Annual Report
Licence EL21/2004 Dundas
Western Tasmania
for the period
March 2013 – June 2014

Australian Hualong Pty Ltd

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

Abstract

EL21/2004 is primarily of interest to the Company for tin and tin-copper distal skarns located at the intersection of fault conduits for Devonian granite sourced fluids and carbonate bearing horizons within the Cambrian host rocks. At the Razorback deposit, the host rock for tin mineralisation is dominantly zones of talc-carbonate after serpentinite.

It has become apparent that conversion of some drill hole locations from the original Razorback local grid to GDA94 (MGA55) has introduced long-standing errors, in some cases up to 35m discrepancy.

Work during the reporting period has involved the reviewing of old drilling data. A drill hole to test the tin potential at depth below the Razorback workings towards the north of the deposit is proposed.

Other activities on-site have included attempts to locate historic drill collars, and to investigate potential access for a drill rig and the most practical locations for drill pads.

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1. Introduction

1.1 Location

EL 21/2004 Dundas, an area of 13km^2 is centred about 7 km east north east of Zeehan Township and covers the old Dundas town site. Principal access is via the Dundas Road from the Murchison Highway, which parallels the western edge of the licence.

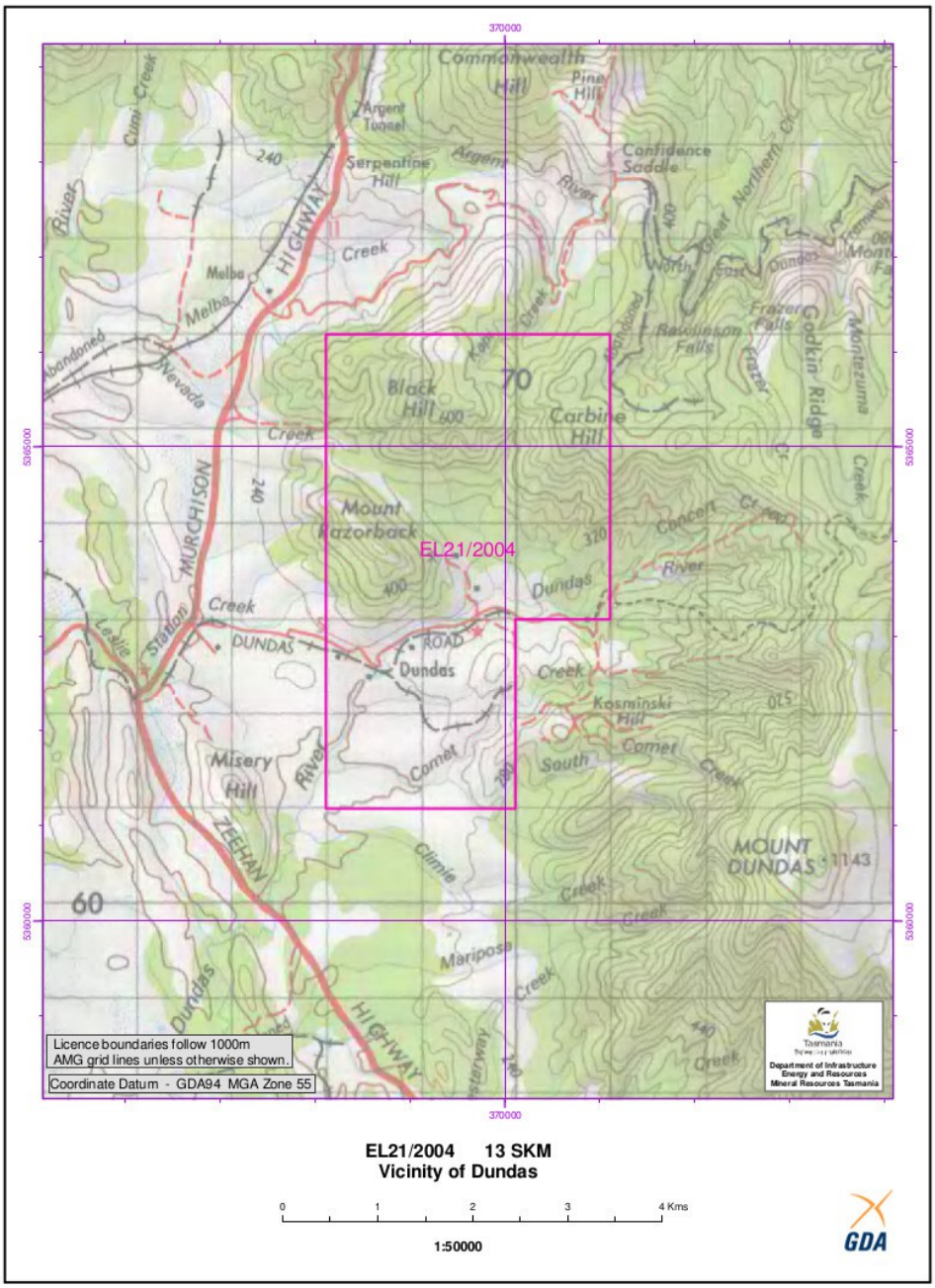

Figure 1: Location of licence EL21/2004

1.2 Land Tenure

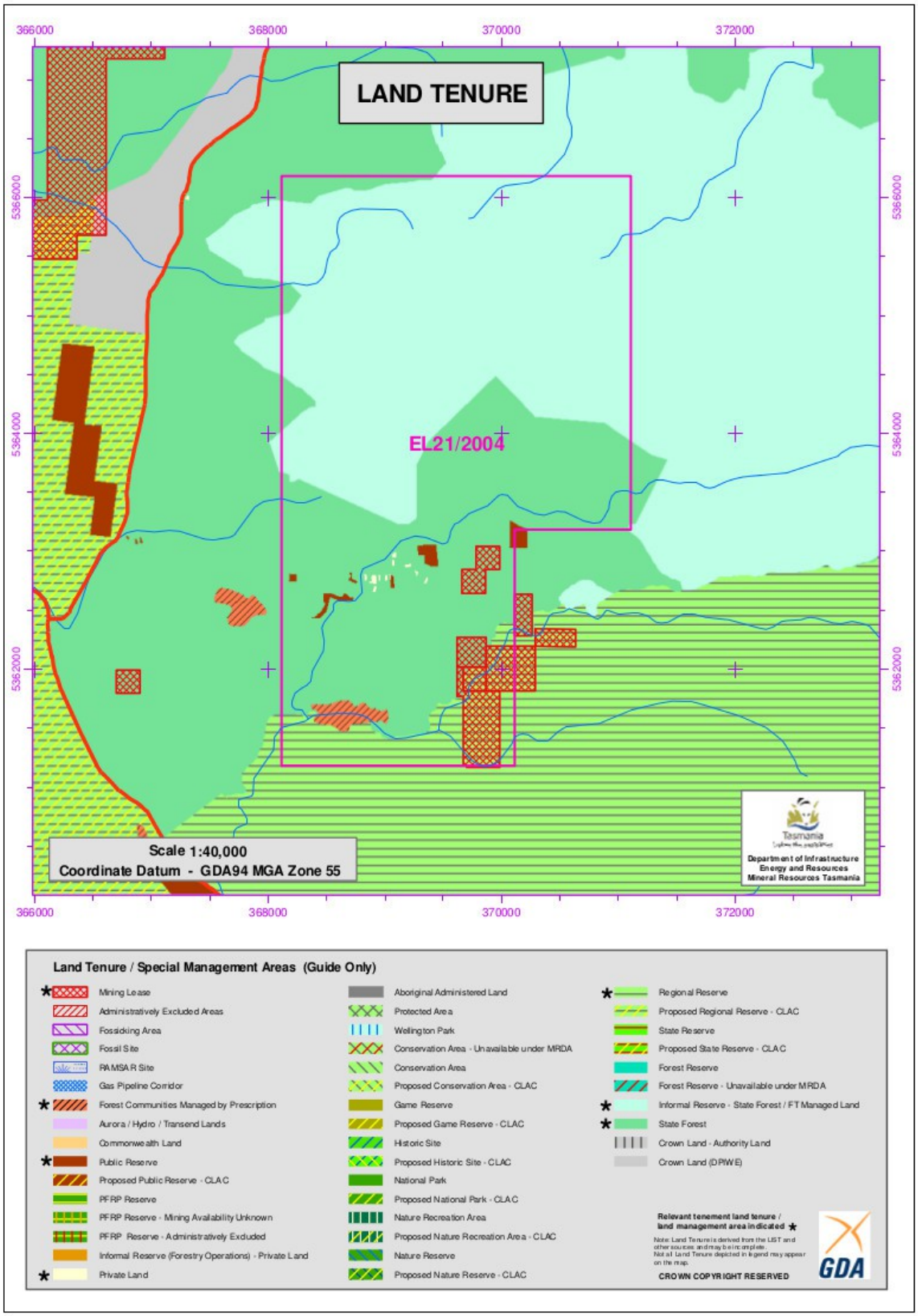

Figure 2: Land tenure - EL21/2004

1.3 Licence Tenure

Exploration Licence EL21/2004 was transferred to Australian Hualong Proprietary Limited (AHL) from Creat Resources Holdings Limited (CHRL) in March 2013. The licence applies to all Category 1 minerals.

EL 21/2004 was granted to Creat Resources on 11th December 2009 after purchasing the licence from Rubicon Min Tech Ventures Pty Ltd (100% subsidiary of Stellar Resources Ltd). Rubicon Min Tech Ventures acquired EL21/2004 from Discovery Nickel in 2006.

2. Geology

2.1 Regional Geology

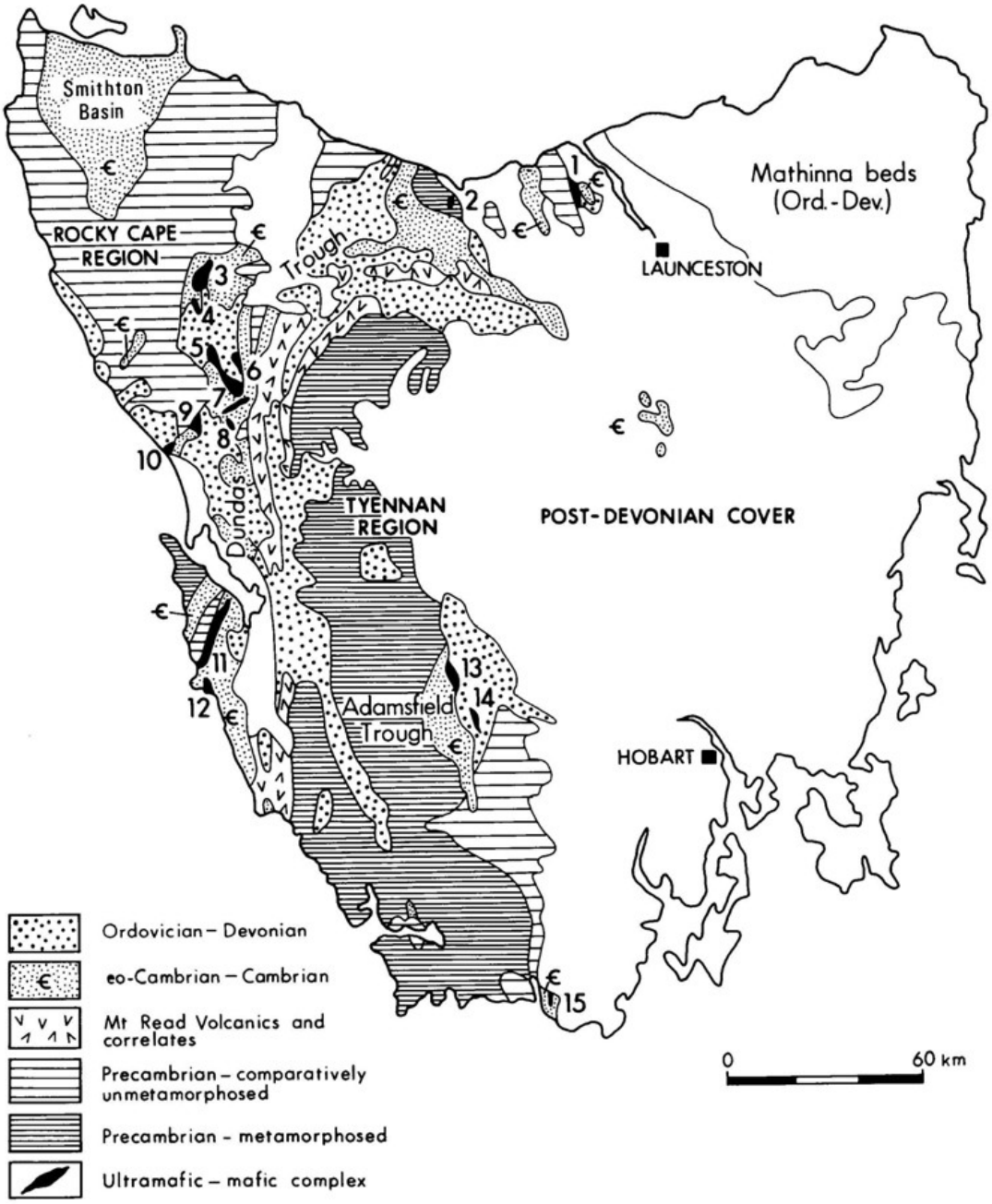

Figure 3: Schematic Geology Map of Tasmania Showing Location of main mafic- ultramafic Complexes. No 1 = Andersons Creek, 2 = Forth, 3 = Heazlewood River, 4 = Mt Stewart, 5 = Wilson River, 6 = Huskisson River, 7 = Serpentine Hill, 8 = Dundas, 9 = McIvors Hill, 10 = Trial Harbour, 11 = Cape Sorell, 12 = Spero Bay, 13 = Boyes Bay, 14 = Adamsfield, 15 = Rocky Boat Harbour (from Brown 1989).

The mafic-ultramafic complexes present in western Tasmania occur within the Cambrian Dundas Trough (Figure 3).

The Dundas Trough wraps around the Precambrian Tyennan Region of central Tasmania, and includes strato-tectonic elements such as the Dundas Group and the famous Cambrian Mount Read Volcanics (which host poly-metallic VHMS deposits such as Rosebery, Hellyer and Mt Lyell).
The western side of the Dundas Trough contains several mafic-ultramafic bodies such as those at Heazlewood, Serpentine Hill, Trial Harbour, Dundas and McIvors Hill.

2.2 Local Geology

The geology within EL 21/2004 comprises a fault-bounded wedge of serpentinised Early Cambrian dunite juxtaposed against predominantly Middle Cambrian Dundas Group marine sedimentary rocks to the southwest, and predominantly Late Cambrian Owen Group and Late Proterozoic Oonah Formation marine sedimentary rocks to the northeast.

3. Review of Previous Exploration

The area was originally mined for lead and silver starting in the late 1800's. Systematic exploration for tin did not take place until 1958-60 when the BMR and Tasmanian Mines Department carried out geological mapping, geophysical surveys and drilled three holes.

Extensive drilling and underground exploratory development was undertaken by Placer Prospecting P/L in the period 1964-66. Placer withdrew after outlining reserves of 195,000 tonnes of 0.83% Sn (oxide ore) and 394,000 tonnes of 0.86% Sn (sulphide ore). The mining operation ceased in February 1978 after extracting 180,000 tonnes of oxide ore grading 0.6% Sn. Mill recoveries averaged only 40% and the venture incurred a loss.

From March to July 1978, Minops drilled 7 diamond drill holes to try and locate extensions of the ore to the south of the open-cut, but only weak mineralisation was intersected. In March 1979 a Joint Venture Agreement was signed between CRA Exploration and Minops over the Razorback property. CRAE proceeded to drill 5 diamond drill holes over the next few years (RC1 – RC5) and in 1982 concluded that further drilling was not warranted. It was also concluded that the morphology of the talc-carbonate host unit was more complex than first thought, with unexplained thickening and thinning on adjacent sections.

Renison Limited explored in the region from 1971- 1987, including several diamond drill holes around the Kapi Fault and the Grand Prize area.

Pasminco was also active in the area from 1996 – 2001, including flying an HEM Survey over an area including that of EL21. None of the 14 HEM anomalies which warranted further investigation were located within the licence area.

Today, small-scale mining continues in the area for mineral specimens, particularly crocoite and stichtite.

A comprehensive spreadsheet summary of previous exploration work was compiled by A.M. Rigg of Stellar Resources (September, 2008).

4. Exploration completed during current period

It has recently become apparent that conversion of some drill hole locations from the original Razorback local grid to GDA94 (MGA55) has introduced long-standing errors, in some cases up to 35m discrepancy (eg. CRAE P/L drill holes RC4 and RC5). It is unclear when these location errors occurred, but they also exist in the TIGER drill hole database. It also seems that location data conversion at Razorback is generally unreliable, and that the local grid coordinates are much more reliable than the converted data and should be used where possible instead.

Whilst these locational errors do not greatly impact the 3D interpretations at Razorback by Thorp (2008), the targeting of new drill holes has required consideration of the updated positions.

The open-file drilling data and assays focused on the historic Razorback workings (diamond drilling by CRAE P/L and others) was entered into the company drill hole database and examined in 3D software alongside the PGN Geoscience model described in Thorp (2008).

Work during the reporting period has involved examining the site with regards to potential access for drill rigs and drill pads. Old drill holes were searched for in the field, to date only the collar for drill hole RC2 has been located (369375E, 5364073N). RC2 is located 25m north of the position stated in the MRT drill hole database.

5. Discussion, conclusions and further work

The discovery of the RC2 collar (described in Section 4 above) has proved to be fortuitous as local section 4880N, on which RC2 lies, would appear to be the best section to drill on to test the notion that tin mineralisation may in fact plunge to the north at the Razorback deposit, rather to the south as most previous explorers have assumed.

A hole of about 300m length to test the mineralisation at or below the 100m RL on 4880N is the current intention, near to CRAE proposed hole “F” by Purvis (1980). An added incentive is that the talc-carbonate host rock appears to be thickening with depth in this part of the deposit, as evidenced in drill hole RC2. Purvis (1980) stated that hole DD 80 RC 2 *did show an unexpected thickening of the talc-carbonate unit at depth at the northern end of the Razorback deposit. This thickening could have important implications for the ore potential in this area*.

A drill hole proposal will be submitted to Mineral Resources Tasmania for approval with the aim of drilling in the summer field season. It is likely that a drill pad could be positioned on one of the existing tracks, or possibly re-open a partially overgrown track if required, subject to relevant approvals.

6. Environment

No works were carried out during the reporting period that require rehabilitation. It was recently noted that Creat Resources drill site BHD-4 from four years ago is rehabilitating well (see Figure 4 and Figure 5 below).

Figure 4: Drill hole BHD-4, August 2010

Figure 5: BHD-4 September 2014 - results of pad rehabilitation

7. Expenditure

Year	Quarter	Expenditure
2013	2	$0
2013	3	$7,805
2013	4	$10,917
2014	1	$10,431
2014	2	$9,116
		$38,269

Table 1: Licence expenditure

Expenditure is comprised of geology and field crew salaries and administration costs.

8. References

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