E.L.23521

EXPLORATION REPORT

Year 2

LICENCEES: D J Langley and S Davis
OPERATIONS: As Above
PERIOD: Year 2: 27/2/2004 – 26/2/2005
MAP SHEET: PINE CREEK 1:50,000
AUTHOR: D J Langley
E.L.23521: EXPLORATION REPORT: Year 2

Area To Be Retained For Year 3 Exploration.
The area of the E.L. that is retained for Year 3 is all of the previous held Blocks west of Longitude 131 degrees 55 Minutes. This area comprises 23 Blocks as shown the attached map.

Expenditure Incurred: Year 2 (Direct Costs)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.L. Fees</td>
<td>$715</td>
</tr>
<tr>
<td>Electronic Maps</td>
<td>$250</td>
</tr>
<tr>
<td>Software (OziExplorer)</td>
<td>$180</td>
</tr>
<tr>
<td>Field Work</td>
<td>$7,000</td>
</tr>
<tr>
<td>Examination of Magnetic Imagery</td>
<td>$4,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,145</strong></td>
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</tbody>
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Proposed Exploration: Year 3
Magnetometer traverses will be carried out over the anomalous areas to the south that have already been identified from the magnetic imagery (refer attached map). Soil samples will be taken from these areas. The areas to the north have not had any exploration by us. This area will be traversed by foot, and soil and chip samples taken. Magnetic imagery of the areas will also be used to help locate anomalous areas.

Proposed Expenditure: Year 3
Proposed expenditure for Year 3 is $8,000.

D J Langley
1 March 05
Appendices: Magnetic Imagery (Map - Mary_1VD)
Year 3 Exploration – Area to be Retained

Summary:
The minerals sought on this E.L. are gold and diamonds. A gem quality diamond was found in 1880 close to the old track crossing the Cullen River. Other possible diamonds and gemstones were also reported. These historical finds are reported in the old “Warden’s Reports” and are available in the library. Our sampling has not recovered any diamonds or their indicator minerals. An area of anomalous gold mineralisation has been located on the south west side of the E.L. It is on strike with the Pine Creek gold mineralisation.

Year 2 Exploration Activities and Results

(Diamonds). Following the unsuccessful results of Year 1, limited exploration for diamonds has been carried out in Year 2. In lieu of further sampling of the Cullen River, one area of interest was located using the Airborne Magnetic Imagery that is within the catchment of previous years samples. Investigation on site found only a relatively small granite outcrop and no further exploration of this area was carried out.

(Gold): Activities for this period have been confined to the south west corner of the E.L. in the area upstream from Year 1 stream sediment Sample # 93677, which showed 21 specks of gold. Extensive traverse by foot was carried out on the generally low lying area which is the catchment of the creek from which the sample was obtained. The small outcrops observed were not considered prospective and were not sampled. However there could be economic deposits beneath the black soil of the low lying areas. We have therefore examined the airborne magnetic data down-loaded from the NT Governments TIS website. Several points of interest have been noted. Refer to points PT1 to PT10 inclusive on the attached photocopy image.

The area of interest was also detected by 2 separate prospecting parties using metal detectors over a period of 2 weeks. Both parties reported no finds, however it is interesting to note that one of the parties has asked that we transfer the exploration license to him if we are no longer interested.