REDUCTIN REPORT FOR EL28764

DAVENPORT RANGE

2 November 2016 to 1 November 2017
Elkedra Pound Project NT

Barrow Springs SF5306 1:250,000
Elkedra SF5307 1:250,000
Murray Downs 5855 1:100,000
Elkedra 5955 1:100,000
Datum: GDA 94 zone 53

Titleholder: Australia Mining and Gemstone Co. Pty. Ltd ABN: 86 114 395 247

Report No. 2017-018
Australia Mining and Gemstone Co. Pty. Ltd
By Xianneng Zhang/Mingjin HOu
13rd December 2017

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1. SUMMARY

Elkedra Pound Project is situated in the southeast Davenport Province in the central part of Northern Territory, 315 kilometers north northeast 24.5 degree of Alice Springs (Figures 1). Historical activity centered at Hatched Creek, tungsten mineralization was discovered in the area about 100 years since 1913, the tungsten mineralization occurs in steeply dipping variously orientated narrow quartz veins which cut the Ooradidgee Group and also postdate the Hatches Creek Group folding event. They are postulated to originate from the Elkedra Granite and similar granites in the region (Blake et al., 1986). There are three types of mineralization: wolframite-scheelite in lodes in gabbro; cupriferous wolframite in lodes in acid porphyritic volcanic rocks; Wolframite in lodes in sedimentary and volcanic rocks.

EL28764 is granted in November 2011, the tenement covered 91 graticular blocks on Elkedra Station, located about 100km east of Barrow Creek in the Northern Territory of Australia. Most areas of EL28764 located around the Elkedra Pound region, it is comprised of an ellipse of Coulters Sandstone, forming the hills of the Davenport Range. These hills limit access with wheeled vehicles. The core is comprised largely of dacite, rhyolite and ignimbrite of the Newlands volcanics. There are an overlying sequence of mostly felsic Arabulja Volcanics in the north and northwest. These volcanics show strong radiometric anomalism.

During 2012-2013 period, Australia Mining and Gemstone Co. Pty. Ltd (AMG) continued to dispose historical data in MapInfo. Due to the tenements distance from accommodation and no surface water, AMG staff are not able to erect a simple campsite, therefore no on-ground exploration work was completed. AMG implemented its main field activity to the north of the tenement around the Kurinelli goldfield. AMG plans on undertaking mapping and soil sampling in 2014 if feasible.

During 2014-2016 period, Australia Mining and Gemstone Co. Pty. Ltd (AMG) continued to review all historical data from the STRIKE, and want to find the mineralization about the Zinc, Lead and Copper et al.

2. LOCATION AND ACCESS

EL28764 is located in the southeast Davenport Ranges and northeast of Barrow Creek, about 188 kilometres southeast of Tennant Creek in the Northern Territory (Figures 1).

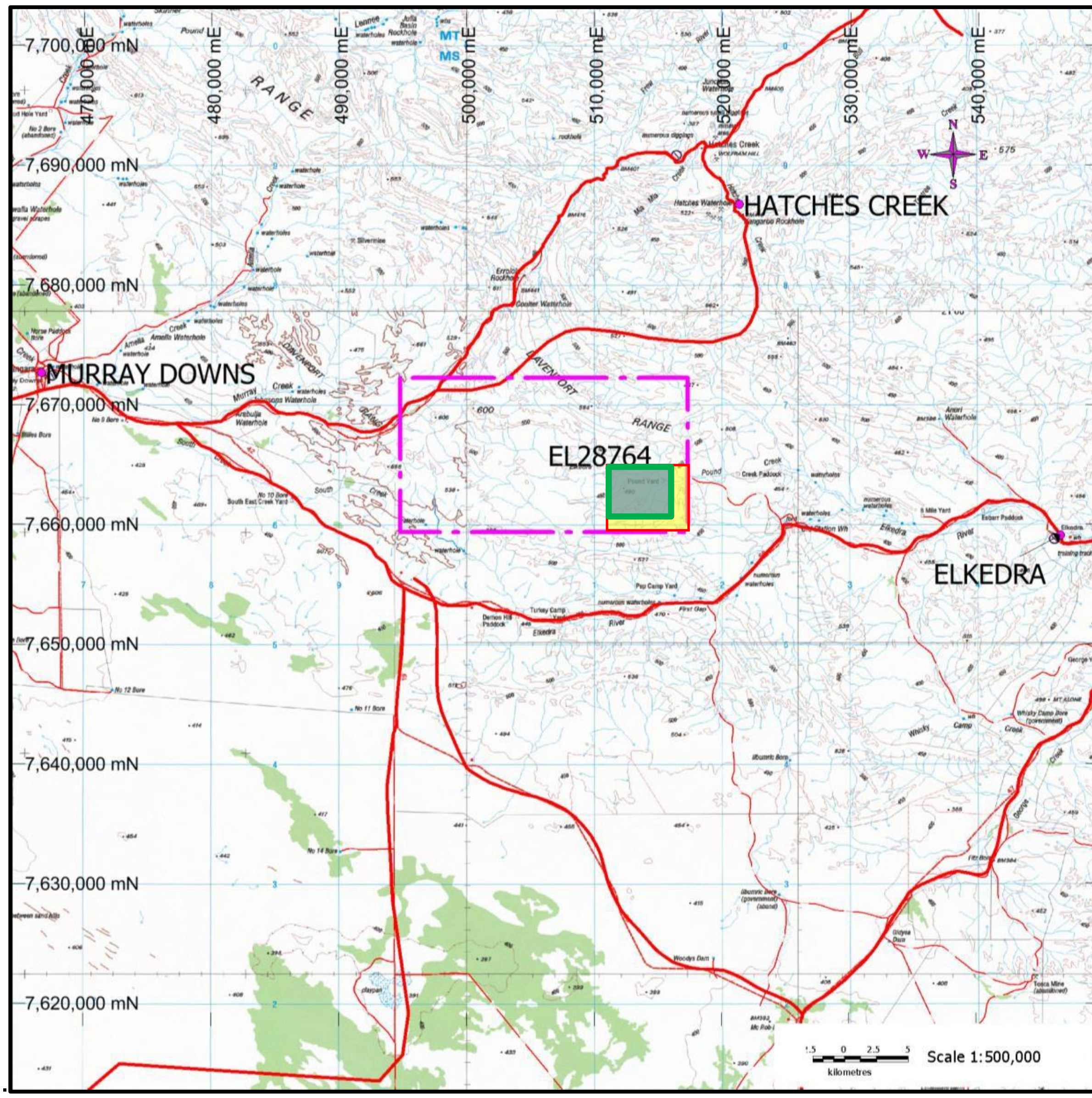

Figure 1 Location Map of EL28764(the orange blocks reduced)

Access to the exploration license is via a dirt road turning off from Stuart Highway 44 kilometres north of Barrow Creek. From Stuart Highway, it is about a hundred kilometres to EL28764, The tenement is entirely within Elkedra Station region.

The station homestead is a long way east of the tenement via a circuitous dirt track. The station keeps access gates locked and it was necessary to approach the homestead directly to make contact with the proprietors.

A rough road/track leads northwest through the corner of EL28764 as shown on the map above (Figure 1). This route followed a substantial creek through the Davenport Ranges and it was the Cenozoic and Quaternary creek deposits which were considered to have potential for quartz tungsten, calcrete uranium and cobalt. To get to the Elkedra Pound (and most of the tenement) it is necessary to travel via the Elkedra Homestead.

The track from the homestead westwards to Elkedra Pound some gates, at least two of those are locked. The key is available from the homestead. The route to Alice Springs via the Sandover Highway is by far the most direct access from the town to the tenement. It is, however, almost entirely dirt road for several hundred kilometres.

3. TENEMENT STATUS AND OWNERSHIP

EL28764 was granted Australia Mining and Gemstone Co. Pty. Ltd on 2rd November 2011 for a term of six (6) years. EL28764 comprises 91 graticular blocks. After four years exploration, we decided to reduce more blocks, there are retain 12 blocks. After six years exploration, we decided to reduce six blocks, there are retain 6 blocks now (19.22 sqkm, Figure 2). List of graticular blocks covering EL28764 in Table 1.There are no other mining leases or mineral claims within the License area.

Table 1 Graticular blocks covering EL28764

SF53974M	SF53974N	SF53974O	SF53974P
SF53974R	SF53974S	SF53974T	SF53974U
SF53974W	SF53974X	SF53974Y	SF53974Z

(The red blocks are surrounded)

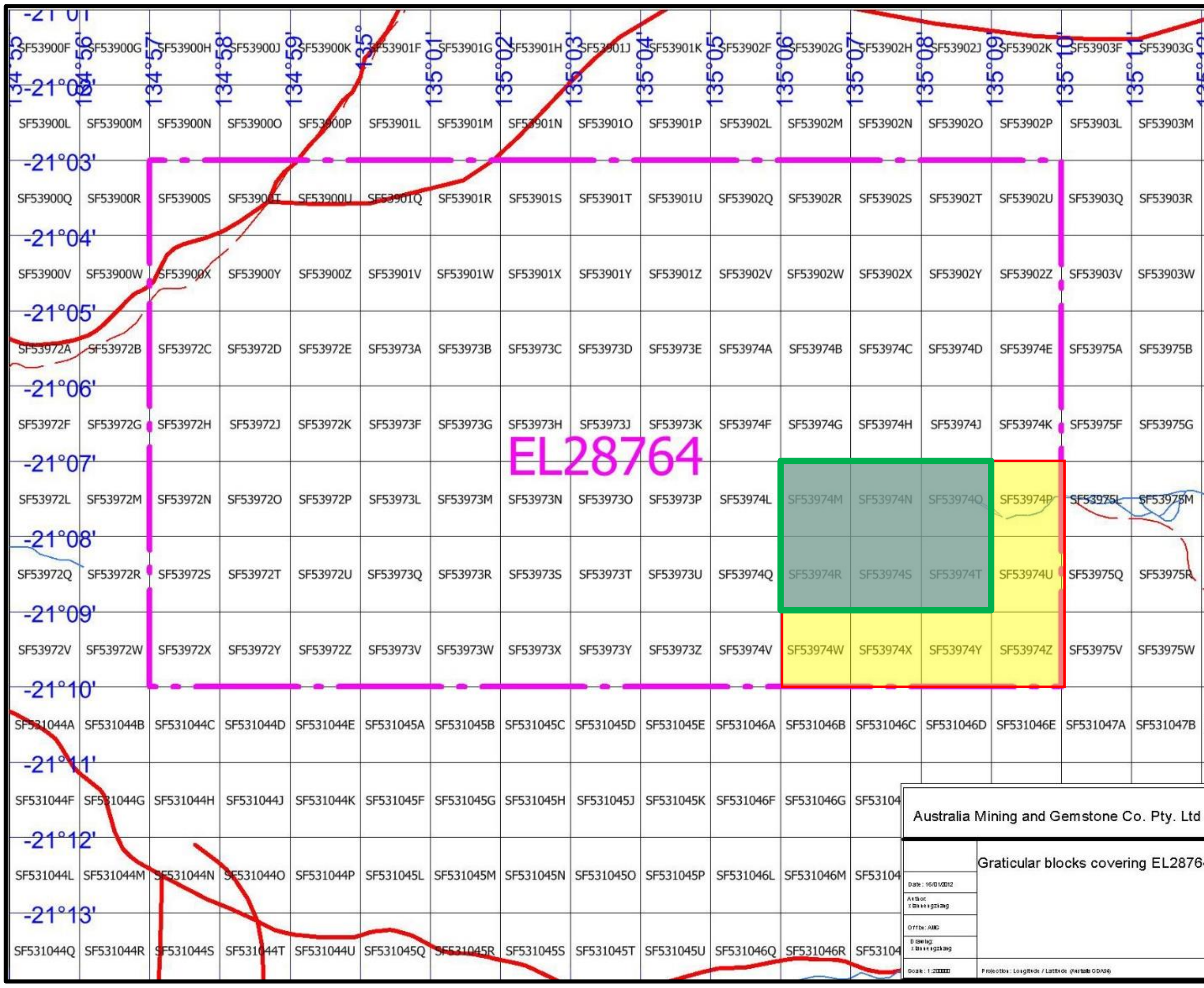

Figure 2: Graticular blocks covering EL28764 (the orange blocks are reduced)

The station keeps access gates locked and it was necessary to approach the homestead directly to make contact with the proprietors, though the proprietors were contacted by telephone, the station homestead was a long way east of the tenement via a circuitous dirt track.

Background land tenure under EL28764 is part of Elkedra Station (Figure 3) , contact details being:

Elkedra Pastoral Company

Alice Springs: 08 8956

9889

elkedrastation@harboursat.com.au

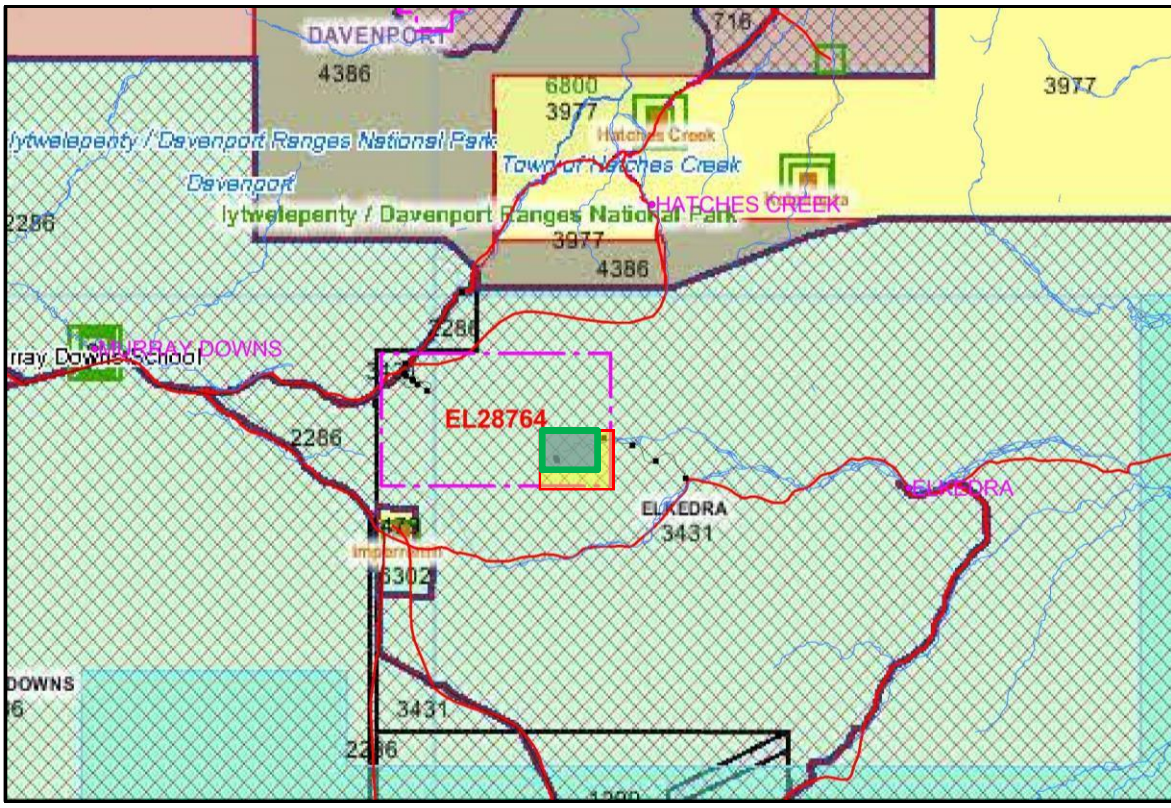

Figure 3 Landholders and Lease Numbers displayed inside EL28764

4. GEOLOGY

REGIONAL GEOLOGY

Davenport Province (1840 – 1700 Ma) represents an extension of the North Australian Platform Cover and includes volcanic sedimentary successions of the Davenport and Murchison Ranges. In comparison to other Proterozoic Basins to the north it is more deformed and is metamorphosed to lower greenschist facies. It unconformable overlies the Paleoproterozoic Warramunga Province and is unconformable overlain by the Paleozoic Georgina and Wiso Basins to the east and west, respectively. Stratigraphic equivalents of Davenport Province extend into the Aileron Province of the Arunta Region. The Davenport Province is highly prospective for ore deposits and contains a number of mineral occurrences of gold, silver, tungsten, tin, copper, lead, zinc, nickel, tantalum and niobium. It is part of the Tennant Creek block.

The Davenport Range area is comprised mostly of the Proterozoic Hatches Creek Group, a succession of sandstones, siltstone and shales interbedded with volcanic, either felsic and acidic volcanic of the Arabulja and Newlands Volcanic, or (higher in the column) the Kudinga Basalt. The Hatches Creek group is overlain by Cambrian to Devonian Georgina Basin sediments.

LOCAL GEOLOGY

The Elkedra Pound project area, consisting of EL28764, is dominantly covered by Newlands Volcanics (Pha) and a sequence of sandstones, arenites and siltstones of the Coulters Sandstone (Phc), siltstone of Frew River Formation (Phf) and the Andagera Formations (∈ ld). These are two sedimentary formations, together with a basalt unit (Kudinga Basalt, Phb), form the Davenport Ranges in the north eastern part of the area (Figure 4).

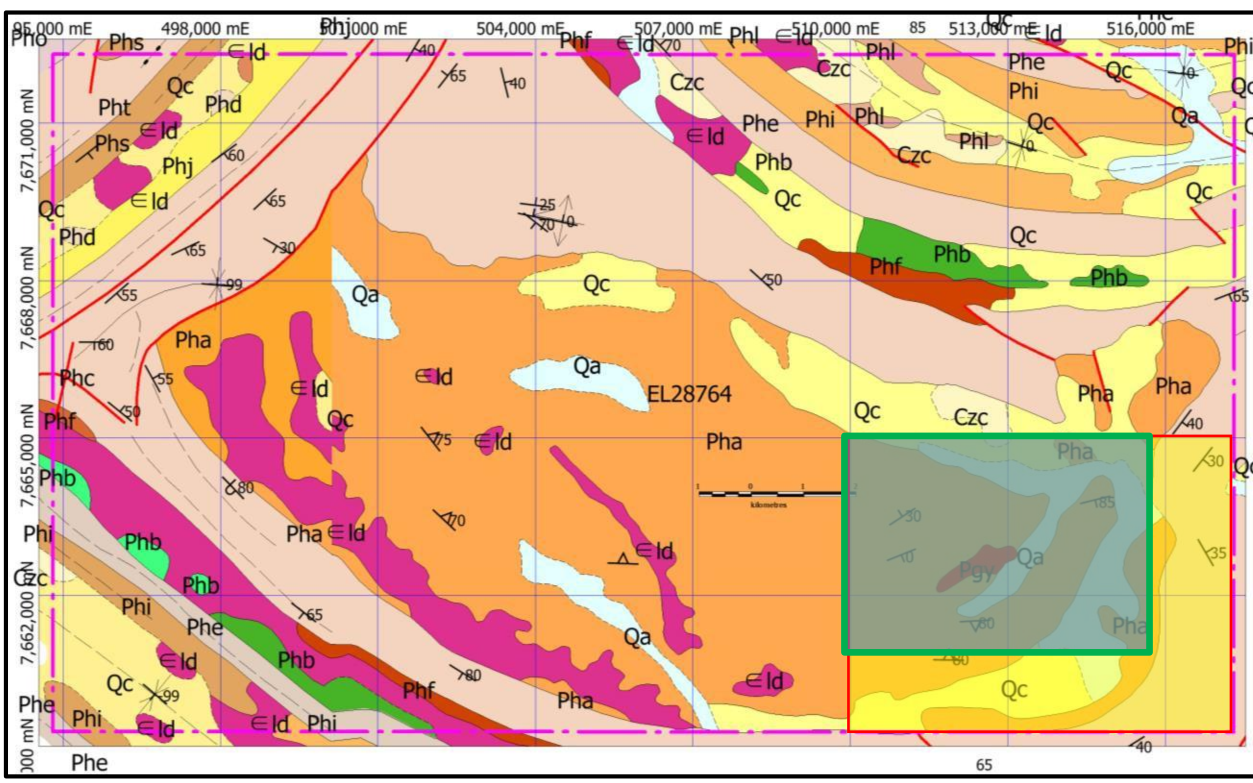

Figure 4 Geological Map of EL28764 (1:250000 geologic map)

The Newlands Volcanic (Pha) consisting of porphyritic dacites, basalts, ignimbrites and tuff occupies a third of the project area and poorly outcrops. In contrast, the quartz arenites with subordinate feldspathic and kaolinitic arenites and siltstones of the Coulters

Sandstone (Phc) as well as thick bedded quartz sandstones and conglomerates of the Andagera Formation (∈ld) are well exposed in outcrop over the project area.

The 250k geological map(s) for the Davenport Ranges project on Elkedra Station. Overlaid on these (the adjacent Barrow creek sheet occupies the western quarter of the area) are some rock chips and stream sediment sampling results. The annotated values are for gold, though some other elements were assayed for the stream sediments. The assay results were reported for historic tenement EL 5505.

Elkedra Pound is a dome comprised of Proterozoic sandstones, siltstone and shale, interbedded with volcanic: the Kudinga Basalt (Phb) and Newlands Volcanic (ignimbrite, lava and tuff).

Along the southern margin of the dome are considerable expanses of Cambrian Andagera Formation, a conglomerate with a pebbly sandstone towards the top.

The western of the tenement is within the Barrow 250k geological sheet. A fault separates the dome from another terrain, also comprised of Proterozoic volcanic and sandstone. As is the case within the Elkedra Dome, the volcanics show a strong radiometric anomaly.

Patches of Quaternary alluvium and Cainozoic colluvium occur along the drainage channels within the tenement. A small patch of calcrete exists on another tributary outside the exploration license and there may be opportunity for development of the same within the boundaries.

Some historic geochemistry, both stream sediment samples and rock chips, have been taken within the tenement. One of these samples assayed for an extraordinary 4740ppm of cobalt, but its position was considered to be poorly defined.

5. PREVIOUS EXPLORATION

A total of nine historic exploration licenses intersect EL28764, with altogether eighteen open file company reports. A number of them have been acquired from the Northern

Territory Department of Mines and Energy.

The historic tenements, their report numbers and comments from abstracts are listed below.

Tenement report comment

EL104 CR1973-0161 final report with very sketchy plans

AP2742 CR1973-0064 Work to continue on Crawford Range Copper, Nickel

Project CR1972-0072 Report recommends detailed

analysis of area using geophysics

EL743 CR1974-0004 final report: map plus mention of two radiometric

anomalies EL1851 CR1979-0195 Uneconomic uranium and base metals

concentration EL5505 CR1992-0354 extensive relinquishment report

EL7987 CR1995-0898 not regarded as having been adequately

tested CR1994-0375 A maximum of 1ppb Au was obtained

EL7146 CR1993-0765 regional geochemical sampling program and follow up

sampling of anomalous values downgraded the

prospectively

CR1992-0010 171 rock chip and 270 soil

samples CR1993-0123 No significant anomalies

CR1993-0004 An extensive geochemical sampling program

EL22507 CR2004-0204 de Beers final report - a letter in lieu of work.

EL25691 CR20080792 Annual Report: five radio metric anomalies

were note and traverses undertaken on each.

EL25691 CR20090995 Relinquishment report.

EL25691 CR20100602 Annual and final report, 51 soil geochemical and 18 rockchips samples analyzed Au, Ag, As, Bi, Ca, Co, Cr, Cu, Fe, Hg, In, Mn, Mo, Ni, Pb, Sb, Te, Tl, U, W and Zn.

Some rock chip and soil geochemical sampling had been done within the Elkedra Pound, with mostly negative results. There was, nevertheless a single high cobalt soil sample in excess of 4740 ppm. The locations of historic geochemical samples are labeled on the geological map below.

In 2011-2013 Australia Mining and Gemstone Co. Pty. Ltd exploration consisted of historic data compilation including tenure, datasets, open file reports and geo-referencing of relevant maps. This enabled an informed review of the tenements prospectively in regards to Au Ag Cu Pb Zn Ni Co W and Bi.

6. EXPLORATION DURING YEAR 1

During Year one, historic tenure data in MapInfo, supplied by DME (containing exploration tenure, but not mining tenure), was compiled into one database (displayed in Figure 5). In November 2011, AMG staff visited the tenement to the northwest of EL28764 (photo1).

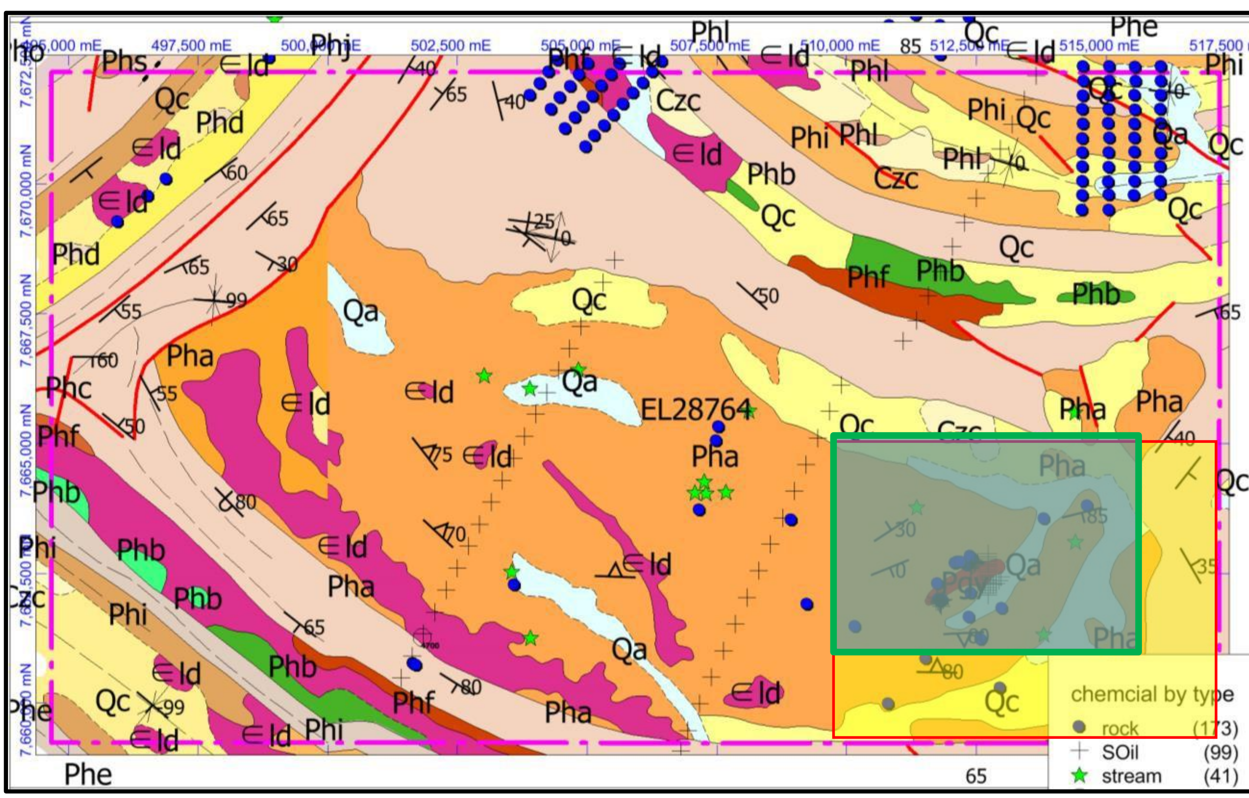

Figure 5 Compilation of historical data on EL28764

Photo1 bearing cobalt quartz (northwest of EL28764)

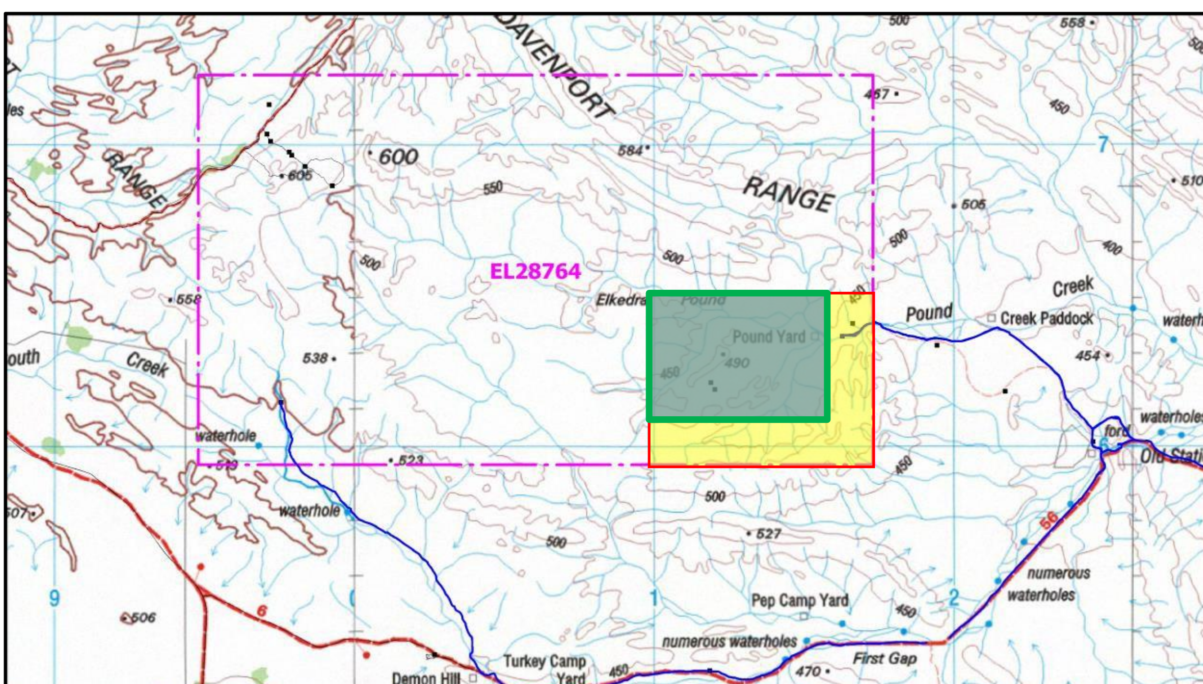

Figure 6 The blue line is new track by landlord on EL28764

On the 20th September 2012, AMG staff travelled along two new tracks and reached the southwest and southeast edge of the EL (fig 6, blue line). AMG staffed then travelled 1.2 kilometers on foot in the southeast corner of the EL as this is where the track ended (photo 2).

Photo 2 The end spot of building track in 2012(southeast of EL28764)

7. EXPLORATION DURING YEAR 2

During Year two, AMG continued to dispose historical data in MapInfo. No reconnaissance was carried out. AMG focused on prospecting activities around the Kurinelli goldfield, because EL 28764 does not have access to the north-eastern and central areas of the tenement. AMG propose to surrender north-eastern area.

8. EXPLORATION DURING YEAR 3

During Year three, AMG continued to dispose historical data in MapInfo. No reconnaissance was carried out. AMG focused on prospecting activities around the Kurinelli goldfield, because EL28764 does not have access to the north-eastern and central areas of the tenement.

9. EXPLORATION DURING YEAR 4

During Year four, AMG continued to dispose historical data in MapInfo. No reconnaissance was carried out. AMG focused on prospecting activities around the Kurinelli goldfield, because EL28764 does not have access to the north-eastern and central areas of the tenement. AMG propose to surrender north-western area, just keep the south-eastern corner area, and hope to find some mineralization about cooper or zinc.

10. EXPLORATION DURING YEAR 5

During Year five, AMG continued to dispose historical data in MapInfo. No reconnaissance was carried out. AMG focused on prospecting activities around the Kurinelli goldfield. AMG review all of the data including geophysical and geological information from the STRIKE, and hope to find some mineralization about cooper or zinc.

11. EXPLORATION DURING YEAR 6

During Year six, AMG continued to dispose historical data in MapInfo. No reconnaissance was carried out. AMG focused on prospecting activities around the Kurinelli goldfield. AMG review all of the data including geophysical and geological information from the Core, and hope to find some mineralization about cooper or zinc.

12. CONCLUSION AND RECOMMENDATIONS

Elkedra Pound Project exploration target is low temperature hydrothermal Au, Ag, Cu, Pb, Zn mineralization. These mineralization are related to bigger fracture zones.

Thorough analysis of satellite photo and aeromagnetic data, haven't display gradient zones or bigger fracture zones in this tenement or stratigraphically conformable magnetic sources that clearly outline geological structures.

Therefore AMG will renew south-eastern areas of the EL, due to their higher mineral potential; additionally there is a granophyre in the south-eastern part of the EL. AMG staff intends to seek narrow fracture zones or quartz veins for Au, Ag, Cu, Pb, Zn mineralization.

13. REFERENCES

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GIS dataset for the BARROW CREEK 1:250 000 outcrop geology map sheet (BARROW CREEK Outcrop Geology 2nd edition), Northern Territory Geological Survey, 2009

GIS dataset for the ELKEDRA 1:250 000 outcrop geology map sheet (ELKEDRA Outcrop Geology 2nd edition), Northern Territory Geological Survey, 2009.

1:100000 Geology of the ELKEDRA region, Northern Territory. Bur Min Res Geol & Geophys, 1987.

Burge D. Brown in 1973, AP 2742 Final report, NT DPIFM Open File Company Report CR1973-0064

D.H. BAMFORD in 1974, EL 743 final report, NT DPIFM Open File Company Report CR1974-0004.

In 1973, Kewanee Australia pty ltd submitted EL104 final report, NT DPIFM Open File Company Report CR1973-0161.

In 2007-2010, Tianda Uranium (Australia) Pty Ltd holding EL25691, in 2010 submitted EL25691 final report, NT DPIFM Open File Company Report CR20100602, 51 soil geochemical and 18 rockchip samples were taken for assay, and later analysed in Perth using ICP-MS and ICP-OES methods for gold and twenty other elements.

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