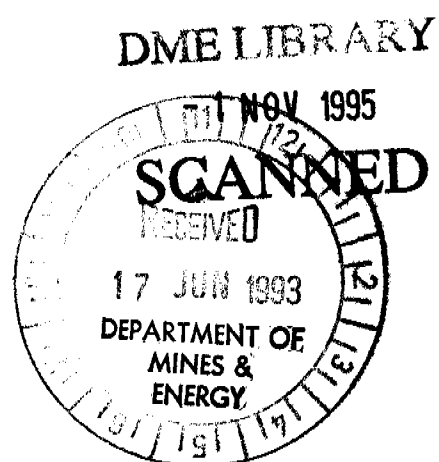


ANNUAL REPORT

FOR PERIOD ENDING 5th MAY 1993

EXPLORATION LICENCE 6284

CR 93 / 390 A





**STOCKDALE
PROSPECTING
LIMITED**

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Project Name: ROPER RIVER

Title: Exploration Licence 6284. Annual Report to
5th May, 1993. Roper River Area, Northern Territory

Author: B.J. McClenaghan Edited/Approved: J. Joyce

Date: May, 1993 Place: Darwin

1:250,000 Sheet Name & No: Hodgson Downs SD 53-14

Text Pages. No.: 2 Table Nos.: 0 Appendices: 2

Keywords: Diamond Exploration, Exploration Licences, Annual Reports, Cox
Project

Abstract: No fieldwork has been possible during the first year following the
granting of the EL because of the refusal by the Northern Land
Council (NLC) to enter negotiations to conclude a Deed for
Exploration, after clauses in the original Deed for Exploration were
determined to be void by Mr Justice Kearney of the Supreme Court.

Copy to: NTDME, Darwin, IC

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Ref: EL6284.MAY

SUMMARY

Exploration Licence: 6284

Dated Granted: 6th May 1992

Area: EL 6284 500 blocks 1610 sq km

Occupant: Stockdale Prospecting Limited

Operator: Stockdale Prospecting Limited

Commodities sought: Diamonds, Base Metals

Exploration: No fieldwork has been possible during the first year following the granting of the EL because of the refusal by the Northern Land Council (NLC) to enter negotiations to conclude a Deed for Exploration, after clauses in the original Deed for Exploration were determined to be void by Mr Justice Kearney of the Supreme Court.

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1. INTRODUCTION
2. TENEMENTS
3. EXPENDITURE
4. PROPOSED WORK AND EXPENDITURE FOR 1993

**STOCKDALE PROSPECTING LIMITED
EXPLORATION LICENCES 6284
ANNUAL REPORT
FOR THE PERIOD ENDING 5th MAY 1992**

1. **INTRODUCTION**

Exploration Licence (EL) 6284 is located in the north-east of the top end of the Northern Territory (Map 1). The licence is centred 100km south of the Roper River and 50km east of the Hodgson River, and occurs within the Cox River Aboriginal Reserve on the Hodgson Downs SD 53-14 1:250,000 mapsheet area.

2. **TENEMENTS HISTORY**

EL 6284 was applied for on 22nd August 1988 as part of a larger group comprising Exploration Licence Applications (ELA's) 6281 to 6301, which originally covered much of the Roper River catchment area. EL 6284 covers an area of 1610 sq km (500 blocks) and, is within the Cox River Aboriginal Freehold area, held by the Alawa - Ngandji Land Trust.

On the 5th December 1988 the Minister for Mines agreed to Stockdale entering negotiations with the Northern Land Council (NLC) for consent to explore. A consent proposal for exploration on EL's 6284 and 6285 was lodged with the NLC in January 1989. More than two years later, on the 25th March 1991, a Deed for Exploration was concluded between Stockdale and the NLC. The Deed for Exploration included clauses (Article 32) which required Stockdale to obtain the permission of the NLC prior to any mining activities occurring within the ELA's, and a clause (Article 2.13) which required Stockdale to cease exploration activities if any court or other competent authority declared the forementioned clauses to be void or illegal (Annexure 1).

The Northern Territory of Australia lodged a writ in the Supreme Court of the Northern Territory against Robert Tickner, Minister of State for Aboriginal Affairs (First Defendant), the Northern Land Council (Second Defendant), the Nuralindji Aboriginal Corporation (Third Defendant) and Stockdale Prospecting Limited (Fourth Defendant), claiming that all or part of the Deed for Exploration was contrary to Part IV of the Land Rights Act and as such was void (Annexure 2). The writ was heard by Justice Kearney on the 5th December, 1991. On 11th March he delivered a decision in favour of the Northern Territory of Australia, with Article 2.13 and the whole of Article 32 of the Deed of Exploration being declared void.

The Minister of Mines and Energy granted the exploration licences on the 6th May 1992 on the understanding that as Articles 2.13 and 32 were wholly void they could be struck out and the agreement proceed as a "conjunctive" arrangement. At a meeting held at Hodgson Downs Station on the 25th June, 1992 attended by Stockdale and the NLC, the Alawa people initially expressed their desire for exploration to proceed under a revised Deed of Exploration with Articles 32 and 2.13 removed, but changed their view following further private discussions with the NLC. Further attempts to arrange meetings with the Alawa people through the NLC have been unsuccessful. Whilst technically the Deed of Exploration with Articles 32 and 2.13 removed may be valid, the revised Deed had not been agreed to by the Alawa people and Stockdale has been advised by the NLC that any attempt to commence exploration would lead to protracted litigation.

3. **EXPENDITURE**

Expenditure for the period 6th May 1992 to 5th May 1993 totalled \$18,800 and has been allocated as follows:

Operational Staff Costs (including Aboriginal Affairs consultancy and solicitor fees)	11,000
Transport and Travel (airfares, aircraft charter)	2,800
Tenement Costs	5,000
Exploration Expenditure	Nil
Total:	<u>\$18,800</u>

4. **PROPOSED WORK AND EXPENDITURE FOR 1993**

Whether any field work can be conducted in the second year of the licence period will depend on whether or not negotiations to explore can be successfully concluded with the NLC and the Nuralindji Aboriginal Corporation.

The proposed work programme consists of the collection of 320 stream samples consisting of 100 litres of excavated material screened on site to -2.0mm, to give an overall sample density of one sample per 5 sq km. Access will be by helicopter as very few tracks exist in this remote area.

Estimated expenditure is \$37,000, allocated as follows:

	\$
Operational Staff Costs	11,000
General Operational Expenses	3,000
Transport and Travel	8,000
Central Treatment Plant	4,000
Lab Treatment	2,000
Regional Administration	5,000
Head Office Administration	4,000
Total	<u>\$37,000</u>

B.g. McClenaghan

B. McCLENAGHAN
DIVISIONAL GEOLOGIST
DARWIN, N.T.

ANNEXURE 1

ARTICLES 2.13 AND ALL OF ARTICLE 32, DEED OF EXPLORATION

Council or by a member, employee, agent, contractor or consultant of the Land Council who has been duly authorised by the Land Council, its Chairman or Director.

- (3) A member, employee, agent, contractor or consultant of the Land Council shall be deemed to be duly authorised for the purposes of Sub-clause 2.12(2) if the Exploration Company has had produced to it a letter signed by the Chairman or Director of the Land Council certifying that the person is a member, employee, agent, contractor or consultant of the Northern Land Council and the Exploration Company has no reasonable grounds for believing that the authority has been revoked.

2.13 If any court or other competent authority declares, or if any statute or regulation renders -

- (a) any part of Article 32 ineffective, void, voidable, illegal or unenforceable or if by reason of a declaration by any court or other competent authority or any statute or regulation this Deed would, if any part of Article 32 were not omitted from this Deed, be ineffective, void, voidable, illegal or unenforceable then either -

- (i) (A) if neither the Land Council nor the Exploration Company exercises its election hereunder, that part shall, without in any way affecting the effectiveness, validity, legality or enforceability of the remainder of this Deed, be severable herefrom and this Deed shall be read and construed and take effect for all purposes as if that part were not contained herein, and

(B) the Parties shall attempt to renegotiate, in good faith, that part; or

- (ii) if either the Land Council or the Exploration Company so elects by notice in writing served upon the other within thirty (30) days of the relevant declaration or the effective date of the relevant statute or regulation, the Exploration Company shall suspend the Project and all other activities on the Original Deed

Area (other than any activities which may be excepted in the said notice) until the Parties have agreed upon a substitute part and -

- (A) following the service of a notice pursuant to this sub-paragraph (ii), the Parties shall enter bona fide negotiations for the purpose of attempting to agree upon a substitute part,
 - (B) failing agreement, arbitration will not be available to any Party without the consent of both the Land Council and the Exploration Company, and
 - (C) the electing Party shall not be liable to pay any damages to any other Party for any loss that other Party may suffer as a result of the electing Party electing to give notice under this sub-paragraph (ii);
- (b) any part other than is in Article 32 of this Deed ineffective, void, voidable, illegal or unenforceable or if by reason of a declaration by any court or other competent authority or any statute or regulation this Deed would, if any part hereof were not omitted herefrom, be ineffective, void, voidable, illegal or unenforceable then without in any way affecting the effectiveness, validity, legality or enforceability of the remainder of this Deed, that part shall be severable herefrom and this Deed shall be read and construed and take effect for all purposes as if that part were not contained herein and the Parties shall attempt to renegotiate, in good faith, that part.

2.14 Where, following any permitted assignment or assignments pursuant to Article 27, the interests, rights or obligations of the Exploration Company under this Deed and under the Exploration Licence are held by or imposed upon more than one person, then each of the persons holding or subject to any of those interests, rights and obligations shall be jointly and severally liable for each of the obligations of the Exploration Company under this Deed; and the liability of each of the persons shall not be affected by the granting by the Land Council of any time or other indulgence to any other of the persons.

ARTICLE 32 : FUNDAMENTAL CONDITIONS

32.1 The Exploration Company acknowledges that it was fundamental to the Aboriginal Owners in giving their consent under sub-section 42(6) of the Land Rights Act to the terms and conditions to which the grant of the Exploration Licence will be subject and that it is fundamental to the Land Council in giving its consent under section 40 of the Land Rights Act to the grant of the Exploration Licence that -

(a) all of the Exploration Company's rights, both existing and future, to explore for minerals and to recover minerals from the whole or any part of the Consent Land including without limiting the generality of the foregoing -

(i) its rights under the Exploration Licence and under any Mining Interest over any part of the Consent Land; and

(ii) each of the rights and benefits which it may have under the Land Rights Act or any other law relating to the grant of a Mining Interest over any part of the Consent Land or relating to a Mining Agreement;

shall be subject to the terms and conditions of this Deed; and

(b) notwithstanding the provisions of sections 45 and 46 or any other provision of the Land Rights Act, or any other law -

(i) as between the Parties hereto the prior approval of the Land Council shall be required for the grant to the Exploration Company of any Mining Interest over the whole or any part of the Consent Land; and

(ii) no activities for the purposes of or relating to the recovery of minerals shall at any time be undertaken by the Exploration Company in respect of or on the whole or any part of the Consent Land unless and until -

- (A) the Land Council has approved the undertaking of such activities, and
- (B) the Land Council has expressly approved all of the terms and conditions of a Mining Agreement in respect of the relevant Mining Interest permitting the Exploration Company to undertake any such activities, and
- (C) the Parties have entered the Mining Agreement approved by the Land Council pursuant to Sub-sub-paragraph 32.1(b)(ii) (B).

32.2 Without derogating from any of its other obligations under this Deed, the Exploration Company hereby covenants to take all such actions as are reasonably required of it to give effect to each of the provisions of Clause 32.1 and hereby covenants to refrain from taking any action which is inconsistent with any of the provisions of Clause 32.1.

32.3 Notwithstanding the rights which any Party may have under the Land Rights Act or any other law -

- (a) each Party hereby covenants not at any time by any means and whether directly or indirectly to request or otherwise seek or require to have any matters in dispute between the Land Council and the Exploration Company with respect to the terms and conditions of a Mining Agreement (or any other agreement which the Land Council and the Exploration Company may be required to enter before a Mining Interest can be granted to the Exploration Company) referred to any person or persons for resolution or attempted resolution by conciliation or arbitration or otherwise and, in particular and without limiting the generality of the foregoing, not to request the Minister for Aboriginal Affairs to refer any such matters in dispute to a person for resolution of those matters by conciliation or arbitration; and

- (b) unless and until the Land Council has expressly -

- (i) approved the grant of a Mining Interest; and

- (ii) approved the terms and conditions of a Mining Agreement;

the Exploration Company hereby covenants that -

- (iii) it shall not enter require or seek to require the Land Council to enter such a Mining Agreement; and
- (iv) notwithstanding the determination by any person or persons, whether pursuant to any statutory function or otherwise, of the terms and conditions for such a Mining Agreement, it shall refuse and remain unwilling to enter such a Mining Agreement.

32.4 Unless commenced earlier by mutual agreement, promptly after receipt by the Land Council of a Section 46 Statement the Parties shall commence bona fide discussions with respect to the giving by the Land Council of its approval of the grant of a relevant Mining Interest under Sub-paragraph 32.3(b)(i) and, if relevant, bona fide negotiations for the purpose of endeavouring to reach agreement on the terms and conditions of a relevant Mining Agreement.

32.5 Without derogating from any of the Land Council's other rights under this Deed, at any time after the Land Council has received a Section 46 Statement the Exploration Company shall permit an auditor nominated by the Land Council and reasonably acceptable to the Exploration Company to inspect and audit and take extracts and copies from the books, accounts and financial records of the Exploration Company relating to the Project. The Exploration Company shall bear the costs of any such audit. The Exploration Company shall co-operate with the relevant auditor in all reasonable respects to enable the audit provided for herein to be carried out expeditiously.

32.6 Whether or not the Land Council approves of the grant of a Mining Interest or approves terms and conditions of a Mining Agreement, the Exploration Company shall, as they fall due or within a reasonable period thereafter, meet the reasonable costs incurred by the Land Council in connexion with the negotiations for, or in the preparation of, a Mining Agreement, including the costs of consulting Aborigines and of any consultants which the Land Council reasonably requires in order to properly consider and negotiate such an Agreement.

32.7 The Exploration Company further covenants that if -

- (a) for any reason whatsoever (including a change of any law or Force Majeure) the Exploration Company is unable to perform all or any part of its obligations under this Article 32, or
- (b) a Mining Interest is granted to the Exploration Company over any part of the Original Deed Area contrary to any provision of this Article 32,

then if the Land Council so elects by notice in writing served upon the Exploration Company at any time not later than thirty (30) days after receipt of notice in writing from the Exploration Company that it is so unable or that a Mining Interest has been so granted -

- (c) the Exploration Company shall forthwith upon receipt from the Land Council of the said notice of election both -
 - (i) apply for a suspension of the need to comply with any conditions (whether statutory or otherwise but other than such conditions as may be excepted in the said notice) requiring the Exploration Company to undertake any Exploration, any Development or any recovery of minerals from any part of the Original Deed Area; and
 - (ii) suspend the Project and all of its other activities on the Original Deed Area undertaken for the purpose of Exploration, Development or the recovery of minerals from any part of the Original Deed Area (other than any activities which may be excepted in the said notice) and at least until -
 - (A) the Land Council has approved the grant of a relevant Mining Interest; and
 - (B) the Land Council has approved all of the terms and conditions of a relevant Mining Agreement and the Parties have entered such Agreement; and
 - (iii) in the case where a Mining Interest has been so granted and if the said

notice of election so requires, surrender that Mining Interest, following which the Exploration Company may apply for a new Mining Interest in accordance with the provisions of this Article 32.

32.8 The Exploration Company agrees that if a Mining Interest is granted to it over any part of the Consent Land contrary to any provision of this Article 32 then -

- (a) the Land Council may take proceedings in a court for injunctive relief and/or specific performance in order to give effect to the terms and conditions of this Article 32;
- (b) damages would not be an adequate remedy; and
- (c) the Exploration Company would not in any such proceedings require or seek any undertaking from the Land Council or any of the relevant Aboriginal Owners or from any person acting on behalf of relevant Aboriginals.

32.9 Any remedy exercised by the Land Council under this Article 32 shall be without prejudice to any other rights it may have under this Deed or at law or in equity (including the right to seek injunctive relief and specific performance).



ANNEXURE 2

EXTRACTS FROM WRIT LODGED BY NORTHERN TERRITORY OF AUSTRALIA

IN THE SUPREME COURT
OF THE NORTHERN TERRITORY
OF AUSTRALIA
AT DARWIN
No. 310 of 1991
(9116356)

Rule 5.02(1)

BETWEEN:

NORTHERN TERRITORY OF
AUSTRALIA
Plaintiff

AND:

ROBERT TICKNER, MINISTER OF
STATE FOR ABORIGINAL AFFAIRS
First
Defendant

AND:

NORTHERN LAND COUNCIL
Second
Defendant

AND:

NURALINDJI ABORIGINAL
CORPORATION
Third
Defendant

AND:

STOCKDALE PROSPECTING LIMITED
Fourth
Defendant

WRIT

TO THE DEFENDANT

This proceeding has been brought against you by the
plaintiff for the claim set out in this writ.



(C) the electing Party shall not be liable to pay any damages to any other Party for any loss that other Party may suffer as a result of the electing Party electing to give notice under this sub-paragraph (ii);"

11. Pursuant to Part IV of the Land Rights Act, both the First and Second Defendants have consented, or purported to consent, to the grant of Exploration Licences Nos 6284 and 6285.

PARTICULARS:

The consent of the First Defendant is recited in Clause E of the Recital to the Deed.

The consent of the Second Defendant is recited in Clause D of the Recital to the Deed.

12. The Deed, or alternatively Articles 32.1(b) and 2.13 of the Deed is or are contrary to Part IV of the Land Rights Act and as such is or are wholly invalid.
13. The Minister for Mines and Energy has not yet granted the said Exploration Licences.

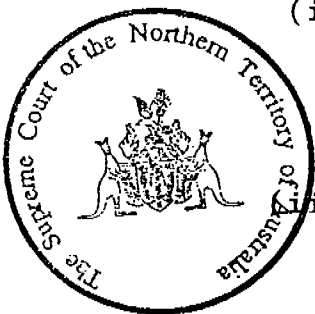
AND THE PLAINTIFF CLAIMS:

against the First, Second and Third Defendants, declarations that:

(i) The Deed is contrary to Part IV of the Land Rights Act and as such is void; or in the alternative,

(ii) Articles 32.1(b) and 2.13 of the Deed are contrary to Part IV of the Land Rights Act and as such are void;

(iii) The purported consent by the First Defendant to

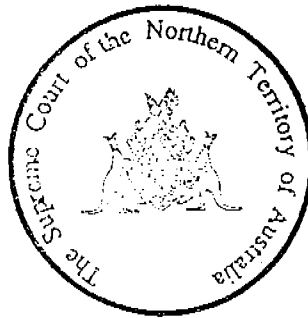


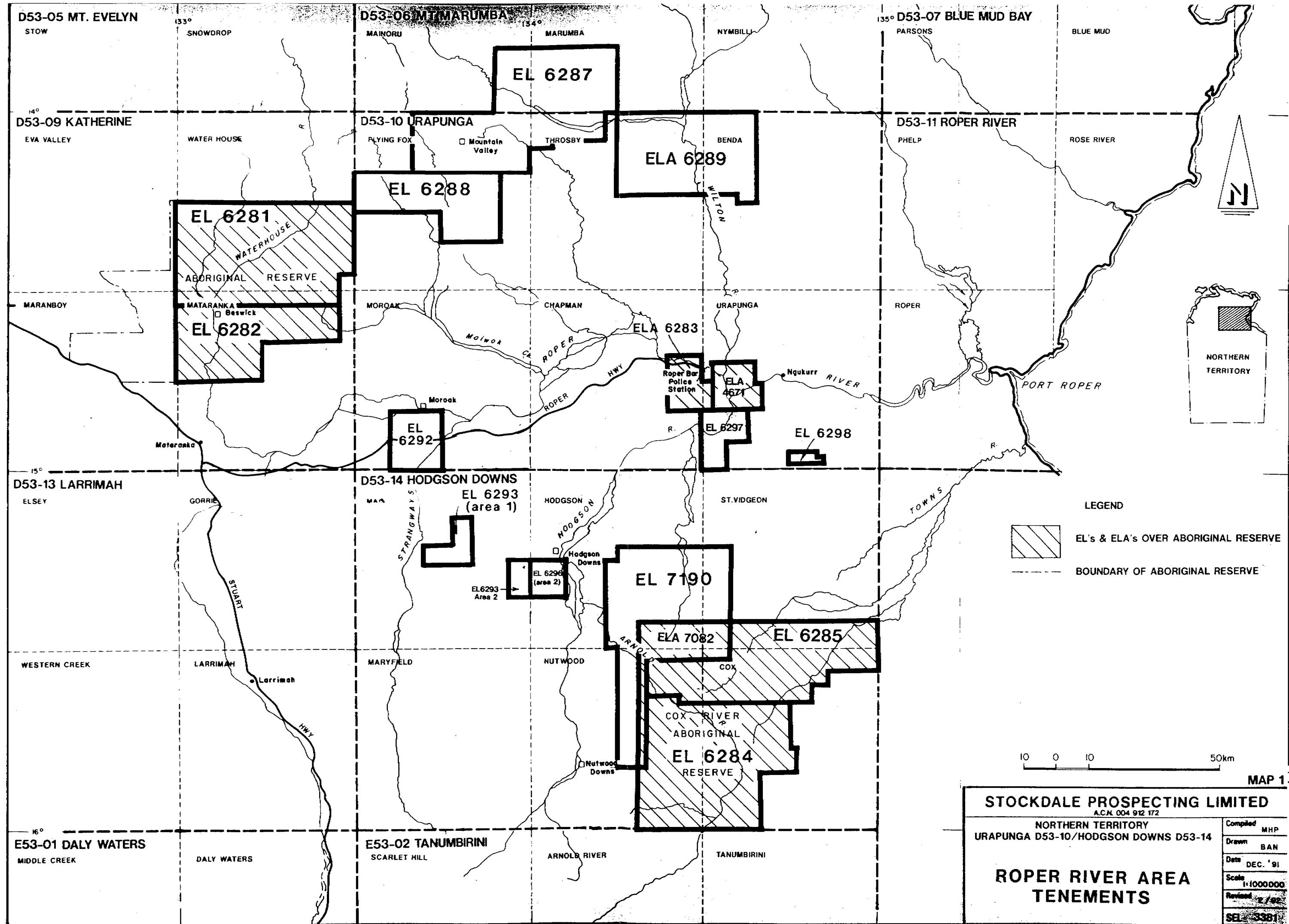
the grant of Exploration Licences Nos 6284 and 6285 is contrary to the Land Rights Act and as such is invalid and of no legal effect;

(iv) The purported consent by the Second Defendant to the grant of Exploration Licences Nos 6284 and 6285 is contrary to the Land Rights Act and as such is invalid and of no legal effect;

(vi) Costs;

(vii) Such other orders as the Court thinks fit.







**STOCKDALE
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Project Name: ROPER RIVER

Title: Exploration Licences 6284 - 6285, Annual Report to
5th May, 1993. Roper River Area, Northern Territory

Author: B.J. McClenaghan Edited/Approved: J. Joyce

Date: May, 1993 Place: Darwin

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for Exploration, after clauses in the original Deed for
Exploration were determined to be void by Mr Justice Kearney
of the Supreme Court.

Copy to: NTDME, Darwin, IC

Circulate: DGC

SUMMARY

Exploration Licences: 6284 - 6285

Dated Granted: 6th May 1992

Area:	EL 6284	500 blocks	1610 sq km
	EL 6284	400 blocks	1288 sq km

Occupant: Stockdale Prospecting Limited

Operator: Stockdale Prospecting Limited

Commodities sought: Diamonds, Base Metals

Exploration: No fieldwork has been possible during the first year following the granting of the EL's because of the refusal by the Northern Land Council (NLC) to enter negotiations to conclude a Deed for Exploration, after clauses in the original Deed for Exploration were determined to be void by Mr Justice Kearney of the Supreme Court.

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1. INTRODUCTION
2. TENEMENTS
3. EXPENDITURE
4. PROPOSED WORK AND EXPENDITURE FOR 1993

STOCKDALE PROSPECTING LIMITED
EXPLORATION LICENCES 6284 - 6285
ANNUAL REPORT
FOR THE PERIOD ENDING 5th MAY 1992

1. **INTRODUCTION**

Exploration Licences (EL's) 6284 - 6285 are located in the north-east of the top end of the Northern Territory (Map 1). The licences are centred 100km south of the Roper River and 50km east of the Hodgson River, and occur within the Cox River Aboriginal Reserve on the Hodgson Downs SD 53-14 1:250,000 mapsheet area.

2. **TENEMENTS**

Tenement applications were lodged on 22nd August 1988 as part of a larger group comprising Exploration Licence Applications (ELA's) 6281 to 6301, which originally covered much of the Roper River catchment area. EL 6284 covers an area of 1610 sq km (500 blocks) and EL 6285 covers an area of 1288 sq km (400 blocks). Both EL's are in the Cox River Aboriginal Freehold, held by the Alawa - Ngandji Land Trust.

On the 5th December 1988 the Minister for Mines agreed to Stockdale entering negotiations with the Northern Land Council (NLC) for consent to explore. A consent proposal for exploration was lodged with the NLC in January 1989. More than two years later, on the 25th March 1991, a Deed for Exploration was concluded between Stockdale and the NLC. The Deed for Exploration included clauses (Article 32) which required Stockdale to obtain the permission of the NLC prior to any mining activities occurring within the ELA's, and a clause (Article 2.13) which required Stockdale to cease exploration activities if any court or other competent authority declared the forementioned clauses to be void or illegal (Annexure 1).

The Northern Territory of Australia lodged a writ in the Supreme Court of the Northern Territory against Robert Tickner, Minister of State for Aboriginal Affairs (First Defendant), the Northern Land Council (Second Defendant), the Nuralindji Aboriginal Corporation (Third Defendant) and Stockdale Prospecting Limited (Fourth Defendant), claiming that all or part of the Deed for Exploration was contrary to Part IV of the Land Rights Act and as such was void (Annexure 2). The writ was heard by Justice Kearney on the 5th December, 1991. On 11th March he delivered a decision in favour of the Northern Territory of Australia, with Article 2.13 and the whole of Article 32 of the Deed of Exploration being declared void.

The Minister of Mines and Energy granted the exploration licences on the 6th May 1992 on the understanding that as Articles 2.13 and 32 were wholly void they could be struck out and the agreement proceed as a "conjunctive" arrangement. At a meeting held at Hodgson Downs Station on the 25th June, 1992 attended by Stockdale and the NLC, the Alawa people initially expressed their desire for exploration to proceed under a revised Deed of Exploration with Articles 32 and 2.13 removed, but changed their view following further private discussions with the NLC. Further attempts to arrange meetings with the Alawa people through the NLC have been unsuccessful. Whilst technically the Deed of Exploration with Articles 32 and 2.13 removed may be valid, the revised Deed had not been agreed to by the Alawa people and Stockdale has been advised by the NLC that any attempt to commence exploration would lead to protracted litigation.

3. **EXPENDITURE**

Expenditure for the period 6th May to 5th May 1993 totalled \$34,000 and has been allocated as follows:

Operational Staff Costs (including Aboriginal Affairs consultancy and solicitor fees)	20,000
Transport and Travel (airfares, aircraft charter)	5,000
Tenement Costs	9,000
Exploration Expenditure	Nil
Total:	<u>\$34,000</u>

4. **PROPOSED WORK AND EXPENDITURE FOR 1993**

Whether any field work can be conducted in the second year of the licence period will depend on whether or not negotiations to explore can be successfully concluded with the NLC and the Nuralindji Aboriginal Corporation.

The proposed work programme consists of the collection of 580 stream samples consisting of 100 litres of excavated material screened on site to -2.0mm, to give an overall sample density of one sample per 5 sq km. Access will be by helicopter as very few tracks exist in this remote area.

Estimated expenditure is \$70,000, allocated as follows:

	\$
Operational Staff Costs	20,000
General Operational Expenses	5,000
Transport and Travel	14,000
Central Treatment Plant	7,000
Lab Treatment	4,000
Regional Administration	9,000
Head Office Administration	7,000
Total	<u>\$70,000</u>

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DARWIN, N.T.

ANNEXURE 1

ARTICLES 2.13 AND ALL OF ARTICLE 32, DEED OF EXPLORATION

Council or by a member, employee, agent, contractor or consultant of the Land Council who has been duly authorised by the Land Council, its Chairman or Director.

- (3) A member, employee, agent, contractor or consultant of the Land Council shall be deemed to be duly authorised for the purposes of Sub-clause 2.12(2) if the Exploration Company has had produced to it a letter signed by the Chairman or Director of the Land Council certifying that the person is a member, employee, agent, contractor or consultant of the Northern Land Council and the Exploration Company has no reasonable grounds for believing that the authority has been revoked.

2.13 If any court or other competent authority declares, or if any statute or regulation renders -

- (a) any part of Article 32 ineffective, void, voidable, illegal or unenforceable or if by reason of a declaration by any court or other competent authority or any statute or regulation this Deed would, if any part of Article 32 were not omitted from this Deed, be ineffective, void, voidable, illegal or unenforceable then either -

- (i) (A) if neither the Land Council nor the Exploration Company exercises its election hereunder, that part shall, without in any way affecting the effectiveness, validity, legality or enforceability of the remainder of this Deed, be severable herefrom and this Deed shall be read and construed and take effect for all purposes as if that part were not contained herein, and

(B) the Parties shall attempt to renegotiate, in good faith, that part; or

- (ii) if either the Land Council or the Exploration Company so elects by notice in writing served upon the other within thirty (30) days of the relevant declaration or the effective date of the relevant statute or regulation, the Exploration Company shall suspend the Project and all other activities on the Original Deed

Area (other than any activities which may be excepted in the said notice) until the Parties have agreed upon a substitute part and -

- (A) following the service of a notice pursuant to this sub-paragraph (ii), the Parties shall enter bona fide negotiations for the purpose of attempting to agree upon a substitute part,
 - (B) failing agreement, arbitration will not be available to any Party without the consent of both the Land Council and the Exploration Company, and
 - (C) the electing Party shall not be liable to pay any damages to any other Party for any loss that other Party may suffer as a result of the electing Party electing to give notice under this sub-paragraph (ii);
- (b) any part other than is in Article 32 of this Deed ineffective, void, voidable, illegal or unenforceable or if by reason of a declaration by any court or other competent authority or any statute or regulation this Deed would, if any part hereof were not omitted herefrom, be ineffective, void, voidable, illegal or unenforceable then without in any way affecting the effectiveness, validity, legality or enforceability of the remainder of this Deed, that part shall be severable herefrom and this Deed shall be read and construed and take effect for all purposes as if that part were not contained herein and the Parties shall attempt to renegotiate, in good faith, that part.

- 2.14 Where, following any permitted assignment or assignments pursuant to Article 27, the interests, rights or obligations of the Exploration Company under this Deed and under the Exploration Licence are held by or imposed upon more than one person, then each of the persons holding or subject to any of those interests, rights and obligations shall be jointly and severally liable for each of the obligations of the Exploration Company under this Deed; and the liability of each of the persons shall not be affected by the granting by the Land Council of any time or other indulgence to any other of the persons.

ARTICLE 32 : FUNDAMENTAL CONDITIONS

32.1 The Exploration Company acknowledges that it was fundamental to the Aboriginal Owners in giving their consent under sub-section 42(6) of the Land Rights Act to the terms and conditions to which the grant of the Exploration Licence will be subject and that it is fundamental to the Land Council in giving its consent under section 40 of the Land Rights Act to the grant of the Exploration Licence that -

(a) all of the Exploration Company's rights, both existing and future, to explore for minerals and to recover minerals from the whole or any part of the Consent Land including without limiting the generality of the foregoing -

(i) its rights under the Exploration Licence and under any Mining Interest over any part of the Consent Land; and

(ii) each of the rights and benefits which it may have under the Land Rights Act or any other law relating to the grant of a Mining Interest over any part of the Consent Land or relating to a Mining Agreement;

shall be subject to the terms and conditions of this Deed; and

(b) notwithstanding the provisions of sections 45 and 46 or any other provision of the Land Rights Act, or any other law -

(i) as between the Parties hereto the prior approval of the Land Council shall be required for the grant to the Exploration Company of any Mining Interest over the whole or any part of the Consent Land; and

(ii) no activities for the purposes of or relating to the recovery of minerals shall at any time be undertaken by the Exploration Company in respect of or on the whole or any part of the Consent Land unless and until -

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- (A) the Land Council has approved the undertaking of such activities, and
- (B) the Land Council has expressly approved all of the terms and conditions of a Mining Agreement in respect of the relevant Mining Interest permitting the Exploration Company to undertake any such activities, and
- (C) the Parties have entered the Mining Agreement approved by the Land Council pursuant to Sub-sub-paragraph 32.1(b)(ii) (B).

32.2 Without derogating from any of its other obligations under this Deed, the Exploration Company hereby covenants to take all such actions as are reasonably required of it to give effect to each of the provisions of Clause 32.1 and hereby covenants to refrain from taking any action which is inconsistent with any of the provisions of Clause 32.1.

32.3 Notwithstanding the rights which any Party may have under the Land Rights Act or any other law -

(a) each Party hereby covenants not at any time by any means and whether directly or indirectly to request or otherwise seek or require to have any matters in dispute between the Land Council and the Exploration Company with respect to the terms and conditions of a Mining Agreement (or any other agreement which the Land Council and the Exploration Company may be required to enter before a Mining Interest can be granted to the Exploration Company) referred to any person or persons for resolution or attempted resolution by conciliation or arbitration or otherwise and, in particular and without limiting the generality of the foregoing, not to request the Minister for Aboriginal Affairs to refer any such matters in dispute to a person for resolution of those matters by conciliation or arbitration; and

(b) unless and until the Land Council has expressly -

(i) approved the grant of a Mining Interest; and

- (ii) approved the terms and conditions of a Mining Agreement;

the Exploration Company hereby covenants that -

- (iii) it shall not enter require or seek to require the Land Council to enter such a Mining Agreement; and
- (iv) notwithstanding the determination by any person or persons, whether pursuant to any statutory function or otherwise, of the terms and conditions for such a Mining Agreement, it shall refuse and remain unwilling to enter such a Mining Agreement.

32.4 Unless commenced earlier by mutual agreement, promptly after receipt by the Land Council of a Section 46 Statement the Parties shall commence bona fide discussions with respect to the giving by the Land Council of its approval of the grant of a relevant Mining Interest under Sub-paragraph 32.3(b)(i) and, if relevant, bona fide negotiations for the purpose of endeavouring to reach agreement on the terms and conditions of a relevant Mining Agreement.

32.5 Without derogating from any of the Land Council's other rights under this Deed, at any time after the Land Council has received a Section 46 Statement the Exploration Company shall permit an auditor nominated by the Land Council and reasonably acceptable to the Exploration Company to inspect and audit and take extracts and copies from the books, accounts and financial records of the Exploration Company relating to the Project. The Exploration Company shall bear the costs of any such audit. The Exploration Company shall co-operate with the relevant auditor in all reasonable respects to enable the audit provided for herein to be carried out expeditiously.

32.6 Whether or not the Land Council approves of the grant of a Mining Interest or approves terms and conditions of a Mining Agreement, the Exploration Company shall, as they fall due or within a reasonable period thereafter, meet the reasonable costs incurred by the Land Council in connexion with the negotiations for, or in the preparation of, a Mining Agreement, including the costs of consulting Aborigines and of any consultants which the Land Council reasonably requires in order to properly consider and negotiate such an Agreement.

32.7 The Exploration Company further covenants that if -

- (a) for any reason whatsoever (including a change of any law or Force Majeure) the Exploration Company is unable to perform all or any part of its obligations under this Article 32, or
- (b) a Mining Interest is granted to the Exploration Company over any part of the Original Deed Area contrary to any provision of this Article 32,

then if the Land Council so elects by notice in writing served upon the Exploration Company at any time not later than thirty (30) days after receipt of notice in writing from the Exploration Company that it is so unable or that a Mining Interest has been so granted -

- (c) the Exploration Company shall forthwith upon receipt from the Land Council of the said notice of election both -
 - (i) apply for a suspension of the need to comply with any conditions (whether statutory or otherwise but other than such conditions as may be excepted in the said notice) requiring the Exploration Company to undertake any Exploration, any Development or any recovery of minerals from any part of the Original Deed Area; and
 - (ii) suspend the Project and all of its other activities on the Original Deed Area undertaken for the purpose of Exploration, Development or the recovery of minerals from any part of the Original Deed Area (other than any activities which may be excepted in the said notice) and at least until -
 - (A) the Land Council has approved the grant of a relevant Mining Interest; and
 - (B) the Land Council has approved all of the terms and conditions of a relevant Mining Agreement and the Parties have entered such Agreement; and
 - (iii) in the case where a Mining Interest has been so granted and if the said

notice of election so requires, surrender that Mining Interest, following which the Exploration Company may apply for a new Mining Interest in accordance with the provisions of this Article 32.

32.8 The Exploration Company agrees that if a Mining Interest is granted to it over any part of the Consent Land contrary to any provision of this Article 32 then -

- (a) the Land Council may take proceedings in a court for injunctive relief and/or specific performance in order to give effect to the terms and conditions of this Article 32;
- (b) damages would not be an adequate remedy; and
- (c) the Exploration Company would not in any such proceedings require or seek any undertaking from the Land Council or any of the relevant Aboriginal Owners or from any person acting on behalf of relevant Aboriginals.

32.9 Any remedy exercised by the Land Council under this Article 32 shall be without prejudice to any other rights it may have under this Deed or at law or in equity (including the right to seek injunctive relief and specific performance).



ANNEXURE 2

EXTRACTS FROM WRIT LODGED BY NORTHERN TERRITORY OF AUSTRALIA

IN THE SUPREME COURT
OF THE NORTHERN TERRITORY
OF AUSTRALIA
AT DARWIN
No. 310 of 1991
(9116356)

Rule 5.02(1)

BETWEEN:

NORTHERN TERRITORY OF
AUSTRALIA
Plaintiff

AND:

ROBERT TICKNER, MINISTER OF
STATE FOR ABORIGINAL AFFAIRS
First
Defendant

AND:

NORTHERN LAND COUNCIL
Second
Defendant

AND:

NURALINDJI ABORIGINAL
CORPORATION
Third
Defendant

AND:

STOCKDALE PROSPECTING LIMITED
Fourth
Defendant

WRIT

TO THE DEFENDANT

This proceeding has been brought against you by the
plaintiff for the claim set out in this writ.



(C) the electing Party shall not be liable to pay any damages to any other Party for any loss that other Party may suffer as a result of the electing Party electing to give notice under this sub-paragraph (ii);"

11. Pursuant to Part IV of the Land Rights Act, both the First and Second Defendants have consented, or purported to consent, to the grant of Exploration Licences Nos 6284 and 6285.

PARTICULARS:

The consent of the First Defendant is recited in Clause E of the Recital to the Deed.

The consent of the Second Defendant is recited in Clause D of the Recital to the Deed.

12. The Deed, or alternatively Articles 32.1(b) and 2.13 of the Deed is or are contrary to Part IV of the Land Rights Act and as such is or are wholly invalid.

13. The Minister for Mines and Energy has not yet granted the said Exploration Licences.

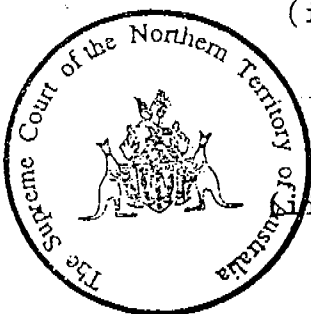
AND THE PLAINTIFF CLAIMS:

against the First, Second and Third Defendants, declarations that:

(i) The Deed is contrary to Part IV of the Land Rights Act and as such is void; or in the alternative,

(ii) Articles 32.1(b) and 2.13 of the Deed are contrary to Part IV of the Land Rights Act and as such are void;

(iii) The purported consent by the First Defendant to



the grant of Exploration Licences Nos 6284 and 6285 is contrary to the Land Rights Act and as such is invalid and of no legal effect;

(iv) The purported consent by the Second Defendant to the grant of Exploration Licences Nos 6284 and 6285 is contrary to the Land Rights Act and as such is invalid and of no legal effect;

(vi) Costs;

(vii) Such other orders as the Court thinks fit.

