PARTIAL RELINQUISHMENT REPORT

EL 26139

MURPHY PROJECT, NT

20th DECEMBER 2010

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January 2011

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FIGURES

TABLES

EXECUTIVE SUMMARY

This relinquishment report describes the work carried out on relinquished sub-blocks in EL 26139 being part of Bondi Mining Ltd's Murphy Project area to 19/12/2010. EL 26139 is located over the western end of the Murphy Inlier, NT and is held by Murphy Uranium Pty Ltd; a wholly owned subsidiary of Bondi Mining Ltd.

Work carried out on the relinquished sub-blocks comprised a detailed airborne magnetic and radiometric survey, a detailed geological interpretation, and one RAB drill hole as part of the regional exploration program covering the entire Murphy Project area. The work is described in the body of this report.

1 INTRODUCTION

Bondi Mining Ltd, through its wholly owned Australian subsidiary Murphy Uranium Pty Ltd (ACN 053538613), is the holder of EL 26139. The licence is located west of the Westmoreland Uranium Field and forms part of Bondi Mining Ltd's Murphy Project targeting unconformity style uranium deposits within the Southern McArthur Basin in the Northern Territory. The Murphy Project is currently made up of ELs 24694, 24841, 25708, 25709, 25710, 26138, 26139, 26140, 27379 and ELAs 27728, 27729 and 27730 (see **Figure** 2**1**).

This relinquishment report covers all the exploration work carried out within the area of the relinquished sub-blocks in EL 26139 up to 19/12/2010. The work during this period was directed at determining whether the covered region has the potential to host economic uranium mineralisation and the selection of target areas. Exploration activities involved an extensive review of previous exploration, an airborne magnetic and radiometric survey and detailed mineral assessment aimed at selecting uranium targets. Results of this work did not delineate any targets within the areas nominated for relinquishment.

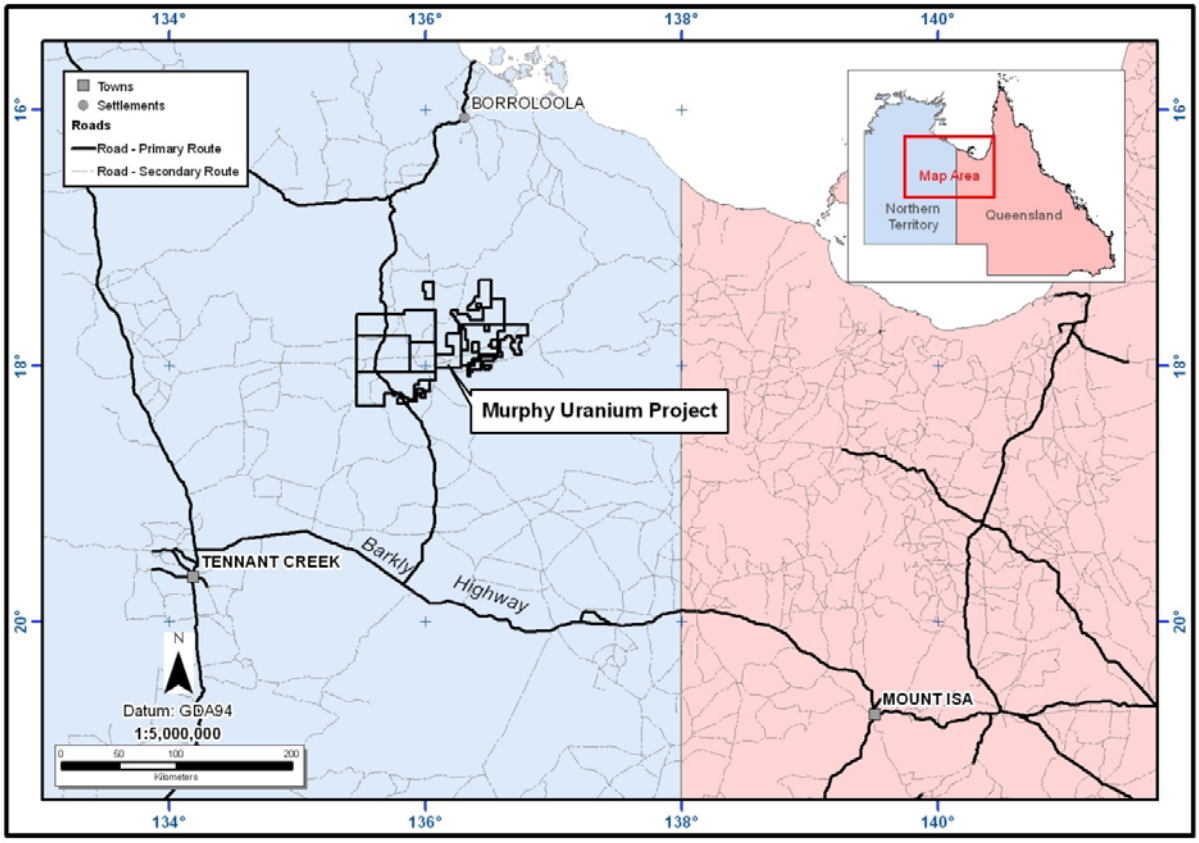

Figure 1: Tenement Location Map

2 LOCATION & ACCESS

EL 26139 is located approximately 130km west of the NT - QLD border and 170km south east of the McArthur River mine in eastern NT, see **Figure 2.** The project area covers four 1:250,000 map sheets; Walhallow, Brunette Downs, Calvert Hills and Mount Drummond with EL 26139 falling on the Walhallow and Brunette Downs sheets. Access is via the Tablelands Highway from the Barkly Roadhouse turnoff.

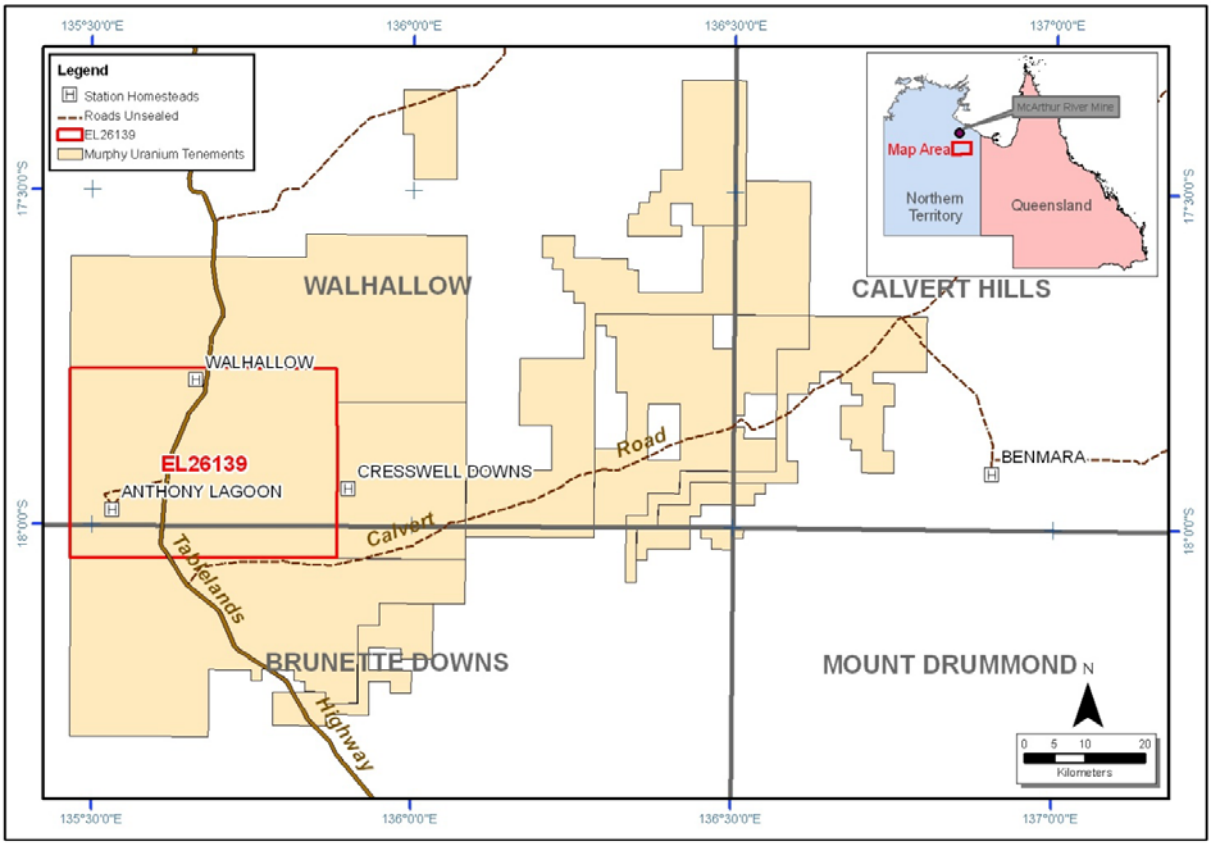

Figure 2 - Location and Access Map

3 TENURE DETAILS

EL 26139 was originally taken out by Global Discovery Pty Ltd and was acquired from them by Canon Investments Pty Ltd (a wholly owned subsidiary of the Canadian company, Buffalo Gold Limited). In 2007 the Murphy project was acquired by Murphy Uranium Pty Ltd (a wholly owned subsidiary of Bondi Mining Ltd) who are the current operators of the licence. Tenement details are shown below in Table 1, Table 2 and Table 3. Retained and relinquished sub-blocks are shown in **Figure 3.**

Table 1: Tenement Details

Exploration Licence No.	No. Blocks (Area km^2) (Original)	Grant Date	Expiry Date	Expenditure Commitment
EL 26139	425 (1390)	20/12/2007	19/12/2013	$ 110,000

Table 2: Tenement Details – EL 26139 Sub-Blocks Retained

BIM	Block	Sub-block	Total
SE53	1557	GHJKMNOPTUYZ	12
SE53	1558	FGHJKLMNOPQRSTUVWXYZ	20
SE53	1559	FGHLMNQRSVWX	12
SE53	1630	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1631	ABCFGHLMNQRSVWX	15
SE53	1702	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1703	ABCFGHLMNQRSVWX	15
SE53	1774	ABCDEFGHJKLMNOP	15
SE53	1775	ABCFGHLMN	9
		Total	**148**

Table 3: Tenement Details – Sub-Block Relinquished

BIM	Block	Sub-block	Total
SE53	1554	JKOPTUYZ	8
SE53	1555	FGHJKLMNOPQRSTUVWXYZ	20
SE53	1556	FGHJKLMNOPQRSTUVWXYZ	20
SE53	1557	FLQRSVWX	8
SE53	1626	DEJKOPTUYZ	10
SE53	1627	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1628	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1629	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1698	DEJKOPTUYZ	10
SE53	1699	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1700	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1701	ABCDEFGHJKLMNOPQRSTUVWXYZ	25
SE53	1770	DEJKOP	6
SE53	1771	ABCDEFGHJKLMNOP	15
SE53	1772	ABCDEFGHJKLMNOP	15
SE53	1773	ABCDEFGHJKLMNOP	15
		Total	**277**

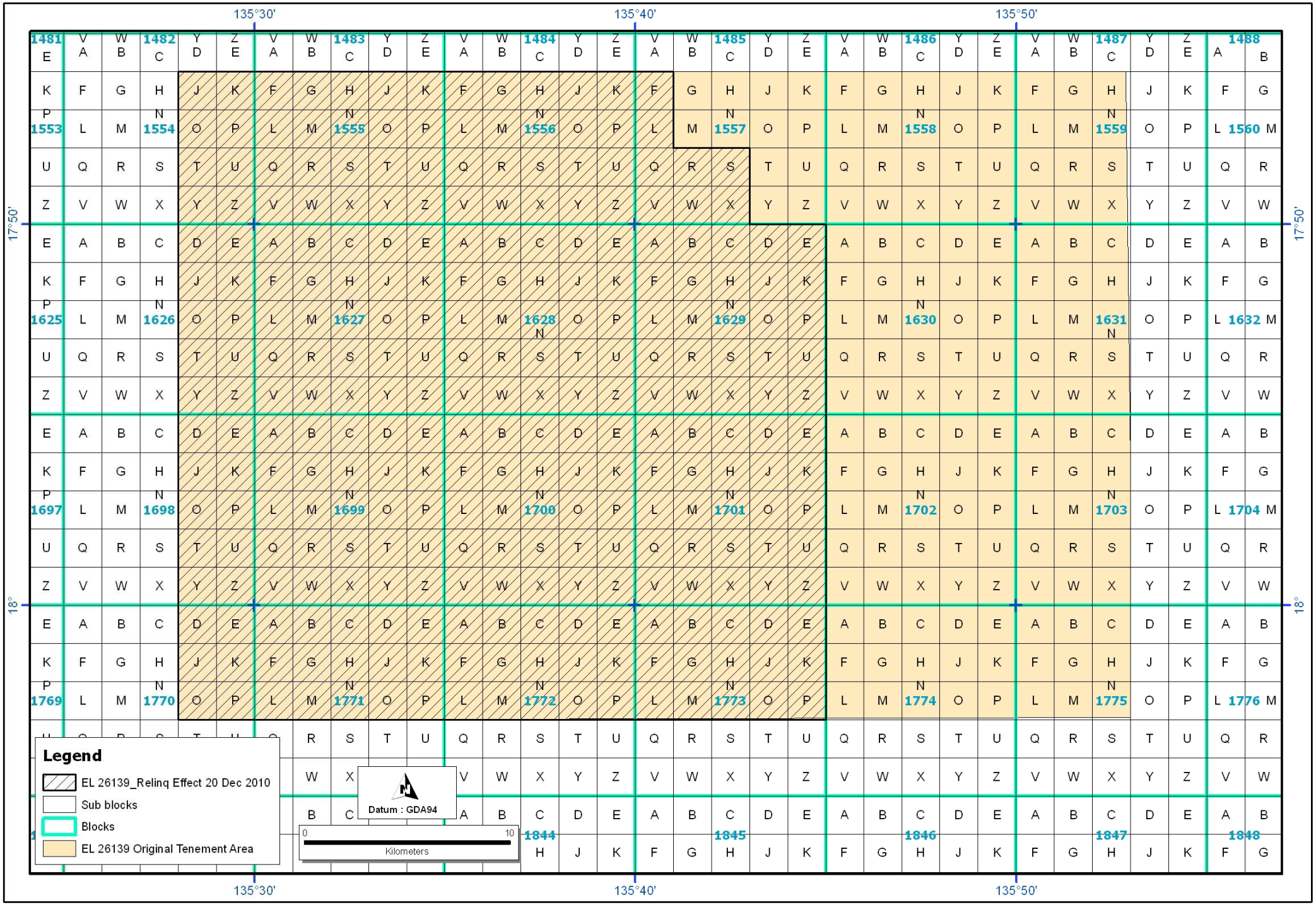

Figure 3: Sub Block Identification Map

4 REGIONAL GEOLOGY

The Murphy Project area is located on the western end of the Murphy Inlier. The inlier is referred to as the Murphy Tectonic Ridge and represents a belt of lower Proterozoic basement that separates the middle Proterozoic McArthur Basin to the north and the middle Proterozoic Lawn Hill Platform - South Nicholson Basin to the south. The oldest rocks in the region are the lower Proterozoic Murphy Metamorphics, which form the basal unit of the Murphy Inlier, and consist of isoclinally folded greenschist facies metasediments; typically quartz-feldspar-mica schists and gneiss with minor graphitic units. The Murphy Metamorphics form the core of the Murphy Tectonic Ridge and only outcrop in the NT portion of the inlier. The Cliffdale volcanics unconformably overlay the Murphy Metamorphics and are made up of a series of felsic volcanic and volcaniclastic rocks. The Cliffdale volcanics are only found at the eastern end of the inlier. Both the metamorphics and volcanics are intruded by granites and adamellites of the Nicholson Granite Complex which constitutes the majority of the rocks found in the inlier.

The northern margin of the Murphy Inlier is unconformably overlain by the Westmoreland Conglomerate, which is the oldest unit in the middle Proterozoic Tawallah Group, and marks the base of the southern portion of the McArthur Basin. The Westmoreland Conglomerate is made up of four sub-units; (i) a basal volcanic derived (sourced from the underlying Cliffdale volcanics) conglomerate - breccia that grades up into a pebbly quartz sandstone; (ii) an upward fining coarse to medium grained ferruginous sandstone; (iii) a coarse polymictic conglomerate and minor pebbly sandstone, which can be reverse faulted directly on the Cliffdale Volcanics; and (iv) a porous, crossbedded, coarse grained quartz sandstone, with minor conglomerate bands and laminated tuffaceous siltstone in the lower part. The Seigal Volcanics lie conformably on top of the Westmoreland Conglomerate and consist of massive and amygdaloidal tholeiitic basaltic lavas with minor interbedded siltstones and sandstones. A thin shale bed is commonly found at the base of the Seigal Volcanics and marks the hiatus between deposition of the Westmoreland Conglomerate and the start of volcanism. The middle to upper Tawallah Group consists of interbedded sediments and volcanics. Sediments and volcanics of the McArthur Group lie unconformably over the Tawallah Group.

The southern margin of the Murphy Inlier is unconformably overlain by several belts of Lawn Hill Platform in addition to sediments of the south Nicholson Basin, which unconformably covers the Lawn Hill Platform successions. A thin unit of coarse sandstone and conglomerate, the Wire Creek Sandstone, marks the base of the Lawn Hill Platform in places and is conformably overlain by the Peters Creek Volcanics; a massive sequence of alternating basalt, rhyolite and rhyodacites with minor sediments. Both units can be found lying unconformably on the Murphy Inlier and are considered equivalents to the Tawallah Group in the McArthur basin. The Peters Creek Volcanics are unconformably covered by the Fickling Group, a sequence of conglomerates, sandstones, siltstones and dolomites. The Fickling Group belongs to the Land Hill Platform and in the area of the Murphy Inlier is unconformably covered by shallow marine sediments of the South Nicholson Basin referred to as the South Nicholson Group. This group is also found lying unconformably over the western end of the Murphy Inlier or over the Benmara Beds, which can lie unconformably between the South Nicholson Group and the Murphy Metamorphics. The Benmara Beds are also a middle Proterozoic Tawallah Group equivalent and consist of a mixed rhyolite, trachyte, sandstone and conglomerate package.
Phanerozoic cover consists of mostly early to middle Cambrian sediments and basalts, and Cainozoic sediments. Outcropping of Proterozoic rocks in the project area suggests that Phanerozoic cover is not thick here, although locally developed thin Cambrian Antrium Plateau Basalt flows have been noted in magnetics to the north.

Structurally, the region is cut by a dominantly NW trending series of faults and joints paralleling the Calvert fault. Possible NNW trending extensions of the Emu Fault also pass through the west side of the region under the Phanerozoic cover. A second set of NE trending faults can also be seen paralleling the structural trend of the Murphy Tectonic Ridge. Both sets of faults commonly consist of high angle normal and reverse faults whose intersection appears to form structural blocks

displaying horizontal movement and/or tilting. Lateral movement is also common in the NW trending structures. Numerous mafic, commonly doleritic, dykes parallel the faulting and are thought to be cogenetic with the mid Proterozoic volcanics of the Tawallah Group.

Small stratabound disseminated lead –zinc ±copper occurrences, associated with carbonaceous units are found within both the McArthur and Lawn Hill Platform – South Nicholson Basins. Copper mineralisation occurs as unconformity related and breccia pipe occurrences in the region. The latter deposit type forms sub-economic deposits in the Redbank area. These were mined on a small scale in the post war era. Minor tin occurrences have also been found around the Nicholson Granite Complex.

The region is best known for the uranium deposits at Westmoreland (**Figure 4**); notably the Redtree deposit (12,600t U_3O_8), the Junnagunna deposit (5,300t U_3O_8) and the Huarabagoo deposit (3,000t U_3O_8). Mineralisation in these deposits occurs as sandstone hosted uranium within the upper sandstone unit of the Westmoreland Conglomerate, directly below the contact with the Seigal Volcanics, and shows a strong association with fault hosted mafic dykes and sills. Minor mineralisation is also found within other units of the Westmoreland Conglomerate and in shear zones at the unconformity between the Cliffdale Volcanics and Westmoreland Conglomerate. Clusters of minor uranium occurrences can be found to the west and east of the Westmoreland area, along the northern margin of the Westmoreland Conglomerate. To date only minor unconformity type uranium mineralisation has been found at the unconformity between the Murphy Metamorphics and the Westmoreland Conglomerate.

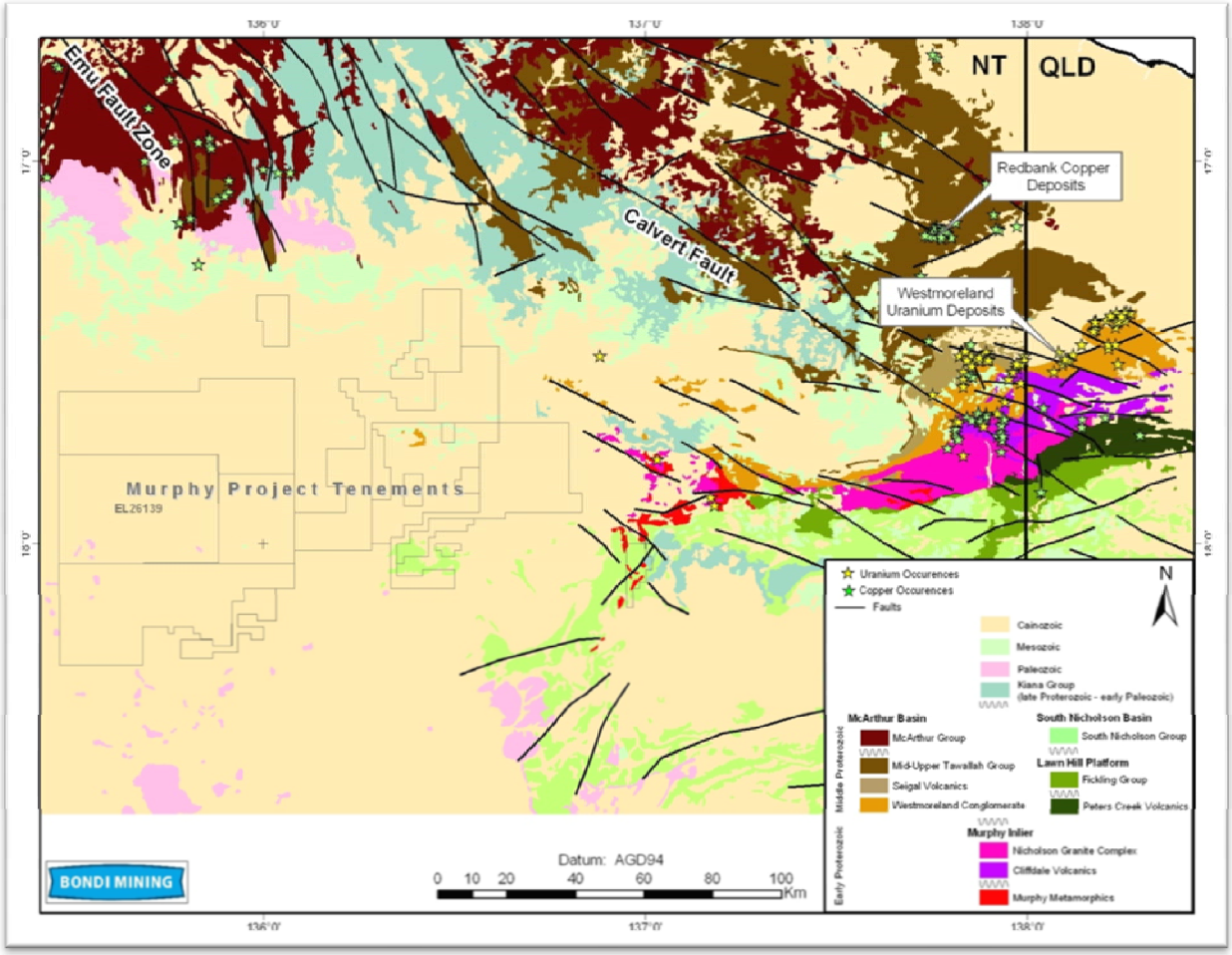

Figure 4 - Simplified Regional Geology

5 EXPLORATION PHILOSOPHY

Bondi Mining Ltd believes that the covered regions about the western end of the Murphy Inlier have not been adequately explored and have the potential to host high grade uranium mineralisation. The uranium mineralisation is envisaged to be either;

(i) unconformity type uranium deposits located at the lower Proterozoic, mid Proterozoic uniformity between the Murphy Metamorphics and Westmoreland Conglomerate, similar to those found in the Alligator Rivers Uranium Field, NT; or

(ii) sandstone hosted uranium deposits associated with the upper unit of the Westmoreland Conglomerate, below the contact with the Seigal volcanics, similar to those found in the Westmoreland uranium deposits, QLD.

6 SUMMARY OF PREVIOUS WORK

A comprehensive review of previous mineral exploration was carried out and an outline is presented below. Important information gained from this review are;

- First recorded work in the area was by Mount Isa Mines in 1956 and consisted of crude airborne radiometric surveys. The results of this work located the Westmoreland deposits and most likely all of the significant outcropping occurrences.

- There was a distinct hiatus in exploration between 1963 - 1970, reflecting a slump in the global demand for uranium; the post war proliferation of nuclear weapons had slowed and the nuclear power industry was still in its infancy.

- A second wave of exploration commenced in the 1970's as the demand for uranium for use in nuclear power stations increased. Many of the companies were also operating in the Alligator Rivers region, at the northern end of the Pine Creek fold belt, and much of their focus was on this area after the discovery of significant deposits at Jabiluka, Ranger, Nabarlek and Koongarra. The similarity between the two areas was known, however at this time the nature of the Alligator Rivers deposits was poorly understood and exploration was targeted toward roll front and sandstone hosted uranium deposits in both areas. By the time unconformity type uranium deposits were understood, uranium exploration restrictions were in place and work did not resume in the area until recently.

- More detailed radiometric surveys have been carried out. This work has revealed many outcropping anomalies related to brecciation, quartz veining (silicification) and iron-metasomatism (ferruginisation) associated with faulting in the Nicholson granite and Murphy Metamorphics. None of these anomalies appear to warrant follow-up work, however they indicate that processes associated with the formation of unconformity type uranium deposits have been active in the early Proterozoic basement.

- The region has been explored for gold, basemetal (sedex type deposits) and kimberlite hosted diamonds by several major companies. No significant gold or basemetal discoveries were made. A large number of diamonds were recovered from Ashton's Creswell prospect outside the licence and the area is currently under an EL.

- An airborne GEOTEM survey carried out by BHP targeting unconformity U- Au- PGE deposits indicated the usefulness of input EM surveys in targeting unconformity uranium deposits under cover. In particular the ability to locate basement conductors related to graphite in fault zones or clay alteration. Part of the BHP survey covers the current EL.

- The western covered region of the Murphy Inlier has the potential to host an unconformity type uranium deposit at depth

A list of the ATPs and ELs previously covering EL 26139 is provided in **Table** 4: Previous tenements over EL26139**4**.

Table 4: Previous tenements over EL26139

TENNUM	GRANTED	CEASED	AREA_SQ_KM	COMPANY	COMPANY_REPORTS
AP 1897	19680213	19700217	7312.72	IMC DEVELOPMENT	CR1968-0030,CR1968-0033,CR1969-0062,CR1970-0035,CR1970-0038
AP 1919	19680522	19681121	7,721	TIPPERARY LAND CORPORATION	CR1968-0046
EL 4331	19830826	19890825	1631.66	ASHTON MINING ABERFOYLE	CR1984-0225,CR1985-0233,CR1986-0294
EL 22990	20020816	20030721	1635.78	DE BEERS AUSTRALIA EXPLORATION	CR2004-0044
EL 22991	20020816	20030721	1635	DE BEERS AUSTRALIA EXPLORATION	CR2004-0044
EL 23128	20030224	20040107	1631.92	DE BEERS AUSTRALIA EXPLORATION	CR2004-0046

7 WORK COMPLETED BY BONDI

7.1 Summary of Work Done

Work completed since the acquisition of the tenement area and up to the 31July 2010 consisted of;

- A comprehensive review and assessment of previous mineral and diamond exploration work.
- Ground and helicopter reconnaissance
- An airborne magnetic and radiometric survey.

7.2 Assessment of Previous Exploration

A summary of this review is provided above in Section 6. As part of this review the limited drilling in the area was used to map out a rough depth to basement. The results indicate that Proterozoic basement is at a relatively shallow depth in the licence with the potential for the occurrence of Murphy Metamorphics. In addition, a review of BHP "Bowgan" airborne GEOTEM survey (1997 open file report CR97/260 & 97/325) showed that input EM could be used to map conductive units in the Murphy Metamorphics corresponding to graphitic schists.

7.3 Ground and Helicopter Reconnaissance

No previous ground exploration was conducted over large portions of the area now covered by EL 26139. In July 2008 a ground reconnaissance survey, using a four wheel drive vehicle, was conducted on the EL to see if alpha track sampling was feasible and to explore access to these areas. Access was limited to station tracks along fence lines with some rough tracks. A preliminary alpha track program was initiated in August however inclement weather and slow going due to impenetrable scrub and a high safety risk halted work.

In early September 2008 a Bell Jet ranger 206 helicopter was chartered to determine if all the target areas were inaccessible. This air reconnaissance revealed that, although difficult in places, two field crews with one experienced field assistant in each four wheel drive vehicle could negotiate access for alpha track sampling over most of the targets.

7.4 Airborne Magnetic and Radiometric Survey

A large airborne magnetic and radiometric survey, which covers all of EL 26139, was flown in March - May 2009. The survey which was flown north - south at a 100m line spacing, and a height of 50m was designed to provide high quality magnetic and radiometric data which can be used to interpret stratigraphy, faults and potential mineralisation under cover. Refer to **Figure 5** for the location map of the survey area. This data has been supplied to the department as **Appendix 10** in the 2009 annual report for EL's 25708, 25709 and 25710.

The radiometric data was rather noisy, however the magnetic data has been processed and various images have been produced. These help to highlight stratigraphic units with different magnetic susceptibilities, faults and zones of magnetite depletion and addition, which may represent alteration. An interpretation of the magnetics and radiometrics was completed by a consulting geophysicist by the end of March 2008. There are no anomalies over the portion of the EL which is being relinquished. Anomalies outlined over the retained part of the EL have been reported on in the body of the Annual report.

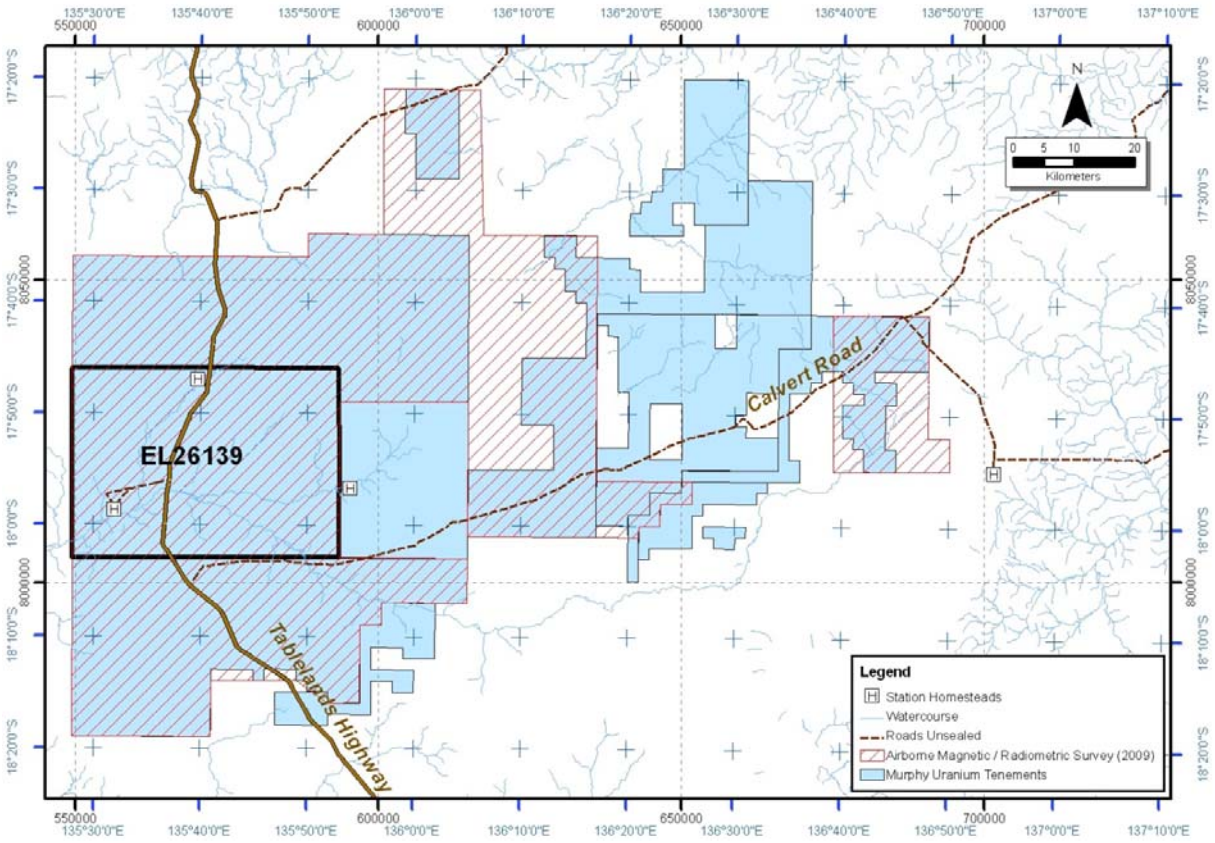

Figure 5 - Area of 2009 Magnetic/Radiometric Survey

7.5 Geological Interpretation

In 2009 Douglas Haynes completed a re-interpretation of the magnetics and radiomagnetics flown in 2007, along with data from the 2009 survey. The aim of the interpretation was to define units prospective for hosting uranium mineralisation, and the position of the Murphy Inlier – Westmoreland Conglomerate unconformity. Haynes also defined target areas which were ranked based on a number of criteria including host rock, redox state and structural setting. This report is not included within this report as it covers current tenement areas which are still being explored by Bondi Mining Ltd. There were no anomalous areas or targets within the areas relinquished from EL 26139.

7.6 Phosphate Drilling

In 2008 a joint venture agreement was signed with WCP Resources (ASX code WCP) to explore for phosphate mineralisation within the Cambrian limestone of the Georgina Basin. A wide spaced RAB drilling program was conducted in August 2008 and samples were collected from the Cambrian limestone intersected. Although phosphate minerals were detected in several holes the percentage was not economic and no further exploration took place. Refer to **Figure 6** for the location of the single drill hole MPRB013, and **Appendices 2** & **3** for the drill log and assay results respectively. It should be noted that the drilling was wide spaced and it is not considered to be an adequate test of this part of the basin. For more details refer to the company report by Tahan (2009).

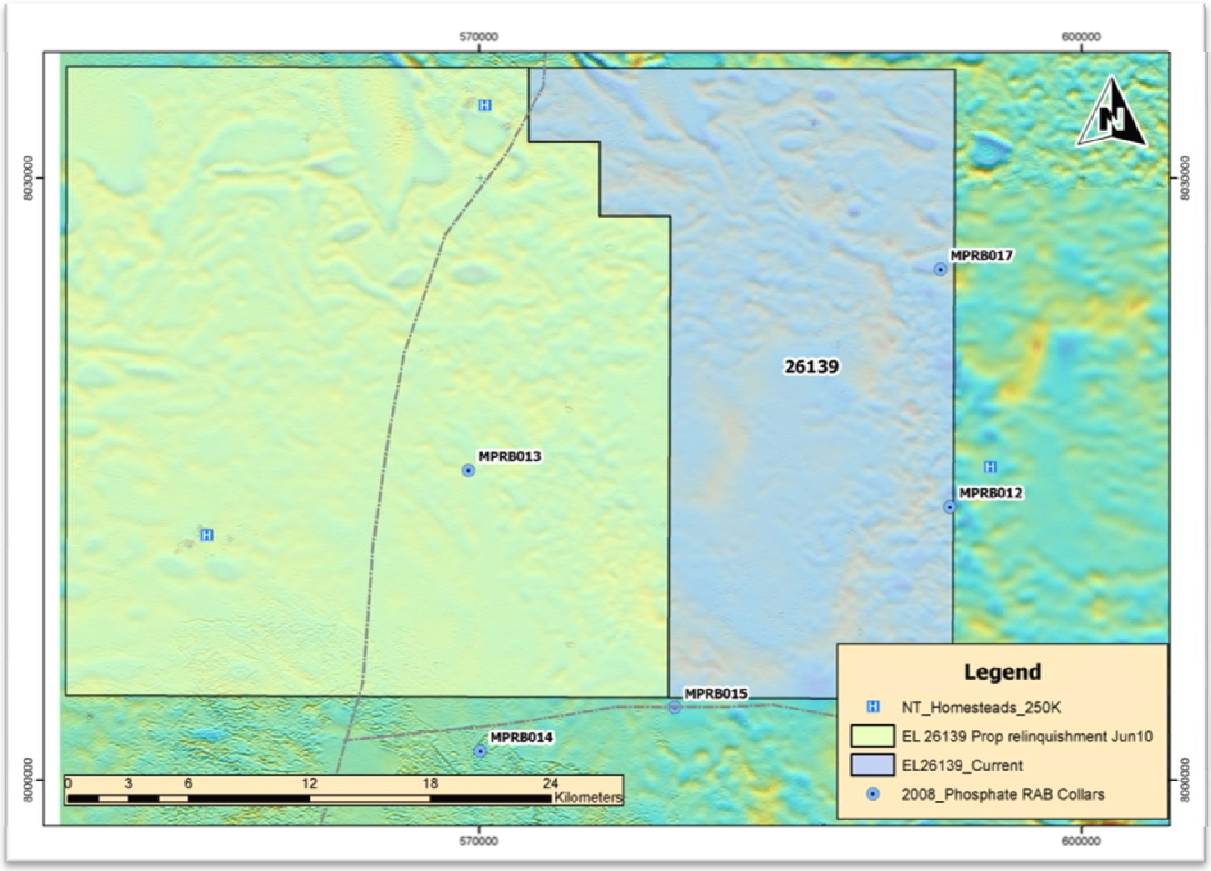

Figure 6 - Location of RAB drill hole on EL 26139, with colour TMI magnetics image.

8 CONCLUSIONS

Results to date indicate that the potential for locating economic uranium mineralisation is limited in the western portion of the exploration licence due to the thickness of the Cambrian Georgina Basin and Antrim Plateau basalt, and Bondi decided to relinquish the sub-blocks covering that area. Work will continue in the remaining part of the tenement.

9 REFERENCES

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Esser, D., Jan 2010. 'Combined Annual Report for the period ended 19 Dec 2009 on EL's 26138, 26139 and 26140, Murphy Uranium Project Northern Territory' Unpubl. Company Report.

Tahan, G., Dec 2008. 'Combined Annual Report for the period ended 19 Dec 2008 on EL's 26138, 26139 and 26140, Murphy Uranium Project Northern Territory' Unpubl. Company Report.

Wall, V.J., 2006: 'Unconformity-related uranium systems: Downunder and over the top' ,*Taylor Wall & Associates,* AESC2006 conference, Melbourne, Australia 2006

10 APPENDICES

Appendix 1 Airborne Magnetic & Radiometric Survey Data
(Held by NT Department of Primary Industries, Fisheries and Mines)

Appendix 2 Drill log for MPRB013 – Appended as zip file

Appendix 3 Assay results for samples collected from MPRB013 – Appended as zip file