Executive Summary:
Exploration licences were granted to GEMCO for EL 10115 and EL 10108 on the 13th October 2000 in the region of Groote Eylandt known as the Eastern Areas. Since the granting of the exploration licences three phases of exploration program have been planned and executed to varying degrees.

Phase 1: consisted of an exploration program with drilling having been completed during the dry season of 2001.

Phase 2: was undertaken during 2002 and focussed upon the sample preparation, and assaying of the samples generated during the 2001 drilling program. Following the assaying process some preliminary data analysis and interpretation was completed. The preliminary data analysis and interpretation was then used to plan Phase 3 of the exploration program.

Phase 3: is planned for 2004-2005. The majority of the work is focussed upon data compilation, geological modelling and ground mapping. A preliminary review of the available information has been conducted in order to plan the Work proposed for Phase 4.

In 2004 the GEOTEM Data flown over both EL10115 and EL10108 has been re-analysed and modelled by BHPB Geophysicists in Brisbane. This is now in the process of being correlated with the 2001 drilling results in order to identify target areas for drilling in 2005. Outcrop mapping and sampling has also been undertaken to identify potential drilling targets.

Phase 4: A major infill drill program to be conducted in 2005. Phase 4 will focus primarily on:
- Further delineation and identification of areas requiring further exploration drilling and sampling
- Clearing of grid lines where manganese has been located in outcrop or interpreted from drill intersections.
- RC drilling of approximately 100 holes on cleared grid lines. (40 holes EL10115 and 60 holes EL10108)
- Resource modelling and generation of reserve estimation of current data.
- Determining areas that can be handed back to the Traditional Owners.

Planned expenditure for Phase 4 totals $180,000 ($60,000 - EL10115 and $120,000 - EL10108)

Phase 1 and 2 - Work Completed
The Eastern Areas Exploration Report from December 2003 has been attached; the work completed both in Phase 1 and 2 is clearly detailed within this report.

Phase 3 - Progress
Phase 3 was scheduled to be completed during 2003 with the majority of the work being focussed upon data compilation, geological modelling and ground mapping. More specifically work planned to be undertaken included:
- Compilation of all historical exploration data from BHP Billiton archives, NT Department of Mines, GEMCO archives, GEMCO Tech Services Library and GEMCO drafting department
- Digitising of old maps into the Vulcan geological modelling software
- Entering of old drillhole collars, logs and chemical analysis into the GDHS drillholes database
- Investigate the appropriateness of ground EM (electro magnetic) survey techniques or helicopter EM
- Generate a Vulcan geological model
Determine if and what areas can be handed back to the Traditional Owners

Of the work planned for Phase 3 the following was completed in 2004;

- Reinterpretation of the GEOTEM data in relation to the new drilling with the aim of distinguishing between clay and manganese
- Ground mapping on wide spaced ground traverses to collect manganese samples from gossans or outcrop
- Determine the next phase of the work program

As this type of work (interpretation and modelling) requires considerable familiarity and some degree of local knowledge it was anticipated that this work would be completed by 2004, however due to a major rebuild of our existing geological model and integrating the work from phase 3 into a drill program planned for 2005 this work was not completed. Nonetheless, a preliminary review of the available information has been conducted in order to plan the Work proposed for Phase 4. Total expenditure in FY 2004 on Phase 3 has been $14,400.

**Phase 4 - Planned Work**

Phase 4 will focus on proving up a resource in the Eastern Lease areas through;

- Further delineation and identification of areas requiring further exploration drilling and sampling. This is to be done by correlated the remodelled GEOTEM data with the 2001 drilling results, along with mapping and outcrop sampling results.
- Clearing of grid lines where manganese has been located in outcrop or interpreted from drill intersections.
- RC drilling of approximately 100 holes on cleared grid lines. (40 holes EL10115 and 60 holes EL10108)
- Resource modelling and generation of reserve estimation of current data.
- Determining areas that can be handed back to the Traditional Owners.

Planned expenditure for Phase 4 totals $180,000 ($60,000 - EL10115 and $120,000 - EL10108)