

GJ Fanning
GPO Box 39447
Winnellie NT 0821

The Secretary
Department of Primary Industry, Fisheries and Mines
Minerals and Energy Titles Division
GPO Box 3000
Darwin NT 0801

Dear Sir

EL 24986....."Mount Cook"

In accordance with Section 34(1,2) of the Mining Act 2002 please find accompanying the Annual Report for Year 1 ending 04th August 2007 for Exploration License 24986 this expenditure statement for the period.

Expenditure incurred during tenure year 1 is tabulated below:

Expenditue Items	EL 24986
Salary and Wages	\$10,500
Company Operational	\$6,500
Contractors	\$1,500
Consultants	\$5,500
Vehicles	\$1,500
Data survey and Interpretation	\$0
Field Communications	\$0
Tenement Management	\$750
Drilling	\$0
Laboratory	\$0
Marketing and metallurgical studies	\$5,000
Total	\$31,250

Total expenditure for EL 24986 was **\$31,250.00**.

This total exceeded the proposed covenants of \$30,000.00 for EL 24986 by \$1,250.00

Furthermore, in compliance with Section 34(3), an estimate of proposed expenditure for tenure year 2 is summarised below:

Year 2 activities will incorporate the following:

- Finalise joint venture agreements for the development of the resource contained within the EL and adjoining EL 24655 managed by Exploration & Resource Development Pty Ltd

- Continuance of negotiations with the NLC for the grant of associated tenements to add to the resource.

Estimated Year 2 Expenditure for EL 24986 is tabulated below:

Item	EL 24986
Geotechnical Office and Field Support	\$18,000.00
Operational Overheads	\$10,000.00
Laboratory	\$4,000.00
Travel,	\$5,000.00
Mining logistics and methodologies studies	\$15,000.00
Metallurgical and Marketing Studies	\$15,000.00
Totals	\$67,000.00

The estimated expenditure for EL 24986 is \$67,000.00.

Yours sincerely



GJ Fanning

01st July 2007