PARTIAL RELINQUISHMENT REPORT
EL 8434 ‘NICKER’
YUENDUMU JOINT VENTURE

From 18 April 2000 to 17 April 2008

Author
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o Department of Business, Industry & Resources Development (1)
o Central Land Council (1)
o Yuendumu Mining NL (1)
o Tanami Gold NL, Perth (1)

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CONTENTS

1.0 Summary ......................................................................................................................... 1

2.0 Introduction ..................................................................................................................... 1

3.0 Tenure ............................................................................................................................. 2

4.0 Geology .................................................................................................................................. 2
  4.1 Regional Geology ........................................................................................................... 2
  4.2 Local Geology ............................................................................................................... 3

5.0 TENL Exploration .............................................................................................................. 4
  5.1 Year One to Year Three ............................................................................................... 4
  5.2 Year Four ....................................................................................................................... 4
  5.3 Year Five and Year Six ................................................................................................. 5
  5.4 Year Seven and Year Eight .......................................................................................... 6

6.0 Rehabilitation ................................................................................................................... 6

7.0 Bibliography .................................................................................................................... 6

TABLES

Table 1 Summary of TENL Exploration
Table 2 Tenement Details
Table 3 Whakatipu Significant intercepts >0.10ppb Au (2005)
Table 4 Whakatipu Significant intercepts >0.10ppb Au (2006)

FIGURES

Figure 1. Tenement Location 1 : 2,000,000
Figure 2. Tenement Locality 1 : 250,000
Figure 3 Surface Sample and Drill Hole Location Plan 1 : 100,000
Figure 4 Aeromagnetic TMI 1 : 100,000

APPENDICES – DIGITAL

<table>
<thead>
<tr>
<th>FILE</th>
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<tr>
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<td>Down hole Samples and Assays</td>
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<tr>
<td>NK_WADL3_DHASSAY_2008P</td>
<td>Drilling assays (normalised version)</td>
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1.0 SUMMARY

EL 8434 ‘Nicker’ is located approximately 400 kilometres WNW of Alice Springs in the Arunta region (Figure 1). The licence is the subject of a Deed for Exploration between the Central Land Council (CLC) and the Yuendumu Mining Company NL (YMC), signed on 3 August 1996. On 29 September 1999, Tanami Exploration NL (TENL), a wholly owned subsidiary of Tanami Gold NL, entered into a Joint Venture agreement with YMC. EL 8434 was granted in April 2000 and partial relinquishments were completed in April 2002, April 2004, April 2005, April 2006 and April 2008 (Figure 2). Exploration carried out on the area relinquished in April 2008 is the subject of this report.

The majority of the tenement area is covered by aeolian sand and sheetwash sand and silt. Exploration has targeted quartz vein-hosted gold mineralisation within folded metasediments, similar to gold mineralisation in the Tanami region. Exploration included surface sampling and regional RAB drilling in 2005 and follow-up in fill RAB drilling testing the Whakatipu prospect area in 2006.

A summary of all exploration on the relinquished tenement area is listed below.

Table 1: Summary of TENL Exploration.

<table>
<thead>
<tr>
<th>Nicker EL 8334</th>
<th>Rock Chip Sampling</th>
<th>Lag Sampling</th>
<th>Fine Lag Sampling</th>
<th>RAB Drilling</th>
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<tbody>
<tr>
<td>TOTAL</td>
<td>9</td>
<td>22</td>
<td>3</td>
<td>62 holes, 2,823 metres</td>
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The 2005 regional, systematic RAB program detected an anomaly and the 2006 follow up drilling results slightly improved the tenor of it to a maximum of 81ppb Au.

2.0 INTRODUCTION

Exploration Licence 8434, referred to as the Nicker Project, is the subject of a Deed for Exploration between the Central Land Council (CLC) and the Yuendumu Mining Company NL (YMC), signed on 3 August 1996. Exploration has been carried out by TENL over the eight years of tenure. This report describes exploration on the latest relinquished portion of the tenement.

The surrendered area of EL 8434 is located approximately 400 kilometres WNW of Alice Springs on the 1:250,000 Lake Mackay (SF52-11) and Highland Rocks (SF52-17) sheets. Access is via the Tanami Road, past Mala Outstation and then along the track between Chilla Well and Nyrippi (Figure 1).
3.0 TENURE

EL 8434 was granted to YMC on 18 April 2000 over an area of 499 blocks. Partial relinquishments were completed at the end of the second, fourth, fifth, sixth and eighth year of term (Figure 2). The status of the tenement for the year ending 17 April 2008 is shown in Table 2.

Table 2: Tenement Details – EL 8434 - Nicker

<table>
<thead>
<tr>
<th>Tenement Name &amp; Number</th>
<th>Grant Date</th>
<th>Expiry Date</th>
<th>Blocks Granted</th>
<th>Blocks Relinq 2002</th>
<th>Blocks Relinq 2004</th>
<th>Blocks Relinq 2005</th>
<th>Blocks Relinq 2006</th>
<th>Blocks Relinq 2008</th>
<th>Blocks Retained</th>
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<tbody>
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<td>Nicker</td>
<td>18 Apr 2000</td>
<td>17 Apr 2006</td>
<td>499</td>
<td>54</td>
<td>143</td>
<td>105</td>
<td>140</td>
<td>38</td>
<td>19</td>
</tr>
</tbody>
</table>

The entire tenement lies within the Lake Mackay Land Trust area. Work Area Clearance over the central section of EL 8434 was received on 12 March 2002 from the CLC. Subsequent Work Area Clearances have been obtained for each progressive phase of exploration.

4.0 GEOLOGY

4.1 Regional Geology

EL 8434 is within the Lake Mackay (Wells et al, 1971) and Highland Rocks (Blake et al, 1977) 1:250,000 geological map sheets. More recent regional mapping by the Northern Territory Geological Survey (NTGS) has been completed and released (Edgoose et al, 2006). A comprehensive geophysical interpretation of the area has been completed by the NTGS. Information from the Mount Doreen 1:250,000 sheet (Young et al 1996B) is relevant to the geology on EL 8434, along with additional reports (Shaw, 1994; Blake, 1993). TENL carried out a 1:250,000 bedrock geology interpretation of the area during 2002. Drilling and outcrop mapping were combined with aeromagnetics, Landsat and gravity data to interpret lithology and structure beneath covered areas (Figure 3).

EL 8434 is part of the Arunta region, a Proterozoic domain covering a large part of central Australia. The Arunta region is very complex due to the superposition of numerous depositional, magmatic, metamorphic and tectonic events. Recent NTGS geological mapping of parts of the Arunta region has been combined with whole-rock elemental geochemistry and zircon U-Pb geochronology to assist with unravelling the lithostratigraphy and geological history of the area. The most recent reviews of the regional implications of this work are presented by Scrimgeour (2003, 2004). Of great interest to gold explorers is whether the geology in the Tanami region, which hosts >10 million oz of Au, continues south into the Arunta region. The case for lateral equivalence between the two regions was originally proposed based on gross lithological similarities (Blake et al., 1979), and such correlations have been strengthened based on geophysical continuity and the similarities of depositional and magmatic systems (Green et al., 2003). In general, EL 8434 comprises rocks which are interpreted to correlate with the Au-hosting units in the Tanami region.
EL 8434 - PARTIAL RELINQUISHMENT TENEMENT LOCALITY

PLAN No: LMP_NK_1_0_006

ORIGINATOR: J. Rohde
DATE: Jun 2008
DRAWN: M.H. Bailey

1 : 250,000

MGA Zone 52 (GDA94)

kilometres

TANAMI GOLD NL

NICKER

FIGURE 2
EL 8434 comprises strongly deformed and variably metamorphosed siliciclastic sediments which were deposited between 1840 and 1800 Ma. These metasedimentary rocks have been assigned to the Lander Group, which is interpreted to be laterally equivalent with the Tanami Group. A regional lithostratigraphy has not been established in the Lander Group due to the lack of continuous outcrop and marker horizons, the high metamorphic grade of many areas and extensive deformation. In some areas, a local lithostratigraphy has been established (Donnellan & Johnstone, 2003), but it has not been possible to extend such local divisions with great confidence. EL 8434 is interpreted to be part of the lower Lander Group based on geochronological constraints and the presence of putative volcanic-dominated lithologies (linear highly magnetic units). Such constraints are not well established, but if correct the area would most closely correlate with the lithostratigraphic units, which host The Granites and Dead Bullock Soak Au deposits in the Tanami Region.

4.2 Local Geology

EL 8434 is within the Palaeoproterozoic Aileron Province. The oldest units in the Aileron Province comprise a succession of interbedded sandstone, siltstone and mudstone which has been intensely deformed and metamorphosed. These metasediments are considered part of the Lander Group (Yuendumu Supergroup), which extends over much of the northern Arunta Region. The Lander Group is generally considered to be part of a very large depositional system with vast regions of probable turbiditic sediments. There are numerous folded and metamorphosed mafic units within the Aileron Province, but it is uncertain whether they are volcanic, and so part of the Lander Group, or later sills. Similar units are known in the Tanami Region. SHRIMP U-Pb dating of detrital zircon from several samples of the Lander Group in the greater Lake Mackay area have interpreted maximum deposition ages of <1860 Ma.

In EL 8434, the Lander Group is metamorphosed from lower greenschist to granulite facies, with granulite and amphibolite facies metasediments confined to discrete domains in the northwest of the area. SHRIMP U-Pb analyses of zircon rims from these granulite-facies metapelites define a significant population at 1806 ± 7 Ma, which is interpreted to be the age of metamorphism. This correlates with the Stafford Event described from further east in the Aileron Province, suggesting that this is an important and widespread event.

Within EL 8434, there are siliciclastic-dominated metasediments of the Reynolds Range Group. This succession postdates the Stafford Event and was probably metamorphosed and deformed during the Yambah Event at about 1780-1770 Ma. Metamorphic grade varies in these units from greenschist to amphibolite facies. The Reynolds Range Group (1800-1780 Ma) unconformably overlies the Lander Group, though most exposures comprise tectonic slivers preserved adjacent to faults. The Reynolds Range Group comprises a basal quartzite (Mount Thomas Quartzite) and an overlying siliciclastic-dominated succession with minor calc-silicates (Pine Hill Formation). Other units within the Reynolds Range Group are unknown in the Lake Mackay area. The Reynolds Range Group has a distinctive strong linear magnetic signature and tracing these features from known outcrop suggests the Reynolds Range Group may be more extensive under aeolian cover.

There are numerous granite bodies in the Lake Mackay area that probably correlate with the 1820-1790 Ma granites from the northern Aileron Province, the 1770-1760 Ma Carrington Suite and the
1570 Ma Southwark Suite. A biotite granite beneath the Vaughan Springs Quartzite in the southeast of the Lake Mackay area has a poorly constrained SHRIMP U-Pb zircon age of 1758 ± 21 Ma and is considered to belong to the Carrington Suite. A weakly to moderately deformed garnet-bearing granite (Rapide Granite) in the northwest of the Lake Mackay area has an interpreted magmatic age of c.1600 Ma, and so may be part of the Southwark Suite, but also contains significant c.1800 Ma zircon possibly indicating an earlier magmatic phase. Megacrystic and porphyritic biotite granite with localised shearing on the eastern margin of Lake Mackay is interpreted on field characteristics to belong to the Southwark Suite. It has an interpreted SHRIMP U-Pb magmatic age of c.1520 Ma, and so is the only known granite of this age in the Arunta Region. This may indicate that the Southwark Suite was intruded over the 50 my period from 1570-1520 Ma, or this granite could be part of a younger, discrete event. Although no 1820-1790 Ma granite has been dated in the immediate area it is likely that granite of this age, which is widespread to the north of the Lake Mackay area, extend into the Lake Mackay area.

5.0 TENL EXPLORATION

5.1 YEAR ONE to YEAR THREE

The exploration strategy in the first year was to assess the controls on existing anomalism and mineral occurrences on the neighbouring Mount Doreen Project, and to commence reconnaissance and systematic geochemical exploration over areas of residual regolith terrain and shallow transported cover on EL 8434. Remote sensed data was acquired and processed. A TMI image for the tenement area is presented as Figure 4. No fieldwork was carried out on EL 8434 in Year 1 owing to the delay in finalising clearance of the proposed exploration programs by the CLC.

In Year 2, the CLC completed a Work Area Clearance over part of EL 8434. TENL received clearance to access part of EL 8434 in March 2002. A field visit was made to the Nicker tenement during April 2002 as part of a wider reconnaissance visit to the Mount Doreen and Lake Mackay 1:250,000 sheet areas. The aim of the field visit was to check vehicle access and to gain a feel for regolith types and appropriate geochemical sampling mediums for later systematic exploration campaigns.

In Year 3, exploration on EL 8434 comprised reconnaissance sampling of outcrop and residual terrain, and systematic geochemical exploration over the southern portion of EL 8434, surrendered previously (see Rohde, 2004).

5.2 YEAR FOUR

On the surrendered portion of the tenement a total of 22 lag, 3 fine lag and 6 rockchip samples were collected in Year 4. All sample data and assay results are included in the digital appendix. Sample locations are shown on Figure 3. Lag and rock chip samples were submitted to Genalysis for assaying at 0.1 ppb Au (B/EETA) as well as As, Ag, Bi, Cu, Mo and Pb to ppm detection limit.

Samples were only taken from sites deemed suitable from Landsat images. No elevated gold assay results were returned from the surrendered area. The best surface sample assay result was
**TANAMI GOLD NL**

NICKER

EL 8434 - PARTIAL RELINQUISHMENT

AEROMAGNETIC TMI IMAGE

![Map of EL 8434](image)

**FIGURE 4**
1.9 ppb Au in Lag sample NKL338B. Analysis of regional data indicates that greater than 2 ppb Au should be regarded as anomalous.

5.3 YEAR FIVE and YEAR SIX

Three rockchip samples were collected in Year 6. The samples were submitted to Genalysis for assaying at 0.1 ppb Au (B/EETA) as well as As, Ag, Bi, Cu, Co, Mo, Ni, Pb, SB, W, and Zn to a ppm detection limit. No significant assay values were returned. All sample data and assay results are included in the digital appendix. Sample locations are shown on Figure 3.

In June a systematic RAB drilling program was completed to the southwest of the Dodger prospect to further test for extensions of the Dodger mineralisation. There is no outcrop in this area. As there was no previous drilling in the area this drilling was aimed to ascertain the regolith profile, bedrock lithologies and test for any favourable horizons for sample collection.

A total of 52 holes for 2,263m were completed. All drill hole locations are shown on Figure 3, with drill and assay data included in the digital Appendix. Four metre composite samples were analysed by Genalysis for Au, As, Bi, Cu and Pb. Later the one metre interval samples over mineralised intercepts were assayed for Au Cu and Pb. Re-sampling of all drill spoil was not possible due to some sample piles having been disturbed by camels. Best results are shown below in Table 3.

Results from 1m re-sampling returned 5 samples with >10 ppb Au and a peak assay of 26 ppb Au. Gold anomalism is associated with quartz veining in low-grade quartz-rich metasediments (Lander Group). This area was named the Whakatipu prospect. Anomalous copper was returned in samples both associated and not associated with gold anomalism.

Table 3: Significant intercepts (2005)

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>From m</th>
<th>To m</th>
<th>Au ppb</th>
<th>Au-rpt ppb</th>
<th>As</th>
<th>Cu</th>
<th>Pb</th>
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<tr>
<td>NKB404</td>
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<td>28</td>
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<td>-</td>
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<td>10</td>
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5.4 YEAR SEVEN and YEAR EIGHT

In August 2006 a RAB drilling program was conducted to follow up on the Whakatipu semi contiguous gold anomaly identified from 2005 RAB drilling. A total of 10 RAB holes for 560m were completed on a 500 x 500m grid on EL 8434 (Figure 3). Elevated gold results are listed in Table 2.

Table 4: Whakatipu Significant intercepts >0.10ppb Au (2006)

<table>
<thead>
<tr>
<th>Hole_Id</th>
<th>From</th>
<th>To</th>
<th>Width</th>
<th>Au (ppb)</th>
<th>Intercept</th>
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<tr>
<td>LMB0192</td>
<td>36</td>
<td>40</td>
<td>4</td>
<td>82</td>
<td>4m at 81ppb</td>
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<tr>
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<td>52</td>
<td>56</td>
<td>4</td>
<td>23</td>
<td>4m at 23ppb</td>
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<tr>
<td>LMB0192</td>
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<td>64</td>
<td>4</td>
<td>19</td>
<td>4m at 19ppb</td>
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<td>79</td>
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<td>11</td>
<td>3m at 11ppb</td>
</tr>
</tbody>
</table>

The infill drilling program slightly improved the tenor of the Whakatipu gold anomaly to a maximum of 81ppb Au. All sample data and assay results are included in the digital appendix.

6.0 REHABILITATION

All ground disturbing exploration activities on EL 8434 have been conducted under Section 35 Authorisation No. 0053-01. An updated Mining Management Plan was authorized by the Department of Business Industry and Resource Development on 5 June 2005 (0266/01).

7.0 BIBLIOGRAPHY


Edgoose et al 2006. Lake MacKay SF52-11, Second Edition 1:250 000 scale geological map and explanatory notes. NTGS.


