

EXPLORATION LICENCE 22/2010

Concert Creek

Dundas, Tasmania

FOURTH ANNUAL PROGRESS REPORT

for the two year period 9 November 2013 – 8 November 2015



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.

Abstract

Exploration targets in the licence include Devonian Pb-Zn vein style mineralisation similar to the historic South Comet Mine, and Cambrian Rosebery or Hellyer type, Zn-Pb-Cu-Au-rich VHMS mineralisation hosted by the Mount Read Volcanics (MRV).

During the reporting period, a VTEM airborne geophysical survey interpretation report was compiled, and recently a fauna and flora report survey was carried out at a proposed drill site on Kosminski Hill.

The Geotech Ltd. VTEM interpretation report outlined four target zones (MX1 – MX4). These zones underwent detailed Maxwell plate modelling, and a number of recommended test drilling parameters (drill holes) for those Maxwell Plate models were detailed.

A proposed drill hole targeted on interpreted plate L4600_MX1_T2 was recently submitted to Mineral Resources Tasmania for approval and will also follow-up results from previously reported nearby YTA drill hole CC-05.

Total expenditure for the reporting period was \$278,000.

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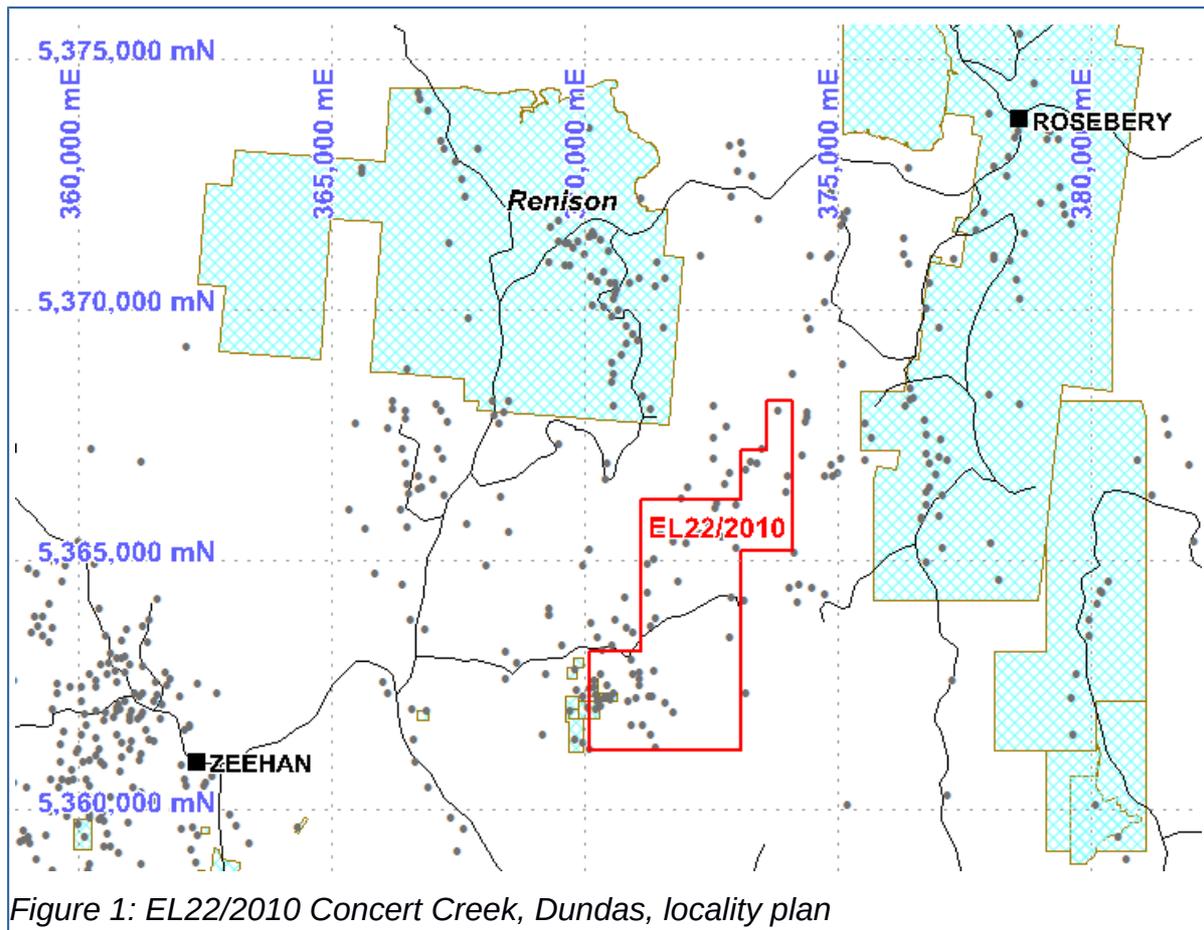
List of Appendices

(Supplied in separate digital files)

1. EL222010_201511_02_Appendix1_VTEM_InterpretationReport
2. EL222010_201511_03_Appendix2_EM_interps
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4. EL222010_201511_05_Appendix4_MAG3D
5. EL222010_201511_06_Appendix5_MX
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1. Introduction

EL22/2010, Concert Creek, is located about 8km ENE of Zeehan and 6km SE of Renison Bell Tin Mine, on the west coast of Tasmania (Figure 1). The historic township of Dundas is located outside of the western boundary of the tenement. EL22/2010 is located within the Dundas 1:25,000 map sheet, with an area of 15 sq. km.



Yunnan Tin Australia's main targets in EL22/2010 are Devonian Pb-Zn vein style mineralisation similar to 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 the Dundas Road, off the Murchison Highway. The Dundas Road is an all-weather unsealed road providing access to areas including the historic South Comet mine, near the southern boundary of the tenement (Figure 2). Old exploration tracks branching off the Dundas Road provide easy foot access to a few locations, but they require clearing 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 (via the Murchison Highway near Rosebery).

The land within EL 22/2010 is predominantly steep hilly country with a variation 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.

1.2. Land Use

The majority of the land in the Concert Creek area is classified as either Forestry Reserve or Regional Reserve, and is set aside for logging (Figure 3). A small slice of private land is located in the south-west 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 (Figure 3).

2. Tenement Details

Exploration Release Area (ERA) 816 was offered for tender by Mineral Resources Tasmania following the relinquishment of EL51/2007 held by Central West Gold NL.

The licence was granted as EL22/2010 on 9th November 2010 to Yunnan Tin Australia – TDK Resources Pty Ltd for a period of five years.

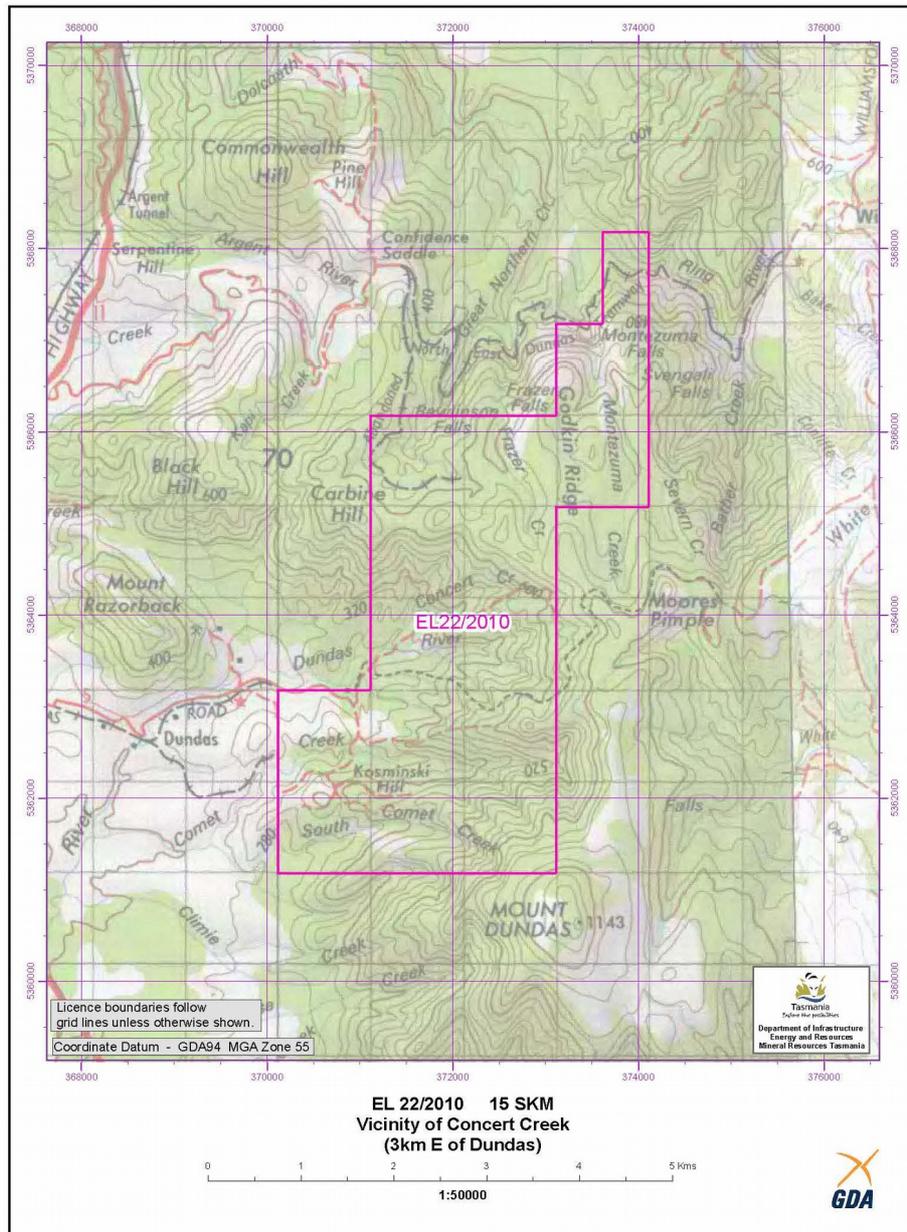


Figure 2: Location of EL22/2010

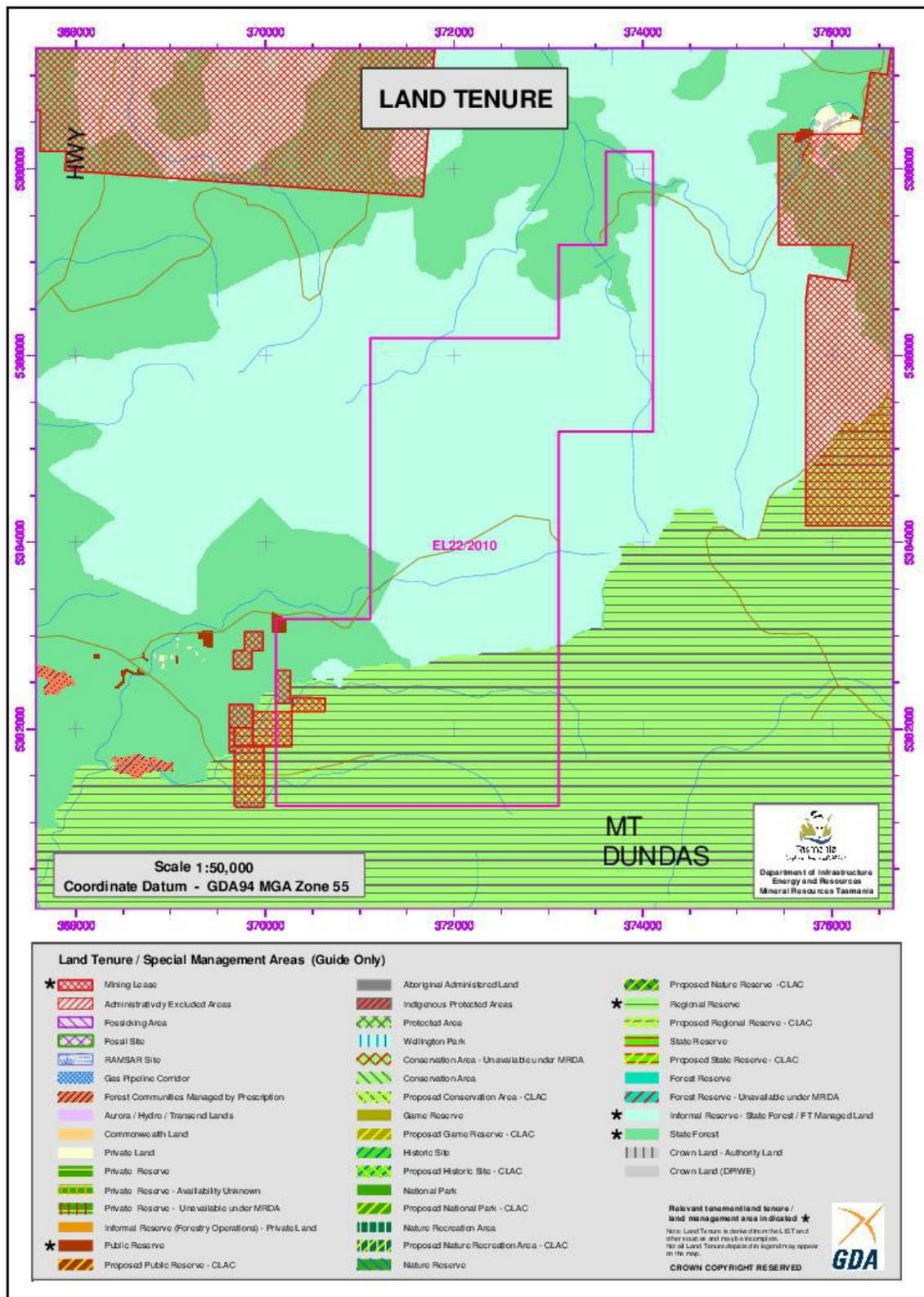


Figure 3: Land Tenure EL22/2010

3. Geology

3.1. Regional Geology

EL22/2010 is located within 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 meta-sediments 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 (Parfrey & Simpson, 1999).

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.(Figure 4) The inlier is dominated by a unit of mica phyllite with subordinate micaceous quartzite and is known as the Concert Schist (Curnow, 2009).

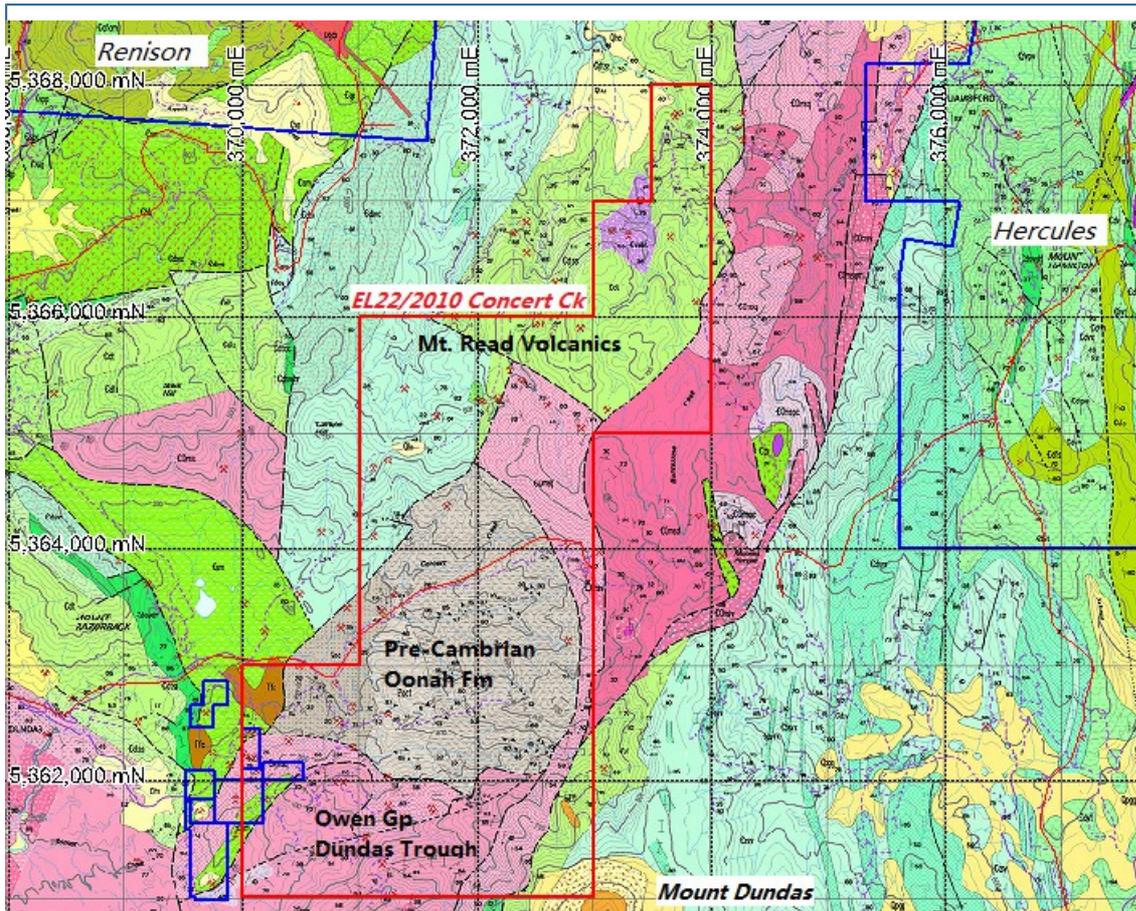


Figure 4: Geology of Concert Creek area (1:25k MRT base geology)

The rest of the southern half of the licence area is predominantly made up by the Dundas Trough, a series of epiclastic and volcanoclastic sediments of the Owen Group, dominated by a marine volcano_sedimentary sequence of turbidites, conglomerates and siltstones, as well as felsic volcanoclastic sediments (Curnow, 2009).

The northern half of the tenement is underlain by Mt. Read Volcanics, with western volcano_sedimentary sequence lithology in the west and Tyndall Group in the north (Figure 4).

The licence area is structurally complex, making the determination of age relationships between the various stratigraphic units difficult, with most of the geological units appearing to have faulted contacts. 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 north-west 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 of Previous Exploration

The area of EL22/2010 has had 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 aimed at a variety of geological, geochemical and/or geophysical targets. Modern exploration commenced in the 1930's 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 the last century, with many more prospects developed in the Dundas mineral field over time (Figure 5). 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).

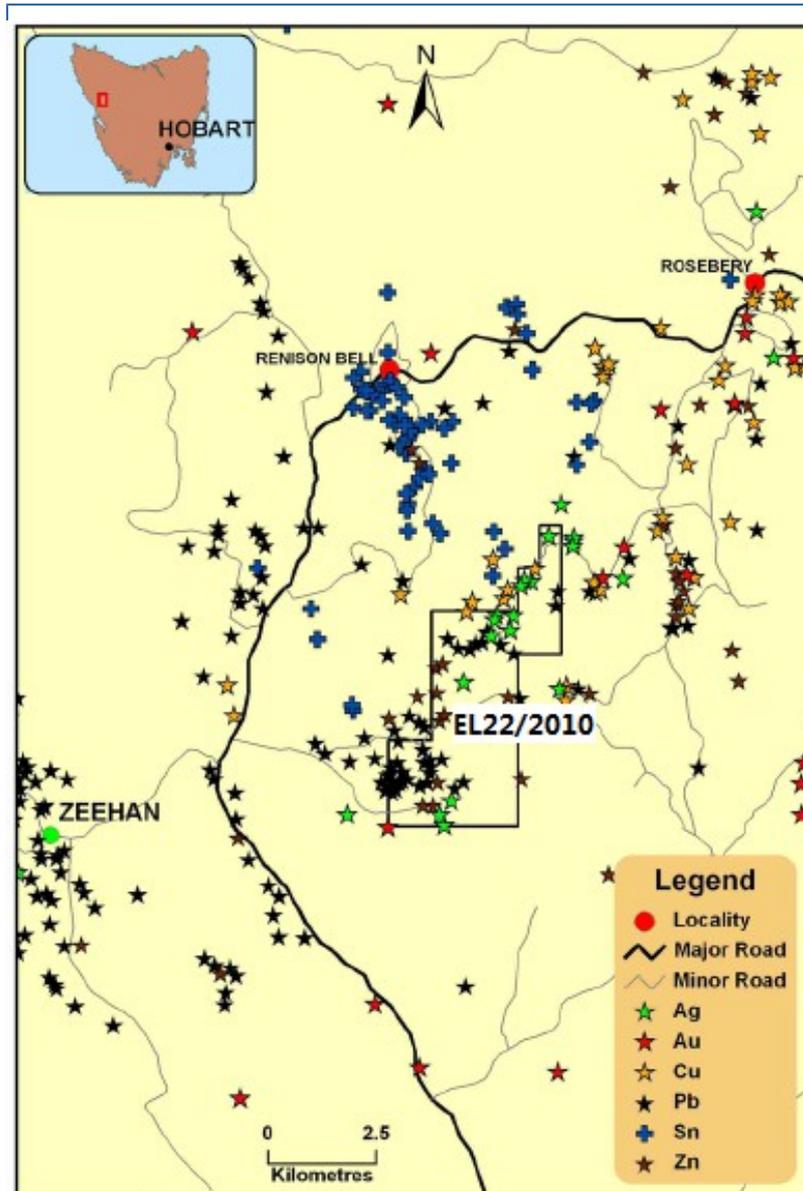


Figure 5: Mineral occurrences in the region (after Curnow 2008)

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 1930's, only small deposits 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 to 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 led to BHP withdrawing from the area without carrying out further 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 costeamed. 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 rock-chip sampling, ground geophysics and drilled 79 diamond holes.

Geophoto also undertook underground sampling at the Great South Comet mine and the Kosminski 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 up to 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 rock-chip 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.

Pasminco held the area covered by EL22/2010 (and later Zinifex) who were granted tenure to EL 21/1996, and held the licence until 2001. In 2001 Pasminco applied for, and was granted EL 11/2002 which covers part of the area of former EL 21/1996, and held this ground until 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 be unlikely to find a "Pasminco" sized deposit (10 Mt @ 20% Pb+Zn) and relinquished the ground.

The most recent company exploring the area was 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.

During first two years of tenure, Yunnan Tin Group had carried out a data review, surface geological and geochemical assessments, as well as a ground EM survey (EH4) (Xie, 2012; 2013). This was followed by a geophysical interpretation report (2013 – 2015).

5. Exploration Work Completed During Years 4 – 5

Major work carried out during the last two years of tenure has included an airborne VTEM geophysical survey interpretation, and drill hole submission for a follow-up drill hole for hole CC-05.

Yunnan Tin Group commissioned GeoTech Ltd to carry out a detailed interpretation with an intention to identify targets for follow-up drilling.

The airborne geophysical datasets of EL22/2010 were interpreted using established geophysical interpretation principles. Undifferentiated sediments and volcanic rocks have been delineated from magnetic data. Mafic dykes and faults are interpreted from the derivatives of the magnetic data. The magnetic data are also inverted to magnetic susceptibility distribution using MAG3D 1 to facilitate the geophysical data interpretation.

EM anomalies were picked from the electromagnetic data for EL22 blocks. Resistivity Depth Imaging (RDI) 2D sections in Geosoft format for all regular lines have been generated for licence blocks, as well as in PDF format (see digital data appendices 1-8).

Conductive zones and trends are interpreted from the EM data. Four possible VMS targets have been selected for the licence. Recommended drilling parameters were provided for the Maxwell plate models.

The EM anomaly picks for EL22 are shown as overlays on time-constant TAU in Figure 6.

Interpreted plate L4600_MX1_T2 has been selected for diamond drill hole follow-up. An environmental flora and fauna survey covering the proposed drill site and access track has recently been completed, and a drill hole plan has been submitted to Mineral Resources Tasmania. The proposed drill hole will also aim to follow-up the encouraging results from hole CC-05, see Xie (2014).

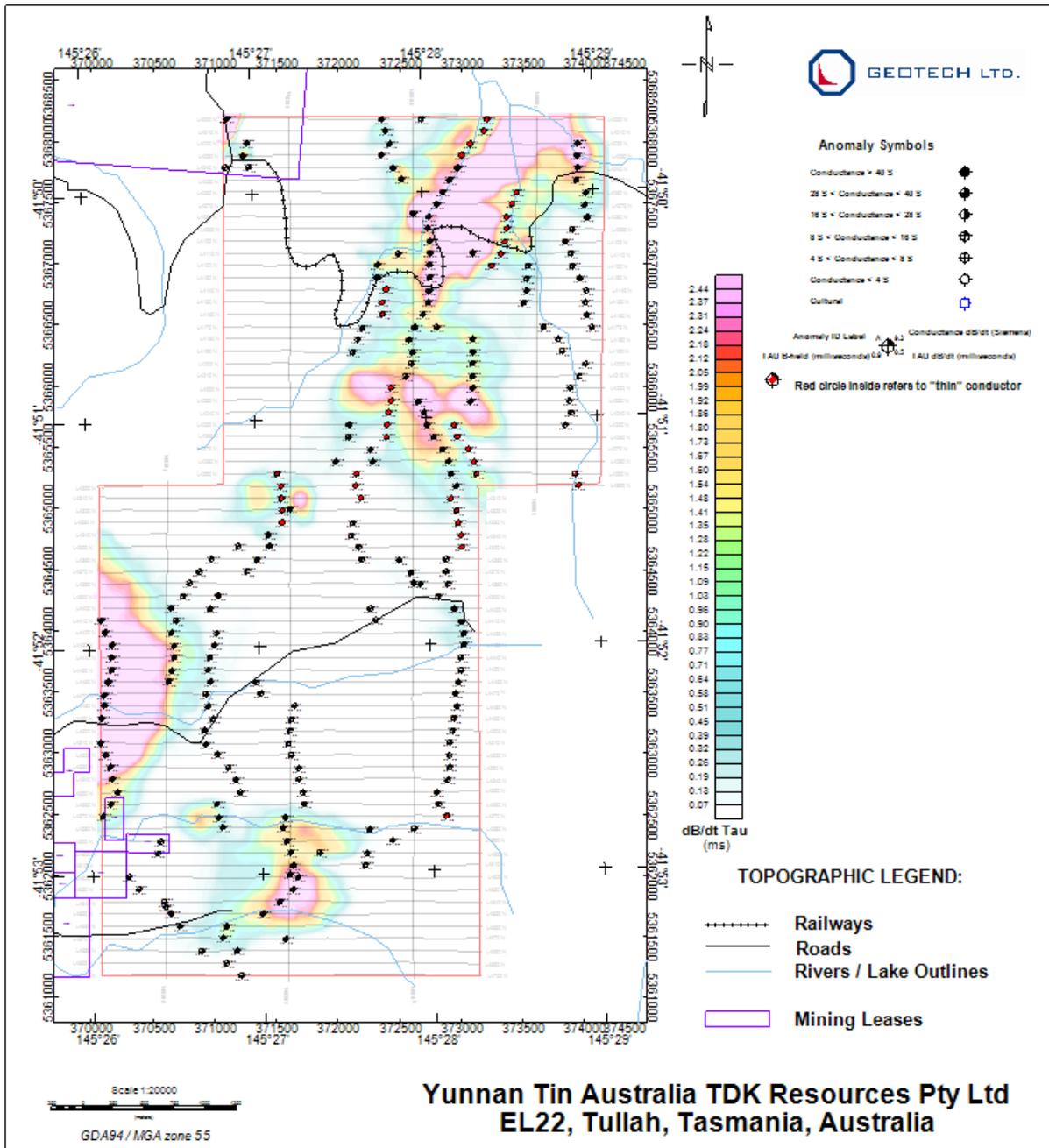


Figure 6: EM anomaly picks, EL22, over time-constant TAU

Four target zones (MX1 – MX4) were selected for Maxwell plate modelling. The locations of the plate models are shown in Figure 7.

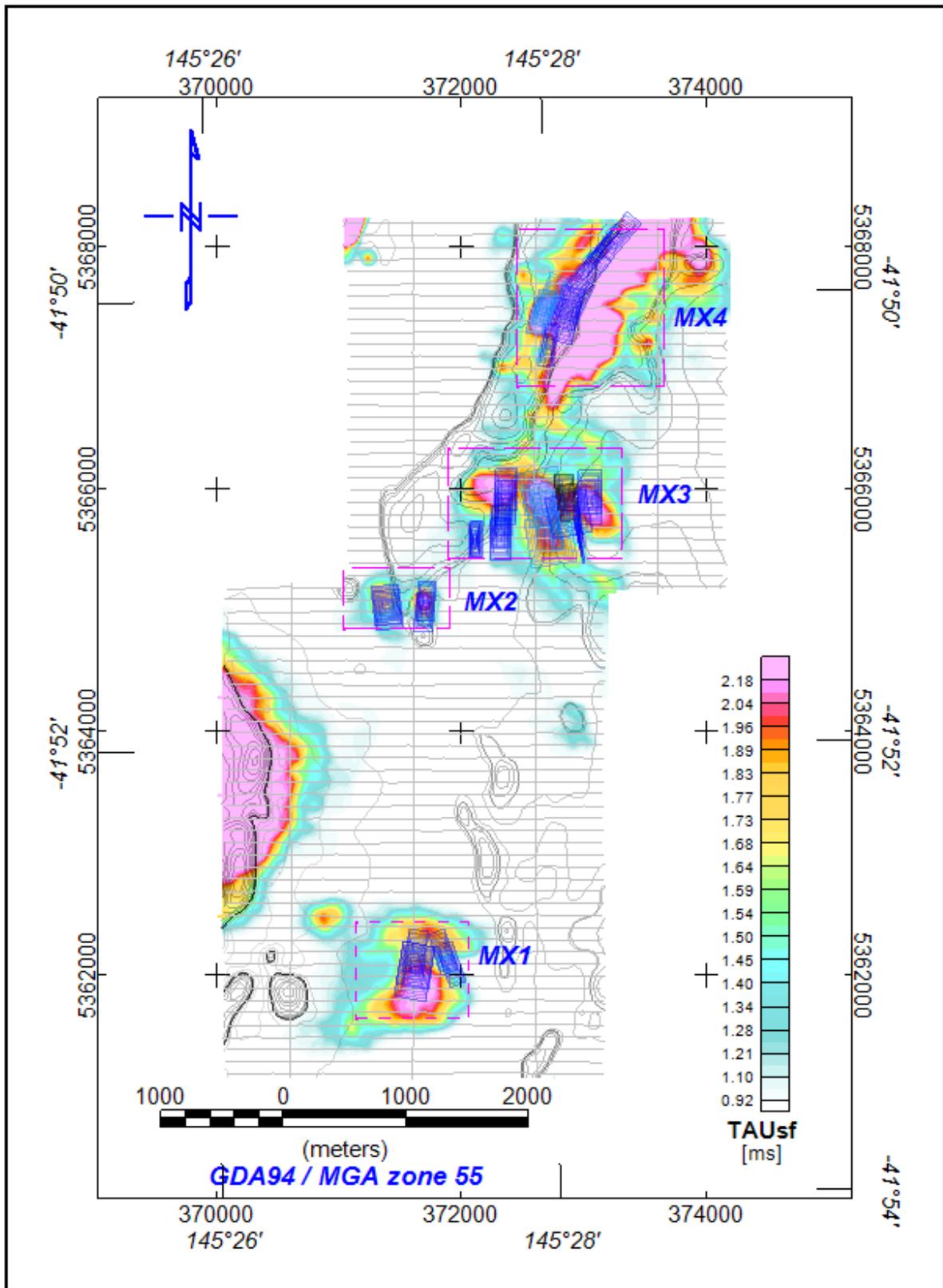


Figure 7: Target and Maxwell 2.5D plate locations, EL22

6. Work Plan for Year 6

Approval has recently been requested for a 275m diamond drill hole, in conjunction with the extension of an existing vehicle track, by a distance of approximately 300m. The drill hole is located between Comet Creek and South Comet Creek near the top of a distinct ridge to the east of Kosminski Hill. The proposed drill hole is aimed at following up results from drill hole CC-05, whilst also drilling a coincident VTEM anomaly. This hole will be drilled in the 2016 summer field season when the necessary approvals have been received.

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 existing tracks.

No exploration work requiring rehabilitation has occurred on the licence during the reporting period.

8. Expenditure Statement

Expenditure for the period 9/11/2013 to 8/11/2015:

Expenditure	\$
Geology	228,105
Geochemistry	11,150
Geophysics	7,013
Remote Sensing	
Gridding	
Drilling	
Land Access Costs	3,897
Rehabilitation Costs	
Feasibility Study Cost	
Other Cost	3,278
Administration Cost	25,345
TOTAL	\$278,788

Table 1: EL22/2010 Expenditure for the fourth and fifth year of tenure

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