TNG LIMITED

ENIGMA MINING LTD

WALABANBA PROJECT

PARTIAL RELINQUISHMENT REPORT

18/09/09 to 17/09/14

EL 27115

Tenement/s	EL27115	**1:250 000 Sheet Name**	Mount Peake (SF5305)
Holder	Toro Energy Limited	**1:100 000 Sheet Name**	Anningie (5554), Mount Peake (5454) Willowra (5455)
Manager	N/A	**Datum**	GDA94-53
Operator	Enigma Mining Ltd	**GDA_E**	
Commodity	Cu, Au, Ni, Pb, Zn	**GDA_N**	
Elements Analysed			
Keywords	HELITEM, field inspection, historical exploration		

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Distribution	TNG Limited	(1)
	NT Department of Mines and Energy	(1)

Executive Summary

Exploration Licence 27115 was granted to Toro Energy Limited (Toro) on 18/09/2009. The licence forms part of Walabanba Hills Project together with EL 26848 and EL 27876.

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.

Since the licence was granted TEMPEST and HELITEM surveys have been carried out, and surface sampling and aircore drilling has also been undertaken. Three rock samples and eight drillholes fall within the relinquished area.

A partial relinquishment from 124 down to 9 blocks has been undertaken prior to the fifth anniversary of grant of the licence, and all areas of interest have been retained for further work.

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ATTACHED
EL27115_2014_P_02_TEMPEST_Data
EL27115_2014_P_03_ssamploc
EL27115_2014_P_04_ssampassay
EL27115_2014_P_05_DHLocations
EL27115_2014_P_06_DHLithology
EL27115_2014_P_07_DHAssay
EL27115_2014_P_08_DHRadiometrics
EL27115_2014_P_09_Lithology_Code
EL27115_2014_P_10_HELITEM_Data
EL27115_2014_P_11_File_Verification_List

1. INTRODUCTION

Exploration Licence 27115 was granted to Toro Energy Limited (Toro) on 18/09/2009. The licence forms part of Walabanba Hills Project together with EL 26848 (Figure 1).

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.

A partial relinquishment from 124 down to 9 blocks has been undertaken prior to the fifth anniversary of grant of the licence, and all areas of interest have been retained for further work.

2. LOCATION AND ACCESS

The Walabanba Hills project is located immediately to the west of the Mount Peake project Fe-V-Ti deposit. EL 27115 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 27115 was granted to Toro Energy Limited (Toro) on 18/09/2009 and is part of the Walabanba Hills Project along with EL 26848. Tenure details for EL 27115 are summarised in Table 1. A partial relinquishment was undertaken on the tenement leading up to the fourth anniversary of grant, reducing the number of blocks from 336 to 124 and again leading up to the fifth anniversary of grant, reducing the number of blocks from 124 to 9 (Table 2; Figure 1).

Table 1: EL 27115 tenement details.

TITLE	PROJECT	AREA (blocks)	GRANT DATE	EXPIRY DATE
EL 27115	Walabanba Hills	9	18/09/2009	17/09/2015

Table 2: Retained blocks on EL 27115.

Map ID	Block	Sub-Block
SF5312	38	D, E, J, K, O, P
SF5312	39	A, F, L

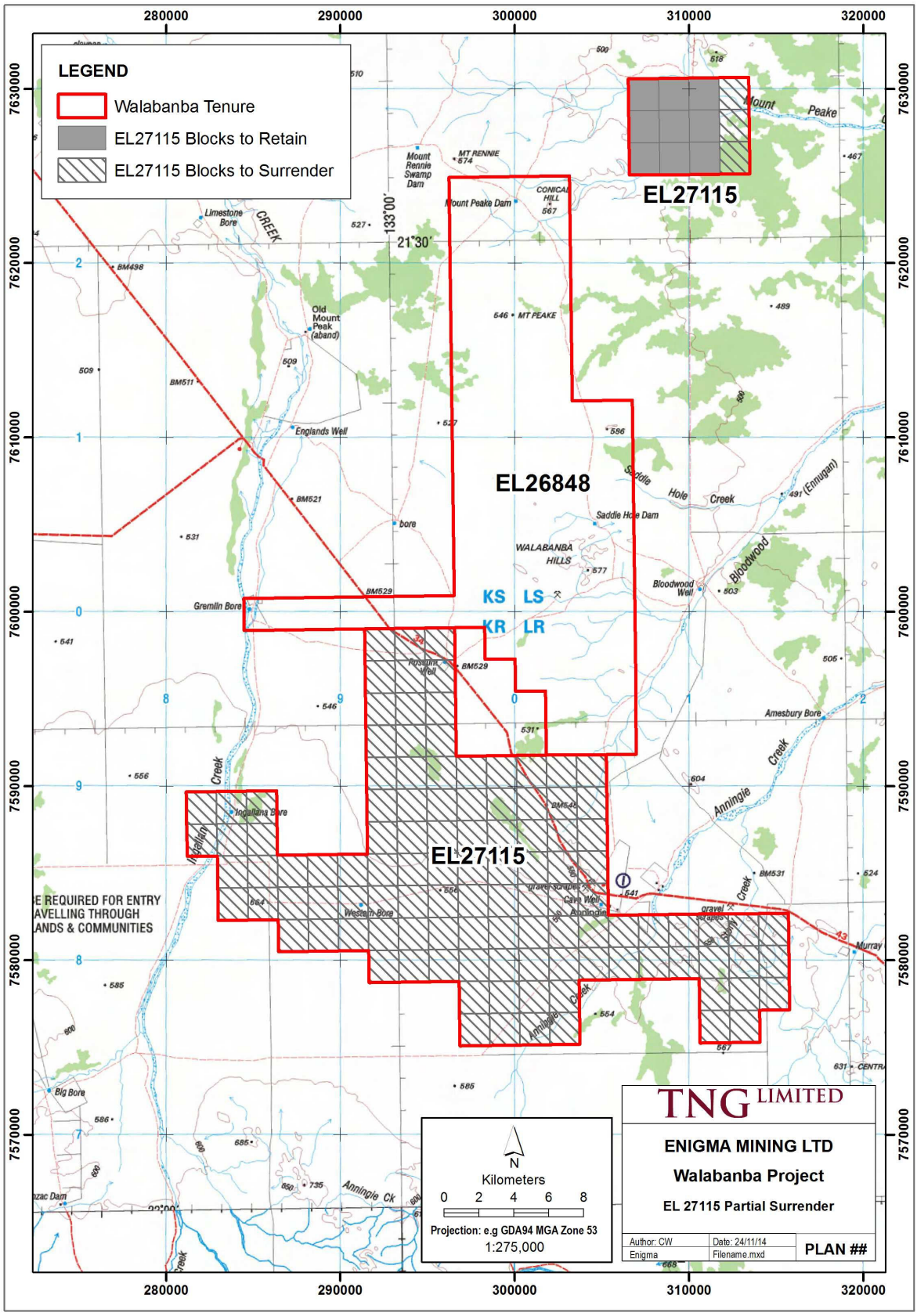

Figure 1: Location of Walabanba Hills project area, showing retained blocks on EL 27115.

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 2) 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.

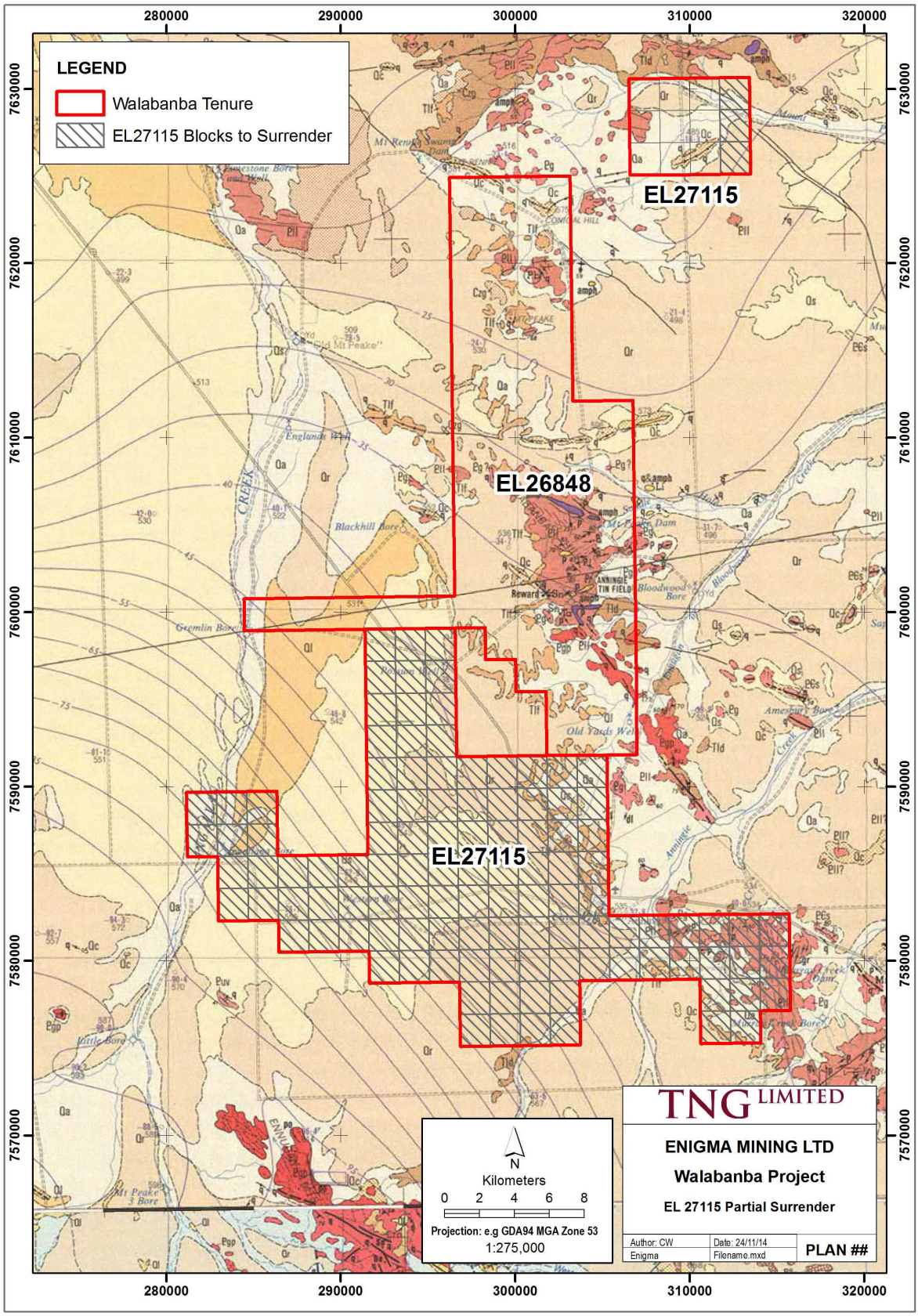

Figure 2: Walabanba Hills tenements on 250K geology.

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 calcrete 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.

6. EXPLORATION UNDERTAKEN ON THE RELINQUISHED AREA

All exploration undertaken on the relinquished portion of EL 27715 is shown on Figure 3 and detailed below.

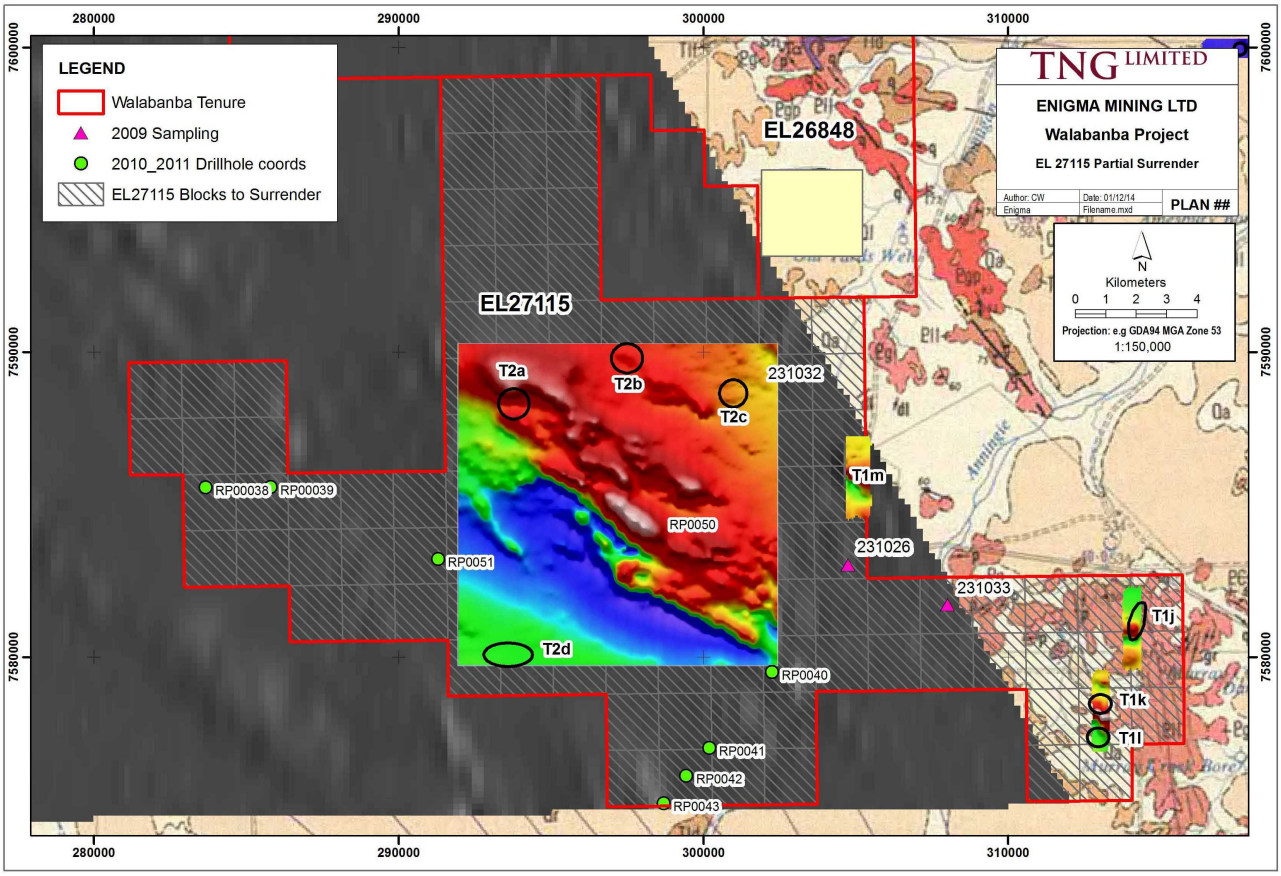

Figure 3: Exploration on the relinquished portion of EL 27115. TEMPEST survey in greyscale and HELITEM survey in RGB, with targets labeled.

6.1 TEMPEST Survey

In 2009 Toro undertook a TEMPEST survey over the south western part of the project area (Figure 3). Most of this survey falls within the now relinquished portions of EL 27115 and all data from the survey including the Acquisition and Processing Report is attached.

6.2 Reconnaissance and Sampling

A brief reconnaissance trip was completed in August 2009 and several soil/rock samples were taken. Three rock samples fall within the relinquished area (ID_213026, 231032, 231033; Table 3, Figure 3). No anomalous results were noted. All location data and results are attached.

Table 3: Location of samples.

Sample ID	Easting (MGA94_53)	Northing (MGA94_53)	Type
231026	304749	7583027	Soil
231032	301813	7588758	Soil
231033	308014	7581722	Rock

6.3 Aircore Drilling

An aircore drilling programme was started in November 2010 and only two holes (RP00038, RP00039) were completed for 357m before the programme was abandoned due to rain. The programme was completed in October 2011 and a further 14 holes were drilled for 2083m. Eight holes fall within the relinquished area of EL 27115 (Table 4, Figure 3).

Table 4: 2010-2011 Aircore drillhole locations.

Hole ID	Easting (MGA94_53)	Northing (MGA94_53)	Depth (m)
RP00038	283678	7585562	186
RP00039	285810	7585581	171
RP00040	302249	7579510	126
RP00041	300198	7577018	132
RP00042	299440	7576105	123
RP00043	298701	7575207	138
RP00050	298568	7584446	123
RP00051	291305	7583215	165

Generally there was a slightly elevated gamma response associated with a calcrete/chalcedony unit high up in the Tertiary sequence as well as at the boundary between the basement and overlying Tertiary sediments, the latter also correlating with a redox change. Pyrite is observed in several holes at the interpreted basement/overlying sediment interface as well as in fine (2-3cm) bands at various intervals throughout the Tertiary sequence.

The highest uranium assay (40.1ppm) was encountered in RP0050 at 15m depth in calcrete. This correlated with a gamma spike (probe) of 254cps with a corresponding 32.4ppm eU3O8. RP0040 also contained slightly elevated (30.5ppm) uranium at 26m in a hard, white silcrete/chalcedony which lies within a calcretised tertiary sediment package. This correlated with a gamma spike (probe) of 157cps.

RP00043 (Figure 4) spiked at around 130m. This corresponded with a scintillometer reading of 400cps and was associated with the interface between granite basement and overlying clayey sands. A redox change was noted as was the presence of pyrite. The assay result was 14.9ppm uranium 49.3ppm thorium. It was concluded that the gamma response was most probably due to monazite.

All drillhole data is attached.

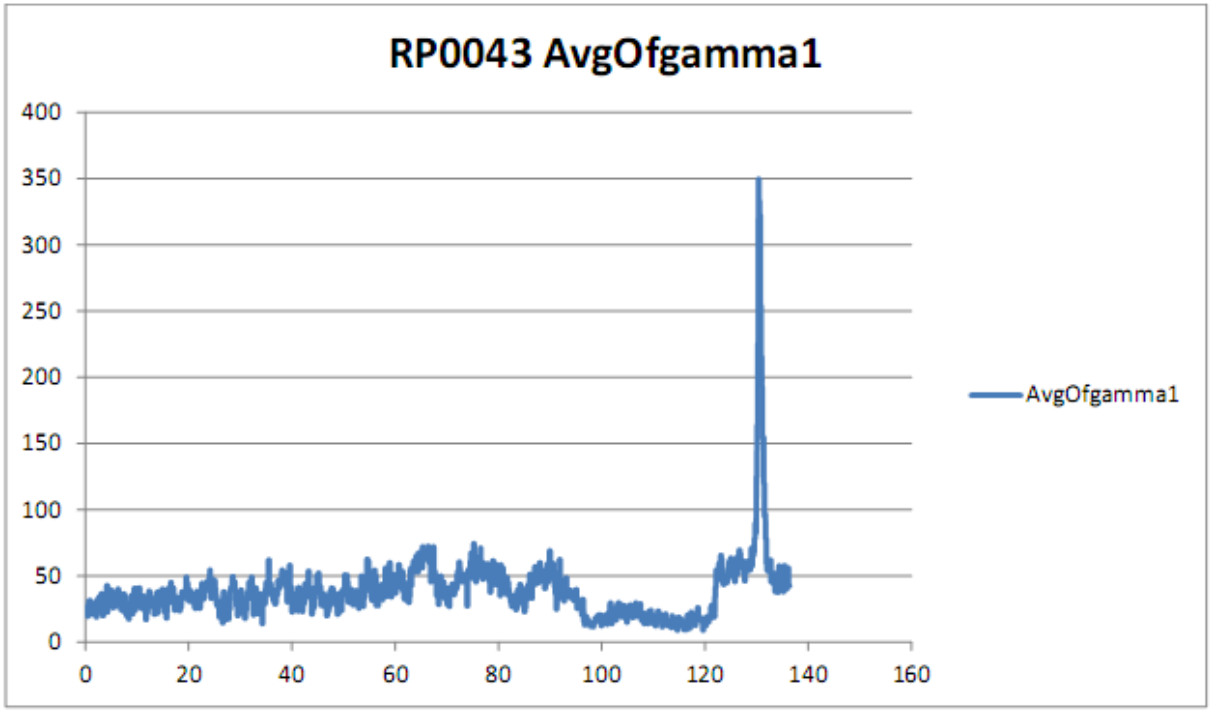

Figure 4: RP00043 27mm downhole gamma probe.

6.4 Groundwater Study

After the drilling a groundwater information report was prepared for the landowners in the area. The depth to groundwater was noted in each hole and groundwater samples collected for analysis. The TDS (total dissolved solids) was measured and where possible the flow-rate was estimated. Details are shown in Table 5. When measuring flow-rate and collecting a water sample the air was circulated for enough time for the drillers water to be flushed from the hole so that only groundwater was being tested.

RP00051 (Western Bore)
Western Bore (RN001160) for example has been unused for a long time but was drilled to 250 feet(76.2m) back in 1969 going by the records. The records show that the groundwater level was at 95 feet (29m). There are two recorded TDS measurements - 2260ppm and 1995ppm. These are 600 - 800ppm higher than the measurement from the aircore hole (RP00051) which was 1400ppm.
The flow was measured in RP00051 at 40l/min or 533 gallons/hr. The TDS measurement and flow-rate indicates that this water could be used for stock at this location.

RP00050 (Solar Bore)
This was similar to RP00051 with a flow-rate around 30l/min or 400 gallons/hr. Steve Fogarty had this water analysed in 2000. The TDS was measured at 2080ppm. The groundwater in RP00050 had a TDS of 1500ppm at a sample depth of 45m. This is lower than the levels detected in 2000 and could be a calibration difference between different measurement techniques.

RP00040-RP00043
RP00041 had a good flow of groundwater from 60m. RP00040 and 42 had the water table recorded at 36 and 25m respectively but with poor flow.

Table 5: Groundwater information from Toro drillholes.

Hole ID	Total Depth (m)	Watertable (m)	Sample Depth(m)	Total Dissolved Solids (TDS - ppm)	Groundwater comments
RP00038	186	62	96	2650	Flow rate unknown
RP00039	171	66	66	2010	Flow rate unknown
RP00040	126	36	36	1780	
			126	2750	Sample could be mixed with drilling water.
RP00041	132	26	60	1460	Good flow of groundwater at 60m
			120	2630	
RP00042	123	25	123	1100	Water likely from top 60m. Clays @ bottom probably tight. Hole produced 4l/min - not good.
RP00043	138	60	138	1780	Minimal flow @ 138m - 0.5l/min
RP00050	123	45	45	1500	30l/min = 400 gallons/hr
RP00051	165	54	54	1400	40l/min = 533 gallons/hr - unused Western Bore (76.2m). The TDS measurement taken in 2011 is 600-800ppm less than what was measured in 1969 and 1970.

6.5 HELITEM Survey

In August 2012 a HELITEM survey was flown by Fugro Airborne Surveys Pty Ltd (Fugro) over several targets within the Walabanba project area and adjoining Mount Peake project area. One large block area (Block 2) and three individual transects were flown at 200m line spacing over the relinquished areas of EL 27115.

The survey covered small magnetic anomalies identified by historical EM surveys and anomalous regions identified by historical GEOTEM.

Table 6: Location of HELITEM target centres.

Anomaly Number	Easting (GDA94-53)	Northing (GDA94-53)
T1j	314325	7581675
T1k	312925	7578425
T1l	312925	7577375
T1m	304925	7585800
T2a	293800	7588300
T2b	297600	7589800
T2c	301000	7588725
T2d	293600	7580125

Transects

Targets T1j, T1k, T1l and T1m were all identified from a series of short lines flown over discrete magnetic anomalies in the southern part of the project area. None are highly rated. T1j is consistent with a track/fenceline and can be discounted. Others are weak early-mid time features either consistent with, or adjacent to magnetic anomalies and field inspection was recommended.

Block 2

This block was the largest part of the HELITEM survey. It covered the main magnetic complex in the south-western part of the project area. Although the transported cover is known to be relatively thick previous models of the aeromagnetic data suggested that the depth to fresh rock was in the order of 150-200m.

A summary compilation of Block 2 data is presented in Figure 5. The data is dominated by palaeodrainage type trends in the late time channels, potentially masking the responses due to significant conductors. Although this has somewhat reduced the effectiveness of the survey, most of the HELITEM data has decayed into background/instrumental noise levels and is therefore measuring the response from the base of transported cover. Four late-time targets have been identified from the data which could be related to conductors associated with nickel/copper mineralisation.

Target T2a is a deep conductor in the north-western corner of the survey block, detached from the main palaeodrainage trend. The resolution of the data is insufficient to be confident a genuine target is present, but it is consistent with a broad magnetic anomaly and it is recommended that a ground EM survey be undertaken to improve the resolution of the data.

Target T2b is a relatively discrete mid-late time anomaly coincident with a weakly magnetic unit. Ground EM follow-up is recommended to resolve the target or drilling with a series of shallow holes may be a better option of the cover sequence is considered relatively thin.

Target T2c is an early-mid time, relatively discrete anomaly, but part of an E-W striking trend. It represents a weakly conductive source so is unlikely to be associated with massive sulphide mineralisation, but a disseminated sulphide system should not be discounted.

Target T2d is a relatively discrete 'hot-spot' within a broader trend. It is located in the south-western corner of the survey block. Field inspection and geochemical surveys are recommended.

6.6 Ground Inspection of HELITEM Targets

Target 1j is an early-time anomaly consistent with a track and fenceline. The target is interpreted as a cultural response and has downgraded the original magnetic bullseye.

Both EM Targets 1k and 1l are weak early-time anomalies. They are situated on transported sandy flats with evidence of alluvial processes. No outcrop was observed within approximately 1km or more of the targets. Target 1k is located in moderately thick scrub on a sandy silt sheetwash plain. No outcrop/subcrop was observed between the targets (approximately 1km apart). Target 1l underlies dense scrub with gullying up to 1m deep, no outcrop or subcrop is exposed. They are low priority targets.

The single point Target 1m lies on a sheetwash plain with fuchsia/mulga vegetation and minor grey flannel/bluebush. It is all transported material, eliminating surface geochemical sampling, no outcrop for the 400m walked to site. This is a weak, small anomaly it is proposed the site be followed up with ground EM, but a low priority, it may require no further investigation.

Ground inspection of Targets 2b and 2c eliminated the use of surface geochemical sampling due to transported cover. Target 2b lies approximately 3km WSW of the main access road and is a vegetated sandy sheetwash/aeolian plain with low bush scrub as well as taller trees that may suggest cover is slightly thicker than that at Block 5, being anything from 1m deep. Target 2c is a few hundred metres south of the main access road and a cattle yard; there is not a cultural explanation for the conductor. The anomaly is located on a flat spinifex plain with tall shrubs (broom and melaleuca), it is made up of transported sheetwash/Aeolian cover.

There is no geology or geochemistry to support either of the anomalous geophysics. Target 2c is not coincident with a magnetic conductor and would need further ground geophysics to support drilling. Target 2b, coincident with a weak magnetic anomaly may warrant shallow drilling, but also ground EM to better model a drill target.

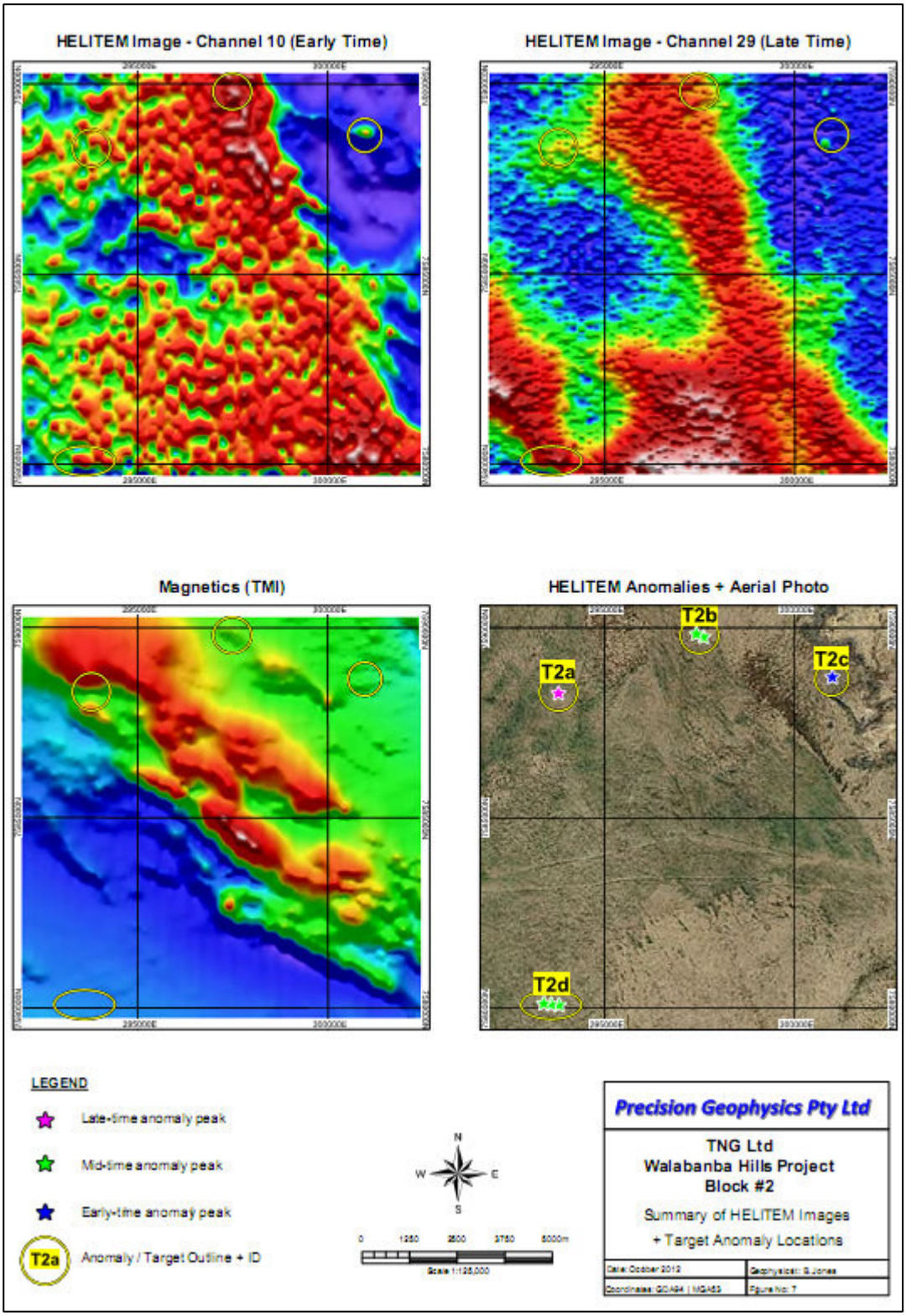

Figure 5: Summary of data from Block 2.

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