

Exploration Licence Annual Review 17/2003 Stonehenge Creek

The exploration of 17/2003 Stonehenge Creek and Sunshine area consisted of further sampling and literature assessment as well as on ground assessment of the contained prospects.

The target prospects for further exploration and drilling are

1. Stonehenge Prospect - on ground SP survey in the vicinity of previous drilling carried out by CRAE.
2. Sunshine Prospect - to outline the exposed Zn/Pb ore zone by drilling.
3. Grubbs Prospect - further mapping to determine whether a viable drilling target is possible.
4. Swansea - Sp/magnetics/gravity surveys to outline possible drill target in the vicinity of the known Swansea shear.

Drilling in the 05/06 year was deferred due to the approach to McDermott Mining to list on the ASX.

Heads of agreement have been signed and it is expected that the new company, North Resources, will list prior to September 30th. 2006.

This will give North Resources (which McDermott Mining will be a major Shareholder) a market capitalisation of approximately \$15,000,000 and allow a far more comprehensive exploration of all of the company's tenements, including 17/2003.

Further exploration is continuing in the form of surface geological and geophysical assessment prior to the formalities of listing on the ASX.

It is envisaged the former proposed expenditure of approximately \$40,000 will be increased to something in the vicinity of \$150,000 - \$200,000 for the next year.

Kim McDermott
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