MINING REPORT FOR
MLNs 808, 821 & 869

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As at 11.1.99

For background please refer to the Mining Report for these MLNs dated 24.9.97.

1998 - Acacia
During the year 1998 minor exploration work was carried out on the tenements using a backhoe to try to expose mineralised zones in previously ignored ground. Serious negotiations with Acacia resources were taking place and mining and processing of ore from 808, 821 & 869 was expected.

The negotiations with Acacia resources to process ore from MLNs 808, 821 and 869 and tenements operated by Corporate Developments and Magnum Gold were terminated by Acacia in the last stages of the deal. Acacia had acquired copies of all the exploration data for all the prospective tenements that were to provide ore to the Brock Creek Plant and given the circumstances we are collectively disappointed.

Currently we are speaking with Sirocco Resources NL as they further develop their Tom's Gully and other resources. This company has an interest in other ore deposits to feed their mill and/or to further develop as a separate operation.
1999 Plans
Currently plans for the further development of the above MLNs are:

1. Further exploration by costeasting, rock chip sampling and drilling to 30mt to infill previous drilling and investigate further the full horizontal extent of the ore body. Cost $5-10,000.

2. Investigate the feasibility of a gravity-based plant and the treatment of the tailings from this of plant by heap leach method. One tonne parcels will be trialled through small gravity plants operating in the region. Current infrastructure would be used to house the treatment plant and to provide power and water as well as staff housing. Cost approx. $5000
   It is expected that a plant capable of processing ore at a reasonable level would cost approx $100,000.

A spreadsheet model has been developed to predict the economic feasibility at various grades, processing rates and recoveries. The model predicts viability at recoveries as low as 3g/t using only the gravity circuit, heap leaching of the tailings should recover most of the remaining gold.

Should the physical recovery trials fit the economic model then mining of these MLNs will proceed under guidance from your department.

As there are numerous relatively small but high-grade gold deposits in the area a central processing plant that could toll treat would be invaluable to small business in the region of the Pine Creek Geosyncline.

Most of these deposits will be, by necessity, ignored by the large companies looking for world class deposits as deposits of this magnitude have all but run out in this region. Left will be the untouched smaller potentially viable deposits that with development to production supported by industry and Government can bring long term prosperity to a region that is largely devoid of any viable enterprise outside mining.

We would, if appropriate, like to investigate the changing of the tenement type from Mln to Mcn, could you please give details as to the process outlining the advantages and disadvantages of such a change.
Other company Information

Our company of Spicedew Pty Ltd that owns a 1/3 share of the tenements in question has also in 1998 spent $750,000 on the development of a tourist Safari Camp (As per letter head) on the wetlands near Kakadu. When completed this enterprise will have cost in excess of $1milion.
Whilst this may seem to have no bearing on mining we hope to demonstrate our commitment to the NT for the long term together with the fact that one way or another we will bring the MLNs into production. We expect the two arms of the business to complement each other and that it is our intention to value add to produced primary gold utilising the tourist side of the operation.

Yours sincerely

[Signature]

Tom Starr - Mine Manager &
- Director Spicedew