EL24349, EL24373, EL24374
Combined Year 1 Report

MT YOUNG
BAUHINIA DOWNS

Licensee: N T J Paspaley
Period: 10.4.2005 to 10.4.2006

Submitted: June 29, 2006

"DIGITAL"
Summary:

These three titles are part of a regional, multi-commodity exploration program. Work conducted so far has been restricted to data review and reprocessing and reflects the early phase of this program. Concurrently, negotiations have been conducted that involve parties other than the title holder in the project. Therefore some figures and reports included in this annual report mention these parties.

Much of the material normally included in an annual report is already found in the attached data review reports, therefore this will not be duplicated.

Work Conducted:

Work during year one comprised general data review reports and AEM data reprocessing.

Data Review

Base Metals
A report compiled by Martin Kavenagh reviews the existing data and makes recommendations on the prospectivity of the ELs for base metal mineralization.

The full report is attached (Sandfire Resources NL: Mineralisation Potential of the Paspaley Tenements, McArthur Basin, Borroloola District, Northern Territory)

Diamonds
A report compiled by Diamond Exploration Consultants Pty Ltd (Ed Manning) comprehensively reviews the existing data and makes recommendations on the prospectivity of the ELs for dimondiferous intrusions and suggests appropriate exploration efforts.

The full report is attached (Review of Exploration for Diamonds in the Paspaley Exploration License and Application Areas of the Batten Trough, Northern Territory.)

AEM Data Reprocessing

The data for a selection of lines from six AEM surveys in the region were reprocessed. The proportion of lines reprocessed is shown in Table 1. Location of the surveys and lines in relation to the three ELs (in blue) is shown in Figure 1.
<table>
<thead>
<tr>
<th>Survey</th>
<th>Lines Reprocessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT YOUNG 75Hz QUESTEM</td>
<td>1 in 10</td>
</tr>
<tr>
<td>MARINER 25Hz GEOTEM</td>
<td>All lines</td>
</tr>
<tr>
<td>HYC 75Hz QUESTEM</td>
<td>All lines</td>
</tr>
<tr>
<td>EMU CREEK 75Hz GEOTEM</td>
<td>All lines</td>
</tr>
<tr>
<td>BATTEN 75 Hz QUESTEM</td>
<td>1 in 10</td>
</tr>
<tr>
<td>BOOMERANG CREEK 25Hz GEOTEM</td>
<td>All lines</td>
</tr>
</tbody>
</table>
Figure 1: Reprocessed AEM Survey Areas
Expenditure:

Separate expenditure reports for each title are attached.