FINAL RELINQUISHMENT REPORT

EL 25986

WEST BYNOE PROJECT, NT

RELINQUISHMENT DATE 09/02/2010

DARWIN SD5204 **1:250,000**
BYNOE 5072 **1:100,000**

Commodities: Tin, Tantalum

Titleholder: Territory Minerals Pty Ltd

Prepared for Territory Minerals
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1. SUMMARY

EL25986 was granted on 19/9/2007 and was relinquished on 9/2/2010. It was located in western portion of the Pine Creek Geosyncline, adjacent to the Bynoe Tin Field. In 2008 Kastellco Geological Consultancy conducted a review of existing historical exploration data within the Northern Territory Geological Survey Database. Through detailed interpretation of airborne magnetic and radiometric data from the Northern Territory Geological Survey a number of radiometric anomalies were identified, 2 of which warranted further work. No further work was undertaken on this tenement in year 2 and 3.

2. LOCATION AND ACCESS

Exploration License 25986 includes 36 graticular blocks with a total area of 74.6 square kilometers. EL25986 area is located in western portion of the Pine Creek Geosyncline. The Foy Bay road, traverses the central portion of tenement (Figure 1), approximately 40 road kilometers south of Darwin. Most of the tenements have road tracks and can be accessed. The remaining tenement can be assessed via the Litchfield Park Road which can only be accessed during the dry season during the months of April until September.

The climate is semi-arid, tropical with a warm dry season from April to September and a hot wet season from October to March. The average annual rainfall is 1200 mm, most of which falls during the wet season. Temperatures are highest in October and November, when the mean maximum is 35-37°C and the mean minimum is 22-24°C. The coolest months are June and July, when the mean maximum is 30-32°C and the mean minimum is 12-15°C, with relative humidity is normally less than 50% during the dry season.

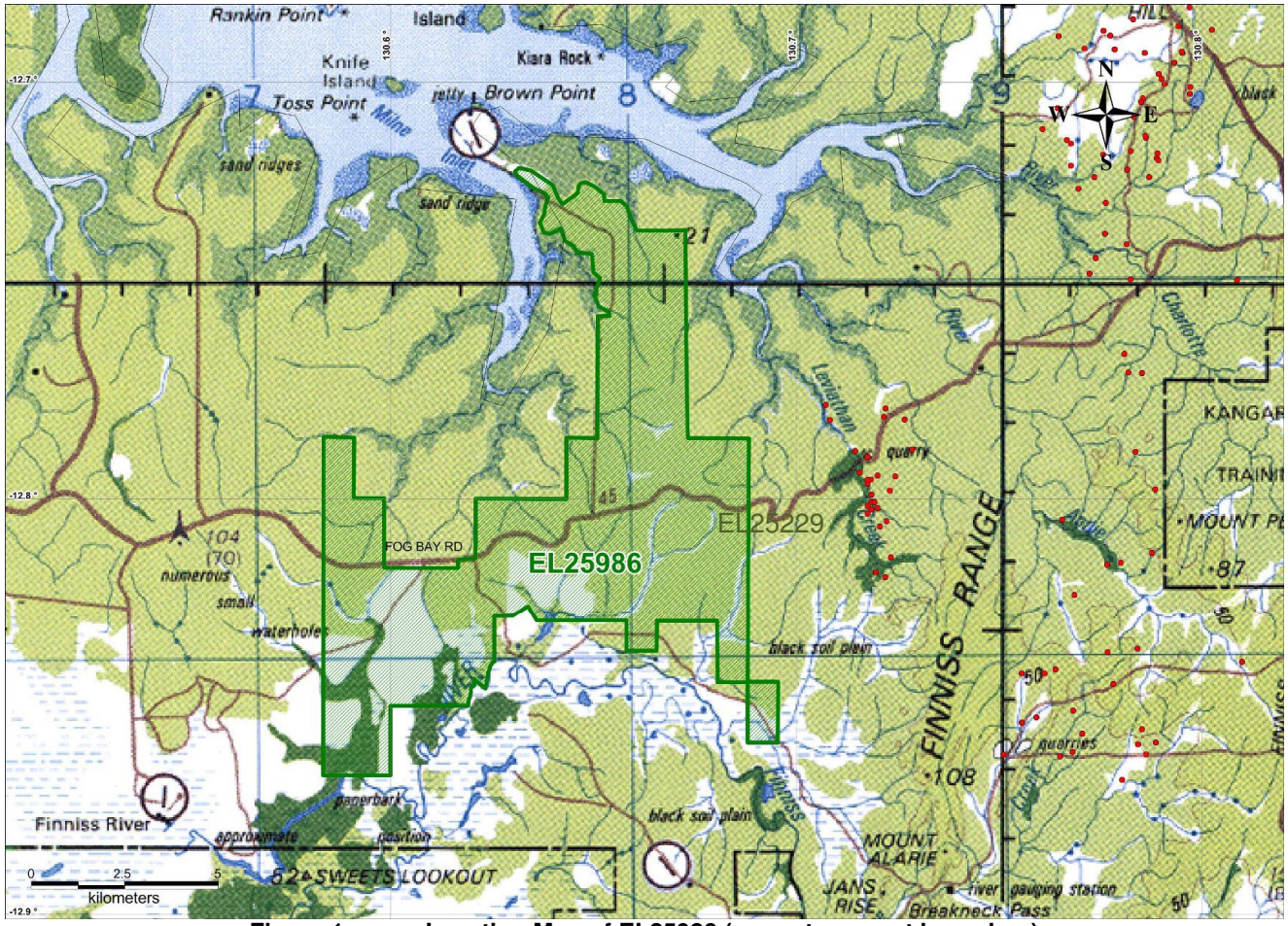

Figure 1 Location Map of EL25986 (green tenement boundary)

3. TENEMENT STATUS AND OWNERSHIP

EL 25986 was granted on 19/9/2007, 100% owned by Territory Minerals and was relinquished on 2 February 2010. It comprised 36 graticular blocks (74.6 sq km) (Figure 1). There are no other mining leases or mineral claims shown within the Licence boundaries.

Cadastre shows numerous small freehold blocks (Figure 2).

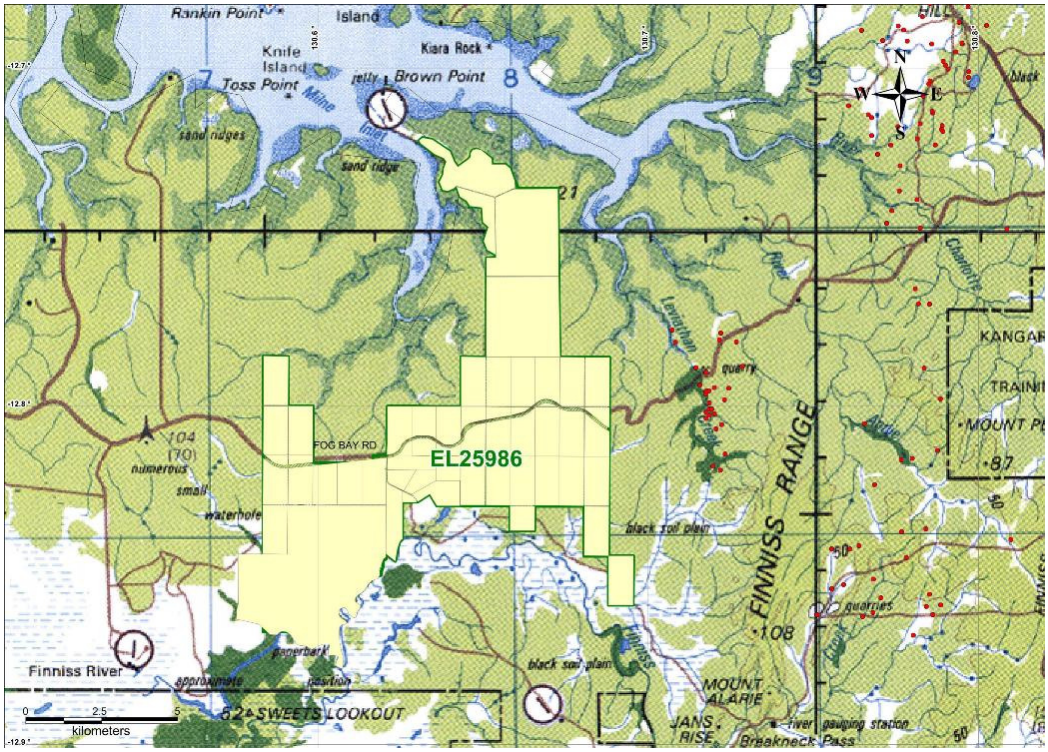

Figure 2 Location Map of EL25986 with cadastre blocks overlain within the tenement (green tenement boundary)

The expenditure covenant set for the first year was 27,000 and the second year was $37,700.

4. GEOLOGY

The Project area is located in the western part of the Pine Creek Geosyncline that contains Early Proterozoic meta-sedimentary rocks resting on a gneissic and granitic Archaean basement. The Pine Creek Geosyncline sequence is unconformably overlain by the Middle Proterozoic McArthur Basin to the east and by the Middle Proterozoic Victoria Basin and Cambro-Ordovician and Mesozoic sequences (Daly and Bonaparte Gulf Basins) to the west and southwest.

The Pine Creek Geosyncline is up to 14 km thick and is considered to be deposited in an intracratonic ensialic structure formed as a result of rifling of Archaean basement (Plumb and others, 1981). The geosynclinal sequence is dominated by mudstones, siltstones, greywackes, sandstones, tuffs, and limestones. The Pine Creek Geosyncline was folded and metamorphosed to amphibolite facies from ±1870 1899 Ma. Transitional igneous rocks, including pre-tectonic dolerite sills and syn- to post-tectonic granitoid plutons, dolerite lopoliths and dykes all intrude the geosynclinal sequence. Detailed geology of the Pine Creek Geosyncline is discussed by Nicholson, Ormsby, and Farrar (1994).

Stratigraphy in the central Pine Creek Geosyncline has been simplified by Nicholson, Ormsby, and Farrar (1994) into the Batchelor, Frances Creek, and Finniss River Groups. The Batchelor Group consists of shallow water coarse clastics and crystalline carbonates that are conformably overlain by the Frances Creek Group. The Frances Creek Group is subdivided into the Whites Formation, Acacia Gap Quartzite Mundogie Sandstone, Koolpin Formation, Gerowie Tuff, and Mount Bonnie Formation. The Gerowie Tuff is a basin-wide mudstone-rich sequence with interbeds of diagenetically altered distal tuff that is overlain by greywacke, mudstone, chert, and ironstone of the Mount Bonnie Formation. The Finniss River Group overlies the Frances Creek Group and consists of a thick flysch sequence of greywacke and mudstone.

The Western Pine Creek area covers part of a large trough (Daly River Basin) of Lower Proterozoic metasediments of the western Pine Creek Geosyncline along the complex structural margin (Giant Reef Fault) between the Geosyncline and the older Lichfield Province - Hermit Creek Metamorphics and Lichfield Granite. This western most exposure of Pine Creek metasediments - Finniss River Group are atypical Pine Creek stratigrpahy containing `felsic volcanics (Warrs and Mulluk Mulluk volcanics) which may indicate an active margin of the `Pine Creek Geosyncline.

The Wangi Basics - metadolerites gabbros and ultra intrusives intrude the Finnis River Group. Three distinctive syn-orogenic post-orogenic granites about 1840-1850 Ma have been mapped in the Daly River 1:100,000 sheet.

The Giants Reef Fault is part of a system of NNE trenching wrench faults and the project area is best considered as being within a large NNE trenching shear zone related to movement along the Giant Reef Faults and its splays.

The onshore Bonaparte Gulf Basin covers 18,000 square kilometers. It contains a Cambrian to Permian sequence which may attain a maximum thickness of some 5,000 metres. The basin is controlled by faulting; particularly in the south and east where extensions of Halls Creek Mobile Zone fault systems are present (the eastern margin of the Bonaparte Basin sediments is marked by the Cockatoo Fault zone.
The development of the basin and mineral systems were controlled by tectonism manifested in fault systems that are intrically associated south and east with the Halls Creek Mobile zone.

Sandy Creek base-metal deposit is very similar to the Sorby Hills `lead-zinc deposits which are located in the eastern portion of the Bonaparte Gulf sedimentary basin. The carbonate complex association and epigenetic characteristic of the mineralisation are typical of orebodies of the Mississippi Valley type model. Numerous, commonly small orebodies with an average size of 500,000t occur in four areas along two major NE trends - Sorby Hills, Spirit Hill, Sandy Creek and the Gap. These trends are parallel to the eastern basinal margin and to basement controlled fault structures related to the Halls Creek Mobile Zone.

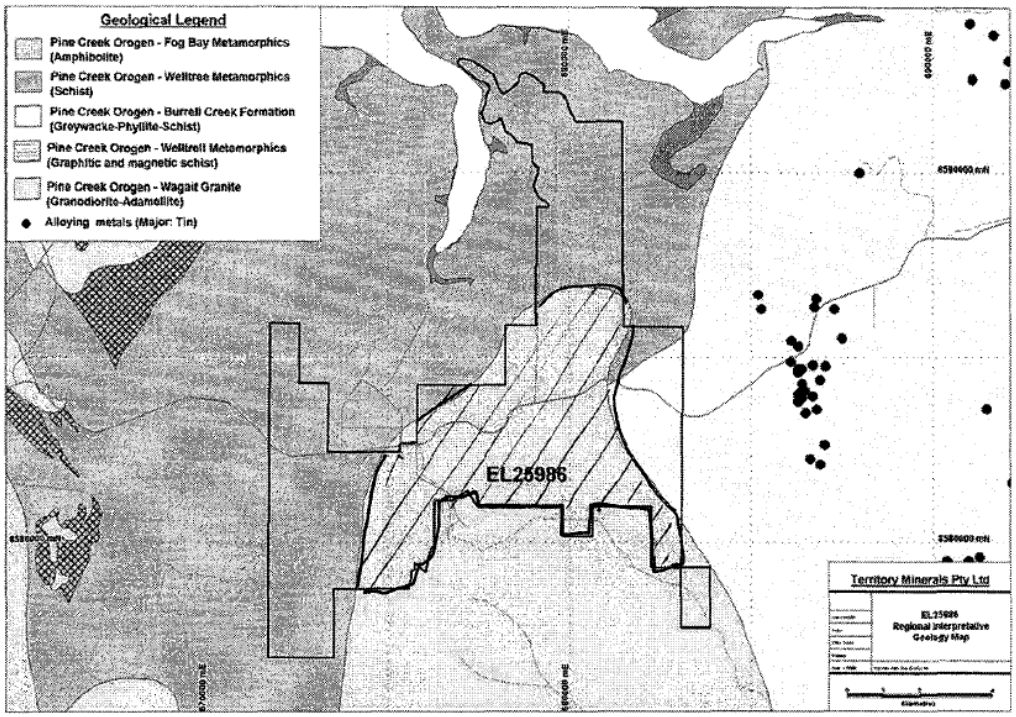

Figure 3 EL25986 Project Regional Interpretative Geology Map

4.1. Regional Controls of Mineralisation

Mineral deposits in Pine Creek can be grouped in three provinces which broadly follow the tectono-stratigraphic sub-division. The Central Region (Eastern Pine Creek Project) contains the majority of gold, base-metal, uranium and tin deposits. The Rum Jungle Region (Rum Jungle Project) contains stratabound uranium and base-metal deposits. The Litchfield Province (Western Pine Creek Project) and surrounding region contains the bulk of the tin-tantalum bearing pegmatites, base-metals and uranium. This sub-division is apparently the result of granite generation processes. The Litchfield province granitoids, because of their reduced state, were deficient in base metals and gold but could generate late tin and tantalum bearing fluids. The Central Region granitoids are predominantly I-types and because of a higher oxidation state, could generate fluids which carried gold and base metals. The role of granite and gneisses in the Rum Jungle Region is not clear but Berkman (1986) proposed that the initial source of uranium was probably in the Archaean basement complexes.

With the exception of deposits in the Rum Jungle Region, the majority of mineral occurrences in Pine Creek are confined to the contact aurole of the late orogenic granitoids.

4.2. Local Controls of Mineralisation

There are basically two styles of mineralisation in Pine Creek: structurally controlled and stratigraphy controlled. The structural controlled deposits are predominantly vein type and include gold, base metal and tin veins and tin-tantalum pegmatites. The stratigraphic controlled deposits follow certain specific lithological units and include stratiform gold and stratabound polymetallic deposits, as well as volcanogenic massive sulphides, uranium, iron, phosphate and magnesite deposits.

4.3. Pine Creek Local Geology

The Project area lies on the western margin of the Pine Creek Geosyncline with metasediments of the Litchfield `Block which is composed of Early Proterozoic Hermit Creek Metamorphics. These rocks are of medium to high-grade amphibolite facies. Granitoids of the Litchfield Block intrude volcanics, sandstones and conglomerates of the Finniss River Group. Sediments of the Finniss River Group are overlain unconformably to the east and southeast by sandstone and dolerite units of the Tolmer Group. Cambrian rocks of the Daly River Basin unconformably overlie the Tolmer Group.

Surface expression of the amphibolite Litchfield Complex rock is limited to the pegmatite developments. Some outcrops of a fairly fine grained, moderately well foliated quartz, feldspar and biotite or muscovite gneiss, together with two occurrences of granulite facies metamorphic rocks including biotite-kyanite schists have been ascribed to the Hermit Creek Metamorphics of possible Archean age.

A large semi-continuous dextral wretch fault (Giants Reef Fault) traverses the centre of the Finniss River Group.The fault extends from Rum Jungle in the north into the Fitzmaurice and Halls Creek Mobil Zones further south.

Predominantly the licence areas are underlain by the Burrell Creek Formation of the Finniss River Group. The rock types are dominated by shale, siltstone, greywacke and
minor conglomerate. The rocks have undergone intense folding (axes NNW - SSE) and minor faulting have undergone' low grade metamorphism. The fault zones are

highlighted by the presence of quartz veining, brecciation, slickensides and chloritisation.

Structurally, the more prominent outcrops reveal a moderately to tightly folded sequence with numerous anticlinal and synclinal axes. The fold axes generally plunge gently to the north, however plunges reversal do occur in some areas. Several prominent quartz vein outcrops can be seen in the adjacent to the main Stuart Highway in the southeastern sector of the tenement. These veins appear to be associated with local flexures in the sequence and hence require further investigation.

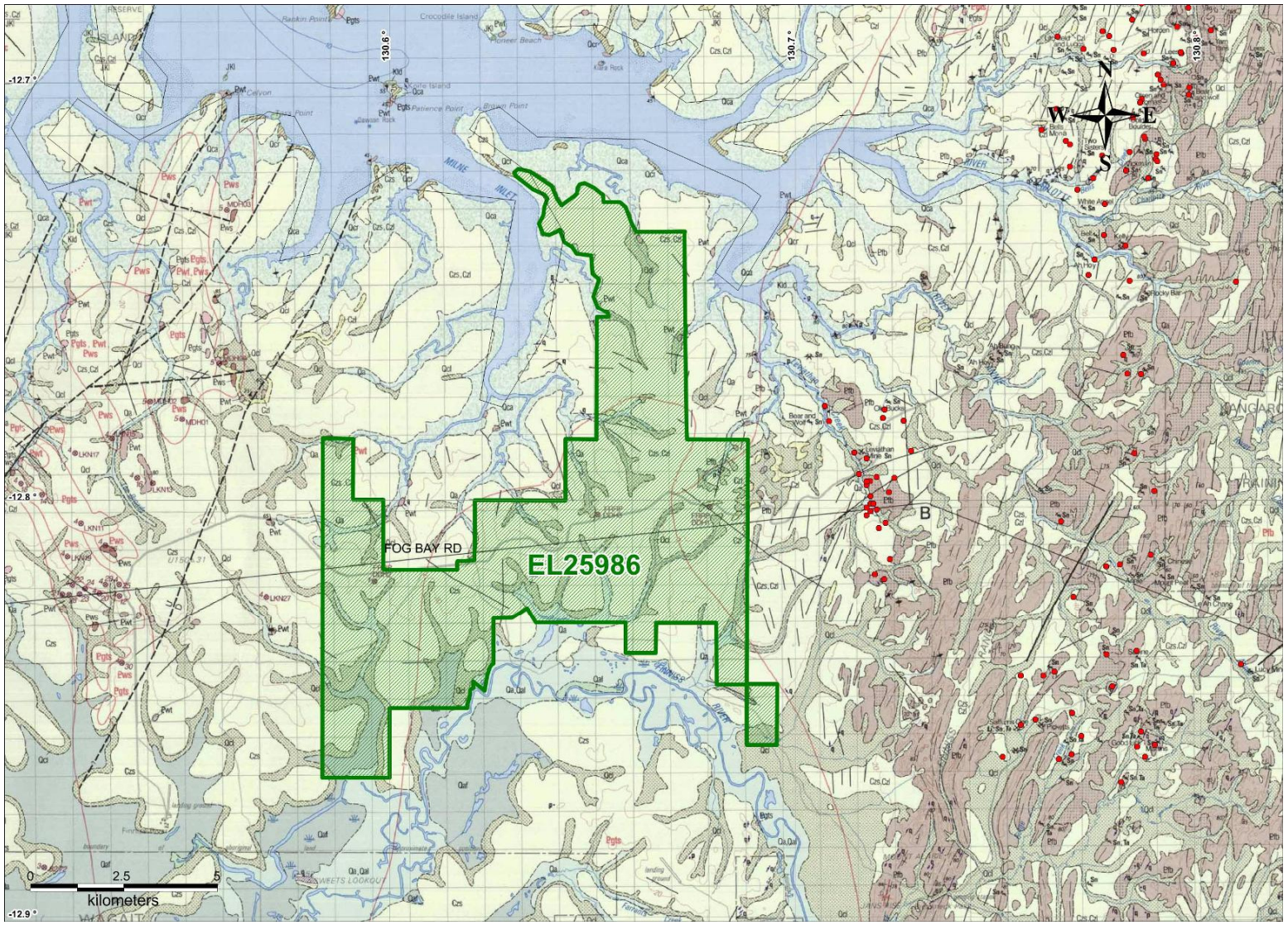

Figure 4 EL25986 Project Regional Fact Map Geology 1:100K NTGS, with tenement outline.

5. PREVIOUS MINING

5.1. Mining History of Tin and Tantalum

The first discovery of tin-tantalum pegmatites in the Northern Territory was near Mount Shoobridge in 1882 and was followed soon after by the discovery of tin (and tantalum) on the Cox Peninsula at Leviathan Creek (Bynoe pegmatite field) in 1886. Since these discoveries, production of tantalum and tin from alluvial, eluvial and hard-rock deposits has been sporadic.

Two main phases of production are evident in the mining record: an initial period during1582-1910, for when production figures are scant, and the period 1982-1999, when larger-scale mining took place in the Bynoe pegmatite field. The mining record indicates a total Northern Territory production of approximately 237,700 lb of Ta205 and 442 t of tin (plus a further 549 t of tin concentrate prior to 1906), but production was probably considerably greater given the absence of production records prior to 1927, when much of the high-grade alluvial and elluvial ore was won.

6. PREVIOUS EXPLORATION

During 1983 to 1989, Bynoe Joint Venture Pty Ltd (Greenbushes Ltd and Barbara Mining Corporation Ltd) conducted extensive exploration focusing on tin-tantalum deposits. Exploration programmes included research, photo geological interpretation and initial evaluation involving literature research and 1:25,000 base map constructions focusing on the location of mineralised pegmatite dykes. Most of the work conducted concentrated outside the current tenure area, over the Leviathan cassiterite historic mine (CR1989-0499) and (CR1 959-0295).

7. TARGET IDENTIFICATION & GENERATION OVER EL25986

During the month July 2008, consulting geologists Kastellco Geological Consultancy conducted a review of existing historical exploration data within the Northern Territory Geological Survey Database. This was conducted for all the Exploration Licence

areas to identify any high potential exploration targets which resulted in the identification of several high priority targets that warrant further work.

The targeting was undertaken at a high level to identify areas of interest that stand out in the regional data. Historical prospects were reviewed to determine the effectiveness of the previous exploration and evaluate remaining potential.

Through detailed interpretation of airborne magnetic and radiometric data from the Northern Territory Geological Survey, the following uranium and magnetic anomalies were identified as shown in Tables 3. The location of the radiometric anomalies is represented in the Figure 4.

Table 1 Radiometric Targets warranted for follow up Exploration

Tenure Number	Radiometric Anomaly Intensity	Strike Length of Anomaly (m)	Width of Anomaly (m)	Fact Geological Setting	Interpretive Geological Setting
EL25986	Weak to Moderate	8.24 km Max	2.31 km Max	Tertiary Sediments	Welltree Metamorphics
EL25986	Weak to Moderate	1.11 km Max	0.66 km Max	Tertiary Sediments	Welltree Metamorphics

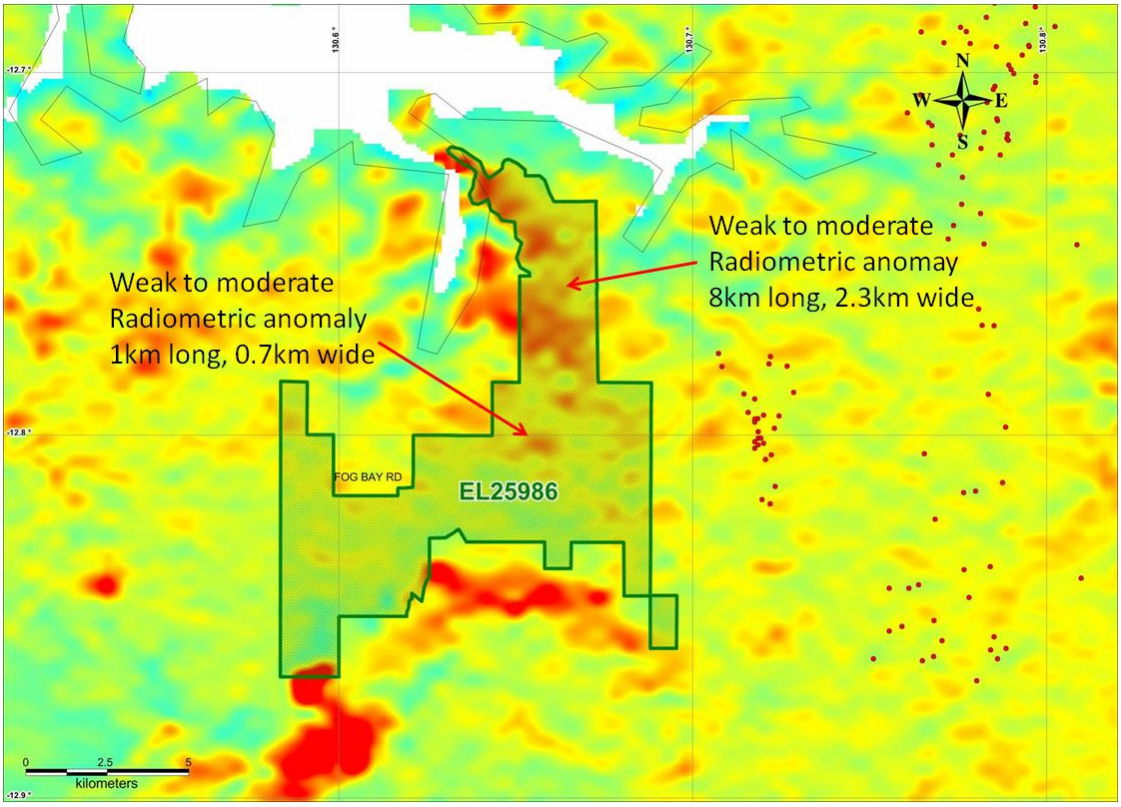

Figure 5 EL25986 Project showing Regional Uranium Targets

8. EXPLORATION POTENTIAL

In terms of both regional and project scale structure the Waigit Project areas are ideally situated for strata-bound/Mississippi Valley type base metal. Regionally, the project area is located on the Fitzmaurice Mobile Belt which is considered prospective for poly metallic deposits as it forms the extension of the Halls Creek Mobile Belt. Undeveloped world class base metal deposits exist within the Hall Creek Mobile Belt (Northern Territory) which extends through to the current tenement areas.

In terms of both regional and project scale structure the Project areas are ideally situated for unconformity-vein hosted uranium deposits. Ground reconnaissance would also confirm whether the radiometric anomalies are associated with vein hosted uranium within the Two Sister Granite. The project area also has the potential to host a high grade pegmatitic tin- tantalum deposit.

Historical reconnaissance on the reaches of the Finniss River also showed some favourable traps for heavy mineral minerals.

9. Expenditure

Expenditure for year 1 is summarised in the table below:

Table 2 Expenditure on E:25986

Expentiture	Type	Amount
Kasteilco Geological Consultancy	Drafting	$2,017.50
	Reporting	$2,017.50
Capricorn Mapping Pty Ltd		$1,806.30
Flights, Hire Car, Accommodation and Supplies		$8,543.10
Administration/OverheadsiManagement		$2,500.00
	TOTAL	$16,884.40

No further work was undertaken on this tenement in year 2 or 3 until its surrender in February 2010.

10. REFERENCES

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