CHINA COAL RESOURCES PTY LTD

ABN: 89 148 842 531

TASMANIA

WILMOT PROJECT

EXPLORATION LICENCES: EL55/2007

5th ANNUAL TECHNICALREPORT

REPORTING PERIOD:

05/06/2012 TO 04/06/2013

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Abstract

EL55/2007 is a Joint Venture between ASF Resources Pty Ltd and China Coal Engineering Corporation (CCR) as the operator. During the reporting period CCR undertook extensive geological reconnaissance with the objective of determining the accuracy of existing mapping and as a general prospecting methodology. More detailed exploration concentrated on the two base metal soil anomalies identified in the previous year. Detailed geological profiles were undertaken at both prospects and six trenches were excavated in within areas of peak anomalism on the two soil grids. The trenches were mapped and sampled with a total of 114 channel samples taken. This work has resulted in the recommendation to drill four drill holes next season, two in each of the two soil geochemical anomalies.

1.0 Introduction

China Coal's main targets on the project tenements are Cambrian age Rosebery or Hellyer type, Zn-Pb-Cu-Au-rich VHMS mineralisation hosted by the Mount Read Volcanics (MRV). Additional targets are epigenetic Sn-W- Mo vein and skarn style mineralisation such as typified by the Moina deposit, associated with Devonian granite emplacement.

The tenement is the subject of a joint venture between the tenement holder, ASF Resources Pty. Ltd. and China Coal Geology Engineering Corporation. The project is being undertaken by China Coal Geological Special Technical Exploration Centre under the supervision of the China Coal Geology Engineering Bureau

The project area was previously explored by Zinifex under EL's 18/2005, 17/2005 and 16/2005. The current EL was granted to ASF Resources on the 23/07/2007.

2.0 Location and Access

The Wilmot Project is located approximately 20km south west of Devonport and access to the tenement is via sealed and gravel roads which head in a southerly direction from Devonport. The project is bisected by the Wilmot and Forth Rivers and is adjacent to the Leven Gorge (Figures 1, 2).

The tenure is centered on the locality of Wilmot, extending north to Preston and Central Castra; west past Nietta towards Loongana; and east through Roland and West Kentish to Sheffield. The area is well serviced by roads.

The project area has a cool temperate, maritime climate, with a summer average temperature of 21° C and a winter average temperature of 12°C.

The area is close to Leven Valley at altitudes ranging from 70m ASL to 890m ASL (Figure 3). Approximately 10-20% in the project area is covered by forest. Block 1 is of moderate relief. The highest elevation is 430m ASL and the lowest 220mASL. Block 2 has lower east and higher west topography.

Figure 1 Location of E.L. 55/2007

3.0 Tenure

EL 55/2007 comprises an area 148.9km^2, was granted to ASF Resources on the 23/07/2007.On the 26th April 2010 China Coal Geology Engineering Corporation (China Coal) entered into a conditional cooperative agreement with ASF Resources for the exploration of EL55/2007. China Coal is responsible for funding and operating the exploration programs and will spend approximately $1.6M subject to Chinese Government approval.

For the purposes of reporting, the tenement is referred to in two parts as Block 1 and Block 2.

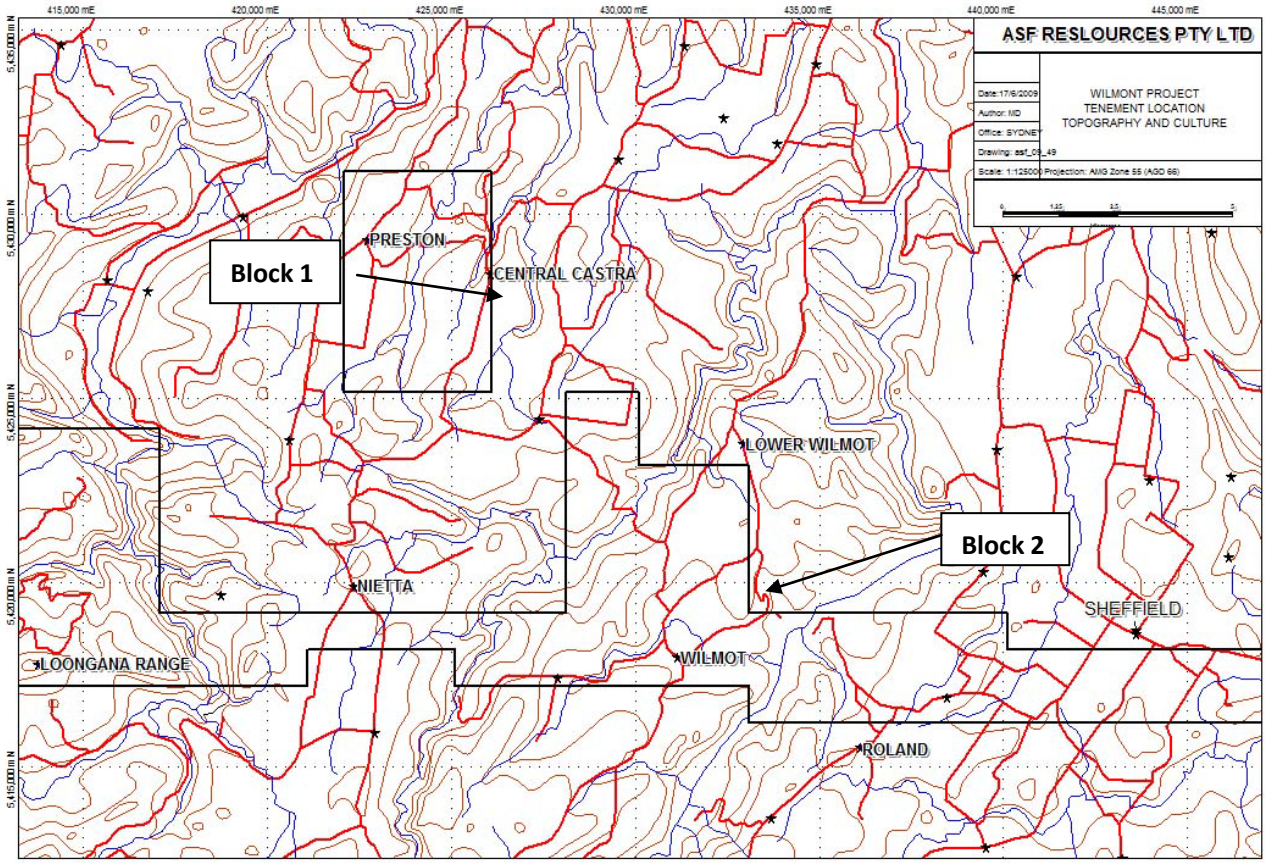

Figure 2: Detailed Location of E.L.55/2007

Figure 3: The Deeply Incised Leven Canyon

4.0 Regional Geology

The regional geological framework of the Mt Read Belt (MRB) is subdivided, from an exploration perspective, into three elements. The central MRB covering the area of outcrop from south of Queenstown to north of Hellyer, the northern MRB covering the area from Black Bluff eastwards through Gowrie Park and Mole Creek, and the Southern MRB comprising areas west and south of Macquarie Harbour. The project tenements are in the east-central part of the northern MRB.

Basement in the Central and Northern MRB is of Precambrian age, comprising predominantly greenschist facies metasediments with minor basalts and dolerites. Higher grade amphibolite and eclogite facies are also present within the Precambrian. This Precambrian basement, termed the Tyennan Block, lies to the south of the project tenements.

Cambrian volcanism and sedimentation developed on the Precambrian continental crust and, in the Central MRB, is subdivided into the Neo-Cambrian Tholeiitic Crimson Creek Formation (CCF), the mid to late Cambrian Dundas Group and the predominantly calcalkaline, Mt Read Volcanics (MRV).The CCF was deposited in shallow but rapidly subsiding basins comprising basaltic lavas and volcaniclastics, turbidites, carbonates, chert and minor evaporites. This formation is not exposed in the licence area. Ultramafic cumulates and volcanic equivalents were thrust onto the CCF in the mid Cambrian. They are absent from the licence area.

The MRV, in the Central MRB, form a 200 km long by 20 km wide north-south trending belt along the eastern side of the Dundas Trough, adjacent to and in some areas on-lapping and intruding the Precambrian basement. The northern extension of the MRV swings eastwards around the northern margin of the Tyennan Precambrian block. The volcanics include intermediate to felsic lavas, sub volcanic porphyries and granites, volcaniclastics and basement-derived sedimentary rocks. The MRV host five economically significant volcanic hosted massive sulphide deposits all of which lie in the Central MRB.

During late CVC to early Tyndall Group time, Cambrian granitoids intruded the volcanic pile. The majority of the granitoids locate occur along the eastern margin of the volcanics and stitch the volcanics to the Tyennan Block. Cambrian volcanism and sedimentation was followed by predominantly basement derived late Cambrian to Devonian age sedimentation, including siliciclastic conglomerate, sandstone and limestone. These sequences occur within, and peripheral to, the project area.

At least two phases of regional compression were associated with the mid Devonian Tabberabberan Orogeny. The development of folding, cleavage and regional thrusts in lower Paleozoic rocks were associated with this event. Fold trends in the licence area are variable, some NW, and lesser E-W.

Deformation was followed by the extensive intrusion of Devonian to Carboniferous granitoids of batholithic proportions. The Dolcoath Granite (and associated thermal metamorphic aureole) outcrops south of the licence, and the Housetop Granite outcrops across a large area to the northwest of the project tenements. The Devonian granites are associated with carbonate replacement Sn mineralisation at Renison Bell and Mount Bischoff, and the Pb-Zn-Ag vein deposits of Zeehan and possibly the Tullah Fields. A similar setting may be interpreted for the base metal vein deposits in the district (eg. Round Hill workings).

The Ordovician and older rocks in the far eastern part of the licence are unconformably overlain by marine sediments, including tillite, forming the basal units of the Permian Parmeener Supergroup. Small bodies of Jurassic dolerite intrude the Permian sediments and older rocks.

After substantial erosion of this terrain, extensive Tertiary flood basalts and subvolcanic sediments were deposited. Basalt flows cover as much as 50% of the project area. In the Quaternary, talus deposits have developed on the lower slopes of Mt Roland and alluvial deposits have formed in the valley of major rivers.

5.0 Regional Mineralisation

The rocks of the Dundas Trough are host to significant polymetallic (Pb, Zn, Cu, Sn, Ag, Au) mineralisation including:

- Mt Lyell – 311Mt @ 0.97%Cu and 0.31g/t Au
- Rosebery – 34.03Mt @ 13.8%Zn, 4.1%Pb, 0.57%Cu, 143g/t Ag and 2.2g/t Au
- Hellyer – 16.5Mt @ 13.9%Zn, 7.2%Pb, 169g/t Ag and 2.55g/t Au

Mineralisation can be broadly classified into two associations.

- Base metal and gold mineralisation related to volcanogenic processes associated with the emplacement of the MRV rocks, particularly the CVS, during the middle to late Cambrian.

- Epigenetic Zn, Cu, Sn, Pb and Ag mineralisation associated with the intrusion of the Devonian Granites.

While it is generally accepted that the polymetallic mineralisation in the MRV is volcanogenic in nature, this has been questioned on the basis of observations that much of this mineralisation (eg Rosebery, Hercules) was emplaced subsequent to the main cleavage forming event and controlled by the interplay of cleavage and bedding in pure shear zones associated with carbonate altered lithologies (Dr. M. Tomkinson per.com. C.Swensson). If true then this model implies that lithologies in such settings outside the CVS may be prospective. Prior exploration has concentrated on the CVS based on a volcanogenic model. The Henty Fault, reactivated during the Tyennan

Orogeny tends to divide mineralisation of a Zn-Pb-Cu-Au volcanogenic association to the NW of the fault from a Cu-Au-Fe association to the SE of the fault. The Henty gold mine (2.83Mt @ 12.5g/t Au) is unusual for the region, being a gold only deposit located within the Henty Fault. The Devonian granites have mineralized a broad range of lithologies, generally close to and within the contact aureoles of the batholiths. Mineralisation is represented by simple high angle veins (Pb, Ag, Zn, Sn), skarn (Zn, Sn) and replacement bodies (Sn) which have resulted in some significant deposits such as Renison Bell (24.54Mt @ 1.41%Sn), Mt. Bischoff (10.54Mt @ 1.1%Sn) and Ocean (2.6Mt @7.7%Pb, 2.5%Zn, 55g/t Ag). The larger granite related deposits tend to be associated with reactive and or replaceable host rocks, usually carbonates.

6.0 Previous Exploration

Records indicate that EL tenure in these areas has been varied, with exploration for base metals starting in the 1960's, with current philosophies and methods being employed since the mid 1970's. Previous tenement holders were Zinifex Rosebery Mine, with EL 16/2005 Sheffield, EL 17/2005 Nietta and EL 18/2005 Central Castra. Following completion of an exploration programme from September 2005 until December 2006, sections of the tenements were relinquished, these forming the subsequently granted EL 55/2007. Prior to the Zinifex tenure, a number of other companies have held EL's in this area, with varying degrees of overlap with EL 55/2007.

During the current tenure China Coal identified three stream geochemical anomalies from the analysis of previous stream geochemical data: a W, Sn, Mo anomaly in the west of the area, a Zn, Cu, Pb, Ag, Au anomaly in the central west and a Zn, Cu, Pb anomaly in the central east of the tenements. Follow up of the anomalous areas resulted in the establishment of two soil geochemical sampling grids, one each located in Blocks 1 and 2. This work resulted in the definition of two robust base metal soil geochemical anomalies. The anomalies are unclosed and represented base metal targets, warranting further work.

7.0 Exploration Conducted During the Reporting Period

Exploration during the current reporting period has comprised geological reconnaissance, detailed geological and geochemical traversing over the two prospects identified previously and the excavation and sampling of six trenches for the purposes of mapping and geochemical sampling. The location of the data points is presented in the Appendix 1.

7.1 Geological Reconnaissance

For reasons of general geological reconnaissance/prospecting and as a check on the accuracy and detail of available MRT mapping, a programme of geological observation and sampling was conducted, concentrating on the far western area of

the EL, the southern central area and the northern area of Block 1. The locations of the data points are shown in figure 4 (for a high resolution version of this plan, please view the digital file “EL55_2007 2013 Annual Report to 04.06.2013 Appendix 1 Data location Plan”). A detailed description of the 163 sites, DWW001 – DWW163, is provided in Appendix 2 “EL55_2007 Annual Report to 04.06.2013 Appendix 2 Geological Reconnaissance Observation Points”. Three points of particular interested are described below.

DWW154

The point is located in the west of area 2 at 413169, 5419653. Quartz veins can be seen at this point with black oxide coatings on fracture surfaces which may be manganese or iron oxides. The formation is muddy, yellow, with mud structure and layered structure, black film filled along the dimensions can be seen. Stratigraphic occurrence: 230∠ 62. Assay results of this material have returned 2790ppm Ba, 314ppm Ce, 575ppm Co, 73.3ppm Li, 212ppm Cu, >50000ppm Mn, 116.5ppm Ni, 580ppm P, 322ppm Zn.

DWM065

The point is located in the central part of area 2 in Wilmot at 429744, 5418357. The main lithology at this point is grey-brown andesite with a porphyritic texture and massive structure. The phenocrysts are amphibole and feldspar, with content of 20-30% and a phanerocrystalline ground mass. At this point, andesite has mostly been weathered with a red honeycomb crust. Some of the rocks are grey green and red, phenocrysts are not developed. Andesite at this point is exposed over a large area of 150m long from east to west and about 50m wide from south to north, cleavage occurrence: 225 ∠ 85, 111∠ 75. Assay results returned 221ppm Ce, 32ppm La, 220ppm P and 219ppm Zn.

DWN079

The point is located in the north of area I at424180, 5431266. The main lithology is black mudstone – siltstone. The sedimentary structure is complex, finely laminated with small fold structures. Quartz can be seen along the fracture surfaces. In addition

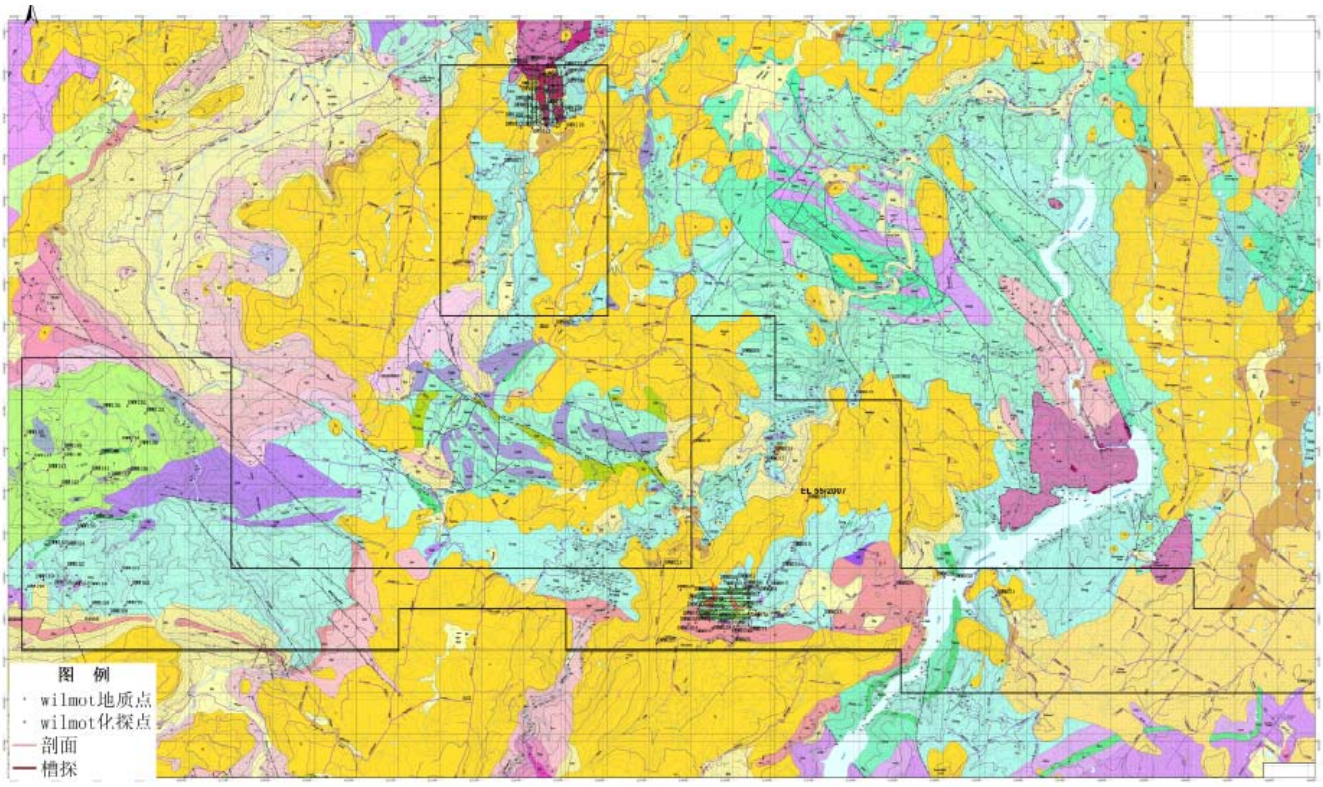

Figure 4: Data Location Plan (see Appendix 1 for high resolution)

a metallic mineral can be seen along fracture surfaces and along bedding laminations and as disseminations in the siltstone. The mineral shows shows a metallic yellow-white lustre, paler than than pyrite and may be pyrite or molybdenum, in addition, metal star point can be seen partially, distributed in infected order in the rock (fig 5).

Figure 5: Fine sulphide veins and coatings in graphitic black shale from site DWN079

7.2 Geological and Geochemical Profiles

A total of 3 detailed geological and geochemical traverses were completed with the object of providing more detailed geological information on the two soil geochemical anomalies in areas 1 and 2. The profile traverses were oriented normal to strike with two located on the western and eastern portions of the soil anomaly in Block 2

(profiles A-A’ and B-B’ respectively) and one profile located over the soil geochemical anomaly in Block 1. Compass and tape were used to control the traverses and corrections made for angle of slope. The locations of the traverses are shown in the plan of Appendix 1 and figure 4. Detailed geological descriptions are provided in Appendices 3-5.

Profile A-A’

Profile A-A’is on located over the central and western side of soil geochemical survey B;ock 2, located within a strong area of geochemical anomalism. In the northern part of the profile, basalt dominates which is dark grey, crystalline, with a porphyritic texture and massive structure. Olivine and pyroxene are visible as phenocrysts. Pegmatitic quartz is also visible. Voids to 30% are filled by brown clay. The central part of the profile is mostly siltstones; purplish red, grey and brown yellow, thinly bedded. Red, fine - coarse sandstone is developed as coarser units within the siltstone sequence. Quartz veins are developed as are manganese and iron oxides as films on fracture surfaces. Ferruginisation is ubiquitous. Fine yellow brown, felspathic sandstone dominates in the southern part of the traverses. Silicification is evident in the sandstone.

Profile B-B’

Profile B-B ' is located on the eastern side of soil geochemical survey area 2, located within the stronger geochemical response. The profile is dominated by fine sandstone and siltstone, with lamellar structure, mainly composed of quartz. Ferruginisation is well developed. Quartz veins are developed within the sandstone with veins about 10cm wide.

Profile C-C’

Profile C-C ' is located in the strongest area of anomalism in Block 1. It is mainly siltstone in northern part of profile, which is grey, with lamellar structure, mainly composed of feldspar and quartz. It is grey brown and brown yellow after weathering. There is black iron and manganese films along the bedding and the fracture surfaces. Silicification is apparent. It is mainly basalt in the central part, which is green-grey, with microcrystalline structure. It is brown yellow after weathering. There is iron and manganese films along fractures in the weathered basalt. The rock composition is complex in the southern part comprising siliceous rock, basalt, and sandstone. Ferruginisation is well developed.

7.3 Trenching

A total of six trenches totalling 152m were hand excavated over the two soil grids at

Blocks 1 and 2. The trench locations are shown in figure 4 (and Appendix 1). Trenches WT1-WT4 were excavated in geochemically anomalous zones within the soil grid of Block 2 in the central area of the tenement. Trenches WT5 and WT6 were excavated in similar anomalous positions within the northern soil anomaly of Block 1. A total of 114 channel samples were collected for geochemical analysis. Trench mapping data is provided as Appendix 6 and assays are presented in Appendix 7. Table 1 shows the lengths of individual trenches.

Table 1 Trench Data

Trench	Length	Location
WT01	19	Block 2
WT02	20	Block 2
WT03	20	Block 2
WT04	52	Block 2
WT05	21	Block 1
WT06	20	Block1

The trenches were excavated by hand and back-filled on completion of mapping .The following is a summary of geological observations from the trenching programme.

WT01

The lithology in the trench is mainly thinly bedded, white to grey siltstone with yellow and brown iron oxide films along the bedding and cleavage planes. Maximum elemental concentrations were 162ppm Cu, 7180ppm Mn, 8580ppm Pb and 291ppm Zn.

Figure 6: Trench WT-01 in Construction

WT04

The main lithology of the trench are thinly bedded grey siltstone with ferruginous films on bedding and cleavage planes. In the southern end of the trench is coarse

sandstone, which mainly composed of quartz. Many pores are seen in the coarse sandstone, filled with yellow spots. Maximum assays from the trench were 310ppm Ba, 179ppm Ce, 1220ppm Cu, 1600ppm Mn, 1070ppm P, 752ppm Pb and 930ppm Zn.

Figure 7: Trench WT-04 in Construction

WT05

This trench tested the maximum values of Zn-Cu – Pb from the northern soil grid in the Block 1 area. The southern end of the trench is characterised by laminated argillaceous siltstone and fine sandstone of quartz-feldspar composition. The weathered surface is characterised by abundant iron and manganese oxide coatings. In the central part of trench a fault breccia is evident, mainly composed of siltstone, siliceous rocks, porphyritic basalt and crushed siliceous material. A metallic mineral can be observed in the siliceous crushed material which resembles sphalerite. Basalt is evident in the north part of trench which is dark grey, with a fine crystalline structure, mainly composed of pyroxene and feldspar. Phenocrysts are plagioclase. Black iron manganese film can be seen within the rock crushing surface. Maximum assay values returned from sampling were 3910ppm Mn (average >1000ppm Mn), 1680ppm P, 263ppm Ni, 149ppm Cu, 1040ppm Pb and 1970ppm Zn.

Figure 8: Trench WT-05 in Construction

WT06

This trench also tests maximum values in the northern soil geochemical grid in Block 1.The main lithology in the trench is basalt, which is dark grey to green with crystalline and block structure, the main component of it is feldspar. The rock is broken, the fracture surface is iron grey, turning to black on weathering. The rock was strongly weathered, the upper part is completely weathered, appeared as brownish red, the lower part is strongly weathered, appeared as brown grey. Basalt structure is visible in the completely weathered part, with black film on cleavage planes. The strongly weathered part is brownish grey with sand shape. The whole mass is highly fractured, producing 2cm sized fragments with black manganese oxides on fracture surfaces. Assay maxima were 190ppm Ba, 3460ppm Mn (average 2281ppm Mn), 1110ppm, with the average value of 743ppm P, 302ppm Cu (average 162ppm Cu)and 322ppm Zn (average 228ppm Zn).

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Figure9: Trench WT-06 in Construction

8.0 Conclusions and Recommendations

From the exploration conducted to date it is concluded that there are favourable indications for mineralisation within the tenement and in particular, within the soil anomalies identified in Blocks 1 and 2. The base metal soil anomalies are associated with the Cambrian MRV rocks and associated with significant structural activity (cleavage development, faulting). In addition there is abundant evidence of hydrothermal alteration silicification, propylitization, pumicification and argillization. Two geochemical anomalous areas are strongly associated with faulting and display evidence of sulphide mineralisation along fracture, cleavage and bedding planes. While no obvious significant mineralisation was observed within the areas investigated, all the evidence indicates the potential for mineralisation at depth.

It is recommended that the base metal soil geochemical anomalies defined in the Block 1 and Block 2 soil sampling grids be tested by drilling. Sufficient encouragement has been returned from geological reconnaissance in the western part of the EL to extend this work in this area to determine the potential for mineralisation.

9.0 Proposed Programme

The proposed programme will involve drill testing of both the northern and southern soil anomalies in Blocks 1 and 2 with four drill holes with two holes proposed for each grid. Drill targeting is based on testing the maximum soil geochemistry which has been further defined by the trenching programme. The holes will be located to take advantage of the geological control defined from the trenches. Holes will be up to a maximum of 200m in length. Table 2 summarises the drill hole locations and parameters and the targeted trench geochemistry. Figures 10 and 11 show the locations of the proposed drill holes in relation to the soil grids and trench locations.

Table 2 – Location Parameters for Proposed Drilling Programme

Hole ID	Coordinates	Azimuth	Dip	Trench and Geochemical (ppm) Target
ZK-W01	428744 5418515	180^0	80^0	WT-01: 162 Cu, 7180 Mn, 8580 PB, 291 Zn
ZK-W02	429046 5418350	230^0	75^0	WT-04: 310 Ba, 179 Ce, 1220 Cu, 1600 Mn, 1070 P, 752 Pb, 930 Zn
ZK-W03	424594 5430811	115^0	90^0	WT-05: 3910 Mn, 1680 P, 263 Ni, 149 Cu, 1040 Pb, 1970 Zn
ZK-W04	424597 5430386	TBA	TBA	WT- 06:190 Ba, 3460 Mn, 1110 P, 302 Cu, 322 Zn

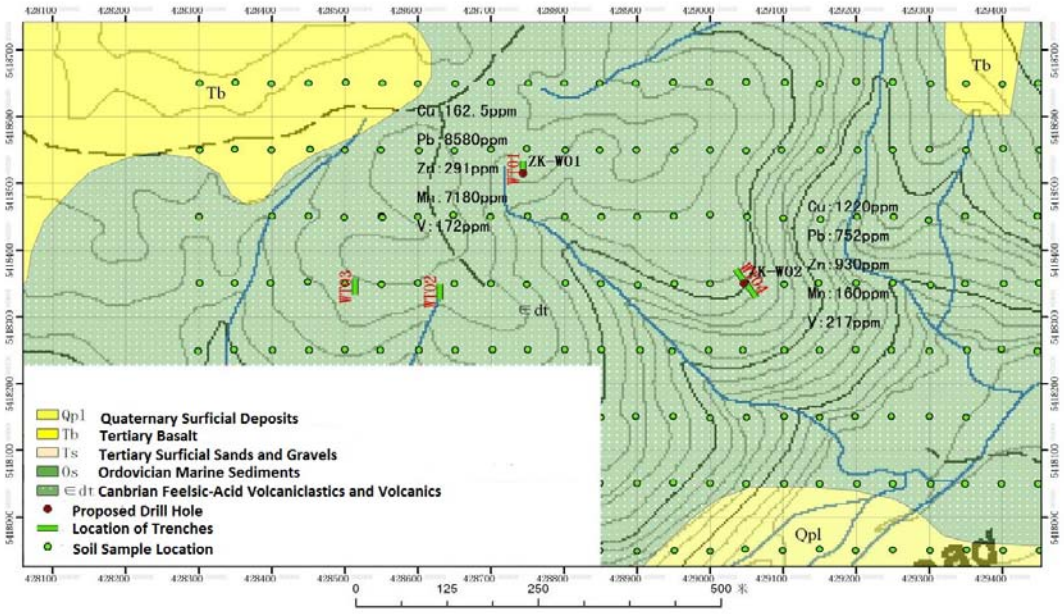

Figure 10: Location of Proposed Drill Holes - Southern Soil Grid, Block 2

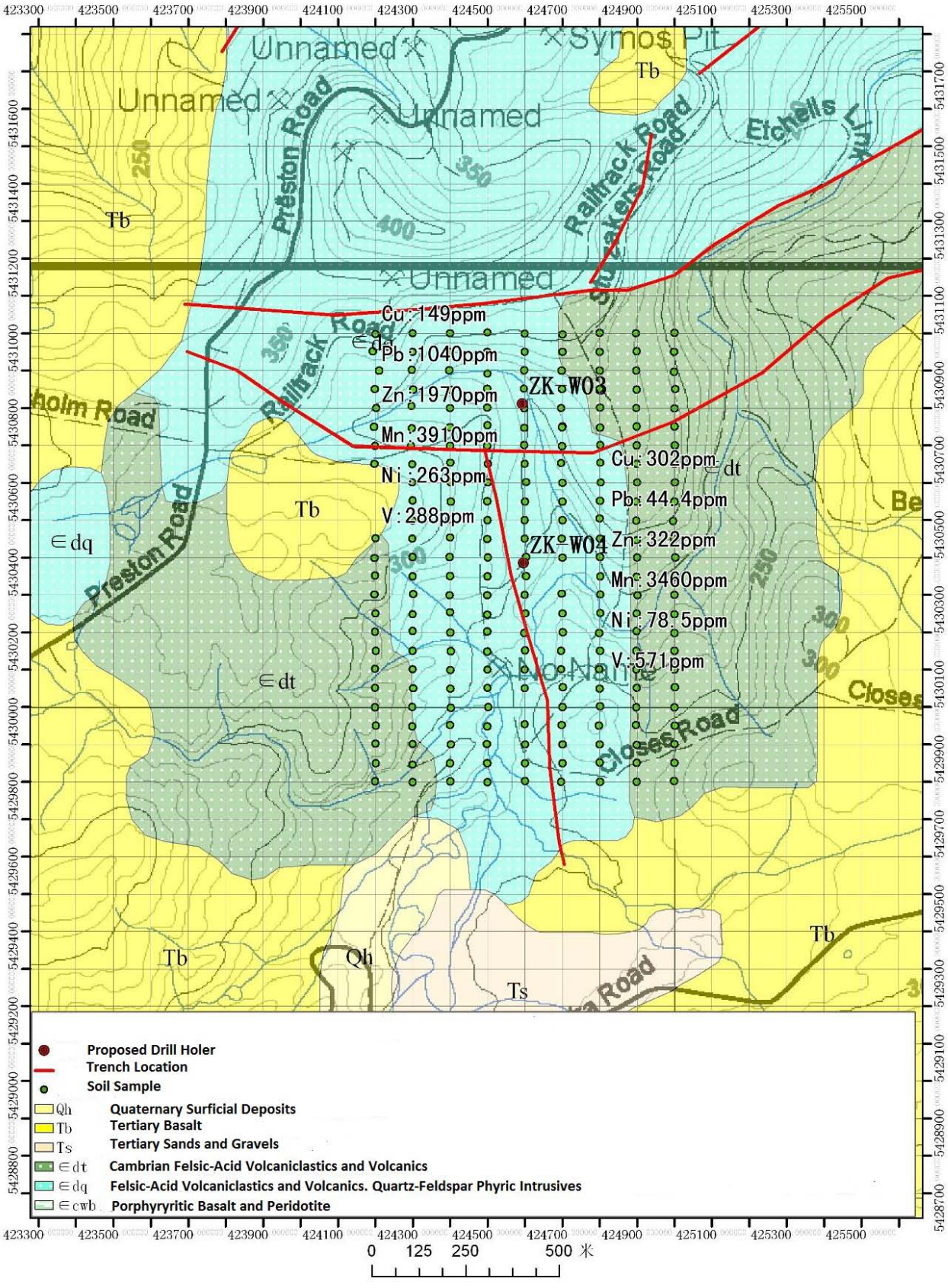

Figure11: Location of Proposed Drill Holes - Northern Soil Grid, Block 1

10.0 Environment

The only ground disturbance incurred during exploration during the reporting period has been the excavation of six trenches. The trenches have been back-filled and there are no outstanding environmental remediation issues.

11.0 Expenditure

No. of the work program: Duration: June 2012 to June 2013

Expense Item	(AUD)	Remarks
	Total	
Total Expenditure	**176693.13**	
1.Expenditure for Workers	**92500.02**	
2. Office Expenses	**8145.80**	
3. Printing Expenses		
3.1. Report Printing		
3.2. Other Printing		
4. House Rent and Utilities		
4.1. Gas Fees		
4.2. Electricity Charge		
4.3. Wood		
4.4. House Rent		
5. Communication Expenses	**745.81**	
6. Transportation	**8249.12**	
6.1. Rents	6345.64	
6.2. Fuel Cost		
6.3. Maintenance Cost	1903.48	
6.4. Toll Fee		
6.5 Insurance Expenses		
7. Travelling Expenses	**12998.12**	
7.1. Air Tickets	7259.23	
7.2. Accommodation	3287.22	
7.3. Meal	2451.67	
7.4. Transportation		
8. Conference Expenses		
8.1. Design Review		
8.2. Result Inspection		
8.3. Seminar		
9. Training Expenses		
9.1. Organize Training		

9.2. Attend Training		
10. Special Materials and Fuel Cost		
10.1. Geological Supplies		
10.2. Office Supplies		
10.3. Low Value Consumables		
10.4. Technical Data		
10.5. Special Fuel Cost		
11. Consulting and Service Fee	**6287.27**	
11.1. Design Review	6287.27	
11.2. Result Inspection		
11.3. Temporary Employees		
11.4. Employees for Field Work		
12. Fees for Entrusted Business	**39441.99**	
12.1. Test Fee	6715.65	
12.2. Attorney Fee	3600	
12.3. Translation Fee		
12.4. Collaborative Research	29126.34	
12.5. Software Development		
13. Equipment Purchase Expense		
13.1. Special Equipment Purchase		
13.2. Special Equipment Trial-manufacture		
13.3. Special Software Purchase		
14. Maintenance Fee		
15. Others	**8325.00**	
15.1. Land Compensation Fee		
⑴Temporary Facilities Construction and Demolition		
⑵Temporary Land Occupation		
⑶Young Crops and Trees Compensation		
15.2. Physical Examination Fees		
15.3. Medical Care Expenses		
15.4. Insurance Expenses	8325.00	
15.5. Business Tax		

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