AMI Resources Pty Ltd

Annual Report

on

Mineral Tenement EL27811

For period: 13/07/2015--12/07/2016

The Winnecke Project (gold-copper)

Alice Springs Region, Australia

Contact:

AMI Resources Pty Ltd
A.C.N. 140 405 992
Ph: +61 3 9867 2889
Fax: +61 3 9654 2031
Level 7, 3 Bowen Crescent
Melbourne, Vic 3000, Australia
Email: haishun_sun198@hotmail.com

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Abstract:

This report provides the updated information on geological exploration activities undertaken by AMI Resources for the period from 13 July 2015 to 12 July 2016, including research and analysis of geological data on EL 27811, and also reports on our fieldworks, sample collections and geochemical test results. This report is compiled by AMI Resources Pty Ltd based on a geological analysis and report prepared by Ross Caughey, a senior geologist from Discovery and Exploration Pty Ltd. Based on the latest geochemical test results of rocks samples delivered by Australian Laboratory Services (ALS), a technical report by Ross Caughey reviews and interprets the geochemical results, analyzes the geological settings and highlights the mineral prospective in this tenement area, and also proposes exploration work and tasks for the next stage. AMI Resources will undertake further exploration activities, mainly for drilling exploration in the Gold Goose area and also pre-drilling target generation by our geologists.

1. AMI Resources Pty Ltd and Its Mineral Tenements

AMI Resources Pty Ltd (“AMI” hereafter) is an Australian company based in Melbourne, with business focus on minerals exploration – principally for gold, copper, other base metals and uranium. AMI currently holds four mineral Exploration Licences in the Northern Territory of Australia, including EL 27811-- the Winnecke Project, which is 80 km northeast of Alice Springs.

This document is AMI’s third annual report on EL27811. It presents an outline of work progress in geological exploration in the tenement area covered by the license in the year from 13 July 2015 to 12 July 2016, and provides independent geological report prepared by Flagstaff Geo-Consultants Pty Ltd, and presents geochemical test report showing results from rock samples collected during the fieldwork and prospecting in the year. This report then presents a proposed work program in exploration in the subsequent years, mainly for drilling exploration in Gold Goose area and

2. Management Report: Year Six

AMI Resources Pty Ltd (AMI) has made a considerable progress in conducting geological survey, research and fieldworks and geochemical exploration, using samples collected during fieldworks in 2015-2016.

The major progresses made in the third year are listed below:

- Completed further research and analysis of existing data on EL27811 tenement area, especially target generation and drilling planning based on previous and current geochemical analysis results. After reviewing previous drilling results, we have generated targets for drilling exploration for the next year.
- Conducted considerable fieldworks and prospecting activities, with 21 rock samples collected from prospective sites in the EL area. This assists the generation and identification of targets for further explorations.
- Completed geochemical tests and analysis by Australian Laboratory Services (ALS) for rock samples collected from fieldworks. The geochemical results are analysed by geologists in the following technical report.

3. Geological Analysis

The Winnecke Project (copper-gold)[1]

3.1. Regional Geological Setting[2]

AMI's Exploration Licence EL27811 is about 65 km northeast of Alice Springs, extending about 60 km east-to-west. The project is in the central-eastern part of the Arunta Region, a resources-rich area extending from the Tanami region goldfields near the Western Australia border to the Harts Range (*Irindina Province*) gem-fields and Jervois copper region in the southeast of the Northern Territory. Mineralisation in the Arunta includes gold, copper, other base metals, uranium, rare earth elements (*REE*), gemstones and industrial minerals (e.g. vermiculite, garnet sands)

Part of AMI's project covers nearly all of the historic Winnecke Goldfield (*Figure 2*). Documented gold production from the Winnecke goldfield is about 1300 oz, but it was actively mined for a brief period only (ca. 1900 to 1917, and again briefly in the 1930s), and actual production should have been much higher, since much of the early mining was not officially recorded. Reports by Western Desert Resources Limited, the prior tenement-holder over the Winnecke Goldfield, claim historic gold production of 12,000 oz. Modern exploration appears to have been limited. In the mid-1980s, Australian Anglo-American Ltd obtained encouraging results from underground sampling, but drilled only four shallow drill-holes, averaging less than 100 m deep. Western Desert Resources was actively exploring the goldfield until struck by the global financial crisis in late 2008.

The project lies in the central *Strangways Metamorphic Complex* ("SMC"). The SMC consists of Proterozoic crystalline metamorphic rocks of the Arunta Block and is unconformably overlain in places by nappes and folded outliers of the NeoProterozoic Heavitree Quartzite and Bitter Springs Formation of the Amadeus Basin. A narrow belt of such younger rocks passes through the Winnecke Goldfield. *Figure 3* shows the more detailed geology of the project area, plus known mineral occurrences (*from the Northern Territory Geological Survey 'MODAT' database*[1]). The narrow belt Amadeus Basin rocks is shown in brown, running through the Winnecke Goldfield.

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[1] This geological report was prepared by Ross Caughey, Discover and Exploration Pty. Ltd. (ACN 074 693 637), Suite 2, 337A Lennox Street, (PO Box 2236) Richmond South, Victoria, 3121 Australia. Phone: +61 3 8420 6200, Fax +61 3 8420 6299. Email: postman@flagstaff-geoconsultants.com..

ii. Note: Most of the discussion of the geology and mineralisation of the Winnecke and Arltunga Goldfields is from the NTGS Report on 'Gold Deposits in Northern Territory', 2009.

The EL 27811 area is interpreted to be mainly underlain by Cadney Metamorphics, just to the north of a wide corridor of intense and complex, laterally continuous east-west-trending greenschist facies shear zone within a predominantly gneissic terrane. This corridor is known as the Winnecke Shear Zone, and is bounded by two major northwest-trending lineaments, the Woolanga and Pinnacles Shear zones to the east and west, respectively. The shear formed during the Alice Springs Orogeny when NeoProterozoic Amadeus Basin sediments to the south were thrust over the PalaeoProterozoic Arunta basement to the north.

The Cadney Metamorphics (1770 Ma) are interpreted to overlie the Narwietooma Package in the central Arunta region, and are dominated by calc-silicate rocks, marbles and sillimanite and biotite-bearing gneiss.

3.2. The Winnecke Goldfield

The Winnecke Goldfield is about 70 km northeast of Alice Springs (*Figure 2*), and forms an east-west belt extending for about 15 km, southwest of *The Garden* homestead, in the headwaters of the Hale River .

As noted in the previous section, the Winnecke Goldfield straddles the structural contact between the PalaeoProterozoic Arunta Province and the basal NeoProterozoic sequence of the Amadeus Basin. The Arunta Province rocks belong to several distinct units of Divisions One and Two of the Arunta Central Zone[2], including:

1) the Erontonga Metamorphics (cordierite -garnet sillimanite gneisses, calc-silicate and amphibolites) and the Anuma Schist (staurolite-kyanite-mica schist and gneiss) of the Winnecke Block;
2) the Ankala Gneiss (biotite schist and gneiss, calc-silicate and marble, quartzofeldspathic gneiss and amphibolites), of the Ankala Block North of the Amadeus Basis;
3) the Irindina Gneiss (quartzofeldspathic gneiss, biotite schist and amphibolite) of the Ankala Block;
4) the Mulga Creek Granitic Gneiss (muscovite-biotite granitic gneiss and minor amphibolites) of the Ankala Block.

The overall metamorphic grade is upper amphibolite facies. However, retrograde greenschist facies rocks occur within schist zones, which are related to faulting and thrusting along deformation zones within the Arltunga Nappe Complex during the

Devonian Carboniferous Alice Springs Orogeny.

The *Heavitree Quartzite* (quartzites with grits and conglomerates) and the *Bitter Springs Formation* (shales and dolomites) represent the basal sequence of the Amadeus Basin. These units unconformably overlie Arunta Province rocks at Mt Laughlen to the south of Winnecke, but have been thrust over the Arunta Province rocks to the north, in the Winnecke area, where they are strongly deformed.

The Winnecke gold deposits occur in greenschist retrograde schist zones, mainly within rocks of the Arunta Province. The dominant type of mineralisation is auriferous quartz veining, with gold concentrated in those portions of the quartz veins that are composed of cellular and limonitic quartz, the limonite being derived from the oxidation of pyrite which occurs at depth.

Documented gold production from the Winnecke goldfield is small (about 1300 oz) but it was actively mined for a brief period only (ca. 1900 to 1917, and again briefly in the 1930s) and actual production may have been much higher, since much of the early mining was not officially recorded. Most mining at Winnecke and the Arltunga Goldfield ceased before the end of the First World War.

The Goldfield is in the southwest of AMI's EL 27811. Twenty-five gold workings and occurrences are identified (several are copper- or lead- dominant), mostly over an 18 km long ESE-WNW trend along the Palaeozoic Winnecke Thrust zone, from *Sloans Gully* in the west to *Ciccones* in the east. Eleven of the occurrences are identified as abandoned mines, and these are all along a 5 km long zone in the east. As noted previously,

Previous explorer Western Desert Resources noted that some of the auriferous quartz occurrences were hosted by strongly calcareous Arunta Block metasediments, calcsilicate, and marble, and postulated that there may be potential for disseminated low-to-medium grade gold mineralisation in carbonate-rich stratigraphy, of the "Carlin" type (*WDR Prospectus, 2007*).

4. Geochemical Test Report

The following is a brief report of geological fieldwork, prospecting and sample collections by AMI Resources in 2015, and a review of the geochemical results of 21 rock samples assayed by Australian Laboratory Services (ALS). It also interprets the indications for mineral deposits in the licensed area and proposes work programs for geological exploration for the next stage in the EL27811 Winnecke area.

4.1. Sampling Conducted.

Rockchip samples: A total of 21 rock samples were collected for analysis during fieldwork, with sample descriptions and assay results are provided in Appendix 1.

Areas sampled:

Most samples were from several locations around the central area of the Winnecke Goldfield located in the southeast of the exploration licence.

***"Golden Goose"* area**

The rock samples were mainly collected from the Golden Goose and surrounding areas. It is the historic gold workings (abandoned mine), eastern Winnecke Goldfield. This was the main area for sample collection, with 19 rock samples were collected, mainly from Golden Goose central area, plus 2 rock samples collected from Old Camp-Sliding Rock area.

Photo 1: An old mine in the *Golden Goose* workings.

Photo 2: Mineralised ground in Melb area.

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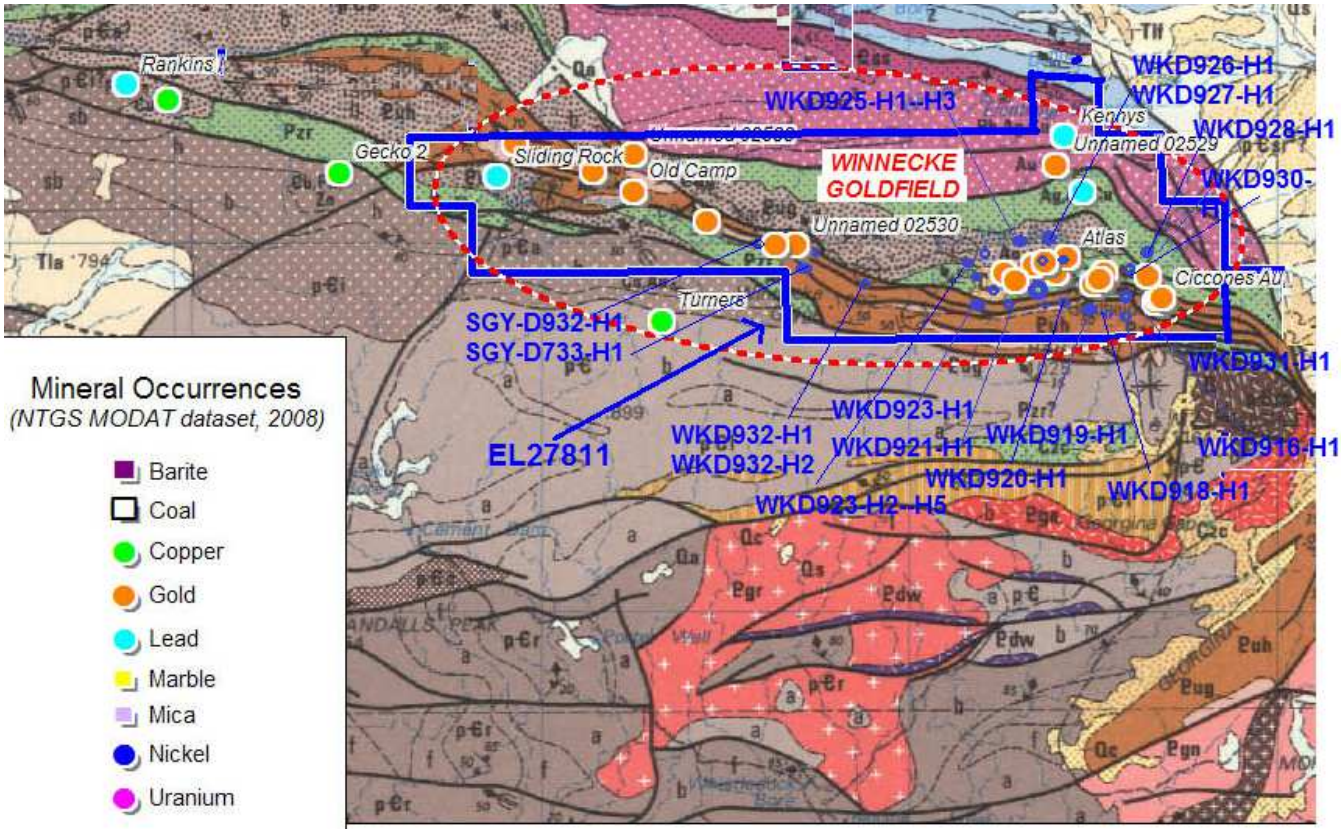

Figure 1: The Locations of Samples Collected by AMI Resources in 2015.

4.2. Geochemical analysis results

It is the area most quartz veins widely distributed. The geochemical result shows Au grade at 0.5-14.7g/t, at least 5-7 quartz veins can be seen, each 100 - 400m long, 3-10m thickness, local limonite is not strong, pyrite crystals and aggregate distribution in grey quartz veins in the oxidation.

a. **The Golden Goose mineralised area** is located in a big shear zone, where mylonite and sericite quartz schist cataclastic rocks developed, and the structure is complex. Quartz veins distributed intensively and widely, developed at least for 2-3 stages/periodically. The whole mineralised vein extends over 400 meters long and more than 120 meters wide (to be covered by Quaternary aged rock body). The tilt angle 65-85 ° northing. Local fault shear thrust reversal. This confirmed what we found previously.

b. Sampling in 2015 was mainly in the same locations where chain sampling methods were used to collect rock chips in continuous geological sections in 2013 and 2014, in order to double check the local mineralisation.

c. New sampled rocks in 2015 were also collected in these areas, to randomly test the

gold mineralisation in this area, the geochemical test results are confirming the high grade of gold mineralisation, as shown in Table 4-2-1, To better understand the deep mineralization, we need to collect deep borehole data, and the underground geological mineralization information from previous work and need drilling.

d. Two rock samples collected form old camp and sliding rock area—SGY-D932-H1 and SGY-D933-H1 show no significant level of mineralisation.

Table 4-2-1: Geological Analysis Results of Samples from Golden Goose and Surrounding Area, Winnecke Goldfield

Golden Goose and Surrounding Areas: 23 samples					
	Au-AA26	ME-ICP61	Cu-OG62	Coordinates	
Sample IDs	Au	Cu	Cu		
Rock Sample	ppm	ppm	%	EAST (mga53)	North (mga53)
WKD916-H1	0.52	100		433532	7419458
WKD918-H1	0.16	12		433541	7419460
WKD919-H1	0.26	30		433546	7419462
WKD920-H1	0.31	68		433558	7419477
WKD921-B	0.08	296		433562	7419488
WKD923-H1	0.01	582		433565	7419495
WKD923-H2	0.05	534		433570	7419493
WKD923-H3	**1.76**	**>10000**	4.31	433574	7419501
WKD923-H4	0.02	441		433579	7419508
WKD923-H5	**0.78**	**7460**		433584	7419512
WKD925-H1	0.14	94		433590	7419518
WKD925-H2	**14.7**	140		433597	7419523
WKD925-H3	0.26	**1045**		433605	7419529
WKD926-H1	0.26	36		433662	7419535
WKD927-H1	0.07	12		431872	7419015
WKD928-H1	0.02	23		431875	7419021
WKD930-H1	0.2	18		435520	7421813
WKD931-H1	0.01	4		435541	7421820
WKD932-H1	<0.01	26		435546	7421829
SGY-D732-H1	<0.01	76		422806	7422405
SGY-D733-H1	0.01	224		422786	7422409

4.3. Follow-up Work.

The current sampling confirms that the Winnecke Goldfield warrants further investigation.

The principal concern in identifying the potential of the Winnecke Goldfield is to identify the nature and extent of known mineralisation, and any controlling geological structures or stratigraphy.

The high-grade gold-bearing quartz veins are the obvious target, but near-surface mineralisation is likely to have been mined already and deeper deposits might be small, which would make their identification (e.g. by drilling) difficult, and might mean they are uneconomic to mine. If the structures hosting and controlling this mineralisation can be properly identified, however, it may be possible to predict the more prospective areas, and possibly identify areas of intersecting or converging structures, which might prove to host larger targets, under cover or at depth. Systematic geochemical sampling (with follow-up drilling where warranted) is also the most practical way to try to locate possible large lower-grade targets, if they exist.

Further work at this project should include

a) Review and assessment of current exploration activities being undertaken by companies on adjoining licences.
b) Geological mapping of known mineralisation, with the objective of identifying structures hosting or controlling mineralisation and identifying possible strike-extents or repetitions of such structures.
c) Geochemical sampling (rock-chip sampling, including channel sampling if possible) of recognised host/control structures (and possible strike-extents) to better define the nature, scale and variability of mineralisation.
d) Possible drilling in the Golden Goose and surrounding areas to test the nature and structure of the underlying gold mineralisation.

Subsequent follow-up work might include

e) Detailed low-level air-borne (or ground) geophysical surveying, to better define geological structures which might host or control mineralisation
f) Targeted costeaning
g) Drill testing.

Ross Caughey, *B.Sc.(Hons)*
Geological Consultant

(*Exploration & Discovery Services Pty Ltd*)
Flagstaff GeoConsultants Pty. Ltd.

Member:
Australasian Institute of GeoScientists (AIG),
Geological Society of Australia (GSA),
Society of Economic Geologists (SEG)

APPENDIX 1: Winnecke Project, EL 27811

Geochemical Analysis Results for Samples collected from Golden Goose and Surrounding Area, October, 2015

Samples,	Coordinates		Description	Geochemical Test Results by ALS		
				Au-AA26	ME-ICP61	Cu-OG62
Rock Sample	EAST (mga53)	North (mga53)	mineralized quartz veins	Au (PPM)	Cu (PPM)	Cu (%)
WKD916-H1	433532	7419458	limonitic quartz veins	0.52	100	
WKD918-H1	433541	7419460	quartz veins	0.16	12	
WKD919-H1	433546	7419462	mylonite	0.26	30	
WKD920-H1	433558	7419477	quartz veins	0.31	68	
WKD921-B	433562	7419488	quartz veins	0.08	296	
WKD923-H1	433565	7419495	quartz veins	0.01	582	
WKD923-H2	433570	7419493	quartz sandstone	0.05	534	
WKD923-H3	433574	7419501	quartz veins	**1.76**	**>10000**	4.31
WKD923-H4	433579	7419508	quartz veins	0.02	441	
WKD923-H5	433584	7419512	limonitic quartz schist	**0.78**	**7460**	
WKD925-H1	433590	7419518	limonitic quartz schist	0.14	94	
WKD925-H2	433597	7419523		**14.7**	140	
WKD925-H3	433605	7419529	limonitic quartz schist	0.26	**1045**	
WKD926-H1	433662	7419535	limonitic quartz veins	0.26	36	
WKD927-H1	431872	7419015	limonitic quartz veins	0.07	12	
WKD928-H1	431875	7419021	limonitic quartz veins	0.02	23	
WKD930-H1	435520	7421813	quartz veins (end)	0.2	18	
WKD931-H1	435541	7421820		0.01	4	
WKD932-H1	435546	7421829	mineralized quartz veins	<0.01	26	
SGY-D732-H1	422806	7422405	Quartz vein fracture zone	<0.01	76	
SGY-D733-H1	422786	7422409	Fault rocks	0.01	224	

References:

[1] Northern Territory Department of Resources –Minerals and Energy, MODAT Mineral Deposit Database, http://dmetis.nt.gov.au/tis/OLQ.ASP?WCI=Geoset&WCE=frmGeoset&WCU.

[2] M.S. Skwarnecki and S.J. Fraser (2002), Geochemical Orientation and Soil-Lag Traverse at the Garland Gold Mine, Winnecke Goldfield, Northern Territory, CRC Lem Open File Report 83