

SECTIONS 4 AND 5

Late in 1991 samples of zinc/lead ore were taken from the existing shallow shaft on the leases for evaluation and assay. In April 1992 we planned to take further samples for assay and organise a drilling program approved by the local Aboriginals as we would need to set up a camp on the leases.

We applied for a permit to the Northern Land Council and spoke personally to Mrs Nellie Kam Foo to obtain her approval as she is apparently the Traditional Owner of the area. The permit was refused and the attitude of Mrs Kam Foo was disappointing. (A copy of the permit application is enclosed).

Rather than confront the representatives of the Aboriginal community and demand my right of entry I decided to delay our activities for a time in the hope that Mrs Kam Foo would change her mind.

In March 1993 I again contacted Mrs Kam Foo with regard to working the leases and she again refused so on 31 March 1993 I faxed a copy of Section 179 (Right of Access) of the Mining Act to her. This made no difference to her attitude.

Mrs Kam Foo subsequently built a cottage on the western edge of the leases with the obvious intention of preventing any activity on the leases.

In May 1994 I approached Amdel Ltd to perform metallurgical testing to see if a viable method of upgrading the ore to an approximate 45% zinc concentrate, which would be readily saleable. Testwork on the ore was carried out through to August 1995 with no satisfactory economic result.

Further work needs to be done with regard to economic treatment but I considered that we should first determine the ore reserves with a drilling program before continuing with the metallurgical work.

I have recently written to Mrs Kam Foo with regard to the possibility of a joint venture or sale of the leases to her but to date have not received a reply.

I am extremely hopeful that eventually approval will be given to work the leases and so request that the lease renewals be approved.

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