ANNUAL/FINAL TECHNICAL RELINQUISHMENT REPORT

EL25223

Rare Earth Metal, Uranium, Gold, Base Metals, Diamonds

FOR PERIOD ENDING 22 NOVEMBER 2012

NORTHERN TERRITORY

PINE CREEK  SD5208  1:250,000
Daly River  5070  1:100,000
Tipperary 5170  1:100,000
Reynolds River 5071  1:100,000
Batchelor 5171  1:100,000

Titleholder: TUC Resources Ltd

Report No. 2012-014
Prepared for TUC Resources
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Project Geologist
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1 Abstract

TUC Resources have held EL25223 since 22nd November 2006, and are relinquishing the tenement at the end of the sixth year of tenure, 21st November 2012.

Since gaining access to the licence TUC Resources have completed a historical review of the tenement examining existing prospects. TUC flew an airborne radiometric and magnetic survey on ELs 25222 & 25223. A follow up helicopter based reconnaissance trip identified two targets on EL25223. Project Green, later renamed Drax, and Green Ant Hill.

Rock chip, soil and soil auger sampling were undertaken at both prospects. RC drilling was undertaken at the Green Ant Hill prospect with 4 holes for a total of 310m. The short RC drilling programme tested the radiometric and geochemical uranium anomaly recently identified by TUC. Drilling targeted an electromagnetic conductor, identified from Geoscience Australia EM data (Figure 10), interpreted to be folded rocks similar to those at the nearby historic Rum Jungle uranium mine. Drilling intersected uranium prospective rocks beneath a shallow sequence of younger cover rocks. However, despite elevated gamma ray scintillometer readings, no significant results were returned from this phase of drilling.

Project Green was drilled on two occasions, the first was a diamond drill program with one hole on EL25223. The 513.2m hole targeted unconformity related uranium mineralisation and returned no significant results. The soil auger results were later submitted for Rare Earth Element (REE) analysis, with the REE anomaly being renamed to the Drax prospect.

The Drax prospect was tested with a 22 hole RC drill program, however all holes were located on the neighbouring EL25222.

Due to other priorities and budget restraints TUC Resources was unable to further explore the tenement in the fourth, fifth or sixth year of the tenement.
2 Copyright

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3 Location and Access

EL25223 is 130km south of Darwin, and approximately 180km south of Darwin by road. Access from Darwin is via the Stuart Highway onto Dorat Road (from Adelaide River) then west onto the Daly River Road. Tipperary Station lies on the central eastern part of EL 25223. Tracks extend west and south of Tipperary Station, with the southern track accessing the Daly River at Beebom Crossing. Access is possible in the dry season only as the crossings at Beebom Crossing and smaller tracks to the west are impassable after rains.

The southern boundary of the Licence is defined by the Daly River, while Green Ant Creek roughly marks the eastern boundary. Most of the ground is open and with low relief and numerous sinkholes, except for the Rock Candy Range to the southeast of EL 25223.
4 Tenement Status and Ownership

EL 25223 was granted on 23rd November 2006 and expires on 22nd November 2012. It comprises 500 graticular blocks (1642 sq km). There are no other mining leases or mineral claims shown within the Licence boundaries.

Underlying cadastre is crown lease in perpetuity held by:

- PL 903 Tovehead Pty Ltd (Douglas Stn)
- CLP 815 Branir Pty Ltd (Daly River)
- PPL 1004 Tovehead Pty Ltd (Tipperary Station)
- CLP 1711 Silkwood Ventures Pty Ltd (Dorat Rd, Robin Falls)

5 Geology

EL 25223 is situated near the western margin of the Pine Creek Orogen on the SD5208 Pine Creek sheet. Descriptions of the regional geology can be found in several texts, including Ahmad et al., 1993; Ahmad, 1998; Dundas et. al., 1987; and Pietsch 1989. Figure 2 has the simplified geology from the Pine Creek 250,000 Metallogenic Map Series to show the main stratigraphic components within EL 25223.

Early Proterozoic Burrell Creek Formation (Finniss River Group) sediments have been mapped in the NE corner of EL 25223. Middle Proterozoic sediments of the Tolmer Group are mapped as overlying the western portion of EL 25223. The Tolmer Group is a sequence of arenite, siltstone and dolomite up to 1600m thick unconformably overlying Early Proterozoic Finniss River Group sediments. The Hinde Dolomite is the most commonly mapped stratigraphic unit of the Tolmer Group within EL 25223. Fault splays from the Giants Reef Fault to the west offset and thrust blocks of Depot Creek Sandstone adjacent to Stray Creek Sandstone in the Rock Candy Range area within EL 25223.
Further east, limestones and quartzarenites of the Cambro-Ordovician Daly River Group (comprising Tindall Limestone and Jinduckin Formation) form the Daly Basin. These sediments cover most of the area east of Which Wai Creek (and more than half of EL 25223).

The region has also been incorporated in the NTGS mineral resource projects. These include regional phosphate prospectivity which has been analysing selected rockchips from water bores in the district (Khan et al., 2007). No significant phosphate anomalies were noted in the Daly Basin.

6 Previous Exploration

A portion of the work done on EL25222 for this year consists of a literature review and data compilation. This work was still in progress as of the anniversary date. Appendix 1 contains the list of previous tenure, and reports from previous tenure.

**AP 1682** covered a small southeast portion of EL 25223, but most of the AP Licence was outside of EL25222, extending in a southeast direction. IMC Development Corporation explored the AP for the phosphatic potential of the limestones. Samples were qualitatively tested for phosphate in the field with ammonium molybdate solution, with selected samples sent for qualitative analysis. No anomalous radioactivity was associated with the phosphate. The best phosphate assay value of 0.75% P$_2$O$_5$ was obtained from Ooloo Limestone outside of EL25223.

**AP 1774** covered the central portion of EL25223. Tipperary Land Corporation explored for phosphates by examining outcrops and rotary drilling. Results showed several thin horizons containing a maximum of 1% P$_2$O$_5$ over 5ft. No diagnostic phosphatic lithologies were found and no further work is justified. However, anomalous copper was noted in the Cambrian basalts and ‘traces of lead and zinc occur in Tertiary laterites’. No other work was carried out.

**AP 1996** covers approximately 6 blocks on the central southern portion of EL25223 (extending south into TUC’s EL 25222). Tipperary Land Corporation found ferruginous, gossanous material in small fractures in an outcrop of Hinde Dolomite (then called Waterbag...
Creek Formation) at Goose Lagoon. Assays by a prospector returned 65ppm Ni, 5ppm Co, 0.85% Pb, 0.19% Zn and 6 dwts/short ton Ag. Follow-up work did not show extensive gossans or other signs of mineralisation, with phosphate testing on nearby Tindall Limestone returning negative results.

**AP 2057** cuts across the middle of EL25223. This was explored by Tipperary Land Corporation in conjunction with AP1774 (see above) who concluded that no diagnostic phosphatic lithologies were found and no further work was justified.

Suttons Motors explored **EL’s 1355, 1357 and 1359** in conjunction with 5 other Licences in the area. EL 1359 covered most of the northwestern portion of EL25223, while EL’s 1355 and 1357 covered the SE and SW portions of EL25222 respectively. The 3 Licences covered most of EL 25223. Initial work included a preliminary assessment of the uranium potential, with the Company concluding that the potential for large deposits is low, but small uranium deposits may exist. Radiometric anomalies exist in both the Cambrian and Upper Proterozoic sequences, but were not considered ‘attractive exploration targets’.

General notes of interest from this report include;

- Total Count from the BMR radiometric data reflect lithology; Tolmer Group sediments and Antrim Plateau Volcanics all give lows, the Litchfield Complex a high and Burrell Creek Fm seds are intermediate with local highs.
- Litchfield Complex has an irregular but high background of 5-17cps U, with possibly 1 or 2 U anomalies
- U count of 5-6cps in Burrell Ck Fm seds; higher values associated with faulting. U anomalies are small; only 1 – 2.5x bkgrnd. Some variation in regional background which may reflect gradual facies changes; U channel response also affected by weathering and superficial cover

The report considered that Upper Proterozoic sediments had limited prospectivity because they were deposited after the last major phase of uranium mobilisation and concentration, although recent isotopic data indicates several episodes of uranium mineralisation between 1740 and 500Ma (Ahmad 1998) which negates this conclusion.
The report also notes uranium anomalies within EL25223 which may be the result of laterisation of Antrim Plateau Volcanics. It may also represent uranium mobilisation along the northern extension of the Dorisvale Fault and requires further investigation. The prospective areas within EL25223 were summarised as:

- Small tonnage, vein-type hosted in faults and
- Roll-front type on margins of Daly River Basin
- Both prospective areas were rated as a ‘long shot’.

Suttons Motors also commissioned a report on the mineral potential of their Licences by Robertson Research. The Tindall Limestone was considered prospective for MVT-style base metal mineralisation. Minor copper mineralisation was known on the unconformity between the Antrim Plateau Volcanics with the underlying Proterozoic Waterbag Creek Formation (now Stray Creek Sandstone?). The sandstone-siltstone facies at the base of the Depot Creek Sandstone is considered prospective for uranium. Only the Jinduckin Formation could be considered a host for U mineralisation within the Daly River Group sediments as it contains sandstone and siltstone sequences that may act as permeability traps.

Exploration work for base metal mineralisation consisted of a 170 line km EM survey; a ground IP survey and limited ground mag survey plus geochemical sampling. There was no indication of massive sulphides in the vicinity of surficial massive barites and stratiform barite-fluorite mineralisation, but there were some anomalous Pb-Zn geochemistry in calcareous fine-grained clastics in the Tindall Limestone. Some primary lead sulphides (galena) were identified in think restricted silicified black shales.

CRA explored **EL 1743** (on eastern edge of EL25222 and covering western portion of EL25229). CRA acquired the ground after hearing that adjacent Licences had found base metal mineralisation. Work consisted of a literature review and field reconnaissance with one deep diamond hole planned for a location outside TUC Licences. The work was not carried out as CRA changed its focus from exploring for carbonate-hosted base metal deposits in Australia and the ground was relinquished.

Peko Wallsend explored **EL’s 3010 and 3011** for diamonds, but did not find any indication of alluvial diamonds or kimberlites. The Licences are along the southern boundary of EL
There is mention of ‘gossanous outcrops on the southern boundary of the Licence may have significance for base metal potential’ and although the area wasn’t specified, the probable area has been captured (Possible_Gossanous_Area_CR19820351.tab).

BHP held **EL 4162** (which straddles the central part of EL’s 25222 and 25223); along with other tenements further south. Exploration consisted of stream sediment samples for base metals and heavy mineral concentrates (diamonds). The stream sediment samples were not assayed for gold or for uranium. No notable results were found on EL 4162 and the ground was dropped after a year.

Carpentaria Exploration Company held **EL4693** (covering SW part of EL25223) as part of a regional landholding (mainly further south and west of EL25222) exploring for gold. CEC delineated a radiometric uranium anomaly south of EL 25223 (on EL 25222).

A JV between Total Mining Australia and PNC Exploration explored **ELs 4857, 4870 and 4958** (southern and western portions of EL25223) for uranium by locating favourable lithologies using ground radiometrics and geological traversing combined with interpretation of geophysical and spectrometric data. Thermoluminescence studies were carried out on the basal Tolmer Formation sediments. The theory is that if sufficient amounts of uranium (>10ppm U) have resided in the sandstone over a sufficient amount of time (>100Ma) then the quartz lattice will be damaged. Artificial thermoluminescence will detect paleoradiation or cumulative radiation effects in the quartz grains of the sandstone. No details of results were presented in the reports. An INPUT survey did not indicate occurrences of graphitic schist beneath sandstone cover. Anomalies from the INPUT survey within TUC tenements were digitised in TOTAL_PNC_INPUT_EM_Anomalies.tab. Anomalies were located on the Stray Creek and Hinde Dolomite outcrops rather than the basal Depot Creek Sandstone, so the anomalies were considered associated with small scale structures. The JV relinquished the ground in 1989 after these poor results from the INPUT EM survey.

Newmont held **EL 6602** for a year over the old Suttons tenement EL1355, to follow up on the potential for sediment-hosted pervasive gold mineralisation. Sampling of the Suttons drillcore at BCD2 (which had 1m @ 3.0g/t Au assay value) was not possible due to insufficient core. Newmont carried out outcrop sampling and stream sediment sampling with ‘disappointingly low’ gold values, concluding that the system was not gold-mineralised but
that the system was extensively base metal (Pb-Zn) and Ag mineralised, with vertical metal zoning. Newmont recommended grid-based soil sampling over the central ridge area, geological mapping (with emphasis on structure), with percussion drilling to test the downdip down plunge anticlinal crest positions (to be highlighted from geochemical sampling and geological mapping) but the ground was dropped before the work was carried out.

The Tipperary JV consisted of Normandy (later North Exploration) exploring for base metals and Stockdale exploring for diamonds over a series of tenements covering the Daly River area. Normandy drilled on EL 7983 (EL 7923_7983_Drilling.tab) on the southwestern side of EL 25223. Drilling verified the elevated Pb-Zn values associated with the Hinde Dolomite. Drilling also indicated that the grade/thickness continued in an easterly direction. A regional soil sampling programme that targeted conductive horizons identified from a QUESTEM survey in the second year of tenure did not produce any assay values ‘considered worthy of follow-up’ and the ground was dropped.

North Exploration carried out exploration for sediment-hosted stratiform base metals in a dolomitic shale unit near the base of the Hinde Dolomite. Work carried out included a QUESTEM Survey at 250m line spacings over the whole of EL 8331, with follow-up soil sampling and drilling targeting conductive units from the QUESTEM survey. The Hinde Dolomite is regionally elevated in Zn and sometimes Pb but with little variation in thickness or grade over a large area. Average grade is around 54m @ 345ppm Zn in the Hinde Dolomite and a maximum value of 3m @ 2690ppm Zn ad 1190ppm Zn was recorded in the Cambrian limestone. North concluded that the area had ‘been adequately tested for base metal mineralisation’ and dropped the Licence.
7 Exploration by TUC

7.1 Year 1

Work done during Year 1 of tenure consisted of a historic data compilation. Work done included checking:

- historic tenure in MapInfo, using a MapInfo file supplied by DPIFM (containing exploration tenure, but not mining tenure)
- checking NTGS datasets, such as COREDAT, MODAT
- checking open file company reports submitted for previous tenure covering EL 25223
- checking the sacred sites register (AAPA)

Original work evaluating the potential of EL 25223 was produced by the Independent Geologist (Al Maynard and Associates Pty Ltd) that was included in the Territory Uranium Prospectus (the previous name for TUC Resources). This work delineated a ‘discrete magnetic anomaly’ (called Magnetic Anomaly 5) on the regional TMI within EL 25223 (Figure 1).

![Figure 1 - Independent Geologist’s Report showing ‘Magnetic Anomaly 5’ within EL 25223.](image)

Figure 1 - Independent Geologist’s Report showing ‘Magnetic Anomaly 5’ within EL 25223.
As part of due diligence, TUC conducted an independent geophysical review of the ‘discrete magnetic anomalies’ to determine their prospectivity as well as to review the publicly available regional geophysical data over EL 25223. Lindeman Geophysics carried out the following:

- produce 1VD TMI, Analytic Signal images
- examine the potential of the ‘discrete magnetic anomalies’
- produce U, Th, TC and U/Th geophysical images with colour ranges clearly identified for the U channel radiometric image.

Lindeman Geophysics used the regional geophysical surveys of Litchfield South (1984; EW; 500m line spacings) and Rum Jungle (1992; NS; 200m line spacings). The data was obtained from GADDS website and had been gridded. The TMI image was reprocessed from gridded TMI data, and uses a different colour stretch to the regional TMI, resulting in highlighting magnetic anomalies. Magnetic anomaly 5 has been modelled and is deep (interpreted depth to top of magnetic body is 1600m) so will not be investigated further (Figure 2).

Figure 2 - Anomaly 5 modelled body by Lindeman Geophysics
7.2 **Year 2**

An airborne radiometric and magnetic survey was completed (7,116 line km) on ELs 25222 & 25223. The survey concentrated on areas of structural complexity which provide potential trap sites for uranium mineralisation. Processing of this more detailed, higher quality data (200m line spacing) highlighted a number of new targets for follow up work (Geophysical data, specifications, grids, images produced by Fugro and independent geophysicist images) A full assessment of uranium targets within the 3 tenements (EL25222, EL25223 and EL25229) based on structure, stratigraphic setting and radiometrics was undertaken and highlighted over 20 targets for reconnaissance work (red, green and grey ovals in Figure 3).

![Figure 3 - TUC's Daly River Uranium Project with significant rock chip and ground gamma ray scintillometer readings in relation to important geology; detailed airborne radiometric survey area also shown.](image)

Helicopter based reconnaissance of these targets identified five high priority areas for follow up geochemical and ground based geophysics programs. Significant ground gamma ray scintillometer readings of up to 6100 counts per second (~50 times above background) and uranium rock chip results including 158ppm Uranium (U), 103ppm U and 95ppm U were
returned from across all three tenements. Figure 3 highlights the proximity of target areas to known fault trends and the surface expression of the Mid Proterozoic unconformity line (analogous geology to the Alligator River Uranium Field).

Follow up geochemical sampling was undertaken at three of the best five targets with two being located on EL25223. In the North of the tenement, just off Dorat Road is Green Ant Hill target. The second target area, Project Green, is located to the South of tenement and crosses on to TUC Resources neighbouring EL25223. The other three target areas were located on EL25222 and EL25229.

Rock chip, soil and stream sampling was undertaken at Project Green west of Beeboom Crossing. Figure 4 shows a uranium thorium ratio image of the prospect illustrating the strong fault control on the radiometric leakage anomalies, rock chips of up to 157ppm U (metal value equivalent ~0.9g/t gold at late September 2008 uranium and gold prices) and the significant 8km strike length of an as yet untested structure. Radiometric highs are noted only where extensive soil cover thins providing a window to underlying rock types and mineralisation. This suggests that much of the mineralised potential remains hidden. Also illustrated on Figure 4 are known mineral occurrences of barite, lead, zinc and fluorite indicating that mineralising fluids have been active in the area.

The hot spring location shown on Figure 4 is most likely associated with the illustrated fault architecture and the identified uranium anomalism. This hot spring activity could present an excellent opportunity for geothermal energy exploration.
Figure 4 - Green Area sample program showing Uranium Assay Results for Rock Chips (stars) and Soils (circles).
At Green Ant Hill a strong radiometric anomaly within the Tindall limestone was visited, scintillometer readings were up to 700cps and highest rockchip sample returned 60ppm U. Follow up soil sampling on a 100m by 100m grid confirmed the presence of uranium (Figure 5). It is interpreted that the cover limestones thin to less than 200m in this area and that a significant uranium deposit could exist in the early proterozoic sediments below the unconformity and the mineralisation noted in exploration so far is the expression of uranium rich fluids leaking to surface.

Figure 5 - Green Ant sample program showing Uranium Assay Results for Rock Chips (stars) and Soils (circles).
Airborne electromagnetic surveys (Geotech VTEM) have been flown in October to identify uranium prospective carbonaceous shale units, structures and unconformable basement at Project Green. Geophysical details and data including specifications, data CDI sections and conductivity plans are in appendix 3. Figure 6 shows a conductivity cross section derived from the survey at the Green Prospect. A significant rock chip result is seen to sit directly on top of an ideal geological setting for uranium mineralisation.

Figure 6 - VTEM Conductivity Cross Section of the Green Prospect with interpreted geology, geochemical anomaly & uranium exploration model

7.3 Year 3

During Year 3, exploration focussed on the newly identified uranium deposits discovered during last year’s work on EL25223. Further geochemical work was undertaken at the Green Prospect and an Auger Program was designed to test the target (EL25222 and EL25223). A drilling collaboration was sought and awarded from the NT government for Diamond drilling at the Green Prospect. Radiometric and magnetic survey work was completed over EL25223 & EL25224 to identify new uranium targets for further exploration.
In June and July, a low level detailed (100m line spaced) airborne magnetic and radiometric survey was completed by Fugro Airborne Surveys Pty. Ltd. to reveal any previously hidden opportunities in this uranium-rich province. The 4,030.3km survey covered parts of EL25223, EL25224, and EL25229. The area covered by the survey is shown in Figure 7.

The data acquired during the survey included Total Magnetic intensity, Total count, Potassium count, Uranium count, Thorium count and a digital terrain model. The final data products are included as Appendix 4, attached. 3D Modelling of the data collected was completed. The data clearly shows stratigraphy and structures beneath the limestone cover and will assist with further exploration.

Infill geochemical sampling and ground radiometrics were undertaken at the Green and Green Ant prospects on EL25223 to further define the radiometric anomalies identified last year. Locations of all geochemical and auger samples taken are shown on Figure 8 and in Appendix 5.
Figure 8 - Locations of all TUC Geochemical (Soil, rock chip, costean) and Auger samples taken for the Daly River Project in 2009

77 soil sample and 4 rock chips were collected at the Green Ant Prospect on EL25223. Work at Green Ant returned best assay result of 125ppm U (rock chip) and 49ppm U (soil sample) compared to previous best result of 32ppm U at Green Ant. Results indicate an
anomalous Northeast to Southwest trend with an estimated length of 300m. Multi-element geochemistry confirms this trend and indicates possible extensions to the north (results shown on Figure 9).

![Figure 9 - Green Ant soil sampling results and rock chip results.](image)

TUC has been awarded a grant of $100,000 from the Northern Territory Governments Drilling Collaborations program to help fund a planned 1,000m diamond drill program at Project Green.

**7.4 Year 4**

During Year 4, RC drilling was undertaken at the Green Ant Hill prospect with 4 holes for a total of 310m. The short RC drilling programme tested the radiometric and geochemical uranium anomaly recently identified by TUC. Drilling targeted an electromagnetic conductor, identified from Geoscience Australia EM data (Figure 10), interpreted to be folded rocks similar to those at the nearby historic Rum Jungle uranium mine. Drilling intersected uranium
prospective rocks beneath a shallow sequence of younger cover rocks. However, despite
elevated gamma ray scintillometer readings, no significant results were returned from this
phase of drilling.

Two diamond drill holes were also completed at the Green prospect, targeting unconformity
related uranium mineralisation. One of these holes (TDD05B – 513.2m) was located on
EL25223, the other hole (TDD04) was located on EL25222. No significant results were
returned from either drill hole.

Figure 10 – Green Ant Drill Target based on interpretation of GA EM data and
radiometrics.
7.5 **Year 5**

With the success of TUC Resources Quantum prospect on EL25229 the RC sample pulps from the 2010 drilling were re-assayed for rare earth elements. No significant results were returned with a maximum of at 525ppm TREE (results are included in Appendix 6).

On the Green prospect (EL25222 and EL25223) 17 Rock Chip pulps and 291 soil auger pulps from EL25222 and EL25223 were submitted for REE Analysis (Appendix 6). Significantly anomalous results were returned and the prospect was subsequently renamed to Drax.

The anomaly appears to be an alluvial trail shedding from a bulls eye radiometric anomaly (Figure below). Importantly, the component percentage of valuable heavy rare earth minerals in the assay results is high; on average heavy rare earths account for 44% of the total rare earth component. The highest soil sample grade was 0.071% TREO in a background of 0.018% (4 times sample population background).

22 RC holes for 604m and 201 samples were drilled to test the shallow potential of the REE mineralisation at Drax within the Tolmer sediments. All 22 holes were located on EL25222, and no significant results were returned.

7.6 **Year 6**

No work was carried out during the sixth year of tenure, and due to other priorities TUC Resources decided to not extend the exploration leaves.


