Hale Energy Limited

EL 24809 “HALE RIVER”

Year 2 Annual Report

August 2nd 2007 – August 1st 2008

ALICE SPRINGS 1:250,000 MAP SHEET SF53-14

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   Department of Primary Industry, Fisheries and Mines - Darwin, NT
CONTENTS

1.0 SUMMARY 3
2.0 INTRODUCTION 3
3.0 NATIVE TITLE AND CLEARANCE 4
4.0 LOCATION 4
5.0 PHYSIOGRAPHY AND CLIMATE 5
6.0 PREVIOUS EXPLORATION 5
7.0 REGIONAL GEOLOGY 6
8.0 LOCAL GEOLOGY (The Hale River Basin) 7
  8.1 The Garden sub-basin 8
9.0 WORK COMPLETED 8

FIGURES

Figure 1: Hale River Exploration License area on the Garden Station
Figure 2: Regional tectonic setting

APPENDICES

1 Open File Report List
2 Expenditure Report - Electronic
1.0 SUMMARY

This report documents all exploration activities for the second year of tenure between August 2\textsuperscript{nd} 2007 and August 1\textsuperscript{st} 2008 on Exploration License EL 24809 by Hale Energy Limited a wholly owned subsidiary of Thor Mining PLC.

Extensive office studies were conducted to determine any future drilling targets. No in ground exploration activities were undertaken in the second year of tenure. A short field trip was taken to evaluate the progress of the rehabilitation of the 2007 drill program.

Figure 1: Hale River Exploration License EL 24809 covering part of the Garden Station.

2.0 INTRODUCTION

The Hale River Exploration License EL 24809 was granted on the 2\textsuperscript{nd} August 2006. The tenement has an area of 359.5km\textsuperscript{2} and an expiry date of 1 August 2012 with an annual exploration commitment of $40000.
3.0  NATIVE TITLE AND CLEARANCE

The tenement covers part of “The Garden” Station pastoral lease.

A Native Title Deed for Exploration was signed in conjunction with the CLC (Central Land Council) and the Traditional Owners in September 2006.

An AAPA search indicated there were numerous significant sites along the Hale River drainage. The CLC organised a site clearance with traditional owners in 2007 for the air core drilling program.

The CLC advised that there were no issues identified in the clearance area other than the exclusion area indicated below which is to become a traditional living area.

No drilling is permitted on targets within the excision bound by the corner coordinates:

DATUM GDA94, ZONE 53K.
EASTING NORTHING
455982  7421940
458973  7421940
458973  7418441
455982  7418441

Traverse only is permitted in the exclusion zone bound by the corner coordinates:

DATUM GDA94, ZONE 53K.
EASTING NORTHING
448803  7417787
449103  7417787
449103  7417487
448803  7417487

Specifically there is to be no collection of firewood within the exclusion zone.

4.0  LOCATION

Hale Energy Limited’s Exploration License 24809 is situated on the Garden Station, approximately 130km by road north-east of Alice Springs in the Northern Territory (Figure 1). Access to the area is good with 50km of sealed road along the Stuart Hwy and then along the Arltunga Tourist Drive; a well maintained unsealed road for 80km to the Garden Station Homestead.
5.0 PHYSIOGRAPHY AND CLIMATE

The Hale River area consists of two physiographic divisions. The Hale plain is the central dominant feature, which is surrounded by a number of mountain ranges. The foothills of the Strangways and Harts Ranges lie to the west and north of the Hale Plain, with the Georgina Range bordering the southern edge. The plain is approximately 600m above sea level, 40km long and 10km wide, bisected by the sinuous course of the Hale River draining from west to east.

Tributaries to the Hale River have incised dendritic drainage patterns into the plain to form low rolling hills. Small mesa-type hills up to 20m high occur sporadically through the area and along the southern margins of the plain.

The annual rainfall ranges from 240mm to 300mm, falling intermittently between November and March, however the area received rainfall out of season during the course of the drill program. The vegetation in the area is sparse consisting of Mitchell grass on the plain a spinifex in the surrounding mountains. Larger Eucalyptus trees are generally restricted to watercourses, with Mulga and other various Acacia shrub species found through out the plain.

6.0 PREVIOUS EXPLORATION

Exploration for sedimentary uranium deposits hosted by Fluviatile sand units within Tertiary sequences commenced in the Huckitta basin during 1980 by Alcoa of Australia Limited. Field work including photo geological mapping, ground resistively surveying and rotary-mud drilling outlined a large basin containing over 200m of clay, sandy clay, carbonaceous clay and sand units. Four palaeochannels filled with unconsolidated sands were intersected by drilling and they appear to enter the basin from the margins and disperse the sand load into the basin centre. Mineralised oxidizing solutions present in the Tertiary sequence are thought to have moved down the palaeochannels oxidizing the permeable sand units and mineralizing the adjacent reducing carbonaceous clay units.

A follow up exploration program was undertaken to look for reduced paleochannel sands in the prospective sand horizons and consequently to find a mineralised contact zone with the oxidizing solutions. Four rotary-mud drill holes totalling 674m failed to intersect any trace of reduced sands and it is assumed that excessive volumes of weak mineralised oxidizing solutions have flushed through the permeable units of the Huckitta Basin leaving only relict pockets of reduced sands.
In 2007 an air core drilling programme was conducted in unconsolidated sediments with varying levels of ground water influx which equated to difficult drilling conditions. Most holes drilled had a free standing water level from 30m to 60m vertical depth from surface. Drilling conditions required injecting a large amount of water into the hole producing very wet samples. Samples were retained by digging holes and using plastic bags to contain the sample. A total of 9 holes out of the 24 air core drilled reached basement. Failure to reach basement was a combination of unfavorable ground conditions, unconsolidated sand/clays, influx of ground water and poor rig setup.

The program was a technical success. The HoistEM survey defined conductive horizons within the paleochannel and drilling has confirmed the presence of prospective units and their depths. Anomalous uranium values were obtained in five holes (07HLMR001, 07HLAC004, 07HLAC018, 07HLAC019 and 07HLAC020) with the highest assay result of 30ppm.

7.0 REGIONAL GEOLOGY

The regional tectonic setting of central Australia consists of three Proterozoic cratons the Arunta, Tennant Creek and Musgrave Blocks forming the basement for later Proterozoic and Phanerozoic sedimentary basins including the Amadeus, Ngalia, Georgina and Wiso Basins. Fluvial and Lacustrine Tertiary sediments have formed in Precambrian basement depressions and the sand horizons within these deposits constitute the stratigraphic target of tertiary basin Uranium Project.

The Hale river basin is a small Tertiary intracratonic and intermontane basin lying in the south-eastern portion of the Arunta Block. West of the basin lay the oldest rocks within the Arunta Block. See Figure 2. These form the Strangways Metamorphic Complex consisting of a basement of hypersthene-quartz-plagioclase granulite overlain by a well layered metasedimentary sequence of partly-retrogressed pelitic and felsic gneisses. These rocks are overlain by a unit of sillimanite gneiss; this is succeeded by a thick sequence of calc-silicate rock, metapelitic and minor amounts of quartzite and marble.

To the north and east of the basin are younger, intensely folded Precambrian metamorphic rocks of mica-quartz-feldspar schist and gneiss, garnet-mica-feldspar gneiss, quartzo-feldspathic gneiss, amphibolite and metabasic rocks.

South of the basin the drainage divide is formed by the Heavitree Quartzite and Bitter Springs Formation (dolomite, limestone, siltstone, sandstone basic volcanics and evaporates). These Proterozoic rocks form the Winnecke Nappe; a thrust nappe with a displacement of at least 10km northwards.
8.0 LOCAL GEOLOGY (Hale River Basin)

The Hale River basin is an elongated depression in the Arunta Block filled with up to 100m of Tertiary sediments. The basin is 40km long and has an average width of about 8km. A basement high towards the eastern end divides the basin into two sub-basins, the Claraville sub-basin to the east and the larger Garden sub-basin to the west. Within the sub-basin the thickness of the sediments is further controlled by irregularities in the underlying basement topography.

The basin may have formed during the late Mesozoic and early Tertiary by subsidence along the lineament at its western boundary and the concealed lineaments along its southern and eastern boundaries (Clark 1975). Sediments were deposited in these depressions by streams draining the nearby metamorphic rocks of the Arunta Block.

Figure 1 shows the present-day drainage area for the basin is relatively small; it may have been even smaller during the Tertiary.
Minor uplift in Quaternary times is thought to have initiated the present dissection of late Tertiary land surfaces, and to have partly exhumed basement highs. The uplift, as reflected in the present-day land surface, also appears to be associated with the lineament forming the south-western boundary of the area. Remnants of the original Tertiary surface form silcrete and ferricrete-capped, mesa-type hills, which are generally restricted to the edges of the basin. Erosion has removed up to 10-20m of sediments around the edges and western end of the basin. Quaternary gravels of siliceous basement pebbles and cobbles overlie parts of the tertiary sequence. The gravel units are generally less than 2m thick and are covered by aeolian and alluvial sand.

8.1 The Garden Sub-Basin

The Garden Sub-basin contains interbedded blanket sands, carbonaceous horizons and widespread clay and sandy clay units. Carbonaceous horizons are restricted to the eastern portion of the sub-basin while the sand, sandy clay and clay units display a regional facies change from west to east. The unconsolidated sand units that occur mainly in the western half of the sub-basin become more predominant toward the centre and rapidly grade into sandy clay and clay towards the eastern edge of the sub-basin.

The Tertiary sediments reach a maximum thickness of greater than 100m; however this varies considerably due to the irregular basement surface. The sediments thicken rapidly from the southern margin of the sub-basin indicating a possible relationship to subsidence along the associated lineament.

9.0 WORK COMPLETED

Extensive data review during the year 2 period has resulted in the identification of two areas that are worthy of further follow up. The south western margin of the tenement has several gold prospects within 1500m of the boundary with similar rock units found within the tenement boundary. Drilling in the southeastern portion of the tenement delineated a narrow lignite horizon with anomalous uranium mineralisation which is a prospective reducing trap for “roll front style” uranium mineralization. A reconnaissance drill program should be conducted over this area to determine the presence of any economic mineralization.
## APPENDICES

### 1 Open File Report List

<table>
<thead>
<tr>
<th>Prospect</th>
<th>Report Number</th>
<th>Original Title</th>
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<tbody>
<tr>
<td>Hale River</td>
<td>CR1973-0112</td>
<td>Quarterly report, Harts Range Area NT 14th May, 20th April, 20th April, 14th May, 7th May and 14th May 1973, respectively.</td>
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<tr>
<td>Hale River</td>
<td>CR1974-0102</td>
<td>Statistical analysis of geochemical data, Harts Range, NT.</td>
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<tr>
<td>Hale River</td>
<td>CR1977-0139</td>
<td>Strangways Ranges and Hale River, Arunta Complex, NT final report.</td>
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<tr>
<td>Hale River</td>
<td>CR1995-0650</td>
<td>Winnecke, authority to prospect 1721, NT, progress report.</td>
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<tr>
<td>Hale River</td>
<td>CR1982-0175</td>
<td>Annual report Bond Springs, Brumby Bore, Whistle Duck.</td>
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<tr>
<td>Hale River</td>
<td>CR1983-0209</td>
<td>Annual report for the year ended 15-3-83 White Industries-BHP Minerals Limited Joint Venture Alice Springs Area NT.</td>
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