Partial Surrender Report

EL 26987

30 March 2012 to 10 July 2014

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<td>Report Title</td>
<td>Surrender Report for EL 26987</td>
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<td>Target</td>
<td>Uranium</td>
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<tr>
<td>Date of Report</td>
<td>17th June 2014</td>
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<tr>
<td>Datum</td>
<td>AMG 84</td>
</tr>
<tr>
<td>250k Mapsheets</td>
<td>Mount Peake (SF5305)</td>
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<tr>
<td>100k Mapsheets</td>
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1 Summary

Tenement EL26987 formed part of Toro Energy’s Renyolds Range Project. This report highlights the work carried out across the tenement which includes:

- Prospectivity analysis on the entire Benmara project based on 2012/2013 data review, with the aim of identifying all uranium targets and their associated potential genetic models.
- Target ranking assessment of all Benamra targets identified relative to all other Toro exploration targets in the Northern Territory and Western Australia.
- Identification of non-uranium targets that may be of interest to JV parties.
- Attempts to JV tenements based on non-uranium targets.
- Ground prioritisation and surrenders.
- A Tempest airborne electromagnetic survey of 911 line kilometres (1500m line spacing) covering 1,247 sq km was completed as per the 50% NT Government funded Reynolds Range Collaborative Tempest Survey.

At the completion of this work it was decided that sections of the tenement were of low prospectivity and were therefore suitable for surrender.

This report will identify those blocks that were identified as being suitable for surrender.
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2 Introduction

Tenement EL26987 is located some 280km north-northwest of Alice Springs (Figure 1; Figure 2) in the Reynolds Range province on the Mt Peak and Mt Theo 1:250,000 mapsheets (Figure 3). The project lies within the Pawu and Central Desert Aboriginal Land Trusts (Figure 5), both managed by the Central Land Council (CLC), with whom Toro has a registered ALRA access agreement.

The Reynolds Range region is semi arid with monsoonal influences, with 75-80% of rainfall occurring in the summer months. Annual rainfall is generally higher in the north of the region. The mean annual rainfall for Tennant Creek (to the North) is 375 mm. Rainfall is extremely erratic.

![Figure 1 Reynolds Range North tenement location](image)

Most of the region is sand plains with minor sand dunes containing Spinifex, Acacia, Blue Gum and Mallee scrub plants. Adjacent hilly range country is covered by Spinifex (hummock grassland) and a variety of stunted vegetation. Drainage from the high-relief ranges quickly dissipates into shallow water courses and floodplains that break
up the sand plains, or locally into ephemeral salt lakes. The principal geographical feature of this tenement is the Lander River and its floodplain, immediately east (Figure 4; Figure 6).

Access to the region is from either Alice Springs via the Stuart Highway, Tanami Road and station tracks or Tennant Ck via the Stuart Highway, Willowra Rd, Mt Barkly Rd and station tracks. Access within the tenements is via old station tracks, but these are few, so most exploration will take place via cross-country.
Figure 2 Reynolds Range North tenement location on topographic base, showing main access routes
Figure 3  Reynolds Range North tenements over 250k and 100k mapsheets

Figure 4  Current tenement boundaries on Google Earth image
Figure 5 Reynolds Range North showing land title (Aboriginal freehold leases and pastoral properties)
3 Tenement

EL 26987 (Wini Hills) was granted on 30\textsuperscript{th} March 2012 to Toro Energy Ltd for a period of 6 years, following a period of negotiation with traditional owners that culminated in
execution of an exploration agreement on 20\textsuperscript{th} October 2011. Details of the tenement are shown in Table 1. A total of 69 blocks were surrendered on the 10 July 2014.

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Name</th>
<th>Status</th>
<th>Blocks</th>
<th>Sq km</th>
<th>Land type</th>
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<td>Wini Hills</td>
<td>Granted</td>
<td>218</td>
<td>696.2</td>
<td>ALRA</td>
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4 Geological Setting

The Reynolds Range North project area lies within the Arunta-Georgina region of the Northern Territory (Figure 7; Figure 8). Basement is comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks assigned to the Aileron Province, of the Arunta Complex. These include metasedimentary units of the Lander rock beds, and granites and orthogneisses of various age ranges. The latter are notably highly-radiogenic, hosting numerous veins and pegmatites with anomalous uranium and thorium beyond the project area. These rocks are overlain by Neoproterozoic to Devonian sediments of the Georgina Basin, although in the project area these are poorly understood in terms of age and thickness. For a large part of the project area, the basement rocks are overlain by a veneer of Tertiary to Recent clastic sequences, derived by erosion of the radiogenic granites in the Reynolds Range to the south.

Uranium mineralisation is known in the region and is restricted (thus far) to the Proterozoic Aileron Province and Carboniferous Ngalia Basin to the south of the project area (Figure 10). Uranium at Nolans Bore (Arafura Resources), to the southeast, occurs in phosphatic and REE-enriched metasomatic pods and veins within the high-metamorphic-grade Lander Rock beds. This deposit is subject of ongoing feasibility studies. Uranium is also present in high grades at Bigrlyi (Energy Metals-
Paladin JV) to the west, within carbonaceous sandstones of the Mt Eclipse Sandstone. The deposit is a roll-front style formed during uplift and deformation of the basin in the Carboniferous.

The project area itself is 100% regolith covered (Figure 8), so interpretations of the bedrock are based largely on geophysics, since there is very little historic drilling. Based on geophysics (Figure 9) and extrapolation of the exposed geology adjacent, the underlying geology comprises folded greenschist to amphibolite facies metaturbidites, sodic granites, gneisses and minor amphibolites, and basic and metabasic intrusions. Major northwest shears cut the sequence and are associated with barren quartz intrusion.

The survey area also appears to be largely underlain by a previously-unknown thick sub-basin of the Georgina Basin. Although the Georgina Basin has been mapped in this area by the NTGS, it has been presumed to be a thin remnant of Neoproterozoic Arumbera Sandstone. However, the magnetic data (Figure 9) suggest it is quite thick and is intruded by NW-trending magnetic dykes of a young generation, perhaps correlating to the Antrim Volcanics to the northwest. This Georgina sub-basin will likely contain a greater diversity of Georgina stratigraphy, as this is typical of other Centralian Superbasin-aged sub-basins. This stratigraphy possibly includes hydrocarbon source rocks equivalent to the Arthur Creek Formation to the east. This sub-basin is disconnected from the Georgina Basin to the southeast and may be somewhat tectonised.
Figure 7 Reynolds Range North tenements over major geological units
Figure 8  Local 250k geology

Figure 9  Reynolds Range North tenements on regional magnetics. Interpreted thick Georgina sub-basin outlined in yellow.
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Tertiary to recent cover comprising lateritic sands and clays, calcrete and ferricrete is common throughout the project area and exhibits depths in the order of 70m in historic drilling, but during Toro’s 2010 drilling program to the south in Mt Denison was found to be at least 200 m thick in places. These sediments, which constitute the Tertiary Lake Lewis Basin, are poorly understood compared to other areas of the NT, largely because the basin has not attracted the attention of explorers for its mineral economic potential. Some calcrete shows replacement by chalcedonic silica and this silcrete has been demonstrated to be uraniferous, with a chip sample grading 500 ppm in the region.

The present static watertable is significantly below the base of calcrete in drilling and thus is older than the present hydrogeological scheme. This is likely to have an influence on both the preservation and appropriate media of trap sites for secondary uranium mineralisation and the recognition of palaeo flow directions and source rocks.

Figure 10: Known mineralisation occurrences
5 Previous Exploration

Prior to its grant there was no previous exploration across the tenement. Historically there was some exploration of Limited historic exploration in the Reynolds Range region that has been focussed on the uranium (cover) and gold (basement) systems to the south of the project area near the Reynolds Range. Uranium explorer, Alcoa, drilled south and east of the project area, but not within it. Their program consisted of numerous widely-spaced regional stratigraphic mud rotary boreholes aimed at palaeochannel uranium. However, their program suffered from a lack of baseline data with which to plan drilling. Essentially, the drill holes were planned on a regional grid to cover vast areas of tenure, and as a result did not establish any discrete roll fronts, but noted differences in redox state between wide-spaced holes. Roll fronts have a narrow surface expression and require close spaced drilling in numerous campaigns. A single regional campaign simply establishes the “framework” for the sedimentary environment and the propensity of the sediments to host mineralisation somewhere. The majority of the drilling within the project area consists of shallow aircore and RAB holes designed to establish basement depth and geology (Normandy, North Flinders). Uranium was not considered in their exploration model and was not analysed for.

5.1 Toro Exploration

Whilst Toro has undertaken some exploration across the Reynolds Range Project, there has been no on ground activity across the tenement to be partially surrendered.

Work by Toro on the tenement to be surrendered has been limited to one field reconnaissance visit to identify areas of the tenement of prospective interest and an AEM survey over EL26987, EL27301 and EL29396. The survey received government support to the tune of $50,000.

<table>
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<td>911</td>
<td>1247</td>
<td>1500m</td>
<td>East-west</td>
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A total of 69 blocks were surrendered across the tenement (Figure 12). These blocks were determined to be of low priority for exploration and have been surrendered accordingly.
Figure 12 Blocks to be Surrendered
7 Conclusion

For the reason of low prospectivity for uranium the blocks identified in this report have been surrendered.

The remaining blocks that have been retained shall be further investigated in the forthcoming year to assess the tenements as future exploration targets.

8 References