



Annual Report

AO-ZHONG INTERNATIONAL MINERAL RESOURCES

The Fifth Annual Report for EL28299 for the Period
18/03/2015 to 17/03/2016

Woodgreen/Alcoota 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 28299	EL28299_2016_A.pdf



ABSTRACT

This project is wholly owned by Ao-Zhong with a purpose for copper. Part of tenement has been relinquished at the end of year 4. During the year 5, no exploration work was done in the retained area.



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1 Introduction

Ao-Zhong International Mineral Resources(Ao-Zhong) holds 100% of the Exploration Licence (EL) 28299.Its main target is copper. It is in the Woodgreen/Alcoota 100K sheets and ALCOOTA 250k sheet.

The details of the licences are displayed below:

Licence Number	Date of Grant	expire time	Size blocks/sqkm	Retained Area blocks/sqkm	Covenant
28299	18/3/11	17/3/17	151 / 479.61	24/76.3	\$35,00

At the end of year 4, a reduction was granted by DME, so the retained area is 24 blocks(Figure 1).

2 Back Ground Information

2.1 Location and Access

Exploration licence 28299 lies approximately 200km north northeast of Alice Springs in the Northern Territory, Figure 1. Access to the licence from Alice Springs is north via the Stuart Highway to the Plenty Highway and then north east along the Sand over Highway. Neither of the latter is sealed.

Within the licence access appears to be restricted to station tracks and fence lines due to thick vegetation and numerous small creeks. The licence area can be divided into two unequal parts. The northern part, dominated by sediments drains to the north and has several sharp escarpments. The much larger southern part is dominated by granite, drains to the east and has a more subdued topography.

2.2 Regional Geology

As mentioned above the licence is dominated by two distinct geological domains. The northern area consists of the Lower Cambrian Central Mount Stuart Beds which are part of the southern Georgina Basin sequence. The Central Mount Stuart Beds are described as various sandstones, siltstone and rare dolomite. Some of the basal sandstones are reduced and cupriferous.



The southern portion of the licence belongs to the Proterozoic Arunta Complex. In the licence the Arunta Complex is represented by the Woodgreen Granite Complex. The Woodgreen Granite is described as porphyritic biotite granite gneiss with or without hornblende and garnet. (Figure 1)

2.3 Previous Exploration

The previous completed exploration in the tenement has focused on the northern portion where the Mt Skinner copper mineralisation is hosted by the Central Mount Stuart Beds. The stratiform copper mineralisation was first located in 1966 and since then there has been several phase of exploration. The initial work at Mt Skinner consisted of mapping, rock chip sampling, costeaning and finally three holes were drilled. The costeans (trenches) indicated mineralisation over a width of about 1m grading 0.5% Cu. The drilling confirmed the mineralisation persisted to depth.

Since the initial discovery the area has been subject to additional geochemical sampling, airborne geophysical surveys (magnetic and radiometric) and ground based geophysical surveys (reflection seismic and Resistivity). The more recent work has failed to locate mineralisation approaching economic parameters. The seismic survey gave details of a deeper section of the depositional basin where it is suggested better copper mineralisation may be located. A 1000m drill hole was proposed but not drilled.

Additional exploration has also been undertaken for uranium and gold although the work done was not very comprehensive. The possibility of locating phosphate has also been considered.

Figure 2 shows the location of the work done.

The exploration licence is comprised of two geological domains. Both offer their own suite of potential commodities.

Copper- the Central Mount Stuart Beds (northern domain) have to potential to host base metals, copper in particular. The Mt Skinner mineralisation is well known and has been to focus of several exploration attempts. However, a great deal of office work and not much drilling has been done. A program of detailed data capture, rock chip sampling, costeaning and an EM geophysical survey are proposed for this area.

Phosphate- the southern Georgina Basin (northern domain) is known to host phosphate mineralisation. Mapping in the licence area has shown the Cambrian Limestone associated with phosphate mineralisation are absent.

Uranium- several pegmatite intrusions are known (southern domain) to be associated with the granites of Central Australia. Some are uraniferous.

Rare Earth Elements- associated with pegmatite.

Tin, Tungsten and Tantalum- associated with pegmatite.

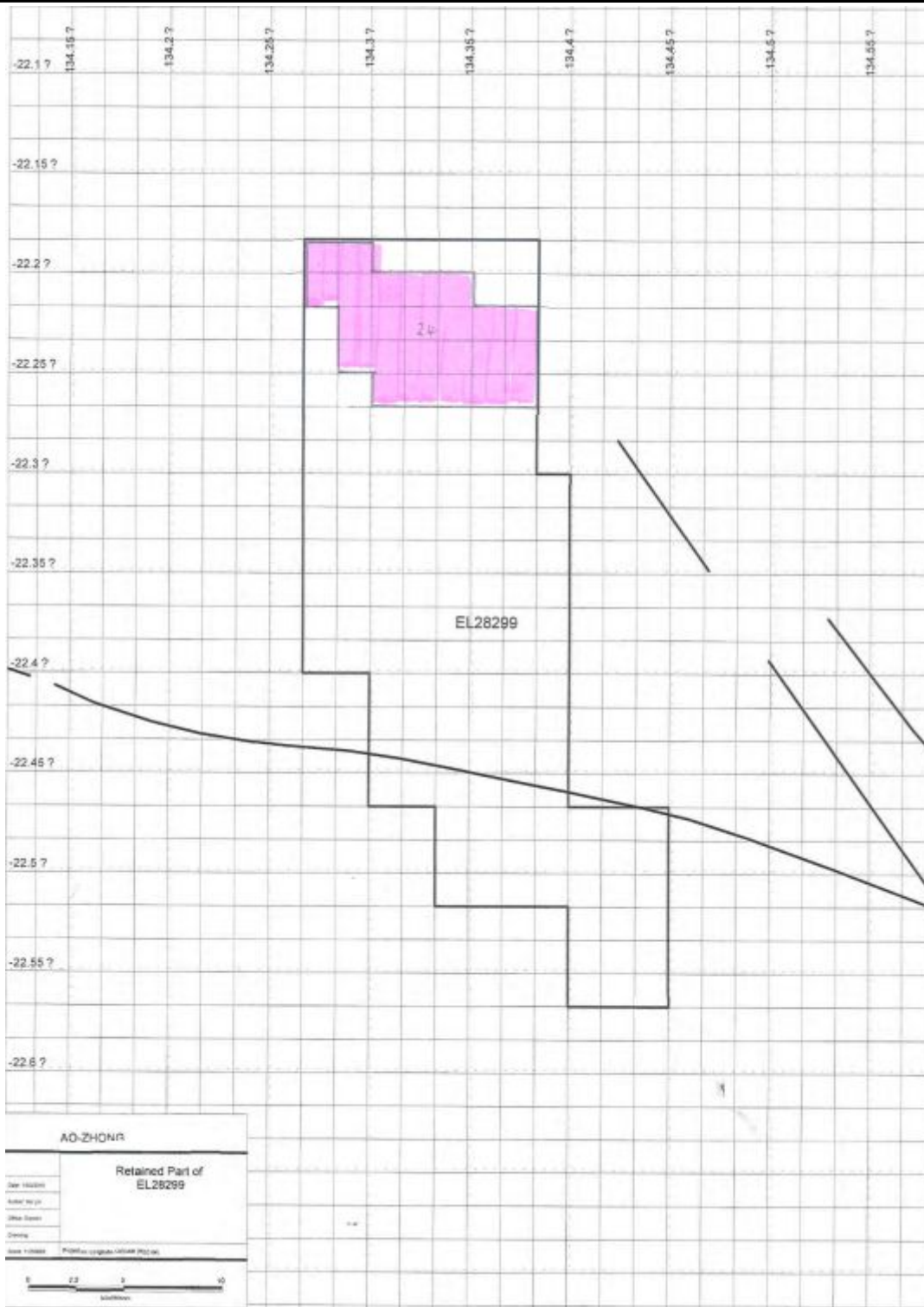


Figure 1. Locality and Retained blocks of EL28299(pink areas)

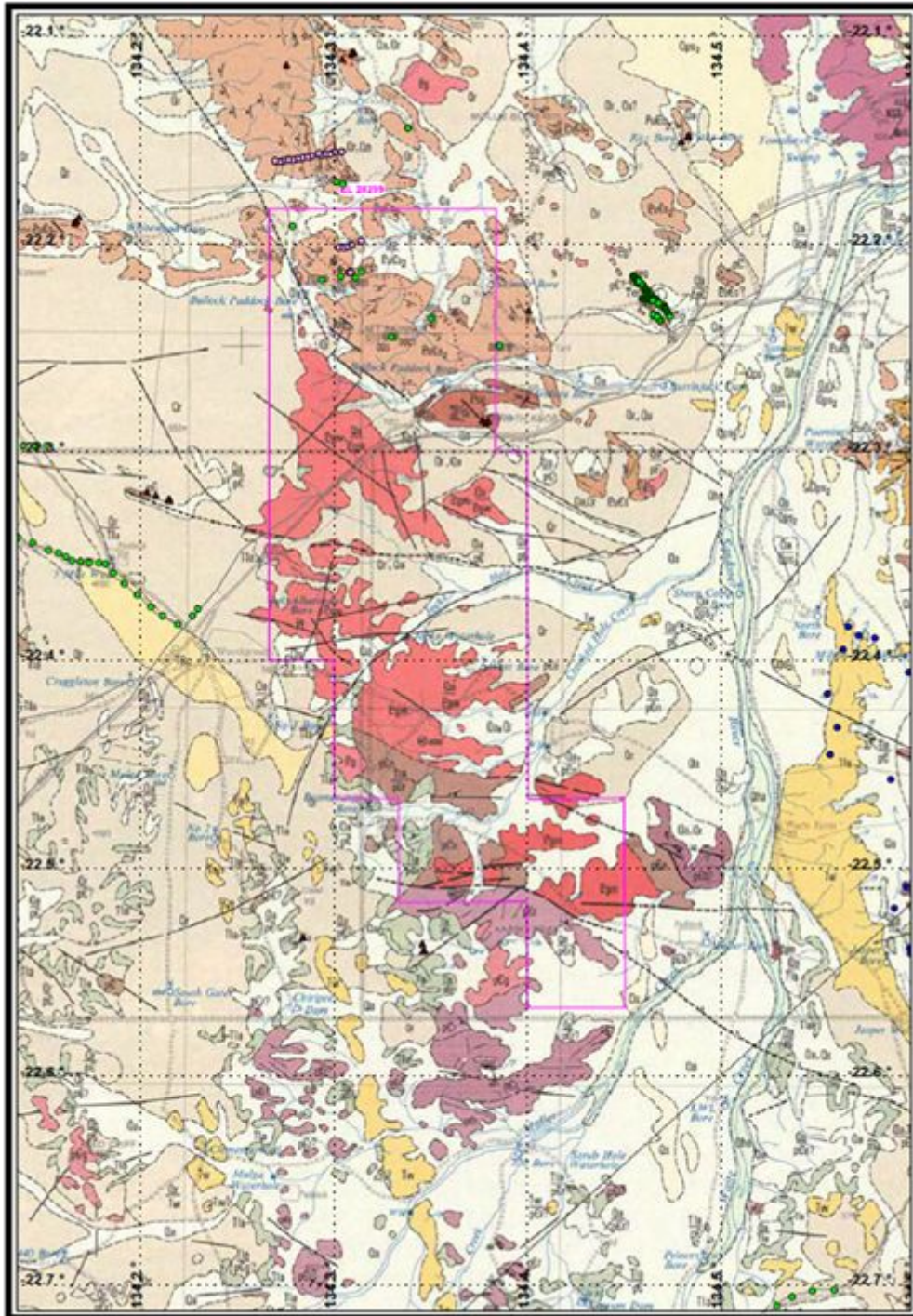


Figure 2 EL 28299 Sample Sites



3 Work in Year 2

3.1 Rock Chip Sampling

During June of 2012, a team of geologists spent a week to the site , implemented a geological section survey for 11 km, 10 rock chips were collected and two of them got assayed as shown in the table below(Figure 3) and was assayed by Four Acid, ICP-MS and ICP-AES in a lab of AO-zhong’s parent company in China. A GPS was used for the location.

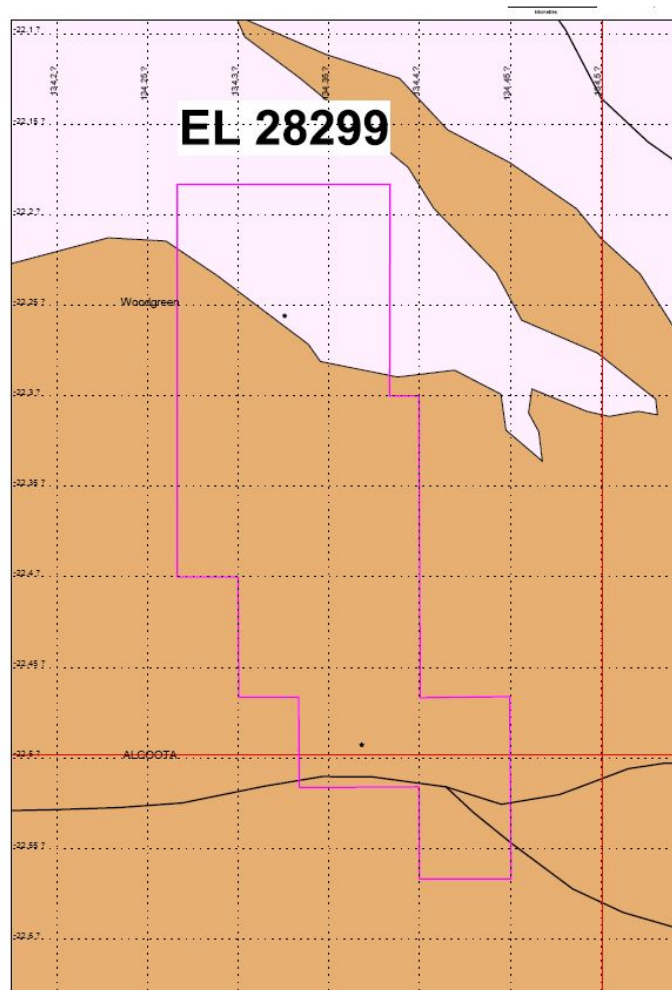


Figure 3 Rock Chip sample locations



3.2 Remote Sensing Data Interpretation

Based on the SPOT-5 and ETM+ image, AO-ZHONG contracted the interpretation work to another subsidiary from AO-ZHONG's parent company. 3 targets were defined based on synthesizing the interpretation and all the geological information(see annual report of last year).

4 Work in Year 3

The work in the third year included 1/25000 remote sense anomaly verification 100km², do the geological survey 30km²; pedogeochemistry section survey 75km, 305 soil samples and 58 rock chip samples have been collected.

305 routing soil samples were collected to Australian Laboratory Services P/L and assayed (Figure 4). The methods are as below:

Cu: Four Acid Digestion with ICP-AES or AAS Finish (OG62)

Pb,Zn,Ag,Mo,W,As,Sb,Bi,Sn,Ba,Co,Ni:48 Elements by Four Acid ,ICP-MS and ICP-AES (ME-MS61)

Au: by fire assay and ICP-MS. 30g nominal sample weight (Au-ICP21)

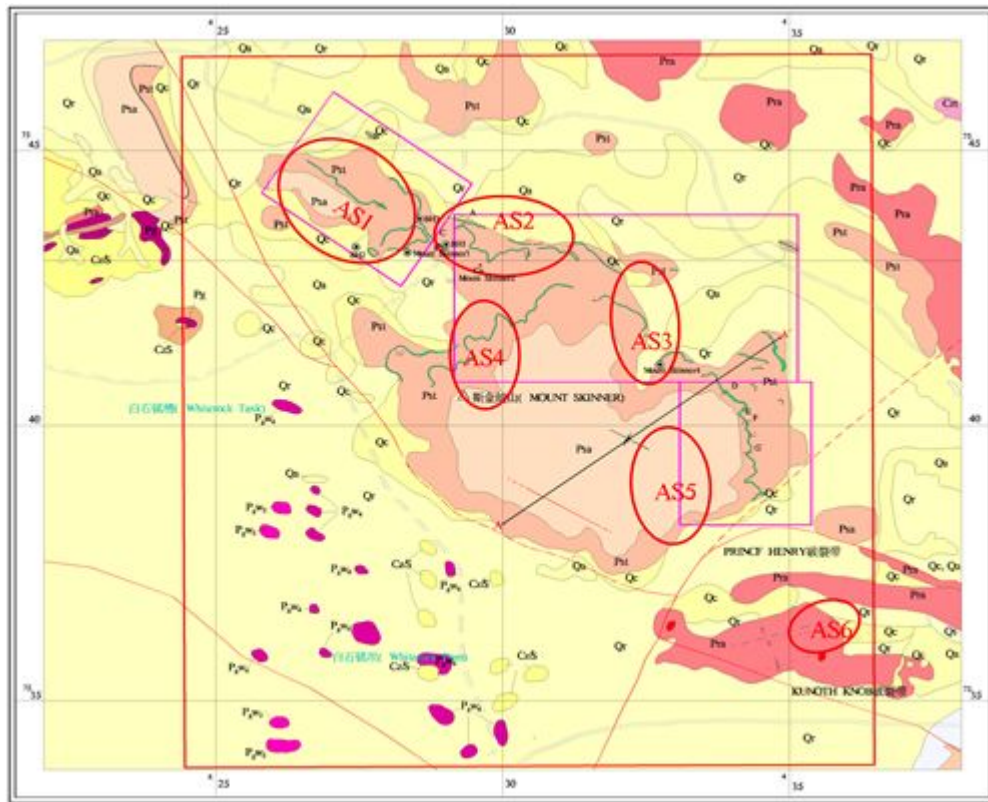


Figure 4 Six Geochemical Anomalies

The remote sense anomaly verification work has been to 13 anomaly areas, 6 for ferric contamination anomalies and 7 for hydroxyl anomalies, and they are accord with the remote sense information. It's inferred that ferric contamination nomalies are related to iron ore and iron bearing sands; and the hydroxyl anomalies are related to malachite and kaolinization (Figure 5).





Figure 5 ferric contamination anomalies on site(left) and malachite(right)

5 Work in Year 4

For the management and budget issues, no exploration work done in this area in Year 4.

6 Work in Year 5

For the management and budget issues, no exploration work done in this area in Year 5.

7 Proposed Exploration and Budget

Based on results, collect samples in the areas where the geochemical and geophysical anomalies match well, and do the comprehensive study on the retained areas. The budget is about \$41,000.

8 Conclusions

This project is wholly owned by Ao-Zhong with a purpose for copper. No exploration work was done in this area, and part of tenement has been relinquished at the end of year 4. Based on results, the work for the next step includes collect samples in the areas where the geochemical and geophysical anomalies match well, and do the comprehensive study on the retained areas. The budget is about \$41,000.