

TNG LIMITED

ENIGMA MINING LTD

MOUNT PEAKE PROJECT

GROUP ANNUAL REPORT

GR226/12

EL 27069 – 18/02/18 to 17/02/19

EL 27070 – 18/02/18 to 17/02/19

EL 27941 – 18/02/18 to 17/02/19

EL 29578 – 18/02/18 to 17/02/19

EL 31389 – 25/05/18 to 17/02/19

EL 31850 – 17/10/18 to 17/02/19

Tenement/s	EL27069, EL27070, EL27941, EL29578, EL31389, EL31850	1:250 000 Sheet Name	Mount Peake (SE5305) Barrow Creek (SF5306)
Holder	Enigma Mining Ltd	1:100 000 Sheet Name	Anningie (5554), Conical Hill (5555) Barrow (5654) Crawford (5655)
Manager	N/A	Datum	GDA94-53
Operator	Enigma Mining Ltd	GDA_E	317050-327590
Commodity	V, Ti, Fe	GDA_N	7599400-7617851
Elements Analysed			
Keywords	Iron, vanadium, titanium, waterbores, logging, monitoring, surveys, AMD Mining Management Plan.		
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EXECUTIVE SUMMARY

The Mount Peake Project is operated by Enigma Mining Ltd, a wholly owned subsidiary of TNG Ltd. The project currently comprises six exploration licences (EL 27069, EL 27070, EL 27941, EL 25978, EL 31389 and EL31850) in the north-central portion of the Paleoproterozoic Arunta Province.

The project area is located approximately 220km NNW of Alice Springs in the Northern Territory and covers portions of the Mount Peake (SF53-05) 1:250,000 map sheet. It lies within the Stirling and Anningie Pastoral Leases and is subject to Native Title.

The main focus of the Mount Peake project in recent times has been evaluation of the potentially world class Fe-V-Ti deposit. The Definitive Feasibility Study was completed in mid-2015 with an update produced in November 2017. An addendum to the EIS was submitted in November 2017 and approval was granted by the NTEPA in January 2018 with Commonwealth approval granted in May 2018.

Applications for two year renewals were submitted for Exploration licences 29578 and 27941.

Waterbore logging devices are installed on six waterbores within EL 31389 and two drillholes within the Mount Peake resource area. Water sampling is completed periodically TNG drilled bores along with existing station bores within the Mount Peake tenure. A surface water logging device has also been installed in Murray Creek, adjacent to the proposed Mount Peake minesite.

AMD leach sampling is being undertaken on barrels of sample kept onsite in Alice Springs. This testing is ongoing.

Continued environmental monitoring is being undertaken by consultants Animal Plant Mineral Pty Ltd in order to finalise the Mount Peake Mining Operations Mining Management Plan.

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TABLE OF CONTENTS

1. INTRODUCTION	5
2. LOCATION AND ACCESS	5
3. TENURE.....	5
4. GEOLOGY	7
5. PREVIOUS EXPLORATION	9
5.1 Exploration by TNG	10
6. TNG EXPLORATION AND ACTIVITIES 2017-2018.....	12
6.1 Renewal.....	12
6.2 Water Bore and Surface Water Logging and Sampling	12
6.3.1 Waterbore Logging and Sampling	12
6.3.2 Surface Water Monitoring	14
6.3 EIS Update.....	14
6.4 Acid Mine Drainage Testwork.....	15
6.3.1 Simulated Rainfall – Drums B01, B03, B05, B07 and B08	15
6.3.2 Natural Rainfall – Drums B02, B04 and B06	15
6.4 Mining Management Plan Progress	16
7. PROPOSED EXPLORATION	17

FIGURES

Figure 1: Mount Peake Tenure	6
Figure 2: Current Mount Peake Project tenements on 250K geology (Mount Peake Sheet and Barrow Creek Sheet).	8
Figure 3: Location of Mount Peake long term monitoring bores.....	13
Figure 4: Surface water logger on the Murray Creek.	14
Figure 5: Leach Drum setup. Simulated Rainfall set in TNG Alice Springs warehouse.....	15
Figure 6: Leach Drum setup. Natural Rainfall set in TNG Alice Springs warehouse yard.	16
Figure 7: Location of sterilisation/monitoring and geotechnical drillholes at Mount Peake. Proposed outlines for the pit, concentrator, ore stockpiles and IWL (pink hashed polygon) are shown for reference.	18
Figure 8: GEOTEM targets and regional drilling across the Mount Peake project area. HELITEM transects are shown. Drillholes with anomalous vanadium results are highlighted along with areas requiring followup exploration.....	19

TABLES

Table 1: EL Mount Peake Project tenement details.	7
Table 2: Summary of exploration on licences which make up the Mount Peake project.	12

APPENDICES

APPENDIX 1:	Waterbore Sampling Data
APPENDIX 2:	Logger Data
APPENDIX 3:	AMD Data
APPENDIX 4:	Flora and Fauna Monitoring Memorandum

1. INTRODUCTION

The Mount Peake Project is operated by Enigma Mining Ltd (Enigma), a wholly owned subsidiary of TNG Ltd. The project currently comprises five granted exploration licences (EL 27069, EL 27070, EL 27941, EL 29578, EL 31389 and EL31850) in the north-central portion of the Paleoproterozoic Arunta Province. Exploration Licence 31850 was added to the group during the reporting period and replaces ELR29627 in its entirety.

The main focus of the Mount Peake project in recent times has been evaluation of the potentially world class Fe-V-Ti deposit. The Definitive Feasibility Study was completed in mid-2015 with an update produced in November 2017. An addendum to the EIS was submitted in November 2017 and approval was granted by the NTEPA in January 2018 with Commonwealth approval granted in May 2018.

Work is continuing in order to finalise the Mount Peake Mining Operations Mining Management Plan which is due to be submitted in mid 2019. This includes ongoing groundwater, surface water, AMD, flora and fauna monitoring.

2. LOCATION AND ACCESS

The Mount Peake project, is located approximately 220km NNW of Alice Springs in the Northern Territory and covers portions of the Mount Peake (SF53-05) 1:250,000 map sheet. It lies within the Stirling and Anningie Pastoral Leases and is subject to Native Title. The sealed Stuart Highway to Darwin cuts through the south-east corner of the project area (Figure 1) and access within the project area is good with well maintained station and previous exploration tracks.

The LNG gas pipeline runs through the project area and the Darwin to Adelaide railway lies 80km to the east of the Mount Peake Resource.

Exploration access to the area has been granted by the CLC and Traditional Owners, and Authorisation 0908-01 is currently in place.

3. TENURE

The Mount Peake project area currently comprises six exploration licences (EL 27069, EL 27070, EL 27941, EL 29578, EL 31389 and EL 31850; Figure 1, Table 1). An additional exploration licence (EL30483) and four granted Mining Leases (ML 28341, ML 29855, ML 29856 and ML 30686) complete the project tenure. All tenements are 100% held by Enigma Mining Ltd.

This report covers work only on the Exploration Licences (EL's) within the Mount Peake Project Area (highlighted below).

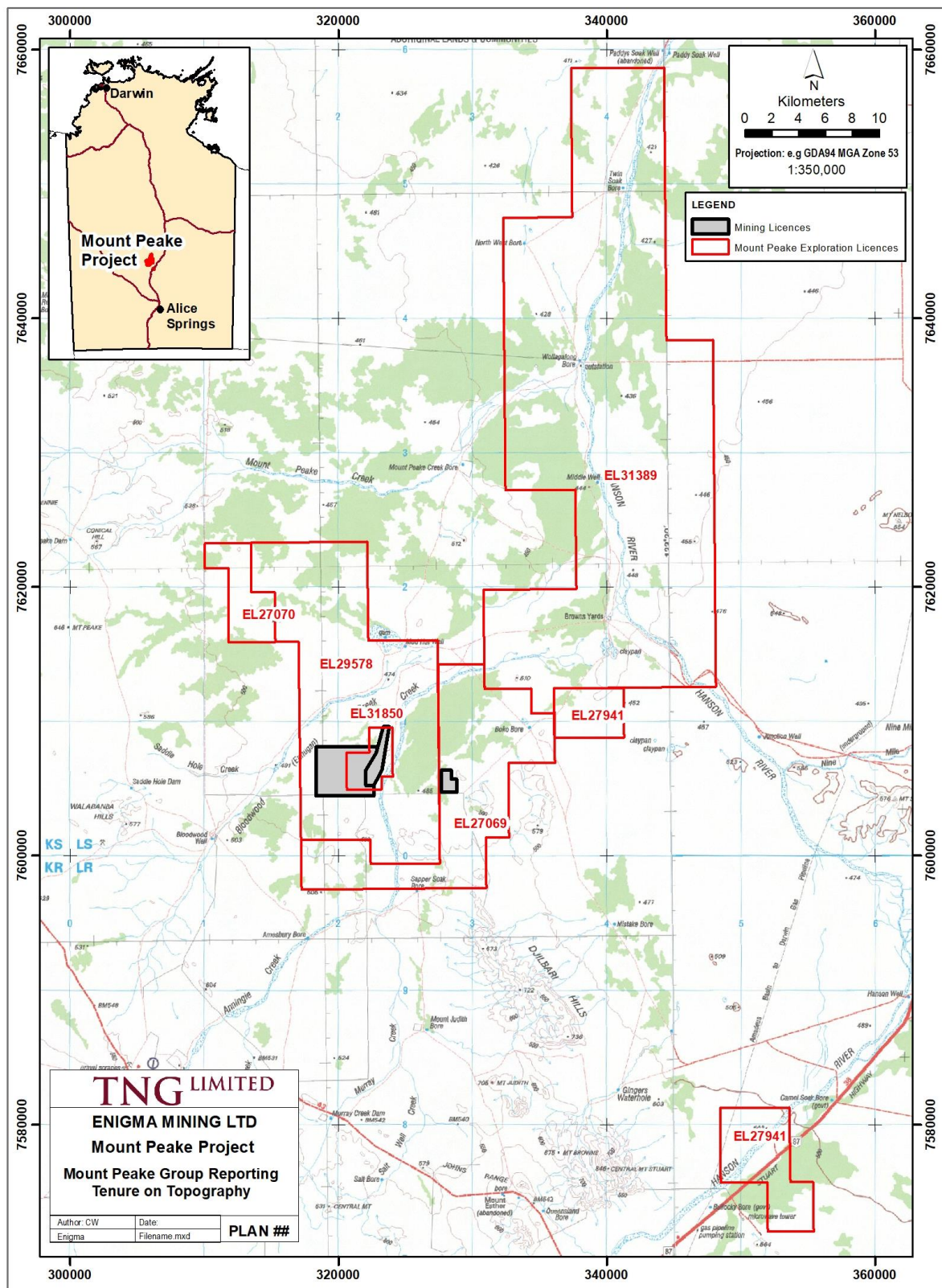


Figure 1: Mount Peake Tenure

Table 1: EL Mount Peake Project tenement details.

TITLE	AREA	GRANT DATE	EXPIRY DATE
EL27069	38 blocks	13/08/2009	12/08/2019
EL27070	7 blocks	13/08/2009	12/08/2019
EL27941	19 blocks	20/10/2010	19/10/2018
EL29578	67 blocks	08/08/2012	07/08/2018
EL31389	178 blocks	25/05/2017	24/05/2023
EL31850	5 blocks	17/10/2018	16/10/2024
EL30483	7 blocks	13/03/2015	12/03/2021
ML28341	358 Hectares	20/11/2018	19/11/2042
ML29855	1508 Hectares	21/11/2018	19/11/2042
ML29856	164 Hectares	21/11/2018	19/11/2042
ML30686	104 Hectares	21/11/2018	19/11/2042

4. GEOLOGY

The Mount Peake gabbro body is located within outliers of Neoproterozoic sediments of the Georgina Basin. The Neoproterozoic sediments rest unconformably on metasediments and granites of the Aileron Province within the Lower Proterozoic Arunta Region. Bedrocks comprise metasediments, granites and metamorphosed basic rocks (Figure 2).

During the Barramundi Orogeny (1890-1850 Ma), 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 granite plutons intruded rocks of the Arunta Province.

The mineralised Mount Peake gabbros are part of a 10x20km NW trending sill or sill complex (interconnected sills at different stratigraphic levels) named the Murray Creek Sill. Judging from the magnetic images at least two more sills/sill complexes are present in the eastern part of the region. The Murray Creek Sill comprises gabbros, olivine gabbros, and leucogabbros with magnetite rich olivine gabbros near the top of the sill. Where the basal contact to the sill has been intersected in the stratigraphic holes SDDH1 and SDDH2 the thickness of the sill is around 250-300 m, and the mineralised zone must be very close to the top of the sill. Most of the rocks in the sill are only moderately magnetic above the top of the mineralised zone.

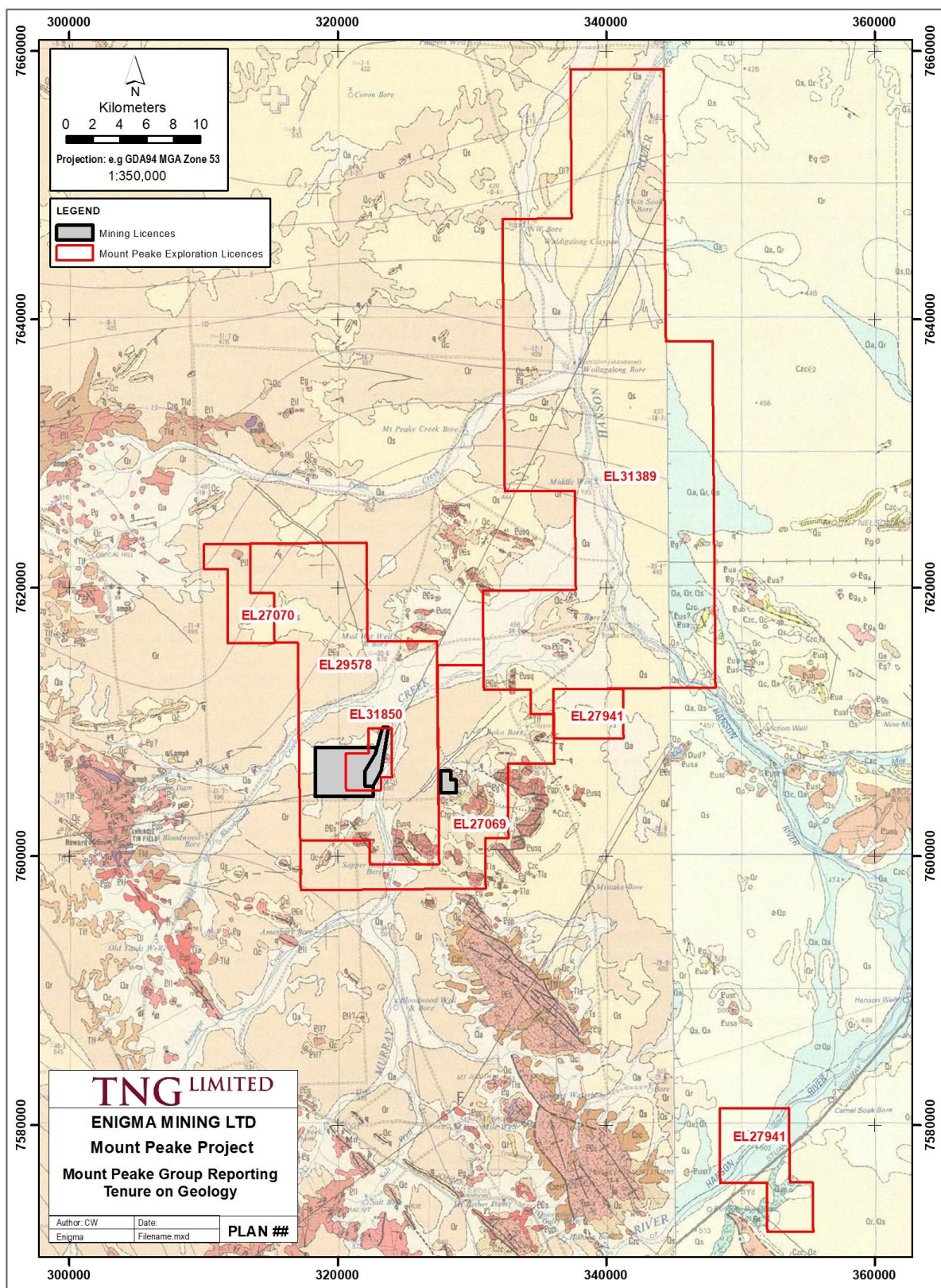


Figure 2: Current Mount Peake Project tenements on 250K geology (Mount Peake Sheet and Barrow Creek Sheet).

5. PREVIOUS EXPLORATION

The Mount Peake Project area has had little dedicated historic exploration work. 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. 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.
- Stockdale Prospecting conducted exploration for diamonds in the Mount Peake region in the late 1980's. No significant kimberlitic indicators were apparent in the area.
- 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 who completed further rock chip sampling, soil sampling and vacuum drilling on the properties. Aberfoyle withdrew from the J.V and WMC surrendered their properties in 1998.
- A garnet/magnetite skarn occurs in the centre of EL23074. This is known as the "Murray Creek" Iron prospect and was drilled by CRA in 1982.
- 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 23074 by expenditure of \$800,000 over four years.
- Falconbridge, commissioned Fugro Airborne Surveys, Perth to conduct a 3814 line kilometer GEOTEM (25Hz, 4Ms) airborne electromagnetic survey (AEM) in the region. This was focused on the highest priority target areas. This survey covered EL 23074 in its entirety with coverage totalling 742 line kilometers. The results highlighted six targets on EL 23074 that were recommended for follow-up including ground EM surveys and drill testing.
- On the 15th of October 2003 Falconbridge Ltd entered into agreement with Discovery Nickel Ltd (DNL). DNL's exploration approach relied heavily on airborne electromagnetic (AEM) surveying, followed up by ground EM to define targets. After analysis of the Falconbridge AEM results, DNL commissioned a ground EM (SMARTER) survey focussing on the highest priority target areas.
- DNL did investigate, model and drill (ARD02) a significant aeromagnetic anomaly Target J-1, located on EL 23074. The hole (ARD02) was drilled 70°/270° to a depth of 150.6m. It is unclear why the hole ended at that depth as the modelling suggested the depth to target was approximately 200m. The target source therefore remained unexplained. DNL reported that this proved to be a massive magnetic gabbro, and of no economic interest.

5.1 Exploration by TNG

TNG Ltd took control of exploration in 2007 and has progressed the project to its current state. During that time the company has increased its landholding in the area with the aim of assessing the entire region for the presence of additional Fe-V-Ti deposits, and exploring the Cu and Ni potential of the Mount Peake region.

2007:

- TNG remodel the high resolution magnetic feature that was drilled showed dimensions of 4km x 1km, suggesting potential that the gabbro body is extensive.

2008:

- Results reveal high quantities of Iron, Vanadium and Titanium within the Magnetite. Davis Tube Recovery show significant results of: 1.2% V₂O₅, 56% Fe, 17% TiO₂.
- TNG complete a detailed ground gravity survey showing a large anomaly offset from the magnetic feature indicating additional Hematite potential.

2009:

- TNG complete drill programme to define extent of magnetite mineralisation. The Mineralised Zone commences at shallow depths (>40m) and is currently 1.3km in strike length, 500m wide and up to 80-120m thick.
- JORC resource defined from drilling of 107mt@ 0.4% V₂O₅, 40% Fe. Estimated deposit size is >500mt.
- Metallurgical testwork produces high grade V₂O₅ concentrate.
- Initial Scoping Study completed concludes positive economics, based on recovery of vanadium only.
- RC drilling determined the extension of the mineralised zone to at least 3000m in strike length.
- Additional exploration licences EL27069 and EL27070 were granted.
- Drilling to test layered mafic intrusion completed – minor layering and sulphides noted.
- Heli-borne aeromagnetic/radiometric surveys revealed previously unknown uranium anomalies adjacent to the Mount Peake vanadium deposit. Further work has not yet been undertaken.
- Two further ELAs lodged to take TNGs landholding to over 2000km².

2010:

- Average metallurgical concentrate grade continues to exceed 1% V₂O₅.
- JORC Resource of 140mt@ 0.3% V₂O₅, 5.9% TiO₂, 29% Fe at a 0.1% V₂O₅ cut-off.
- Metallurgical testwork achieves high V₂O₅ recovery of 85-97%.
- A new hydrometallurgical process, jointly developed by TNG and Mineral Engineering Technical Services Pty Ltd (METS) successfully recovers the three main commodities (V, Ti, Fe) from the ore.
- A joint patent application was submitted to protect the invention and allow commercialisation at a later date.
- Positive interim results were received for the Mount Peake scoping study. Fe recovery 71-75%, V recovery 91-95%, Ti recovery 75%.
- Northern extension to the present 9km linear magnetic anomaly at Mt Peake is interpreted to contain magmatic feeder zones, which may contain Ni, Cu and PGE's.
- Detailed assessment of airborne GEOTEM has identified a further 35 late-time, intermediate to strong conductive features recommended for further work.
- Copper gossan discovered in ultramafic package. Initial Niton results returning 4-24%. Subsequent assaying returned values of up to 6.07% Cu.

2011:

- The hydrometallurgical process for extracting vanadium, titanium and iron from titanomagnetite ores has been successfully trialled on other titanomagnetite vanadium deposits within Australia.

- Positive Scoping Study completed by Snowden Mining Industry Consultants confirms the Project's technical and financial strength.
- A subsequent scoping study was commissioned to investigate the effect of producing a ferrovandium product (FeV), as a further value-add to the vanadium pentoxide concentrate produced.
- Evaluation of feasibility and pilot plant options is underway.
- Diamond drilling results confirm large continuous iron-vanadium zone at Mount Peake, results of up to 0.6% V₂O₅, 10% Ti and 36% Fe.
- An updated Indicated and Inferred JORC Resource incorporates the results of diamond and RC drilling carried out during 2011.
- Total resource 160Mt grading 0.3% V₂O₅, 5.0% TiO₂ and 23% Fe.

2012:

- Outstanding analytical results received from initial pilot plant programme.
- Pre-Feasibility Study completed in July 2012.
- Regional drilling of large magnetic features in the Mount Peake project area confirms two more, large magnetite-rich gabbro bodies opening up the potential for a substantial increase to the current JORC resource.
- Additional RC and diamond drilling to extend and upgrade the existing resource.
- Metallurgical testwork commenced on core.
- Hydrometallurgical pilot plant trial set to commence with CSIRO in June 2013.
- Regional RC drilling of magnetic anomalies on EL29578, EL27069 and EL 27941.
- Five HELITEM transects flown over areas of interest.
- Reanalysis of drill core from ARD01.
- Completion of the Pre-Feasibility Study by SKM, and progression to DFS.
- RC drilling - 59 RC holes drilled for 7168m to upgrade and extend existing resource.
Diamond Drilling - 14 PQ diamond holes drilled for 1892m to provide bulk samples for metallurgical testwork and pilot plant studies.
- Petrography - 11 samples of drillcore sent for petrographic analysis.

2013:

- Mapping and sampling of east, west, southwest, north and northeast magnetic targets.
- Drill programme planned to follow up on target areas.
- Rehabilitation of 2012 regional drillholes.

2014:

- Regional magnetic target drilling on EL 27069 and EL 29578. Twelve RC holes for 1319m across five target areas.
- Graphite drilling at targets G34 (EL 27069) and BCG1 (EL 27070).
- Rehabilitation of all drilling to date.

2015:

- Completion of DFS for the proposed Mount Peake mine.
- Lodgement of minesite EIS with the NT EPA.
- Reconnaissance trips to determine the location of infrastructure associated with the planned Mount Peake mining operation.
- Rehabilitation of eroded tracks and subsidence affected drillholes.

2016:

- Supplement to minesite EIS lodged with the NT EPA.
- Rehabilitation monitoring across the Mount Peake project area.
- Exploration review of all Mount Peake licences.

2017:

- Biodiversity surveys completed.
- Water logging and monitoring ongoing.
- Surface water monitoring device installed in Murray Creek.
- Addendum to EIS submitted November 2017. Approval received from NTEPA.

6. TNG EXPLORATION AND ACTIVITIES 2018-2019

Table 2 outlines the exploration carried out on the Mount Peake group reporting tenements from 18 February 2018 through to 17 February 2019. Each of the table entries are discussed further in the sections below.

Table 2: Summary of exploration on licences which make up the Mount Peake project.

ACTIVITY	TITLES	COMMENTS
Renewal	EL27941 EL29578	Two year renewal
Waterbore logging/monitoring/sampling	EL31389 EL31850	Continued monitoring, data download and water sampling.
Surface water monitoring	EL29578	Surface water data downloaded
EIS Updates	EL27069 EL27941 EL29578 EL31389 EL31850	Notification of Commonwealth approval.
AMD Testwork	EL31850	Ongoing testwork as part of environmental studies.
Mining Management Plan Progress	EL27069 EL29578 EL31389 EL31850	Mining Operations Mining Management Plan – currently being completed by consultants APM.

6.1 Renewal

Two year renewal applications and summary reports outlining previous exploration were submitted for EL 29578 and EL 27941 in August 2017. EL 29578 has been renewed through to 7 August 2020 with the result of the renewal of EL 27941 yet to be received.

6.2 Water Bore and Surface Water Logging and Sampling

6.3.1 Waterbore Logging and Sampling

Logging devices are currently fitted to six waterbores within the Mount Peake tenure and two drillholes in the Mount Peake resource area (Figure 3). This is primarily to monitor groundwater levels over time which will be used throughout the life of mine to ensure change in levels have minimal impact on the surrounding environment. Data is collected hourly and is downloaded from the logging devices on several occasions throughout the year. Water sampling, measuring pH and total dissolved solids is also being completed on all bores within the Mount Peake tenure including existing station bores. These bores include Twin Soak Bore, Wollogolong Bore, Middle Well, Browns and Boko Bore (Figure 3).

Collar and sampling data is included in Appendix 1 and downloaded logger information is included in Appendix 2.

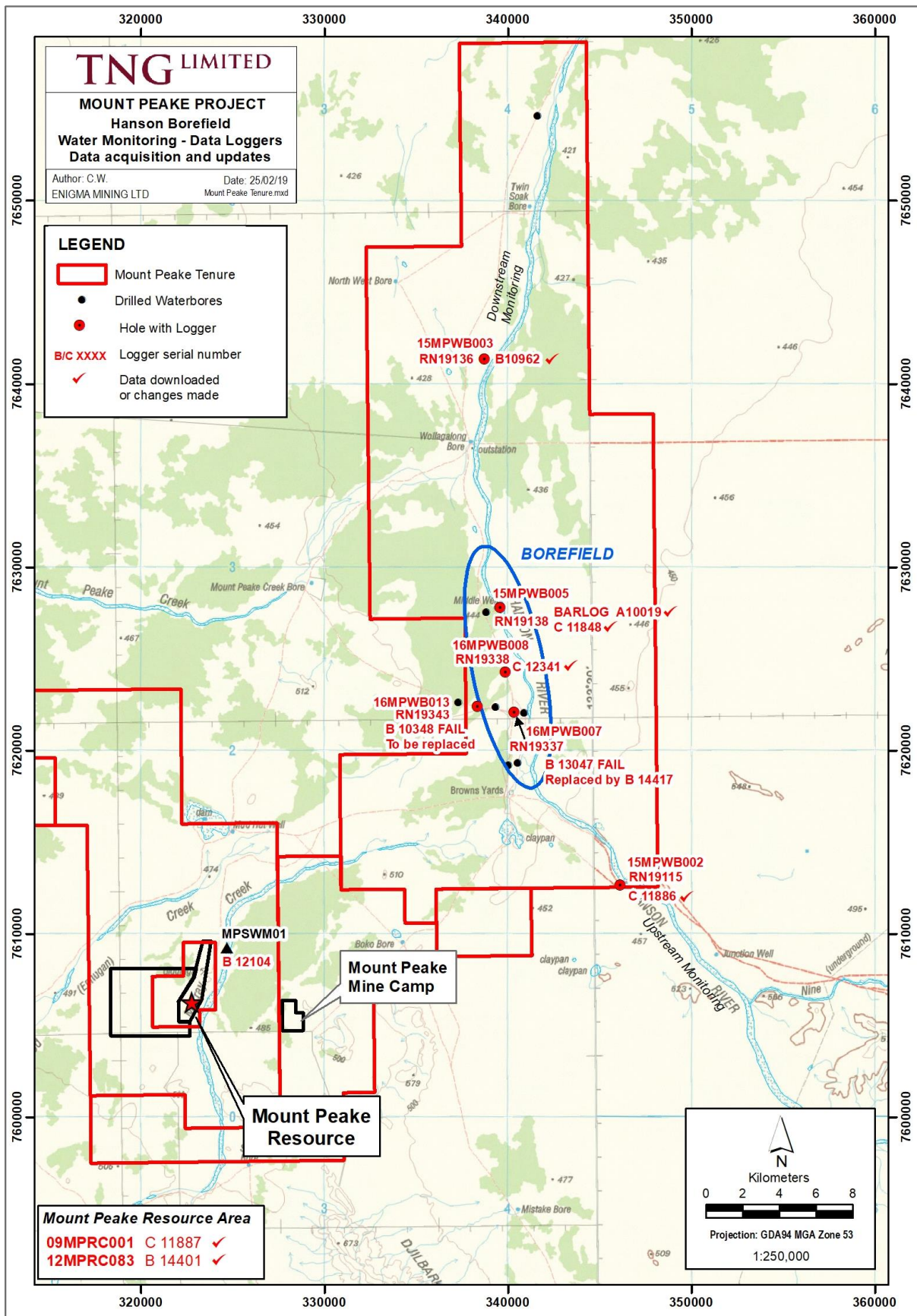


Figure 3: Location of Mount Peake long term monitoring bores.

6.3.2 Surface Water Monitoring

A surface water monitoring device was set up on Murray Creek, adjacent to the proposed Mount Peake minesite, in November 2017 (Figure 3, 4). The reading point on the logger is at creek bed level. Logger data from the reporting period is included in Appendix 2.



Figure 4: Surface water logger on the Murray Creek.

6.3 EIS Update

The draft EIS for the Minesite, Transport Corridor and Borefield was submitted to the NT EPA in December 2015 and released for public comment from 13 February 2016 – 25 March 2016. The NT EPA received written submissions from a number of entities and these submissions along with EPA comments were addressed in a Supplement to the EIS submitted in April 2017.

A review by the NT EPA advised TNG that further information is required to address a small number of outstanding issues. An addendum to the EIS and Supplement was prepared by Perth-based Animal Plant Mineral Pty Ltd and submitted in November 2017.

In January 2018 TNG received approval from the NTEPA for its Assessment Report for the Mount Peake Mine Site. In line with the normal procedure, the NTEPA made recommendations to inform the next phase of mining approval under the Mining Management Act (NT) and Federal approval under the EPBC Act (Cth). The NTEPA stated in their communication with TNG that "...subject to the implementation of these recommendations, the Project can be managed in a manner that is likely to meet the NT EPA's objectives and avoid significant or unacceptable environmental impacts and risks."

As per the approved process the Assessment Report was forwarded to the Department of Environment and Energy for Commonwealth approval, which was subsequently received in May 2018.

The EIS addendum and associated Appendices have not been included as part of this report, but can be access on the website link below.

<https://ntepa.nt.gov.au/environmental-assessments/register/mount-peake-project>

6.4 Acid Mine Drainage Testwork

Acid mine drainage testwork was recommended as part of ongoing environmental studies at Mount Peake.

Large 120 litre heavy duty PVC drums were sourced and set up for eight samples (Figures 5 and 6). Drums have lids that are not watertight so even when fitted will allow for evaporation from the rock surface.

Samples were sourced from:

- The coarse reject material remaining in storage from the 2012 Mineral Resource PQ diamond drilling program. Ore samples - B01 and B02.
- Pilot plant tailing sand material stored after the 2011-2012 prefeasibility work was completed. Tailings samples - B03 and B04.
- Stored core samples (PQ diamond drilling in trays at site) from the 2015 geotechnical drilling program. Assorted waste rock material – B05 to B08.

AMD drums are currently set up in the TNG warehouse in Alice Springs however once more permanent infrastructure is established the AMD drums will be moved to the Mount Peake site and set up in an appropriate area to get the same conditions (temperature, humidity, wind, and rainfall) as the actual ore, tailings and waste dumps.



Figure 5: Leach Drum setup. Simulated Rainfall set in TNG Alice Springs warehouse.

6.3.1 Simulated Rainfall – Drums B01, B03, B05, B07 and B08

For each test drum the procedure is to apply 8L of de-ionised water to the top of the drum. This is applied with a plastic watering can, and distributed evenly over the surface. The volume was calculated to be 1/12th of the annual rainfall for the mine site/Alice Springs area, based on the surface area of the drum.

24 hours after application the water collected in the basal reservoir is drained and collected into a shallow bucket. The volume is measured and a field water testing kit was used to determine the pH, electrical conductivity (EC), and total dissolved solids (TDS) values. All field data is recorded and samples are sent to the lab for further analysis. Results are included in Appendix 3.

6.3.2 Natural Rainfall – Drums B02, B04 and B06

The three drums simulating natural rainfall conditions were set up in the outside yard area of the TNG Alice Springs warehouse, where they are under similar weather/climatic conditions to the mine site (temperature, wind/ventilation, humidity) as well as rainfall.

The drums were left open to the sky (Figure 6) and so were exposed to normal local rainfall events.



Figure 6: Leach Drum setup. Natural Rainfall set in TNG Alice Springs warehouse yard.

Rain events at both Alice Springs and the mine site are sporadic with most occurring as a result of thunderstorm activity over the summer months. Monthly mean rainfall for Alice Springs peaks in February, with an average of 284mm per year.

During the long periods between rainfall events the drum rock material dries out. Only the tailings sand material is likely to hold significant pore water, due to the finer grainsize of the rock and the correspondingly more abundant and smaller pore spaces.

Water testing can only occur when it has collected in the basal reservoir of the drum. Effectively this need be after a significant rainfall event, at least 25mm over 24-48 hours. Any less than this amount and the water that infiltrates will be absorbed into pore space within the drum.

24 hours after any significant rainfall event the water collected in the basal reservoir is to be drained and collected into a shallow bucket. The volume measured and a field water testing kit used to determine the pH, electrical conductivity (EC), and total dissolved solids (TDS) values. All field data is recorded and samples are sent to the lab for further analysis. Results are included in Appendix 3.

6.4 Mining Management Plan Progress

In order to attain information required to progress and finalise the Mining Operations MMP a number of studies and monitoring surveys have been set up in addition to the ongoing water monitoring currently in place.

Surface water hydrology and hydrogeology studies were commissioned in late 2018. These studies have provided the basis for the Mount Peake Site Water Management Plan, which seeks to balance water use to conserve ground water dependent ecosystems and cultural values, while providing a sufficient water supply for mining operations.

An integrated waste landform (IWL) optimisation study was commissioned to assess the original proposed IWL and seek to schedule its construction in a way that minimises material movements and facilitates progressive closure.

Flora and fauna monitoring has also been undertaken with plots identified and marked out for long-term monitoring over the life of the project. Further details of this monitoring is included in Appendix 4.

A mine closure plan and closure costing estimates are also being developed for the Mount Peake Project.

The studies and their respective reports referred to above will form attachments to the MMP to be submitted in 2019.

7. PROPOSED EXPLORATION

A drilling programme is currently being completed across areas surrounding the Mount Peake resource within EL 31850. These areas are where minesite infrastructure and the waste dump for the proposed Mount Peake V-Ti-Fe mine will be located (Figure 7).

The programme is designed to:

- Generate samples for equipment selection testwork as part of the Front-End Engineering and Design (FEED) study being undertaken;
- Complete sterilisation of the proposed sites for concentrator, ore stockpile and integrated waste landform (IWL) at the minesite;
- Provide additional groundwater monitoring stations in the vicinity of the mining pit.

Four holes for 480 metres will be drilled in the initial mining area of the planned open pit to generate several tonnes of samples of ore material. A portion of this material will be dispatched to be crushed and pulverised, and then run through a magnetic separation stage, consistent with the finalised mine site concentrator plant design. The resulting vanadiferous titanomagnetite concentrate will be provided to SMS group to undertake equipment selection testwork as part of the FEED Study currently being undertaken.

Additional holes (up to 16), to depths of between 50 and 100 metres, will be drilled in and around the planned locations of the concentrator, ore stockpile and IWL to complete sterilisation activities ahead of future development activities. The location of the IWL has been moved slightly south and west of the planned mining pit to better accommodate the storage of both mining waste rock and dewatered processing tailings.

The new drill holes will then be incorporated into the on-going ground water monitoring program being undertaken in the vicinity of the planned mining operation, which includes regular water sampling and laboratory analysis and testing. The water monitoring program is a requirement under the mine site environmental approvals for Mount Peake.

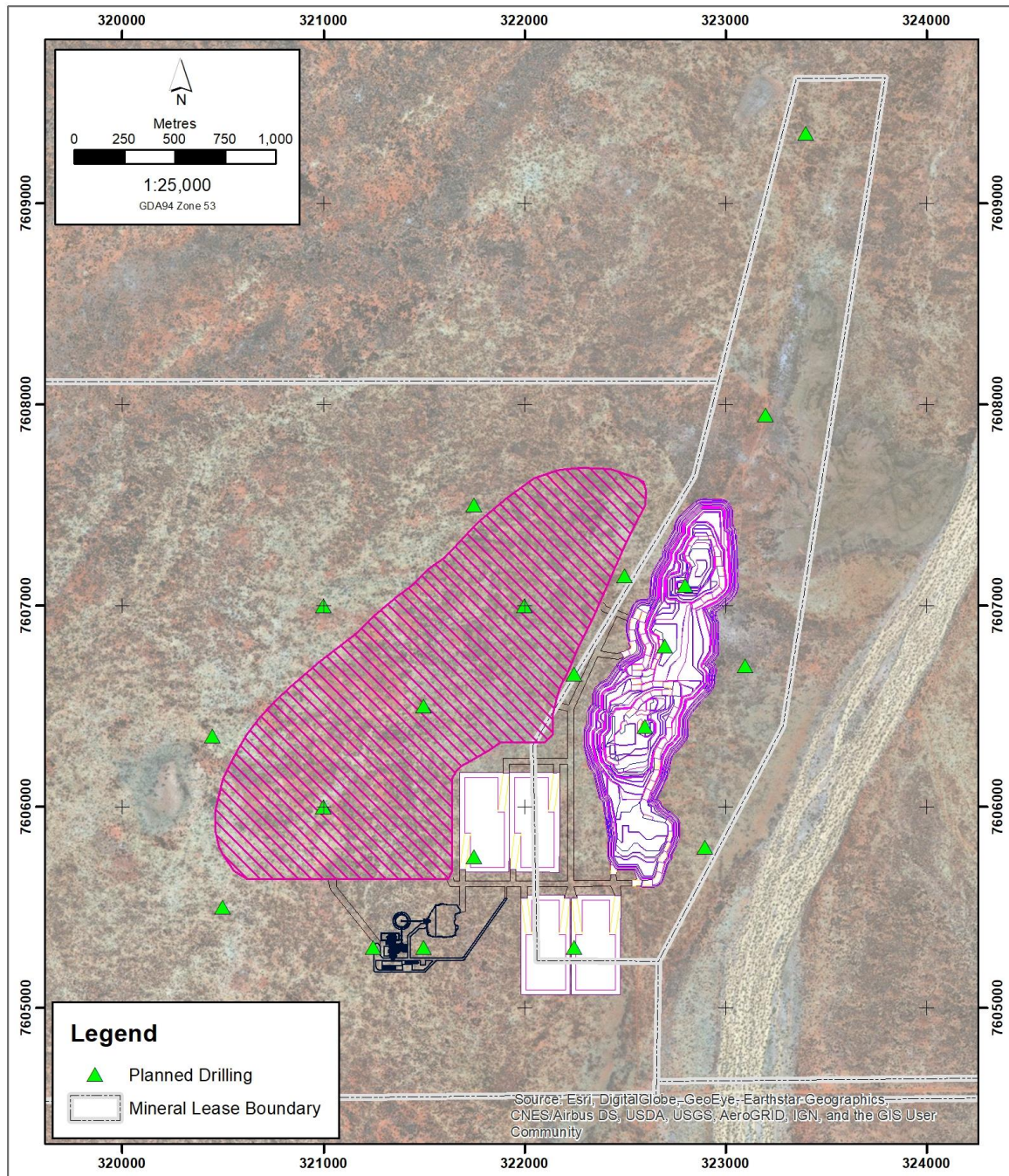


Figure 7: Location of sterilisation/monitoring and geotechnical drillholes at Mount Peake. Proposed outlines for the pit, concentrator, ore stockpiles and IWL (pink hashed polygon) are shown for reference.

Based on the exploration review completed in 2016 there are a number of target areas within the Mount Peake tenure that still require follow up exploration. Figure 8 shows the exploration conducted across the project area and areas requiring followup exploration. It is hoped follow up of these areas will be able to take place during the current field season.

Targets BCG-1, B1 and G34 require further assessment as to the economic viability of the graphite targets. Additional drilling is proposed to further assess the extent of the graphitic horizon at the BGC-1/B1 target area.

A number of target areas identified in as part of the GEOTEM review in 2010 have never been followed up with additional ground EM surveys (G24-33). It is unlikely that these

target areas will result in additional vanadiferous resources but may result in additional base metal prospects being defined.

A transect line across the M1 target (T1h) from the HELITEM survey in 2012 suggested that the hole drilled has not adequately tested the target and followup drilling is recommended to fully test the magnetic low area.

Drilling in 2012 and 2014 produced positive results for additional vanadium resources within the northern target area (12MPNRC003), eastern bullseye target (12MPBBERC001) and the eastern target area (14MPRC001, 14MPRC007 and 14MPRC008). Additional drilling in these areas to test and constrain the extent of magnetite gabbro mineralisation is recommended.

Magnetic anomalies to the west and southwest of the Mount Peake deposit remain unexplained and while magnetic susceptibilities in this region are determined to be less than in the eastern area further geophysical investigation as to the source of the magnetic highs is recommended.

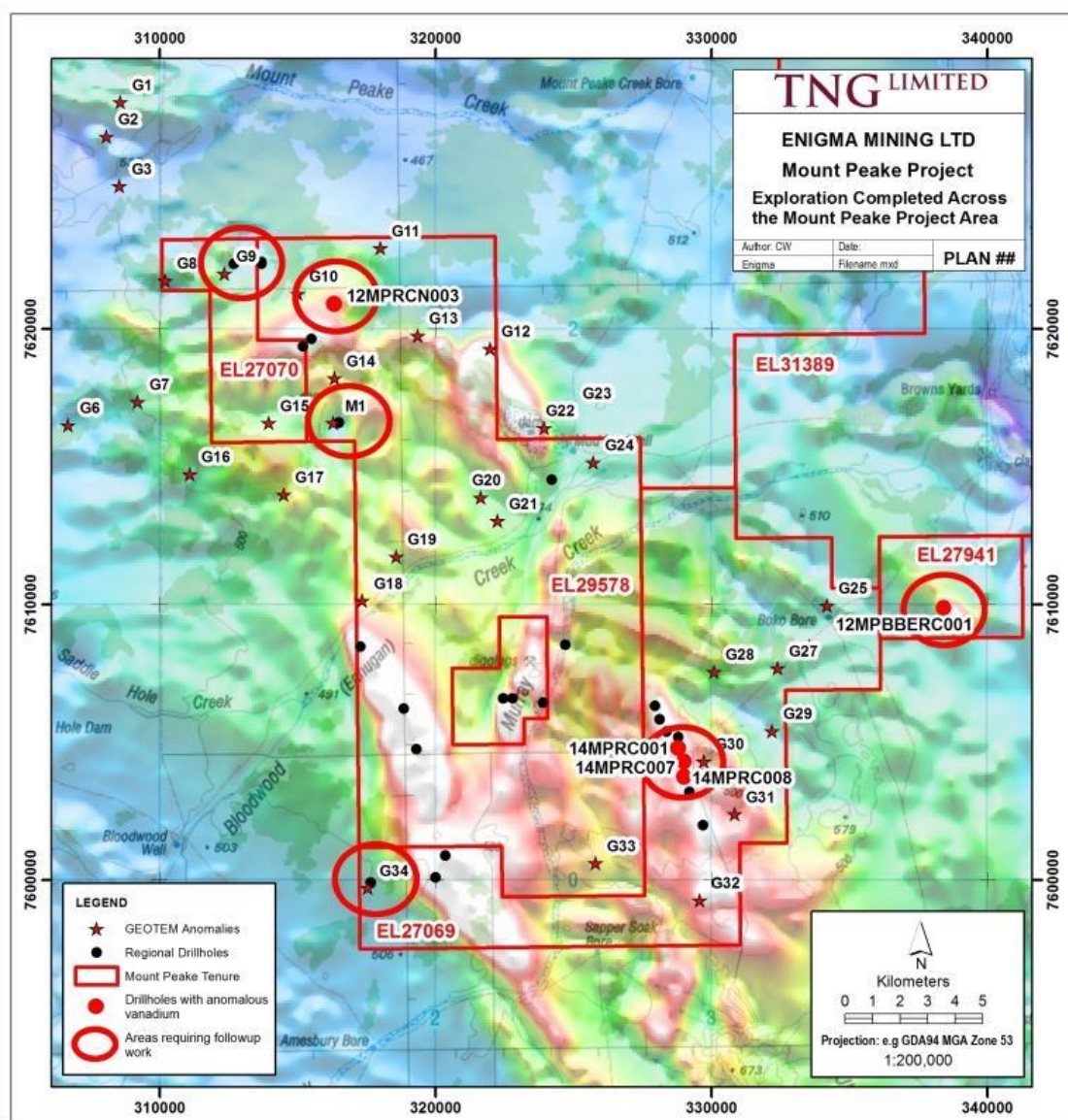


Figure 8: GEOTEM targets and regional drilling across the Mount Peake project area. HELITEM transects are shown. Drillholes with anomalous vanadium results are highlighted along with areas requiring followup exploration.