AMI Resources Pty Ltd

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AMI Resources Pty Ltd

Annual Report

on

Mineral Tenement EL27961

Tennant Creek Region

Year 6

November 2016

AMI Resources Pty Ltd
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Table of Contents

1. Management Report on EL 27961: Year 6[1]

This document is AMI's the 6th annual report on exploration work in EL27961, outlines work progress in geological exploration in the area covered by the license in year 6 and provides independent geological report, including geochemical assay results and analysis prepared by Exploration and Discovery Pty Ltd. This report then propose work program in exploration in the next year.

This company has made a considerable progress in conducting geological survey, data collections and research, and geochemical exploration in the third year. These progresses have prepared AMI for significant geological exploration work in the EL27961 tenement in the forthcoming years.

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

- Data search and analysis, literature research, interpretation of existing data and reports, and further desk-top studies on the EL27961 tenement area, including open files, GIS, amass databases, and gained better knowledge of the geological settings and mineralisation of the licensed area and potential deposits of minerals.
- Conducted fieldwork including on-site reconnaissance and prospecting on the tenement field and also performed sampling (22 bags of rock samples) in the targeted areas.
- The geochemical analysis of these samples by Australian Laboratory Services (ALS). These results have been reviewed and interpreted by our geologists. This prepared us for the next-stage exploration work in year 2015-16.

i. Geological Settings: EL 27961---The Pingelly Project [2]

2.1. Regional and Local Geology

The *Pingelly* Project is 115 kilometres southeast of Tennant Creek township. The major target mineral resources the area are gold, copper and lead. The Exploration

[1] This is Annual Report provided by AMI Resources Pty Ltd. Contact: Dr. Haishun Sun, Director, email: Haishun_sun198@hotmail.com. Phone: 03-9807 9972, or 0423 488536.

[2] The technical report and geological analysis are prepared by Ross Caughey, senior geologist, Exploration & Discovery Services Pty Ltd, (ACN 074 693 637), Suite 2, 337A Lennox Street, (PO Box 2236) Richmond South, Victoria, 3121 Australia. Phone: 03 8420 6200, Fax 03 8420 6299. Email: postman@flagstaff-geoconsultants.com.

Licence currently covers 32 km^2 and is covered by 1:100,000-scale map sheets *Ooradidgee* (5857) and *Davenport Range* (5856).

The EL 27961 tenement area is located along the eastern margin of the Tennant Creek Inlier, an intensely folded, early Proterozoic intra-cratonic basin succession of mainly sedimentary and minor felsic volcanic rocks, intruded by younger granitoids.

This inlier – which forms a north-northwesterly trending belt some 700 km in length – is centred on the town of Tennant Creek and comprises Palaeoproterozoic sediments of the Warramunga Group, Hatches Group and Tomkinson Creek Beds (*the Warramunga (or Central), Tomkinson (or Ashburton) and Davenport Provinces*..

The Warramunga Group, which has been the most economically productive stratigraphy in the Tennant Creek Region, consists of a sequence of argillaceous sedimentary rocks, including siliceous greywacke, siltstone and shale. Quartz-feldspar porphyry lenses occur as both cross-cutting and conformable units within the sedimentary sequences. The Warramunga Group has been the subject of at least three deformational episodes.[1]

The Davenport Province, to the southeast, is a sub-tectonic unit of Tennant Creek Inlier. The Davenport Ranges comprise highly folded Proterozoic sediments and volcanics rocks of the Hatches Creek Group within the Tennant Creek Inlier and are intruded by a late Proterozoic radiogenic granite that is poorly exposed but extends for a considerable distance southwards beneath Cainozoic unconsolidated sedimentary cover, as inferred from its magnetic signature. This granite may be an excellent potential source for secondary uranium.[2]

The EL 27961 area lies in the Davenport Province of the Tennant Inlier. The well-exposed Palaeoproterozoic basement of the Davenport Province consists of lower greenschist facies sandstones, bimodal volcanics and minor carbonates of the Hatches Creek Group. Two separate deformational events have resulted in a regional fold pattern of domes and saddles with dominant northwesterly-trending axes.

The exploration target for EL 27961 is gold and/or copper mineralisation in sedimentary and volcanic units of the Hatches Creek Group. Relative to the Tennant Creek Goldfield, the Licence area has had minimal previous exploration work. Some encouragement is provided by a copper occurrence in the Edmirringee Volcanics, which is shown on the Bonney Well geological map to be in the west central portion of the Licence area.

In the core of the Kurundi anticline in the west of the licence are basalts and minor felsic volcanics of the Edmirringee Volcanics (Ooradidgee Sub-group). Successively overlying formations of the same sub-group are the Kurinelli Sandstone (arenites and minor volcanics, with later granophyre and dolerite sills), and the Taragan Sandstone (arenites, conglomerates and siltstones). Unconformably above these are the Unimbra Sandstone and the Yeeradgi Sandstone of the Wauchope sub-group.

Apart from the southwestern part of the tenement, which is centred around the Kurundi Anticline, the bedrock geology is largely masked by Quaternary soil cover. It has been reported[1] that, on the basis of regional mapping, regional aeromagnetic data and limited outcrop, the NTGS has interpreted the presence of a southeast extension of the Tennant Creek Warramunga Group into the Bonney Well and Frew River areas. This rock sequence presents a primary exploration target.

2.2. Mineralization

The basis for acquisition of EL 27961 was the known gold mineralisation in the vicinity of the Kurundi and Power of Wealth mines. Due to their location within the Kurundi anticlinal structure and the presence of favourable Warramunga Group host rocks inferred[1] from interpretation of NTGS airborne geophysical surveys, these mineralized areas provide prime exploration targets.

Past and ongoing exploration has confirmed that Warramunga Group rock sequences are the chief hosts for economic mineralisation in the Tennant Creek Region. This style provides the preferred exploration model for the project area. The major mineral deposits of the Tennant Creek field comprise polymetallic, magnetite, quartz-hematite bodies (ironstones) containing gold in association with sulphides of iron and copper and, to a lesser extent, lead and zinc, with bismuth as a by-product. These are commonly hosted by shales and BIF within the Warramunga Group. Known deposits generally have a chloritic alteration halo, indicating hydrothermal origin. The distribution of lodes indicates an association with major regional faults and shears.

Gold and copper are believed to be the major resources in this region. Discoveries of gold mineralisation in the Tanami Region have proved the efficacy of modern mineral exploration techniques in an area largely covered by unconsolidated surficial deposits. The most successful approach has been to drill very low-level geochemical anomalies, with the usual lithological and structural framework provided by detailed prospect-scale aeromagnetic and gravity surveys[1].

All the presently known gold mineralisation in the Region has been associated with Palaeoproterozoic rocks of the Mount Charles Group and their lateral equivalents. In addition, uranium and other base-metals are also considered to be prospective. The *Pingelly* region has not been extensively explored for mineralisation other than gold, and it is believed that there is potential for significant uranium and base-metal mineralisation.

The *Munadgee* uranium prospect lies about 5.5 km northwest of the AMI licence (*Figure 3,*). This was the most significant vein-type uranium occurrence in igneous rocks in the Tennant Creek region.[3] Secondary uranium mineralisation occurs in sheared and altered feldspar porphyry (Palaeoproterozoic) which is inferred to intrude into the Warramunga Group. The prospect is near the unconformity at the base of the overlying sediments of the Hatches Creek Group.[4] Average grade in the 1950s was quoted as 0.75% U_30_8 and a 5.8m wide ore zone averaging 0.45% U_30_8 was reportedly defined at the bottom of the shaft; sampling in a crosscut 40m deep assayed 0.82% U_30_8 over 1.2m, according to government reporting.[5]

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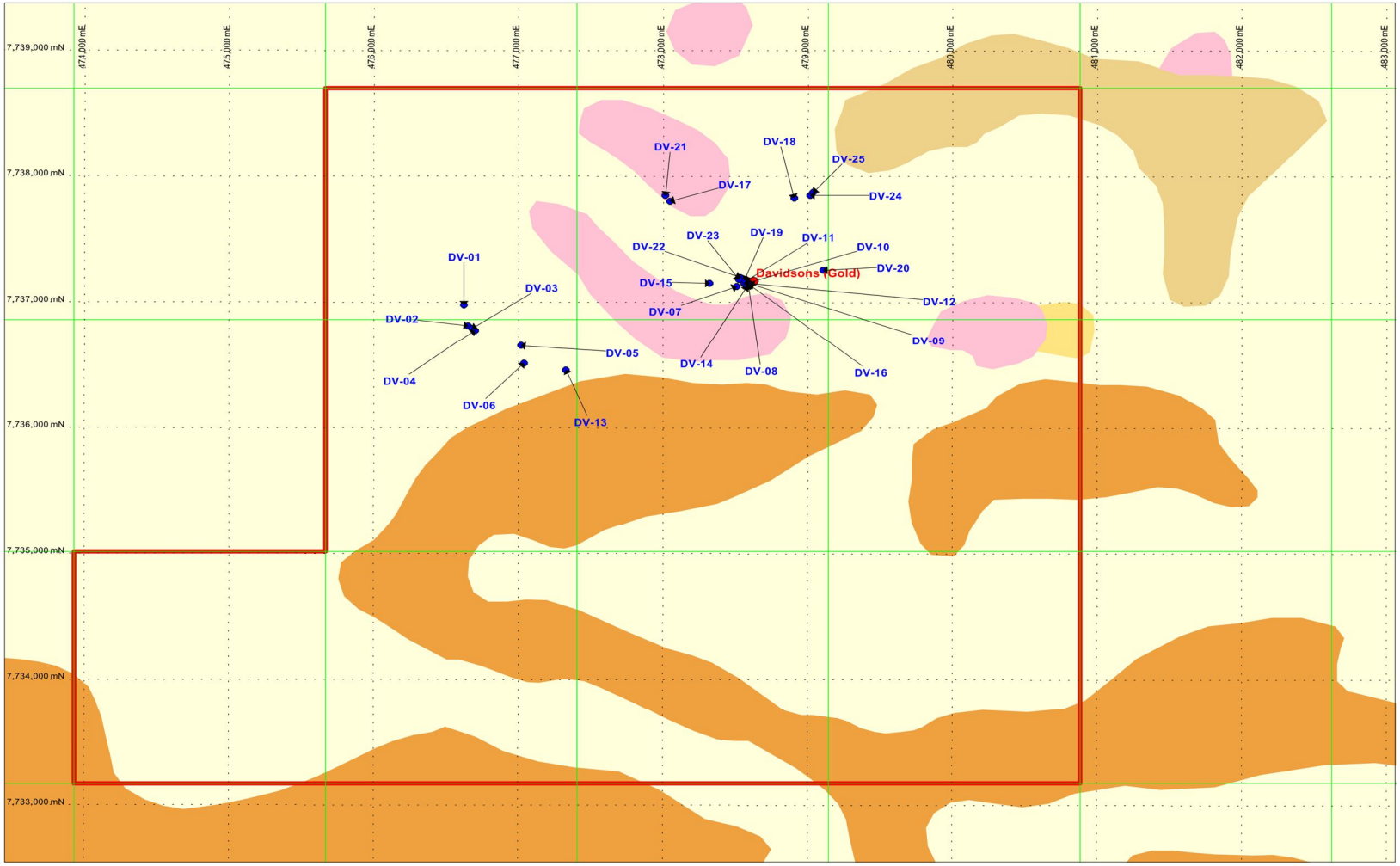

Fig 1: Pingelly Project, EL 27961: Regional Geology and Sample Location, April 2016 (1:500,000 (Tennant Creek).[9] (*refer to the published mapsheet or digital dataset for the legend*).

3. Geochemical Report

This section presents geochemical analysis results of rock samples collected during our fieldwork in April 2016. As the area size of EL27961 was further reduced in 2015, the current size of area is now 32 square kilometres, our fieldwork was mainly in *Davidson Gold workings* and surrounding areas. Totally, 25 bags of rock chip samples were collected and assayed. The locations of these samples are shown in the map (Fig. 1). The coordinates and descriptions of the samples are presented in Appendix 1, and the geochemical results are presented in Appendix 2.

'Davidson's Gold' area.

The area around and adjacent to the Davidson's workings appears to be completely soil covered, with little or no outcrop or subcrop evident. The ground surface for some distance around the workings was observed to be disturbed. This is clearly bulldozing conducted probably in the last 10-20 years, on the mining claim which then covered the workings, as an aid to metal detecting for coarse gold shed from the mineralised veining. Vein quartz is quite common at surface in this area but, because of the bulldozing, any original locations, extent or concentrations of quartz float (or subcrop) have been obliterated, so there is nothing to indicate if there are other veins in the area adjacent to Davidson's workings, or if all the quartz derives from the single vein targeted by the old workings.

Geochemical Analysis Results: Davidson's Workings and Surrounding Areas

Location	Samples	Number of samples
Davidson's workings	DV-01 ---DV-10	10
Southeast and east to Davidson	DV-11---DV25	15

There are three rock samples return with a higher gold grade. Sample DV-11, DV-16 and DV-23 assayed 2.63 g/t, 2.82g/t and 2.71g/t gold respectively, confirming mineralisation here – previous sampling has returned assays of the order of 1.5 to nearly 3 g/t gold. The other samples were also anomalous in copper (685, 655, 453 ppm). The bismuth association is characteristic of the ironstone-related gold deposits of the Tennant Creek region further north (also in Warramunga Formation rocks), these three gold-bearing samples also show high level of bismuth mineralisation.

The detailed information of geochemical analysis of collected rock-chip samples are

presented in Appendix 1 and Appendix 2.

Photo 1. Gold-bearing rock in “Davidson’s” gold workings area.

3. Future Work and Partial Surrendering

The area around Davidson's is largely under surface cover, though cover is probably fairly thin in many areas. The most prospective areas for more gold-bearing veining may be faulted margins of porphyry units – one unit was mapped[*] south of Davidson's, and the Davidson's vein appears to be on its faulted northern margin, and another was mapped about 3 km to the northeast (with some veined margins), where an assay result of 0.13 g/t gold was also reported. There may be other such "porphyritic felsic volcanics" under cover elsewhere in the area.

The margins of these porphyries should be investigated and mapped, and any contacts or structures sampled, though if there is any significant gold mineralisation in the area (apart from Davidson's) it is likely to be under cover. Further exploration can include:

- The vacuum drilling
- Detailed geophysical surveying;
- Systematic geochemical soil sampling (ideally "partial selective leach", or "MMI" (mobile metal ion) to test for geochemical anomalism.

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22 November 2016

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

[*] Eden Creek Pty Ltd, 1995-96.

APPENDIX 1:

Location and description of rock samples collected in EL27961-Pingelly Gold Project area by AMI Resources in April 2016

(All coordinates are GDA94, MGA zone 53)

Order	Sample	Coordinates		Descriptions
No.	ID	EAST	NORTH	goethitic qtz vein in volc.rock
1	DV-01	476623	7736979	ferrug. qtz
2	DV-02	476652	7736812	qtz vein in volc.rock
3	DV-03	476681	7736790	qtz vein in volc.rock
4	DV-04	476699	7736776	granite
5	DV-05	477018	7736652	qtz vein
6	DV-06	477039	7736513	qtz vein
7	DV-07	478506	7737128	granite
8	DV-08	478590	7737135	Davidson's workings: Quartz vein
9	DV-09	478598	7737146	Davidson's workings: Quartz vein
10	DV-10	478562	7737149	Davidson's workings: Quartz vein Quartz vein
11	DV-11	**478569**	**7737168**	ca.530m to the northeast; Beside large quartz vein
12	DV-12	478559	7737158	ca.1.6km to the northeast
13	DV-13	477329	7736456	volcanic rock
14	DV-14	478579	7737128	volcanic rock
15	DV-15	478318	7737152	volcanic rock
16	DV-16	**478595**	**7737140**	qtz vein in volc.rock
17	DV-17	478045	7737802	volcanic rock
18	DV-18	478907	7737827	Near Davidson's workings: Quartz vein
19	DV-19	478562	7737179	Davidson's workings: Quartz vein
20	DV-20	479105	7737256	ferrug. qtz in fault
21	DV-21	478015	7737850	qtz vein in volc.rock
22	DV-22	478530	7737198	qtz vein in volc.rock
23	DV-23	**478523**	**7737180**	qtz vein in volc.rock
24	DV-24	479016	7737851	small qtz veins in volc.rock
25	DV-25	479037	7737877	goethitic qtz vein in volc.rock

APPENDIX 2:

Pingelly Project, EL 27961: Geochemical Analysis Results for Samples collected in April 2016

Sample ID	Au-AA26	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61
	Au	Ag	Al	As	Ba	Bi	Cu	Fe
Description	ppm	ppm	%	ppm	ppm	ppm	ppm	%
DV-01	0.11	<0.5	0.63	20	130	120	325	2.08
DV-02	0.12	<0.5	1.42	8	103	<2	17	18.23
DV-03	0.14	<0.5	0.61	17	133	102	221	2.47
DV-04	0.09	2.7	2.13	<5	228	<2	9	1.98
DV-05	0.28	0.8	0.31	5	40	<2	12	0.57
DV-06	0.06	<0.5	7.9	8	328	9	206	2.32
DV-07	0.01	<0.5	6.13	6	620	15	195	2.55
DV-08	0.05	0.9	4.13	15	73.5	19	35	5.6
DV-09	<0.01	<0.5	2.69	9	135	<2	29	16.25
DV-10	<0.5	5.04	6	543	3.2	0.06	2.55	10
DV-11	**2.63**	<0.5	3.1	<5	202	754	453	1.83
DV-12	<0.01	<0.5	4.26	9	950	2	14	13.25
DV-13	0.07	<0.5	4.6	5	720	7	168	2.01
DV-14	0.26	<0.5	0.42	<5	40	3	2	0.54
DV-15	0.13	<0.5	0.85	<5	50	2	7	2.28
DV-16	**2.82**	1.6	0.43	118	180	1359	685	8.26
DV-17	0.15	<0.5	0.76	<5	150	3	27	8.69
DV-18	<0.01	<0.5	3.72	16	710	<2	10	3.72
DV-19	0.13	<0.5	0.63	20	140	120	320	2.14
DV-20	<0.01	<0.5	3.12	<5	210	<2	8	1.56
DV-21	0.06	<0.5	2.41	9	112	<2	19	14.21
DV-22	<0.01	<0.5	6.8	6	670	7	186	1.97
DV-23	**2.71**	1.5	0.43	116	190	1335	655	8.14
DV-24	0.12	<0.5	1.89	12	240	<2	22	3.81
DV-25	<0.01	<0.5	2.69	9	150	<2	29	16.25

(Continued)

Sample ID	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61	ME-ICP61
	Mg	Mn	Mo	Ni	P	Pb	U	W	Zn
Description	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
DV-01	0.05	161	<1	2	60	110	<10	<10	3
DV-02	0.12	146	<1	13	223	41	<10	15	36
DV-03	0.05	145	2.3	4	35	45	<10	12	5
DV-04	0.15	230	1.7	6	112	18	<10	<10	21
DV-05	0.02	49	1	2	60	7	<10	<10	2
DV-06	0.54	149	<1	20	116	66	15	30	32
DV-07	0.4	155	<1	7	150	14	<10	10	19
DV-08	0.65	78	1.4	15	220	17	10	10	12
DV-09	0.12	127	1	10	1030	44	<10	<10	46
DV-10	153	<1	0.09	125	14	0.01	27	19	8
DV-11	0.15	185	<1	2	120	16	<10	<10	14
DV-12	10	2.04	30	0.27	51	<1	0.01	2	19
DV-13	0.45	191	<1	5	110	52	10	20	18
DV-14	0.02	62	<1	2	20	3	12.3	10	25
DV-15	0.1	152	<1	7	150	14	13.6	12	7
DV-16	0.06	99	10	6	140	27	25	25	5
DV-17	0.1	40	<1	2	150	13	15	10	4
DV-18	0.05	88	1	2	50	5	<10	21	6
DV-19	0.05	159	2.5	2	37	52	<10	<10	3
DV-20	0.15	207	<1	2	120	15	<10	20	13
DV-21	0.12	116	2.2	10	430	34	<10	<10	32
DV-22	0.45	188	<1	6	100	55	10	10	22
DV-23	0.06	98	11	7	150	29	20	30	5
DV-24	0.32	82	1.2	6	230	32	<10	<10	13
DV-25	0.12	127	1	10	1010	44	<10	<10	38

References:

[1] Washington Resources Limited, 2005. Prospectus (*Kurundi prospect*).

[2] NuPower Resources: Annual Report 2007.

[3] Lally, J.H. and Bajwah, Z.U., 2006. Uranium deposits of the Northern Territory. Northern Territory Geological Survey, Report 20.

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[9] Donnellan, N., 2004. Geology of the Tennant Region 1:500 000 scale. Northern Territory Geological Survey, Darwin and Alice Springs. [*Digital GIS Dataset, 2004*]