

TNT MINES LIMITED

ABN 67 107 244 039

EL27/2004

ROSSARDEN-ROYAL GEORGE

FINAL REPORT ON AREA RELINQUISHED – NOVEMBER 2012

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ABSTRACT

TNT Mines has relinquished 123 km² of EL27/2004. Although the ground was originally acquired because of its prospectivity for tin and tungsten, the relinquished area also contained one of Tasmania's few uranium prospects, the Castle Carey prospect. Uranium exploration work was carried out in 2007 and 2008. Infill airborne geophysical data was acquired across the Castle Carey graben in conjunction with the 2007 Geoscience Australia regional airborne survey of north-east Tasmania. Interpreted anomalies were followed up with ground truthing. Three RC drill holes were completed to test the potential for unconformity-related uranium mineralisation within the base of the Permo-Triassic Parmeener Supergroup sediments. Drilling results showed elevated uranium levels up to five times background within the basal few metres of sediments resting unconformably on the Ben Lomond Granite. The work demonstrated that the basal Parmeener, where it rests unconformably above the radiometrically hot Ben Lomond Granite, is likely to be prospective for uranium across a wide area stretching from west of Storys Creek to the Royal George area.

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1.0 INTRODUCTION

This is a final report on the area to be relinquished from the Rossarden – Royal George exploration licence, EL27/2004 (Figures 1, 2 and 3).

The licence was acquired as part of a program to acquire all the significant hard-rock tin and tungsten assets in northeast Tasmania which may be suitable for open pit development. EL27/2004 also contains the only significant uranium prospects in Tasmania.

Hard rock tin and tungsten in north-east Tasmania is associated with the presence of altered alkali-feldspar granites and aplites, and deposits occur both within the granites (endogranitic types) and within the Mathinna Group sediments lying above or adjacent to the intrusive granites (exogranitic types).

Endogranitic types can be broadly put into two categories: flat or relatively flat-lying greisens of relatively low grade e.g. the Anchor deposit (0.2% Sn) which are amenable to open pitting; and steeply dipping greisen/quartz greisen lodes with higher grades e.g. Royal George (0.65% Sn) and Rex Hill (grade up to 1.4%).

The exogranitic types occur as sheeted veins or fracture stock works with the Mathinna Group slates and quartzites. The ideal situation for development of this style of mineralisation is above a cupola of altered aplite, where mineralising fluids are focussed into fault fissures formed during forcible doming caused by the intrusion of the aplite. They have potential for high tonnages at moderate to good grades, e.g. Aberfoyle and Storeys Creek.

The Aberfoyle mine operated between 1916 and 1982 and produced 2.1 million tonnes of ore at 0.91% Sn and 0.28% WO₃. The Storeys Creek mine operated between 1892 and 1982 during which time it produced 1.1 million tonnes of ore at 1.09% WO₃ and 0.20% Sn.

Uranium mineralisation was discovered in 1956 in black shales near the base of the Permo-Triassic Parmeener Supergroup at Prospect Creek, approximately 8 kilometres north of Avoca (within the relinquished area of EL27/2004). The radiometrically hot Devonian Ben Lomond Granite is the likely source of the uranium and the contact with the overlying Parmeener Supergroup rocks is unconformable.

North-east Tasmania has had sporadic exploration for sediment-hosted uranium mineralisation since the early 1970's and is summarised briefly below.

- International Mining Corporation NL - April, 1970
Drilled 8 percussion holes in the Permo-Triassic sediments west of Castle Carey Graben for 1135' (346m) ranging from 30' to 230'. Holes were gamma logged but not assayed. Only three holes penetrated the underlying granite. High cps readings in one hole and at surface near another hole. Proposed further drilling did not occur. (Hall *et al.* 1970)
- Getty Oil Development Company Limited and Tenneco Australia Inc - November 1972 – January 1973
The company drilled 122 rotary holes for 39,783' (12,125m) in the Tertiary Launceston Basin exploring for sedimentary uranium. They failed to discover any significant radioactivity. (Middleton, 1973)
- CRA Exploration - 1981
The company drilled 6 percussion holes for 399 metres on flats at Royal George, exploring for tin and uranium. Lots of drilling problems and not considered to be a comprehensive test. (Dunn, 1981)

1.1 Location and tenure

The licence is located around the towns of Avoca, Royal George and Rossarden in the Fingal valley, approximately 30km south-east of Launceston (Figure 1). Avoca is the main centre and is accessed via the Esk Main Road Hwy, off the Midlands Highway. Access through the tenement is via sealed and unsealed public roads and four-wheel drive tracks. The tenement can be found on the St Pauls (1:100,000) LTIS map sheets.

Topographically the area is of variable. The tenement is dissected by the broad valleys of the South Esk and St Pauls rivers. Undulating grazing and cropping land to the south rises to the forested foothills of the dolerite massif of Snow Hill while to the north there is a sharp rise to the peneplaned St Clair surface at 600-800 metres. The area is mostly forested with some grassy country. The surface is deeply dissected to the south by several creeks including Storeys Creek, Aberfoyle Rivulet and Castle Carey Rivulet and to the north rises up through dolerite scree to the 1500m Ben Lomond massif which lies just to the north of the tenement.

The licence originally occupied 212 km² and the relinquished portion of the tenement covers an area of 123 km². The retained and relinquished portions are shown in Figure 2. The licence is owned and managed by TNT Mines Limited.

E27/2004 was granted to Allstrong Investments Pty Ltd on 27 November 2004. Minemakers Limited (“Minemakers”), via its wholly owned subsidiary, Minemakers Australia NL, purchased Allstrong outright on the 23rd November 2006. Allstrong subsequently underwent a change of name to Minemakers TTT Pty Ltd on the 18th May 2007. On the 15th April 2011, Minemakers TTT Pty Ltd changed its name to TNT Mines Limited. On the 19th July 2011, TNT Mines Limited demerged from the Minemakers group to become a separate public unlisted company.

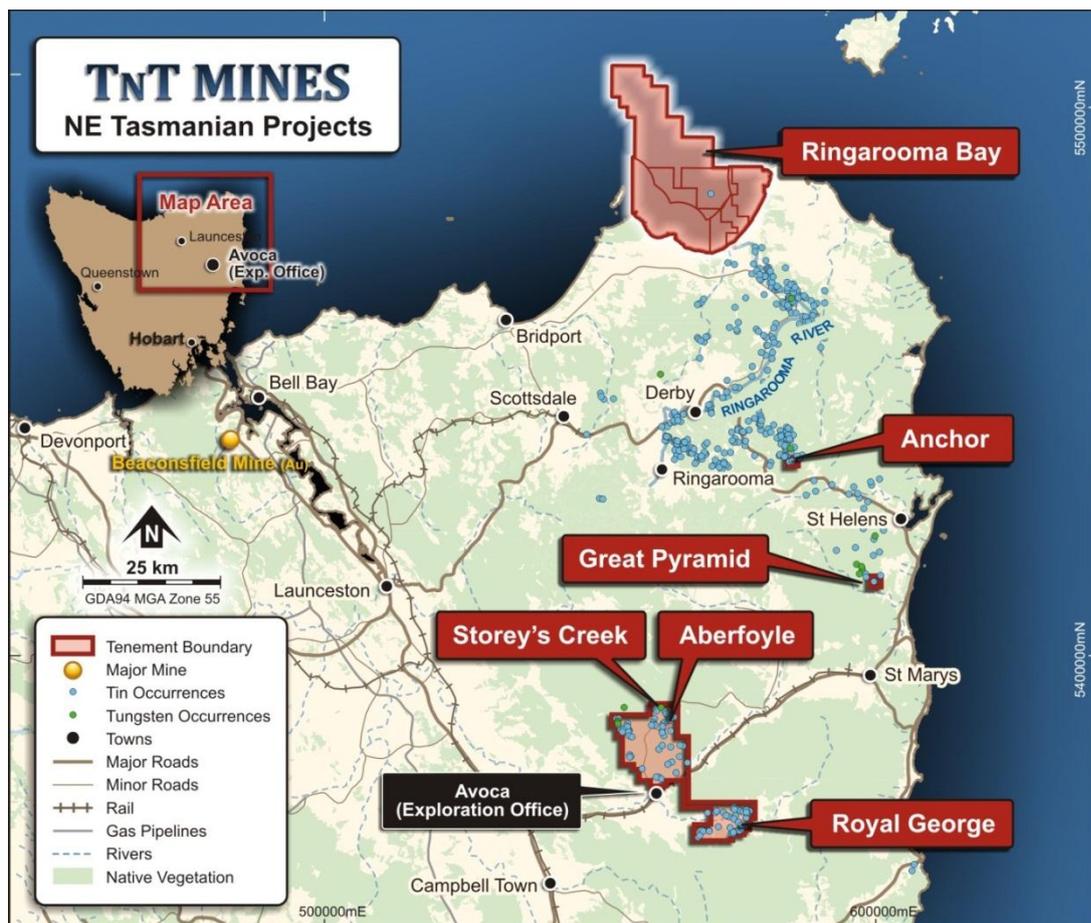


Figure 1: Location plan of TNT Mines tenements in north-east Tasmania

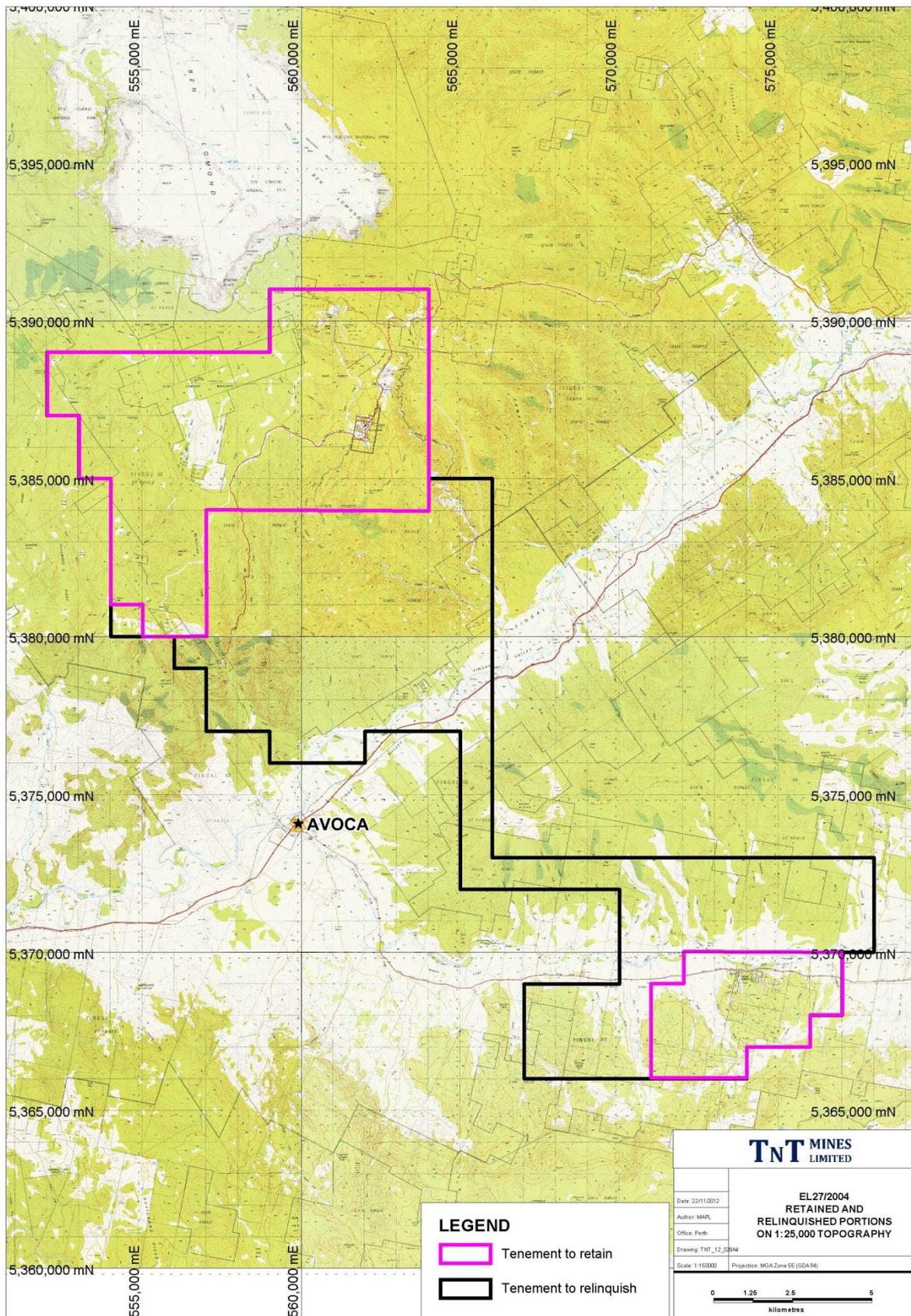


Figure 2: EL27/2004 areas to be relinquished and retained

1.2 Geology overview

1.1 Regional geology

The pre-Carboniferous geology of northeast Tasmania is dominated by a folded and faulted package of early possibly Cambrian - Ordovician to Devonian turbidites, the Mathinna Supergroup, into which several batholiths of both I-type and S-type granite have intruded.

The Mathinna Supergroup typically comprises fining-up Bouma sequences of less than two metres thickness and have been subdivided into two associations; an older shale-dominated succession to the west and a younger shale-sandstone succession. The older one has experienced an extra deformation which has produced recumbent folding suggesting a faulted or unconformable contact with the younger succession which displays upright, open to closed folding resulting from two Devonian deformations. Gold mineralisation is associated with Devonian deformation and magmatism.

Three separate composite I-type and S-type granitoid batholiths intrude the Mathinna Supergroup rocks at relatively high crustal levels and are composed of hornblende-biotite granodiorite, biotite granite/adamellite and alkali feldspar granite. There is a statistical compositional trend towards more felsic, fractionated granite and monzogranite with decreasing age and a regional westward younging across northern Tasmania.

Tin and tungsten mineralisation is associated predominantly with strongly fractionated alkali-feldspar granites and includes tin greisens at Anchor and Royal George and quartz vein tin and tungsten deposits at Aberfoyle and Storey's Creek.

Mathinna Supergroup and granitic rocks are unconformably overlain by relatively flat-lying Permo-Triassic sediments, the Parmeener Supergroup, into which sills of Jurassic dolerite have been intruded. Uplift and faulting is associated with basaltic volcanism in the Tertiary and placer cassiterite deposits formed in parts of northeast Tasmania, including Ringarooma Bay. Minor sedimentation followed in Pleistocene to Recent times.

The country rock in the area of the Royal George Mine consists of granitic rocks which intrude Silurian to Devonian sandstones and siltstones of the Mathinna Beds. The main granite is coarse grained with porphyritic feldspar and biotite in a groundmass of quartz, feldspar, and biotite, with accessory tourmaline. This granite also exhibits other phases in some localities such as pegmatites, graphic granite, aplitic dykes, etc. Extremely hard fine grained granite is also present but shows no particular relationship to the mineralisation which is present in both types of granite. The granites are assigned a Devonian age and are considered to be variants of the Ben Lomond granite.

1.2 Deposit geology

1.2.1 Tin (tungsten) - Royal George Mine

At Royal George, tin mineralisation has been introduced into the granitic rocks over a strike length of 250m. The deposit is formed by a steeply dipping zone of lodes striking at 310° to 320° and dipping 75° to 82° to the southwest. The lodes are variably spaced and the group narrows to the north. They are variously described as joints or fracture planes with some showing good slickensides. The zone of mineralisation plunges shallowly to the north. A surface plan showing the old open pit and the location of the drill hole collars is presented as Figures 7 and 8

Pneumatolytic fluids have travelled up the lodes altering the granite to greisen and introducing tin and base metal sulphides into the wall rock. This mineralisation penetrates the walls of the lodes to varying extents, typically up to 1.5m wide, and the mineralised group of lodes may be up to 20m

wide but not continuously mineralised over this width. Between 5-20% disseminated pyrite, sphalerite, arsenopyrite and chalcopyrite are present in the strongly mineralised greisen bands. Sulphides average 3% within the host granite for 30m each side of the main zone of mineralisation. The cassiterite is described as fine grained and rarely visible but coarser cassiterite is reported in the higher grade zones below the old stoping.

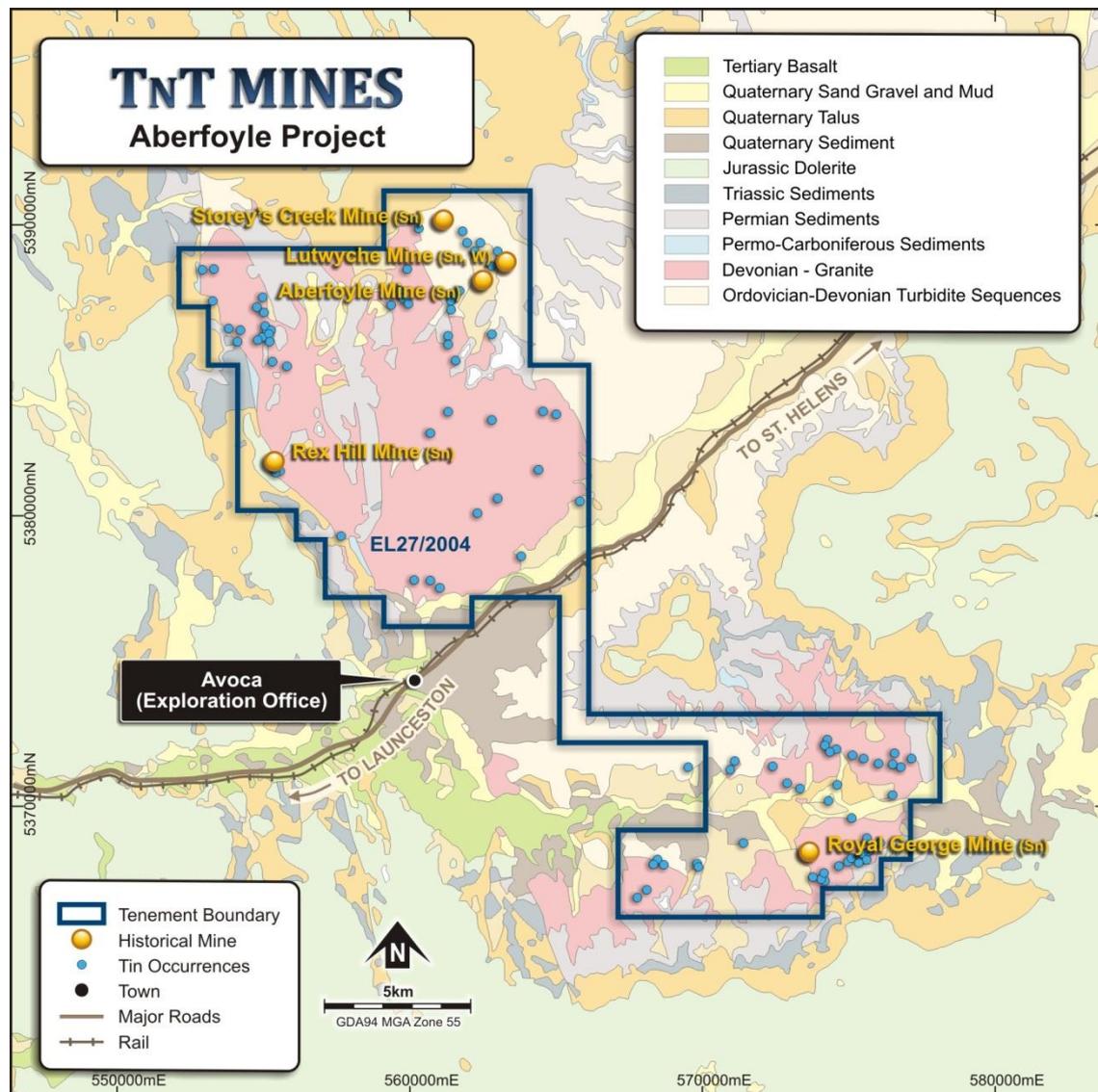


Figure 3: Regional geology - EL27/2004

1.2.2 Uranium – Prospect Creek, Castle Carey Graben

The Prospect Creek occurrence was discovered by prospectors B. Pitchford and C. Eadie in 1956. Prospect Creek is a tributary of Castle Carey Creek which has incised into the Permian sediments within a faulted trough. The basal beds include coarse grits and conglomerate bands, with up to 10 feet (3m) of black shales. The black shales are carbonaceous, sometimes brown, and contain pyrite often as small nodules, indicating deposition in an anaerobic environment. The black shale is similar to oil shale and will burn on ignition. In the creek bed, analyses showed 0.014% (140ppm) U_3O_8 over a 4ft (1.22m) interval in black siltstone at the base, followed by 3ft (0.92m) of black shales containing 0.03% (300ppm) U_3O_8 . The black shales are not completely continuous and sometimes give way to arkose (Hughes, 1956; Blissett, 1959).

1.3 Exploration Rationale

EL27/2004 was acquired to test the potential for development of open pit mines to exploit the remaining tin and tungsten resources at the old Aberfoyle, Storeys Creek and Royal George mines and to explore for new deposits over the remainder of the tenement area. Predictions of sustained growth in tin and tungsten demand and prices coming off historical lows underlay the acquisition of the project. EL27/2004 contains one of the most significant tungsten-mineralised areas in Tasmania. The relinquished portion of EL27/2004 is predominantly underlain by granite with younger cover and is prospective more for endo-granitic tin and tungsten mineralisation, such as occurs at Royal George, rather than mineralisation hosted by quartz veins. The relinquished portion of EL27/2004 also partially hosts Tasmania's only area of significant uranium prospectivity. Exploration for uranium within the EL area was undertaken by International Mining NL in 1970 and by CRA Exploration in 1981.

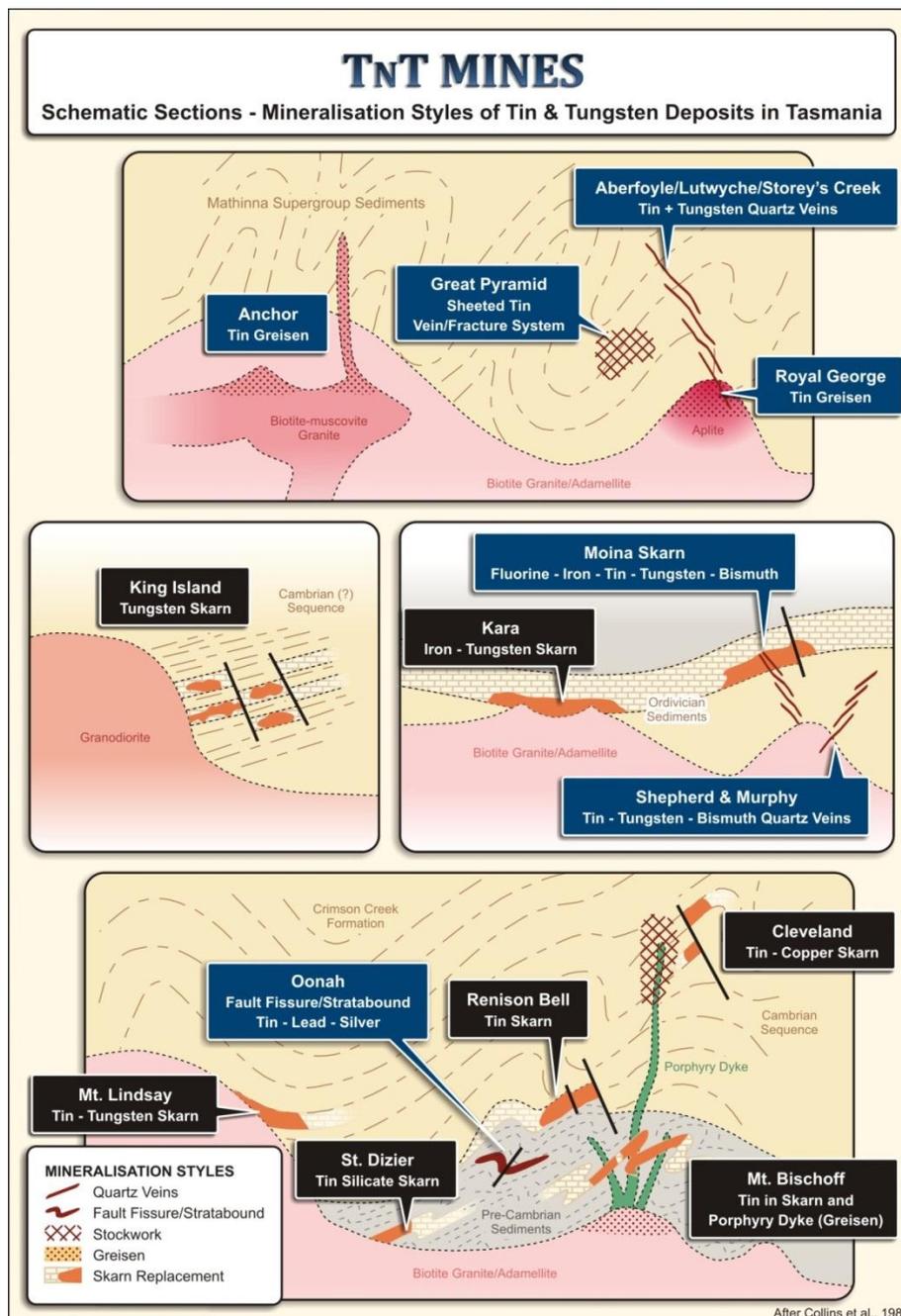


Figure 4: Schematic showing models for tin and tungsten mineralisation

2.0 REVIEW OF PREVIOUS WORK

2.1 Historic mining and exploration before current tenement

The tenement has been subject to prospecting for tin, tungsten and uranium dating back to the late 1800s.

In regard to modern exploration, International Mining NL drilled 8 percussion holes for a total of 346 metres in and around the Castle Carey Graben area targeting unconformity-related uranium mineralisation at the base of the Permo-Triassic sediments in 1970. Only three holes penetrated the underlying granite. Holes were gamma logged but not assayed. High gamma readings were detected in one hole and at surface near another hole. Proposed follow-up drilling did not occur (Hall et al, 1970).

CRA Exploration drilled 6 percussion holes for 399 metres on alluvial flats between Royal George and Avoca, exploring for tin and uranium. They encountered a significant amount of technical drilling problems and the program should not be considered a comprehensive test of the potential mineralisation (Dunn, 1982).

2.2 Exploration during current tenement

2.2.1 Airborne geophysics

In 2007, Minemakers Limited acquired infill airborne geophysical data over the Castle Carey Graben area as part of the Geoscience Australia Airborne Geophysical Survey of North Eastern Tasmania. The purpose of this work was to infill the government regional survey to 100 metre line spacing and to acquire data to use in the assessment of uranium prospectivity. A total of 111 line kilometres were flown and the following data were acquired:

- Total magnetic intensity
- Total count
- Potassium
- Thorium
- Uranium
- Digital elevation

Raw radiometric data including total count, potassium, uranium and thorium were extracted from the government airborne geophysical survey of NE Tasmania to cover Minemakers tenements. This was added to the Minemakers infill airborne geophysical survey over the Castle Carey graben.

Ratios U:Th, K:Th and U/U+Th were calculated with the U:Th ratio being used to assess subtle uranium-biased anomalies. These calculated variables were processed in Data Desk using box plots and scatter plots to define potential values of interest and classified as:

- Extreme Outliers
- Outliers
- Sub-Outliers.

These three categories occupy the top 25% of the data profile. Colour circles with increasing diameter were assigned to each of the three categories and plotted at 1:25,000 over MRT coloured geology. Visual inspection of 1:25,000 plots then identified clusters of interest. These clusters were digitized and re-plotted at 1:10,000 for field use. This work resulted in the recognition of 31 clusters located in nine prospects below. Only one of the prospects is on the relinquished portion of EL27/2004 – Castle Carey (CC1-6). The anomalies are shown on the plans included in Appendix 7.

- Ben Lomond Marshes (8 clusters: BE1-8),
- Bark Hut Flats (BH1-2),
- Castle Carey (CC1-6),
- Dalrymple Hill (DH1),
- Forbes Creek (FC1-7),
- Pole Creek (PC1-4),
- Rossarden Road (RR1),
- Rossarden East (RE1)
- Rossarden West (RW1).

2.2.2 Rock chip sampling and reconnaissance work

An experienced uranium geologist, Syd Morete, spent approximately one month in Tasmania ground truthing anomalies derived from airborne geophysics. Most of the work was conducted on the retained part of EL27/2004 and EL59/2007, now surrendered.

A Scintrex GRS500 spectrometer was used to assess radioactivity. All readings are from the Total Count (TC1) channel which records total contributions from potassium, uranium and thorium in counts per second (cps).

A RadEye personal radiation detector was used to measure radioactivity emanating from the 7 rock samples collected for assaying. Readings are in counts per second. The RadEye reads lower than the GRS500 by about one order of magnitude.

A Garmin GPSmap 60CSx instrument was used for navigation. It has a high-sensitivity receiver with improved satellite reception for challenging topography. Once locked on satellites, the instrument never lost signal reception even in the steep-sided valleys at Prospect Creek and Castle Carey Rivulet. All GPS Map readings relate to Zone 55 G and were downloaded at the end of each day. Elevations readings are approximations.

A total of 7 rock chip samples were collected at various localities as detailed in Table 1. They were submitted to ALS for a four acid digest (ME-MS61) that included assaying by ICP-MS techniques for the following 48 elements: Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn and Zr. Selected elements from Tourtelot, 1979 are listed in Table 3 and extreme outliers highlighted in red and outliers in pink.

SampNo	GDA94_E Zone 55 G	GDA94_N Zone 55 G	RadEye (cps)	MagSus1	MagSus2	Lithology
CC34-1	557973	5383515	15	0.002	-0.15	gray-black shale
CC37-1	557903	5383947	15	0.142	0.114	ferruginous silty shale
CC61-1	557022	5382749	18	0.218	0.430	carbonaceous sandy silt
CC61-2	557022	5382749	26	0.025	0.012	silty sandstone
CC61-3	557022	5382749	16	0.767	3.56	hematitic silty sandstone
CCP1	558549	5381478	41	0.032	0.042	black shale
CCP2	558549	5381478	70	-0.08	0.011	black shale

Table 1: Details of Rock Samples, Rossarden area, EL27/2004

2.2.3 Castle Carey drilling

A three hole RC program for a total of 232m was completed at the Castle Carey prospect between 12/09/07 and 18/09/07 by Tasmanian Drilling Enterprises. The program utilised a truck-mounted B40 rig with a compare compressor delivering 650CFM x 250psi. Heavy water inflow at about 30 metres depth resulted in slow drilling and wet samples. Each hole achieved the target stratigraphic

horizon: carbonaceous Permian sediments directly above the unconformable contact with the underlying Devonian Ben Lomond Granite.

Hole_id	GDA55G_E	GDA55G_N	RL	Dip	Depth (m)
CCRC001	558468	5382126	488	-90	52
CCRC002	558409	5383300	581	-90	87
CCRC003	558441	5383622	570	-90	93

Table 2: Details of Minemakers RC Drilling, Castle Carey Graben.

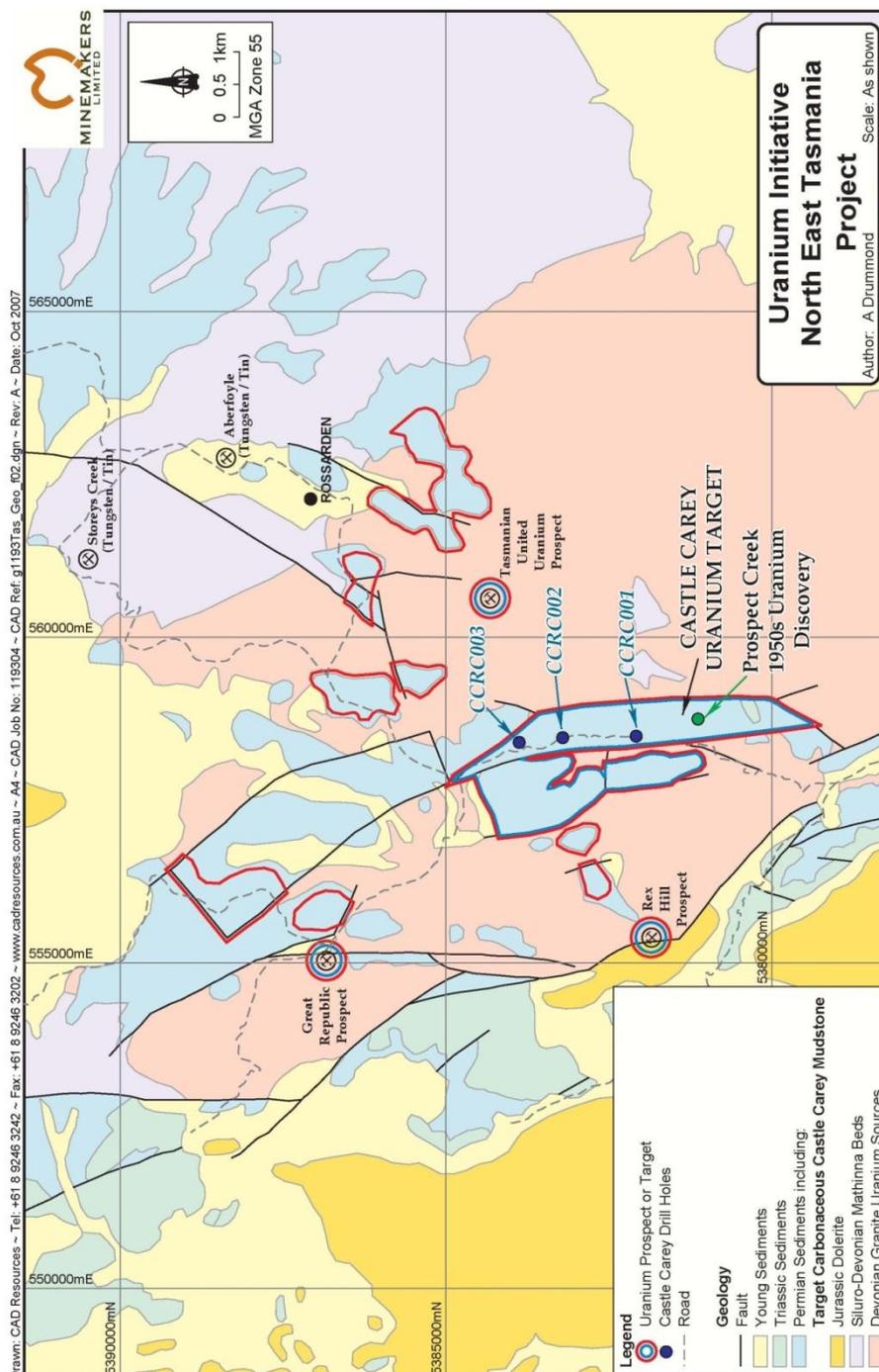


Figure 5: Uranium targets, geology and drill hole location

3.0 WORK COMPLETED DURING THE REPORTING PERIOD

No work was undertaken on the area to be relinquished during the reporting period.

4.0 DISCUSSION OF RESULTS

4.1 Geophysics

4.1.1 Airborne geophysics

Although the desk top processing produced a significant number of anomalies, the large variation in terrain clearance for the survey due to topographic constraints on flight paths and altitudes probably decreases the confidence in this method of anomaly generation. It is likely that there are significant artefacts present in the data as evidenced by the presence of anomalies across all rock types including Jurassic dolerite. A better approach would be to conduct ground traverses with a scintillometer.

4.1.2 Rock chip chemistry

The extremely steep terrain within the Castle Carey graben resulted in rock chip sampling being confined to Storys Creek road and the main creek bed. The historic discovery at Prospect Creek is located at 558549E 5381478N. A large costean is evident and soft weathered grey carbonaceous shale (1350-1900cps) is exposed below indurated silty sandstone. A 20cm channel sample was cut and sampled (CCP1). Stratigraphically below this horizon, an old excavation has exposed some black carbonaceous shale with readings up to 3950cps. Pieces of this material were sampled (CCP2). One of the pieces contained a circular nodule of 15mm diameter, presumably pyrite. Black shale exposures amount to about 2m vertical. Radiometric readings from the surrounding granite may reach 800cps (WP025: 558386E 5381481N 457m on Storys Creek Rd).

SampNo	Ag ppm	Co ppm	Cr ppm	Cu ppm	Mo ppm	Ni ppm	Se ppm	Th ppm	U ppm	V ppm	Zn ppm	U:Th ratio
CC34-1	0.09	0.5	27	12.3	1.24	1.6	1	9.5	1.9	98	6	0.2
CC37-1	0.11	2.2	31	9.4	5.89	3.2	10	3.4	1.4	34	61	0.4
CC61-1	0.19	0.9	26	8.0	2.06	3.5	<1	8.9	12.8	34	5	1.4
CC61-2	0.14	0.8	13	7.6	7.51	2.0	<1	8.7	15.2	16	20	1.7
CC61-3	0.08	0.6	30	6.9	3.22	2.1	<1	13.0	2.9	66	3	0.2
CCP1	0.20	2.1	83	35.1	14.50	16.8	4	34.5	194.0	81	21	5.6
CCP2	0.23	2.5	33	11.1	26.70	18.4	3	25.5	191.0	24	40	7.5

Table 3: Selected Results of Rock Chip Sampling, Rossarden Area

4.2 Drilling

4.2.1 Castle Carey drilling

Minemakers completed three RC drill holes (CCRC001-003) into the black shale in 2007. The best results were CCRC001: 43-46m, 3m averaging 93ppm U in fresh dark grey silty sandstone and CCRC003:83-86m, 3m averaging 99ppm U in fresh light gray-green to dark gray quartz sandstone and black shale.

The target horizon was radiometrically anomalous in each hole with up to six times background counts recorded using a scintillometer. Best results were 3m @ 92ppm U in CCRC001 and 1m @ 186ppm U in CCRC003. Drilling data files are included in Appendices 2, 3, 5, 6 and 8. A plot of down hole gamma variation is shown in Figure 6.

Castle Carey Drilling - Downhole Relative Gamma Count

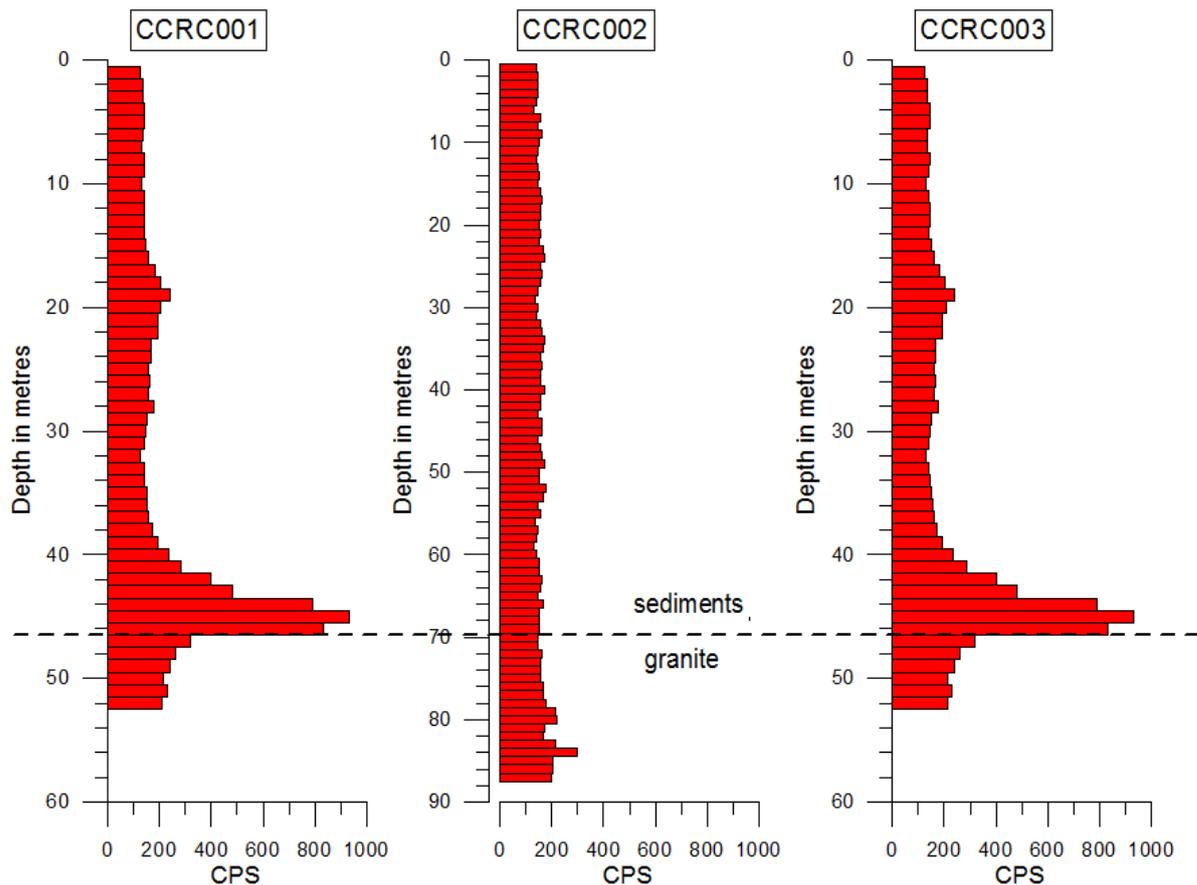


Figure 6: Relative down hole gamma count – Castle Carey drilling

4.3 Overview

4.3.1 Uranium target type

Based on all the work carried out and reference to the literature, the target deposit type in the Rossarden area is tabular black shale sedimentary uranium deposits proximal to uraniumiferous Devonian granites. This style of deposit may be enhanced in grade by proximity to structures that facilitate groundwater movement and sumps in the palaeo-topography at the time of deposition.

Occurrences in the Castle Carey graben are limited by narrow boundary faults within a steep scarp environment with attached environmental problems whereas occurrences in uplifted blocks appear to be unaffected by tectonics and are more extensive.

A model for mineralisation is presented in Figure 7 below.

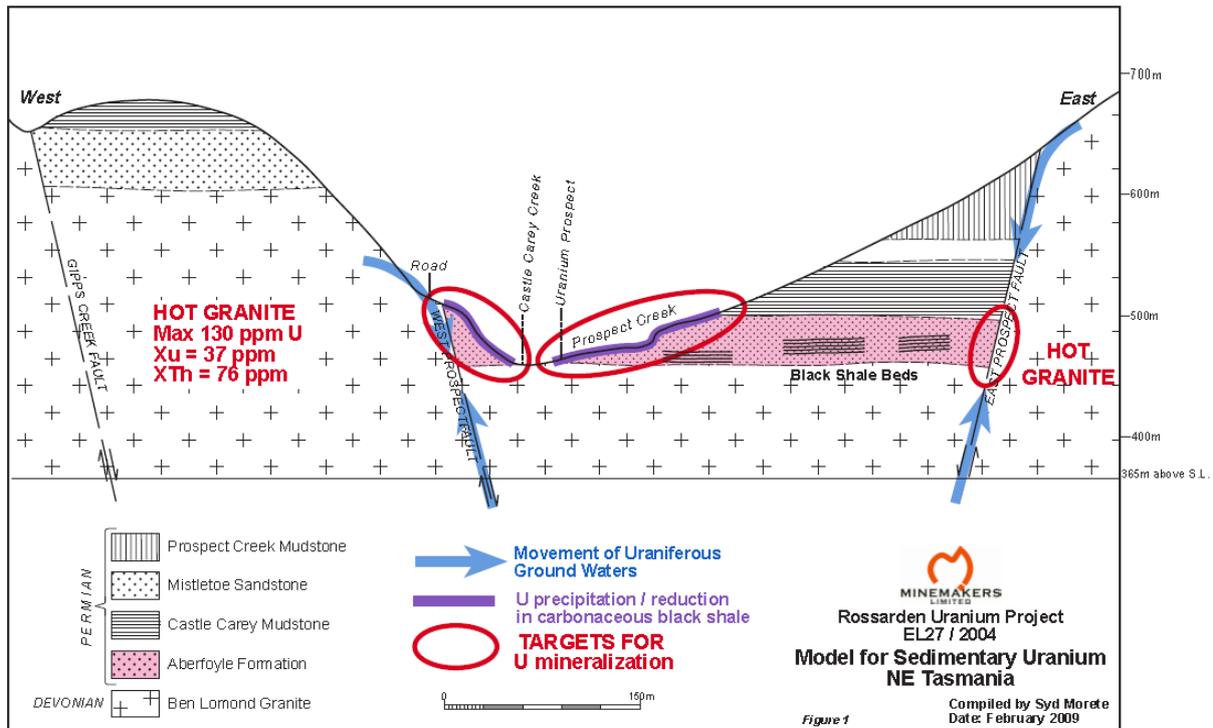


Figure 7: Model for sedimentary uranium NE Tasmania

4.3.2 Assessment of uranium potential of black shales

In the Rossarden area, geological mapping has demonstrated the presence of black shales and limited exploration has shown that some occurrences are uraniferous. Source rocks have been demonstrated by exploration since the mid-1950's. The presence of both primary and secondary uranium minerals associated with a granite stock has been demonstrated.

Uranium exploration in the 1970's by Esso Exploration confirmed the Ben Lomond Granite was a "hot" granite with a maximum assay of 130ppm U in a porphyritic microgranite but often accompanied by higher thorium values (Pohl, 1978).

International Mining Corporation (1970) reported on eight percussion drill holes (PDH1-8) aimed at assessing the uranium potential of the basal sediments overlying the Devonian granites.

A tentative stratigraphic correlation is presented in Figure 8 below.

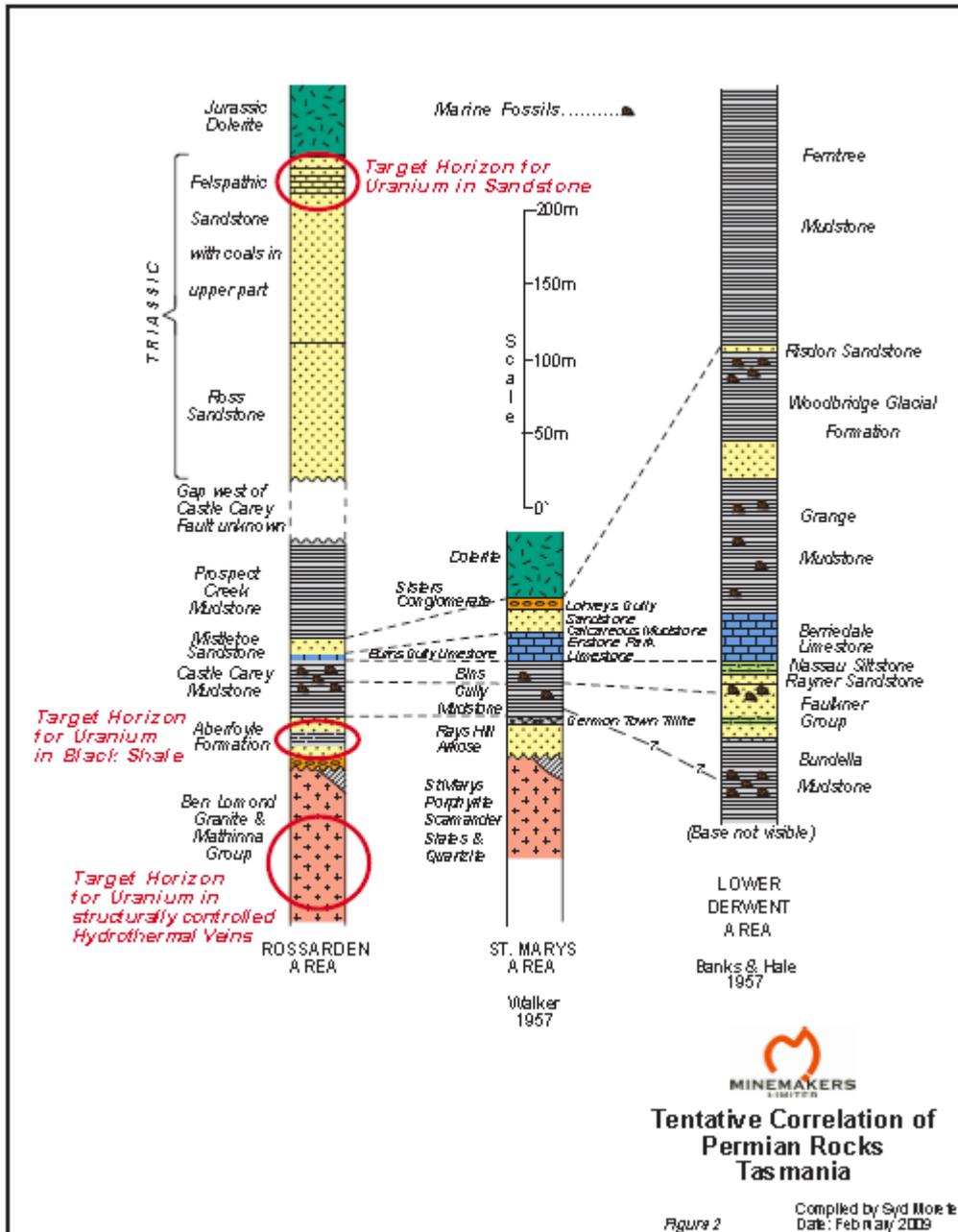


Figure 8: Target horizons for uranium mineralisation NE Tasmania

4.3.3 Prospect size and uranium endowment

Various scenarios of in-ground prospect tonnage and grade have identified a target. A target potential of one square kilometre with a black shale thickness of 3m, density of 2 and grade of 300ppm (or 900ppm.metres) would total 6,000,000t and contain 1,800t U. These are not unreasonable figures for this style of deposit.

5.0 CONCLUSIONS AND FUTURE WORK

TNT Mines has applied to surrender 133 km² of EL27/2004.

Although the relinquished ground has some prospectivity for tin and tungsten, commodity elements of interest to TNT Mines, the prospectivity on the relinquished portion is considered to be substantially lower than on the retained portion of EL27/2004. The relinquished ground does have very good prospectivity for sediment-hosted and hydrothermal vein uranium mineralisation, however, uranium is not a commodity of interest to TNT Mines.

The thickness of the black shale at Prospect Creek within the Castle Carey graben is of the order of 3-5m as demonstrated by geological mapping and Minemakers RC drilling. The average grade of two intersections is almost 100ppm U.

To establish a tool for prospectivity and evaluation, a minimum-mining thickness of 3m averaging 300ppm U is stipulated. A one square kilometre panel with these parameters would contain about six million tonnes. At an average grade of 300ppm U, about 1800t U is indicated.

6.0 ENVIRONMENT

No major ground-disturbing work was carried out in the reporting period. The three RC drill holes at the Castle Cary prospect have been completely rehabilitated.

7.0 REFERENCES

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APPENDIX 1
GPX airborne survey report

APPENDIX 2
Drilling assay certificates

APPENDIX 3
Drilling assay data

APPENDIX 4
Rock chip assay certificates

APPENDIX 5
Drilling geology data

APPENDIX 6
TNT Mines standard logging codes

APPENDIX 7
Castle Carey drill sections

APPENDIX 8
Airborne radiometric anomaly plans

