TENNANT CREEK GOLD (NT) PTY LTD

MOUNT PEAKE PROJECT

TECHNICAL ANNUAL REPORT
22/10/07 – 21/10/08

EL 23271

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<th>1:250 000 Sheet Name</th>
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<td>Author</td>
<td>P. Burton  Exploration Manager</td>
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Report Date November 2008

Distribution Department of Regional Development, Primary Industry, Fisheries and Resources (1)
TNG Limited (1)
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1. **INTRODUCTION**

Exploration Licence 23271 was granted to Tennant Creek Gold (NT) Pty Ltd (TCG) on the 22/10/2002 and expires on the 21/10/2008. TCG is a 100% subsidiary of TNG Ltd (ASX: TNG).

TCG originally applied for the licence area to explore for Ni-Sulphides, and it forms part of the companies “Mount Peake” Project area together with EL 23074. On the 18th August 2003, “TCG” entered into a Joint Venture agreement with Falconbridge (Australia) Pty Ltd allowing them to earn a 60% interest.

On the 15th October 2003 Falconbridge (Australia) Pty Ltd entered into a Heads of Agreement with Discovery Nickel Limited (DNL) whereby DNL assumed Falconbridge’s obligations for EL23271.

Tennant Creek Gold (NT) Pty Ltd (TCG) resumed management of the tenement in October 2006 following the failure of the joint venture partners to fulfill its exploration, rent and reporting obligations.

Pursuant to Section 26 of the Northern Territory Mining Act, EL 23271 was reduced by 50%, 9 June 2008. A total of 30 one minute graticular sub-blocks were relinquished (Figure 2). A separate relinquishment report was lodged on 3 September 2008 (ref: Burton, P. Mount Peake Project, Partial Relinquishment Report, 22/10/02 – 21/10/07, EL23271).

2. **LOCATION AND ACCESS**

Exploration Licence 23271 is located approximately 220km NNW of Alice Springs, in the Northern Territory and covers portions of the Mt Peake (SF53-05) 1:250,000 map sheet (Figure 1). It lies within the Stirling Perpetual Pastoral Lease and is subject to Native Title.

TCG’s land access obligations for EL 23271 were passed on to Falconbrige (Australia) Pty Ltd on the 15th October 2003 and subsequently Discovery Nickel on the 29th of October 2003 under a Deed of Assumption signed by Tennant Creek Gold (NT), Falconbridge and Discovery Nickel and the Central Land Council. Discovery Nickel reported that a land access agreement was in place with the Traditional Owners that facilitated access to EL 23271.

Subsequent enquiries by TNG found this not to be the case. TNG have since met with the CLC and the Traditional owners, and an access agreement for exploration has been finalized.
Figure 1: Location Map – Showing current tenement boundary and area relinquished during reporting period
3. TENURE

On 10 March 2008, Tennant Creek Gold (NT) Pty Ltd ("TCG") wrote to the Principal Registrar, Titles Division, requesting a waiver of reduction to EL 23271 in order to conduct further data assessment and consider options for a potential new Nickel company listing. The request was refused and pursuant to Section 26 of the Northern Territory Mining Act, EL 23271 was reduced by 50%, 9 June 2008. A total of 30 one minute graticular sub-blocks were relinquished (Figure 2).

Exploration Licence 23271 covers a total area of 95.9km². Tenure details are summarised in Table 1, below.

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<th>TITLE</th>
<th>PROSPECT</th>
<th>AREA (blocks)</th>
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<td>Mount Peake</td>
<td>30</td>
<td>22/10/2002</td>
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Table 1: Tenure

![Figure 2: Map showing current tenement blocks and blocks relinquished during reporting period.](image)

TCG (NT) Pty Ltd: Mount Peake Project 2008 Annual Report EL 23271

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4. REGIONAL GEOLOGY

The project area lies within the north-central portion of the Paleoproterozoic Arunta Province. The stratigraphy of the Arunta province comprises relics of 2500 Ma Archaean basement overlain by >1800 Ma Palaeoproterozoic, turbiditic sequences of greywacke, quartz, sandstone, siltstone and shale along with mafic rocks and their high-grade metamorphic equivalents. The Arunta also has minor calc-silicates and meta-felsic volcanic units. During the Barramundi Orogeny, the sedimentary units were intruded by mafic rocks which have been deformed and in places metamorphosed to amphibolite facies. During the closing stages of the Barramundi Orogeny (~1830 Ma) granite plutons intruded rocks of the Arunta Province.

In the tenement area, rocks of the Palaeoproterozoic Lower Hatches Group/ Reynolds Range Group occur, comprising undifferentiated granite/granite gneiss and gabbrodolerite (Figure 3). Neoproterozoic to Palaeozoic rocks of the Georgina Basin cover the Palaeoproterozoic rocks in the south to southeast. Cainozoic sediments also cover parts of the tenements. Quaternary and Tertiary cover sequences of variable depth (ranging from a few metres to in excess of 100m) conceal the basement rocks. Mafic/ ultramafic units have been recorded from previous drilling within and adjacent to the tenement, enhancing the prospectivity for Ni-Sulphide mineralisation.

Figure 3: Regional Geology
5. PREVIOUS EXPLORATION

The region has been partially explored for a variety of commodities including nickel, gold, copper, iron ore, bauxite and diamonds, with some areas experiencing limited or no work. There is no record of a focused Ni exploration program in the project area. The following is a brief summary of historic work reviewed to date:

In the early 1970’s CRA conducted Uranium exploration in the area. Work including geological mapping, photo interpretation, air and ground magnetics followed by rotary drilling and borehole logging. CRA resumed exploration in 1979 and over a four year period completed airborne magnetics/ radiometrics, drainage geochemistry, soil and rock chip geochemistry and limited diamond drilling.

Between 1991 and 1997 WMC completed work focused on gold exploration that included data compilation, surface geochem sampling, XRD analyses, geological/regolith mapping, gravity surveys, airborne magnetics/ radiometrics, IP/TEM surveys and ground magnetics. Anomalies were then followed up with an Auger/ RC drill program.

In 1997 WMC optioned the ground to Aberfoyle Resources who completed an airborne magnetic survey which identified two intensely high magnetic anomalies. Both of these were tested in a 1313 metre, 55 hole RAB drilling programme (Figure 4). Approximately 35% of the holes were abandoned due to lost circulation in sticky clays or fine grained running sands, leaving 65% of the holes to penetrate into slightly weathered bedrock or deeper. It was determined from the RAB drilling the anomalies were sourced by strongly magnetic granites and pegmatites. Aberfoyle withdrew from the J.V and WMC surrendered their properties in 1998.

Figure 4: 1996 Aberfoyle Resources RAB hole locations over intense magnetic high anomalies.
Geological assessment of the region identified the central Arunta as an area prospective for Proterozoic, intrusive related, magnetic Ni-Cu-PGE sulphide mineralisation.

On the 21st of October 2002, Falconbridge (Australia) entered into a Joint Venture (JV) agreement with Tennant Creek Gold (NT) Pty Ltd. This agreement would provide Falconbridge a 60% share in EL 23271 by expenditure of $800,000 over four years.

During 2002 and 2003 regional scale compilation of open file reports and GIS compilation of geological and geochemical components was completed by TNG. This showed anomalous nickel and copper results in historic drill assays in the mafic/ultramafic units adjacent to EL 23271. An interpretation of Landsat imagery gave an indication of possible outcropping mafic/ultramafic units in a belt running NW-SE through the lower portion of the tenement.

Falconbridge, on commencement of the JV, and after identifying favorable targets through compilation and interpretation of regional datasets, conducted a 3814 line kilometer GEOTEM (25Hz, 4Ms) airborne electromagnetic survey (AEM) in the region. This survey covered the lower portion of EL 23271 (Figure 5). No magnetic features were detected from the survey data on the tenement, however the results did highlight three targets on adjacent EL 23393 denoted by B prefix which are less than a kilometre from the tenement boundary.

The GEOTEM and areomagnetic data was reprocessed and interpretated by DNL and indentified a number of bedrock conductors that were ranked according to prospectivity. A selection of these conductors were followed up with a more detailed moving loop ground EM survey in April 2004 by Quantec (Brisbane). Drilling at B1 intersected a shale unit hosting significant pyrohhite and minor base metals, subsequent interpretation and additional EM in 2005 shows it strikes towards EL 23271.

Figure 5: 1VD aeromagnetics with EM picks within project area, the coloured areas show gridded Geotem data channel Bz12, Discovery Nickel Limited, 2004.
On 30th October 2006 the DPIFM was notified that the farm-in partner for the Joint Venture over the Mt Peake tenements had failed to meet any of the expenditure or statutory requirements for the 2005 – 2006 reporting period.

6. 2007 - 2008 Exploration

A full review of all Mount Peake data was carried out by TNG to establish what the J.V Partners had completed. A large amount of time was spent administering the handover and subsequent management of this tenement, including assessment and submission of outstanding documentation to DPIFM.

A Detailed assessment of previous work carried out by Discovery Nickel Limited, shows that drill hole ARD01 which targeted the B1 EM anomaly adjacent to EL23271, (Figure 5) intersected a shale unit hosting significant pyrohrite and minor base metals. Subsequent interpretation and additional EM indicated this unit strikes towards EL23271, however no further work was carried out to test this. The drill core was viewed at the core library in Alice Springs on 26 June 2008 and XRF Niton readings (Plate 1) were recorded on notable joints and on the pyrohrite zones (Plate 2) where the core had been previously cut and sampled. There were no significant XRF Niton recordings worthy of reporting.
A brief field visit was carried out to assess the type of work that could be carried out by TNG over the magnetic and EM anomalies generated by Discovery Nickel and Falconbridge. The area was noted to be covered in windblown sand with no residual lithic fragments or magnetic material amenable to a surface sampling programme (Plate 3). The location of the RAB lines were taken from old company reports but were not located on the ground. The area is heavily overgrown (Plate 4) and it is likely they have been completely covered.

2007 – 2008 Expenditure are shown in Table 2

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<th>Expenditure Details</th>
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<td>Compilation of RAB drilling &amp; GIS data</td>
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<td>Geophysics Interpretation</td>
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<td>Travel &amp; Accommodation</td>
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<td>Field Reconnaissance &amp; XRF recording</td>
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Table 2: Expenditure Details

7. PROPOSED ACTIVITIES 2008 - 2009

Exploration work will focus on re-assessment of selected AEM and EM targets and a detailed gravity survey. Results from this will enable ranking of the anomalies for drill testing. In addition the area will be evaluated for Fe prospects.

Proposed activities for 2008 - 2009 are shown in Table 3

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<th>Expenditure Details</th>
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<td>Compilation of regolith map</td>
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<td>Soil/lag geochem survey &amp; assaying</td>
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<td><strong>TOTAL</strong></td>
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Table 3: Proposed Expenditure Details – Year Ending 2009

References


Burton, P., Tennant Creek Gold (NT) Pty Ltd, Mount Peake Project, Partial Relinquishment Report, 22/10/02 – 21/10/07 EL23271.


Plate 1: Mount Peake EL 23271: ARD01 XRF Recording.

Plate 2: Mount Peake EL 23271: ARD01 Diamond Drill Core – Pyrohpite Zone.
Plate 3: Mount Peake EL 23271: Typical surface soil cover.

Plate 4: Mount Peake: Typical vegetation internal licence area, EL 23271.