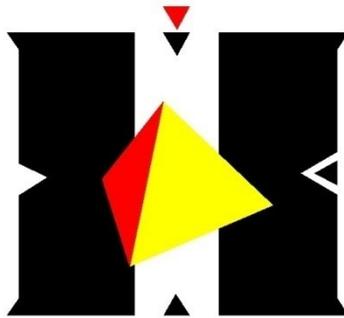


**Retention Licence 3/2009 Oceana
Seventh Annual Progress Report
For The Period
01/02/2019 - 01/02/2020**



Australian Hualong Pty Ltd

1 Fowler Street

Zeehan, TAS 7469

Author: Laurie Veska

Date: February 2020

Distribution: Australian Hualong Pty Ltd

Mineral Resources Tasmania

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

Contents

Abstract.....	4
1 Introduction.....	5
1.1 Tenement Location.....	5
1.1.1 Mineral Exploration Area.....	5
1.1.2 Site Location.....	5
1.1.3 Land Tenure.....	6
2 Geology and Previous Work.....	7
2.1 Previous Mining and Exploration within RL3/2009.....	7
2.2 Local Geology.....	8
3 Exploration Activities.....	10
3.1 Oceana Resource Recalculation.....	15
4 Conclusions, Recommendations and Further Work.....	16
5 Environment.....	17
6 Expenditure.....	18
7 References.....	19

Figures

Figure 1: Oceana retention licence to the NE of Mt Zeehan.....	5
Figure 2: Land Tenure Oceana Retention Licence.....	6
Figure 3: Oceana local geology looking north-west.....	8
Figure 4: Oceana Resource A mineral zones.....	9
Figure 5: Oceana - location of drill holes. Note - some drill pads have two collars.....	11
Figure 6: Holes shown with Oceana local grid, and old Amoco basemap.....	12
Figure 7: OC22 approximately 40m down hole showing mineralised ironstone.....	13
Figure 8: OC19, 59.4m down hole - ironstone lithology with low grade Pb/Zn min.....	13
Figure 9: Hole OC27 displaying typical siderite breccia hosted galena mineralisation.....	14
Figure 10: Author, Zeehan Site Manager and wives in centre, Gejiu, Yunnan Province, China. (Jan 2019).....	20

Tables

Table 1: Holes completed during previous reporting period, analyses now available.....	10
Table 2: Holes completed during reporting period.....	11

Table 3: Exploration Expenditure, 2019.....18

Appendices

Digital Appendix A: Drill cross sections 3400N - 3700N (Oceana local grid)

Abstract

10 diamond drill holes (OC21 - OC30) for 1407m were completed at the Oceana deposit during 2019, ending the latest program of resource drilling by Australian Hualong P/L at Oceana.

Assay results and full details for holes OC11 - OC20 (partially reported previously) are also included in this report.

As with previous drilling, significant intersections of weak to moderately mineralised grey clay after limestone were encountered in many holes. The thickest accumulations occurred close to the Oceana Fault in the northern regions of the deposit.

Significant intersections of ironstone-rich limestone were seen in a number of drill holes close to the Oceana Fault and its intersection with the Oceana Mine Fault, in the northern regions of the deposit.

An updated JORC 2012 resource is currently being calculated for Oceana Deposit. A new improved geological interpretation has been completed for the mineral lodes, north and south of the Oceana Mine Fault.

Exploration expenditure for the 12 month period at Oceana totalled \$288,600 - mostly comprised of diamond drilling and associated costs.

1 Introduction

Australian Hualong P/L (AHL) is a privately owned resources company incorporated in NSW and owned by Mr. Zhian Zhang.

AHL currently holds Retention Licence 3/2009 Oceana, following the acquisition in March 2013 of all of the licences held by Creat Resources Holdings Limited.

1.1 Tenement Location

1.1.1 Mineral Exploration Area

Retention Licence 3/2009 covers an area of 1 square kilometre and is located south of Zeehan, West Tasmania.

1.1.2 Site Location

RL3/2009 covers approximately 1 km², and is located 3.5 km south from Zeehan, Western Tasmania (Figure 1). The Henty Road provides road access to RL3/2009. The Emu Bay Railway and the Murchison Highway connect the township of Zeehan with the Port of Burnie, located approximately 140km to the north.

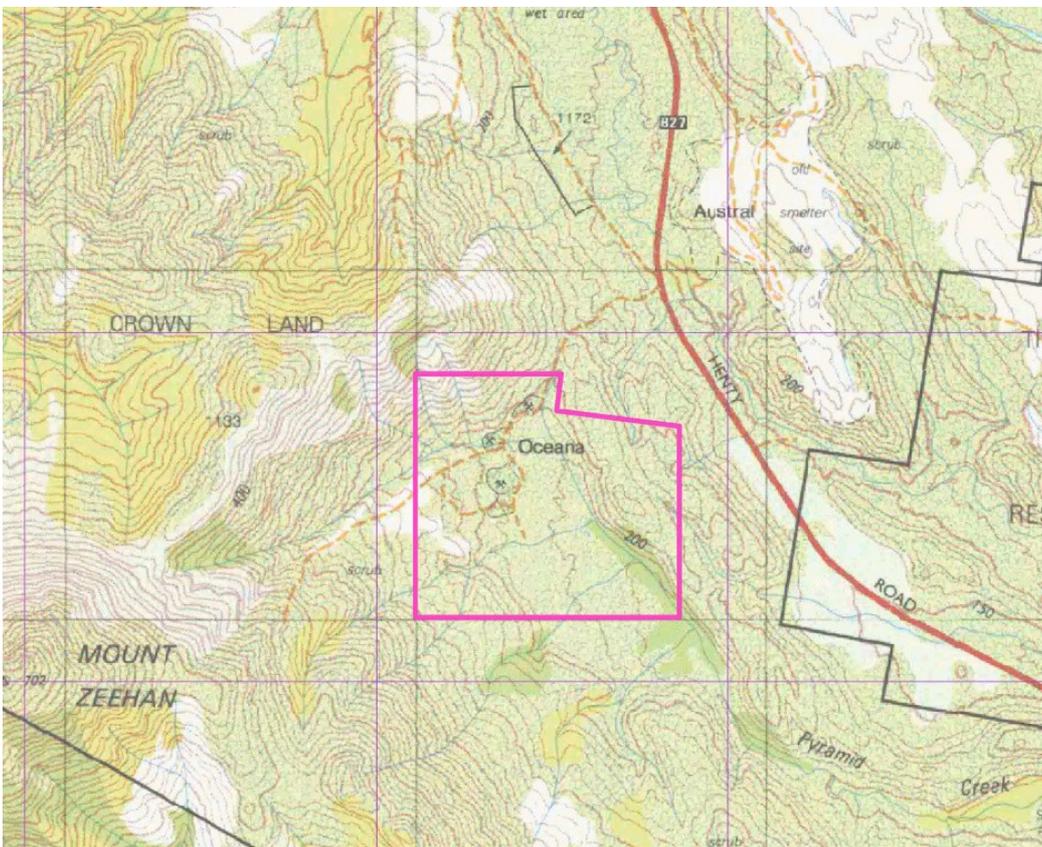


Figure 1: Oceana retention licence to the NE of Mt Zeehan

1.1.3 Land Tenure

The licence is situated within land currently designated as *Proposed Regional Reserve - CLAC*

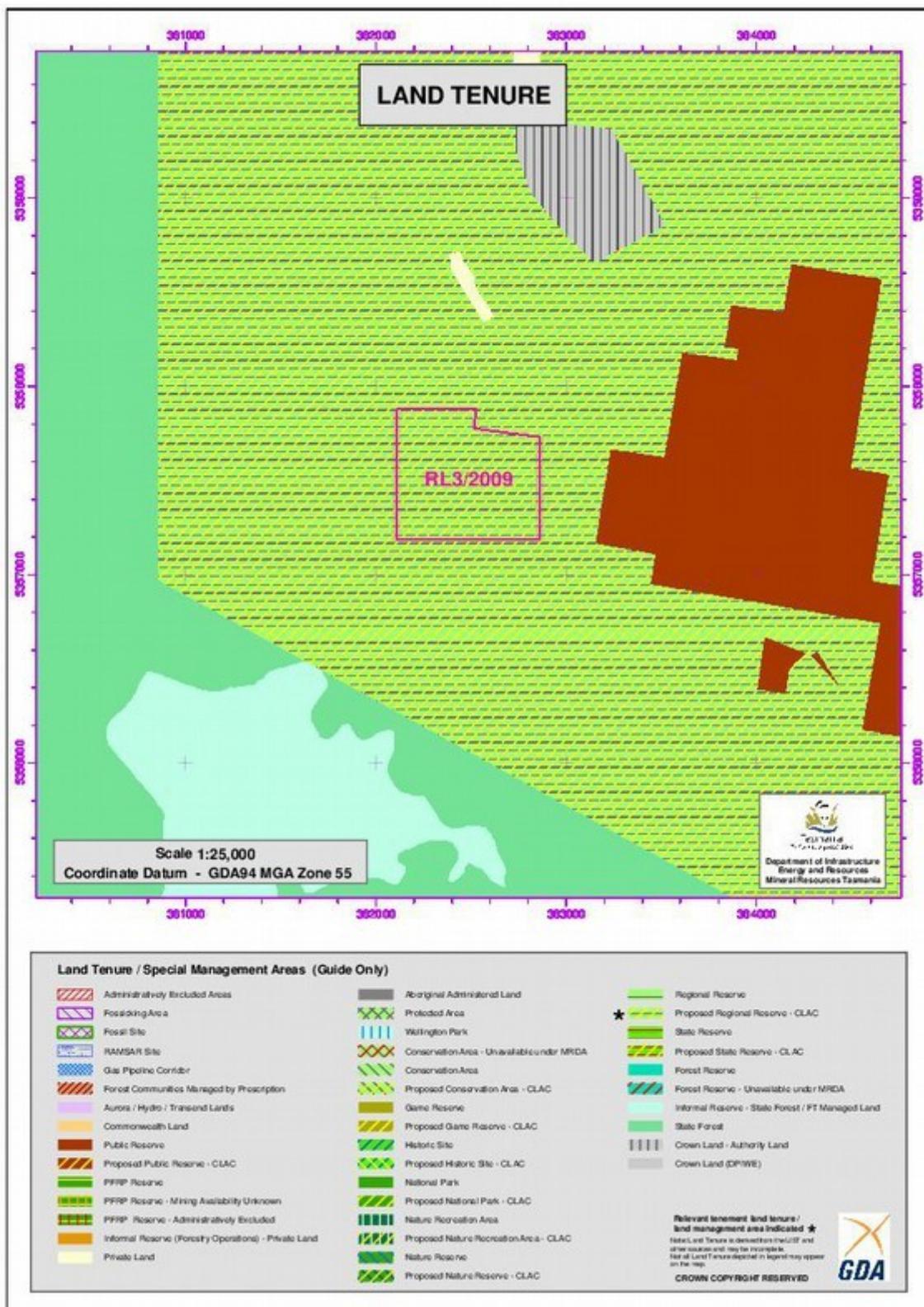


Figure 2: Land Tenure Oceana Retention Licence

2 Geology and Previous Work

2.1 Previous Mining and Exploration within RL3/2009

The Oceana Lead/Zinc project is hosted by Ordovician-aged carbonates of the Gordon Limestone (Figure 3). The deposit type is similar to the Irish-type of carbonate hosted lead/zinc deposit, particular with the Silvermines and Tynagh deposits (Taylor & Mathison, 1990).

McGilvray (2003) completed a geological and mineralisation study of the Oceana deposit for an Honours thesis based at CODES, the University of Tasmania. The historical notes detailed here are from that report. The initial discovery of lead (and silver) mineralisation at Oceana was in 1887 as part of the Zeehan Mineral Field boom of the late 1880's. From 1892 to 1899 a series of small shafts and drives were driven on the deposit and total of 1016t of ore was extracted at 39% Pb and 445g/t Ag (Blissett, 1962). Mining ceased when the shaft collapsed. Minor extraction went on from 1909 to 1925 and in the early 1950's a joint venture between BHP North and South was formed, Zeehan Mines Pty Ltd., in order to drill out and mine the resource. Drilling consisted of 39 surface diamond holes and 58 underground diamond holes. Mining began in 1954, ceasing in 1960 due to excessive water inflows, reported as 11.3 mega-litres per day (Jack 1961). A 200m shaft was sunk, with the first 30m in decomposed limestone clay, and the establishment of a further 5 levels was completed.

Production is reported in Blissett (1962), as comprising 131,821 tonnes of ore at 11.5% Pb and 132g/t Ag (no zinc reported). Mining was by flat back cut and fill stoping with fill comprising de-slimed mill tailings. Exploration was re-established in 1978 by AMOCO (Jones, 1981) and then an

AMOCO/EZ/Cyprus joint venture (Jones, 1983), followed ultimately by Pasminco in 1992-6 (Quayle, 1993). The exploration work by AMOCO included a study of the Zeehan Mines historical work (Curtis, 1981) with further diamond drilling and costeaning enabling resource estimations to be undertaken.

An AMOCO/Cyprus Gold Australia Corporation JV continued exploration in 1988 producing a geological study and a feasibility report respectively (Ingham, 1988), quoting 2.47Mt at 9.4%Pb, 4%Zn and 68ppm Ag to a depth of 350m (approximately 840mRL) with a 5%Pb+Zn cut off. These resource figures were reported to a JORC (1985) standard. Pasminco (Saxon 1994) re-estimated the resource based on previous explorers work, concluding with a figure of 2.49Mt at 7.5%Pb, 2.6% Zn and 45.4 ppm Ag. These resource figures were for internal use by Pasminco and were never reported publicly. In 1997 Mancala Pty Ltd completed a re-assessment of the data and concluded that potential for an open pit existed to the immediate north of the old mine, around Resource A (Ackerman, 1998). The estimated resource of 135,000 tonnes at 12% Pb, 2.8% Zn and 68g/t Ag, was based on an open pit operation to 50m (a shallower option was also investigated), with a 10% Pb+Zn cut off. These resource figures were never reported to JORC standards and are only included here for historical purposes.

None of the previous explorers have attempted to recreate the original Oceana mined resource. Since 2002, when Zeehan Zinc acquired the Oceana area under licence, work completed included locating hard copy versions and digitising the old Zeehan Mines drilling data, digitising of all other historically relevant drilling and trenching data. Fieldwork consisted of re-establishing the local grid, undertaking a detailed gravity survey, minor trenching and an initial aircore drilling programme of 3 holes for a total of 100m. ZZ also commissioned SMGC to do resource estimation on a potential open pit resource, this included ZZ completing bulk

density measurements on nearly 200 samples of historical core. ZZ completed a further 18 aircore drill holes in April/May 2006.

In 2008, Creat Resources Holdings Limited drilled seven diamond drill holes centred around the known resource for a total of 587m. These drill holes were drilled primarily for metallurgical purposes, but achieved poor recovery generally. Assaying was not systematically undertaken, a lack of funds cited as the reason at the time. The metallurgical drill holes have not been incorporated into the resource model, however this data will be combined with the Australian Hualong drilling results where possible to obtain an updated resource model.

2.2 Local Geology

The Oceana lead/zinc deposits occur as two parallel lodes in steeply east dipping calc-siltites, calcarenites and syn-sedimentary breccias of the Ordovician-aged Gordon Limestone (Figure 4). Mineralisation comprises stratabound, semi-massive galena and sphalerite, locally with semi-massive pyrite, associated with an intensely pervasive, hydrothermal-related, siderite alteration. There are also zones within the drill core and at surface of dark grey/black clays, which are likely to be residual weathering deposits of both the limestone and/or the sulphide bodies.



Figure 3: Oceana local geology looking north-west

The mineralised body is split into two sections by the obliquely cross cutting Oceana Mine Fault with the northern limit of mineralisation truncated by the cross cutting Oceana Fault (Figure 4). The southern end of the mineralisation is believed to taper out to the south whilst both sections are open at depth.

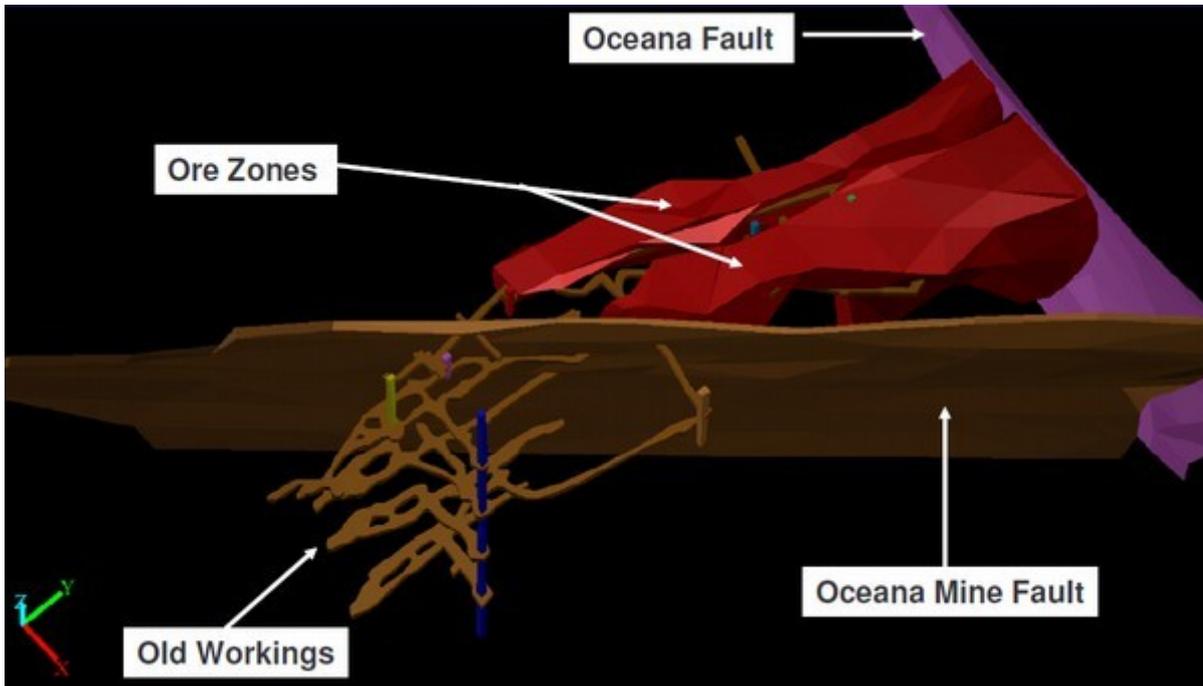


Figure 4: Oceana Resource A mineral zones

The mineralisation north of the Oceana Mine Fault was identified by ZZ as Resource A and consists of a variety of competent, sideritic limestones with galena and sphalerite adjacent to clay-rich oxidised lead- and zinc-rich material. The historical logging records oxidised products of the sulphide mineralisation as being cerussite and hemimorphite/smithsonite. Sections of the old workings by Jack (1961) allude to the possibility of small scale flat lying dextral thrust faults. A low grade envelope exists to the main high grade mineralisation, being more prominent with Resource A.

3 Exploration Activities

Ten drill holes (OC21-OC30) were completed at the Oceana Deposit for a total meterage of 1407m during the reporting period (Table 2), see Figure 5. Assay results and full details for holes OC11 - OC20 (partially reported previously) are also included in this report (Table 1).

Hole	GDA94 X	GDA94 Y	X Local	Y Local	Azimuth (°T)	Dip	ψRL (m)	Length (m)
OC11	362455	5357804	1596	3684	228	-45	1192	316.6
OC12	362318	5357604	1365	3626	48	-65	1199	153.2
OC13	362346	5357590	1377	3600	48	-60	1196	113
OC14	362295	5357675	1398	3693	48	-50	1197	119.7
OC15	362346	5357590	1377	3600	48	-69	1196	141.4
OC16	362295	5357675	1396	3697	228	-70	1197	100
OC17	362328	5357552	1331	3575	48	-55	1195	71
OC18	362355	5357641	1414	3624	48	-60	1195	83
OC19	362314	5357705	1428	3703	228	-70	1199	159.8
OC20	362381	5357485	1327	3500	48	-50	1188	64.8

Table 1: Holes completed during previous reporting period, analyses now available.

ψNote: subtract 1000 from Oceana local RL for conversion purposes

Hole	GDA94 X	GDA94 Y	X Local	Y Local	Azimuth (°T)	Dip	ψ _{RL} (m)	Length (m)
OC21	362349	5357532	1340	3552	48	-60	1194	92
OC22	362325	5357717	1444	3704	48	-55	1198	122
OC23	362390	5357531	1370	3525	228	-60	1190	65
OC24	362318	5357640	1388	3652	48	-60	1199	121.3
OC25	362389	5357633	1436	3601	228	-60	1192	138.1
OC26	362324	5357668	1411	3669	48	-60	1196	88.5
OC27	362367	5357682	1452	3651	228	-60	1193	99.9
OC28	362506	5357736	1590	3600	228	-50	1186	322.5
OC29	362367	5357682	1452	3651	358	-45	1193	136.3
OC30	362535	5357490	1450	3400	228	-65	1180	221.4

Table 2: Holes completed during reporting period

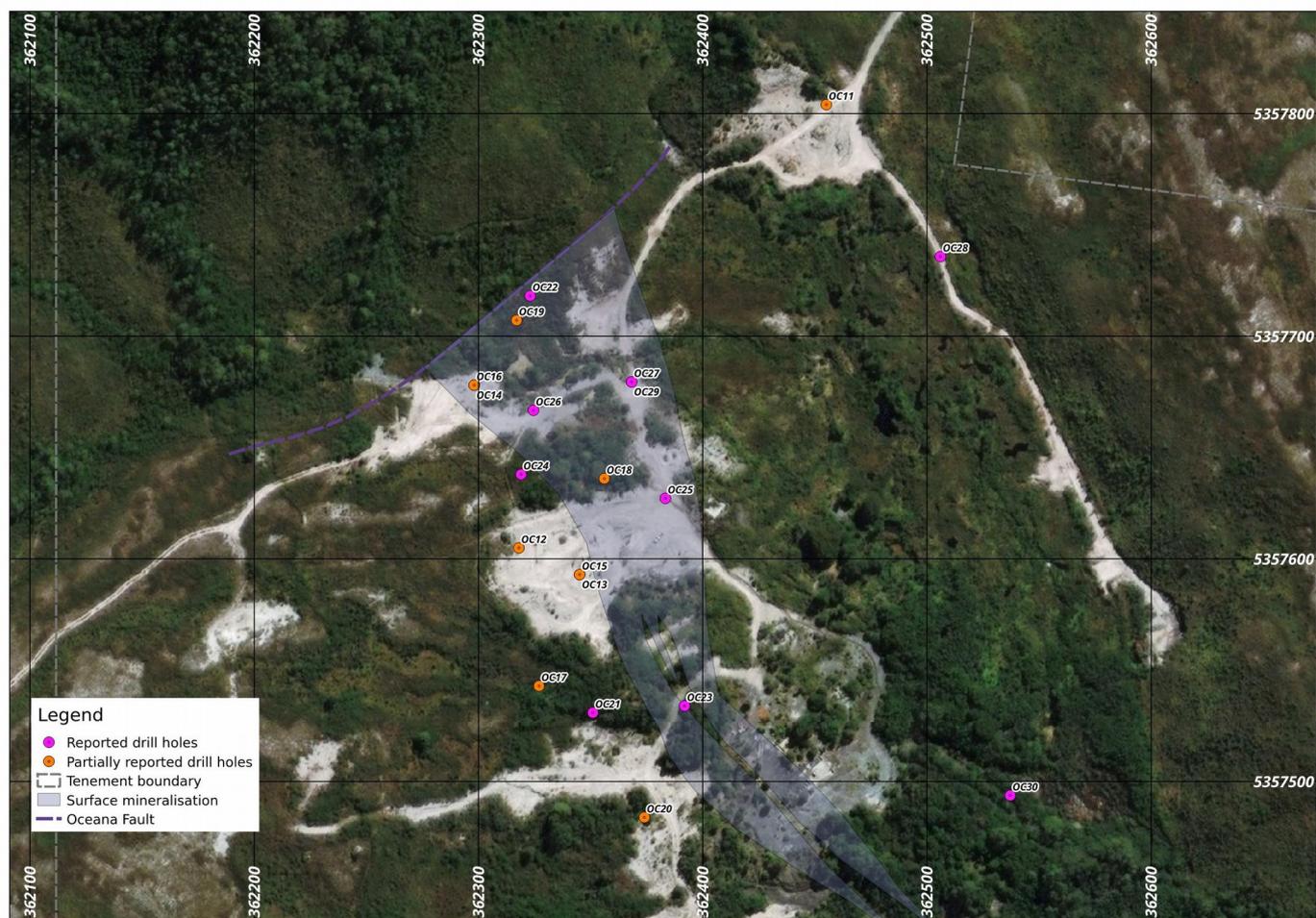


Figure 5: Oceana - location of drill holes. Note - some drill pads have two collars

Holes were drilled parallel to Oceana local grid, east or west, except for drill hole OC29 which was targeted obliquely on the Oceana Fault to the north.

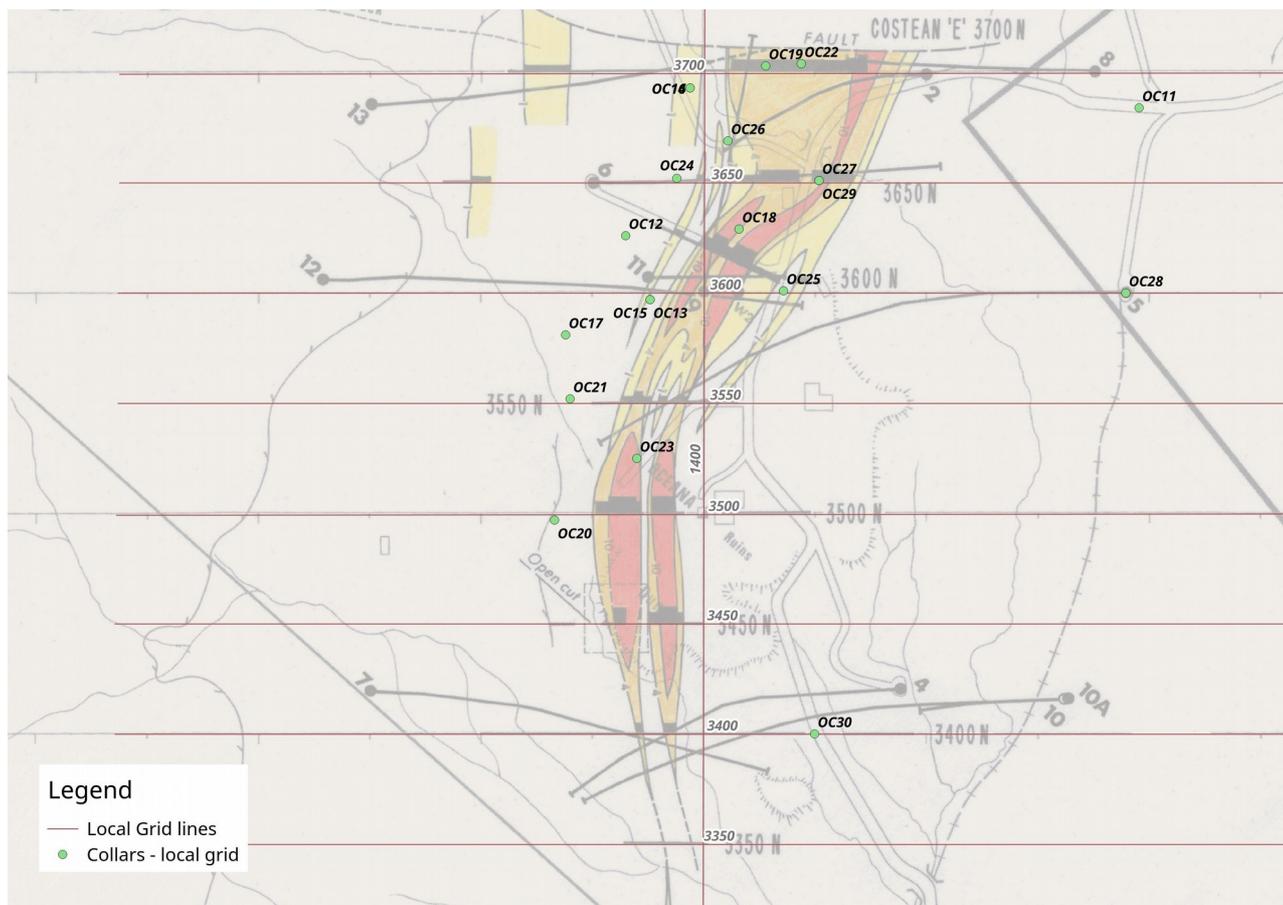


Figure 6: Holes shown with Oceana local grid, and old Amoco basemap.

For plotting purposes, to convert the drill hole azimuth from magnetic to Oceana local grid, add 55 degrees. To convert azimuth from grid north ($^{\circ}$ T) to local, add 42 degrees.

Significant intersections of ironstone-rich limestone were seen in a number of drill holes (OC14, OC19, OC22, OC26 and OC27), common close to the Oceana Fault and its intersection with the Oceana Mine Fault, in the northern regions of the deposit. These ferruginous zones were typically mineralised and sometimes contained visible secondary lead and zinc minerals such as cerussite and smithsonite (see Figure 7 and Figure 8).

As with previous drilling, significant intersections of weak to moderately mineralised grey clay after limestone were encountered in many holes. The thickest accumulations occurred close to the Oceana Fault in the northern regions of the deposit. This is consistent with the two main faults acting as the focus for oxidation and weathering at Oceana.

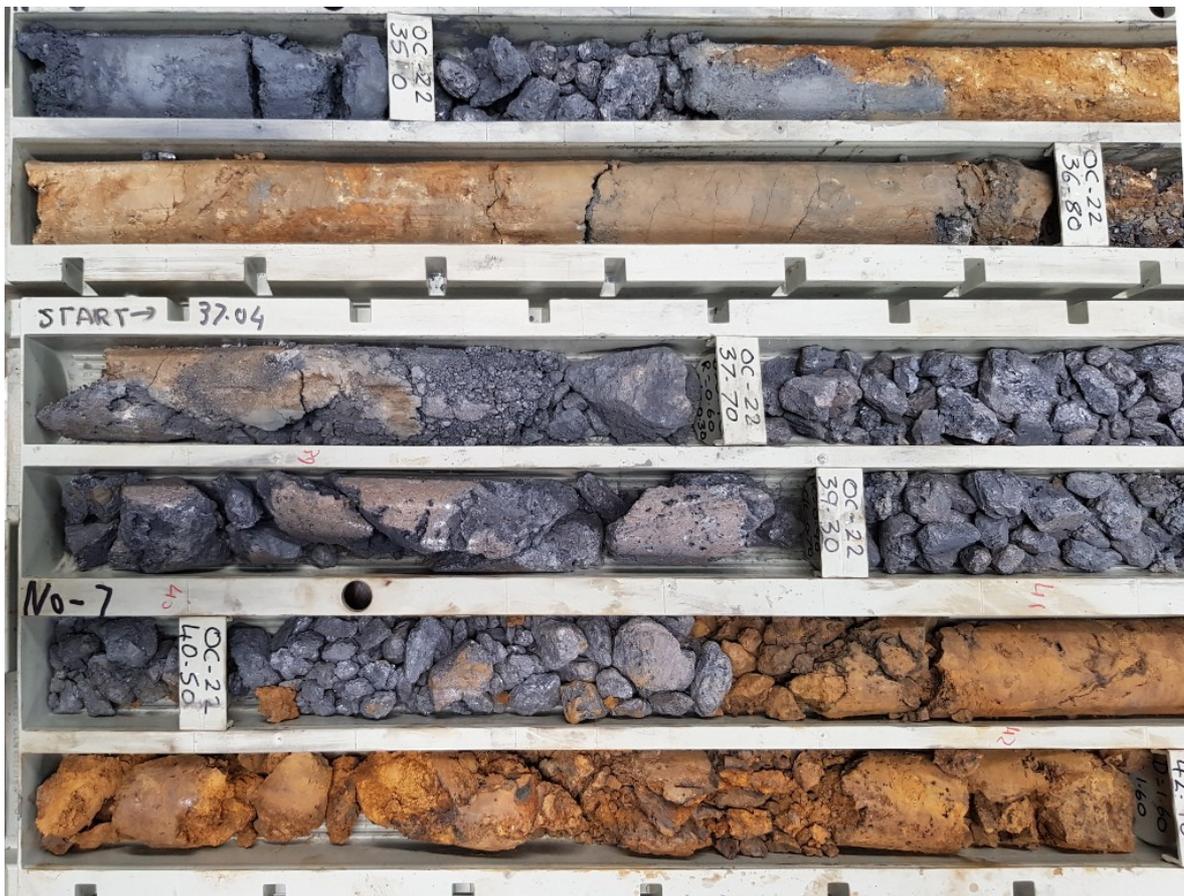


Figure 7: OC22 approximately 40m down hole showing mineralised ironstone



Figure 8: OC19, 59.4m down hole - ironstone lithology with low grade Pb/Zn min.



Figure 9: Hole OC27 displaying typical siderite breccia hosted galena mineralisation

As most of the holes drilled during the year, and reported on from last year were of a resource definition nature, individual intersections will not be covered in this report.

The roughly 25m spacing of drill holes still saw a number of cases where intersections in adjacent holes varied greatly in grade and thickness, suggesting a closer drill spacing is certainly warranted in at least some areas of the deposit.

Crudely, from drilling to date, the deposit can be subdivided into 3 main mineralisation 'domains':

- 1) siderite limestone, often breccia hosted,
- 2) ironstone with secondary lead-zinc mineralisation and
- 3) mineralised clays of perhaps quite a complex metallurgical character.

As can be seen in Figure 7 and Figure 8, the ironstone can occur from surface down to quite significant depths - 100m or more in some holes.

In hole OC27 (Figure 9) the contact between mineralised ironstone and mineralised vuggy sideritic limestone breccia can be seen at approximately 64.25m. Long intersections of fractured and variably altered and mineralised limestone breccia such as this were very common in the holes drilled during the reporting period. The fractured and vuggy nature of the mineralised limestone when fresh (a gravelly texture) meant that these zones were often associated with varying degrees of core loss.

3.1 Oceana Resource Recalculation

The current status of the resource estimate (in progress) is that a new improved geological interpretation has been completed for the mineral lodes, north and south of the Oceana Mine Fault. Wireframes have also been created for the base of cover and the base of clay material, presumably weathered limestone/sideritic mineral zone. The interpretation of the mined Oceana lodes has also be undertaken, but could be improved with incorporation of old hardcopy data - if available.

Updates have been made to the Oceana Fault and the Oceana Mine Fault wireframes. The cross sections in Appendix A contain this updated wireframe data.

The new mineral wireframes have been used to generate composites for Pb, Zn & Ag that have been modelled to give preliminary resource models for:

1. Open Pit North (above the 1000mRL)
2. Open Pit South (includes the old Oceana workings and all material above the 1000mRL)
3. Underground which comprises material below the 1000mRL across the deposit, mainly south of the Oceana Mine Fault. Comprises a main lode and a subsidiary splay lode (based on drillhole ZT-80-4)

Density data comprised about 300 data points supplied by AHL plus another 400 or so points from work completed on the ZT holes in the past by Zeehan Zinc. The data have been combined, plus default values generated for all lithologies to make a large density dataset suitable for modelling (rather than inserting default values).

Core belonging to clay zones were routinely screened using a handheld XRF unit in order to help select material for assaying. It was later decided to check some portions of the clays using laboratory analyses which corresponded to the Oceana mineral zone that tested negative by handheld XRF. Laboratory results indicated that some of the supposedly barren clays not sent for assay initially did have some grade in places. For this reason, a number of holes will have extra zones submitted for assaying in March/April.

The clear conclusion is that a handheld XRF is not a reliable tool for screening the limestone derived clays at Oceana. Carefully testing of either the core surface, or fresh surface breaks of the clay core by handheld XRF or in fact by eye does not give reliable information. All clay core corresponding to the mineral zone should be routinely tested in future.

4 Conclusions, Recommendations and Further Work

The strategy adopted for 2019 to focus on the shallower open-pittable portions of the Oceana deposit resulted in the successful completion of all designed drill holes with acceptable core recoveries, and no gear loss or abandoned holes. In areas where recovery was lowest (often in gravelly textured zones as described earlier) sampling intervals were chosen to match the drill run length.

The plan for 2020 at RL3/2009 involves completing the update of the Oceana resource calculation by H&S Consultants. Additionally, the following activities are recommended:

- Production of an updated scoping / feasibility study for the Oceana deposit
- analyse further intervals of clay core initially thought barren (see 3.1 above)
- Submit selected composite core samples for metallurgical testing - particularly the highly ferruginous sections seen in recent shallow drilling containing secondary minerals, as well as mineralised clay sections

5 Environment

During the period routine water sampling and analysis of the prime drainage creek at Oceana was carried out by the company.

Spraying of gorse was carried out on access tracks, and along the length of the main access track starting at the Henty Road and continuing to the gate. Significant stands of gorse have recently died, the area will be periodically monitored and re-sprayed to prevent any dormant seeds in the soil germinating from taking hold.

6 Expenditure

Oceana RL3/2009 Expenditure for the period ending 01st February, 2020.

Expenditure	\$
Geology	\$ 45,100
Geochemistry	\$ 8,500
Drilling	\$ 166,000
Rehabilitation	\$ 4,100
Other	\$ 5,900
Administration	\$ 59,000
TOTAL	\$ 288,600

Table 3: Exploration Expenditure, 2019

7 References

Akerman, T., 1998; TCR98_4225 - Oceana Retention Licence 8809, Annual Report for Period Ending September 1998

AMC, 2008. AMC Consultants (unnamed) Oceana Scoping Study for Zeehan Zinc Ltd. AMC 107120 Unpublished report.

AMOCO Minerals : Zeehan Exploration Drill Logs, Holes 1-63 and 64-139

Blissett, A.H.; 1962: Geological Survey Explanation Report - Zeehan.

Curtis, R., 1981; Review of the Oceana Mine Area, Zeehan, Tasmania for AMOCO Minerals Australia in Jones 1981 TCR 81-1593A

Ingham, P., 1988; TCR88_2820 - Feasibility Study, Retention Licence Application, Oceana Tasmania for Cyprus Gold

Jack, R., 1961; Report on the Oceana Mine - Zeehan. Technical Report No. 5 Tasmania Department of Mines.

Jones, P.A., 1981; TCR81_1593 - Progress Report June 1980-81, Zeehan Project, EL4/78 Tasmania

Jones, P.A., 1983; Progress report January to July 1983, Zeehan Project, Exploration Licence 4/78, Tasmania. AMOCO Minerals Australia TCR 83-2024

McGillvray, A.T., 2003; Geology and Mineralisation of the Oceana Pb-Zn-Ag Deposit, Zeehan, Tasmania (Unpublished Honours Thesis - University of Tasmania)

Quayle, P.M., 1993; TCR93_3501 - RL8809 Oceana Annual Report for Pasminco Exploration

Reid, S., 2006; Conceptual Pit Design for the Oceana Open Pit Resource.

Saxon, M.S., 1994; Oceana RL8809 JV Annual Report September 1993 to August 1994. Pasminco Exploration Report No. T94-9

Taylor, S. and Mathison, I.J., 1990; Oceana Lead/Zinc/Silver Deposit in Geology of the Mineral Deposits of Australia and Papua New Guinea (Ed. F.E.Hughes), pp1253-1256 (The Australian Institute of Mining and Metallurgy; Melbourne)

Tear, S.J., 2005; Geological Interpretation for the Allison's Lode & West Lode and Oceana Deposit, Zeehan, West Tasmania

Tear, S.J., 2006a; Block Model Report for the Oceana Pit Resource January 2006, Zeehan, Tasmania

Tear, S.J., 2006b; Oceana Pit: Resource Review February 2006, Zeehan, Tasmania

Veska, L.T., 2015. Retention Licence 3/2009 Oceana Second Annual Progress Report. Unpublished Mineral Resources Tasmania TCR report for Australian Hualong P/L.

Veska, L.T., 2016. Retention Licence 3/2009 Oceana Third Annual Progress Report. Unpublished Mineral Resources Tasmania TCR report for Australian Hualong P/L.

RL3/2009 Oceana - Seventh Annual Progress Report, February 2020

Veska, L.T., 2017. Retention Licence 3/2009 Oceana Fourth Annual Progress Report. Unpublished Mineral Resources Tasmania TCR report for Australian Hualong P/L.

Veska, L.T., 2018. Retention Licence 3/2009 Oceana Fifth Annual Progress Report. Unpublished Mineral Resources Tasmania TCR report for Australian Hualong P/L.

Veska, L.T., 2019. Retention Licence 3/2009 Oceana Sixth Annual Progress Report. Unpublished Mineral Resources Tasmania TCR report for Australian Hualong P/L.



Figure 10: Author, Zeehan Site Manager and wives in centre, Gejiu, Yunnan Province, China. (Jan 2019)