Northern Territory Government  
Department of Business, Industry and  
Resource Development  
Titles Division  
48-50 Smith St  
Darwin NT 0800

Dear Registrar,

Mining activities period to 17th June 2002

Following on from our report issued to you for the period to 15/03/2002 we advise the following activities for the last three months.

Gypsum Resources

This resource is now flood free and accessible. We have been advised by the Aboriginal Areas Protection Authority on 28/8/2002 that a site inspection can be anticipated within 60 days relating to an application to a mineral lease application on behalf of Erdunda Gypsum.

The events of the last couple of years have destroyed all prior activities undertaken to approve this product commercially. The appointment of a distributor for the Northern Territory and the Katherine Growers Depot in Katherine in association with John Morato Enterprises has ceased to exist. No further undertakings are proposed until the site is approved for development of a mineral lease under application number 22854. Once this is in place a fresh study covering demand and supply will be undertaken to determine our investment requirement for the immediate future.

Brine Resource Review

We are finding that little interest can be generated in forming a consortium to continue the proposals required to prove up the brine resource capability, where security of tenure is questionable. Until such time that we can guarantee outright tenure for the long-term use of a resource site. The investment in this venture remains in limbo.

To this end we are holding discussions with Central Land Council lawyers and mining representatives as to how this matter can be resolved.

We have withdrawn from a meeting with Aboriginal land users until we can obtain a full account of requirements and costs for meetings to proceed to formulate an indigenous land use agreement which is sustainable and acceptable.

In moving toward this unfamiliar outcome we remain cautious of the expectations the custodians may have from a new industry based in their locality.
So far, my enquiries relating to compensation for land use is based on onsite activity costs.

| Expected remuneration appears to be final water resource drilling. Say $200,000 @ 10% | $20,000 |
| Infrastructure and site works. | Say $300,000 @ 5% | $15,000 |
| Engineering, roads, dams and ponds | Say $1,000,000 @ 5% | $50,000 |
| To be paid to members | | $85,000 |

Royalty payments

Based on sales net of production cost @ 2.5%. Too hard to determine at this time.

Future of project

May depend on carting slurry from site to Alice Springs for refining, cleaning, grading and sizing.
Bulk shipment by rail to Darwin port.
Bagged for transport to Southern ports or end users inter state.

Capital outlays off site

Likely to extend requirement for industrial complex laboratory testing and R & D for a number of years to market requirement and continual monitoring, based at Alice Springs.

Development of consortium members

Until such time that secure tenure is clear, none of the end users will venture over here.
EXPENDITURE FOR YEAR ENDING 17/06/2003

1. Development of indigenous land use agreement $5000
   
   1A Seeking discussion with prospective end users on risk factors known and resolutions to put in place.
   1B Seeking input and resolve from Salproc and GEO Processors on plant processing and field operator.
   1C Seeking more information on processing cost analysis. Research and development of engineering. Laboratory establishment at Alice Springs site etc.

2. Administration for period $10,000

3. Travel and accommodation $5,000
   
   $20,000

N.T. EVAPORITES

IAN BUILDER

15th October 2002