

# RIO TINTO

31 May 2005

Titles Division  
Department of Business Industry and  
Resource Development  
GPO Box 3000  
DARWIN NT 0801

**Attention: Kylie**

Dear Kylie

## **Exploration Licences 1924, 1925 and 3405**

Please find attached correspondence relating to Exploration Licences 1924, 1925 and 3405 which provides the following:

### **EL 1924**

Variation of covenant for year 1 (including fee \$50)  
Proposed work program and expenditure for year 2  
Proposed work program and expenditure for year 3  
Application for waiver of compulsory partial surrender

### **EL 1925**

Variation of covenant for year 1 (including fee \$50)  
Proposed work program and expenditure for year 2  
Variation of covenant for year 2 (including fee \$50)

### **EL 3405**

Variation of covenant for year 1 (including fee \$50)  
Proposed work program and expenditure for year 2  
Variation of covenant for year 2 (including fee \$50)  
Proposed work program and expenditure for year 3  
Application for waiver of compulsory partial surrender

We are still finalising area to be retained and work program for EL 1925 for year 3. This will be forwarded before the due date (27 June 2005)

Regards

**TRIM Registered**  
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DEPT. BUSINESS, INDUSTRY  
& RESOURCE DEVELOPMENT  
- 3 JUN 2005  
RECEIVED - BIF  
CORPORATE INFORMATION  
MANAGEMENT

*Michelle Blair*  
**Michelle Blair**  
**Land Access Superintendent**

Rio Tinto Exploration Pty. Limited (ABN 76 000 057 125) 37 Belmont Avenue Belmont WA 6104 Australia  
Telephone +61 8 9270 9222 Facsimile +61 8 9270 9223  
Postal Address: PO Box 175 Belmont WA 6984 Australia

# RIO TINTO

30 May 2005

Mr Alan Holland  
Titles Administration  
Department of Business Industry and  
Resource Development  
GPO Box 3000  
Darwin NT 0801

Dear Sir

## **Exploration Licence 3405**

Exploration Licence 1924, 1925 and 3405 along with Exploration Licences 1638, 1639, 1640, 1641, 1923, 3403, 3404, 3406, 6516, 6517, 6551 and 22218 were applied for by Ashton Mining Limited and A.O (Australia) Pty Limited in the late 1970's and early 1980's. After progressing through the Aboriginal Land Rights Act (ALRA) process, the majority of the licences were granted in September 2002. This group of tenements became known as the Yambarra Project and comprised 1638, 1639, 1640, 1641, 1923, 3403, 3404, 3406, 6516, 6517, 6551 and 22218.

Exploration Licence 1924, 1925 and 3405 were not granted with the initial group of tenements, these were granted the following year (28 July 2003) and were therefore excluded from the initial exploration program.

The initial work program on the Yambarra Project commenced following grant and comprised a helicopter supported gravel, stream sediment and rock chip sampling program. Total expenditure on the Yambarra Project in the first year of tenure totaled \$849,946 which is in excess of the total expenditure covenant for the entire Yambarra Project area including EL 1924, 1925 and 3405.

During desktop review it was considered that Exploration Licences 1924 and 3405 are more prospective for bauxite than for diamondiferous kimberlite / lamproite.

The initial work program was planned for Exploration Licence 1924, considered the most prospective of the group, for the first year of tenure (see attached letter).

Subject to encouraging results of the initial phase of the work on EL 1924, the program is planned to test EL 3405. The work on EL3405 is largely dependent on encouraging results from EL 1924. The delays encountered in obtaining a work program clearance for the initial phase of the planned exploration on EL 1924 has therefore impacted on the proposed work for EL3405 resulting in a shortfall of expenditure for year one.

Year 1 Expenditure for EL 3405 was \$1300 against a covenant of \$30,000. Accordingly, a variation of covenant is respectfully requested, our cheque in payment of the prescribed fees is enclosed.

### Proposed Program for Year Two

The proposed work program for year 2 of tenure is to include those activities not conducted in year 1, subject to the completion of a work program clearance and completion of the initial phase of exploration on EL 1924. These activities will include:

- geological mapping,
- stream and rock chip sampling,
- mechanical soil auger sampling,
- track construction
- shallow air core (percussion) drilling.

Proposed expenditure for Year 2 on EL 3405 is \$30,000

Delays associated with obtaining work program clearances have prevented the initial work program being undertaken during year 1 and year 2.

Year 2 Expenditure for EL 3405 was \$2200 against a covenant of \$30,000, a variation of covenant is respectfully requested, our cheque in payment of the prescribed fees is enclosed.

### Proposed Program for Year Three

Rio Tinto is hopeful that the initial phase of the work program on EL 1924 will be completed before the end of year two in July 2005.

Following the successful completion of this first phase of exploration on EL 1924, the program will extend to EL 3405, pending successful clearance by the Traditional Owners. Proposed exploration includes:

- Work program clearance meeting and survey
- geological mapping,
- stream and rock chip sampling,
- mechanical soil auger sampling,
- track construction
- shallow air core (percussion) drilling.

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| Date: 8/6/05 S.S     |
| By: RJ VOC & waiver  |

Proposed expenditure for Year 3 on EL 3405 is \$30,000

Until the completion of the initial work program, insufficient information is available to make an informed decision on areas to relinquish. Further time is required to undertake the expanded initial work program, receive and further evaluate the results of the sampling programs and plan further exploration activities.

Accordingly, A.O (Australia) Pty Limited hereby make application under the provisions of Section 28 of the Mining Act to waive the Section 26 requirement to reduce, by 50% the area of the Exploration Licences at the end of year two on 27 July 2005.

In anticipation of a favourable response to this request, the tenement rent for the entire tenement area has been paid for year 3 of the Exploration Licence.

Yours sincerely

A handwritten signature in black ink, appearing to be 'MB', enclosed within a large, loopy oval flourish.

**Michelle Blair**  
**Land Access Superintendent**

# RIO TINTO

30 May 2005

Mr Alan Holland  
Titles Administration  
Department of Business Industry and  
Resource Development  
GPO Box 3000  
Darwin NT 0801

Dear Sir

## Exploration Licence 1924

Exploration Licence 1924 'Cape Ford', was originally applied for in 1978 and after progressing through the Aboriginal Land Rights Act (ALRA) process the tenement was eventually granted to A.O (Australia) Pty Limited on 28 July 2003.

## Exploration Licence 1924 Year One

Following grant Rio Tinto undertook to complete an initial exploration program comprising general reconnaissance involving geological mapping, stream and rock chip sampling, and mechanical soil auger sampling, as well as track construction and shallow air core (percussion) drilling, as detailed in our Mine Management Plan No 26460.

Prior to undertaking the planned exploration, Rio Tinto has sought to have the work program clearance conducted by the Northern Land Council. Rio Tinto was unsuccessful in securing a work area clearance meeting in the first year of tenure. As a result the proposed exploration program was not undertaken.

Expenditure on year 1 amounted to \$10,767 comprising tenement and land access payments and indirect costs, there were no on ground activities conducted on the tenement in year 1. Accordingly a variation of covenant for year 1 is respectfully requested, our cheque in payment of the variation of covenant fee is enclosed.

The proposed work program for year 2 of tenures is to include those activities not conducted in year 1, subject to the completion of a work program clearance. These activities will include:

- geological mapping,
- stream and rock chip sampling,
- mechanical soil auger sampling,
- track construction
- shallow air core (percussion) drilling.

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| Date: 8/6/05                            |
| By: [Signature]                         |

Proposed expenditure for Year 2 is \$60,000.

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## Exploration Licence 1924 Year Two

A work area clearance meeting was convened in August 2004, this meeting was to be immediately followed by a field inspection to conduct the work program clearance. However, due to an untimely illness on the evening of the meeting the subsequent field inspection was cancelled and the work program was not authorised to commence.

This work program clearance has remained on Rio Tinto's clearance priority list with the NLC, and a work program clearance has been tentatively arranged for June 2005, Rio Tinto are awaiting confirmation of logistical arrangements from the NLC.

Year to date expenditure for year two has been \$62,677. These expenses were primarily incurred in arranging the work area clearance meeting.

Subject to a successful work program clearance being undertaken as planned, the initial work program will be undertaken in July 2005. It is intended that the work will be completed before the second anniversary of the Exploration Licence.

The proposed program for Year 3 will include the remainder of the initial work program which is not completed by the anniversary date, this is likely to include:

- mechanical soil auger sampling,
- track construction
- shallow air core (percussion) drilling

Proposed expenditure for year three is \$60,000.

Until the completion of the initial work program, insufficient information is available to make an informed decision on areas to relinquish. Further time is required to undertake the initial work program, receive and further evaluate the results of the sampling programs and plan further exploration activities.

Accordingly, A.O (Australia) Pty Limited hereby make application under the provisions of Section 28 of the Mining Act to waive the Section 26 requirement to reduce, by 50% the area of the Exploration Licences at the end of year two on 27 July 2005.

In anticipation of a favourable response to this request, the tenement rent for the entire tenement area has been paid for year 3 of the Exploration Licence.

Yours sincerely



**Michelle Blair**  
**Land Access Superintendent**

# RIO TINTO

30 May 2005

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Department of Business Industry and  
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Dear Sir

## **Exploration Licence 1925**

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Exploration Licence 1924, 1925 and 3405 were not granted with the initial group of tenements, these were granted the following year (28 July 2003) and were therefore excluded from the initial exploration program.

The initial work program on the Yambarra Project commenced following grant and comprised a helicopter supported gravel, stream sediment and rock chip sampling program. Total expenditure on the Yambarra Project in the first year of tenure totaled \$849,946 which is in excess of the total expenditure covenant for the entire Yambarra Project area including EL 1924, 1925 and 3405.

During desktop review it was considered that Exploration Licences 1924, 1925 and 3405 are more prospective for bauxite than for diamondiferous kimberlite / lamproite.

The initial work program was planned for Exploration Licence 1924, considered the most prospective of the group, for the first year of tenure (see attached letter). Subject to encouraging results of the initial phase of the work on EL 1924, the program is planned to test EL 3405.

Work on EL1925 is largely dependent on encouraging results from EL 1924 and 3405. The delays encountered in obtaining a work program clearance for the initial phase of the planned exploration on EL 1924 has therefore impacted on the proposed work for EL1925 resulting in a shortfall of expenditure for year one.

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Year 1 Expenditure for EL 3405 was \$10,156 (largely comprising tenement payments) against a covenant of \$60,000. Accordingly, a variation of covenant is respectfully requested, our cheque in payment of the prescribed fees is enclosed.

### **Proposed Program for Year Two**

The proposed work program for year 2 of tenure is to include those activities not conducted in year 1, subject to the completion of a work program clearance and completion of the initial phase of exploration on EL 1924. These activities will include:

- geological mapping,
- stream and rock chip sampling,
- mechanical soil auger sampling,
- track construction
- shallow air core (percussion) drilling.

Proposed expenditure for Year 2 on EL 1925 is \$60,000

Delays associated with obtaining work program clearances have prevented the initial work program being undertaken during year 1 and year 2.

Year 2 Expenditure for EL <sup>1925</sup>~~3405~~ was \$8405 against a covenant of \$60,000, a variation of covenant is respectfully requested, our cheque in payment of the prescribed fees is enclosed.

### **Proposed Program for Year Three**

The proposed program and expenditure for year three will be provided separately.

Yours sincerely



**Michelle Blair**  
**Land Access Superintendent**