

ANNUAL REPORT

EL23/2011, DERBY, NORTH EAST TASMANIA

For the period 13.09.2011 to 12.09.2012

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Abstract

Work during the reporting period comprised a review of previous literature. No field work was undertaken during the period. It is intended to implement a programme of detailed gravity surveying during the next field season to define targets for assessment by drilling.

1.0 Introduction

EL 23/2011 was applied for by ASF Group Ltd for the area's well documented potential for alluvial tin. Despite a considerable history of exploitation, significant potential tin resources are considered to be associated with extensions of previously exploited exposed deep leads and in particular for unmined deep leads covered by Tertiary basalt. Recent advances in geophysical techniques and potentially new methods in mining in unconsolidated strata provide the encouragement to explore in what are largely unexplored environments.

2.0 Tenure

EL 23/2011 was granted to ASF Group Ltd. on 13 September, 2011 with an expiry of 12 September 2016. The area of the EL is 109km². The licence was transferred to Austin Resources Ltd., a wholly owned subsidiary of ASF Group Ltd. on 10 February, 2012.

3.0 Location, Topography and Access

EL 23/2011 is located in the Derby area of NE Tasmania, a region of significant historic tin production. The EL covers the interpreted trend of the paleo-Ringarooma Deep Lead. The settlements of Ringarooma, Branxholm, Derby and Winnaleah locate within the licence area (Fig1).

The topography is of generally moderate relief with much of the area located in the current Ringarooma valley and tributaries or on the relatively flat to undulating plateau of the Tertiary basalt paleo-valley fill. Most of the area comprises private land with the area south of Branxholm being lightly to moderately forested. North of Branxholm, the land is mostly cleared for pasture and crops. Access is good with the Tasman Highway traversing the licence area in addition to a relatively dense network of secondary roads.

4.0 Geology and Mineralisation

The geology and the mineralisation of the area have been well reviewed in studies undertaken by the previous holder of the licence area, Kintore Resources Ltd as E.L. 65/2004. The reader is referred to appendices 1 and 2 of the 2009 Annual Report for EL65/2009 lodged with Mineral Resources Tasmania for a detailed review.

In summary, the Devonian granitic intrusives of the Blue Tier batholith dominate the lithologies to the west of the tenement while the Ordovician to Devonian turbidites of the Mathinna Beds underlie most of the tenement and the area to the east. Two periods of Tertiary basaltic volcanism have variably covered the basement lithologies during the Middle Eocene and Middle Miocene. This volcanism variably filled the pre-Eocene drainages, resulting in the formation of deep leads with basalt covering and preserving the original valley- fill sequence.

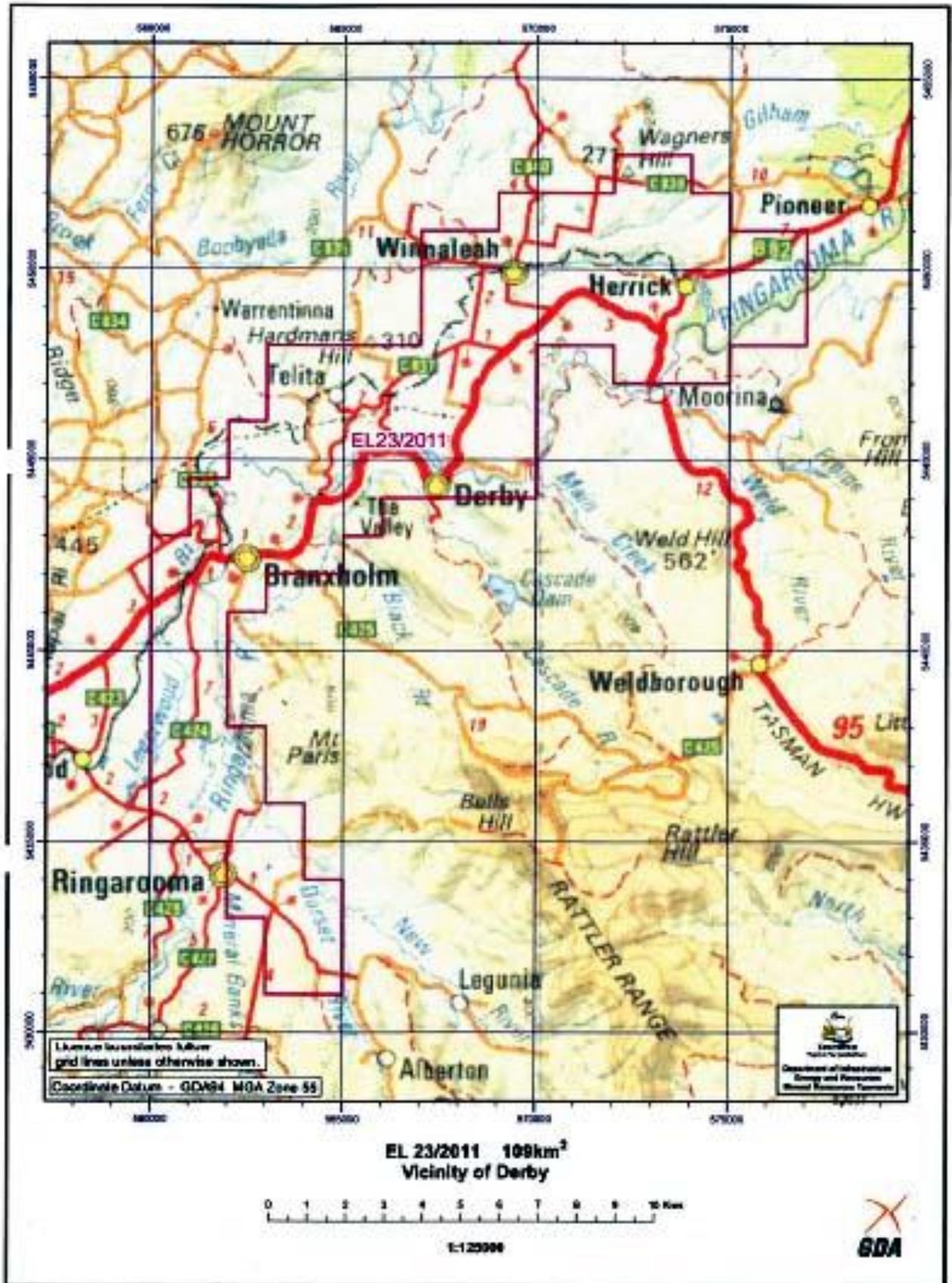


Figure 2: Location Plan, Derby E.L. 23/2011

Differential erosion along the flanks of the basalt flows filling the valleys due to the basement sediments being weathered and softer than the basalts has resulted in topographic inversion in much of the area with the basalts forming elevated plateaux. In places this erosion has cut through the base of the basalt flows exposing the deep lead sediments below the basalt plateau, allowing easy exploitation of the cassiterite-bearing basal sequence of the deep lead sediments by hydraulic sluicing and dredging with the Briseis and Arba Valley mines being the largest examples.

Deep leads of mid to late Eocene age are distributed throughout the Lachlan Fold Belt in Eastern Australia and share a common fining upward stratigraphy from coarse basal wash through coarse sandy gravels, coarse sands and clays at the top of the sequence. Heavy minerals are disproportionately concentrated in the basal cobble or “wash” zone and in the Derby area tin in economic concentrations tends to occur within 5-10m of the base of the lead. Approximately 23,522 tonnes of tin metal is reported to have been mined from within the tenement, representing 63% of the total tin production from NE Tasmania.

The potential for economic concentrations of tin is both from extensions to previously worked exposed deep leads such as the Arba Valley and Briseis Mines and in particular the extensions of the tributary leads to the Ringarooma Deep Lead identified from previous prospecting and from the larger Ringarooma Deep Lead which has been inferred to traverse the licence area to the north of the present Ringarooma River.

5.0 Exploration Conducted

Previous exploration and available data was reviewed, however proposed exploration programme was not implemented. It is proposed to undertake this programme in the forthcoming field season.

6.0 Proposed Exploration

The exploration strategy is to assess the potential for both the extensions to known leads and for previously unexploited leads, particularly the main Ringarooma Lead. It is proposed to accurately locate the positions of these extensions and new leads by implementing a closed space gravity survey, initially over 10 line km involving 250-300 stations. This methodology has been demonstrated to work very well in the exploration of the deep leads of Central Victoria.

The object of this initial programme will be the accurate delineation of 5-10km (depending on line spacing and line length) of deep leads which will allow targeting of drill holes. This work will be augmented by the compilation work already commenced which will provide a current data base which can be added to in future and a firm understanding of the geology, characteristics and general distribution of the alluvial systems.

7.0 Environmental Considerations

As there was no on ground exploration conducted during the reporting period, there was no rehabilitation required.

8.0 Expenditure

Swensson Integrated Natural Resource Management Services	Sept 2011 to Sept 2012	\$39,000.00
Geology Costs	Sept 2011 to Sept 2012	\$12,325.00
Admin Costs	Sept 2011 to Sept 2012	\$4,075.00
Other Costs	Sept 2011 to Sept 2012	\$3,890.00
	Total	<u>\$59,290.00</u>

Key Words

NE Tasmania, Derby, tin, cassiterite, Deep Leads, Briseis Mine, Arba Valley Mine, Blue tier batholith, Mathinna Beds, Tertiary Basalt