target generation.
- Detailed interpretation of EM survey & drill testing.
- Soil sampling of a number of anomalies (both in & outside of EL22/2010).

- Gridding & ground EM survey of priority targets.
- Diamond drilling

Zinifex concluded that they would not find a “Pasminco” sized deposit (10 Mt @ 20% Pb+Zn) and relinquished the ground.

The last company exploring the area is Central West Gold NL, under EL51/2007, from 2007 to 2009. Only very limited work was carried out during the tenure, including 9 rock chip samples.

EL22/2010 covers same area as previous Central West’s EL51/2007.

5. Work Completed During First Year of Exploration

Work carried out during first year of tenure has included previous exploration review, geological mapping, rock chip sampling and ground EM geophysics (EH4) survey.

Field work was conducted during late 2010 and early 2011 of West Coast dry season. Geological mapping and rock chip sampling were concentrated in the northern part of the tenement where Mt. Read Volcanics are present and historical exploration has suggested the existence of mineralisation. While EH4 survey was concentrated in the Comet – South Comet line of mineralisation in southern part of the tenement.

Work carried out is summarised in the table below:

Table 1. Summary of Work Conducted During Reporting Period

2a). Rock Chip Sampling and Geological Mapping in the Northern Part of the Tenement

Rock Chip Sampling		Geological Mapping	
No. of Samples	Covered area (Km2)	Observation Sites	Area Mapped (Km2)
71	2.4	120	2.4

2b). EH4 Surveys

Line No.	Start		End		Length (m)	No. of Stations
	Easting	Northing	Easting	Northing		
1	370602	5361166	372149	5361895	1710	58
2	370095	5361742	371398	5362356	1440	49
3	370604	5361276	372123	5361993	1680	57
4	370458	5361504	371950	5362207	1650	56
5	370335	5361744	371420	5362256	1200	41
6	373692	5367075	374113	5367075	420	15

Figs 4 and 5 below show the completed works within the tenement area.

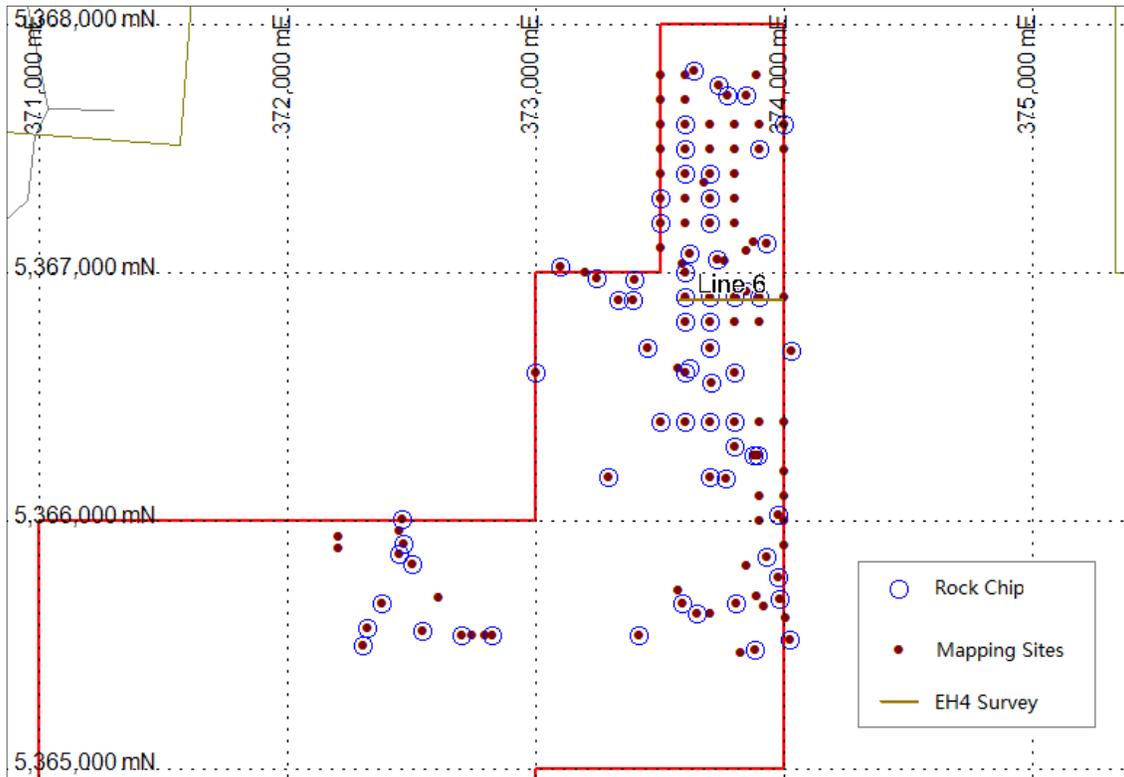


Fig. 4: Work conducted in northern part of the tenement

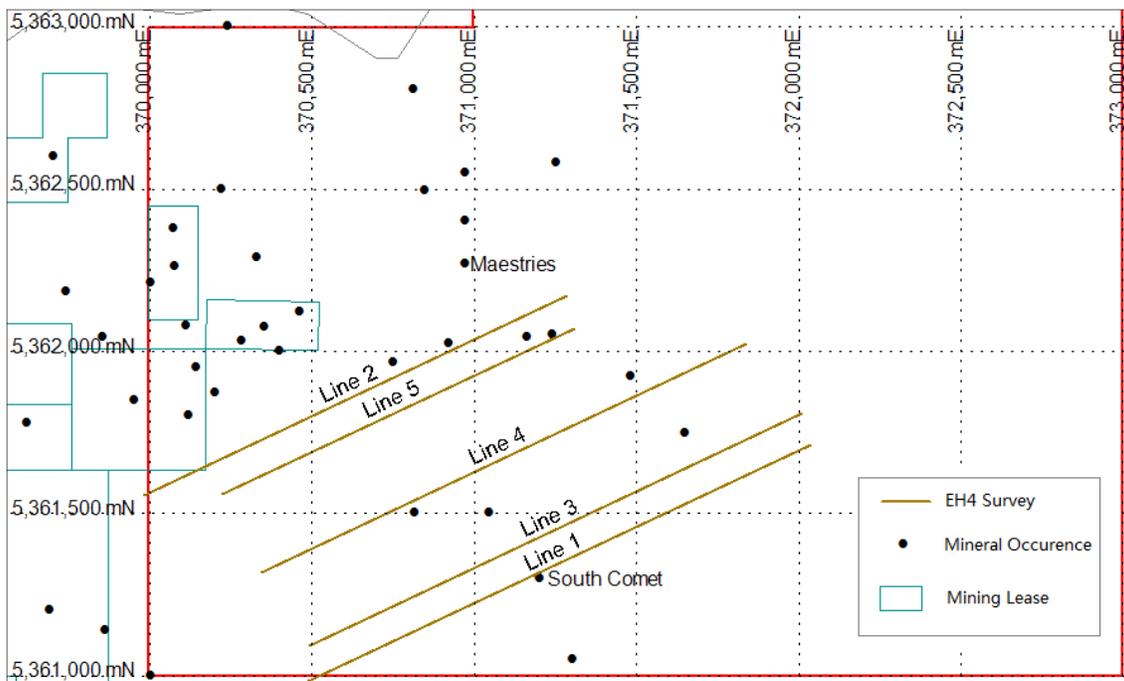


Fig. 5: Work conducted in southern part of the tenement

5.1 Rock Chip Sampling

Rock chip sampling was conducted in conjunction with geological mapping in the northern part of the tenement area. A total of 71 rock chip samples were collected covering 2.4 sq. km. Samples were logged and Niton XRF readings were taken, before they were packed and sent to China for chemical analysis. Unfortunately, the shipment was lost during the delivery process.

Access to the northern area has proven to be very difficult with dense forest and steep hills. Extensive vegetation and development of weathering products also limit direct observation of rock outcrops.

Rock chip site description data are included in Appendix I; and their Niton XRF reading results are also included as Appendix II.

Using Niton XRF readings, two general areas of Cu-Pb-Zn anomalies have been outlined, as illustrated in the diagram below.

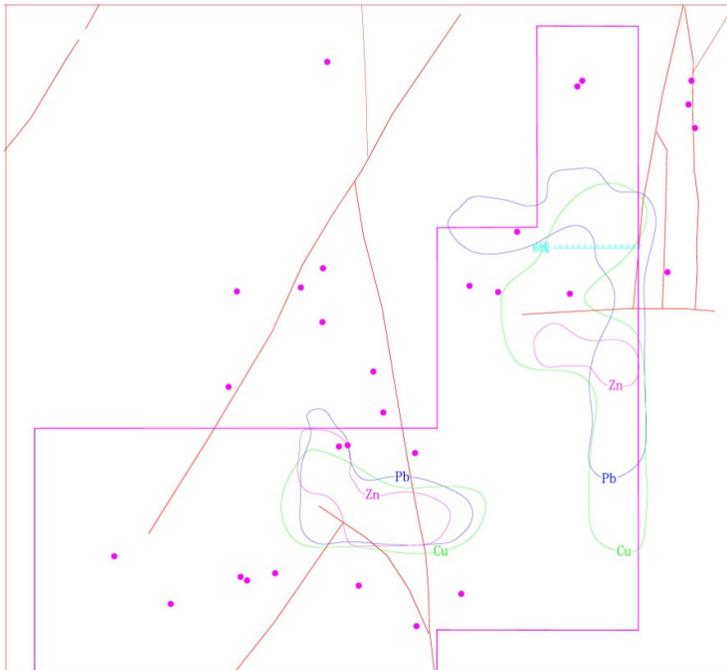


Fig. 6: Rock chip anomalies as detected by Niton XRF readings

5.2 EH4 Geophysical Survey

A team of six geophysicists and field technicians conducted the survey. Survey lines are marked by handheld GPS devices.

The Stratagem EH4 system (Geometrics Stratagem model) uses the magnetotelluric method (MT) to measure subsurface conductivity. It provides additional high frequency signals in the range of 1kHz to 70kHz, where natural signals may be lacking. Frequencies as high as 100kHz or as low as 0.1Hz can also be used depending on the desired depth of investigation.

All EH4 survey station coordinates are listed in Appendix 3, and resistivity reading data for survey Lines 1 to 5 are included in Appendices 4 to 8.



Photo 1: EH4 survey in Concert Creek, Dundas

Only one short line of EH4 survey (Line 6) was conducted in the northern part of tenement. However, no interpretation was done due to lack of data points.

While in the south, a total of five EH4 lines were completed as shown in Fig. 5. The resistivity and corresponding interpretation diagram for each of these lines are presented below, following an order of Lines 2, 5, 4, 3 and 1, from northwest to southeast.

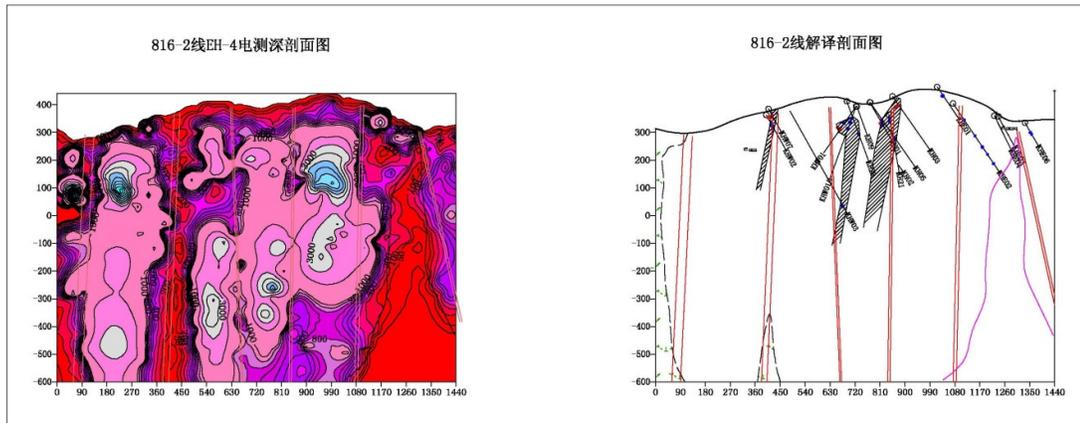


Fig. 7.1: Line 2 - EH4 resistivity profile and its interpretation

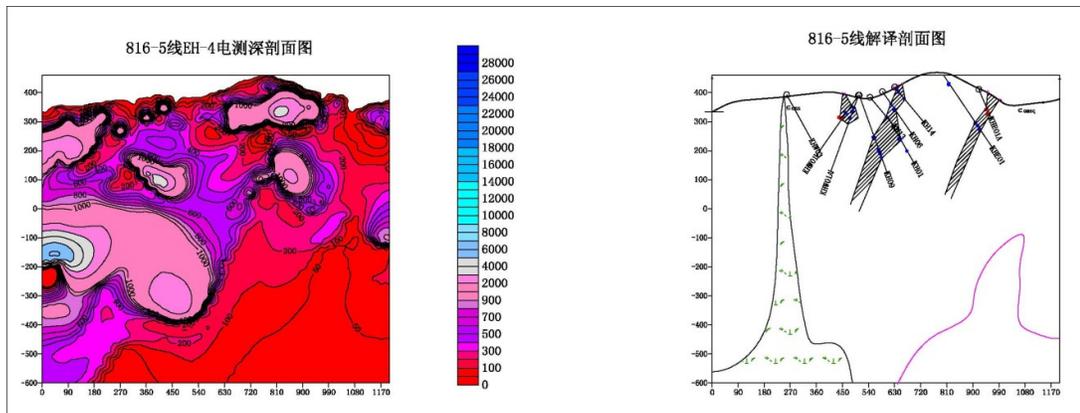


Fig. 7.2: Line 5 - EH4 resistivity profile and its interpretation

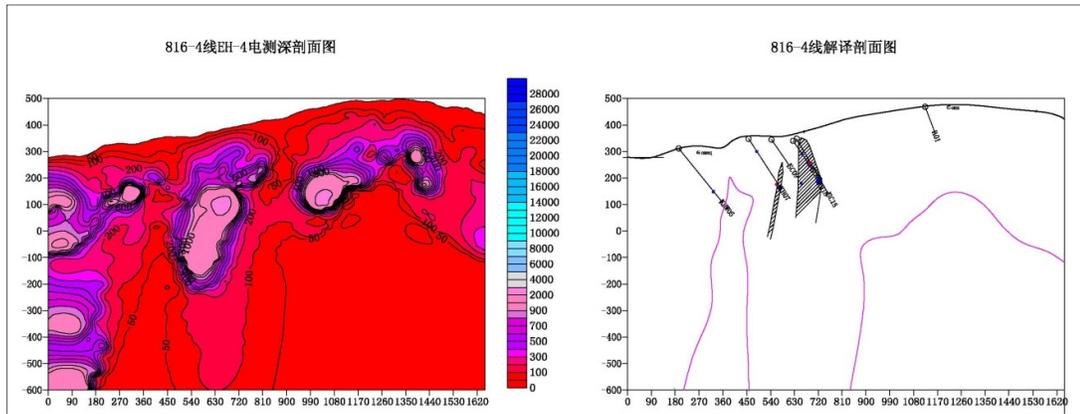


Fig. 7.3: Line 4 - EH4 resistivity profile and its interpretation

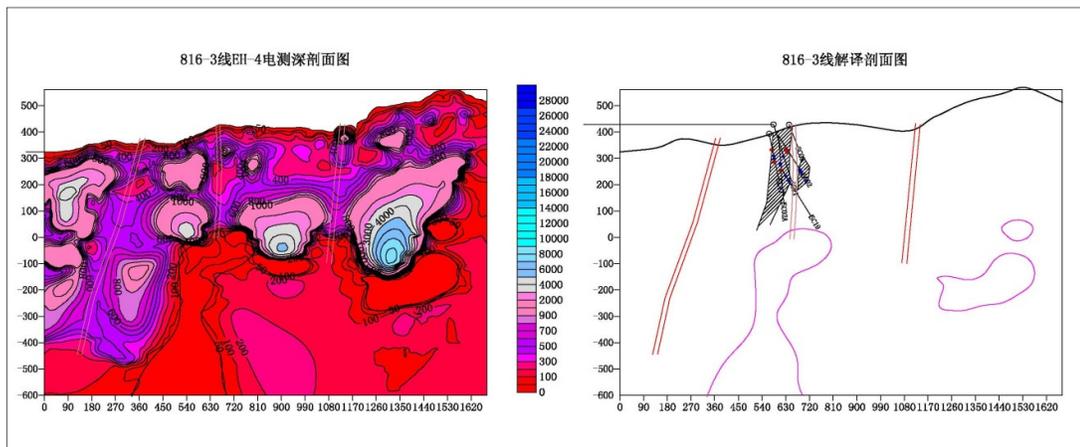


Fig. 7.4: Line 3 - EH4 resistivity profile and its interpretation

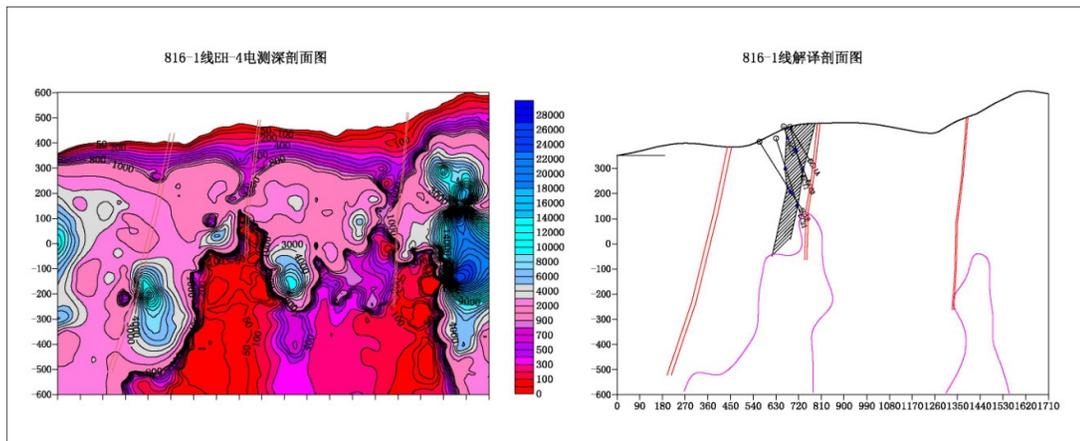


Fig. 7.5: Line 1 - EH4 resistivity profile and its interpretation

EH4 resistivity plans at three various levels are computed to illustrate vertical changes of resistivity, as shown in Fig's below.

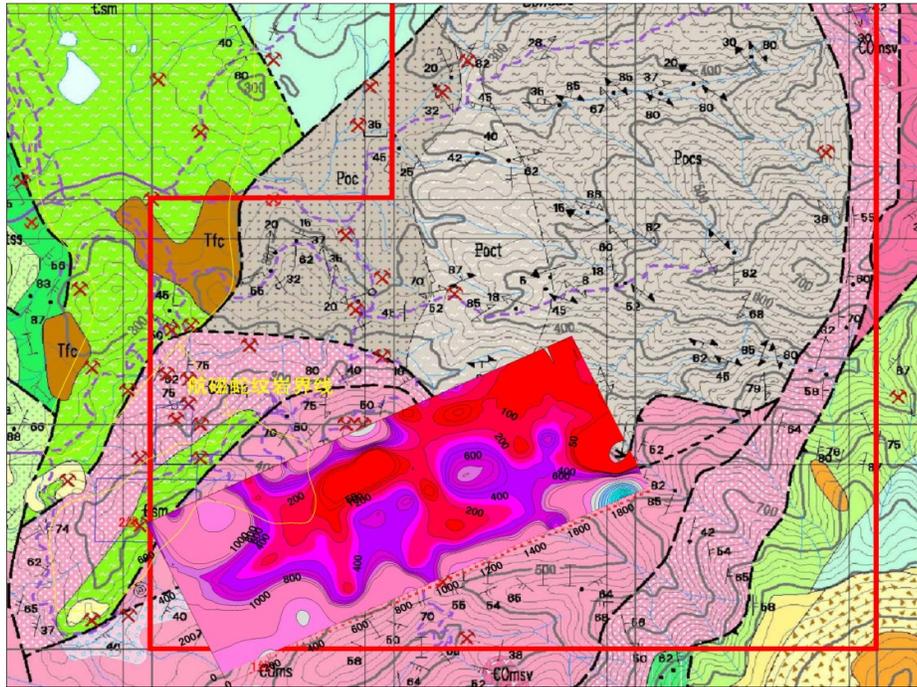


Fig. 8.1: Level 220m resistivity map

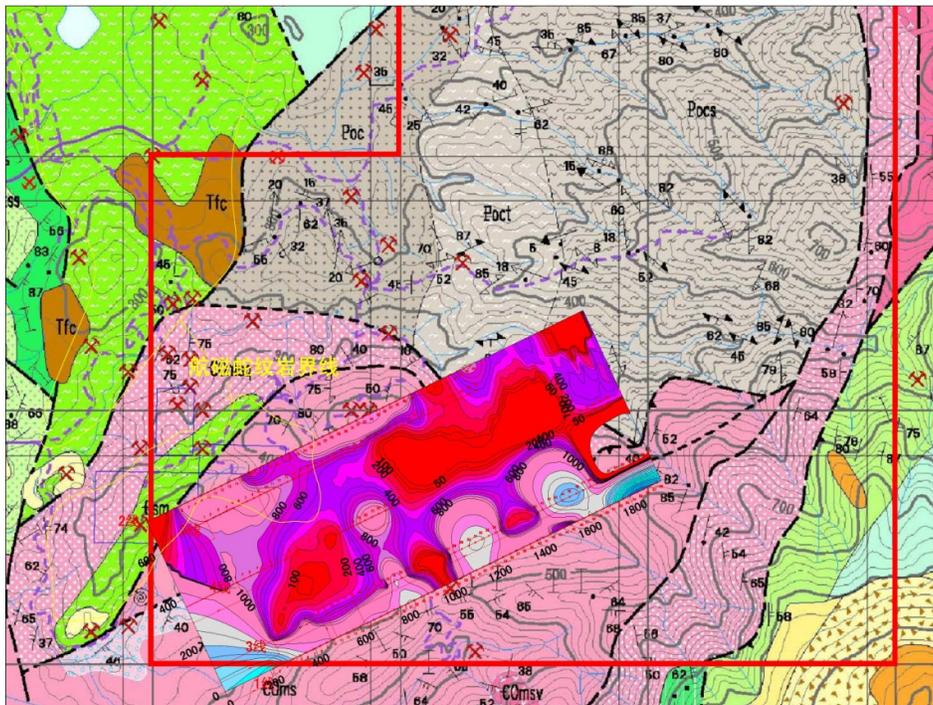


Fig. 8.2: Level 0m resistivity map

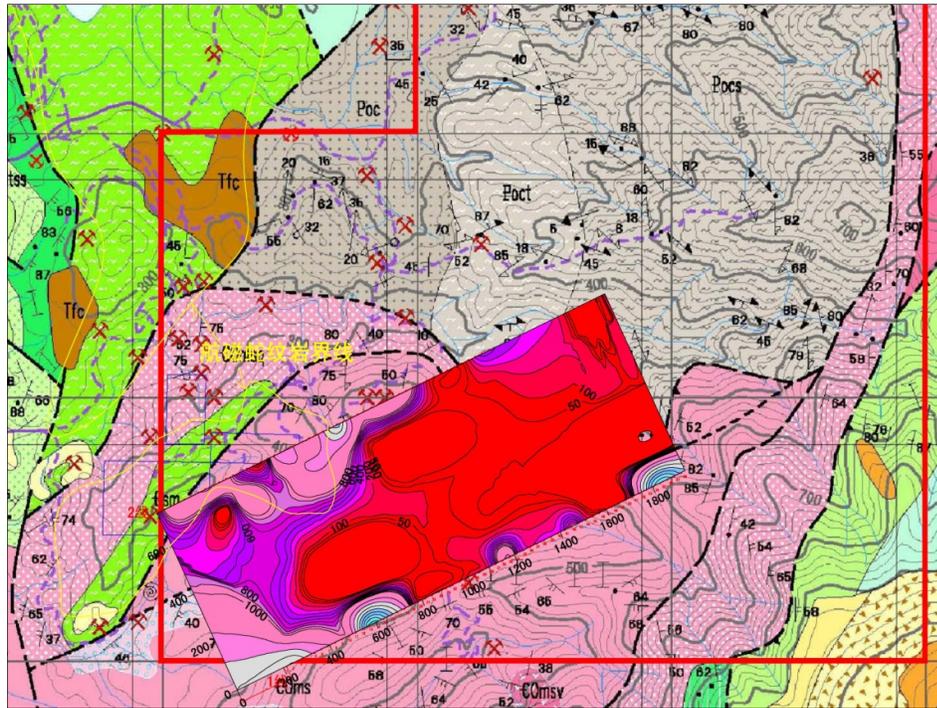


Fig. 8.3: Level -250m resistivity map

6. Discussion

Based on the assessment, the following points can be drawn:

- EH4 survey at southern part of tenement suggests that there some conductors in the area, which are not directly related to serpentinite bodies.
- Northern half of the tenement area is prospective for VMS Cu-Pb-Zn mineralisation, while in southern area exploration targets should be epithermal Cu-Pb-Zn deposits controlled by shear zones and fault structures.

With reference to surface geology, inversion of EH4 data suggests the conductors at depth in the southern area are likely as the result of geological bodies. Abundance of siderite in South Comet mine and outcropping dolomite demonstrate the need for follow up drilling test in the area.

7. Work Planning for Year 2

A significant diamond drilling program has been planned in Year 2 of the tenure. A total of 8 diamond holes have been proposed and pegged on the ground, to following up EH4 geophysical and geological targets in southern part of the tenement. These holes are arranged in three drill fences across Comet Line of mineralisation.

Other works planned include surface geological mapping and geochemistry.

Table 2: Planned Exploration for Year Two

Item	Details	Expenditure (\$)
Geological mapping and geochemistry	Niton soil and rock survey in southern part of tenement to assist planned drilling programme	10,000
Diamond drilling	Eight diamond holes are planned for approximate a total of 3200m of drilling.	640,000
Total		A\$650,000

8. Environment

Yunnan Tin Australia TDK Resource Pty Ltd has environmental policies in place to always ensure minimisation of the impact that exploration activities have on the environment. All vehicular travel within the tenement has been on the existing tracks.

9. Expenditure Statement

Expenditure for the period 9/11/2010 to 8/11/2011:

Expenditure	\$
Geology	4000
Geochemistry	
Geophysics	182,667
Remote Sensing	
Gridding	
Drilling	
Land Access Costs	4,408
Rehabilitation Costs	
Feasibility Study Cost	
Other Cost	
Administration Cost	19,107
TOTAL	\$210,183

Table 3: EL22/2010 Expenditure for the first year of tenure

References

- Curnow, G. 2008. First annual report, EL22/2010, 14th Nov. 2008. Central West Gold NL.
- Parfrey, O. & Simpson, K.L., 1999 – Annual Report for the Period Nov 1998 to Nov 1999 for EL 21/1996 Dundas. Pasminco Exploration Unpublished Report.
- McNeill, A, 2003 - Annual Report for the Period Ending 23rd July 2003 for EL 11/2002 Dundas (Williamsford). Pasminco Mining Unpublished Report.
- Ellis, P.D., 1983. Past exploration within the area of Exploration Licence 15/76, Dundas. Unpub. CSR report EMR 188/82(TCR02-4820).
- Crossing, D.J.F. and Halley, S., 1990. EL 101/87 Dundas and EL 13/88 Moores Pimple Annual Report 1989/90. Unpub. RGC Exploration report (TCR 90-3172).
- Weber, G.B., and Murphy, F.C., 1997. Dundas EL 21/96. Annual report for the period ending October 1997. Unpub. Pasminco Exploration report VC184 (TCR97-4086).
- Hicks, D.J, 2007 – Annual & Final Report for the Period Ending 23rd August 2007 for EL 11/2002 Dundas (Williamsford). Zinifex Unpublished Report.