ANNUAL EXPLORATION REPORT

EL 24975

FOR PERIOD ENDING 17th SEPTEMBER 2010

'*ATTACK CREEK*' TENNANT CREEK NT

Tennant Creek SE5314	**1:250,000**
Flynn 5759	**1:100,000**
Short Range 5659	**1:100,000**

Titleholder: Australia Mining and Gemstone Co. Pty. Ltd

Report No. 2010-004 Prepared for
Australia Mining and Gemstone Co. Pty. Ltd
By Mingjin HOU
Australia Mining and Gemstone Co. Pty. Ltd
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1. SUMMARY

EL 24975 is roughly 70 kilometres north-north-west of Tennant Creek, lying about seven kilometres west of the Stuart Highway. At the beginning of the getting EL24975, Territory Uranium Company Pty Ltd was primarily exploring for Cu, Au and U. And also they suggested that other commodities that could not be ignored were economic quantities of manganese and iron. Exploration on EL24975 for year 2 focused on the gold, phosphate and uranium potential of the area by TUC. Field reconnaissance and a ground scintillometer traverse were undertaken across the tenement with rock chip samples taken from where anomalous readings were recorded.

In year 3 TUC, after reviewing its tenement commitments, has chosen to sell this tenement, as part of a package, to Anhui Geology and Mining Investment Ltd. This sale was established as a direct result of attending the Ministers delegation to China in 2008.

Due to the sale of this tenement to Australia Mining and Gemstone Co. Pty. Ltd Territory Uranium had not planned any exploration on this tenement for year 4. The transfer had been completed in the 8th of September of 2009. Anything is new for us; we have to review all of the information about the EL24975. We cannot be able to do anything about the tenement except some information review.

2. LOCATION AND ACCESS

EL24975 is situated approximately 70km NNW of Tennant Creek, NT (Figure 1). The western boundary of the License runs approximately seven kilometers west of the Stuart Highway. The tenement surrounds Attack Creek.

Topography is controlled by Attack Creek which drains to the east. The western portion of the License has the higher relief where the exposure of sandstones is generally good. Attack Creek can flood in heavy rains during

the wet season.

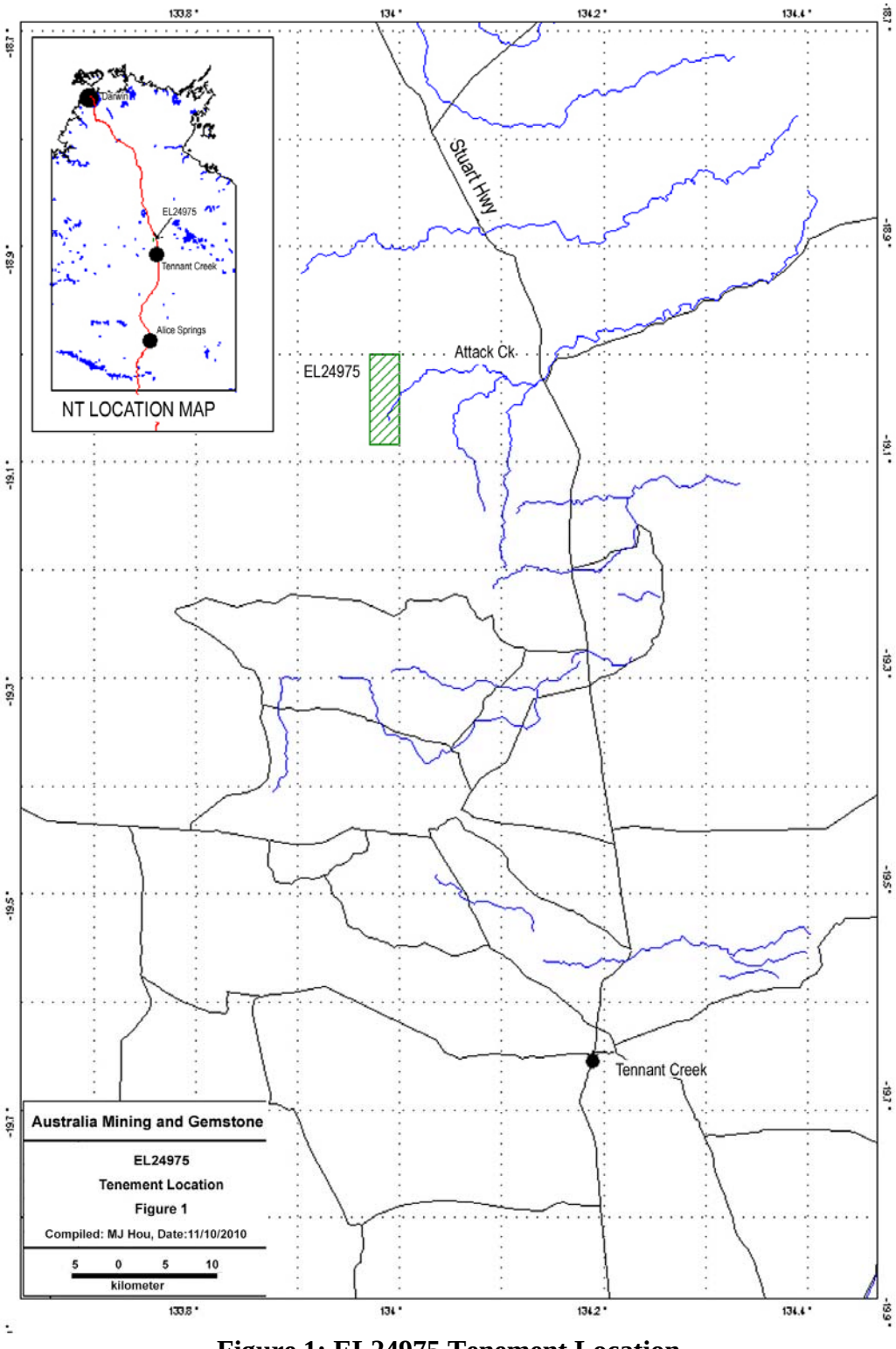

Figure 1: EL24975 Tenement Location

The area has arid, 'tropical' climate with long hot summers and short mild winters. Rainfall peaks over the summer period (December to February) with up to 100mm during January (mostly storm related). Temperatures can range from 10^{o}C during the winter into the high 30 ^{o}C for extended periods during summer.

3. TENEMENT STATUS AND OWNERSHIP

EL24975 was granted on 18th September 2006 and expires on 17th September 2012. The tenement comprises 19 graticular sub blocks (57.6 sq km) when granted (Figure 2). There are no other current mining leases or mineral claims shown within the License boundaries.

Underlying cadastre is all Perpetual Pastoral Lease, Landowners are as follows:

000 01311 Banka Banka Perpetual Pastoral Lease 938
S. Kidman and Co Ltd. (ABN 36 007 872 317)
GPO Box 346, North Adelaide SA 5006

000 00408 Phillip Creek Perpetual Pastoral Lease 946
Charlie & Judy-Anne Warby
998 Wybara Road, Roma QLD 4455

Second year tenement reduction has been completed with 9 blocks dropped (Figure 2, blocks within bule polygon were surrendered) leaving 10 blocks (28.37 sq km).

The expenditure covenant set for the fourth year was $8,000.

A waiver from reduction was granted for year 4.

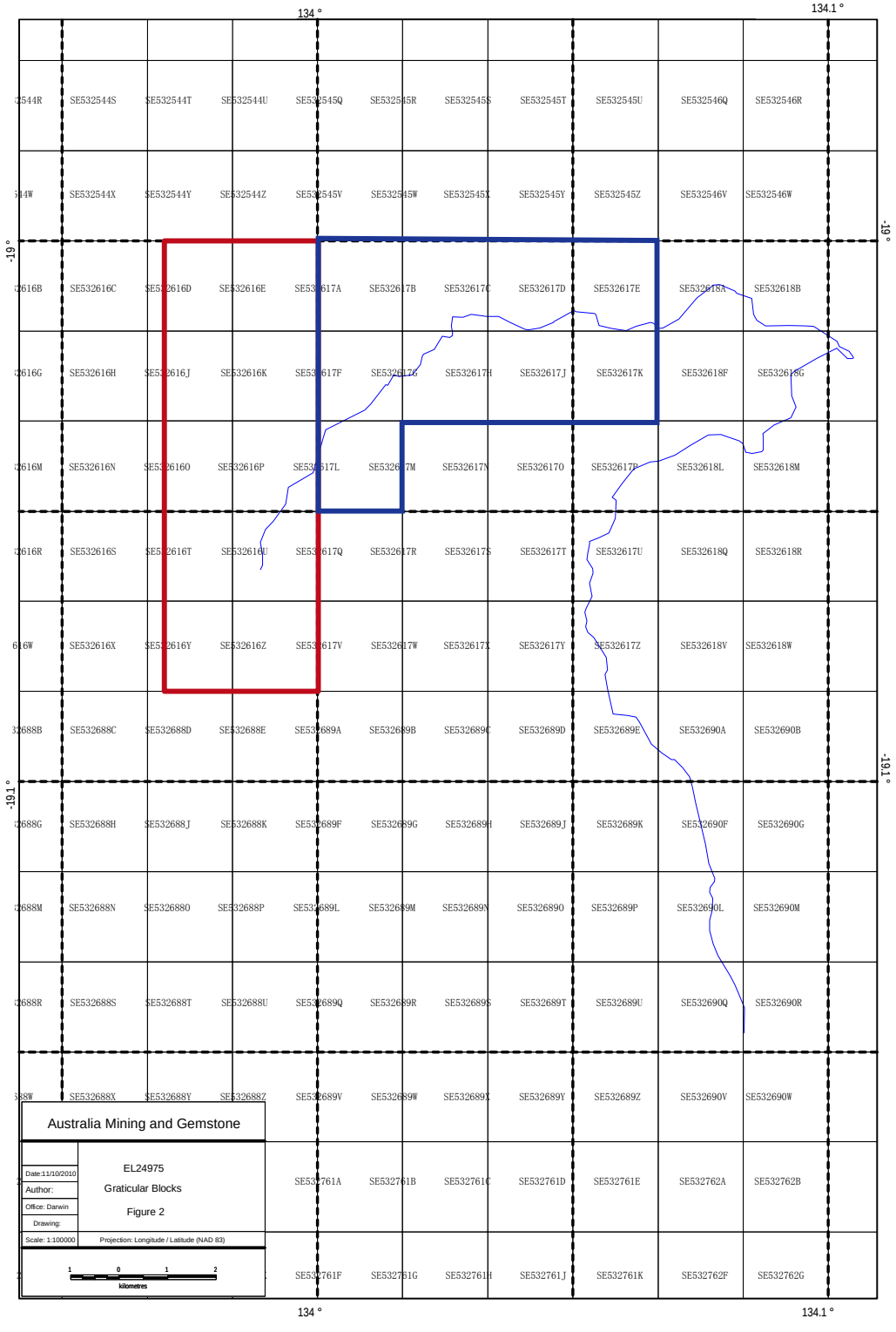

Figure 2: EL24975 Graticular Blocks within blue polygon surrender at end of 2008

4. GEOLOGY

EL24975 is situated in the north eastern portion of the Tennant Creek SE 53-14 1:250,000 Geological Map Sheet. Descriptions of the most recent geological interpretation of the geology and stratigraphy of Tennant Creek region can be found in the 1:250,000 Tennant Creek Geological map series and explanatory notes (Donnellan, et al 1999) with further additions made from 1:500,000 Geological Mapping and Interpretation of basement geology (Donnellan and Johnstone, 2004; Donnellan 2004).

EL24975 is mapped as containing stratigraphic sequences from the Tomkinson Creek Group, which is younger than the Warramunga Formation. The Tomkinson Creek Group is mainly sedimentary (sandstone, dolostone, shale and some basalt) ranging in age from Palaeozoic to Mesoproterozoic. The province is described as 'unmetamorphosed and weakly deformed shallow marine sedimentary rocks belonging to the North Australian platform cover.' The Tomkinson Creek Group hosts the substantial deposits of manganese at Bootu Creek to the north (Figure 3).

Mapped stratigraphy within EL24975 includes; Phanerozoic (Neogene) (Qa): Sand, silt, clay, gravel; alluvial

Cainozoic (Cz): Sand, silt, clay, gravel, ferricrete, silcrete

Mesozoic (Cretaceous?) (M): Conglomerate, sandstone, siltstone, mudstone

Short Range Sandstone (Pts): Lithology is as follows -Quartz arenite, sublithic and lithic arenite, feldspathic sublitharenite, and siltstone. Depositional environment is suggested to be predominantly shallow marine littoral to subtidal, minor fluvial or deltaic (Hussey, et al 2001). The Short Range sandstone is topographically prominent.

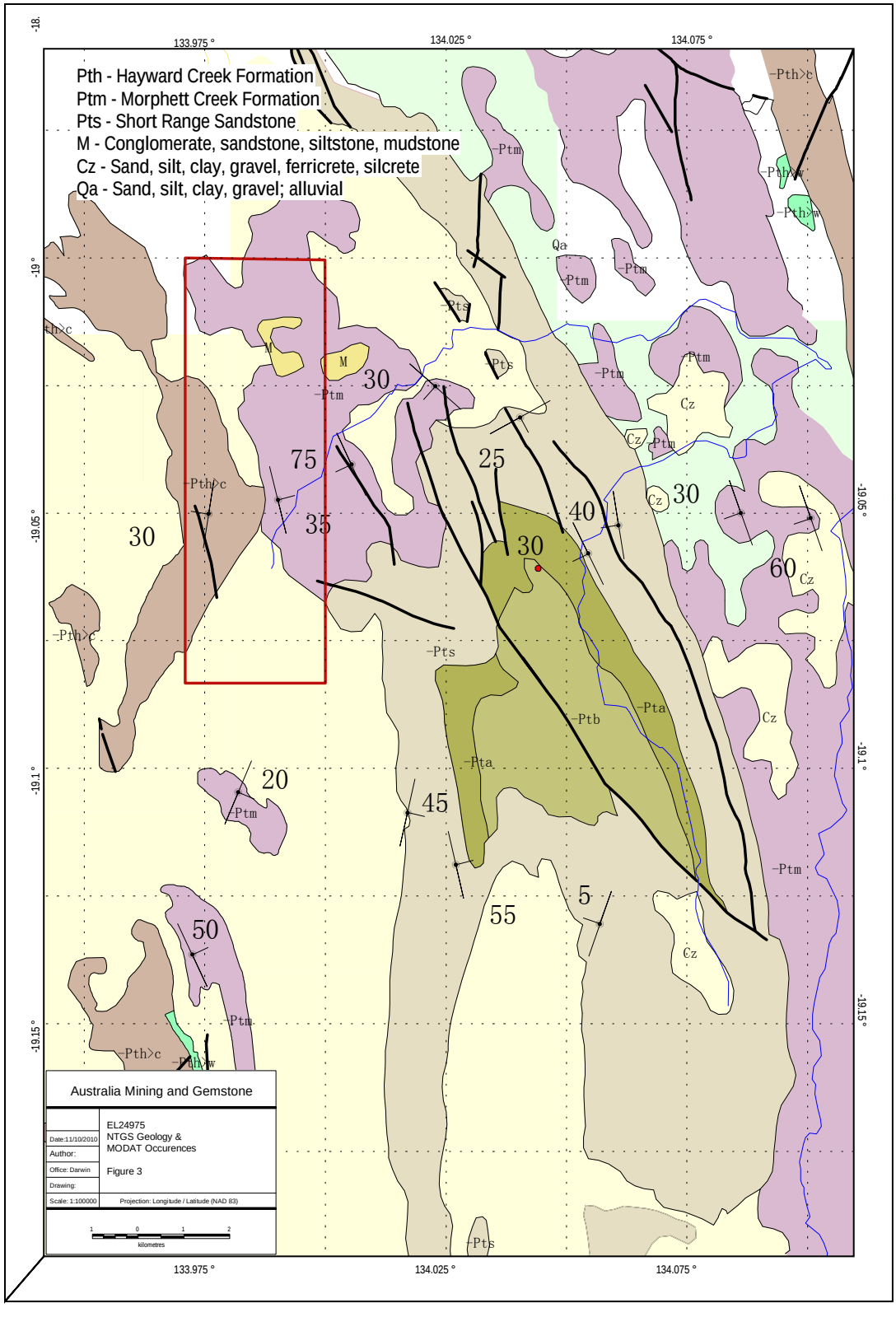

Figure 3: EL24975 NTGS Geology and MODAT Occurences

Morphett Creek Formation (Ptm): Lithology described as Sublithic/lithic arenite, feldspathic arenite, siltstone; dolostone, sandy dolostone; minor conglomerate. Depositional environment is suggested to be fluvial to shallow marine, continental red beds to marginal shallow marine including peritidal flats and sabkha. Some shallow marine channels.

Hayward Creek Formation (Pth>c): Sublithic/volcanilithic arenite Depositional environment is suggested to be fluvial to shallow marine, intertidal, periodic subaerial exposure.

Hayward Creek Formation is predominant in the west of the tenement, with the Morphett Creek formation in the centre through to the Short Range Sandstone and back into the Morphett Creek Formation in the east. Sand, silt, clay, gravel and alluvials are also a major part of the eastern drainage of this region (Donnellan, et al 1999).

The Formations belong to the Tomkinson Creek Group, which has an approximate age range of between 1400 – 1700Ma.

Faulting is mostly in a north-north-west and south-south-east direction with synformal and antiformal measurements being noted on the NTGS Map.

There are no recorded MODAT occurrences within EL24975, however roughly three kilometres from the tenement an unnamed manganese occurrence occurs in Bootu Formation.

5. PREVIOUS EXPLORATION

Part of the work done on EL24975 for the first year includes a literature review and data compilation and the results are in the section below. Figure 2 shows the graticular block numbers within EL 24975, and Appendix 1 contains the list of previous tenure, plus the graticular blocks within EL 24975, and significant reports from previous tenure and a summary of previous exploration. Use Figure 2 and blocks in Appendix 1 to see the extent of previous tenure within

EL 24975.

Exploration on EL24975 for year 2 by TUC focused on the gold, phosphate and uranium potential of the area. Field reconnaissance and a ground scintillometer traverse were undertaken across the tenement with rock chip samples taken from where anomalous readings were recorded. Later interpretation of the areas visited and geological examination of the samples lead to no lab analysis being completed.

At this stage the primary focus for exploration on this Licence is uranium potential and possible gold potential.

6. EXPLORATION DURING YEAR 3AND YEAR 4

TUC has not met the covenants for this tenement during year 3, and after reviewing its tenement commitments has chosen to sell this tenement, as part of a package, to Australia Mining and Gemstone Co. Pty. Ltd. Territory Uranium has not planned any exploration on this tenement for year 4. The transfer had been completed in the 8th of September of 2009. Anything is new for us; we have to review all of the information about the EL24975. We cannot be able to do anything about the tenement except some information review.

7. PLANNED EXPLORATION FOR YEAR 5

Work programme for the next year

All data and information reviewed, because we transferred the EL from TUC, included regional geological, geophysical and mineralization data and references.

1, High precision Geomagnetism survey for some blocks of the area,
2, IP sections,
3, IP depth sound,
4, some geological mapping,

And if the result is good for drilling, we shall take diamond drilling.

Proposed expenditure for the forthcoming year

At least 50,000A$

8. REFERENCES

Ahmad, M and Scrimgeour, I., 2004. Geological map of the Northern Territory 1:2,500,000 scale. Northern Territory Geological Survey.

Donnellan, N., Morrison, R.S., Hussey, K.J., Ferenczi, P.A., and Kruse, P.D. 1999. Explanatory Notes Tennant Creek SE53-14, 1:250,000 Geological Map Series. Department of Mines and Energy, Northern Territory Geological Survey.

Donnellan, N. 2004. Geology of the Tennant Region 1:500,000 scale. Northern Territory Geological Survey.

Donnellan, N. and Johnstone, A., 2004. Mapped and Interpreted Geology of the Tennant Region 1:500,000 scale. Northern Territory Geological Survey.

Hussey, K.J., Beier, P.R., Crispe, A.J., Donnellan, N., and Kruse, P.D. 2001. Explanatory notes 2nd Edition Helen Springs SE 53-10, 1:250,000 Geological Map Series. Department of Mines and Energy, Northern Territory Geological Survey.

Johnstone, A. 2001. Tennant Creek bedrock interpretation. Annual Geoscience Exploration Seminar, Record of Abstracts. Record 2001-006. Northern Territory Geological Survey.

9. EXPENDITURE

Expenditure (as supplied by Australia Mining and Gemstone) consisted of:

Office Studies	$8,000.00
TOTAL	**$8,000.00**

Appendix 1

List of Company Reports from Previous Tenure

EL7660 was extensive tenement that covers the entirety of **EL24975**. In 1993, MIM Exploration undertook an extensive stream sediment survey (117 samples at -200#) that focussed on the Bootu Formation where they sampled for Cu, Pb, Zn, Fe, Mn and Au. Two Copper assays (210ppm and 175ppm) of interest were returned and all lead and zinc values were at back ground. Only manganese stained outcrops were noticed. Four of the samples lie within **EL24975** and were also at background level. The ground was relinquished and the samples were not followed up.

EL 2354 covers **EL24975**. Exploration was carried out by CRA Exploration during the early 1980s. First year exploration concentrated on discerning the validity of three uranium responses from a BMR Geophysical survey across the region during 1960. Three anomalies were outlined. Area 3 is defined as a 'BMR class C' radiometric anomaly over Morphett Creek Formation (Sublithic/lithic arenite, feldspathic arenite, siltstone; dolostone, sandy dolostone; minor conglomerate). Spectrometer readings showed elevated Potassium and Thorium but no peaks in the Uranium channel. A couple of kilometres to the east in Area 1 a 6ppm U sample was taken in a thin sandstone unit. The spectrometer reading for the area equated to 4500ppm K, 26ppm U and 12ppm Th. Area 2 located to the south of **EL24975** in 'Attack Creek Formation' showed elevated potassium, minor thorium and no uranium.

EL6680 was another extensive tenement that covered three quarters of **EL24975**. Carpentaria Exploration Company Pty Ltd carried out exploration during 1990. Rock chip sampling was undertaken with anomalous copper and zinc results being ascribed to scavenging of base metals by manganese and

iron during the weathering process. Mapping work showed that the region did not match the stratigraphy of the McArthur Group.

Second year exploration involved followup of a magnetic anomaly with ground magnetics to determine whether the anomaly was kimberlitic in nature. The magnetic response was determined to be a basic volcanic of the Tomkinson Creek Group. Both geochemical and gravel/loam sampling was undertaken. No kimberlitic indicators were identified and no metal values were returned (Pb, Zn, Cu, Ni, Co, Cr, Mn, Ag, Au, Sn and W were sampled). Geology mapped by CRA exploration only vaguely correlates with the NTGS interpretation.

EL 24975 PREVIOUS TENURE					
TENURE	***BLOCKS***	***BLOCKS***	***REPORTS***	***COMMENTS***	***DATA CAPTURE***
EL 2354	SE532616Y	SE532617B	CR1982-0031	Tenure: 24/06/1980-23/06/1981	CR19820031_EL2354_SECT01_Fig1.tiff (interp)
	SE532616Z	SE532617C		Title: EL 2354 Attack Creek annual report period ending 23-06-1981	CR19820031_EL2354_SECT02_results.tiff (analogue records)
	SE532616T	SE532617F		Abstract: Radioactivity anomalies not encouraging but sampling from magnetic areas	CR19820031_EL2354_SECT03_results.tiff (spectrometer charts)
	SE532616U	SE532617G		yielded high W results	CR19820031_EL2354_SECT04_results.tiff (Geochem)
	SE532616K	SE532617H			CR19820031_EL2354_SECT05_Fig2.tiff (geology)
	SE532616J	SE532617J			CR19820031_EL2354_SECT05_Fig3.tiff (anomalies)
	SE532616O				CR19820031_EL2354_SECT05_Fig4.tiff (geophys target no
	SE532616P				location)
	SE532617L				
	SE532617D		CR1982-0385	Tenure: 24 June 1980 to 22 June 1982	CR19820385_EL2354_SECT03_fig1.tiff (Mag image)
	SE532616D			Title: Final report on exploration Attack Creek	CR19820385_EL2354_SECT03_fig2.tiff (sample locations)
	SE532616E			Abstract: Source of magnetic response is a basic volcanic. No kimberlite present.	could not locate maps as few points for referencing were available
	SE532617A			CRA Exploration	
EL 6680	SE532616Z	SE532617A	CR1990-0557	Tenure: YE 24 May 1990	No Maps provided
	SE532616U	SE532617B		Title: First and final report EL 6680 Whittington Range	
	SE532616K	SE532617C		Abstract: The licence was applied for in order to look for a McArthur style deposit. Reconnaissance has indicated that the outcropping lithologies are not suitable for this style of deposit. Anomalous copper-zinc are associated with high iron-manganese le	
	SE532616P	SE532617F		The results of mapping are not included in this report.	
	SE532617L	SE532617G		MIM Exploration	
	SE532617D	SE532617H			
	SE532616E	SE532617J			
EL 7660	SE532616Y	SE532617A	CR1993-0231	Tenure: YE 27 February 1993	CR19930231_EL7660_SECT02GC_fig.tiff
	SE532616Z	SE532617B		Title: First annual report EL 7660 Mitty Waterhole year ending 27 February 1993	CR19930231_EL7660_SECT02GC_results .tiff
	SE532616T	SE532617C		Abstract: 117 stream sediment samples were collected. Analysis returned 2 copper assays of mild interest (210ppm and 175ppm) all Pb and Zn values were at background level.	Four 200# stream sediment samples are within EL24975, sampled for Cu, Pb, Zn, Fe, Mn and Au.
	SE532616U	SE532617F		Pb, Zn, Fe, Mn, Cu, Au	Samples of interest are further to SE in Bootu Fm.
	SE532616K	SE532617G		MIM Exploration	
	SE532616J	SE532617H			
	SE532616O	SE532617J	CR1993-0557	Tenure: to April 1993	Report similar to one above
	SE532616P			Title: EL 7660 Mitty Waterhole NT final report.	
	SE532617L			Abstract: 117 stream sediment samples were collected in a	

				helicopter supported service. 2 samples returned low levels of copper anomalism (175ppm and 210 ppm Cu). All Pb and Au values were at background levels.	
	SE532617D			Pb, Zn, Fe, Mn, Cu, Au	
	SE532616D			MIM Exploration	
	SE532616E				
			CR1993-0232	Tenure: YE 28 February 1993	EL24975 not covered
				Title: Report on area relinquished year 1 EL 7660 Mitty Waterhole year ending 28 February 1993	
				Abstract: 15 stream sediment samples were collected in the relinquished portion of the licence. No anomalous assays were received.	
				Pb, Zn, Fe, Mn, Cu, Au	
				MIM Exploration	