Retention Licence 3/2009 Oceana

Eighth Annual Progress Report

For The Period

01/02/2020 – 01/02/2021

Australian Hualong Pty Ltd

1 Fowler Street

Zeehan, TAS 7469

Author: Laurie Veska

Date: February 2021

Contents

Figures

Tables

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

Abstract

Additional sampling and assaying of a total of 232 samples comprising AHL Oceana drill core as well as intervals from diamond drill holes from Creat Resources Holdings Limited 2008 drilling program was performed during the reporting period. This additional undertaking delayed the completion of the resource calculation, hence formal resource deliverables (block model, 3D wire-frames etc) will be included in the 2021 annual report.

A preliminary JORC resource has recently been calculated by H&S Consultants at Oceana deposit based on an open pit operation both north and south of the Oceana Mine Fault.

Preliminary resources are reported for two open pit scenarios bisected by the Oceana Mine Fault (2% Pb cut-off), a depth of 70m below surface (1130mRL) for a south pit and 1100mRL (100m below surface) for a north pit. 75-80% of the resource will be in the Indicated category.

	Tonnes	Pb (%)	Zn (%)	Ag (ppm)	Pb (T)	Zn (T)	Ag (ozs)
North Pit	1,139,446	5.36	1.93	35.9	61,086	22,025	1,314,503
South Pit	80,316	5.72	0.60	58.3	4,596	479	150,612
Total	1,219,762	5.38	1.84	37.4	65,682	22,504	1,465,115

Exploration expenditure for the 12 month period at Oceana totalled $11,000 – mostly comprised of additional assaying laboratory 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 km^2, 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.

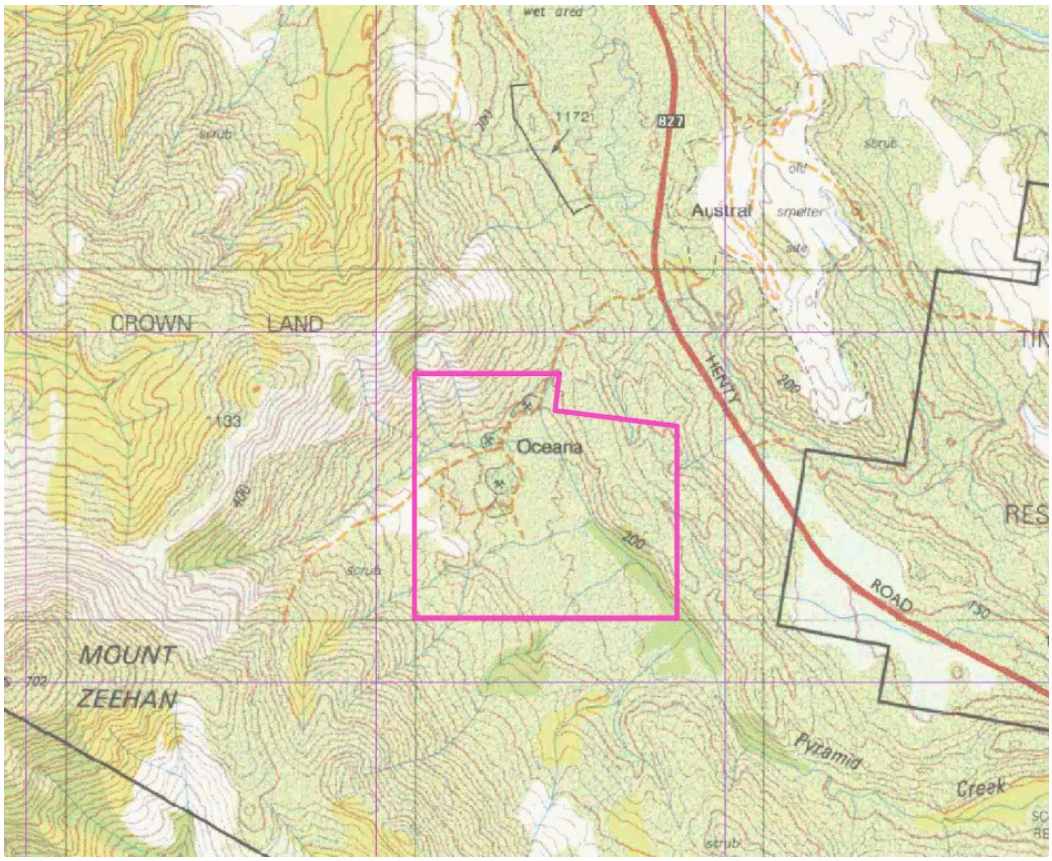

Figure 1: Oceana retention licence to the NE of Mt Zeehan

1.1.3 Land Tenure

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

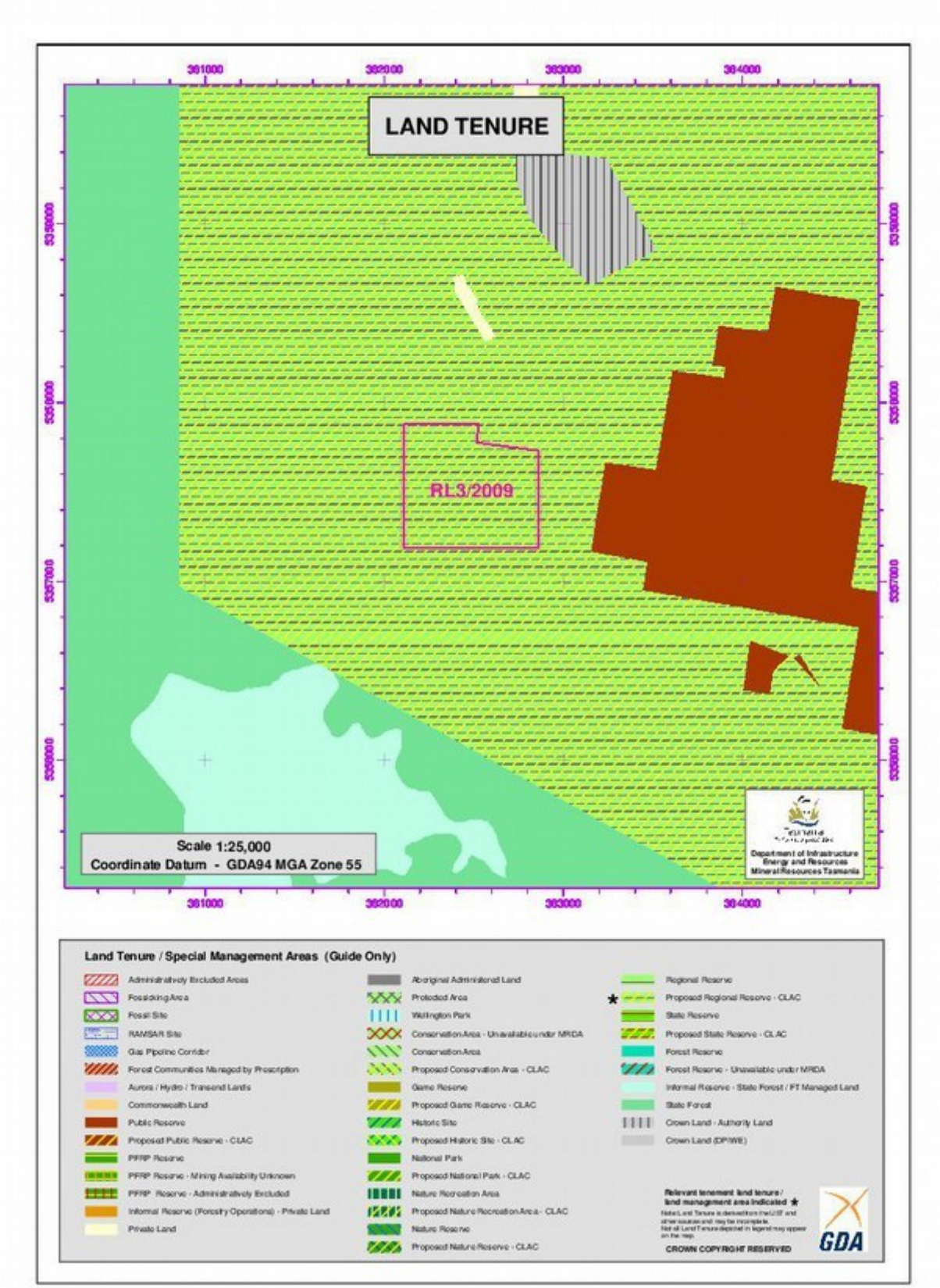

Figure 2: Land Tenure Oceana Retention Licence

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 calcsiltites, 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.

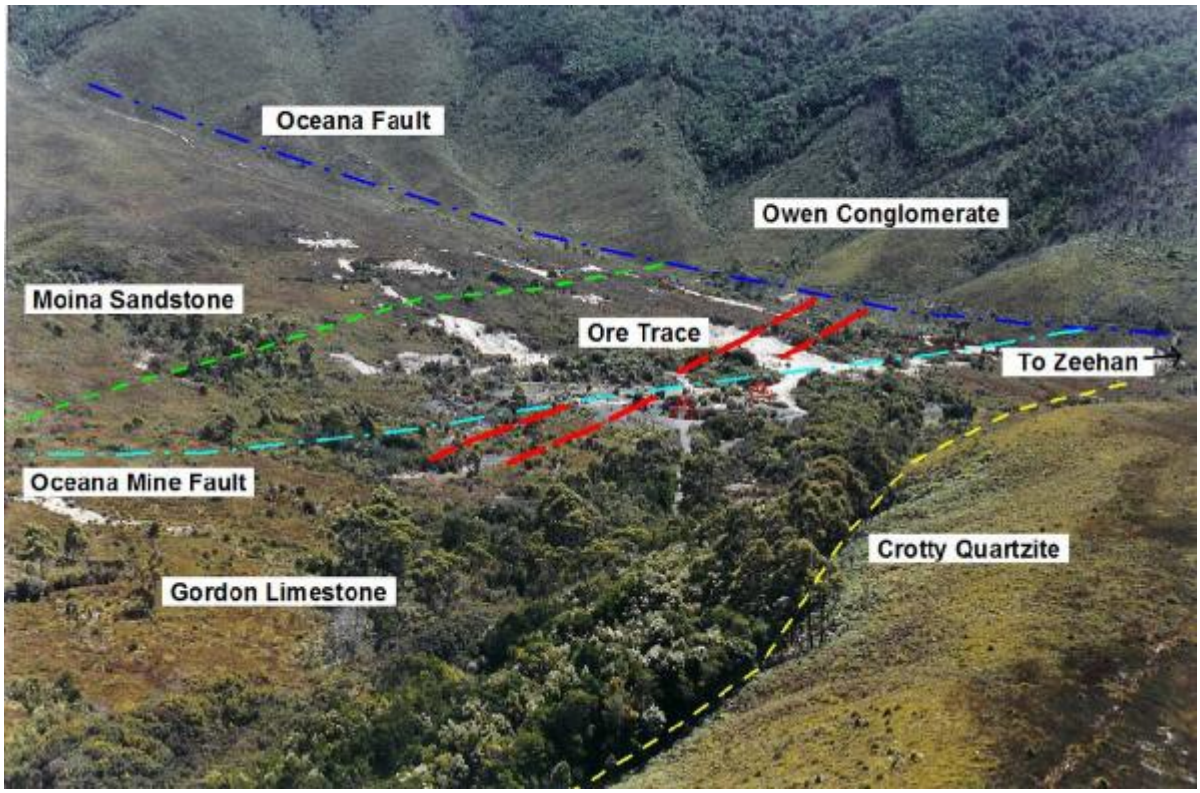

Figure 3: Oceana local geology looking north-west

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.

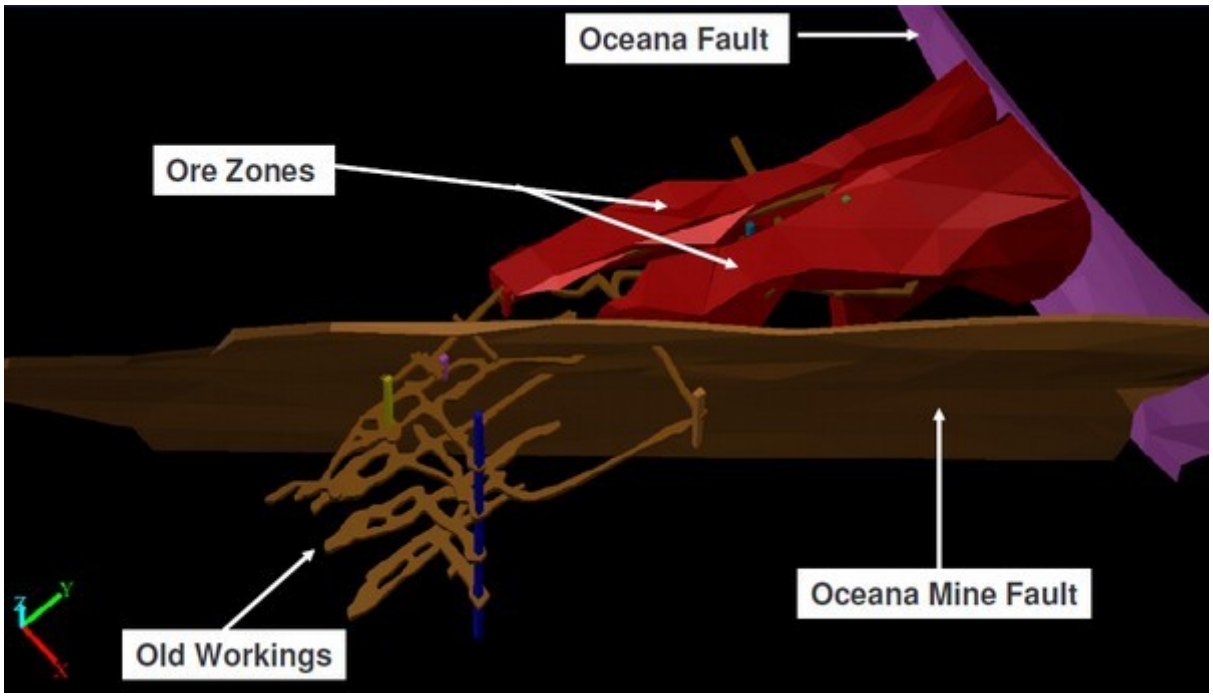

Figure 4: Oceana Resource A mineral zones

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

3.1 Additional intervals selected for sampling and assaying

Additional low-grade clay-rich intervals were selected for assaying from Australian Hualong OC holes and previously un-assayed intervals from Creat Resources Holdings Limited (CRHL) holes that were at or near the interpreted mineral zone were selected for assaying to gain better, more representative figures of the overall deposit grade during the resource estimation process.

A total of 232 intervals from Hualong holes: OC4, OC6, OC12, OC13, OC15, OC19, OC22, OC24, OC25, OC27, OC29 and CRHL (2008) holes ZZED5, ZZED7, ZZED8 and ZZED8B were sampled. Fe, S, Mn, MgO, Ca, Pb and Zn were assayed using XRF75E and Ag by AAS40Q at the SGS Renison Laboratory.

Results are included as digital attachments to this report.

3.2 Oceana Open Pit Resource

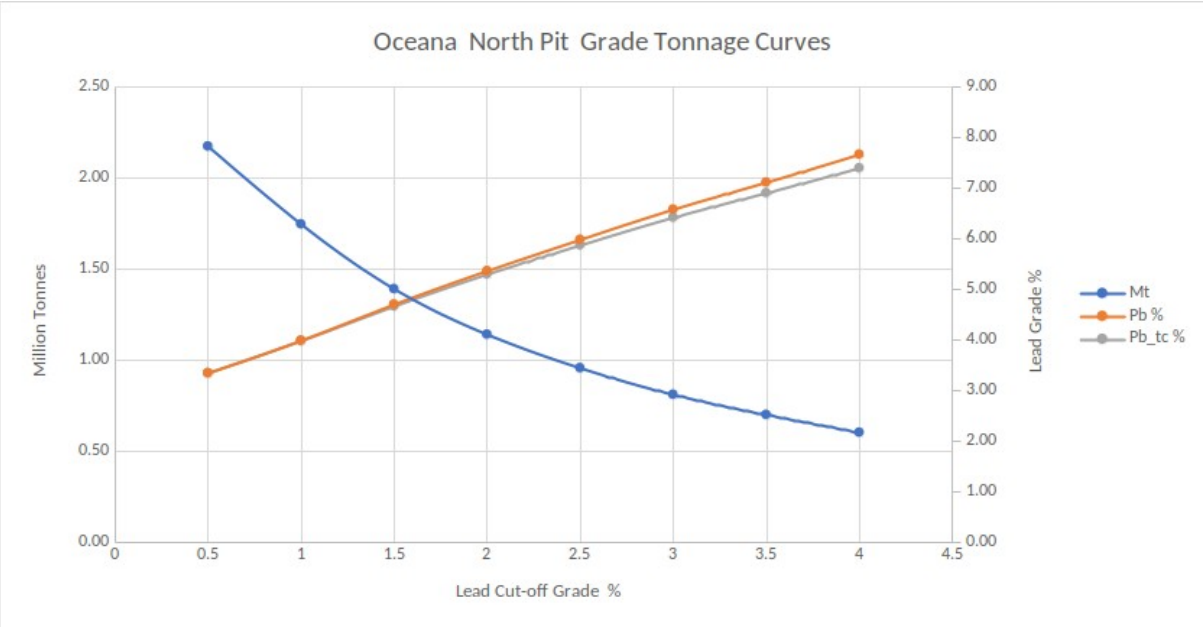

Figure 5: Grade-tonnage curve for open pit north of Oceana Mine Fault

A preliminary JORC resource has recently been calculated at Oceana deposit based on an open pit operation both north and south of the Oceana Mine Fault.

The resource calculation was performed by H&S Consultants, Brisbane QLD.

Preliminary resources are reported for two open pit scenarios bisected by the Oceana Mine Fault (2% Pb cut-off), a depth of 70m below surface (1130mRL) for a south pit and 1100mRL (100m below surface) for a north pit. It is expected that 75-80% of the final calculated resource will be in the Indicated category.

The resource figures will be further tuned based on a refined pit shell, and a JORC 2012 Table 1 will be completed during 2021 for formal reporting purposes.

Table 1: Figures calculated using 2% Pb cut-off

	Tonnes	Pb (%)	Zn (%)	Ag (ppm)	Pb (T)	Zn (T)	Ag (ozs)
North Pit	1,139,446	5.36	1.93	35.9	61,086	22,025	1,314,503
South Pit	80,316	5.72	0.60	58.3	4,596	479	150,612
Total	1,219,762	5.38	1.84	37.4	65,682	22,504	1,465,115

4 Conclusions, Recommendations and Further Work

The plan for 2021 at RL3/2009 involves finalising 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
- 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.

6 Expenditure

Oceana RL3/2009 Expenditure for the period ending 01st February, 2021.

Expenditure	$
Geochemistry	$ 11,000
TOTAL	**$ 11,000**

Table 2: Exploration Expenditure, 2020

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

McGilvray, 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.

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.

Veska, L.T., 2020. Retention Licence 3/2009 Oceana – Seventh Annual Progress Report. Unpublished Mineral Resources Tasmania TCR report for Australian Hualong P/L.