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Thursday, 4 September 2008

The Director
Titles Registration Division
Minerals Group
Department of Primary Industry, Fisheries and Minerals
PO Box 3000
DARWIN NT 0804

By email to titles.info@nt.gov.au

Attn Ms L Shepherd

Refer to
f. 192 + 191
for map
details.
Yr 5

Re: EL 24142 Application for Partial Waiver of Reduction - Expenditure

Further to your telephone call received this afternoon, we apologise for omitting the program and expenditure undertaking for 2008 from our 2007 Annual Report for EL 24142.

The attached sheet contains relevant supplementary information as we might have supplied at the time of writing

The drilling outlined has been completed in the last week or so, approximately as outlined (2,069 metres), however no invoices have yet been received from the drilling contractor. Expenditure on the drilling alone to date is estimated as approximately \$100,000, however the majority of drilling cost is accrued at this stage.

In addition, we have committed to infill airborne em surveying over the anomalous area, within the Geoscience Australia program which was announced earlier this year. It was expected that the additional ~\$10,000 commitment would have been incurred during the current licence year however program delays now make this uncertain

We estimate full-year expenditure as \$135,000 (including the air em). As stated in my original letter regarding the relinquishment, this comfortably exceeds undertakings made at the beginning of year.

The magnitude of the 2008-09 program will depend in large measure on the quality of results achieved by the drilling just completed. Geologically the material sampling is described as encouraging, but it will be some weeks before assays are received.

As a minimum it is proposed to extend the coverage of semidetalled reconnaissance bedrock geochemical surveys using shallow aircore drilling: 50 holes @ \$600 = \$30,000, plus the airborne em if not completed this year = \$10,000, plus 15% office and admin support = \$5,000 - Total \$45,000.

Yr 5 Proposed

SUPPLEMENT TO 2007 ANNUAL REPORT**7. PROGRAM AND BUDGET**

The gold-arsenic anomaly recorded from both traverses of the northern target tested warrants follow up by more detailed drilling. On our preliminary plan is to undertake "fence-style" traverses of angled air core drilling, on each of the anomalous lines and a number of stepout lines along the apparent strike direction of the anomaly.

Thus the indicative budget is:

5 traverses x 300m aircore drilling @ \$40 (including field support & assay costs) = \$60,000

Plus office & admin support @ 15% = \$ 9,000

TOTAL: = \$69,000

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If the drilling just completed reveals significant mineralisation we will extend the aircore program just completed to test the strike extensions of the mineralisation and commence quantitative evaluation between using RC drilling. An indicative program might involve 4,000 metres air core (>\$100,000 including technical support and assay) and 1,000m RC (~\$100,000 including technical support and assay), however there is not as yet a technical basis to commit to this program.

Yours Faithfully

Trevor Ireland
Managing Director