EXPLORATION LICENCE 22/2010

Concert Creek, Dundas, Tasmania

SECOND ANNUAL PROGRESS REPORT

for the period between 9 November 2011 and 8 November 2012

Yunnan Tin Australia TDK Resources Pty Ltd

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Co-ordinate system used in maps and diagrams within this report is MGA55 (GDA94), unless otherwise specified.

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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).

Based on EH4 ground geophysical survey conducted in Year 1, an eight-hole diamond drilling program over southern half of the tenement was developed. Drilling work program permit was granted for most holes from MRT, except for a few holes with extremely difficult ground access. By the end of the 2nd year of tenure, an access track to the first drill site has been established and drill rig has been mobilised to the site.

Expenditure for Year One of exploration is A$28,907.

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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.

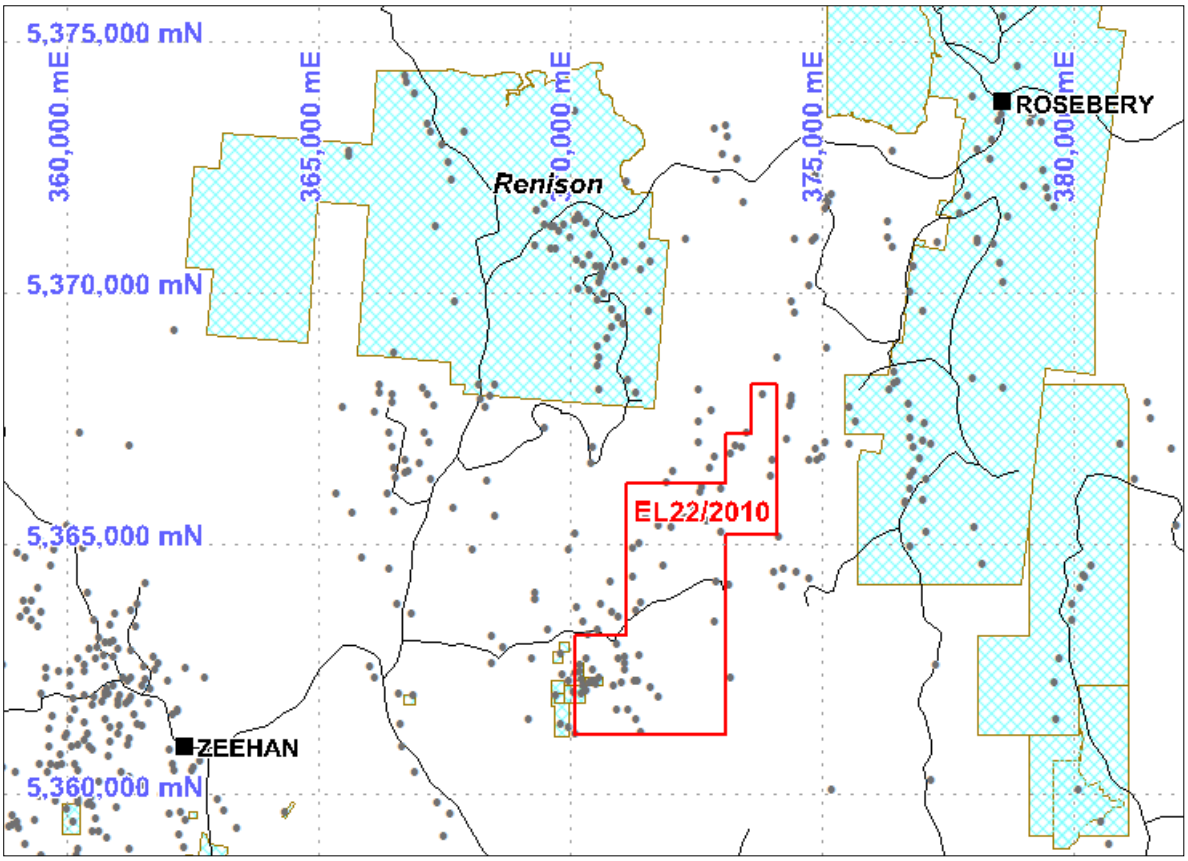

Fig 1: EL22/2010 Concert Creek, Dundas, locality plan

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 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.

1.2 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 & Simpson1999).

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).

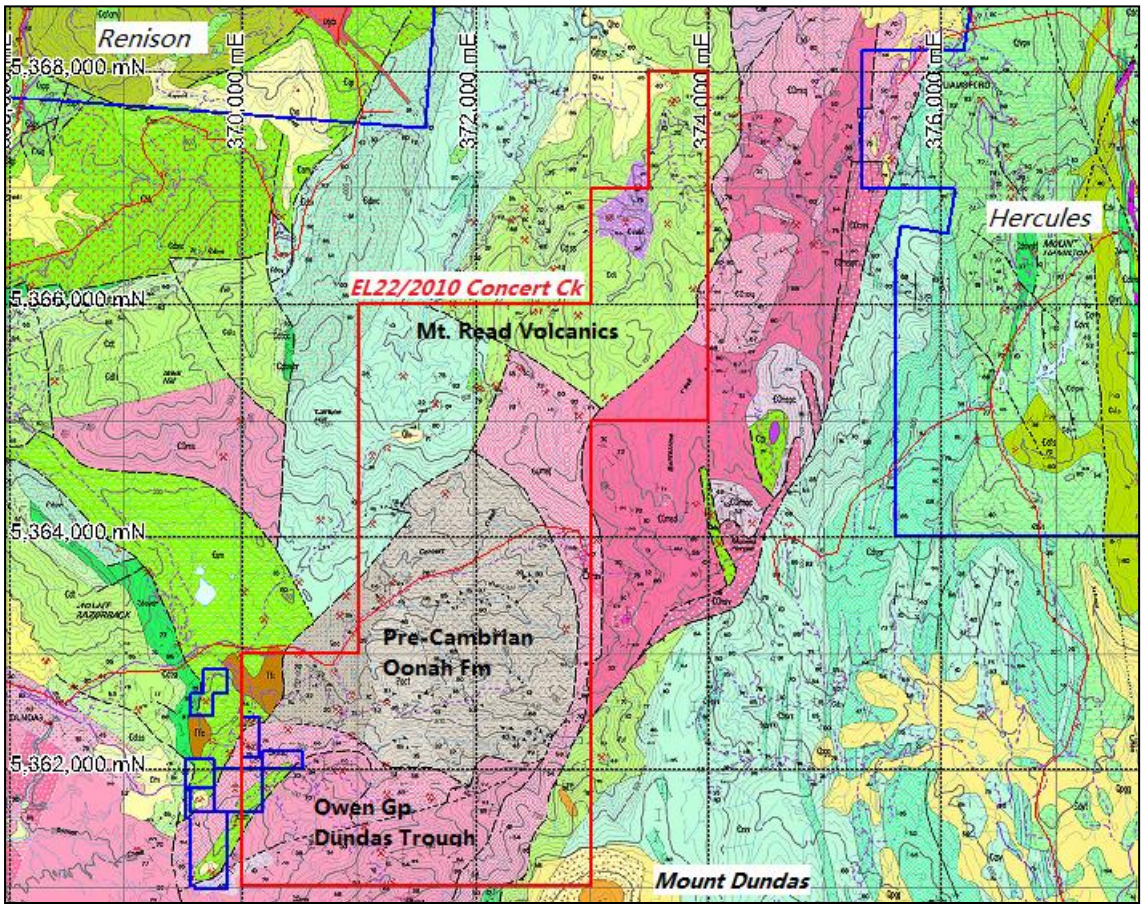

Fig. 2: Geology of Concert Creek area (1:25k MRT base geology)

The rest of the southern half of the licence area is predominantly made up by the Dundas Trough, a series of epiclastic and volcaniclastic 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 volcaniclastic 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).

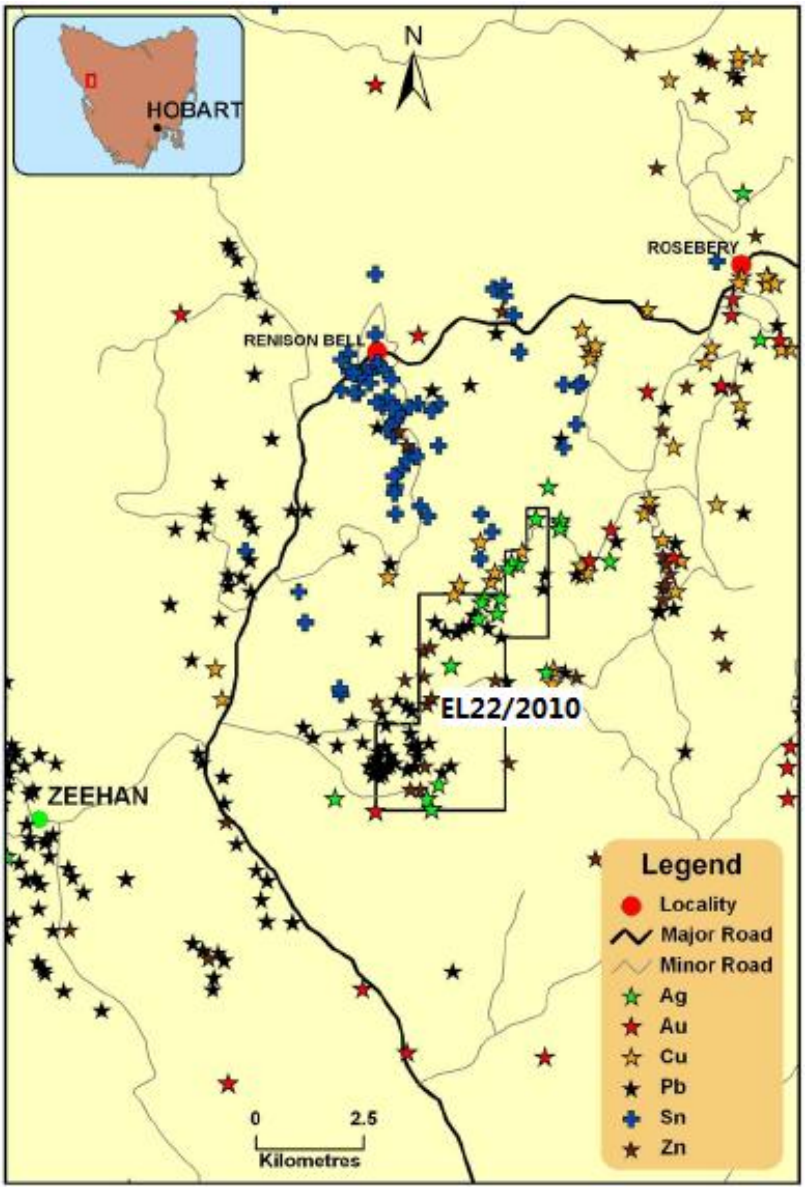

Fig. 3: Mineral occurrences in the region (after Curnow 2008)

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 lead 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 costeaned. 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 Second Year of Exploration

Work carried out during the second year of tenure has included planning of drilling program based on results of first year's ground EM geophysics (EH4) survey. An eight-hole diamond drilling program over southern half of the tenement was developed. The drilling program was designed to:

- Test EH4 anomalies identified, and
- To systematically understand the geology in the area through 3 fences of drill holes at right angle to known mineralisation strike.

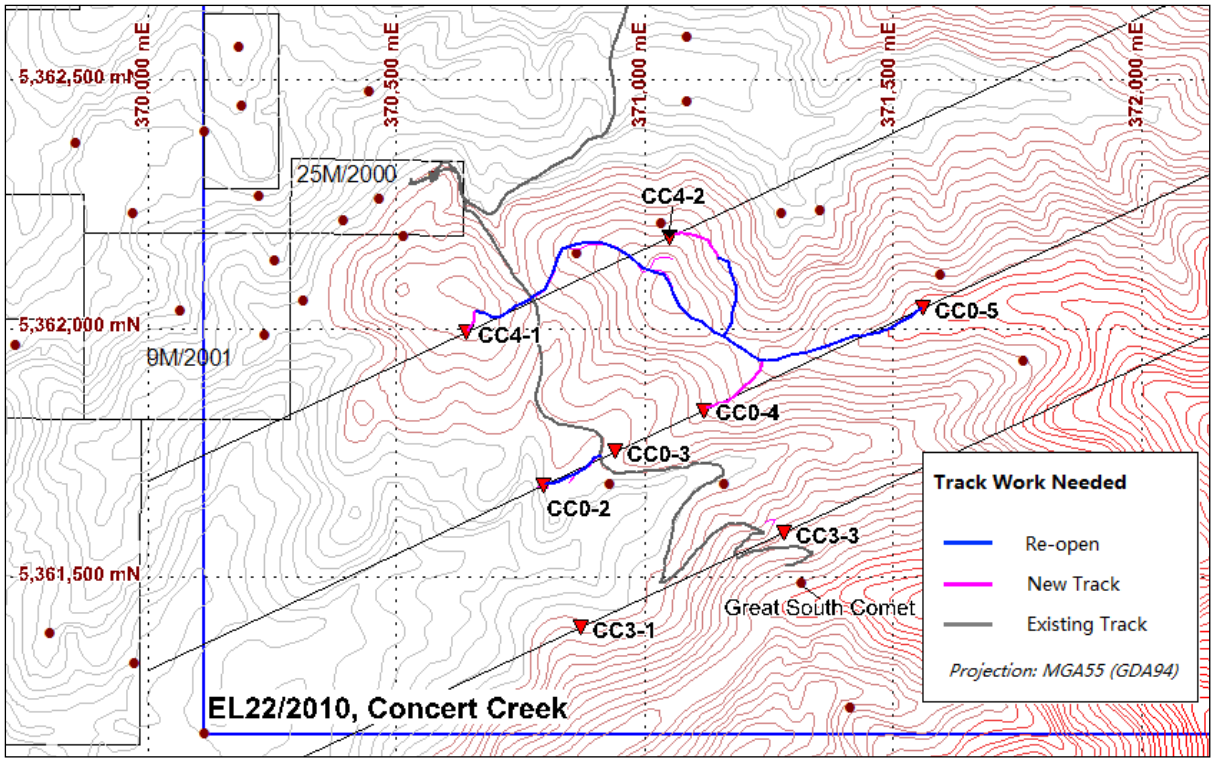

Figure 4: Proposed drill site locations – Great South Comet to Kosminsky mine area

The co-ordinates, planned azimuth, dip and length of the proposed drill holes are listed below in MGA55.

HoleID	E_MGA55	N_MGA55	Azimuth	Dip	Length (m)
CC4-1	370640.5	5361992.8	65	63	530
CC4-2	371048	5362182.83	65	73	700
CC0-2	370796.9	5361686.08	65	70	500
CC0-3	370941	5361753.44	65	70	1000
CC0-4	371118	5361835.98	65	70	500
CC0-5	371560	5362042.09	65	70	500
CC3-1	370870.54	5361398.98	65	70	550
CC3-3	371281	5361590.21	65	70	800

Table 1: Parameters of proposed drillholes

Field inspections on those sites were carried out to check their suitability for drilling, before submitting the work program to MRT for permitting. Work program permit was granted for most holes from MRT during the reporting period, except for a few holes with extremely difficult ground access. By the end of the 2nd year of tenure, an access track to the first drill site for Hole CC0-5 has been established and drill rig has been mobilised to the site.

Photo 1: Access track and site preparation for Hole CC0_5

6. Work Planning for Year 3

Focus of Year 3 exploration will be the execution of diamond drilling program described above. First four holes on the middle drill fence, ie: CC0-2, CC0-3, CC0-4, and CC0-5, will be initially drilled during next year.

Table 2: Planned Exploration for Year Three

Item	Details	Expenditure ($)
Diamond drilling	First 4 diamond holes are planned for an approximate total of 2500m of drilling.	625,000
Total		**A$625,000**

7. 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.

Track clearing to drill site has followed guidelines as set out in the work program permit by Mineral Resources of Tasmania.

8. Expenditure Statement

Expenditure for the period 9/11/2011 to 8/11/2012:

Expenditure	$
Geology	14,218
Geochemistry	
Geophysics	
Remote Sensing	
Gridding	
Drilling	
Land Access Costs	12,093
Rehabilitation Costs	
Feasibility Study Cost	
Other Cost	
Administration Cost	2,596
TOTAL	**$28,907**

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

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