Mr John Lindsay
Mining Registrar
Department of Mines and Energy
PO Box 479
TENNANT CREEK NT 0861

Dear John

ANNUAL REPORT MCC 969-972 (EXPLORER 118) - PINOT

North Flinders Mines Limited have withdrawn from the Tennant Creek District to concentrate on the Tanami Region (letter T J Ireland to the Principal Registrar dated 9 May 1995).

The sale of NFM's Tennant Creek assets, in particular the Central Joint Venture tenements including MCC's 969-972, was a prolonged and complicated matter taking almost 12 months to complete. The successful bidder Tennant Creek Holdings Pty Ltd will manage the Central Joint Venture project and PosGold's Tennant Creek office will operate the Joint Venture.

During the last 12 month period NFM carried out no exploration on Explorer 118, and since taking over as operator of the Joint Venture, PosGold have begun a review of previous exploration on the tenements. Pinot is located WNW of the Orlando Mine and the mineral claims cover two magnetic anomalies east and north of a substantial porphyry body. Limited diamond drill testing of the magnetic targets has been undertaken and the nature of further testing of the anomalies is under consideration.

Should you require any further information please contact me or Tanya Dowling at the Company's Tennant Creek office.

Yours sincerely

M I HATCHER
CHIEF GEOLOGIST

Enc. (*)

c.c.  Steven Dean
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