

CUPREX LIMITED

(INCORPORATED IN VICTORIA)

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316
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21st October 1986

The Secretary
Department of Mines and Energy
G.P.O. Box 2901
DARWIN N.T. 5794

Dear Sir,

The purpose of this letter is to report on activities carried out on the following tenements known as T.C.8. MLC 591 to 597 inclusive, MLC 601 to 605 inclusive and MLC 654.

In April 1983 Norseman Gold Mines N.L. purchased a 66 2/3% shareholding in Cuprex Limited for \$2.2 million cash. Expenditure of \$32,836 was incurred to December 31 1983, comprising mainly of geological consulting fees.

In 1984 feasibility studies on the development of the project were completed and in November 1984 a contract was entered into with Zeni Drilling Pty. Ltd. for the drilling of an access shaft and a ventilation shaft on either side of the orebody. A road from Tennant Creek to the site (3.5 Km) was constructed, telephone and water supply connected and a security fence, erected. Expenditure by Cuprex Limited was \$587,719.

In 1985 the main access shaft, the Hull Shaft was successfully completed to its full depth of 320 metres. The ventilation shaft was commenced in November and at the end of December had reached 120 metres with a fully grouted steel liner to that depth. Subsequent to the end of the reporting year, the ventilation shaft has been completed at a full depth of 264 metres.

Power transmission from Tennant Creek was completed and a headframe and winder ex Juno was purchased and converted to hydraulic operation. At the end of the reporting year work was well advanced in placing the winder and erecting the headframe for subsequent shaft equipping in 1986.

Independent reports were commissioned to compare the capital and operating costs of establishing a Cuprex owned Treatment Plant with the cost of using existing Treatment plants at Tennant Creek under contract. Following discussions with the owners of existing plants, Cuprex has decided to erect its own 60,000 tpy plant.

Expenditure by Cuprex for the year was \$3,448,787.

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In 1986 to date, plats on the No. 2 Level (234 metres) and No. 3 Level (260 metres) have been cut. Development on the No. 3 Level has been undertaken including crosscutting to the orebody position from the shaft, initial driving into the ore zone and driving parallel to the orebody position to enable underground diamond drill delineation of the orebody.

A full report on 1986 activities including geological geochemical and drilling reports will be lodged prior to 31st March 1987.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'G.J. Wallace', written in a cursive style.

G.J. Wallace
Company Secretary