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3 March 2004

FAXED

Minerals and Energy Group - Titles Division
Department of Business, Industry and Resources Development
GPO Box 3000
Darwin NT 0801

Facsimile Transmission
(08) 8981 7106 - 2 Pages

Attention: Ms D. Rees and Ms M. Szwedzicki

Dear Debbie and Mary,

RE: ANNUAL REPORT, EXPENDITURE REPORT AND APPLICATION FOR VARIATION OF THE EXPENDITURE CONDITION - EXPLORATION LICENCE 10171 (MT FREDERICK)

We ask that this letter be accepted as an Annual Report for Exploration Licence 10171 for the year ending 19 February 2004 as no groundwork has been undertaken on the tenement.

Title to Exploration Licence 10171 was granted on 20 February 2002 and is held in the name of Newmont Tanami Pty Ltd. The Licence currently covers 28 blocks.

Exploration Licence 10171 is the subject of delicate access negotiations with the Central Land Council on behalf to the Traditional Owners for this culturally sensitive area.

Exploration efforts to date have included all applicable remote sensing (aerial photography, aerial geophysics, satellite imaging) and detailed review of previous work. Specific drill targets have been selected and prioritised and drill holes designed. However, no groundwork has been conducted.

The delay in developing drilling rig access and conducting drill testing of priority targets within the project area and Exploration Licence 10171 has been due to protracted discussions with the Central Land Council and Traditional Owners over ground access to the highest priority drilling targets. Newmont is hopeful that negotiations with the Central Land Council and Traditional Owners will advance quickly within the near future. Exploration is expected to commence soon after an agreement can be reached.

Exploration Licence 10171 incurred expenditure of \$22,067, which can be credited towards the covenant. A breakdown of this expenditure follows (Table 1):

TABLE 1: EL 10171 EXPENDITURE FOR YEAR ENDING 19 FEB 2004

Item	Expenditure (\$)
Employee Costs	11,629
Overheads	6,477
Drilling	0
Assays	0
Specialist Services	0
Operating Costs	1,143
Total	\$19,249

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TABLE 2: EL 10171 PROPOSED EXPENDITURE FOR THE THIRD YEAR OF TENURE

Item	Expenditure (\$)
Employee Costs	10,000
Overheads	2,000
Drilling	10,000
Assays	2,000
Specialist Services	2,000
Operating Costs	5,000
Total	\$31,000

Proposed exploration activities include RAB drilling of the extensive surface arsenic anomaly, defined by previous workers, to determine the potential for gold mineralisation within the complex of prospective Proterozoic sediments and intrusives within Exploration Licence 10171.

We are requesting a variation of the expenditure condition for Exploration Licence 10171 for the reporting period pursuant to section 172 of the *Mining Act 1980* (NT).

Please charge our credit card the \$50.00 fee for the application for variation of the expenditure condition (Visa Card: 4564 8092 0031 4601(898) Fiona Gallon, Newmont Aust Ltd).

Should you have any queries, I can be contacted at our West Perth office on telephone number 08 9366 3232, or by e-mail to fiona.gallon@newmont.com.

Yours sincerely



Fiona Gallon
Senior Administrator, Land Management