ANNUAL COMBINED REPORT (GR 199/11)

ON

EL 24561, EL 25283, EL 25334

NGALIA PROJECT, NT

FOR THE PERIOD

Ending 21 JULY 2012

Author: **Zia U. Bajwah and Phillip Mill**
zbajwah@bigpond.net.au
August 2012

Distribution: **NT Department of Resources**
Element 92 Pty Ltd (Thundelarra Exploration Ltd)

SUMMARY

Exploration Licenses (EL 24561, EL 25283 and EL 25334) covering the Ngalia Group were granted to Element 92 Pty Limited on 22 June 2009, and will expire on 21 June 2015. These are located about 330 km NW of Alice Springs and 1200 km SW of Darwin. Element 92 Pty Ltd/Thundelarra Pty Ltd are exploring these tenements for uranium and other commodities, and this is the second combined annual report on this group of tenements.

The project area is located within the Ngalia Basin that is an east-west trending intracratonic basin, which contains a thick succession of Neoproterozoic to Ordovician shallow marine and fluvio-glacial clastic, carbonate and evaporitic rocks, overlain by Devonian and Carboniferous fluvial to continental sandstone, siltstone & shale. Geology of the project area is dominated by the presence of the Mount Eclipse Sandstone. It mainly comprises medium to coarse-grained arkosic sandstone, containing conglomerate lenses, which may be broadly divided into three types. Coarse-grained, poorly bedded sandstone is predominant and is interbedded with medium-grained, well-bedded along with quartz pebbles in places. Grey-purple hematitic sandstone is mainly confined to the base of the formation. Much of the project are is covered by Tertiary channel sand sheet, mudstone, calcrete and silcrete.

During the reporting period, Element 92 Pty Ltd/Thundelarra Exploration Ltd continued drilling campaign and a precision gravity survey of part of the project was undertaken. A total of 42 holes for 6277 metres were drilled within EL 25334. Of 42 drill holes, 10 were RC for 1344 metres and 32 were MR holes for 4933 metres. Drill holes were gamma logged and drill chip samples were retrieved from 5 holes for assaying. Within EL 24561, single MR drill hole was drilled for 144 m. Processing and interpretation of AEM (TEMPEST) data identified a network of paleochannels below surface within the Tertiary sediments which hosted uranium mineralisation.

In the next reporting period, processing and interpretation of geological, geophysical, geochemical and drilling data gathered, so far, will continue. It is expected that data interpretation will provide additional targets for drill-testing. Samples retrieved during drilling will be assayed for uranium and base metals. In addition, subsurface geological map of the project area will be constructed in order to work out stratigraphic horizons for uranium mineralisation.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF APPENDICES

1.0 INTRODUCTION

Exploration Licences EL 24561, EL 25283 and EL 25334 are located about 1200 km SW of Darwin, Northern Territory (Figure 1). In 2011, this group of tenements was granted group reporting status (GR199-11) and was conveniently named Ngalia Group. Element 92 Pty Ltd/Thundelarra Pty Ltd are exploring these tenements for uranium and other commodities, and this is the second combined annual report on this group of tenements.

2.0 LOCATION AND ACCESS

The Ngalia Group of tenements is located about 330 km NW of Alice Springs and 1200 km SW of Darwin (Figure 1). These tenements can be approached by Stuart Highway, which turns into Tanami Road at about 110 km north of Alice Springs. Tanami Road is partly sealed and then on formed gravel tracks either via Newhaven or Yuendumu - Nyirrpi roads. Vehicle access within the tenements is possible by station tracks, which may be impassable during wet season.

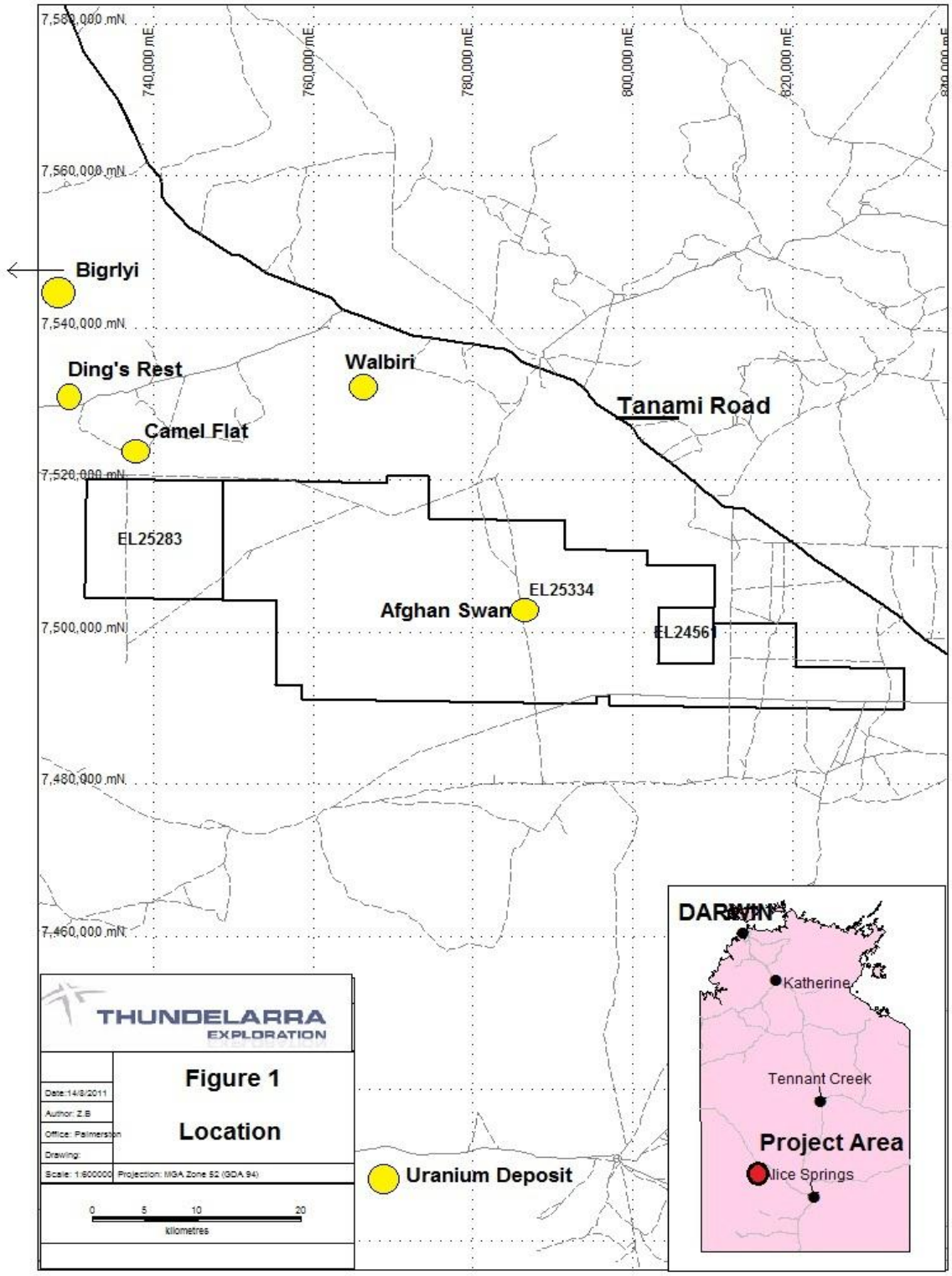
3.0 TENEMENT DETAILS

The group of ELs was granted to Element 92 Pty Limited from on 22 June 2009, and will expire on 21 June 2015. Details of these tenements are given in Table 1.

Table 1: Details of Tenements – Ngalia Group

EL No	Date Granted	Expiry Date	Area	Covenant	Comments
EL 24561	22/06/2009	21/06/2015	16 blocks	$30,000.00	Element 92 Pty Ltd 100%
EL 25283	22/06/2009	21/06/2015	90 blocks	$25,000.00	Element 92 Pty Ltd 100%
EL 25334	22/06/2009	21/06/2015	500 blocks	$70,000.00	Element 92 Pty Ltd 100%

Figure 1: Location of the Project area



4.0 GEOLOGICAL SETTING

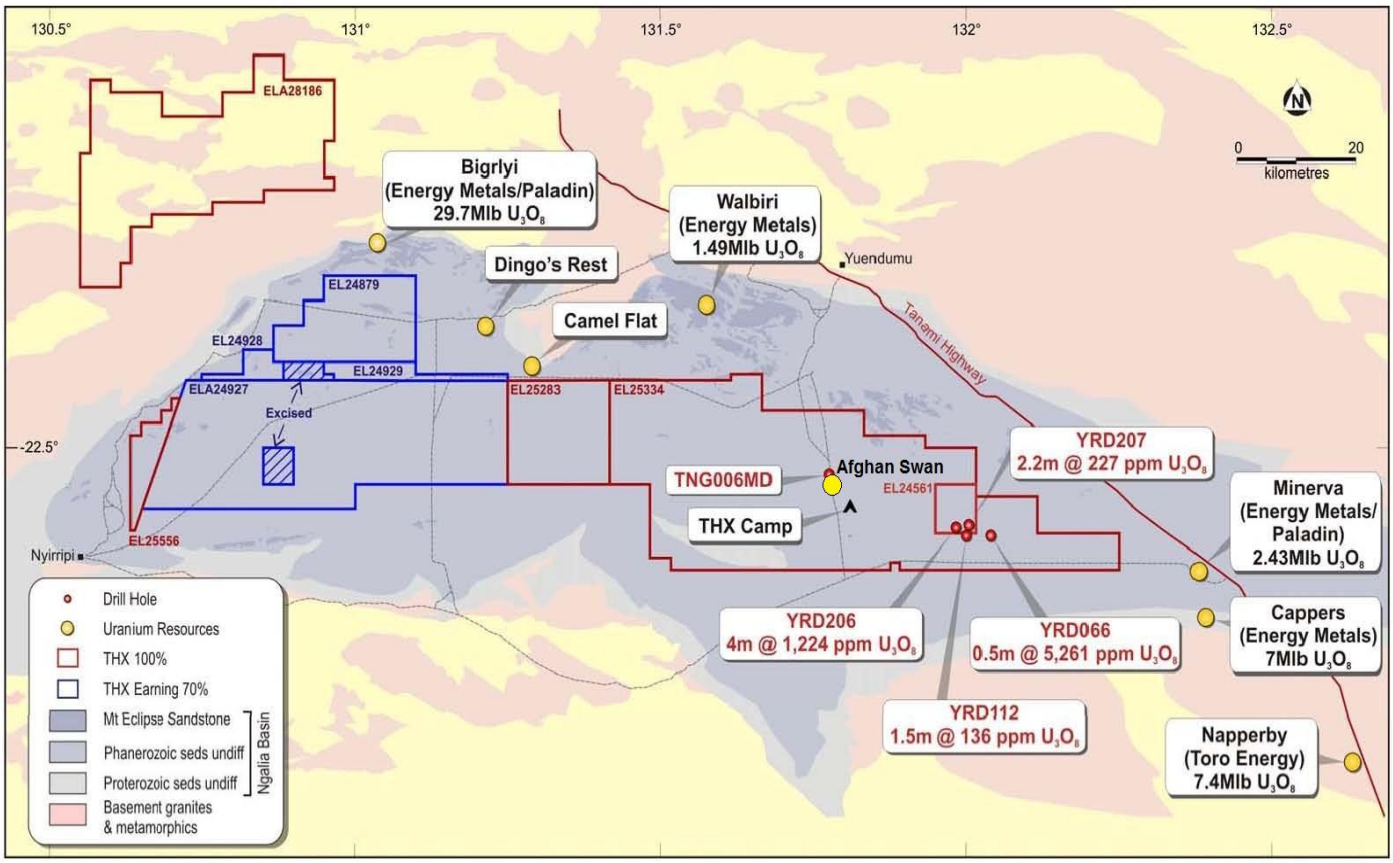
The Ngalia Basin is an east-west trending intracratonic basin which contains a thick succession of Neoproterozoic to Ordovician shallow marine and fluvio-glacial clastic, carbonate and evaporitic rocks, overlain by Devonian and Carboniferous fluvial to continental sandstone, siltstone & shale. Seismic data indicate that the basin is asymmetric and attains a maximum thickness of approximately 4.5km. Sedimentation was terminated by the Alice Springs Orogeny, which was initiated in the Early Carboniferous.

This orogenic event produced widespread folding and faulting, with deformation being focussed on the northern margin of the Basin. Mesoproterozoic post-tectonic granites of the Southwark Granitic Suite and older, high grade metamorphic rocks (together representing the Arunta Inlier), form the basement to the Ngalia Basin. The granitic rocks are known to be anomalously rich in uranium, and are likely to be the ultimate source of the widespread uranium mineralisation in the Basin.

In the central and southern portions of the basin the Proterozoic and Palaeozoic rocks are covered by a veneer of discrete Cretaceous to Tertiary basins that locally exceed 220m in thickness. The Tertiary sequence in this area is poorly described; however other such basins in the Alice Springs area are thought to be the result of two distinct periods of deposition (Senior et al 1994). The Lower Tertiary consists of an upward fining sequence, with flowing channel sands at the base locally capped by dark grey & black carbonaceous mudstones and green swelling clay. A zone of calcrete, silcrete or laterite separates this sequence from pervasively oxidised and locally magnetic Upper Tertiary sands and gravels that cover much of the area.

Geology of the project area is dominated by the presence of the Mount Eclipse Sandstone (Figure 2). Uplift and erosion of the Arunta Region rocks bordering the Ngalia Basin at 350 – 370 Ma marked the start of deposition of the Mount Eclipse Sandstone, the youngest unit preserved in the basin (Young et al., 1995). The Mount Eclipse Sandstone is dominated by medium to coarse-grained arkosic sandstone, containing conglomerate lenses, which may be broadly divided into three types. Coarse-grained, poorly bedded sandstone is predominant and is interbeded with medium-grained, well-bedded along with quartz pebbles in places. Grey-purple hematitic sandstone is mainly confined to the base of the formation (Young et al., 1995). Carbonaceous material is common, and 7 m of lignite has been intersected in drilling (Spark, 1975). Deposition is interpreted to have occurred in a continental fluvial environment, sourced mainly from uplifted rocks of the Arunta Region.

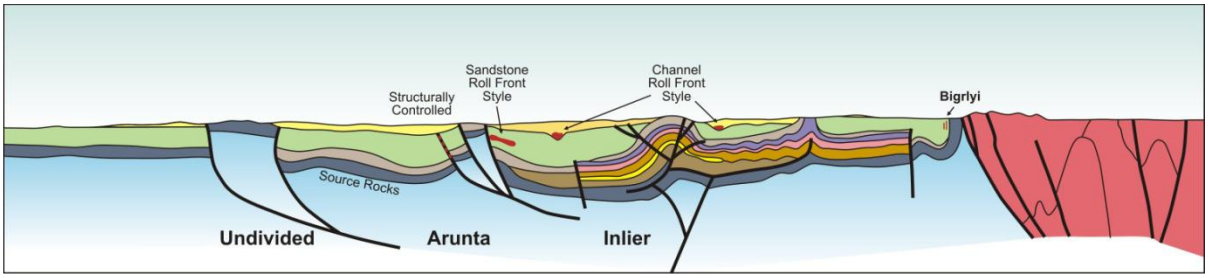
Figure 2: Geological Setting of the project area



5.0 URANIUM MINERALISATION AND EXPLORATION MODEL

The principal target of Thundelarra's exploration efforts within the Western Ngalia Basin is uranium mineralisation that is amenable to ISR and which is hosted by the Tertiary sediments that cover large portions of the basin. A secondary target is Bigrlyi-type uranium mineralisation hosted by the Carboniferous Mt Eclipse Sandstone (Figure 3).

Figure 3: Schematic cross section through the Ngalia Basin looking west (modified after Young et al 1995) showing target uranium mineralisation styles.



Tertiary-hosted uranium deposits

Thundelarra has discovered significant and widespread uranium at depth within the basal Tertiary channelling sands where they come into contact with carbonaceous mudstones and sandy clays (more below).

Tertiary sediments cover large portions of the central and southern Ngalia Basin, and indeed around 99% of the Thundelarra tenure. The Tertiary sequence has been found to exceed 220m in drilling conducted by AGIP close to the southern margin of the Basin (hole SR9R). The Tertiary sediments have two excellent uranium source rocks – the Mt Eclipse Sandstone, and the older Southwark Suite granites. The Mt Eclipse is a particularly good source rock because:

- It hosts widespread uranium anomalism (see Figure 2).
- It was exposed throughout the Tertiary to erosion (i.e. reworking into Tertiary sediments) and oxidation.
- The uranium is physically accessible to oxidising ground-waters as it is found within the Mt Eclipse coating sand grains.
- The uranium is in the form of uraninite, which can be easily leached by oxidised waters.

- The Mt Eclipse is exposed in the north, and groundwater flow is to the south, and into the Thundelarra licenses.

Thundelarra will actively search for suitable hydro-geological & chemical traps within this Tertiary sequence. To this end, Thundelarra has:

- Mapped a substantial & structurally controlled Tertiary sub-basin in the south-eastern part of the Ngalia Basin.
- Processed satellite (ASTER night-time) temperature mapping data.
- Conducted a airborne magnetic/radiometric surveys.
- Conducted 1km-spaced gravity survey,
- Commenced follow-up mud rotary & diamond drilling.

Across the Project, a number of paleochannel targets have been interpreted from the ASTER and airborne magnetic data. Visual porosity estimates from core samples indicates that excellent hydro-geological conditions exist for in-situ recovery (ISR) mining techniques, with mineralised sands being capped by an impervious mudstone.

Good potential therefore exists for ISR-amenable paleochannel-style deposits within the Tertiary sediments of the Ngalia Basin. Similar deposits are found in the Frome Embayment of South Australia (Beverley, Four Mile, Honeymoon etc), and these mines tend to have low operating costs and very low environmental impact. Recent AEM survey has been able to detect the paleochannel systems that host the Tertiary mineralisation. This survey has provide direct targets for stratigraphic drilling in areas of thick cover where the conductivity data suggests the presence of channels (dendritic patterns) and carbonaceous mudstone units (high conductivity layers). A regional map of the thickness of the Tertiary sediments will be interpreted, along with the location of channel systems, and this will target further drilling across the Project area.

Carboniferous sandstone-hosted uranium deposits

Bigrlyi-type uranium mineralisation, hosted by coarse feldspathic sandstones in the Mt Eclipse Sandstone is another target. Significant uranium is also known at the Minerva (2.43 Mlbs U3O8 - AGIP 1983), and Walbiri occurrences (1.49 Mlbs U3O8 – NTGS Orestruck Uranium Factsheet, Nov 2009).

The principal host to uranium mineralisation in the Ngalia Basin is the Mt Eclipse Sandstone – a thick, synorogenic sequence of non-marine sandstone and shale, deposited in piedmont and subaerial deltaic environments (Questa, 1989). The uranium mineralisation at Bigrlyi is known to be related to those parts of the Mt Eclipse Sandstone that contain abundant carbonaceous material. However other parameters, related to fluid flow during the

mineralising event (e.g. alteration, paleo-porosity & structural setting) are also important facets of the Thundelarra exploration program.

The Bigrlyi deposit has been described as a tabular deposit formed by the interaction of uranium-bearing, oxidising fluids with reducing carbonaceous matter in a permeable sandstone formation. Fidler et al. (1990) have suggested that Bigrlyi was formed in the Mt Eclipse Sandstone prior to the completion of diagenesis. Uranium-bearing fluids are proposed to have originated from weathering profiles of granites in the exposed Arunta complex and to have migrated into the Ngalia Basin. Within this model, diagenesis of the Mt Eclipse Sandstone would have 'fixed' the uranium deposits. Subsequent faulting and fracturing have modified the distribution of mineralisation to a limited extent.

Significantly, the final stages of deposition of the Mt Eclipse Sandstone occurred synchronously with the culmination of major structural movements in the Ngalia Basin, during the Alice Springs Orogeny (ASO); a tectonic event with widespread & profound structural / metallogenic significance. It appears that the ASO-related thrusting within the Ngalia basin might have played a critical role in the formation of these deposits in a variety of ways such as:

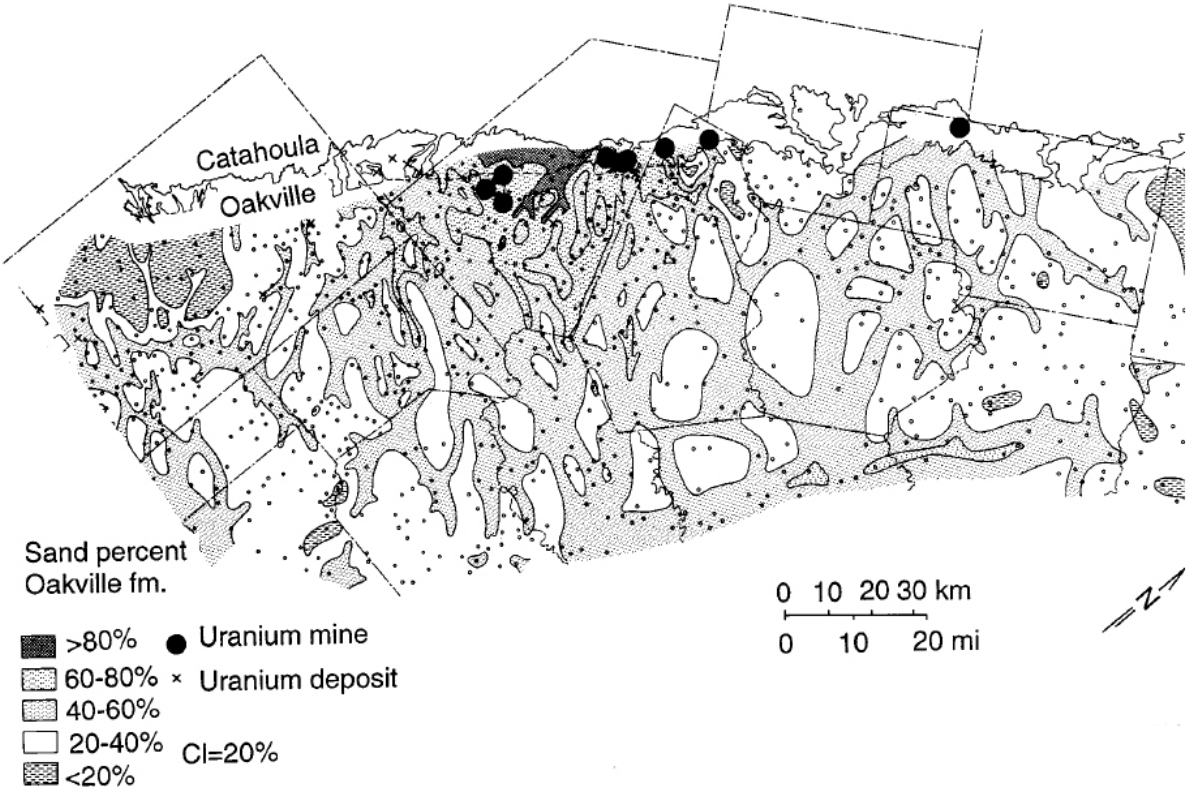
Acting as the driving force for the movement of fluids responsible for alteration and mineralisation,

- Creating favourable conduits for the movement of fluids,
- Producing repetitions of the favoured traps (e.g. carbonaceous horizons) within the Mt Eclipse Sandstone,
- Acting as a tectonic "fixing" agent, creating a fossilised redox system by the dewatering action of structural tilting.

The uranium mineralisation within the Mt Eclipse is likely the result of a variety of processes acting in concert, and consequently a variety of deposit styles can be expected as these processes compete for relative dominance. This is certainly the case in other sandstone-hosted uranium provinces such as the Colorado Plateau in the USA or the Frome Embayment in South Australia. One fundamental parameter, however, is the porosity of the host rocks. In clastic sediments the porosity is initially a function of grain size. A classic demonstration of the control that grain-size may have on mineralisation is found in South Texas (Figure 4), where uranium deposits are spatially associated with the coarser sediment, the distribution of which is controlled by the overall structure of the basin. This primary porosity can be markedly reduced during diagenesis and compaction as groundwaters fill the pore space with carbonate cement. This diagenetic event is likely to

have coincided with both the Alice Spring Orogeny and the main uranium mineralising event.

Figure 4. Sandstone-percentage map of the Oakville (Miocene) bedload fluvial system, South Texas Coastal Plain, illustrating coincident distribution of uranium mineralisation and coarse grain size (Modified from Galloway and Hobday 1999). The gravity ridge that runs through Project area is thought to have been a basement high that resulted in an analogous grain size distribution in the Mt Eclipse.



6.0 PREVIOUS EXPLORATION ACTIVITY

Exploration within the Ngalia Basin has been almost exclusively for either oil/gas or uranium targets. No exploration for oil/gas has been conducted since Magellan Petroleum (Aust.) Ltd drilled the Newhaven-1 well in 1998. The first phase of uranium exploration ceased in 1983 due to political reasons. The demonstrated potential of the Basin to host significant uranium resources has recently led exploration companies back into the area. Whilst shallow & low grade calcrete occurrences have been outlined at Cappers (Energy Metals Ltd) & Currinya (Cauldron Energy Ltd), previous exploration has neither targeted nor encountered sandstone-hosted uranium in the lower Tertiary sequence.

7.1. Oil/Gas

Prior to the start of the uranium exploration programs in the mid 1970's the only recorded exploration in the area were seismic and gravity surveys directed toward oil/gas discoveries. Over 1400km of seismic lines were shot, and two petroleum wells, Davis-1 and Newhaven-1 have been drilled in the basin, and both have been drilled to the crystalline basement. The Newhaven-1 was drilled within the area now covered by EL25283.

7.2. Uranium – 70's & 80's

The Ngalia Basin was the subject of intense exploration for uranium in the 70's and early 80's, principally by Agip Australia Pty Ltd, Central Pacific Minerals NL, Urangesellschaft Australia Pty Ltd and AFMECO Pty Ltd. These companies, often in joint venture, held a large number of ELs in the Ngalia Basin in their search for sandstone hosted uranium mineralization in the Mt Eclipse Sandstone. The initial discovery of uranium mineralisation in the lower part of the Mt Eclipse Sandstone occurred in 1971. Exploration was at that time focussed on the northern margin on the Basin to which area the prospective outcrop was restricted.

In 1973, discovery of carnotite mineralisation at Bigrlyi resulted from a basin-wide systematic ground radiometric survey across units of the Mt Eclipse Sandstone. From 1974 to 1983 a comprehensive exploration program was undertaken on the Bigrlyi project including regional and detailed geological mapping, percussion and diamond drilling, mineral resource calculations and preliminary metallurgical extractive testwork.

Agip were actively engaged in exploration during the period 1977 to 1983 and many of their tenements fell wholly or partly on the current project area. Due to the area being totally covered by recent sediments their prime exploration tool was vertical stratigraphic drilling. The main drilling method was rotary drilling with many holes extended with diamond core tails. The drilling programs were restricted to the eastern third of the Project area. The recent cover virtually masked any response from airborne radiometric surveys. Several gravity surveys were completed to assist with structural interpretation of the basin.

7.3. AGIP EL 1199

E.L. 1199 "Yungarra" was granted to Agip on February 9th, 1977, with the primary aim of exploration for sandstone-hosted uranium mineralization. Due to a total lack of outcrop of prospective rocks, drilling was the primary exploration tool. Agip completed 36 vertical rotary holes totalling 5,478m within the project area with 11 of the holes completed by diamond

tails totalling 616m of core. Hole spacing varies considerable from less than 100m to over 10km. Their drilling confirmed that the eastern part of the area is underlain by Mt Eclipse Sandstone with thicknesses varying up to > 130m. Many of the holes were not drilled to basement. The sandstone is in turn overlain by Tertiary sediments varying from 34m to 130m thick. In places the Mt Eclipse Sandstone is absent either due to palaeo basement highs or was stripped off during the Tertiary. Eighteen of the holes intersected reduced or transitional facies Mt Eclipse Sandstone varying in thickness from 7m to > 82m. Narrow zones of uranium mineralization were intersected in a few holes with the best as follows (also, see Figure 1).

Table 2: Summary of Uranium intercepts – AGIP EL 1199

Hole	From (m)	To (m)	Interval	U3O8 (ppm)	eU3O8 (ppm)
YRD066	162.5	163	0.5	5248	
YRD112	177	178.5	1.5	157	
YRD206	197	201	4	1240	
YRD207	116.6	118.8	2.2		216

In addition to the drilling programs, gravity, Sirotem, and ground resistivity surveys; water bore sampling and petrological and palynological studies were also carried out.

7.4. AGIP EL 1302

EL 1302 "'Cassidy Bore" was granted to Agip Australia Pty Ltd on February 9th, 1977. The main exploration activities carried out were drilling, down-hole logging and gravity surveys. The gravity survey was part of a trial survey conducted by AGIP in conjunction with the NTGS. AGIP reported the results over EL 1302 as being inconclusive. Stratigraphic vertical drilling was the main exploration tool with 37 holes for 3,772m completed. Three of the holes were extended by diamond drilling with a total of 167m of coring completed. The holes intersected from 0 to >150m of Mt Eclipse Sandstone though it was mostly oxidised facies sediments. Only four holes intersected reduced facies rocks with the maximum thickness being 32m however three of the holes stopped in the reduced facies. Downhole radiometric logging did not identify and significantly anomalous zones with the best being 4x background. No samples from any of the holes were assayed.

7.5. AGIP EL 1310

AGIP explored EL1310 “Siddley Range” which included the southern part of the current project area between 1978 and 1982. Exploration completed included stratigraphic drilling and a gravity survey. A total of 10 vertical rotary holes were completed for 1,739m which included 6 diamond core tails for 505m. The holes were drilled at extremely broad spacings with up to 17km between holes. All holes intersected Mt Eclipse Sandstone with thicknesses up to >220m. Two holes intersected the Devonian Kerridy Formamtion (near Djabangardi Hill) with the remainder stopping in Mt Eclipse Formation. Three of the holes intersected reduced or transitional facies sediments in multiple zones varying from a few metres up to 58m wide. Weakly anomalous radioactivity up to 66ppm eU_3O_8 was recorded in three holes.

7.6. AGIP EL 2081

AGIP was granted EL2081 “Yarragan” in late 1979. AGIP had previously held the same ground as part of EL 1199. The tenement covered the eastern portion of the current project. As with other tenements their main exploration tool was stratigraphic drilling. They also completed a regional gravity survey to further assist in the interpretation of a probable sub basin structure previously identified. A trial VLF electromagnetic survey was carried but results were inconclusive due to the thickness of conductive overburden.

AGIP completed 22 holes for 4,409m included in this total is 1,819.5m of diamond core tails in 15 of the drill holes. Five holes intersected reduced facies Mt Eclipse Sandstone up to a maximum thickness of 104m. Low level radiometric anomalies were reported from four holes. No samples were submitted for assay.

7.7. Element 92 Pty Ltd

During 2009-10 reporting year, Element 92 Pty Ltd undertook reconnaissance mapping, elicopter-assisted gravity surveying, airborne magnetic/radiometric survey and data compilation. Element 92 Pty Ltd/Thundelarra are also participating in the CSIRO-managed Joint Surveys Uranium project, which is examining uranium mineral systems in the Ngalia Basin.

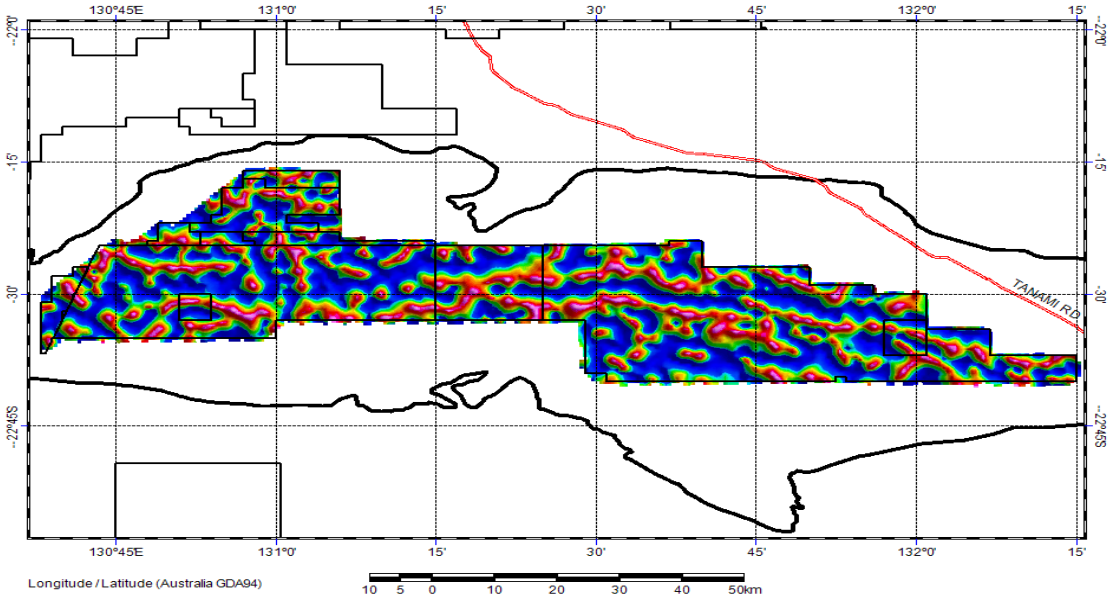
7.0 EXPLORATION ACTIVITY YEAR ENDING 21 JUNE 2012

During the previous reporting period, Element 92 Pty Ltd/Thundelarra Exploration Ltd commenced drilling and completed AEM survey of the project area. Samples retrieved during drilling were assayed for a suite of elements. Assay and drilling data identified an important uranium prospect known as Afghan Swan. To continue this exploration program, during 2011 - 12, Element 92 Pty Ltd/Thundelarra Exploration Ltd commenced drilling and completed gravity survey of the project area. Samples retrieved during drilling were assayed for a suite of elements. Assay data supported last year's drilling campaign and discovered an important uranium prospect known as Afghan Swan (Figure 1).

7.1 Data interpretation

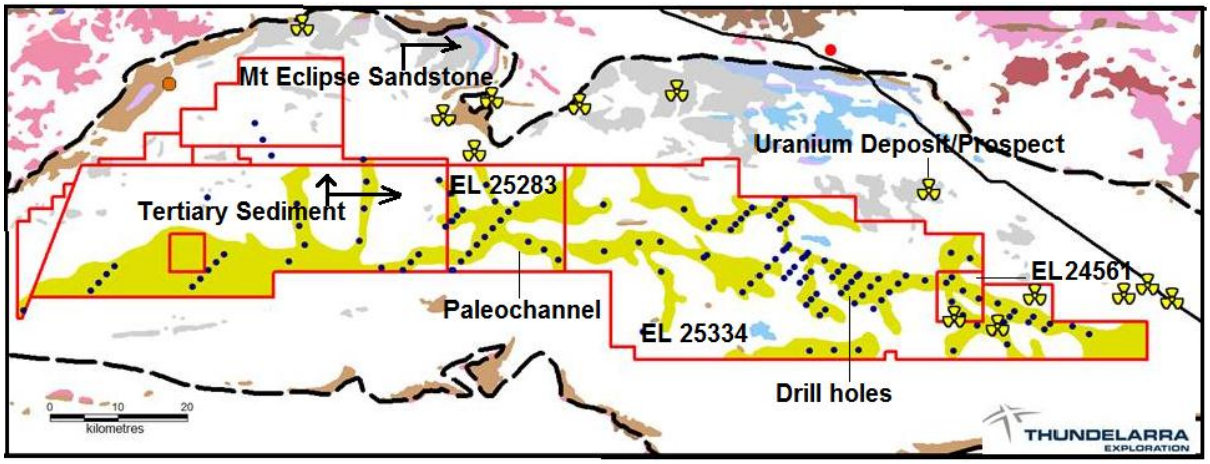
During the current reporting period ending on 21 June 2012, company continued geological, geophysical and drilling data interpretation to understand presence of uranium mineralisation in Tertiary sediments, and its distribution within the project area. Processing and interpretation of AEM geophysical survey along with gravity survey of the project area has added much to our understanding of subsurface geological features which have major control on uranium mineralisation within Tertiary sediments. Figure 5 shows 1st VD Depth image of the project area, where subsurface ancient Paleochannel system dominate the project area.

Figure 5: Airborne EM 1st VD depth image at approximately 130 m depth



The paleochannels generally are oriented EW and occurs as branching tree pattern. This profile is located at a depth of approximately 130 m deep and it is highly likely that it extend at further depth. Figure 6 shows the paleochannels system at depth within Tertiary sediments which define uranium mineralisation in the Ngalia Basin

Figure 6: Paleochannels with respect to geology of the project area



Paleochannel system tested at Afghan Swan has provided significant results for uranium mineralisation so far. Figure 7 shows evidence of subsurface paleochannel which has recorded significant results for uranium mineralisation at Afghan Swan. Anomaly associated with the paleochannel system has been traced over 57 km in the project area. These paleochannel systems appear to be sub-parallel to the gravity anomaly. Drilling undertaken indicate that mineralisation at Afghan Swan follow the trend as shown by Airborne EM data (Figure 7). The TEMPEST data appears to be useful in locating Tertiary paleo-valleys, within which a mineralised channel may be found. It may be noted that uranium mineralisation trend is restricted within the paleochannel as shown by the drilling results. Those drill holes which are located outside the channel are mainly barren. These paleochannel systems appear to be sub-parallel to the gravity anomaly (Figure 8). Drilling undertaken (see below) indicate that mineralisation at Afghan Swan follow the trend as shown by Airborne EM data (Figure 7). The TEMPEST data appears to be useful in locating Tertiary paleo-valleys, within which a mineralised channel may be found.

Figure 7: TEMPEST AEM with depth profile image of Afghan Swan uranium prospect

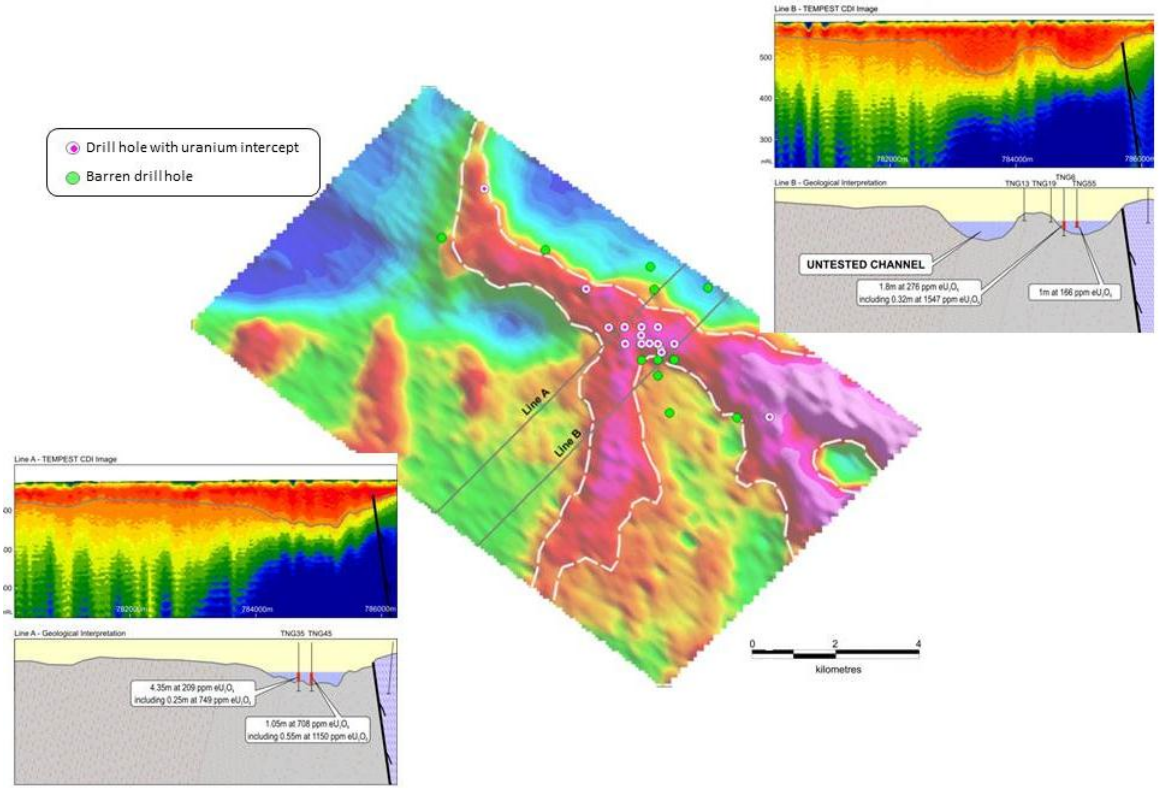
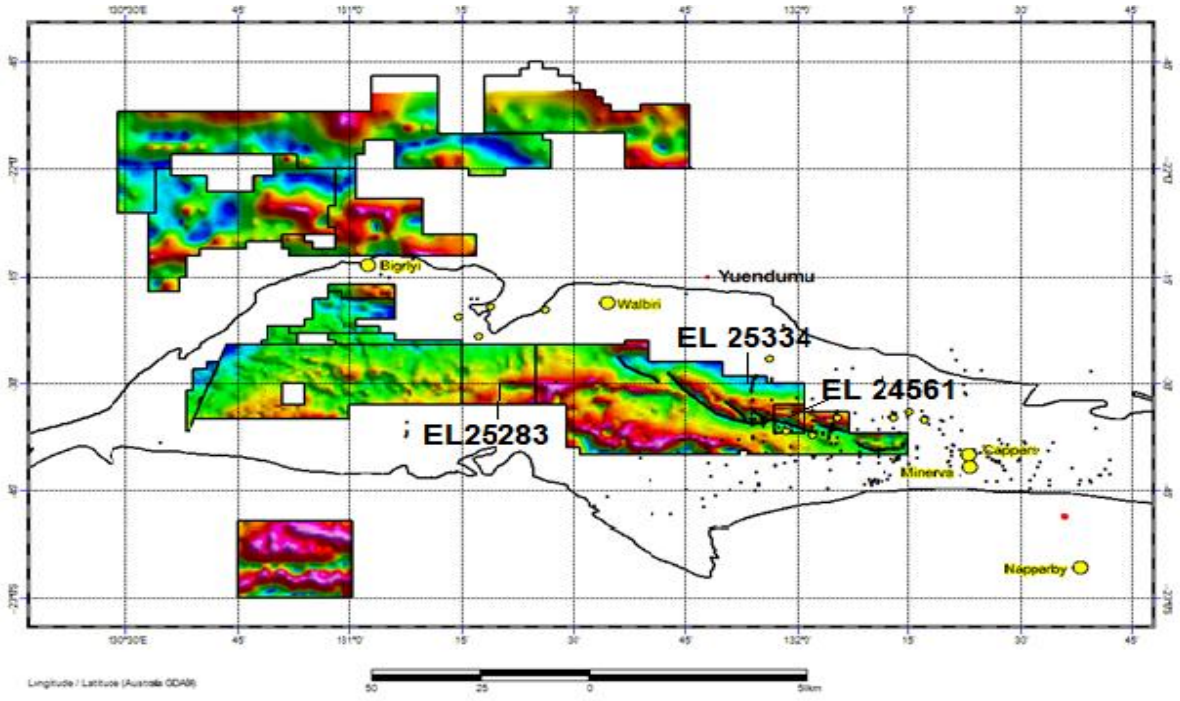


Figure 8: Image showing NTGS BFD gravity profile (TDR)



7.2 Drilling

During the year under review, a total of 42 holes for 6277 metres were drilled within EL 25334. Of 42 drill holes, 10 were RC for 1344 metres and 32 were MR holes for 4933 metres. Drill holes were gamma logged and drill chip samples were retrieved from 5 holes for assaying. All drilling, logging and assay data along with analytic methods are given in Appendix 1, and exploration index map is given in Figure 9.

Within EL 24561, single MR drill hole was drilled for 144 m. Drilling was undertaken by Gorey and Cole and Thompson Drilling. All drilling and assay data along with analytic methods for EL 24561 are given in Appendix 1.

Drilling campaign targeted paleochannel type uranium mineralisation, which was identified by AEM and gravity geophysical data and geological modeling as discussed above. This program met some success and the best intersection was in TNG156RC (EL 25334), within grey/fine sand. The probe gave a result of 0.6m ranging from 176 ppm to 207 ppm eU_3O_8 and is given below in Table 3.

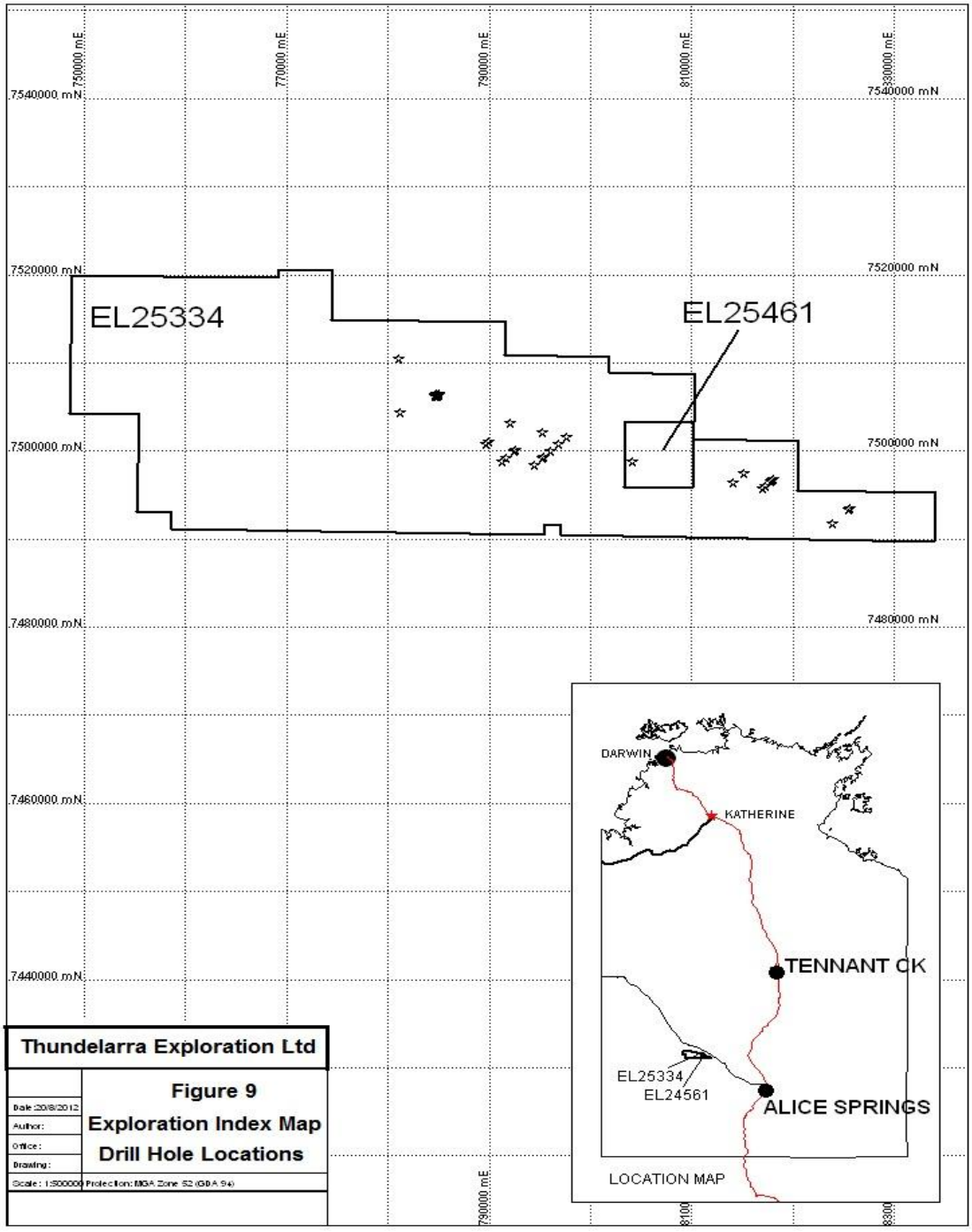
Table 3: Significant Wireline composites from EL 25334

Hole ID	Project	From (m)	To (m)	eU3O8 (ppm)
TNG156MR	NGALIA_THX	129.205	129.255	176
TNG156MR	NGALIA_THX	129.255	129.305	194
TNG156MR	NGALIA_THX	129.305	129.355	194
TNG156MR	NGALIA_THX	129.355	129.405	201
TNG156MR	NGALIA_THX	129.395	129.445	201
TNG156MR	NGALIA_THX	129.445	129.495	196
TNG156MR	NGALIA_THX	129.495	129.545	196
TNG156MR	NGALIA_THX	129.545	129.595	197
TNG156MR	NGALIA_THX	129.595	129.645	207
TNG156MR	NGALIA_THX	129.645	129.695	201
TNG156MR	NGALIA_THX	129.695	129.745	193
TNG156MR	NGALIA_THX	129.745	129.795	191

Wireline composite eU_3O_8 (ppm) values from EL24561 were not encouraging which ranged from 5 ppm to 55 ppm with an average of 19 ppm(eU_3O_8).

Data obtained during current reporting period will be further processed and interpreted in the following year.

Figure 9: Exploration Index (drilling) map of the project area



7.3 Gravity Survey

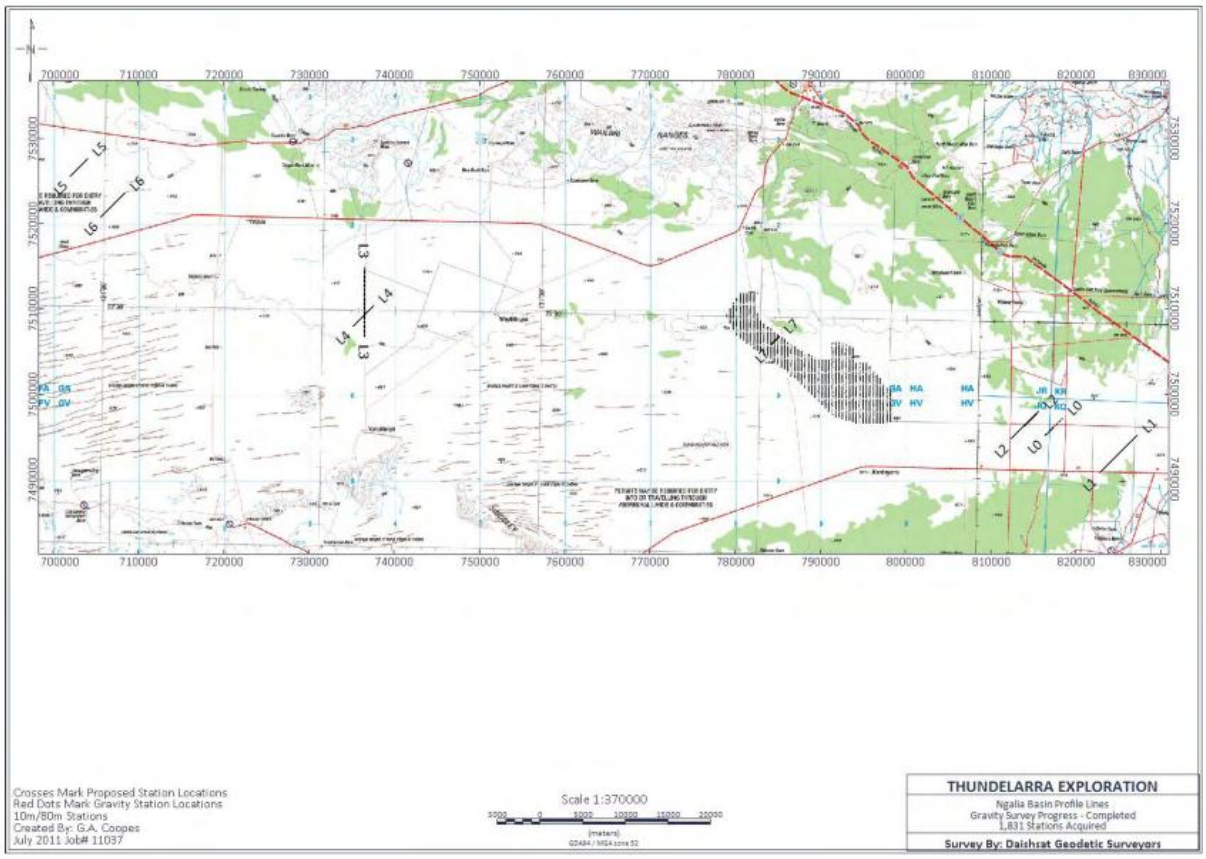
During the reporting period, a gravity survey was undertaken by contractor Daishsat Geodetic Surveyors covering part of EL 25334 and EL 25283. A total of 1732 gravity points were covered within EL 25334. Of these 1548 points as grid over Afghan Swan prospect and surrounds at 200 m station spacing and 400 m line spacing. 133 points covered a profile across best whole (TNG061RC) at 10 m station spacing. 51 points on 3 stand-alone profiles to the far east of EL 25334, 80 m station spacing. Within EL 25283, 158 gravity points were taken on 2 orthogonal profiles with 80 m station spacing. Figure 10 shows exploration index map of the gravity survey in the project area.

Daishsat Geodetic Surveyors carried out a precision ground-gravity survey during July 2011 for Thundelarra Exploration. A total of 1,732 new gravity stations were surveyed at Thundelarra's Ngalia Basin Uranium Project in the Northern Territory. Gravity data was acquired using a Scintrex CG-5 digital gravity meter. Position and level data were obtained using Leica SR530 and GX1230 geodetic grade GPS systems to produce precise post-processed gravity station locations. Data was acquired using a Daishsat 4WD vehicle, Daishsat All-Terrain-Vehicle (DATV) and on foot. Gravity data was reduced using standard reductions on the ISOGAL84 gravity network. GPS data was reduced to MGA coordinates with levels expressed as meters above the Australian Height Datum.

8.0 PROPOSED EXPLORATION ACTIVITY

Element 92 Pty Ltd has devoted significant financial and technical resources to explore the project area. In the next reporting period, processing and interpretation of geological, geophysical, geochemical and drilling data gathered, so far, will continue. It is expected that data interpretation will provide additional targets for drill-testing. Samples retrieved during drilling will be assayed for uranium and base metals. In addition, subsurface geological map of the project area will be constructed in order to work out stratigraphic horizons for uranium mineralisation.

Figure 10: Exploration index map of the Gravity Survey in the project area



9.0 REFERENCES

Bajwah, Z.U., and Maloney, M., 2011. Annual combined report (GR 199/11) on EL 24561, EL 25283, EL 25334 Ngalia project, NT for the period ending 21 July 2011. Element 92 Pty Ltd Annual Report to NT Dept of Resources Darwin.

Davidson, J.K. 1991. Seismic/structural interpretation of the Ngalia Basin. Petrecon Australia Pty Ltd. NTGS PR19920024.

Gell, A.S., driml, K.G. & fisher, N.J.. 1991. Data processing report, Ngalia Basin reprocessing project March-November 1991, Ngalia Basin EP 15, Northern Territory. Reportby Digital Exploration Limited for Magellan Petroleum Australia Limited. NTGS PR19920024.

Maloney, M., 2010a., Annual Report EL 25534 – Jabangardi Hill, for the period ending 22 June 2009 to 21 June 2010, Ngalia Basin Northern Territory. Element 92 Pty Ltd Annual Report to NT Dept of Resources Darwin.

Maloney, M., 2010b., Annual Report, Walbiri Range EL25283, Ngalia Project, for the period 22 June 2009 to 21 June 2010, Ngalia Basin, Northern Territory. Element 92 Pty Ltd Annual Report to NT Dept of Resources Darwin.

Maloney, M., 2010b., Annual Report, Mount Wedge EL24561, Ngalia Project, for the period 22 June 2009 to 21 June 2010, Ngalia Basin, Northern Territory. Element 92 Pty Ltd Annual Report to NT Dept of Resources Darwin.

Maloney, M., 2011., Structure and stratigraphy – Greenfield uranium exploration, Ngalia Basin. Annual Geoscience Exploration Seminar, 37-39.

Questa Australia Pty Ltd. 1989. Ngalia Basin. Northern Territory Geological Survey Petroleum Basin Studies Series. 76pp.

Wells, A.T. & moss, F.J., 1983. The Ngalia Basin, Northern Territory: stratigraphy and structure. Bureau of Mineral Resources, Australia, Bulletin, 212.

Young, D.N., Edgoose, C.J., Blake, D.H. and Shaw, R.D. 1995. Mount Doreen SF52-12, Northern Territory, 1:250,000 Geological series – explanatory notes, NTGS, AGSO, Darwin, 55 p.