



ENIGMA MINING LTD

MOUNT PEAKE PROJECT

ANNUAL REPORT

22/07/08 to 21/07/09.

EL 23074

Tenement/s	EL 23074	1:250 000 Sheet Name	Mount Peake (SE5305)
Holder	Enigma Mining Ltd	1:100 000 Sheet Name	Anningie (5554)
Manager	Tennant Creek Gold (NT) Pty Ltd	Datum	GDA94-52
Operator	Enigma Mining Ltd	GDA_E	317050-327590
		GDA_N	7599400-7617851
Commodity Elements Analysed	V; Ti; Fe; Ni; Cu; PGM's		
Keywords	Magnetite, Vanadium, Titanium Geophysics, drilling, metallurgy, testwork.		
Authors	C. Wetherley (Geologist), A. Rodda (Operations/Tenement Manager)		
Approved	P.E. Burton, Exploration Director		
Report Date	August 2009		
Distribution	TNG Limited		(1)
	DRDPIFR.		(1)

Executive Summary

During the report period TNG completed a 6 hole, 928m Reverse Circulation (RC) drilling program at its Mount Peake vanadium project confirming that the strike length of the magnetite mineralisation is over 1300m and open in all directions.

The consistent mineralisation with intersections of up to 165m indicated significant potential for a substantial resource. Initial metallurgical work confirmed the extraction of a vanadium concentrate.

The company appointed Snowden Mining consultants who confirmed a JORC inferred resource estimate of 107 million tonnes @ 0.32% V₂O₅, 5.9% TiO₂, 29% Fe (cut-off 0.1% V₂O₅).

Snowden also completed an Initial Scoping Study and considered the viability of an open pit mining operation. Despite the high capital cost the results demonstrated viable project economics given the parameters and assumptions of this initial study.

Further drilling at Mount Peake will commence in September 2009 as part of an NT Government funded drilling grant, awarded to TNG to identify if the Mount Peake intrusion is a large layered mafic system with massive sulphide potential. TNG plans to drill two deep diamond drill holes of 500m each to confirm the nature of the intrusion and test the prospectivity for Ni-Cu sulphides and PGM's.

Ten RC drill holes are planned to infill to a 200 x 200m square grid across the central area of the modelled vanadium deposit to further improve confidence in the resource.

Metallurgical work is continuing to optimise V2O5 recoveries and grade.

TABLE OF CONTENTS

1.0	Introduction	5
2.0	Location and Access	6
3.0	Tenure	6
4.0	TNG Exploration 2008-2009	7
4.1	Recent Drilling	7
4.3	Metallurgy	8
4.2.1	Davis Tube Recovery	8
4.2.2	Metallurgical Test Work	8
4.3	Initial Resource Estimate	9
4.4	Initial Scoping Study	10
4.5	Petrology and Geochemistry	11
4.6	Drilling Collaboration Proposal	11
5.0	Expenditure	12
6.0	Proposed 2010 Program	12

FIGURES

Figure 1:	Location plan of Mount Peake project area	6
-----------	---	---

TABLES

Table 1:	Tenure	6
Table 2:	TNG February 2009 RC drillhole details	7
Table 3:	DTR concentrate recovery summary	8
Table 4:	MET testwork results, based on Mount Peake RC drill material	9
Table 5:	Bottom 20 Assays from drillhole ARD02	11
Table 6:	Expenditure	12
Table 7:	Proposed Expenditure	13

APPENDICES

Appendix 1 – Mount Peake February 2009 Drilling Report
Appendix 2 – Logging Codes
Appendix 3 – XRF Assay Results
Appendix 4 – Davis Tube Recovery Results
Appendix 5 – Metallurgical Report
Appendix 6 – Initial Resource Estimate Report
Appendix 7 – Initial Scoping Study Report
Appendix 8 – Petrology Report
Appendix 9 – Drilling Collaboration Proposal

PLANS

Mount Peake Plan 1 – February 2009 drill hole locations on geology
Mount Peake Plan 2 – Location of Drill holes on RTP First Vertical Derivative Magnetics
Mount Peake Plan 3 – Location of Drill holes on Gravity Anomaly Image
Mount Peake Plan 4 – Location of Drill holes on Gravity – First Vertical Derivative

1.0 INTRODUCTION

Exploration Licence 23074 was granted to Tennant Creek Gold (NT) Pty Ltd (TCG) on the 22/07/2002. TCG is a wholly owned subsidiary of TNG Ltd. On 29 May 2007, TCG transferred the licence ownership to Enigma Mining Ltd, another wholly owned subsidiary of TNG Ltd. In April 2008 Enigma Mining Ltd applied for a 2 year renewal of the licence. This was approved on 5 June 2008.

All reference to work carried out by TNG Ltd. or its subsidiaries will be referenced 'TNG' in this report. The 2007-2008 Annual Report for EL23074 details the regional geology and mineralization and previous exploration that has taken place in this area. This report only covers the work that TNG have done in the current reporting year, 22/07/08-21/07/09.

Petrological assessment of three samples from the previously drilled ARD02 identified a magnetite olivine cumulate with good evidence of layering and traces of magmatic sulphide; chalcopyrite, pentlandite, and bornite.

Subsequent drilling, geophysics, petrology and geochemical analysis has indicated that the magnetite olivine gabbro persists over a strike length of 1300m and is of magmatic origin, in pristine, unaltered condition.

Samples from this years drilling were sent for Davis tube recovery tests and metallurgical testwork. The DTR test results were highly encouraging and confirmed high grade vanadium concentrate can be obtained from mineralisation intersected at the Mount Peake project.

Initial metallurgical testwork completed on drill samples MPM001 from MPRC002 (46 to 47 metre interval) and MPM003 from MPRC004 (49 to 50 metre interval) confirmed that a high-grade vanadium pentoxide (V_2O_5) concentrate can be produced from the Mount Peake mineralisation.

The consistent mineralisation over large intersections of up to 165m indicated significant potential for a substantial resource. Based on these results the company appointed Snowden Mining Industry Consultants (Snowden) to commence an initial resource estimate base on the drilling and geophysics completed to date.

Snowden also undertook the optimisation work for the Study to assess project viability and assist in planning ongoing exploration activities at Mount Peake.

Petrological results from drill hole ARD02 also indicated the possibility of Ni-Cu-PGE mineralisation in the Mt Peake area and TNG submitted a proposal to the NT Government applying for funding for a small diamond drilling programme to provide information on the nature and extent of a potential layered mafic intrusion in the prospective Western Arunta province.

2.0 LOCATION AND ACCESS

EL 23074, part of the Mount Peake project, is located approximately 280km NE of Alice Springs, and 60km west of the sealed Stuart Highway to Darwin. Access in the licence areas is good with station and previous exploration tracks, (Figure 1).

The new LNG gas pipeline runs 20 km east of the project area and the Darwin to Adelaide railway 80km to the east.

Exploration Access to the area has been granted by the CLC and Traditional Owners, and Authorisation 0447-01 is in place for drilling from 5 February 2009.

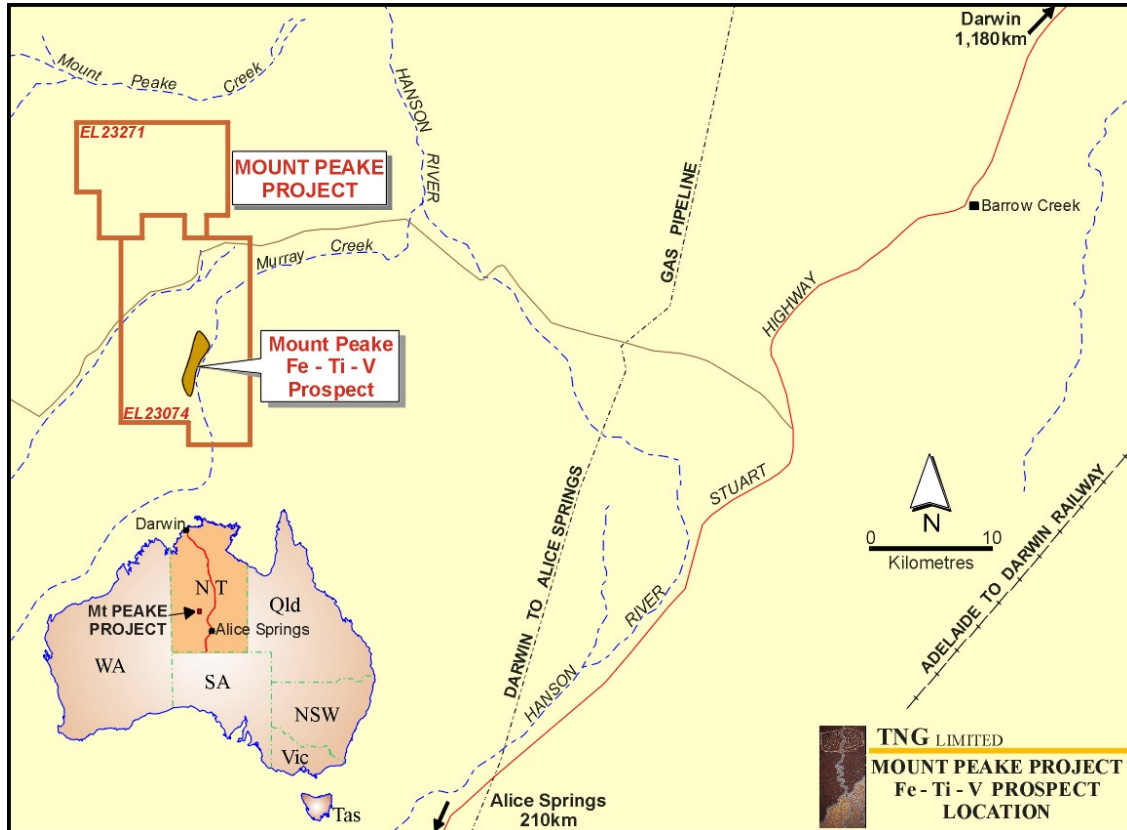


Figure 1: Location plan of Mount Peake project area

3.0 TENURE

Exploration Licence 23074 is part of the "Mount Peake" Project and covers a total area of 169.2km². It is 100% held by Enigma Mining Limited, a wholly owned subsidiary of TNG Limited. EL 23074 was granted to Tennant Creek Gold (NT) Pty Ltd ("TCG") on the 22/07/2002 for 6 years and expired on 21/07/2008. TCG applied for a 2 year renewal on 28/04/08 which was granted on 22/07/2008 and expires on 21/07/2010. In February 2009 TCG transferred the licence to Enigma Mining Limited due to a restructuring of the parent company TNG. Tenure details for EL23074 are summarised in Table 1.

TITLE	PROSPECT	AREA (blocks)	GRANT DATE	EXPIRY DATE
EL23074	Mount Peake	53	22/07/2002	21/07/2010

Table 1: Tenure

4.0 TNG EXPLORATION 2008-2009

A significant amount of work has been carried out in this reporting period comprising field, laboratory and resource evaluation work. Drilling was completed and laboratory testing (assaying, metallurgical testwork and Davis Tube recovery work) carried out on the new drill core. Snowden Mining Industry Consultants (Snowden) were commissioned to carry out an Initial Resource Estimate and Initial Scoping Study of the Mt Peake Project. Petrological and geochemical work was carried out on drill core from ARD02 and as a result of the findings a proposal was submitted to the NT government requesting funding for additional drilling in the area.

4.1 Recent Drilling

In the reporting period TNG drilled six RC drillholes for 928 metres (Table 2; Plans 1-4 attached) at Mt Peake, three of which were vertical, two at -60 towards 270 and one at -60 towards 090. The RC holes range from 100 m depth to 198 m depth. Drilling was conducted with a Schramm T685 Drill rig with a 1350 cfm / 500 psi onboard compressor plus a 1360 cfm / 500 psi Sullair Auxiliary and Hydco Booster using a 5.5-inch face sampling bit (Appendix 1; Logging codes are included in Appendix 2).

RC sampling: used pre-numbered calico bags for the samples and pre-numbered green plastic bags for the reject material. The samples were passed through a cyclone and onto a cone splitter to collect the sample. Samples were collected at 1 m intervals. Samples that were sent for analysis were from the base of transported or the top of calcrete horizon to 2 m past the base of mineralisation. 926 of the RC samples were recorded as 'Dry', and only 2 samples recorded as 'Wet'. Samples were assayed at Nagrom in Kelmscott, Perth for Fe, SiO₂, Al₂O₃, TiO₂, Mn, V₂O₅, P, S, Ca, Mg by XRF and for Cr₂O₃, Cu, Zn, Co, Ni by ICP. Samples from one drillhole were analysed by fire assay for Au, Pt, Pd.

Field duplicates were collected for the RC program, with nominally three duplicates collected per drill hole by passing the sample in the calico bag through a 50/50 riffle splitter. No independent standards for were used for the RC or diamond core assaying.

XRF results confirmed that the mineralisation is continuous over at least 80m, from 30m to a depth of 111m. Results of the assays are shown in Appendix 3. Best results were:

MPRC004 117m @ 0.44% V₂O₅, 7.9% TiO₂, 24.9% Fe
including 24m @ 0.56% V₂O₅, 10.04% TiO₂, 32.75% Fe

MPRC003 115m @ 0.35% V₂O₅, 6.065% TiO₂, 27.9% Fe
including 54m @ 0.45% V₂O₅, 7.92% TiO₂, 30.8% Fe

MPRC002 40m @ 0.35% V₂O₅, 6.01% TiO₂, 24.05% Fe

Drillhole MPRC004 was assayed for base metal and PGE mineralisation. Results were negative and are shown in appendix 3.

HOLE_ID	COORDINATES MGA		AZI	HOLE TYPE	DEPTH (m)
	EASTING	NORTHING			
09MPRC001	322550	7605700	0	RC	150
09MPRC002	322700	7607000	090	RC	156
09MPRC003	322625	7606500	0	RC	198
09MPRC004	322650	7606200	270	RC	174
09MPRC005	323550	7607300	0	RC	150
09MPRC006	322625	7606050	270	RC	100

Table 2: TNG February 2009 RC drillhole details

4.2 Metallurgy

Samples were submitted for Davis Tube Recovery and Metallurgical test work to assess the recovery of the magnetic fraction from a low intensity magnetic separation procedure, and then assay this fraction for the elements of interest. TNG also commissioned Mineral Engineering Technical Services Pty Ltd ("METS") to design and manage the metallurgical testwork programme. METS has in-depth experience with vanadium deposits, particularly with Australian projects, and are well suited to evaluate the Mount Peake mineralisation.

4.2.1 Davis Tube Recovery

The Davis tube test results were highly encouraging and confirmed high grade vanadium concentrate can be obtained from mineralisation intersected at the Mount Peake project. Average DTR concentrate grade exceeds 1% V₂O₅, with the highest values up to 1.5 V₂O₅, 52% Fe and 17 TiO₂. The vanadium grades encountered as part of the DTR were particularly encouraging, with values in excess of 1% vanadium pentoxide (V₂O₅) and average of 52% Fe. The initial test work was carried out on the - 72 micron fraction and optimisation of the recoveries and grades is expected with further test work on other fractions. Significant results are shown in Table 3 below and full results in Appendix 4.

Hole ID	Depth From (m)	Interval Thickness (m)	-75µm DTR Mass Recovery (%)	-75µm DTR Concentrate Grades		
				V ₂ O ₅ (%)	TiO ₂ (%)	Fe (%)
MPRC001	13	95	4.8	0.96	12.5	50.2
MPRC002	21	55	12.0	1.47	15.3	52.7
MPRC003	6	150	17.7	1.28	17.0	52.8
MPRC004	6	165	15.7	1.17	16.6	52.6
MPRC005	5	145	5.4	0.94	15.8	52.0
MPRC006	5	95	9.0	1.21	13.3	53.6

Table 3: DTR Concentrate Results Summary

4.2.2 Metallurgical Test Work

Initial testwork completed on drill samples MPM001 from MPRC002 (46 to 47 metre interval) and MPM003 from MPRC004 (49 to 50 metre interval) confirmed that a high-grade vanadium pentoxide (V₂O₅) concentrate can be produced from the Mount Peake mineralisation. Further test work aimed at optimising the grade and recovery, has successfully improved the initial results by regrinding to 45 microns. Results are shown in Table 4.

The regrind to 45 micron also improved the grade and recovery of the Fe and TiO₂ and successfully reduced the SiO₂ and Al₂O₃ components to acceptable commercial levels.

Further testwork is underway to study the amenability of the ore to alternative salt roasting and/or leach processes to further improve the vanadium recovery.

TNG has commissioned METS to investigate the recovery of the Iron and Titanium as additional marketable products and results of this will be reported in the 2010 annual report.

MPM 001						
Sample	Grind size (mm)	Grade (%)				
		Fe	SiO ₂	Al ₂ O ₃	TiO ₂	V ₂ O ₅
Mag Conc	75	51.2	6	2.9	14.7	1.07
Regrind Mag Conc	45	56.8	1.5	2.3	15.9	1.3

MPM 003						
Sample	Grind size (µm)	Grade (%)				
		Fe	SiO ₂	Al ₂ O ₃	TiO ₂	V ₂ O ₅
Mag Conc	75	53.5	2.9	2.6	17.2	1.1
Regrind Mag Conc	45	55.6	1.6	2.4	17.2	1.2

Regrind Sample	Mass recovery (%)	Recovery (%)				
		Fe	SiO ₂	Al ₂ O ₃	TiO ₂	V ₂ O ₅
MPM 001	33.8	59.5	2.2	14.2	62.4	88.1
MPM 003	40.9	66.0	3.1	17.5	66.9	84.7

Table 4: METS testwork results, based on Mount Peake RC drill material.

4.3 Initial Resource Estimate

The consistent mineralisation over large intersections of up to 165m indicated significant potential for a substantial resource. Based on these results the company appointed Snowden Mining consultants to commence an initial resource estimate (Appendix 6) based on the drilling and geophysics completed to date.

The results of the resource estimate show that the Mt Peake vanadium project provides TNG with a maiden Inferred Mineral Resource (cut-off 0.1% V₂O₅) of:

107 million tonnes at a grade of 0.32% V₂O₅, 5.9% TiO₂, 29% Fe

TNG supplied the data files used to build the resource model, which included drillhole data for six RC drillholes and one diamond drillhole, as well as topography elevation data, and an image of magnetics for the project area. The drillholes are located in a single line, trending approximately north south and spaced a minimum of 100 m apart, a maximum of 500 m apart, with an average spacing of about 180 m.

Snowden reviewed the available assay QA/QC data, which consisted of field duplicate data. Standards and blanks were not used, as the program was considered by TNG to be preliminary exploration. Snowden noted that the duplicate samples were taken after drilling by splitting the sample in the calico bag, which does not test the precision of the rig splitting technique. The results were reviewed graphically, and the majority of duplicate pairs show a good comparison of results which indicates reasonable splitting practices.

Snowden generated 3D surface and solid wireframes representing the oxidation horizons, base of transported material (or top of pyroxentite), geology and mineralisation envelopes based on geological logging, assays and the position of the magnetic anomaly. These wireframes were used to flag the drillholes and create a 3D block model of the project area.

The flagged drillholes were composited to 1 m intervals and summary statistics were completed on the composites. Domains were reviewed to see if they were appropriate to use for grade estimation. The transitional domains had too few samples for estimation and were combined with the oxide domains. Trends were observed in the drillhole assay data with elevation. Correlations between elements were reviewed and strong correlations were observed in the oxide and fresh mineralised domains between all assays to be estimated.

The block model was created using a parent cell size of 80mE by 160mN by 10mRL. Sub-celling was set to produce a minimum subcell size of 10mE by 20mN by 2mRL. Grades for V_2O_5 , TiO_2 , Fe, SiO_2 and Al_2O_3 were estimated into the model using inverse distance cubed, with a restricted vertical search in order to reproduce the vertical assay trends. Hard boundaries were applied to the zones in the estimate.

No density measurements have been completed on the Mt Peake drillholes. The density values applied to the block model are assumed densities, sourced from literature, 1.86tm^{-3} and 3.17tm^{-3} for oxidised and fresh material respectively.

Model validation was carried out by visual comparison of the drillhole grades with the block grades; by comparing the global mean input and output grades by zone; and by viewing grade trend plots by easting, northing and elevation perspectives. The three techniques showed a reasonable comparison of input sample grades with block grades, although the grade trend plots show divergences due to the low number of data and lack of data in the east west direction.

The Resource has been classified as Inferred in accordance with the criteria set out in Table 1 of the JORC Code (2004). The sample methods, assay quality and sample spacing together with confidence in the geological interpretation have been considered in application of the resource category to the block model.

Given that the drilling consists of only a single line of drillholes, for the purposes of this study Snowden considers that the majority of the Mt Peake Inferred Resource is extrapolated.

4.4 Initial scoping Study

Snowden Mining Industry Consultants (Snowden) also undertook an Initial Scoping Study (Appendix 7) to assess project viability and assist in planning ongoing exploration activities at Mount Peake.

The initial study considered the viability of an open pit mining operation using a marginal cut-off of 0.22 % vanadium pentoxide (V_2O_5), conservative V_2O_5 price of US\$8/lb, and processing of 5mt per year, with an estimated capital cost of between \$400 – 500M.

Despite the high capital cost the results demonstrated viable project economics given the parameters and assumptions of this initial study.

Metallurgical cost and recovery estimates for the Study were supplied by Mineral Engineering Technical Services (METS), who are carrying out metallurgical testwork to optimise recovery and grade on the Mount Peake ore.

The capital cost has been estimated based on information supplied by METS who are undertaking the metallurgical test work. This work is ongoing and the final processing route not yet been established.

TNG is encouraged by the results of the initial Scoping Study, particularly as this optimisation has been based on TNG's maiden Inferred Mineral Resource which has been

estimated from its first round of drilling on the project. A significant portion of the Mount Peake magnetic anomaly remains untested and offers the potential to increase the initial resource and further enhance the project's economics.

4.5 Petrology and Geochemistry

Three samples of quarter HQ drill core from ARD02 were sent to Dick England for polished section preparation and description (Appendix 8). Petrological assessment of the three samples identified a magnetite olivine cumulate with good evidence of layering and traces of magmatic sulphide; chalcopyrite, pentlandite, and bornite. It was also noted that there was little evidence of any metamorphism indicating a young age.

Indications that PGE's may have precipitated earlier in the intrusion were highlighted, as in the Bushveld, Munni Munni, and Stillwater intrusions. Deeper drilling was suggested to investigate if PGE mineralisation took place at a greater depth in the intrusion. TNG submitted a proposal to the NT Government in March 2009 (See Section 4.6 and Appendix 9), for a grant to cover these investigations.

Geochemical results from the last 5m of drillhole ARD02 display a distinct increase in the concentration Cr₂O₃ and S (Table 5) adding further evidence for the possible evolution of mineralisation at depth in the intrusion.

Sample ID	Fe %	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	Mn %	V ₂ O ₅ %	Cr ₂ O ₃ %	Cu %	Zn %	Co %	Ni %	As %	P %	S %	LOI %	Au ppb	Pt ppb	Pd ppb	Pt + Pd ppb
MP1103	25.80	33.24	5.94	4.18	0.30	0.244	0.009	0.004	0.027	0.020	0.027	-0.001	0.094	0.007	-1.45	1	<1	<1	<1
MP1104	24.65	34.37	6.60	3.93	0.29	0.219	0.008	0.004	0.025	0.019	0.026	-0.001	0.091	0.004	-0.84	2	2	<1	2
MP1105	23.80	34.86	7.10	3.79	0.29	0.209	0.007	0.004	0.025	0.018	0.025	-0.001	0.095	0.004	-0.99	<1	1	1	2
MP1106	21.60	36.67	8.66	3.38	0.26	0.182	0.008	0.003	0.023	0.017	0.023	-0.001	0.099	0.009	-0.82	<1	2	1	3
MP1107	22.29	35.83	7.77	3.37	0.28	0.180	0.007	0.003	0.023	0.018	0.023	-0.001	0.095	0.006	0.03	<1	1	<1	1
MP1108	20.64	37.37	9.43	3.24	0.26	0.172	0.008	0.004	0.022	0.017	0.022	-0.001	0.102	0.003	-0.38	<1	1	<1	1
MP1109	20.80	36.81	9.30	3.22	0.25	0.172	0.007	0.003	0.021	0.017	0.022	-0.001	0.103	0.005	0.16	<1	<1	1	1
MP1110	20.60	37.81	9.55	3.20	0.25	0.169	0.005	0.003	0.022	0.017	0.022	-0.001	0.101	0.003	-1.03	<1	1	<1	1
MP1111	21.39	36.91	8.91	3.39	0.26	0.182	0.009	0.004	0.023	0.017	0.023	-0.001	0.100	0.002	-0.76	<1	1	<1	1
MP1112	19.05	38.47	10.81	3.15	0.23	0.164	0.008	0.004	0.021	0.015	0.020	-0.001	0.104	0.003	-0.05	<1	1	<1	1
MP1113	20.02	38.02	10.02	3.20	0.24	0.169	0.010	0.003	0.021	0.016	0.023	-0.001	0.105	0.006	-0.84	<1	<1	<1	<1
MP1114	19.97	38.08	10.07	3.18	0.24	0.166	0.011	0.004	0.021	0.016	0.022	-0.001	0.102	0.010	-0.46	<1	<1	<1	<1
MP1115	21.05	37.24	9.18	3.31	0.26	0.177	0.012	0.003	0.022	0.016	0.024	-0.001	0.103	0.008	-0.91	<1	<1	<1	<1
MP1116	20.89	37.30	9.28	3.32	0.25	0.178	0.013	0.004	0.022	0.017	0.024	-0.001	0.100	0.014	-0.79	<1	<1	<1	<1
MP1117	18.41	39.14	11.30	3.01	0.22	0.155	0.012	0.004	0.019	0.014	0.020	-0.001	0.106	0.026	-0.52	<1	<1	<1	<1
MP1118	19.82	38.06	10.41	3.30	0.23	0.177	0.015	0.004	0.021	0.015	0.022	-0.001	0.107	0.031	-0.71	<1	<1	<1	<1
MP1119	20.47	37.57	9.96	3.41	0.24	0.184	0.016	0.004	0.022	0.016	0.023	-0.001	0.104	0.032	-0.72	<1	<1	<1	<1
MP1120	19.37	38.48	10.70	3.16	0.23	0.168	0.017	0.005	0.021	0.015	0.022	-0.001	0.108	0.030	-0.84	1	<1	1	1
MP1121	19.85	38.28	10.01	3.09	0.24	0.164	0.016	0.004	0.021	0.016	0.024	-0.001	0.110	0.030	-1.03	<1	<1	<1	<1
MP1122	21.92	36.33	8.32	3.44	0.26	0.189	0.023	0.004	0.023	0.018	0.027	-0.001	0.109	0.029	-1.08	<1	<1	<1	<1

Table 5: Bottom 20 Assays from drillhole ARD2

4.6 Drilling Collaboration Proposal

In March 2009 TNG submitted a proposal to the NT Government (Appendix 9) applying for funding for a small diamond drilling programme to provide information on the nature and extent of a potential layered mafic intrusion in the prospective Western Arunta province. Confirmation of this will provide an exciting impetus to exploration in the area.

The proposal was based on the fact that recent work by TNG has identified the presence of a large magnetite rich gabbro with significant magnetic and gravity definition. 3D imaging indicates a large circular feature splaying off a prominent magnetic ridge suggestive of a large mafic complex. This is supported by petrology and geochemistry of the gabbro which shows primitive layering, increasing S and Cr contents with depth, and primary sulphide blebs of chalcopyrite, pentlandite and bornite.

Two deep diamond drill holes of 500m each are proposed to confirm the nature of the intrusion and to test the theory that the gabbro represents the top portion of a large layered mafic system. Results of this drilling will provide a clearer understanding of this and the geological complexity in this area and enable assessment of the potential for Ni-Cu-PGM sulphides deeper in the system.

The funding was approved on the 26th July 2009, and a 'Geophysics and Drilling Collaborations Funding Agreement' has been drawn up between TNG Ltd and the Northern Territory of Australia and signed by the relevant parties.

The drilling is expected to take place in September 2009. The project will be known as "Stirling Deeps".

5.0 EXPENDITURE

Expenditure for this reporting period is \$252,207 as shown in Table 6.

EXPENDITURE	AMOUNT
Contractors/Consultants	\$102,254
Drilling	\$54,383
Assaying	\$21,719
Metallurgy	\$19,223
Field camp	\$2,117
Freight/Couriers and storage	\$690
Travel and Accommodation	\$17,087
Administration and Management	\$34,734
TOTAL	\$252,207

Table 6: Expenditure

6.0 PROPOSED 2010 PROGRAM

TNG has commissioned Daishat Geophysics to conduct a 419 line kilometre Airborne HeliMag Geophysics survey over the Mount Peake Vanadium – Magnetite – Titanium project area. The survey is currently taking place at the time of writing this report.

Once the airborne geophysical data has been processed TNG will schedule drill testing of the extent of the Mount Peake Vanadium – Magnetite – Titanium resource with a 10 hole RC drilling programme.

TNG will also test the theory that the magnetite olivine gabbro represents the upper level of a large layered mafic intrusion, and assess the potential of the intrusion to host sulphide mineralisation by drilling 2 deep diamond holes, as part of the NT Governments collaborative award, at the Stirling Deeps project.

6.1 Proposed Expenditure:

EXPENDITURE	AMOUNT
Travel and Accommodation	\$6,000
Geophysical Survey	\$13,600
Geophysical Interpretation	\$2,000
Drilling	\$75,000
Assays	\$3,400
Administration and Management	\$20,000
TOTAL	\$120,000

Table 7: Proposed Expenditure

APPENDIX 1

MOUNT PEAKE FEBRURY 2009 DRILLING REPORT

APPENDIX 2
LOGGING CODES

APPENDIX 3
DRILL SAMPLE XRF RESULTS

APPENDIX 4
DAVIS TUBE RECOVERY RESULTS

APPENDIX 5
METALLURGICAL RESULTS REPORT

APPENDIX 6
INITIAL RESOURCE ESTIMATE REPORT

APPENDIX 7
INITIAL SCOPING STUDY REPORT

APPENDIX 8
PETROLOGY REPORT

APPENDIX 9
DRILLING COLLABORATION PROPOSAL