



TANAMI EXPLORATION N.L.

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COMBINED ANNUAL REPORT

EL 22924 and EL 24454

HUCKITTA

26 May 2007 to 25 May 2008

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HK_WADL3_DHASSAY_2008A
HK_WASG3_SSASSAY_2008A
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Summary Report by Mithril 2008.doc
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Perenti Prospect DD Core Resampling Summary.doc
VTEM generated targets.xls

Description

Downhole Samples
Drillhole assay results
Surface sampling assay results
Surface Sampling
Collars
Work Summery
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Report
List of Targets

1.0 SUMMARY

The Huckitta project is situated approximately 200 kilometres northeast of Alice Springs in the Northern Arunta block of the North Australian Craton (**Figure 1**). It consists now of **EL 24454 'Pulpit'** and **EL 22924 "Delny"** (**Figure 2**).

The Huckitta project previously consisted of EL 23636 'Yam Creek', EL 23637 'Mt Baldwin' and EL 24454 'Pulpit'. Exploration Licence 23637 was transferred from Tanami Exploration NL (TENL) to Deep Yellow Limited (DYL) on 23 April 2007. Exploration Licence 23636 was transferred from TENL to DYL on 2 August 2007.

On 13 April 2007, **EL 24454 'Pulpit'** along with **EL 22924 "Delny"**, was incorporated into a new joint venture arrangement between TENL and Mithril Resources Limited (Mithril). Mithril focused their activities on exploration for nickel.

All tenements are granted to Tanami Exploration NL (TENL), a wholly owned subsidiary of Tanami Gold NL (TGNL), a publicly listed company. This report describes exploration carried out by Mithril from 26 May 2007 to 25 May 2008.

Exploration during the year included a review of historical exploration, an airborne VTEM survey, geological prospecting, reconnaissance, re-sampling of historic core sections and surface sampling. The exploration activities are summarised in **Table 1**.

Table 1: Huckitta Project – Summary of Exploration

Tenament	Data compilation	Geophysics	Geological Prospecting	¼ Core Sampling	Rock Chip Sampling	Lag Sampling
EL 22924	review of historical exploration		Ground Search for DD holes at Perenti Prospect	8	8 samples	58 Samples
EL 24454	review of historical exploration	Regional airborne VTEM survey covering two areas of Pulpit'	Ground inspection of 21 EM anomalies	0	19 samples	133 samples
Total				8	27	191

The review highlighted the fact that no systematic exploration for nickel or other base metals had been completed. The VTEM magnetic survey generated 21 targets. A field inspection of the targets revealed that most are under a thin transported sediment cover so the source of the magnetic anomaly remained untested. The ground search for the historical diamond core drillholes failed to locate them.

The results of the ¼ core samples returned confirmed the correct order of magnitude of the historical assay values. Best result was 7.4ppm Ni from what seemed to be hole DDNT-12-1 at a depth of 248ft.

The results of the rock chips samples returned slightly anomalous nickel and chromium values peaking at 339ppm and 2610ppm respectively in the vicinity of the Middle Dam Ultramafic.

The results of the lag samples have not been received in time to be included in this report.

2.0 INTRODUCTION

The tenements of the Huckitta project are situated approximately 200 kilometres northeast of Alice Springs in the Northern Arunta block of the North Australian Craton (**Figure 1**). Access to the tenement area is via the Stuart Highway and then the Plenty Highway, which passes to the south of the tenements of the Huckitta project. Vehicular access is very good onto the tenements with several tracks allowing access. The topography is typical of rugged gneissic Arunta terrain, however the rock fabric allows east-west access within valleys that lie between ridges of resistant lithological units. Vegetation is reasonably sparse allowing good cross-country access.

This report describes exploration carried out by Mithril on EL 24454 in the third and EL 22924 in the fifth year of tenure.

3.0 TENURE

The Huckitta project previously consisted of EL 23636 'Yam Creek', EL 23637 'Mt Baldwin' and EL 24454 'Pulpit'. Exploration Licence 23637 was transferred from Tanami Exploration NL (TENL) to Deep Yellow Limited (DYL) on 23 April 2007. Exploration Licence 23636 was transferred from TENL to DYL on 2 August 2007.

On 13 April 2007, EL 24454 along with EL 22924 "Delny", was incorporated into a new joint venture between TENL and Mithril Resources Limited (Mithril). An application was made to amend the Huckitta combined reporting status to reflect the new project area.

The Director of Titles approved the amended Huckitta combined reporting application on 15 January 2008 (see **Figure 2**). Tenement details are shown in **Table 1**.

Table 2: Tenement Details

Tenement	Name	Date Granted	Expiry Date	Blocks	Km ²	Covenant
EL22924	Delny	23 Dec 02	22 Dec 08	74	237	\$40,000
EL24454	Pulpit	15 Jun 05	14 Jun 11	303	970	\$70,000

For the purposes of conducting initial reconnaissance exploration, a 'self clearing' program was granted by the CLC in September 2003, whereby TENL could conduct a geological appraisal of the tenements and wide-spaced non-systematic ('grab') sampling to assess prospectivity. Areas of possible cultural significance recorded within the Aboriginal Areas Protection Authority (AAPA) database were noted and avoided.

In November 2006 a work area clearance survey was undertaken by the CLC over parts of EL 24454 and EL 23636 which allowed more detailed surface geochemistry and mapping to be undertaken on the tenements. Several exclusion zones were also identified.

4.0 GEOLOGY

The interpretive geology for the Huckitta project tenements is shown on **Plate 1**, which is based on a regional interpretation compiled for TENL by Dr Ding Puquan in April-May 2001 (Ding, 2001). This area was re-interpreted by Deng in 2002 and again by Luc English in 2006. Both tenements are located on the Huckitta 1:250,000 sheet SF53-11 Geological sheet.

A major east-west orientated retrograde shear zone, the Delny-Mt Sainthill shear zone, transects the southern part of EL 24454, separating granites to the north from Irindina Metamorphics to the south. TENL's interpretative Tanami-Arunta mapping (**Plate 1**) shows an additional major ESE structure to the south of the Delny-Mt Sainthill shear zone.

5.0 PREVIOUS EXPLORATION BY TENL

5.1 TENL Exploration 2006 / 2007

In Central Australia TENL's exploration focussed on the Ledan Corridor, which is shown on **Plate 1**. A geological interpretation based on the NTGS fact mapping and the aeromagnetic data was conducted with the hope to define the boundaries of the Ledan Schist host unit (**Plate 1**), which is considered to be a prospective host for gold mineralisation.

A reconnaissance trip was undertaken in September 2006. Outcrops of Ledan Schist along the entire length of the Ledan Corridor were visited as well as the western extent of the mapped retrograde greenschist facies along the Delny-Mt Sainthill shear zone. One rock chip sample (ALK0107) was taken on EL 24454 in September 2006, which returned an assay value of 0.5ppb Au. The location is shown on **Plate 2**.

The Ledan Corridor was further assessed in early 2007 and a small geochemical program was carried out on previously relinquished areas in March 2007. No significant results were returned. A maximum result of 17 ppb Au was received from a ferruginous fault zone attributed to be part of the Delny-Mt Sainthill shear zone.

5.2 MITHRIL Exploration 2006 / 2007 on EL 24454

Work carried out on Exploration Licence 24454 by JV partner Mithril Resources Limited, consisted of geological compilation and target generation in preparation for an airborne EM Survey.

6.0 EXPLORATION COMPLETED

Mithril completed a review of historical exploration over the Tanami Tenements during the reporting period. The review highlighted the fact that no systematic exploration for nickel or other base metals had been completed and thus is the focus for Mithril's involvement in the project. The review highlighted a number of targets for follow-up being generated including the Middle Dam (Ni-Cu-Cr) and Perenti (Cu-Au) Prospect areas.

6.1 Airborne VTEM survey and ground follow-up

In October 2007 Mithril commissioned Geotech Airborne Ltd to fly a regional helicopter borne geophysical survey. The versatile time domain electromagnetic system ('VTEM') helicopter survey covered two areas within EL24454 (**Figure 2**). A total of 609 km were flown at 300m line spacing. With the new data generated 21 target zones of various magnitudes were identified. A list of the targets as well as the complete survey report is digitally appended.

Field examination of these targets was completed but most were found to be under thin transported sediment cover so the source of the anomaly itself remained untested.

6.2 Geochemical Sampling

A total of 191 magnetic lag or laterite/lag samples were taken during a stream sediment sampling program completed in March/April 2008. At the time of writing this report no assay results were returned. They will be reported next year. The lag sample data is included in the digital appendix. Sample locations are shown on **Plate 2**.

A total of 27 rock chip samples were collected and submitted to ALS Chemex in Perth. All samples were analysed for 48 elements using the ME-MS61 method.

Slightly anomalous nickel values peaking at 339ppm and chromium at 2610ppm respectively were returned from samples taken in the vicinity of the Middle Dam Ultramafic.

The rock chip sample and assay data is included in the digital appendix. Sample locations are shown on **Plate 2**.

6.3 Relogging of Historical Perenti Prospect Diamond Drillholes

Three diamond drillholes (DDNT-12-1, DDNT-12-2, DDNT-12-3) were re-examined and eight samples taken for re-analysis from the diamond drilling completed at the Perenti Prospect by Central Pacific Minerals Limited (CPM) in 1968. The core is currently stored at the NTGS core library in Alice Springs. It became apparent that little or no work had been completed on the mineralisation intersected in these drillholes since the CPM days.

The examination revealed that in general, where there is confidence that the core described in logs, is correctly correlated with the actual hole, the core descriptions are very detailed and quite acceptable as being a trim and full record of lithologies intersected, with some minor reservations relating to an over-estimation of hematite content. The same can be said where chemical analyses given can be compared with remnants of core i.e. analyses appear to properly reflect mineralisation. Where mineralised core was re-assayed, it confirmed at least the correct order of magnitude of values reported in historic analyses. The NTGS provided only one co-ordinate in Latitude / Longitude (GDA94, Lat - 22.49 / Long 135.02) for all three holes. This approximate description of the location may explain the difficulty to relocate them on the ground.

The maximum nickel value returned was 7.4ppm from an intercept of dark veins in pink foliated granite between 247'9" and 248'4" in hole DDNT-12-1. The best copper value returned was 195.5 ppm from an intersection of granite breccia with dark fine matrix over a 50cm intercept from 525'6" in hole DDNT-12-3. The ¼ core sample description and assay data is included in the digital appendix. A completed report on the re-investigation of these drillholes is contained in the 'Perenti Prospect DD Core Re-sampling Summary', "which is digitally appended. Drillhole locations are shown on **Plate 2**.

7.0 BIBLIOGRAPHY

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