OPEN FILE

FIRST AND FINAL

REPORT

ON

E.L. 5269 (Gumtree)

PROGRAM AND EXPENDITURE

FOR YEAR 1

11-12-1987 TO 10-12-1988
GENERAL

This exploration licence was applied for on 19-11-86 and was granted over an area of 92 sqkm on 11-12-87.

It lies 50km north-east of Alice Springs and its interest arose because of the presence of a massive quartz-hematite/magnetite formation in the style of the formations at Redrock and Harry's which contain showings of Oonagalabi-type basemetal mineralization. Field inspections revealed green malachite stainings on rock cleavage faces, which had not been recorded previously.

The quartz hematite/magnetite formation is steep dipping and forms a strong curved razorback ridge, presenting difficulties for transverse N.S. traversing.

After several inspections, it was decided that the potential for the area was a polymetallic sulphide body associated with the siliceous iron formation. This type of prospect was being explored concurrently at the nearby Redrock and Harry's Creek sites to the north and north-west.

It had been decided for these deposits that the most suitable exploration method was a modern, deep-penetrating electromagnetic method. The E.M. 37 method offered by Geoterrex of Sydney was used. The method unfortunately failed to yield strong anomalies in either of the Redrock or Harry's prospects and those anomalies at Harry's which were drilled failed to produce any sulphides.

Since the Gumtree prospect was rated a lesser prospect than Redrock or Harry's, it was decided that no geophysics or drilling could be justified and a decision was made to surrender the licence.
EXPENDITURE

Under the terms of being granted E.L. 5269 a minimum amount of $10,000 was to be expended in carrying out exploration for Year 1.

The expenditure for Year 1 totalled $1,810 being made up of the following. The minimum amount required to spend was not justified.

Licence Inspections $ 900
Sacred Sites $ 500
Aerial Photography $ 100
Drafting $ 50
Assay $ 100
Overheads $ 160
TOTAL $1,810

SURRENDER

E.L. 5269 was surrendered in November 1988.
ATTACHMENTS

1. Location of E.L. 5269.
2. Assay Results.
<table>
<thead>
<tr>
<th>No.</th>
<th>Sample No.</th>
<th>Location</th>
<th>Sample Description</th>
<th>Assay Results</th>
<th>ORDER No.</th>
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</thead>
<tbody>
<tr>
<td>5268551</td>
<td>As per Sketch</td>
<td>Various and Asbestos</td>
<td></td>
<td></td>
<td>M306526</td>
</tr>
<tr>
<td>852</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>853</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Samples collected by M. Begley, 07.04.88.
<table>
<thead>
<tr>
<th>TUBE No.</th>
<th>SAMPLE No.</th>
<th>Cu</th>
<th>Cu</th>
<th>Zn</th>
<th>Zn</th>
<th>Ag</th>
<th>Ag</th>
<th>Au</th>
<th>Pb</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>5269SS1</td>
<td>80</td>
<td>-</td>
<td>80</td>
<td>-</td>
<td>2.0</td>
<td>-</td>
<td>&lt;0.02</td>
<td>290</td>
</tr>
<tr>
<td>2</td>
<td>5269SS2</td>
<td>150</td>
<td>-</td>
<td>125</td>
<td>-</td>
<td>3.0</td>
<td>-</td>
<td>0.07</td>
<td>110</td>
</tr>
<tr>
<td>3</td>
<td>5269SS3</td>
<td>1700</td>
<td>-</td>
<td>3400</td>
<td>-</td>
<td>2.5</td>
<td>-</td>
<td>0.06</td>
<td>800</td>
</tr>
<tr>
<td>4</td>
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<td>220</td>
<td>-</td>
<td>420</td>
<td>-</td>
<td>2.0</td>
<td>-</td>
<td>&lt;0.02</td>
<td>510</td>
</tr>
</tbody>
</table>

23 | DETECTION | 5 | 0.025 | 5 | 250 | 0.5 | 25 | 0.02 | 5 |

24 | UNITS | PPM | % | PPM | PPM | PPM | PPM | PPM | PPM |

25 | METHOD | 101 | 0.01 | 101 | 601 | 101 | 601 | 329 | 101 |

Results in ppm unless otherwise specified.
T = element present; but concentration too low to measure.
X = element concentration is below detection limit.
Mike Begley,
Project Engineer,
MacMahon Constructions Pty Ltd,
52 Smith Street,
ALICE SPRINGS N.T. 0870

6th May, 1988

Dear Mike,

Yambah exploration lease

A further inspection and consultation were carried out on Thursday 5th May with Aboriginal people pertaining to the above.

I confirm that no other sites lie in the E.L. 5267 apart from the Red Rock Hill Tanalbala which is outlined on the enclosed mud map.

The shaded areas outlined on the topographic survey map given to me are free of sites. However, two sites lie in the Narbib Range, but may be just outside of E.L. 5269.

Some of the elders of the McMillan and Lynch families who are residents of the Yambah Station area and traditional owners were difficult to locate, and it may be necessary to carry out a further inspection if any dozing is required in the Narbib Range.

I have enclosed our account for payment and would appreciate your early response.

Yours sincerely,

R. LIDDLE

[Signature]

enc.