ANNUAL EXPLORATION REPORT

EL 24975

FOR PERIOD ENDING 17th SEPTEMBER 2011

‘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. 2011-008
By Mingjin HOU
Australia Mining and Gemstone Co. Pty. Ltd
17th October 2011
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°C during the winter into the high 30 °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

Fifth year tenement reduction has been completed with 5 blocks dropped (Figure 2, blocks within blue polygon were surrendered) leaving 5 blocks (14.6 sq km).

The expenditure covenant set for the six year was $10,000.
Figure 2: EL24975 Graticular Blocks within blue polygon surrender at end of 2011
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 3 AND 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. EXPLORATION DURING YEAR 5

We did some work, such as ground survey review the assayed results of all taken previous, and review a lot of data and references concerning this areas and regional geological and geophysical data. After detailed review the data, we plan to take some detailed geological survey and mapping, it was bedding controlling deposited, so surface survey and mapping are sufficient and useful, and then some geological section will be taken. If the result is good, drilling will be taken in next year.

Because the geophysical survey could not be taken (it is not necessary after
some geological survey and data analyzed), so the expenditure was not too much. And we pay a lot of money in another tenement such as EL25294 and 25311 etc..

8. PLANNED EXPLORATION FOR YEAR 6

Work program 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, some geological survey for all blocks of the tenement,
2, some geological sections survey,
3, IP depth sound,
And if the result is good for drilling, we shall take diamond drilling.

Proposed expenditure for the forthcoming year
At least 10,000A$

9. REFERENCES


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


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

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<td><strong>TOTAL</strong></td>
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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.
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**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

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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

MIM Exploration

SE532616D

SE532616E