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Partial Relinquishment Report

Year Ending: 4 June 2013 **Title:** EL 55/2007

Wilmot

China Coal Resources Pty Ltd

Job No. 2436-08

Report Date: 20 June 2013

Grant Date: 05 June 2008 **Expiry Date:** 04 June 2013

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Executive Summary

EL 55/2007 was granted to ASF Resources on 5 June 2008 for a period of five years over an area of 149km^2. An application was made on 4 June 2013 to surrender the eastern area of 38 km^2.

A geological survey in the relinquished area was carried out in 2011 – 2012. Geological mapping indicated that the area comprised mainly sedimentary rocks with minor volcanic rocks in the western part of the relinquished area. Interpretation of the aeromagnetic data indicated that the area is magnetically quiet except in the central west area which has been retained.

China Coal Resources Pty Ltd considers that the metallogenic potential of the eastern area is poor and therefore has applied for relinquishment of this portion of the tenement.

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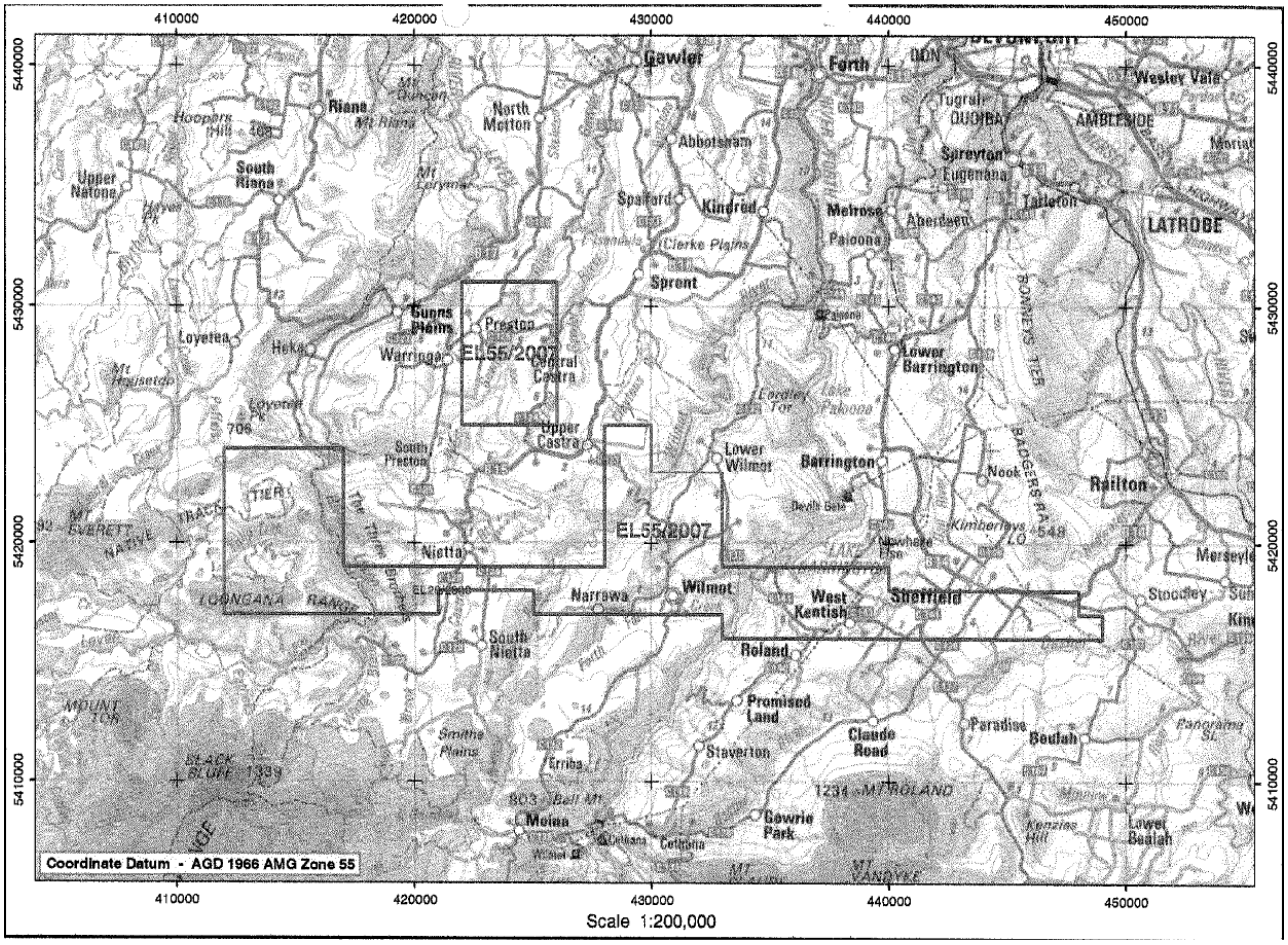

Figure 1: Extent of EL 55/2007

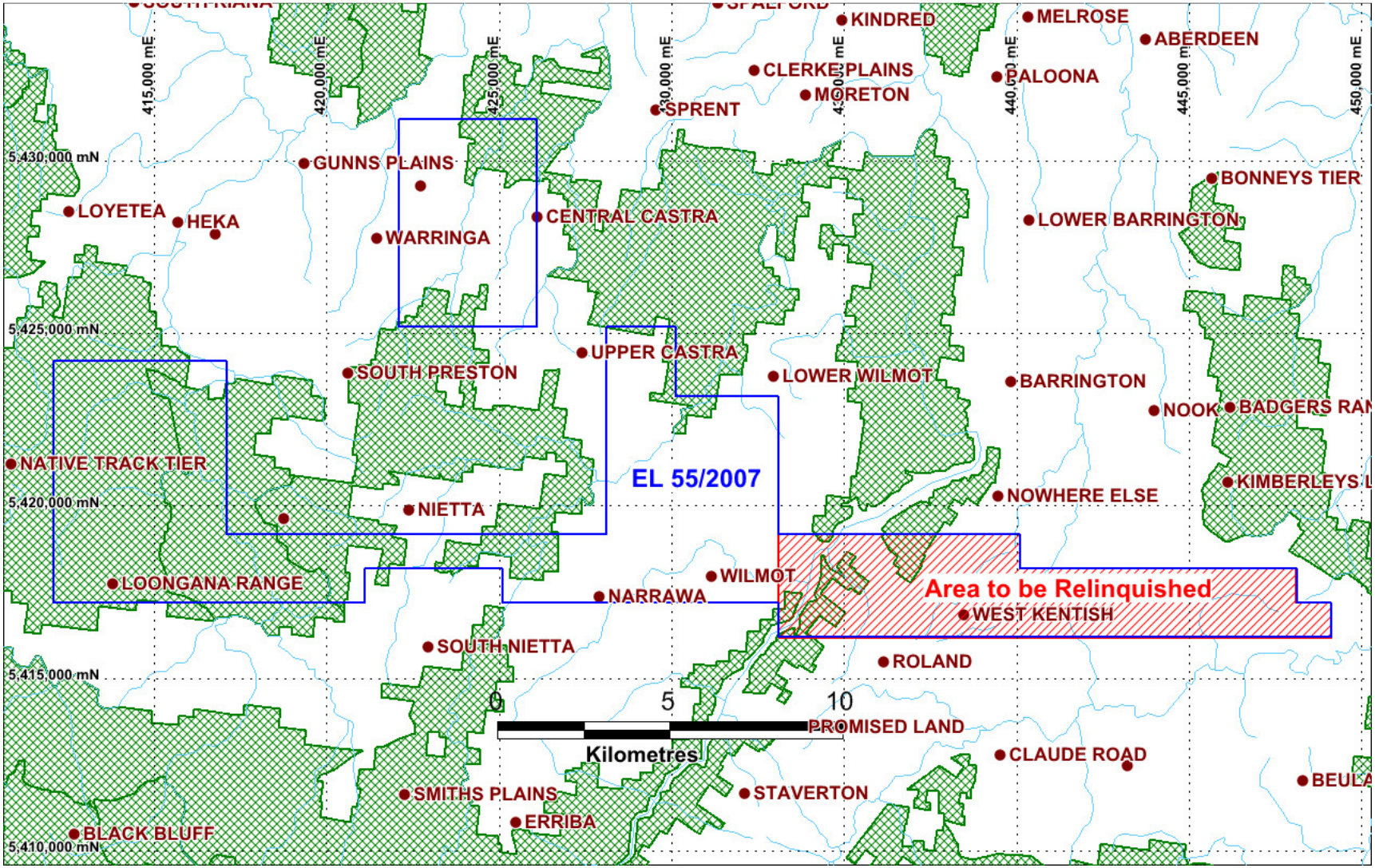

Figure 2: EL 55/2007 areas to surrender

General Information 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.

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 (Figure 1). 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.

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 Back 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 (Zhang & Zhang, 2013).

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.

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, portions of the tenements were relinquished; these form 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 (Zhang & Zhang, 2013).

Exploration Completed in Relinquished Area

A geological survey in the relinquished area was carried out in 2011 – 2012. Geological mapping indicated that the area comprised mainly sedimentary rocks with minor volcanic rocks in the western part of the relinquished area. Samples collected (but not assayed) are shown in Table 1 and Figure 3.

Interpretation of the aeromagnetic data (Figure 4) indicated that the area is magnetically quiet except in the central west area which has been retained.

Sample No.	MGA94 Easting	MGA94 Northing	Description
DWM028	434154	5418948	Sedimentary rock. Conglomerate in the upper and lower layers. Fine sandstone in the middle layer. Found quartz particles in the conglomerate with a diameter of about 0.5mm. Medium rounding and sorting. There are a lot of quartz particles which are semitransparent. The fine sandstone in the middle layer is grey white with a small amount of quartz particles. The cleavage surface is developed with obvious fissures and is intensively broken. There are brown films along the cleavage surface. The bedding occurrence: 224∠70; the occurrence of the cleavage surface: 280∠87,91∠40.
DWM029	432975	5418738	Purple red volcaniclastic rock with quartz particles and volcanic ash, clastic texture and massive structure. Formation occurrence: 133∠28. Found sedimentary formation of volcanic ash above the volcaniclastic rock. Found yellow sandstone with interbedded quartz particles.
DWM030	434387	5418895	Ash black argillaceous siltstone with relatively developed bedding. The weathering surface is yellow. The cleavage surface is developed and partially intensively broken with layered structure. Formation occurrence: 227∠75; cleavage occurrence: 323∠77.
DWM031	435405	5418512	Yellow medium-fine sandstone, mainly consists of quartz and feldspar. It is intensively weathered with layered structure. The bedding is less obviously developed and the cleavage is undeveloped. Formation occurrence: 255∠77.
DWM032	442901	5416381	Conglomerate in the northeast of the point and mudstone in the west of the point with interbedded limestone lens. The conglomerate is of small number and large mass. It is black with small amount of interbedded large quartz particles. Medium rounding. Not sure if it is primary conglomerate or conglomerate boulder. Limestone lens, yellow mudstone with interbedded grey limestone lens. The limestone is in block shape with diameters approximately between 20cm to 40cm. The limestone lens is primary.

Table 1: Rock Chip Descriptions

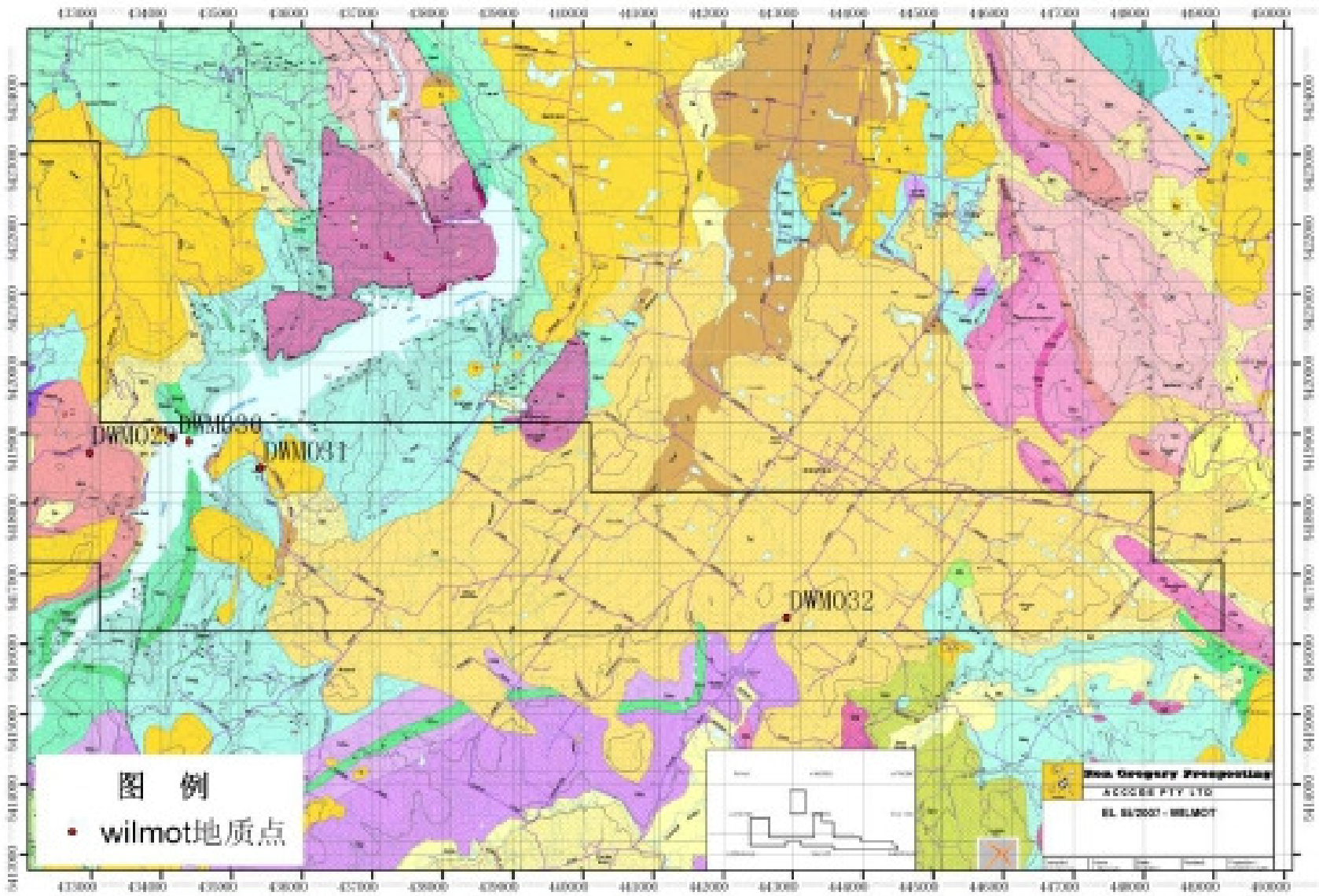

Figure 3: Published Geological mapping with Sample Points

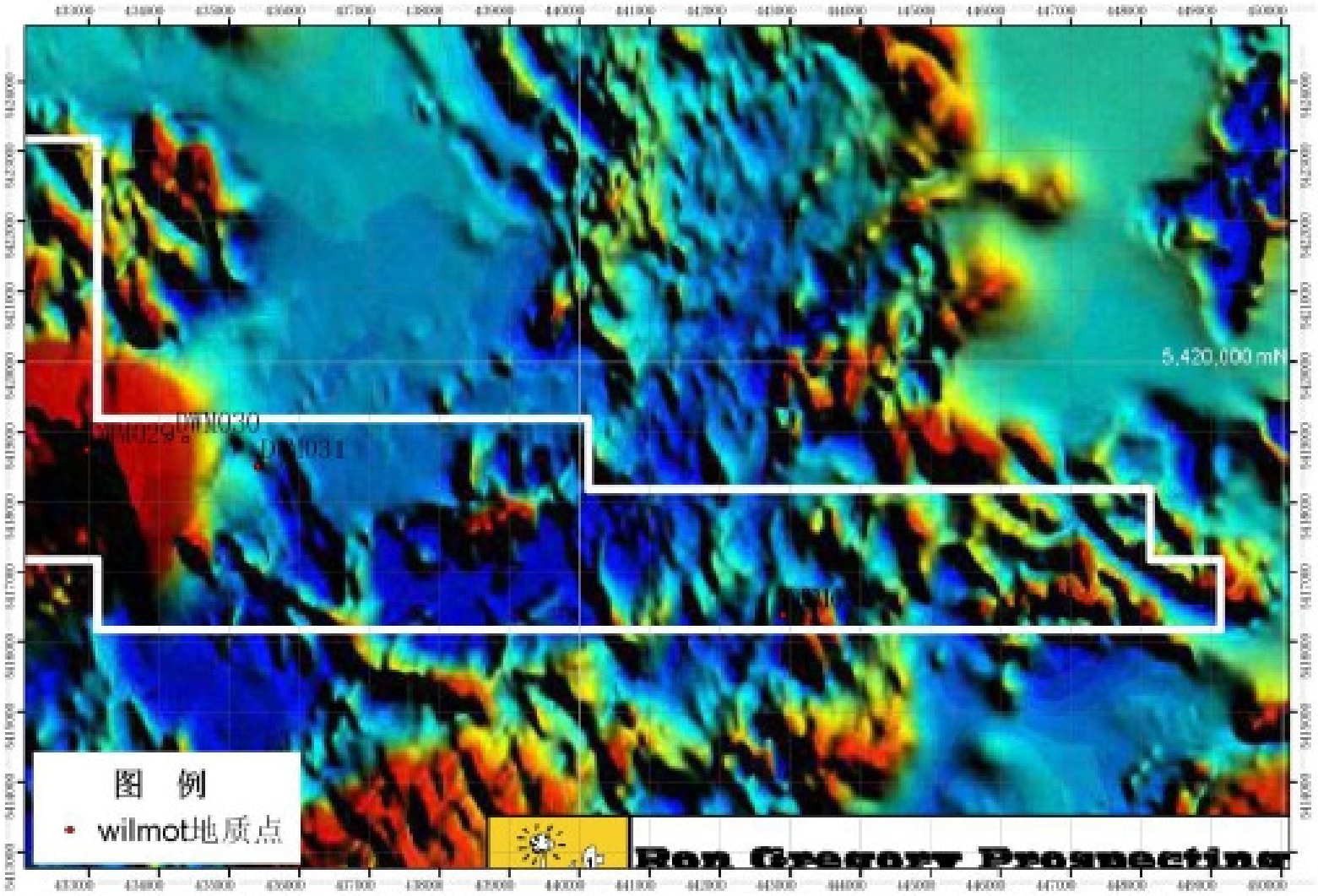

Figure 4: Aeromagnetic Map of the Relinquished Area

Conclusions

China Coal Resources Pty Ltd considers that the metallogenic potential of the eastern area is poor and therefore has applied for relinquishment of this portion of the tenement. The coordinates of the boundaries of the relinquished area are shown in Table 2.

Boundary	MGA94_E	MGA94_N
1	433104	5419181
2	440101	5419181
3	440101	5418183
4	448107	5418183
5	449104	5417186
6	449104	5416188
7	433113	5416188

Table 2: Coordinates of the Inflection Points of the Relinquished Area

Bibliography

Zhang, J. & Zhang, Z., 2013. *5th Annual Technical Report Reporting Period 05/06/2012 to 04/06/2013*