



Report of Partial Relinquishment as Penalty of EL28296

18/03/2011 to 17/03/2016

Conical Hill/Anningie 1: 100 000 Sheet

By

Lin Ke

Master of science (Geochemistry)

Ao-Zhong International Mineral Resources

11 Omagh Grove,

Waterford, WA



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Digital Data Files

Type of File	Description of file	Name of title	File name
Report file	Surrender report text	EL 28296	EL28296 Partial Surrender as Penalty 2016.pdf
Assay data	Soil sample	EL 28296	HR_NTSG4_SOIL2016S.txt



ABSTRACT

This project is wholly owned by Ao-Zhong with a purpose for V-Ti-Fe. This part of EL28296 was required to be relinquished as penalty due to not meeting expenditure condition for two consecutive years, under section 105(3) of the Mineral Titles Act. There is some soil sampling work done in this area.



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1 Introduction

Ao-Zhong International Mineral Resources(Ao-Zhong) holds 100% of the Exploration Licence (EL) 28296.Its main target is V-Ti-Fe.The required part is in the Conical Hill/Anningie 100K sheets and MT PEAKE 250k sheet.

The details of the licences are displayed in Table 1:

Table 1. Tenement details

Licence Number	Date of Grant	expire time	Size blocks/sqkm	Retained Area in 2015 blocks/sqkm	Retained Area in 2016 blocks
28296	18/3/11	17/3/17	322 / 1030.14	75/239.95	38

At the end of the Year 4, a reduction was granted by DME, so the retained area was 75 blocks,and at the end of Year 5, an area of 37 blocks was required to be relinquished as penalty due to not meeting expenditure condition for two consecutive years,under section 105(3) of the Mineral Titles Act. The blocks nominated for cancellation are listed in Table 2 and shown in the Figure 1.

Table 2 Blocks for Cancellation as Penalty

Tenement	5 minute graticule	1 minute graticules	Total
EL28296	SF531025	E,K,M,N,O,P,R,S,T,U,W,X,Y,Z	37
EL28296	SF531026	A,B,C,D,F,G,H,J,L,M,N,O,Q,R,S,T,V,W,X,Y	
EL28296	SF531098	B,C,D	



2 Back Ground Information

2.1 Location and Access

Exploration licence 28296 is located approximately 60km 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 through the eastern side of the licence 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.

We also communicate with the landowners via CLC.

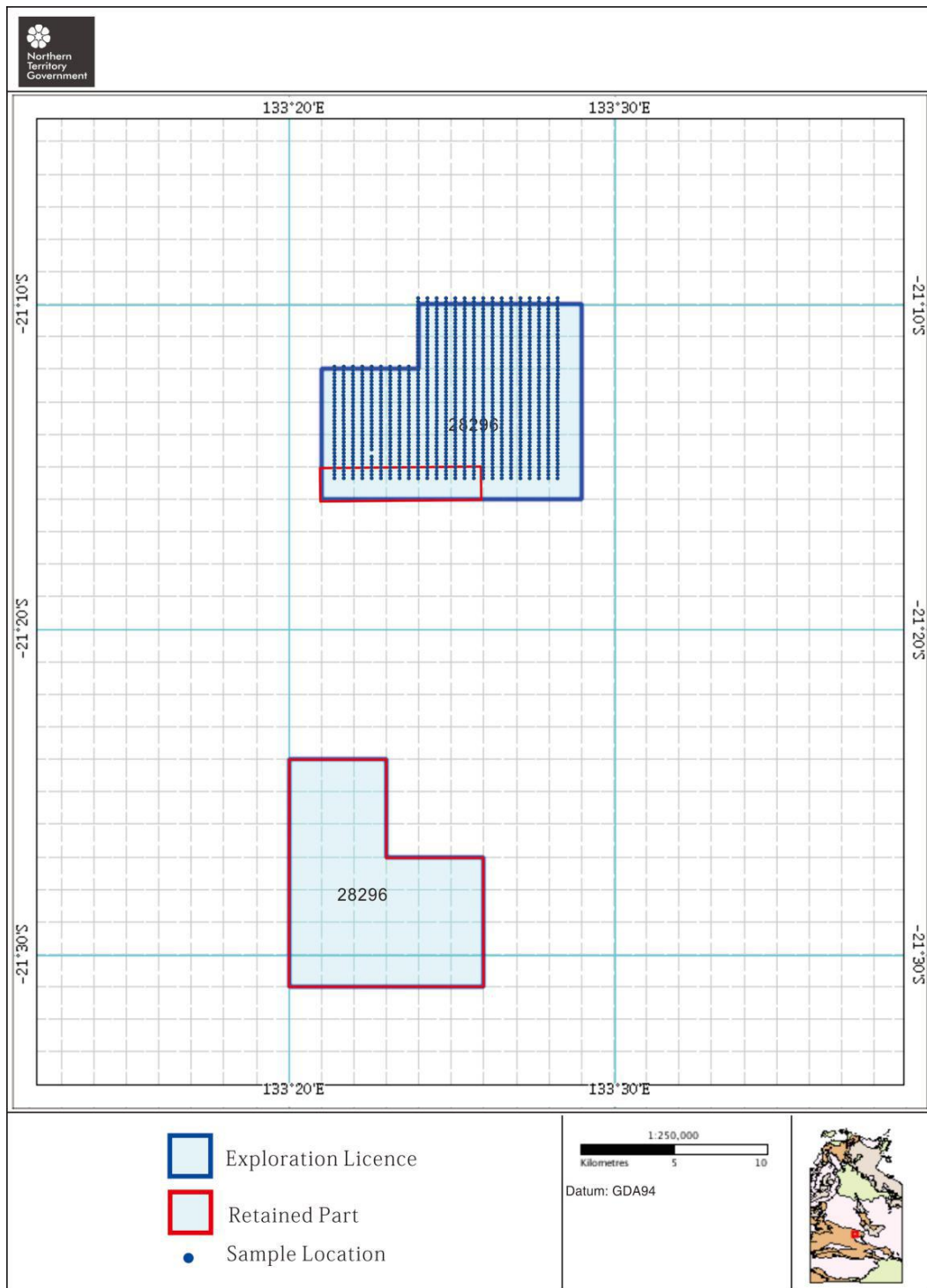


Figure 1 Canceled blocks of EL28296 and sample locations



2.2 Regional Geology

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 through the eastern side of the licence and is the main topographic feature. Most of the area appears to be fairly open with some more heavily wooded zones in the project area. Windblown sand and dust are common recent cover.

The only mapped geology within project area is Quaternary aged clay pans, sand dunes, sheet sand and fluvial relics. Some outcrops in the project area of Palaeoproterozoic Lander Rock Formation have been mapped. The Lander Rock Formation consists of hornblende-biotite and hornblende schist, phillite, heavy-mineral bearing quartzite, epidote-amphibolite, amphibolite, dolerite and microcline-sillimanite-garnet bearing schist.

The interpreted geology, as defined by the DME's NTGS shows the area is underlain by granite and undifferentiated schists.

2.3 Previous Exploration

The project area has been extensively explored for base metal mineralisation of a similar style to that at the nearby Home of Bullion mine. Exploration has also been undertaken for gold and uranium using a Tanami-style gold model and tin and tungsten associated with pegmatite.

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



in the south and west of the area. The mapping by Normandy Exploration located some quartz-veining in the same area as the south-western magnetic anomalies. (see Figure 2 Regional airborne magnetic)

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.

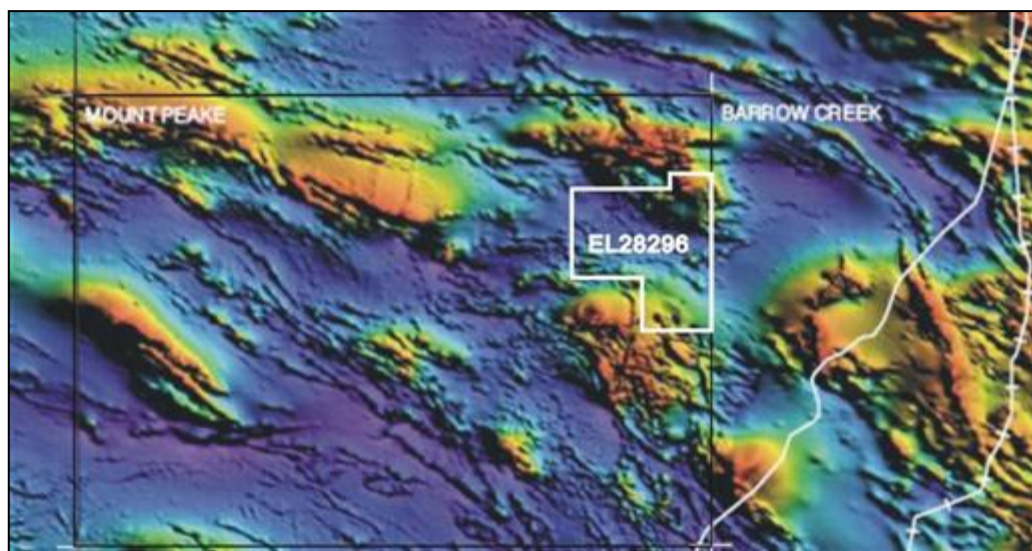


Figure 2 Regional airborne magnetic



3 Work Completed in the Relinquished Area

During 2013, a soil sampling work has been implemented and 944 soil samples have been collected and assayed by The soil samples were send to Australian Laboratory Services P/L and the assay codes are GEO-AR01,PUL32, Au-ST43 and ME-MS41.. The sample locations are shown on Figure 1 and the assay results are listed in the attachment.

4 Conclusions

This project is wholly owned by Ao-Zhong with a purpose for V-Ti-Fe.The area of 37 blocks were required to be relinquished as penalty due to not meeting expenditure condition for two consecutive years. A soil sampling work has been implemented and 944 soil samples in this area have been collected and assayed by ALS.