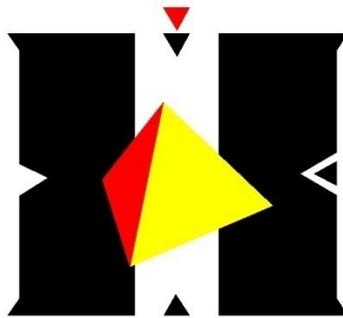


Exploration Licence 30/2002 Zeehan

Partial Surrender Report

July 2020



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Mineral Resources Tasmania

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

Abstract

Exploration Licence 30/2002, located to the west of Zeehan was transferred to Australian Hualong Proprietary Limited (AHL) from Creat Resources Holdings Limited (CHRL) in 2013.

A portion of the licence has recently been incorporated into the Comstock ML2068 P/M lease application. An area of approximately 9km² which was unlikely to be explored in the near future, or was not considered prospective for the deposit types of interest has been surrendered during 2020. Former EL3/2019 (McLean Creek) has been consolidated into EL30/2002, resulting in the current licence area of 13km².

No exploration work has been undertaken by Australian Hualong P/L during the life of the licence on the area surrendered. No exploration data pertaining to the surrendered area exists that has not been reported earlier.

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1 Introduction

Exploration Licence 30/2002, located to the west of Zeehan was transferred to Australian Hualong Proprietary Limited (AHL) from Creat Resources Holdings Limited (CHRL) in 2013. The licence covered an area of 8 km² at the time of acquisition. EL30/2002 was consolidated with AHL tenement EL18/2003 during 2015, resulting in a total area of 22km². A portion of the licence has been incorporated into the larger Comstock ML2068 P/M application. An area of approximately 9km² has been surrendered during 2020, providing the impetus for this report. Former EL3/2019 (McLean Creek) has been consolidated into EL30/2002 resulting in the current licence area of 13km².

1.1 Access

The access to the relinquished area is via 4WD-only track from the north.

1.2 Land Use

Land use within the relinquished part of the licence is *Future Potential Production Forest (Crown)*.

1.3 Exploration Rationale

The EL30 licence area has changed considerably over the tenure period as discussed in Section 1. The surrendered area has seen very little focused modern exploration by any company. Zeehan Zinc Limited and Creat Resources Holdings Limited (CRHL) considered some areas mildly prospective for nickel skarns (akin to Avebury) and also Cuni vein-style deposits associated with the scarce known outcrops of pyroxenite intrusives, despite sporadic interest, often coinciding with elevated nickel prices, only regional exploration work was performed, such as the CRHL SkyTEM survey in 2009.

The current makeup of EL30/2002 is mostly composed of the former EL3/2019 (McLean Creek). The McLean Creek area is of interest to Australian Hualong for carbonate replacement deposits similar to the Boss deposit, with the interbedded graphitic and carbonaceous siltstones/shales from the Oonah Formation also of interest for potential shale-hosted Pb-Zn mineralisation. With the Company's focus on exploration for Pb/Zn in EL30 at more mature prospects such as Sunshine, the area of 9km² shown in Figure 1 was unlikely to see exploratory work any time soon, leading to the decision to surrender the area.

2 Tenement Details

EL 30/2002, was originally granted to Zeehan Zinc Exploration Pty Ltd on 7 February 2003. This title was transferred via Creat Resources Holdings Limited to Australian Hualong Proprietary Limited (AHL). The original licence area covered 8 square kilometres and excluded areas within the licence included:

- Land owned or leased by the Commonwealth of Australia;
- Mining Leases
- Retention Licences
- Crown reservations.

The area within EL30 originally constituting the Comstock Mine Lease, ML 5M/2007, was granted as Retention Licence 4/2009.

An application to consolidate neighbouring AHL licences EL30/2002 and EL18/2003 was granted during 2015, with the resultant combined licence being designated as EL30/2002 (see Figure 2) with an area of 22 sq km.

The southern area of the licence (9km²) has been surrendered (shown in a blueish colour in Figure 1 below).

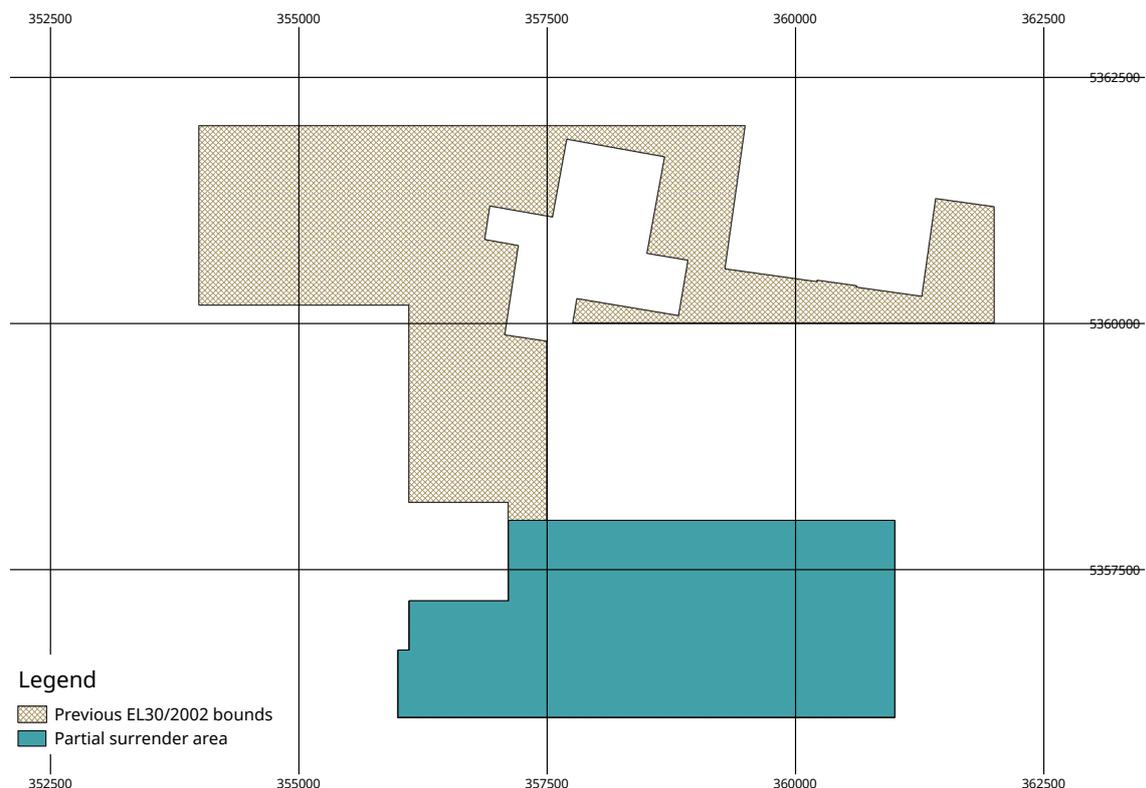


Figure 1: EL30/2002 - 9km² partial surrender area in blue (the subject of this report)

The tenement has undergone a quite complex series of transformations. The Comstock retention licence is in the process of becoming a larger mining lease (ML2068 P/M) to incorporate the Tenth Legion magnetite deposit, potential processing plant and haul roads at Comstock (see Figure 3). This

cookie-cutter action has resulted in EL30/2002 becoming a little dismembered, these island components and EL3/2019 (McLean Creek) have been consolidated into EL30/2002 for a final and current area of 13km².

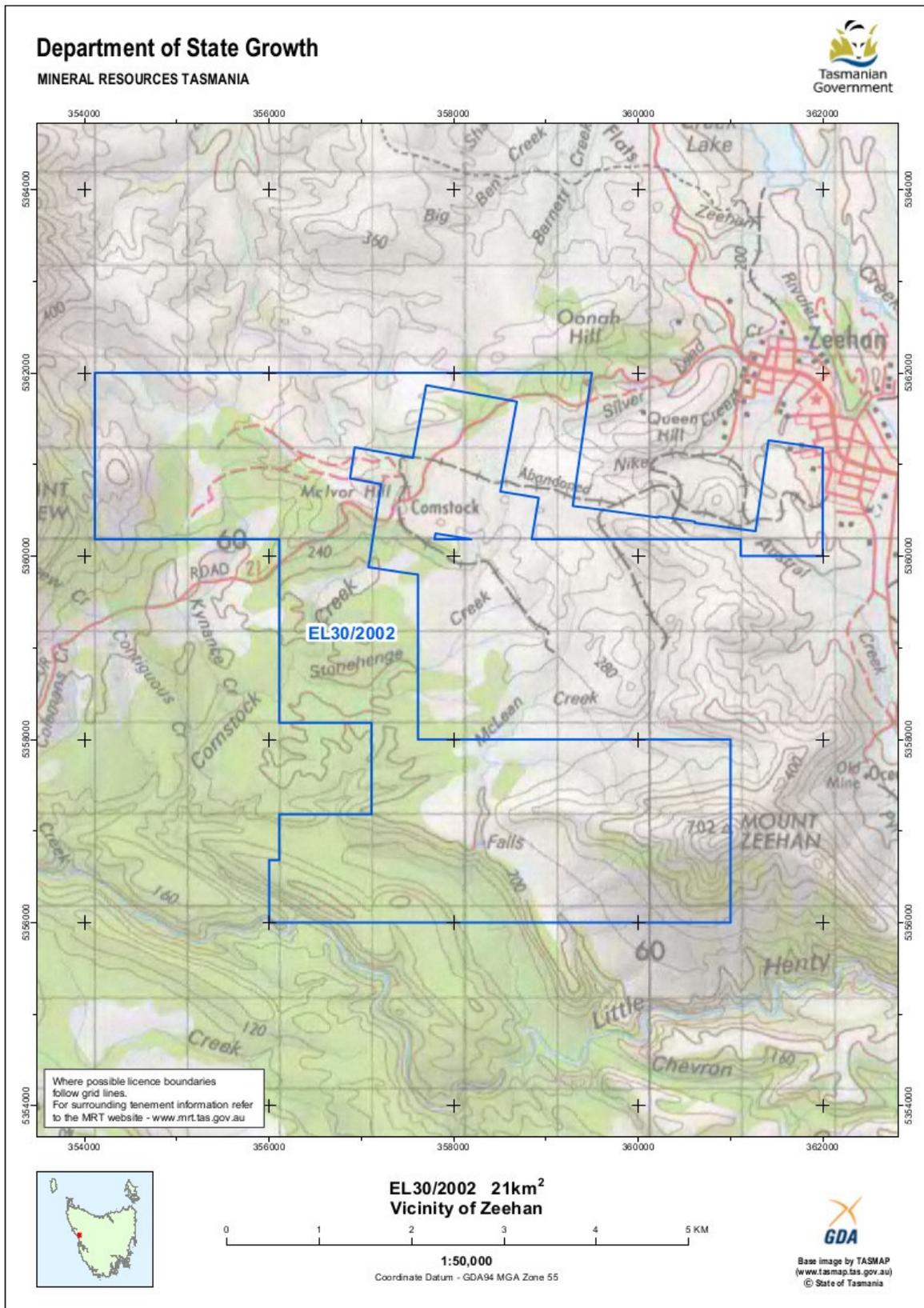


Figure 2: Location and geometry of EL30/2002 before partial surrender

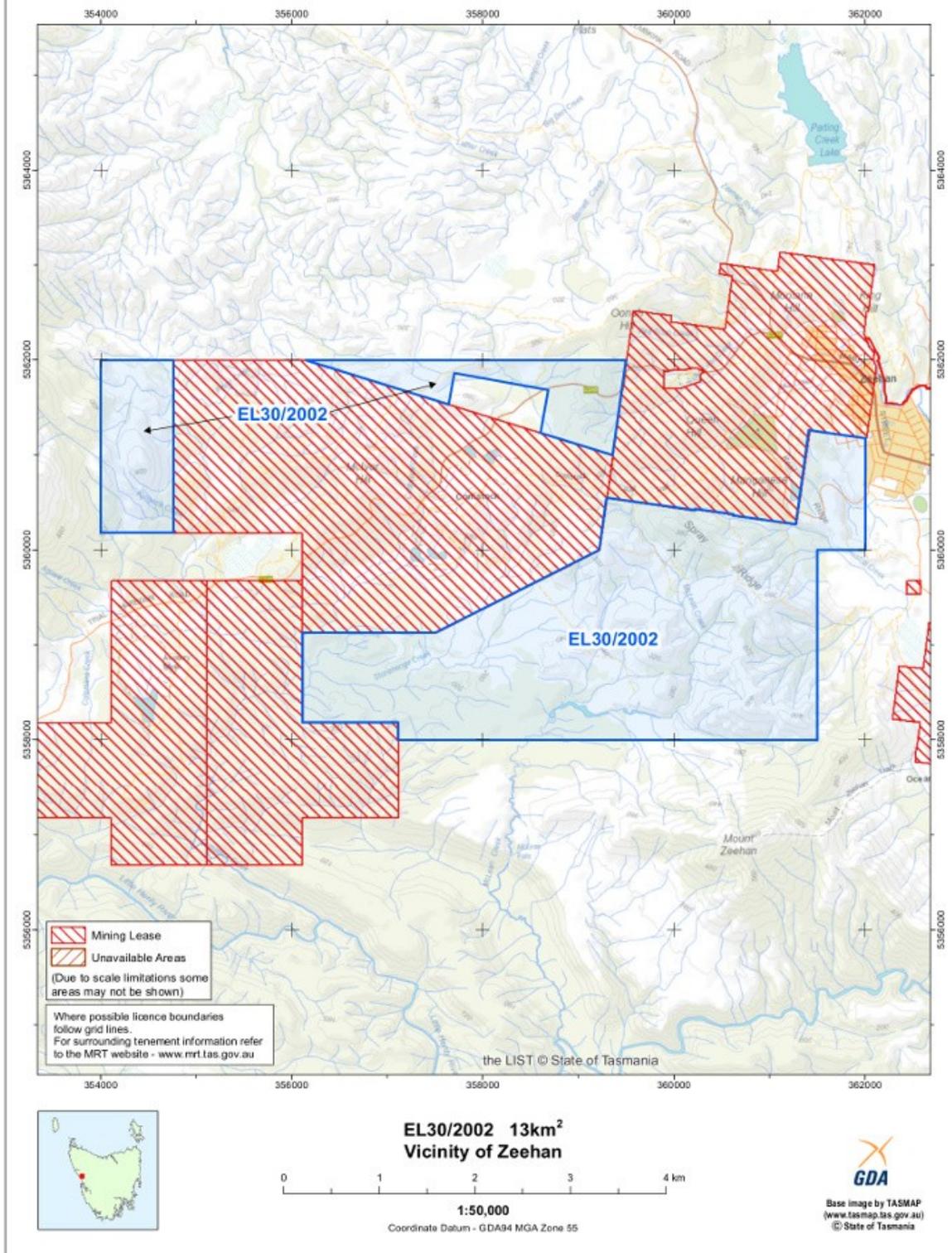


Figure 3: Configuration of EL30/2002 at the time of writing

3 Geology of the Surrendered Area

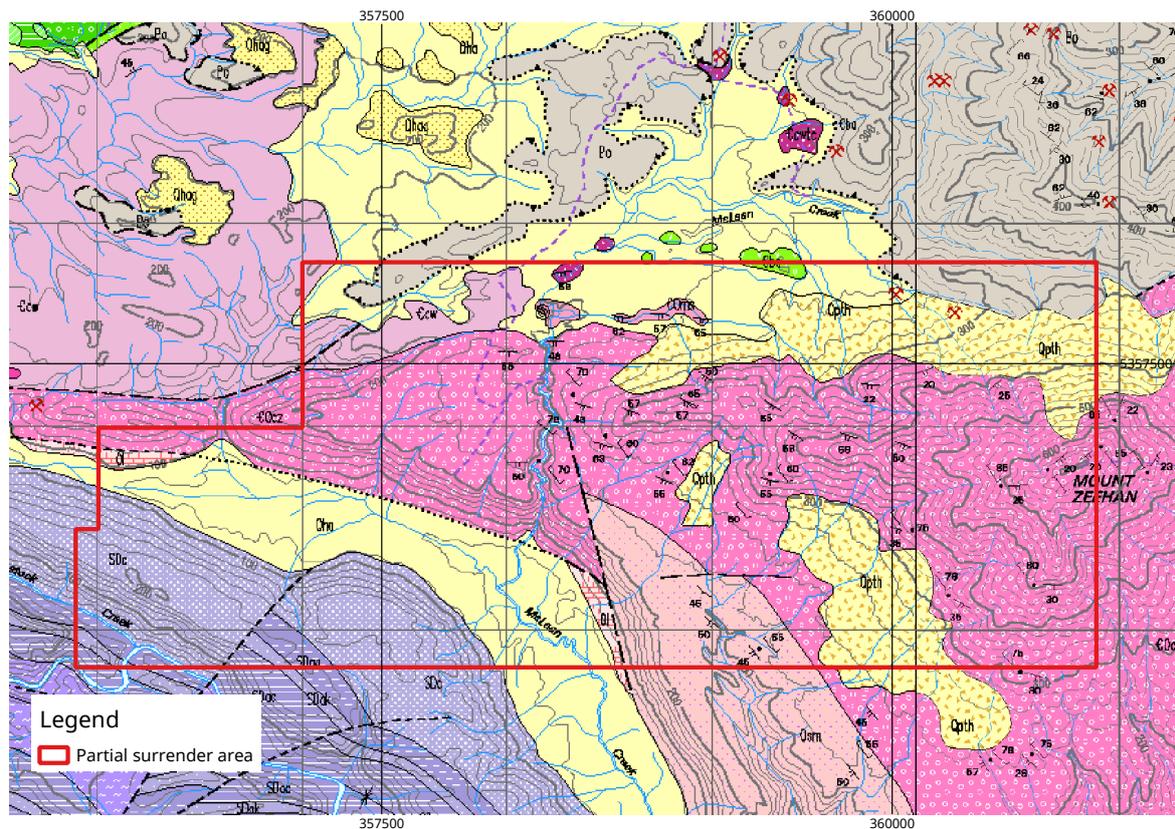


Figure 4: 1:25K Geology of the surrendered area

The geology of the surrendered area is dominated by the Mt Zeehan Conglomerate and younger clastic sediments and limestone (Figure 4), not considered of interest for Pb/Zn mineralisation of the exploration model types mentioned in Section 1.3, however the very northern margin of the surrendered area has some mapped areas of thrustured Proterozoic Oonah Formation present of reasonable prospectivity for these types.

4 Work Completed

No exploration work has been undertaken on the area surrendered during the life of the licence. No exploration data pertaining to the surrendered area exists that has not been reported earlier.

5 Conclusions and Recommendations

According to the 2020 MRT Reporting Guidelines, a final report (surrendered area) should discuss the nature and distribution of any mineralisation in the area being surrendered. Remarkably, there is only one historic/known prospect (Silver Duke) present in the Mineral Resources Tasmania deposit database within the surrendered area (Figure 5).

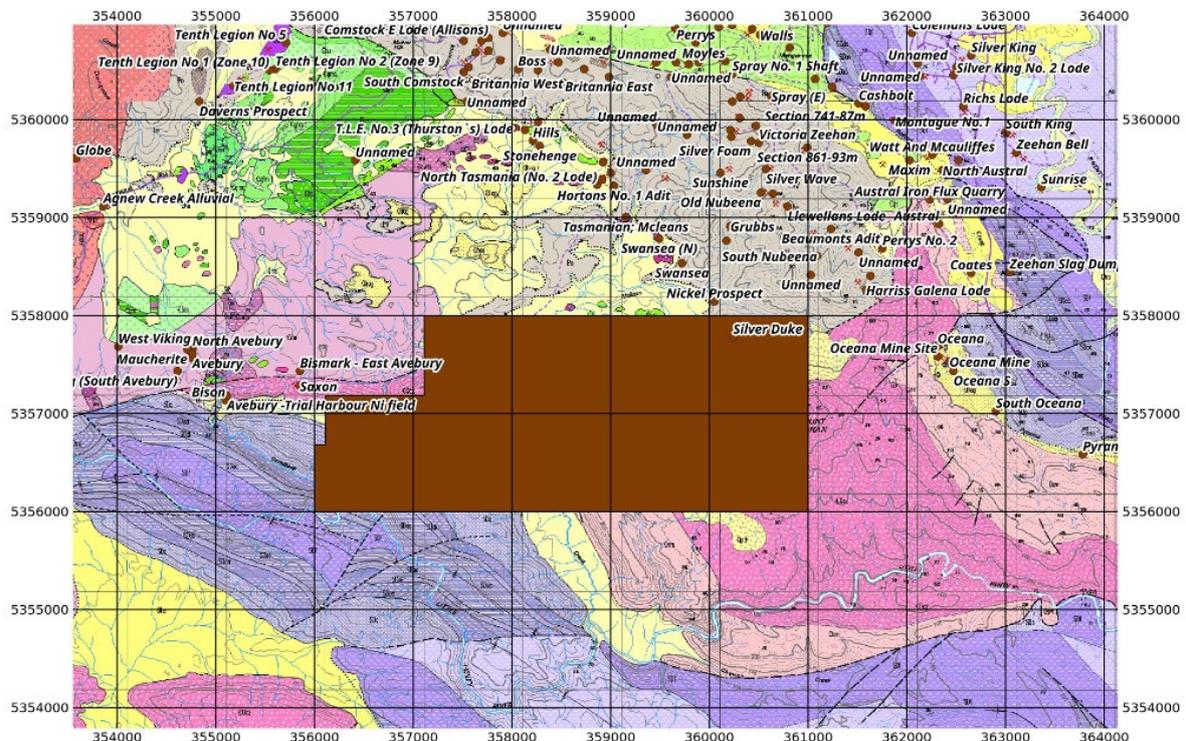


Figure 5: Paucity of known deposits/historic prospects in surrendered area (shaded brown)

An area of Gordon Limestone, presumably much larger than the mapped outcrop in Figure 4 exists in the southwest of the surrendered area. This area is characterised by very low relief, and is mostly concealed by recent Quaternary cover. The potential exists for MVT-type Pb/Zn mineralisation similar to that at the Oceana Deposit, 4km to the east.

6 Environment

Australian Hualong 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 work has been undertaken within the surrendered area that has resulted in environmental disturbance of any kind.

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Figure 6: Photographed in Yunnan Province near Yuanyang Terraced Rice Paddies