



YUENDUMU MINING COMPANY N.L. ("YMC")
SECOND ANNUAL REPORT
"SAXBY PROJECT"
EXPLORATION LICENCES 8306, 8962 AND 8966
FOR THE PERIOD 11/10/97 to 10/10/98

1. SUMMARY and WORK UNDERTAKEN

The data obtained the previous year was reviewed. It became apparent that a structure of interest occurs to the north and running parallel to the major quartzite ridge referred to in last year's report.

The most encouraging results from YMC's vacuum drilling programme as well as those from the adjacent Jila Joint Venture (Normandy/YMC) drilling, all "line up". The magnetic data support this hypothesis. It should be noted that the magnetic expression of this alleged structure is somewhat masked by the strong magnetism associated with the Reynolds Range Group quartzite ridge and its sub-surface extension.

In August '98 an attempt was made at mapping the structure. Outcrops and sub-crops were found to be too sparse, and the data collected was insufficient to be presented in map form.

A further 23 laterite samples and 4 rock chip samples were collected but to date have not been submitted for analysis.

Negotiations were entered into with Tanami Gold N.L. aimed at forming a Joint Venture to explore the Saxby Project area. A draft agreement has been prepared. Progress has been delayed due to Tanami Gold experiencing difficulties in raising finance for its exploration programme (which includes the proposed Saxby Joint Venture).

2. EXPENDITURE FOR YEAR TWO:

It is estimated that total expenditure (the mapping attempt plus time spent reviewing data etc.) was of the order of \$6,000 apportioned as follows:

EL 8306	\$ 3,000
EL 8962	\$ 2,000
EL 8966	\$ 1,000

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3. PROPOSED WORK PROGRAMME FOR YEAR THREE

A. Conclude J.V. negotiations.

B. Our proposed J.V. partners have indicated they propose exploration as follows:

- (i) Imaging and interpretation of airborne magnetic data, incorporating YMC's vacuum drilling results (which would likely involve re-examination of drill chips).
- (ii) Regolith studies, including orientation lag sampling of laterite and sub-crop areas, and for EL 8966 and the south-west corner of EL 8962 sampling of calcrete (because of its succesful use in the Gawler Craton).

A RAB drilling programme would follow subject to the results from the above. No provision has been made for such drilling in the "proposed expenditure" below.

4. PROPOSED EXPENDITURE FOR YEAR THREE

EL 8306	\$ 25,000
EL 8962	\$ 8,000
EL 8966	\$ 12,000