# WALABANBA PROJECT
## SURRENDER REPORT
### 02/08/10 to 15/08/14
### EL 27876

<table>
<thead>
<tr>
<th>Tenement/s</th>
<th>EL27876</th>
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<tbody>
<tr>
<td>Name</td>
<td>Mount Peake (SE5305)</td>
</tr>
<tr>
<td>Holder</td>
<td>Toro Energy Limited</td>
</tr>
<tr>
<td>1:250 000 Sheet Name</td>
<td>Anningie (5554), Mount Peake (5454), Willowra (5455)</td>
</tr>
<tr>
<td>Manager</td>
<td>N/A</td>
</tr>
<tr>
<td>Operator</td>
<td>Enigma Mining Ltd</td>
</tr>
<tr>
<td>Datum</td>
<td>GDA_E</td>
</tr>
<tr>
<td>GDA_N</td>
<td>277403-296472</td>
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<tr>
<td>Commodity</td>
<td>Cu, Au, Ni, Pb, Zn</td>
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<tr>
<td>Elements Analysed</td>
<td>HELITEM, field inspection, historical exploration, surrender</td>
</tr>
<tr>
<td>Compiled by</td>
<td>C. Wetherley (Administrative Geologist and Tenement Manager)</td>
</tr>
<tr>
<td><a href="mailto:cath.wetherley@tngltd.com.au">cath.wetherley@tngltd.com.au</a></td>
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<td>October 2013</td>
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<td>Distribution</td>
<td>TNG Limited (1)</td>
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Executive Summary

Exploration Licence 27876 was granted to Toro Energy Limited (Toro) on 02/08/2010. The licence forms part of Walabanba Hills Project together with EL 26848 and EL 27115.

The Walabanba Hills Project is operated by Enigma Mining Limited (Enigma), a wholly owned subsidiary of TNG Ltd.

Enigma signed a Heads of Agreement (HOA) with the Australian uranium exploration and project development company, Toro in April 2012. The agreement gives TNG the right to explore for all minerals except uranium within EL 26848, EL 27115, and EL 27876.

Enigma took out the JV agreement with a view to exploration for primary base metal sulphides, nickel and magnetite hosted vanadium-titanium, as found in the Mount Peake Fe-V-Ti deposit to the east.

Review of historical geochemistry, drilling and geophysics in the area resulted in a HELITEM survey being undertaken across specific areas in August 2012. One target area was identified within EL 27876. Field assessment of this target was completed in October 2012, though due to transported cover no geochemical sampling was undertaken and there is currently no geochemical or geological support for the anomaly.

A partial relinquishment from 120 down to 60 blocks was undertaken prior to the third anniversary of grant of the licence, and on review of all licence and project areas throughout 2013 and 2014 it was decided the licence should be relinquished at its fourth anniversary.
TABLE OF CONTENTS

1. INTRODUCTION ........................................................................................................... 4
2. LOCATION AND ACCESS .......................................................................................... 5
3. TENURE ..................................................................................................................... 5
4. REGIONAL GEOLOGY .................................................................................................. 6
5. PREVIOUS EXPLORATION ....................................................................................... 7
6. EXPLORATION UNDERTAKEN ON EL 27876 .......................................................... 9
6. CONCLUSIONS AND RECOMMENDATIONS ....................................................... 12
REFERENCES .................................................................................................................. 12

FIGURES

Figure 1: Location of Walabanba Hills project area ......................................................... 4
Figure 2: Retained blocks after 50% reduction on EL 27876 in 2013 .............................. 5
Figure 3: Walabanba Hills tenements on 250K geology .................................................. 7
Figure 4: TEM survey – Area 6, Anglo American, 2003 (Manzi, 2005) ............................. 8
Figure 5: Location of soil sampling grid, Area 6, Anglo American, 2003 (Manzi, 2005) ...................................................................................................................... 8
Figure 6: Location of the HELITEM survey within EL 27876. ........................................ 9
Figure 7: Summary of data from Block 3. .................................................................... 10

TABLES

Table 1: EL 27876 tenement details ............................................................................ 5
1. INTRODUCTION

Exploration Licence 27876 was granted to Toro Energy Limited (Toro) on 13/08/2009. The licence forms part of Walabanba Hills Project together with EL 26848, and EL 27115. The project is operated by Enigma Mining Limited (Enigma), a wholly owned subsidiary of TNG Ltd.

Enigma signed a Heads of Agreement (HOA) with the Australian uranium exploration and project development company, Toro in April 2012. The agreement gives TNG the right to explore for all minerals except uranium within EL 26848, EL 27115, and EL 27876.

A HELITEM survey was undertaken across specific areas in August 2012. One target area was identified within EL 27876, which was followed up by ground reconnaissance in October 2012.

A partial relinquishment from 120 down to 60 blocks was undertaken prior to the third anniversary of grant of the licence and it was decided to relinquish the licence in August 2014.

Figure 1: Location of Walabanba Hills project area.
2. LOCATION AND ACCESS

The Walabanba Hills project is located immediately to the west of the Mount Peake project Fe-V-Ti deposit. EL 27876 is situated on Anningie station approximately 250km north-northwest of Alice Springs with good access via the Stuart Highway then unsealed station tracks to the licence area. The tenement sits in the south-eastern corner of the Mt Peake 1:250,000 map sheet.

3. TENURE

Exploration Licence 27876 was granted to Toro Energy Limited (Toro) on 13/08/2009 and is part of the Walabanba Hills Project along with EL 26848, and EL 27115. A partial relinquishment was undertaken on the tenement leading up to the third anniversary of grant, reducing the number of blocks from 120 to 60 (Figure 2). Tenure details for EL 27876 prior to the final surrender are summarised in Table 1. The licence was surrendered on 15 August 2014.

<table>
<thead>
<tr>
<th>TITLE</th>
<th>PROJECT</th>
<th>AREA (blocks)</th>
<th>GRANT DATE</th>
<th>EXPIRY DATE</th>
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<td>60</td>
<td>02/08/2010</td>
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</table>

Figure 2: Retained blocks after 50% reduction on EL 27876 in 2013.
4. REGIONAL GEOLOGY

The Walabanba Hills project lies within the Arunta region of the Northern Territory. Basement is comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks within the Aileron Province, including the Reynolds Range Group. The Aileron Province includes at least five depositional packages that were deposited in the interval 1860-1740Ma (Scrimgeour, 2003) and has been affected by multiple tectonic events (Scrimgeour, 2006). The granites and orthogneisses are highly-radiogenic within the Reynolds Range, hosting numerous veins and pegmatites with anomalous uranium and thorium. Locally the Aileron Province rocks are overlain by Tertiary to recent clastic sequences, derived from erosion of the radiogenic granites in the Reynolds Range.

Uranium mineralisation is known in the region and is restricted to the Proterozoic Aileron Province and nearby Carboniferous Ngalia Basin. To the southeast uranium occurs in phosphatic and REE-enriched metasomatic pods and veins within the high metamorphic grade Lander Rock beds.

To the east lies the mineralised Mount Peake gabbro, a Ti-V-Fe ore body hosted by a differentiated basic sill with minor ultrabasic layers. The predominant rock type is olivine gabbro with layering defined by variations in plagioclase/olivine+clinopyroxene ratios. Most of the gabbros are massive - typical of many layered intrusions-without discernible layering.

The local geology (Figure 3) comprises sodic granites, gneisses and minor amphibolites, folded metasediments and intruded metabasic rocks. Major northwest shears cut the sequence and are associated with barren quartz intrusions. Two prominent structures run along the Lander River Valley, to the west and along the Salt Creek – Blue Bush Bore Valley. The granite batholiths are interpreted to be shallowly eroded with exposure of their upper levels only, with abundant pegmatite outcrops, typically of quartz-feldspar-muscovite-tourmaline composition. Some very coarse examples occur in association with minor tantalum or tin mineralisation that has in places been mined. The metasediments, comprising meta shales, cherts, siltstone and fine sandstone range in grade from lower to upper greenschist facies and are common in the Lander valley. Some exhibit quartz sericite alteration. Tertiary to Recent cover comprising laterite derived sands and clays (alluvium and colluvium), calcrete and ferricrete is common in low lying areas and can be up to 70m thick, however Toro’s drilling indicates it is over 200m thick in places.
5. PREVIOUS EXPLORATION

Numerous companies have been exploring in the region over the past 40 years in search of uranium, gold, base metals and diamonds. Within the project boundaries most drilling has been carried out in search of gold. Holes tend to be shallow (<10m). Uranium has been extensively explored for in the area but exploration has been restricted to water bore sampling, hard rock and limited near surface calcite styles of uranium within or proximal to outcropping terrains. Very little exploration data is available from within EL 27876, primarily because of the relatively deep cover sequence and the lack of outcrop.

Highlights of the exploration prior to Toro Energy include aeromagnetic surveys over the region, conducted by Anglo American Corporation (Anglo), and focused on magnetic and
Electro-Magnetic (EM) anomalies. These surveys identified numerous targets anomalous in nickel, copper and platinum group elements, suggesting the presence of sulphide bearing intrusive rocks. ‘Area 6’ (Manzi, 2005) within EL 27876 is a double peaked high amplitude aeromagnetic feature which was followed up by a ground TEM survey and soil sampling.

A single line of TEM was targeted over a double peaked high amplitude aeromagnetic feature shown in Figure 4. Only half of the planned TEM line was acquired due to equipment failure on the last day of the survey. The TEM data collected showed a uniform resistive response in an area mapped as alluvium and river gravels.

No strong bedrock conductor responses were identified in the TEM survey.

A 500 x 500 m -250um regional soil survey was conducted over Area 6 in June 2003. The locations of these samples are shown on Figure 5. All 70 samples were taken in situ and despatched to ACME Vancouver for Gp-1FMS analysis. The samples were assayed for Ag, Al, As, Au, B, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Pd, Pt, Rb, Re, S, Sb, Sc, Se, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Yb, Zn, Zr.

No significant results were returned and the area was relinquished.
6. **EXPLORATION UNDERTAKEN ON EL 27876**

A HELITEM survey was flown by Fugro Airborne Surveys across regions with the Walabanba tenure in August 2012. A total of 78 line km at 200m line spacing was flown within EL 27876 (Figure 6).

The survey block was designed to cover two small, distinct bullseye anomalies within an unusual cluster of weaker magnetic anomalies. These bullseye anomalies were ineffectively tested with TEM by Anglo in 2003. The HELITEM data are summarised in Figure 7. A single target was identified from the data. All geophysical data is included in Appendix 1.
Target T3a is a discrete (400-500m strike length), mid-time anomaly coincident with the western magnetic bullseye. Nothing was detected on the eastern magnetic anomaly which looks very similar in terms of size and strength/amplitude.

The 2012 field program was focused on ground investigation of the HELITEM targets. Target 3a lies on a spinifex sand plain, re-vegetated after being burnt out during 2011. It is a transported aeolian plain with no outcrop and perhaps up to 1km to the nearest outcrop or hill. Cover may reach up to 20m deep but hard to quantify. Due to transported cover it was deemed that geochemical sampling (as undertaken by Anglo) would be ineffective. Additional geophysical surveys would need to be conducted in order to gain further information about this anomaly.

Figure 6: Location of the HELITEM survey within EL 27876.
Figure 7: Summary of data from Block 3.
6. CONCLUSIONS AND RECOMMENDATIONS

Site investigation of the EM Target identified from the HELITEM survey within EL 27876, provided no geological or geochemical evidence for the conductor due to transported cover being present. The anomaly lies below transported cover of unknown thickness that has eliminated the use of ground geochemistry to identify underlying geochemical signatures. A lack of outcrop in the immediate target area makes it impossible to identify a geological source. The geophysical target remains valid and requires either additional geophysics or drilling to determine the reason for the conductor source being present.

A review of all projects and tenure carried out during late 2013/2014, and based on all previous exploration within the area has resulted in EL 27876 being given a low priority for follow-up. It has been decided that exploration expenditure is better spent elsewhere and the licence has been surrendered as of 15 August 2014.

REFERENCES

