



Annual Report

AO-ZHONG INTERNATIONAL MINERAL RESOURCES

Third Annual and Final Report for EL28298

18/03/2013 to 17/03/2014

Brahma 1: 100 000 Sheet

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Digital Data Files

Type of File	Description of file	Name of title	File name
Report file	annual report text	EL 28298	EL28298_2014_01_AS.pdf
Figure	Targets by Remote Sense	EL 28298	EL28298_2014_02_AS_Fig3.jpg



ABSTRACT

This project is wholly owned by Ao-Zhong with a purpose for base metals. No field work but just general research, literature search and Remote sensing interpretation has been done during the first two years, and 3 targets were defined by the comprehensive interpretation. In the Year 3, a site visit and the remote sense anomaly verification have been done in two of the defined areas. 25 specimens were collected for Physical property test. No valuable geological information supports the further work. No work planned and it is to be surrendered.



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1 Introduction

Ao-Zhong International Mineral Resources(Ao-Zhong) holds 100% of the Exploration Licence (EL) 28298. Its main target is base metals. It is in the Brahma 100K sheets and ILLOGWA CREEK 250k sheet.

The details of the licences are displayed below:

Table 1 Tenement Details

Licence Number	Date of Grant	expire time	Size blocks/sqkm	Retain Blocks/sqkm	Covenant
28298	18/3/11	17/3/17	62 / 195.76	31/97.88	\$27,500

The tenement underwent a compulsory 50% reduction in March last year, the retained part is as shown in Fig 1(green block).

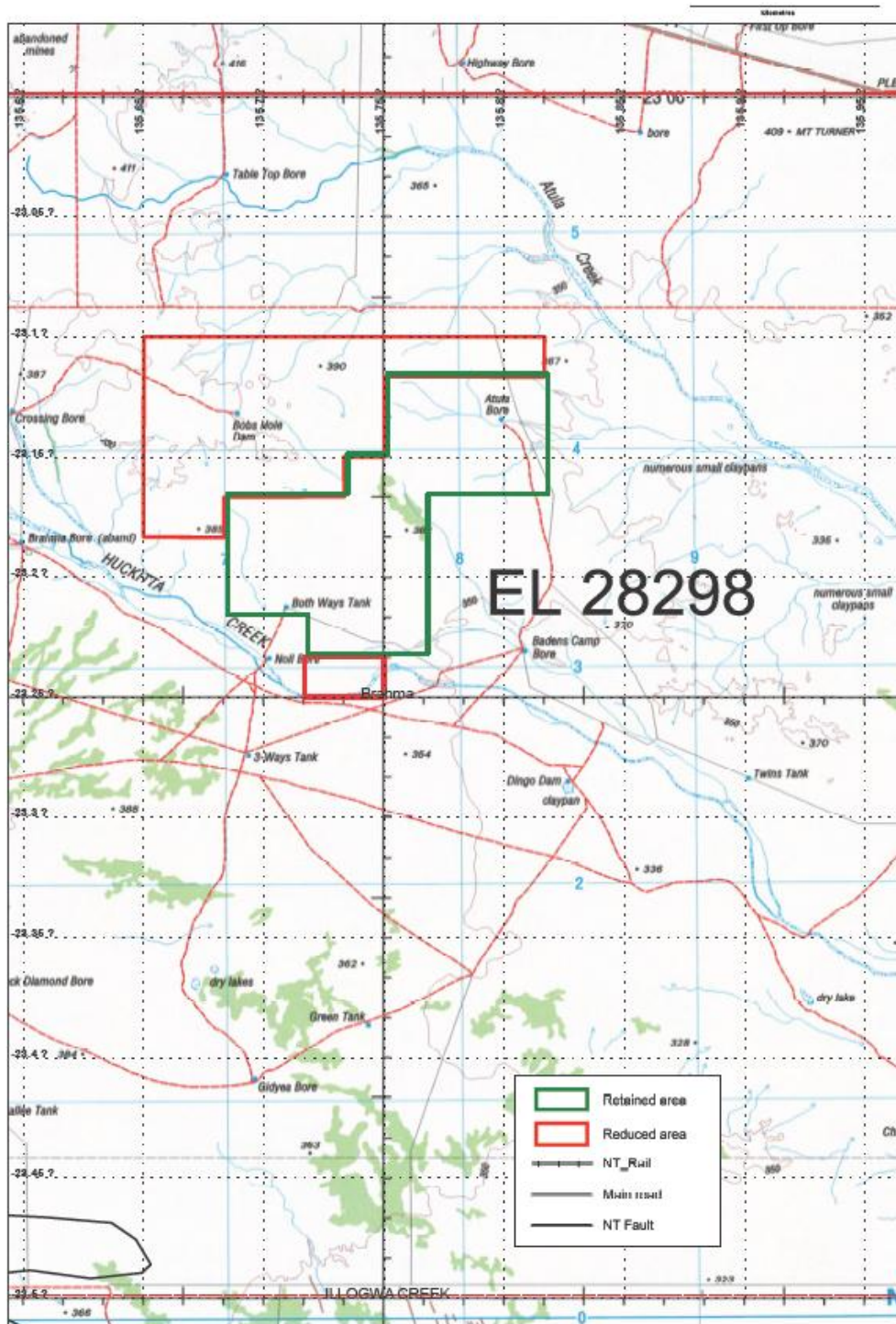


Figure 1. Locality map



2 Back Ground Information

2.1 Location and Access

Exploration licence 28298 lies about 200km in a direct line to the east north-east of Alice Springs in the Northern Territory, Plan 1. Access to the licence by road requires a trip of approximately 350km starting from Alice Springs. Initially travel is to the north along the Stuart Highway and then to the east along the unsealed, Plenty Highway. Station tracks and fence lines provide access to the licence area. The Google imagery shows several tracks within the licence area but it is difficult to see where these join the Plenty Highway.

The Illogwa Creek 1:250 000 topographic sheet shows the area has only minor topography and some creeks that drain to the north and south. The licence area has major drainages to the north and south. In the north the Atula Creek drains to the south east and to the south the Huckitta Creek drains in the same direction.

The Google satellite imagery shows the area is sparsely vegetated however, rubbly outcrop and numerous shallow creeks and drains will make vehicle travel difficult.

2.2 Regional Geology

The geological mapping undertaken by NTGS indicates that outcrop covers about 50% of the licence area. The predominant rocks present are Proterozoic gneisses belonging to the Harts Range Group. The Entia Gneiss is described as an “acid muscovite biotite gneiss overlain by tonalitic quartzofeldspathic gneiss, hornblende bearing quartzofeldspathic gneiss and layered amphibolite.” The Bruna Gneiss is described as “porphyroblastic feldspar gneiss, quartzofeldspathic and biotite gneiss.”

Unconformably overlying the Proterozoic gneiss is the Tertiary Waite Formation, siltstone and Quaternary aeolian sand.

2.3 Previous Exploration

The region around and including EL 28298 has been explored for gold, base metals and diamonds. Most of the work has involved the collation of existing data sets and only limited ground work. (Figure 2) The most significant work was completed by BHP Minerals who were exploring for Broken Hill-style base metal deposits. BHP selected targets from the regional magnetic data and then examined these with ground magnetic and SIROTEM surveys. A VLF survey was also completed on selected targets. Rock chip, soil and stream sediment sampling were also used.



In total BHP drilled 40 RC holes to test their targets. Two of the targets were in EL 28298. None of the holes intersected mineralisation nor even highly anomalous geochemistry. The drilling did demonstrate that most of the magnetic variation in the area is due to variations in the magnetite content of the gneisses. Several holes intersected pegmatite.

Mapping completed by CRA Exploration as part of their diamond search indicated the ultramafic rocks in the region are more like Alpine-type rather than Kimberlite.

The review of the previous exploration has shown that a considerable amount of work has been done around the licence area but very little within it. It is thought that this is a reflection of the geology present in the tenement

Base metals- The Broken Hill-style of mineralisation has the ore developed in low to medium-grade metamorphic shales and sandstone adjacent to high-grade gneiss. There are no rocks of Proterozoic age other than gneiss mapped in the licence.

Rare Earth Elements- Several of BHP's RC holes ended in pegmatite. Elsewhere in the Arunta Complex (Nolans Bore) pegmatite contain REE's and some uranium. Examination of the available radiometric imagery does not reveal any radiometric anomalies.

Gold- some exploration has been done for gold but high-grade metamorphic rocks are not normally associated with gold mineralisation.

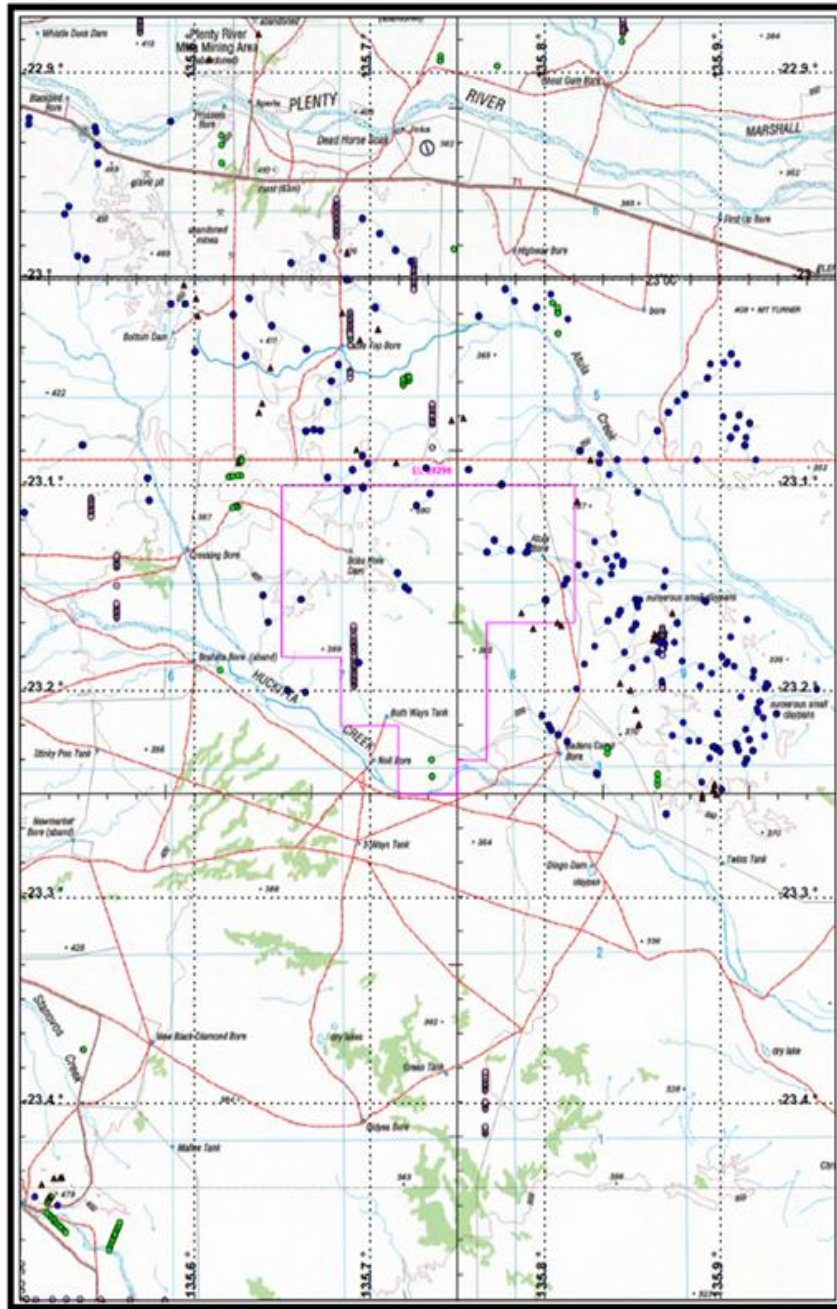


Figure 2 : EL 28298, Historical Sampling (Sites Blue dots are stream sediment sample sites. The pink dots are soil sample sites. Black triangles are the locations of rock chip samples. Green dots are drill hole positions.)



3 Remote Sensing Interpretation

During the reporting period, a remote sensing interpretation was completed and the alteration information was extracted base on the data from Landsat-7ETM and Aster (Figure 3 attached). Ferric contamination anomaly is the main information, it distribute in the central and northern of the tenement, mainly Grade 1, and then Grade 2, and in structural zones, anomaly in the eastern tenement distribute in the Northwest trend with a belt shape, the regional tectonic information is rich; hydroxyl anomalies are mainly distributed in a ring of the northwest part, scattered in the north, south and east, hydroxyl abnormal information is less intense. There is sporadic exception of the auriferous quartz veins in the north and east of the area, low intensity. The alteration anomaly in this tenement is overall strong mainly because of the Hartsrange Group metamorphic rocks of late Proterozoic, lithology is metapelite metabasic rocks, calc-silicate rock, marble and quartz rock; some mineralization could be seen mine in northern and western periphery, mainly mica mine.

Based the interpretation and the historical geological information, two targets were defined as Zone I and Zone II in the Fig 4 ,based on following:

Zone I:

Structure: there were two main linear structure, NNW and WNW trend respectively. Diversified in lithology : mudstone, limestone; metapelite, calc-silicate, marble and limestone, etc.; colluvial soil, eluvial gravel.

Geophysical aspects: geomagnetic values and geomagnetic depth value are complex, neither gravity values nor the radioactive elements are obvious.

Remote sensing anomaly: there are abnormal auriferous quartz veins anomaly, rich ferric contamination alteration information, Grade 1 alteration is particularly prominent. Few hydroxyl alteration and sporadic distributed.

Zone II:

Geophysical: similar to Zone I ,the geomagnetic values and geomagnetic depth value are complex.

Remote sensing anomaly: Grade 1 and 2 ferric contamination alteration is very abundant, less hydroxy alteration.



4 Anomaly Verification

Three targets were defined by the comprehensive interpretation. In the Year 3, a site visit and the remote sense anomaly verification have been done in the Zone I and Zone II.

In Zone I and Zone II, 7 points and 6 points were observed. The whole area is covered by red Quaternary sandy soil (Table 2). Zone I and II are covered by red Quaternary sand layer and scarce vegetation; bean-shaped hematite gravel scatter, and topography is flat. The entire tenement area is mainly gneiss of Proterozoic strata Harts Range group (P ∈ h). 25 specimens were collected for Physical property test (Table 3, 4). No valuable geological information supports the further work.

Table 2 Observing points in EL28297

Zone	Observing points ID	Coordinates		Geological Description
		X	Y	
II	YG01	573824	7432260	red Quaternary sandy soil
	YG02	573982	7432464	
	YG03	574165	7432637	
	YG04	574390	7432753	
	YG05	574620	7432856	
	YG06	574857	7432993	
	YG07	575096	7433079	
I	YG08	576263	7438736	red Quaternary sandy soil
	YG09	576369	7438906	
	YG10	576500	7439064	
	YG11	576660	7439192	
	YG12	576778	7439365	
	YG13	576940	7439488	



Table 3 Specimens of EL28298

Sample ID	coordinates		stratum	name	remark
	X	Y			
WX112-	573365	7436884	pEh	micagneiss	In the tenements
WX122-	574180	7437373	pEh	micagneiss	
WX127-	550188	7436695		quartzite	West to the tenements
WX132-	546921	7446665		metasandstone	
Total	25				

Table 4 Physical property parameters results

N O.	Name	magnetic susceptibility (10 ⁻⁵ SI)				density (10 ³ kg/m ³)			
		amount	max	min	geometric average	amount	max	min	arithmetical mean
1	micagneiss	15	2.2	0.3	1.6	15	2.43	2.22	2.3
2	quartzite	5	0.1	0	0	5	2.58	2.18	2.4
3	metasandst	5	3.2	0.4	2	5	2.55	2.66	2.61
4	Ferruginous	2	5.2	3.6	4.4	2	3.16	2.87	3.02
5	siltstone	4	0.2	0	0	4	2.23	2.02	2.16
6	mudstone	4	0.1	0	0	4	2.13	2.09	2.11
7	quartz	4	0.1	0	0	4	2.38	2.27	2.34
8	hematite	6	11.2	3.7	5.2	6	3.16	3.06	3.12
9	argillaceous	4	0.1	0	0	4	2.68	2.61	2.63
10	granite	8	0.3	0.1	0.2	8	2.43	2.32	2.36
11	arkosic	5	0.2	0.1	0.1	5	2.4	2.19	2.26
12	schist	4	0.3	0	0.2	4	2.37	2.25	2.34



5 Proposed Exploration and Budget

No work planned and it is to be surrendered.

6 Conclusions

This project is wholly owned by Ao-Zhong with a purpose for base metals. No field work but just general research, literature search and Remote sensing interpretation has been done during the first two years, and 3 targets were defined by the comprehensive interpretation. In the Year 3, a site visit and the remote sense anomaly verification have been done in two of the defined areas. 25 specimens were collected for Physical property test. No valuable geological information supports the further work. No work planned and it is to be surrendered.