

JIYUAN MINING PTY LTD
EL31/2010 Annual Report 2015
POIMENA

24th May 2014 – 25th May 2015

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Abstract

This report details the work completed on EL31/2010 for the twelve month period ending 25th May 2015

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1. Introduction

Little field work was done by Jiyuan Mining during the last twelve months. The work that was done was of a logistical and reconnaissance nature, in preparation for the exploration team from China to arrive.

During 2013/2014 Australian China Corporation of Coal Geology Engineering Pty Ltd (ACCCGE) entered into a Joint Venture with the Coal Geology Survey and Design Institute of Jilin Province (Jilin) to form Jiyuan Mining Pty Ltd (Jiyuan Mining) to explore EL31/2010 and EL30/2010 for tin, tungsten, copper, silver and other minerals.

1.1 Report Datum

GDA94

1.2 Exploration Rationale

The Blue Tier area has potential for mineable tin resource.

1.3 Geological Setting

The Devonian granites of north east Tasmania intrude the Ordovician-Silurian Mathinna Supergroup sediments. The Blue Tier Batholith comprises early mafic granodiorites to late leucocratic granites (see Groves et al., 1977). The dominant type is the medium to coarse grained porphyritic I-Type Poimena Granite intruded by the biotite-muscovite S type Lottah Granite which carries the tin mineralisation.

In the Blue Tier Batholith activity lasted for about 23 Ma with the initial intrusion of the Poimena at about 378 Ma and ending with the crystal fractionated Lottah Granite (McClenaghan, 2006).

See Plans 2.

1.4 Licence Information

1.4.1 Licence Number

EL31/2010

1.4.2 Licence Name

Poimena

2.

1.4.3 Licence Location

Blue Tier – see Plan 1.

1.4.4 Reporting Period

24th May 2014 – 25th May 2015

1.4.5 Tenement Holder

Jiyuan Mining Pty Ltd

2. Previous Work

2.1 Work Prior to Current Mining Licence

Prospecting and exploration from 1874 onwards has defined numerous alluvial tin deposits and small tonnage greisens (Supree 1985). A number of sluicing ventures on veined greisens were undertaken at Southern Cross, Lottah, Kent, Haleys, Marie, Planet, Rising sun, Crystal Hill, Spinks, Cream Creek, Nichols(F-B), Australia and Anchor.

The Mount Lyall and Railway Company conducted a significant program of trenches and diamond drilling in 1906 targeting vein greisens. The best intercept of 3.5m @ 0.51% tin was returned from the Moon Mine in Bore 18 (Supree, 1985).

The Anchor Mine was established in 1895 and produced approximately 2,680 tons of tin until 1918 from a number of open pits. Other short term operations in the area produced an additional 1,500 tons (Supree 1985).

Renison Ltd, previously Aberfoyle Tin Development Partnership, commenced modern exploration of the Anchor deposit in 1964 and continued through to early 1980's. a pre-JORC resource of 8.8Mt @ 0.18% Sn (0.05% cut-off) was determined after infill resource drilling, (Ross, 1981).

Spectrum Resources commenced an underground mining operation in 1988, which was later suspended in December 1991, due to low tin prices. Mining recommenced for a two-year period in January 1995, until low prices again forced closure (Fulton, 2009).

An estimated 215,000 tons at 0.52% tin was produced between 1988 and 1996. A sulphide concentrate of 30% copper and 2% bismuth was also produced. Other potential by-products include silver, zinc and tungsten (Fulton, 2009).

Exploration outside the Anchor mine is as follows:

In 1974 Geophoto conducted exploration from Cross Ck to Cream Ck with the conclusion that mineralisation in this area was sub-economic (Supree, 1985)

In the late 1970's Aberfoyle explored for repeat Anchor-type deposits north of the Anchor mine. A planned six hole percussion drill program at Cream Ck workings was terminated after completion of 2 holes due to heavy water flows.

Amoco Minerals Australia held an exploration licence over the northern part of EL31/2010. They completed mapping, soil and rock chip sampling of the Schroeder's Ck, Tallewang Ck and Spinks area, but failed to locate significant greisen-tin mineralisation.

Also see **Appendix 1**.

3. Exploration

3.1 Desktop Studies

REVIEW OF EXPLORATION POTENTIAL OF EL30/2010.

A review of the available geophysics on EL 31 and EL30 (also held by Jiyuan Mining) was conducted by Mr. Phil Muir of Southern Mineral Exploration Geophysics (SMEG), which was reviewed by Mr. Ken Morrison of KC Morrison Pty Ltd.

Mr. John Pemberton (Ron Gregory Prospecting) reviewed the previous exploration and mining history of both Licences.

Both the above reviews were combined into “**Jiyuan Mining Review of EL30 & 31 Oct 2014**”. See **Appendix 1**. This Review was commissioned to provide a general direction for future exploration. The recommendations for EL31 were as follows:

“The failed drilling of Aberfoyle at Cream Creek and the interesting results from the Mines Department drilling in the 1940s and Amoco exploration at Spinks Creek indicate that this area requires further work. It is recommended that a program of detailed data compilation to accurately locate the drill holes and on ground mapping, sampling and geophysics is undertaken to allow a drilling program to be planned in the coming summer. This is the highest ranking prospect within EL 31/2010, apart from Anchor which is held under the Niuminco Group Ltd retention licence RL 2/2009.”

At the time of writing the above recommendations the Anchor Mine was held under RL1/2009 and still is, however the Mining Lease over the Anchor is within EL31/2010.

3.2 Regional Exploration Activities

No regional exploration was conducted in 2014-2015,

3.3 Prospect-based Exploration Activities

A complete Exploration Base was established at St Helens and following completion of the Reconnaissance Survey of EL30/2010 (Upper Scamander) a similar Reconnaissance was conducted over the Western part of EL31. The Cream Creek area was considered the most prospective and the Eastern part of EL31 around Poimena and Lottah was considered more environmentally and socially more sensitive than the Western part.

As at the 24th May the St Helens Exploration Base was still held on “care & maintenance” but it has since been closed down. Employees were stood down in November 2014.

The following is a Report provided by Mr. Lipeng (Peter) Wan (Geologist) and Mr. Howard Armitage (Senior Field Assistant) who conducted a Reconnaissance Survey of the Cream Creek, Spinks, cross Creek, FB Lode and Kent Prospects from the 17th October to the 21st November 2015.

Cream Creek Prospect

The Cream Creek Prospect incorporates several large open cut pits, numerous trenches and sluiced mining areas. The main mining area has been geologically mapped and drilled by Mt Lyell in 1907 and Aberfoyle Exploration in 1987 respectively. The major host rock is coarse grain Biotite rich granite (Devonian Blue Tier Batholith) with some flat-lying equigranular fine-medium grained muscovite rich granite, which carries cassiterite, chalcopyrite or malachite. There is still an argument regarding whether the altered granite is structure controlled mineralisation or a secondary alteration within the granite mass, or both are present.

I am more prone to the latter view as structure controlled mineralisation is more prominent at other proximal prospects at like FB-Lode, Cross Creek and Kent Prospect, which have quartz veining with large cassiterite crystals. No such mineralisation has been found at the Cream Creek area where cassiterite is observed with a yellowish grey, waxy mineral (pilitite?), in what is known as “Tin Granite”. Also present in the “tin granite” is patchy pyrite, some are weathered, but still easy to identify as iron oxide.

A few important rock types observed around the prospect:

- CG BT GRT: Coarse grain biotite granite
- SERICITE GRT: Sericite rich granite
- MU BT GRT: Muscovite biotite granite
- GREISENISED: Greisenised rock, quartz rich with patchy muscovite
- TIN GRT/ORE GRT: equigranular fine-medium grain muscovite rich granite
- CG FSP BT GRT: biotite granite with massive feldspar phenocrysts
- CG QTZ BT GRT: biotite granite with massive quartz phenocrysts
- FG BT MU GRT: Fine grain biotite muscovite granite(not necessarily tin bearing)
- MG BT MU GRT: Medium grain biotite muscovite granite

At proximal to the “tin granite”, there are always evidence of greisenised rock (quartz rich), which I think is the product of the original blue tier batholith granite being altered by the tin bearing fluid. However, not much tin mineralisation was discovered in the greisenised rock, probably it is at the outer rim of the mineralisation.

Three drill holes named DDH50, DDH 52 and DDH 53 were drilled by Mt Lyell in 1907 to test the prospect and seemingly the drilling results were not interesting enough for them to continue exploring. The possible old drill-pads have been located and recorded below.

Drill Hole	Easting	Northing
DH55/DH57	579066	5443886
DH53	579333	5443297
DH52	579176	5443177
DH50	578992	5443124

Spinks prospect

Numerous sluiced mining channels were found at the Spinks Prospect. Most of the mineralised rock has been sluice mined; however the surrounding rock and rock gravels that were left give us insight into the geology.

The major host rock is the coarse grain biotite granite with big phenocrysts of quartz. In the sluiced area also found is fine grain biotite granite (some with big phenocrysts of quartz) and greisenised rock, which are good indicators of alteration in the area. However, what makes it a bit different from Cream Creek prospect is the quartz veining gravels.

Quartz veining gravels indicate a structure controlled fluid intrusion (probably the source of tin mineralisation) exist, maybe the Spinks Prospect is more structure controlled (by faults etc.), rather than mineralisation happening as a precipitation of mineralised fluid within the granite mass. However, no direct evidence has been discovered as cassiterite crystals were not found in the quartz veining, or in the fine grain biotite granite. Here are the representative rock types around the prospect:

- CG QTZ BT GRT: Coarse grain biotite granite with big quartz phenocrysts
- CG FSP QTZ BT GRT: Coarse grain biotite granite with big phenocrysts of both quartz and feldspar
- FG BT GRT WITH QTZ PHYNO: Fine grain biotite granite with big quartz phenocrysts
- GREISENISED: Greisenised rock, quartz rich with patchy muscovite
- QTZ VN: Quartz veining

Two holes were drilled in 1907 by Mt Lyell; they were DDH55 and DDH 57 targeting the sluiced area. Short zones of mineralisation were recorded in the old drillhole profile map. The locations of possible drill pads were also recorded in the excel spreadsheet

Cross Creek Prospect

Cross Creek Prospect is located further north of the Spinks prospect. Access to it is recommended by crossing Frome River from west. The travel distance by walking from the campsite at FB Lode is three times as long as by crossing Frome River from the west.

Only the western part of the prospect was prospected because there is an Eagle nest in the eastern part and at this stage, it is not allowed by the government regulation to enter the area. We mainly worked around the western sluiced area. However, some interesting discoveries were made.

Same as other prospects, the host rock here is Devonian Blue Tier Batholith as coarse grain biotite granite with big phenocrysts of feldspar and quartz. Similar to the Spinks Prospect, sericite rich granite is also spotted, as well as greisenised rock. Furthermore, big crystals of cassiterite were discovered in the quartz veining, which indicates the tin mineralisation probably comes from structure controlled fluid. However, due to the substantial sluiced mining operation, no other mineralised samples were discovered. It would be interesting to see the cassiterite mineralisation in the altered equigranular fine-medium grain muscovite rich granite with cassiterite.

FB Lode

FB Lode is located close to the camp site. Open cuts run across the Frome River. A massive quartz reef was discovered at the southern end of the open cut along the strike. Within and along the open cut area, both evidences of structure controlled tin bearing fluid intrusion and precipitation of tin into the host rock are discovered. One specimen shows big cassiterite crystals in quartz veining, with sericite rich greisenised rock nearby. Another specimen is typical equigranular fine-medium grain muscovite rich granite with disseminated chalcopyrite, pyrite, malachite and fine grain cassiterite.

A good explanation of the different grain size of cassiterite in quartz veining and altered granite could be explained as cassiterite in quartz veining was hotter and took longer time to cool down, while alteration of granite happens in a considerably lower temperature and faster process, which explains the relatively finer grains of cassiterite in it.

There are 9 historical drill holes cross cutting (running perpendicular to) the strike of this structure on both sides of Frome River. We have discovered five of those drill holes and they are comparatively smaller Drill pads compared with typical drill pads nowadays. It will not be hard to locate all the other drill pads, probably a few hours work.

Kent Prospect and Wyniford River area (East of FB LODE)

One day was spent to explore this area by Lipeng and Howard. Kent Prospect is located further southeast of FB LODE. Access was reachable by car only halfway down the Emu Flat Road. The road was too rugged for a 4WD halfway through and the remainder was by walking. The location of the Kent Prospect should be further east down the road compared with what it was shown on the map. (the old map might have a bit of error regards the location of Prospects) Similar rock types are discovered here compared to those in Cross Creek. Evidence of structure controlled tin bearing fluid is present, with big cassiterite crystals in quartz veining. Fine grain granite with quartz veining is also found, together with greisenised sericite rich rock. However, same as cross creek prospect, due to heavy mining operation, no cassiterite was discovered in granite rock.

Further down the track we reached the Wyniford River area, where most host rocks are coarse grain biotite rich granite. Also discovered was some fine-medium grain biotite rich granite. However, they are not the "tin granite" and this area does not look very interesting to me.

Drill holes Completed by Mt Lyell

Here is a summary of the drillholes completed by Mt Lyell in 1907.

Drill Hole	Easting	Northing	Az'th	Dip	Depth(Feet)	Grade
DH50	578992	5443124	140	45	100	0
DH52	579176	5443177	135	45	100	0
DH53	579333	5443297	220	45	100	0
DH55	579066	5443886		60	100	5 feet of 11% Tin from 30 feet deep
DH57	579066	5443886		45	100	5 feet of 2.6%? and 0.3% from 35-50 feet

Cream Creek Prospect

DDH50: This hole is to test the extension of Cream Creek lower working. However, the results do not look very interesting

DDH52: This hole is to test another open cut further east. The results also do not look very good.

DDH53: This hole is to test Cream Creek New prospect. It cuts underneath a massive open but pit with substantial mineralisation in equigranular fine-medium grain muscovite rich granite. Disappointedly, the results do not look very intriguing.

The Spinks Prospect

DDH55/DDH57: they are at the eastern side of the sluiced mining area. Due to the lack of maps and data the Azimuth of these two holes are not confirmed. However, the best guess would be drilling to the west where the sluiced area is. Interestingly, both holes have shown high grade tin mineralisation. If the assay results were correct, DDH55 has 5 feet of 11% Tin at around 30 feet deep. DDH57 has got 26 %? Or it might be 0.26% of tin from the surface up to approximately 20 feet deep. The Mt Lyell Report is difficult to read.

Conclusion and Recommendations

We located and reopened old vehicle tracks used by Mt Lyell and Aberfoyle Exploration in the previous days. Even though the road condition now is not fit for vehicle access due to regrowth, Howard has successfully cut a fairly reasonable foot track from the camp site all the way up to the Spinks Prospect, passing through the Cream Creek open cut area, with a chain saw. The foot track has been tagged with pink tape all the way. Some open cut pits near the track have also been fenced off by pink tapes. Caution should be taken while walking along the edge of the open cuts as some of them are very deep (More than 10 metres).

Out of all the prospects we have prospected and mapped so far. The most interesting area is the around the Cream Creek open cut area, even though the previous drilling did not return very intriguing results from drill holes testing this area.

The surface geology, together with the size of open cuts, indicate this area has more potential over other prospects which are mainly structure controlled, vein style mineralisation. It was quite disappointing to see DDH53 returned dull results, which I would have a lot more expectation from.

My explanation for this would be the drillhole might have run parallel to the mineralised zone and It would be worthwhile to design a hole from south of the current collar, running perpendicular to DDH53, still testing underneath the massive open cut(New Cream Creek Prospect). Hopefully this time it will cut right across the mineralisation.

See **Plans 3, 4 & 5**

Lipeng (Peter) Wan

November 2014

Edited by Ron Gregory, August 2015

3.3.7 Ore Reserves and Resources

No ore reserves were defined.

3.3.8 3D Modelling

No 3D modelling was conducted.

4. Results

The results from the work done in 2014 are minimal. The Exploration Base at St. Helens has since been closed down and staff stood down. However the Base and suitable staff could be re-established at short notice.

The Review of prospectivity of EL31, indicates that Cream Creek area is worthy of further exploration. A close spaced aerial geophysics survey would be of assistance.

5. Conclusions

5.1 Conclusions

No conclusions can be drawn at this time.

5.2 Recommendations

No recommendations other than to either relinquish the Licence or proceed with serious exploration can be made at this time.

6. Environment

The foot track from the Camp Site at F B Lode to Cream Creek Prospect was done according to the MECoP and requires not remediation work..

7. Expenditure

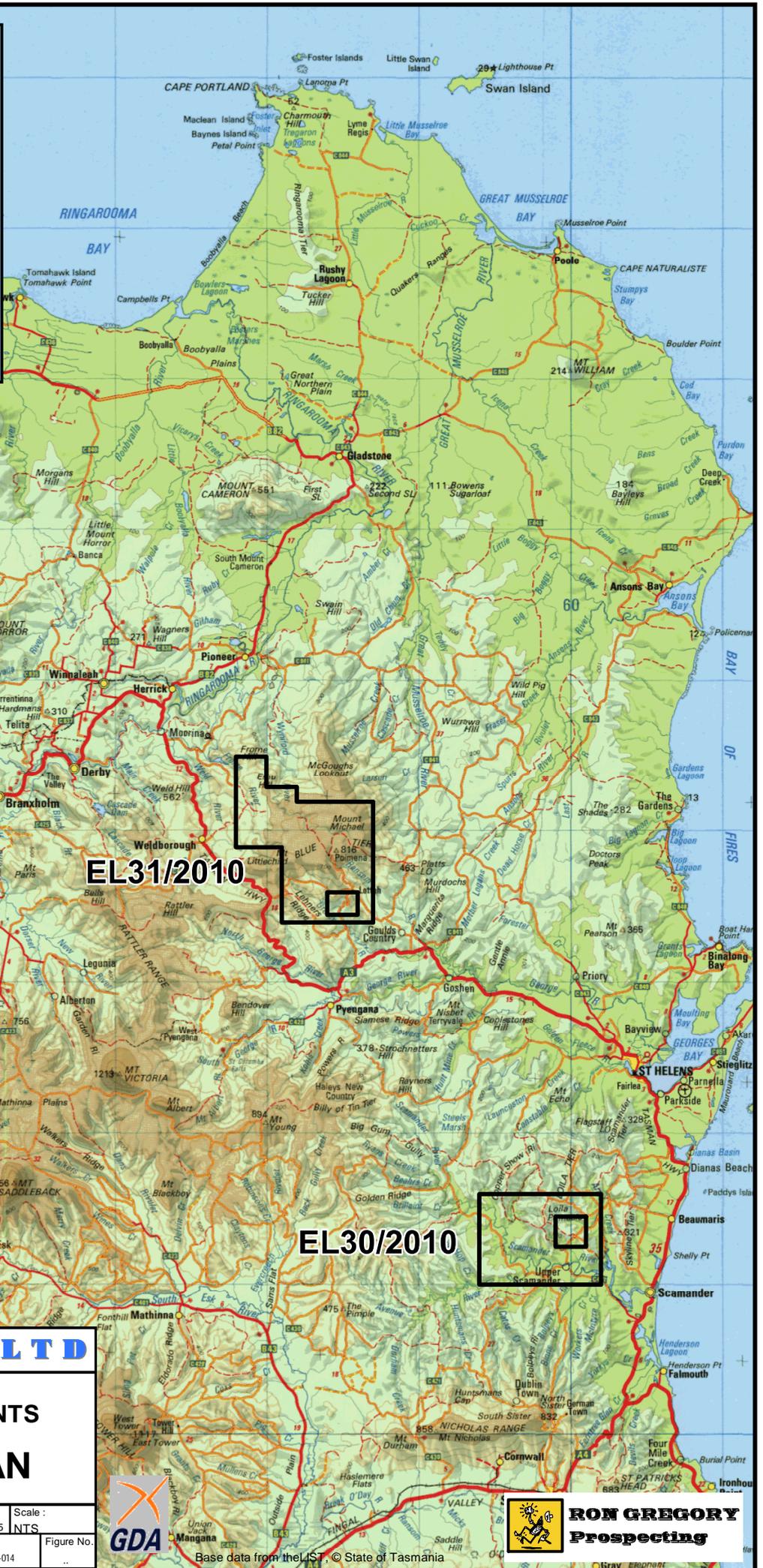
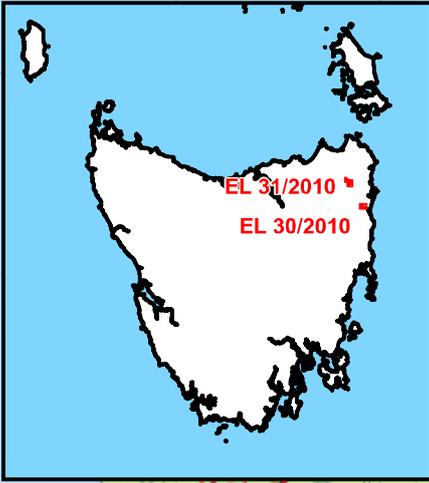
An amount of \$89,083.50 was expended on the above work as at the 25th May 2015

8. References

There are no References

9. Appendices

APPENDIX 1. - Jiyuan Mining Review of EL30 and 31 October 2014.
Morrison K.C., Muir P. and Pemberton J.



ACCCE PTY LTD

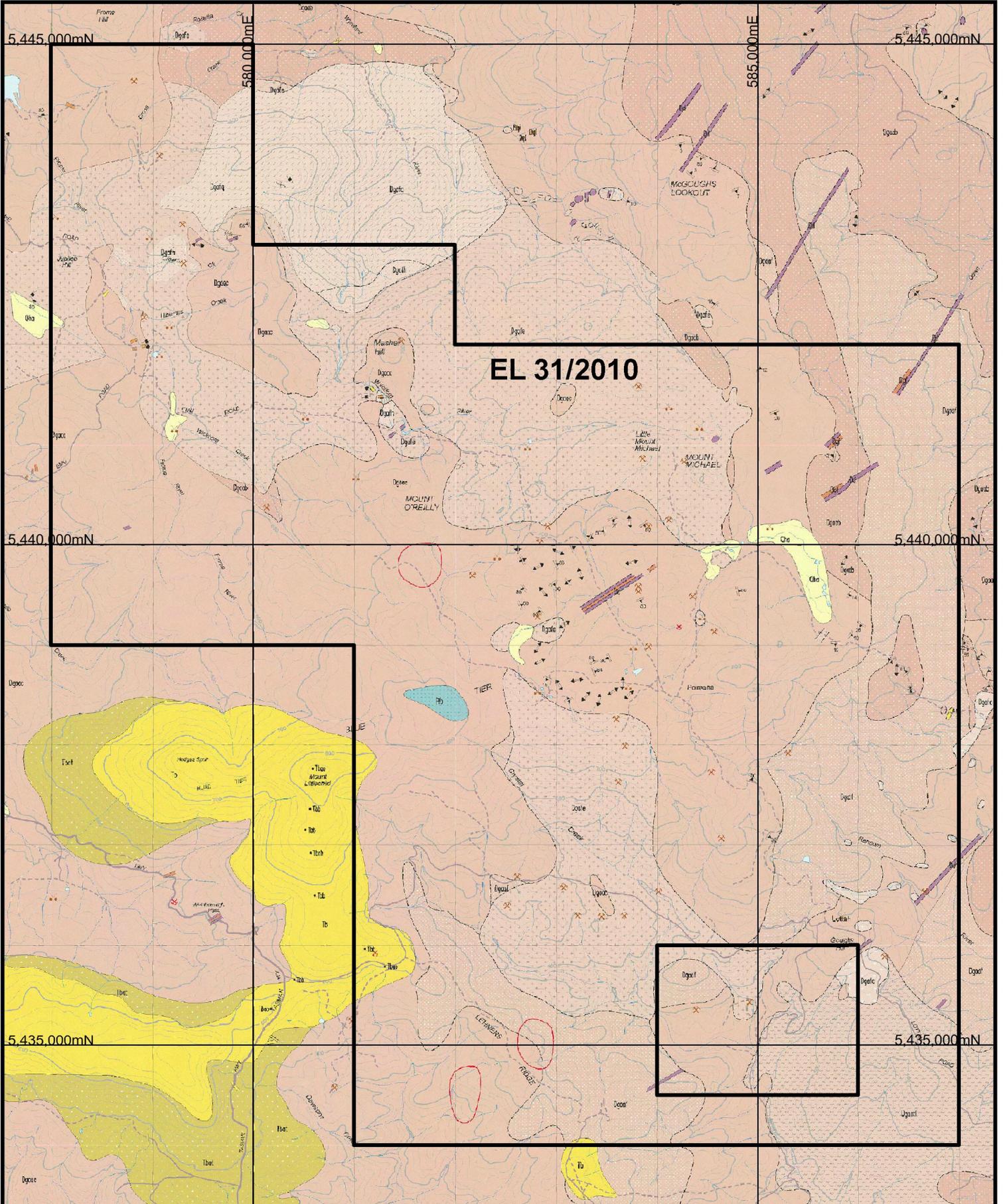
**NORTH EAST TENEMENTS
LOCATION PLAN**

Compiled : Ron Gregory	Drawn : Draftingworks	Date : 23/05/2014	Projection : GDA94 Zone 55	Scale : NTS
0 5 10 km			Drawing No. : ACCCE-NE-LN-014	Figure No. :



**RON GREGORY
Prospecting**

Base data from the LIT, © State of Tasmania



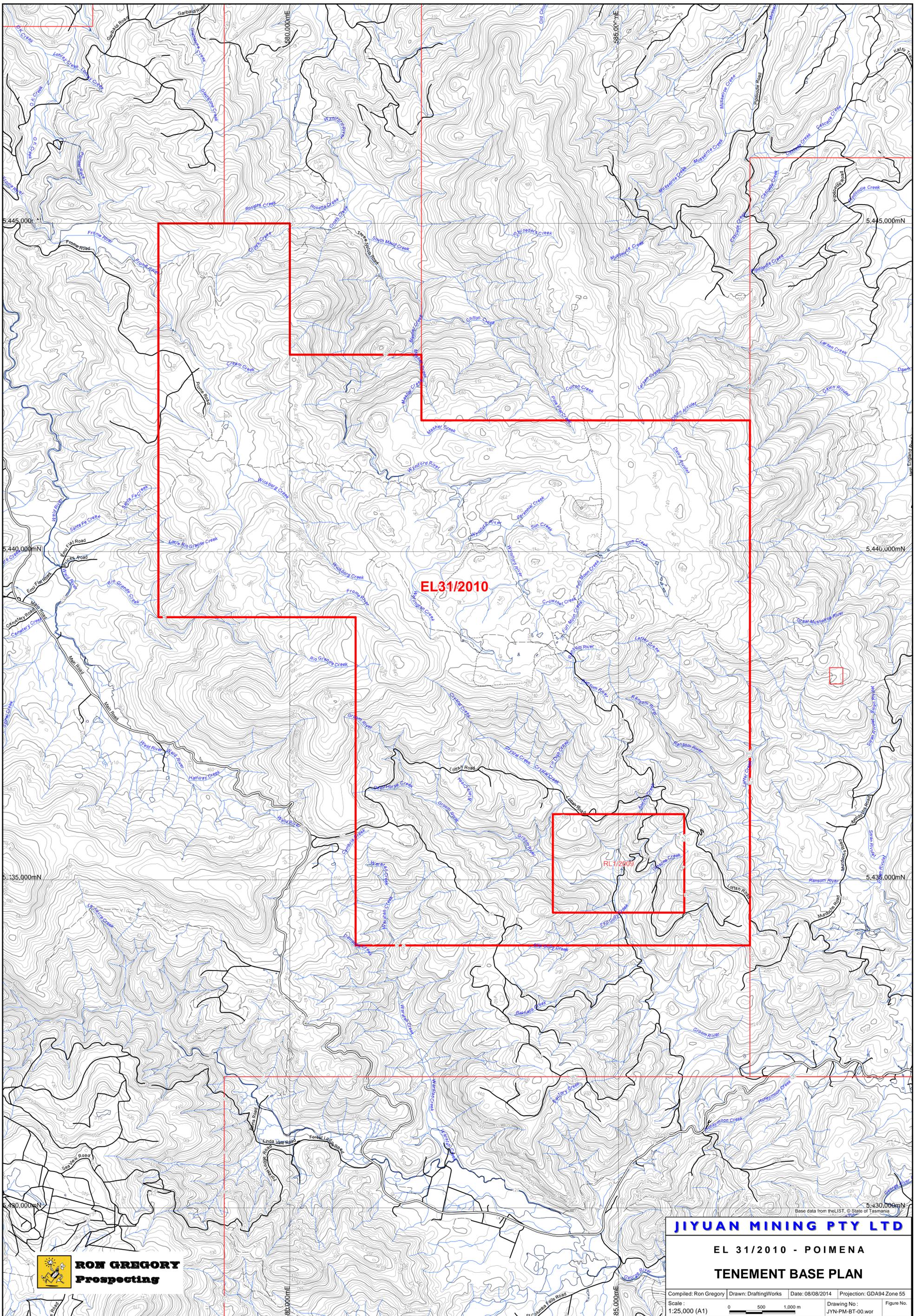
EL 31/2010

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**EL 31/2010 - POIMENA
REGIONAL GEOLOGY**
(From MRT 1:25,000 Series Geology)

Compiled : Ron Gregory	Drawn : Draftingworks	Date : 23/05/2014	Projection : GDA94 Zone 55	Scale : 1:50,000
0 0.5 1 2 km			Drawing No. : ACCCGE-PMA-GLR-016	Figure No. ..





EL31/2010

RL1/2009



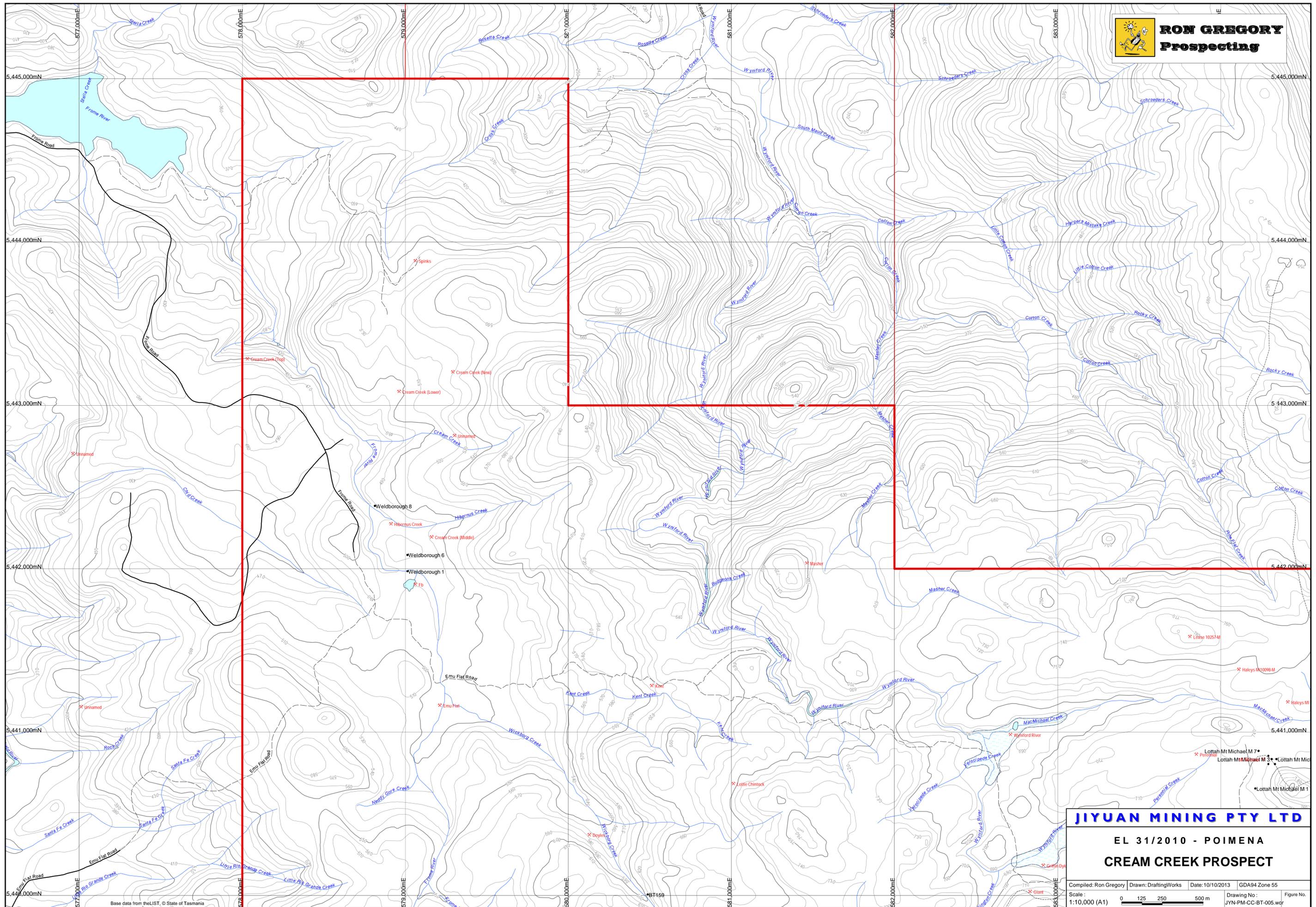
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EL 31/2010 - POIMENA

TENEMENT BASE PLAN

Compiled: Ron Gregory	Drawn: DraftingWorks	Date: 08/08/2014	Projection: GDA94 Zone 55
Scale: 1:25,000 (A1)	0 500 1,000 m		Drawing No: JYN-PM-BT-00.wor
			Figure No.



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EL 31/2010 - POIMENA

CREAM CREEK PROSPECT

Compiled: Ron Gregory Drawn: DraftingWorks Date: 10/10/2013 GDA94 Zone 55

Scale: 1:10,000 (A1) 0 125 250 500 m Drawing No: JYN-PM-CC-BT-005.wor Figure No:

Base data from theLIST, © State of Tasmania

