ANNUAL REPORT FOR

EXPLORATION LICENCE NUMBER 6775
EXPLORATION LICENCE 6775

LICENSEE : SHANDONA PTY. LIMITED.
OPERATOR : MR. BEN POPE
MINERS RIGHT NUMBER : 7169
LOCATION : RIDDOCH
AREA : 23 BLOCKS, 74 SQUARE KILOMETERS
MAP REFERENCE NUMBER : 76
ANNIVERSARY DATE : 9TH APRIL 1991
PERIOD REPORT COVERS : 10TH APRIL 1990 TO 9TH APRIL 1991
DATE OF SUBMISSION : 9TH APRIL 1991
AUTHOR OF THIS REPORT : MR. MILSON HAYWARD
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REPORT ON ACTIVITIES FOR PERIOD COMMENCING 9TH APRIL 1990
AND ENDING 9TH APRIL 1991 ON EXPLORATION LICENCE 6775.

Regretably, with the unexpected cancellation of Exploration Licences 6133 through 6136 on the 16th May 1990, our orderly programme for 1990 was immediately thrown into disarray as we scrambled to salvage some of the sites we had identified on these areas.

Later in 1990 and during the first quarter of 1991 we have, under extreme difficulty, managed to spend some time on Exploration Licence 6775 but so far with very little result. There has been some evidence of Zircon and Garnet over the northern portion of this area where our prospecting has been conducted, however, at this stage we have not yet identified any areas where the quality or quantity would substantiate the operation of a mine.

Despite this and although time has not permitted any assessment yet of the southern region, we are still confident that the areas which prompted us to apply for this licence last year will eventually be proved and that we will locate some further areas of interest to us before April 1991.
REPORT OF PROPOSED ACTIVITIES ON EXPLORATION LICENCE 6775
FOR THE ENSUING TWELVE MONTHS.

Our Field Operations Manager Mr. Ben Pope and his son Mr. Samuel Pope will be conducting a thorough examination of the Southern Region of Exploration Licence 6775 before commencing the necessary ground work in preparation of any Mineral Claim applications. Because of commitments to other Exploration Licences and Mineral Claims, it will be difficult to commence this work before next financial year.
DETAILS OF EXPENSES INCURRED ON EXPLORATION LICENCE 6775
TO 9TH APRIL 1991.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUEL</td>
<td>$ 876</td>
</tr>
<tr>
<td>REPAIRS &amp; MAINTENANCE</td>
<td>$ 1,487</td>
</tr>
<tr>
<td>ADMINISTRATION &amp; GENERAL EXPENSES</td>
<td>$ 943</td>
</tr>
<tr>
<td>LABOUR</td>
<td>$ 1,297</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 4,603</strong></td>
</tr>
</tbody>
</table>
DETAILS OF BUDGETED EXPENSES FOR EXPLORATION LICENCE 6775
TO 9TH APRIL 1992.

With the potential of our identifying some sites suitable for applying
for Mineral Claims, we anticipate our expenditure will be larger this
year than last.

We have budgeted an expenditure of $8,300 over the following twelve
months.
NORTHERN TERRITORY OF AUSTRALIA

MINING ACT

EXPLORATION LICENCE

EL NO. 6775

Shandona Pty Ltd is hereby licensed, for a period of two (2) years from the date hereof, to explore in accordance with the provisions of the Mining Act, the regulations thereunder and the terms and conditions specified in the First Schedule, all that area of land delineated in red in the Second Schedule excluding therefrom all land that is the subject of a mining tenement or an application for a mining tenement made before the application for the grant of this licence and excluding all land the subject of a reservation from occupation under the Mining Act and all land vested in the Commonwealth.

C P SMITH
Principal Registrar
as delegate of the Minister

DATE 9/4/90.

FIRST SCHEDULE

Terms and Conditions

1. The licensee shall ensure that a minimum amount of $4 000 is expended in carrying out exploration on the licence area during year one (1) of the licence.

2. The licensee shall comply with the provisions of and directions lawfully given under this Act and all other laws in force in the Territory in relation to his activities on the licence area.

3. Not later than one (1) month before the expiration of each 12 month period of this licence, the holder shall submit in writing a statement specifying the details of the exploration programme and estimated expenditure for the next year of the licence.
NOTIFICATION OF GRANT OF EXPLORATION LICENCE

It is hereby notified that Exploration Licence 6775 in the Riddoch locality was granted on the 9th day of April 1990, to Shadona Pty Ltd, for a period of 2 years over the area shown hereunder, excluding therefrom all land that is the subject of a mining tenement or an application for a mining tenement made before the application for the grant of this licence and excluding all the land the subject of a reservation from occupation under the Mining Act and all land vested in the Commonwealth of Australia.
Northern Territory of Australia

Mining Act 1980

Miner's Right

Issued to

Shandona PLC

Place of Issue: Alice Springs

Date of Issue: 27th May 1988

Expire Date: Perpetual

Signature of Issuing Officer: [Signature]

G. L. Duffield, Government Printer of the Northern Territory