Annual Report

AO-ZHONG INTERNATIONAL MINERAL RESOURCES

Second Annual and Final Report for EL29285

06/08/2012 to 23/09/2014

Conical Hill 1: 100 000 Sheet

By

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## Digital Data Files

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ABSTRACT

This project is wholly owned by Ao-Zhong with a purpose for V-Ti-Fe. No work has been completed during the report period.
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1 Introduction

Ao-Zhong International Mineral Resources (Ao-Zhong) holds 100% of the Exploration Licence (EL) 29285. Its main target is V-Ti-Fe. It is in the Conical Hill 100K sheet and MT PEAKE 250k sheet.

The details of the licences are displayed below:

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<th>Licence Number</th>
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2 Background Information

2.1 Location and Access

Exploration licence 29285 is located approximately 70km to the north-west of Barrow Creek a small fuel stop located half way between Tennant Creek and Alice Springs in the southern half of the Northern Territory. See Figure1. Access to the licence is via the Stuart Highway via either Darwin (1250km) or Alice Springs (250km). From the Stuart Highway several station tracks and fence lines lead to the licence.

Examination of the Mt Peake 1:250 000 topographic map and the Google imagery shows that the area is flat with only a few poorly defined creeks. The Hanson River runs near the tenement on the east and is the main topographic feature. Most of the area appears to be fairly open with some more heavily wooded zones in the south. Windblown sand and dust are common recent cover.
2.2 Regional Geology

The project area lies within the north-central portion of the Paleoproterozoic Arunta Province. The stratigraphy of the Arunta province comprises relics of 2500 Ma Archaean basement overlain by >1800 Ma Palaeoproterozoic, turbiditic sequences of greywacke, quartz, sandstone, siltstone and shale along with mafic rocks and their high-grade metamorphic equivalents. The Arunta also has minor calc-silicates and meta-felsic volcanic units. During the Barramundi Orogeny, the sedimentary units were intruded by mafic rocks.
which have been deformed and in places metamorphosed to amphibolite facies. During the closing stages of the Barramundi Orogeny (~1830 Ma) granite plutons intruded rocks of the Arunta Province. (See Figure 2 Regional Geology)
2.3 Previous Exploration

The Arunta Province has been explored for gold, uranium, rare earths and base metals by various companies. The province is considered prospective for a number of base metal mineralisation styles from Proterozoic stratabound Cu-Pb-Zn to skarn-related Cu-Au and Pb-Zn-Cu and acid volcanic Cu-Pb-Zn. The province hosts a number of significant base metals deposits including; Jervois 6.1Mt @ 2.1% Cu, Prospect D 3.2Mt @ 0.6% Cu & 0.2% Ni, Oonagalabi 25Mt @ 0.5% Cu & 1% Zn and Home of Bullion 0.13Mt @ 7.1% Cu, 5% Zn & 2% Pb. The area also hosts a number of sub-economic occurrences of gold, tin, tungsten, tantalum, mica, nickel, chromite and semi-precious stones.

Work done includes airborne geophysical surveys (magnetic, radiometric and GEOTEM) and follow-up ground geophysical surveys. The ground based surveys include magnetics, radiometric and SIROTEM.

Soil sampling, -80# and lag gravels have been collected over geophysical and geological targets and vacuum and RAB drilling have been used to provide bedrock samples. It was concluded from the previously completed sampling work (Normandy and Aberfoyle) that surface sampling in areas of Quaternary cover and deep basement weathering didn’t make sense. Most of the drill holes encountered high water flows and ended in granite.

Discovery Nickel, a company that specialises in exploration for Nickel thought the area had potential to host mineralisation of a type similar to Prospect D. They flew a GEOTEM survey which highlighted some anomalous areas and these have not yet been drill tested.

The work undertaken by Tanami Gold to the around the project area demonstrated the potential to host gold mineralisation associated with quartz veining. Examination of the regional airborne magnetic data shows there are two magnetic anomalies located on the south of the area. The mapping by Normandy Exploration located some quartz-veining in the same area as the south-western magnetic anomalies.

The mapping by the NTGS shows there are Proterozoic aged outcrops to project area and this coupled with the magnetic highs and quartz-veining suggests the cover may be thinner in these areas.(see Figure 3 TMI)
2.4 Exploration Concept

This project is located on the main mineralization zone in Mount Peake, Barrow Creek where there are lots of deposits, like Mount Peake V-Ti-Fe project, Home of Bullion Cu-Pb-Zn project, Prospect D Cu-Ni project. This zone is controlled by the structure of faults and cracks, and the mineralization in closely related to early Proterozoic metamorphic rocks which intruded by Early Proterozoic mafic gabbro, represented by the airborne magnetic abnormality and airborne gravity abnormality.

It can be inferred that there are some potential to find V-Ti-Fe:
1) There is metamorphic rock from Land Rock of Proterozoic, which may meet the mineralization zone in Mount Peake V-Ti-Fe project, Home of Bullion Cu-Pb-Zn project, Prospect D Cu-Ni project;

2) There is a set of faults in NW trend in the area which may provide the transport channel and deposit space;

3) The project are on the same airborne magnetic abnormal zone with surrounding deposits. And the abnormalities are related to Mafic intrusive rock. The intrusive mass may provide the source and heat energy which good for mineralization.

3 Proposed Exploration and Budget

No work planned and it is to be surrendered.

4 Conclusions

This project is wholly owned by Ao-Zhong with a purpose for V-Ti-Fe. No field work has been completed and the title has been surrendered.