



## EXPLOREMIN PTY. LTD. GEOLOGICAL CONSULTANTS

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**DAMAGED**

26 February, 2008

The Director of Titles  
NT Department of Primary Industries, Fisheries and Mines  
GPO Box 3000  
DARWIN 0801

Attn: Mr Stephen Fisher

TRIM Registered	
Date: 27/02/08	Time: 9:45 AM/PM
Trim File No: NT Doc 2008/10232	
Trim Doc No: MT 2006/6314	

Dear Stephen

### Re: SEL 25348 – Annual Report - Year Ended 21 February, 2008 Northern Gold Pty Ltd (NGPL)

On behalf of Northern Gold Pty Ltd and our client, Rustler's Roost Mining Pty Ltd (RRMPL), we present the annual report for licence.

#### Annual Report

No on ground exploration was conducted on SEL 25348 in the year under review.

Although the SEL is held by NGPL, it is the subject of a registered farm-in agreement with RRMPL which allows RRMPL to earn equity in SEL 25348 over a four year period ending **21 March, 2008**. To date, under this arrangement RRMPL has collected 1720 soil samples and completed 1859 metres of RC drilling in 26 holes on four separate targets in the area of SEL 25348. The drilling returned promising results from "Anomaly 11" including RNRC004 - 26 metres @ 0.87 g/t Au, RNRC007 - 22 metres @ 0.37 g/t Au, RNRC010 - 34 metres @ 0.26 g/t Au, RNRC011 - 12 metres @ 0.5 g/t Au and RNRC012 - 7 metres @ 1.07 g/t Au. All of this exploration has been reported previously in respect of EL 9154 which is one of three licences which were incorporated into SEL 25348 in 2007. As advised in the statutory reports, total expenditure on the area of SEL 25348 (EL 9154, EL 9346, EL 24356), under this agreement over the term of the agreement has been slightly in excess of **\$299,049** to date.

SEL 25348 forms part of a strategic land package adjacent to RRMPL's Rustler's Roost Mine on MLN 1083. Further exploration on SEL 25348 in the short term is aligned with reestablishment of operations on ML 1083 following the feasibility study which was undertaken by RRMPL in 2005-2006 in respect of the Rustler's Roost deposit. The complete results of this study, which cost in excess of \$800,000 were made available to your Department in mid-2006.

During the past year RRMPL's parent company, Valencia Ventures Inc., has investigated several avenues to act upon the findings of the Feasibility Study and re-establish operations at Rustler's Roost especially in light of the currently enhanced gold price. This has culminated in a recent announcement by VVI to the Toronto Ventures Exchange (TSX-V: VVI 19/02/08) that VVI's interest in the Rustler's Roost project at Mount Bunday is being transferred to Valere Mining Limited (VLM) in which VVI will hold a 50% interest. A copy of this announcement was forwarded to officers in your Department on 25 February and a copy was also attached to concurrent correspondence in relation to EL 10351.

As part of the transfer, VLM has covenanted with VVI to undertake minimum expenditure of CDN\$2 million in respect of the development of the Rustler's Roost deposit within two years of the date of effect of the transfer which is subject to receipt of all necessary regulatory approvals. Formal notice of the change in ownership will be lodged with the NTG for Ministerial approval in due course.

VLM has immediately appointed Mr Andrew Bradfield to take charge of investigation aimed at putting Rustler's Roost back into production. Mr Bradfield was General Manager at Rustler's Roost during the final years of oxide operations in the mid-1990's and is therefore well placed to understand the logistical requirements of the task in hand.

We expect that Mr Bradfield will visit the NT in due course to outline VLM's intentions more fully once he has familiarised himself with the current legislative regime and with investigations which were undertaken on the Rustler's Roost deposit over the past five years.

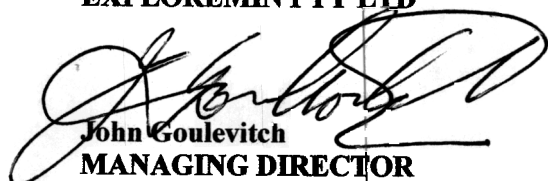
RRMPL and NGPL are currently negotiating an extension of the term of their farm-in agreement which will result in a minimum of \$75,000 being spent on gold exploration of the licence area in 2008. The proposed exploration program and expenditure covenant for the coming year is tabulated below.

In addition, NGPL's parent entity, the GBS Group, and RRMPL are currently negotiating the incorporation of this tenement into an existing agreement between the GBS Gold group and Rum Jungle Uranium Ltd (RJUL) whereby NGPL's Mt Bundy tenements which are being explored by RRMPL (SEL 25348 and SEL 23200) will now also form part of RJUL's regional uranium exploration efforts.

Expenditure on SEL 25348 during the reporting period totalled approximately \$500 for tenement management and reporting. This does not satisfy the expenditure covenant and we therefore request a variation of covenant be approved by the Minister. Our cheque for \$50 being the prescribed fee is attached.

Yours Faithfully

**EXPLOREMIN PTY LTD**

  
**John Goulevitch**  
**MANAGING DIRECTOR**  
 BSc(Hons) MSc FAIG

Cc Valencia Ventures Inc., Toronto  
 Northern Gold Pty Ltd, Perth

<b>SEL 25348 - Work program for the SECOND YEAR</b>		<b>\$</b>
RRMPL intends to conduct a high resolution aeromagnetic survey over the area to attempt to better define basement geology, and the distribution of poorly outcropping stratigraphic units (and associated structures) which are demonstrated hosts to economic mineralisation in the area – Koolpin Formation and Mount Bonnie Formation.		
High resolution airborne survey		25,000
On-ground characterisation of targets		6,000
Geological interpretation, support and reporting		8,000
Earthmoving		5,000
		16,000
Analytical Services and Petrological Investigations		6,000
Administration overhead		9,000
<b>Proposed expenditure covenant</b>		<b>\$75,000</b>