

MEMORANDUM OF UNDERSTANDING

Broula King Tailings Storage Facility

Intent of Document

This Memorandum of Understanding describes the requirements and expectations of the Broula King Joint Venture and the "Shadelands Partnership" regarding the establishment and operation of a Tailings Storage Facility (TSF) and related infrastructure on the landowners land. The land is defined as that 'shaded' area shown in Schedule 1, being
Parish of Bumbaldry, County of
Monteagle, Local Government Area of Weddin.

The TSF and infrastructure relate to the Broula King Gold Project being developed on adjacent land.

Parties to the Agreement

This agreement is made between the Broula King Joint Venture (hereinafter referred to as BKJV) and Craig and Gareth Day (hereinafter referred to as the landowners)

Term of Agreement

This agreement will commence upon payment of the total compensation and will operate for a period until the NSW Department of Mineral Resources and other regulatory authorities are satisfied that the land has reached or will reach a self sustaining capability for the future agreed land use. The future agreed land use would not be over and above it's pre-mining capability.

Access Arrangement

This lease constitutes an access arrangement.

Compensation

For the term of this agreement BKJV must pay compensation of \$1,000 plus GST per acre for the land as described in Schedule 1. Payment will be as a lump sum prior to any works commencing. The approximate area subject to this agreement is 10 acres. The exact area and compensation payable will be deduced after survey.

Outgoings

The landowners will pay all outgoings relating to the land and improvements, which are not directly attributable to the use of the land by BKJV.

Permitted Use of the Land by BKJV

BKJV may use the land for all purposes associated with and incidental to the establishment, construction, use and maintenance of the TSF.

Warranty as To Use

BKJV will at its expense procure, comply with and keep current all the appropriate necessary regulatory consents and approvals for the permitted use of the land

Restrictions on Use of Land by BKJV

BKJV must not interfere with the landowners having free and uninterrupted access for stock watering and water drainage purposes to the water in any watercourse or water body (whether permanent or temporary) on adjacent land other than in accordance with the landowners consent.

Restrictions on Use of Land by Landowners

The landowners are not permitted to use the land subject to this agreement.

Rehabilitation of Land

BKJV will restore the land to a point where the NSW Department of Mineral Resources and other regulatory authorities are satisfied that the land has reached or will reach a self sustaining capability for the future agreed land use. The future agreed land use would not be over and above its pre mining capability, which is defined as green timber-marginal grazing.

Security Deposit

The landowners acknowledge that BKJV must lodge a rehabilitation bond for the land to the satisfaction of the NSW Department of Mineral Resources. This bond can be used at any time at the discretion of the NSW Department of Mineral Resources for rehabilitation purposes.

Assignment

This agreement and the land it affects cannot be transferred, assigned, sublet or dealt with in any manner by the landowners or BKJV without prior consent of either party. Consent will not be unreasonably withheld.

Insurance

BKJV will keep current adequate insurance for public risk and any other insurance required by the current NSW Mining Act.

Indemnities

BKJV agree to indemnify the landowners against any and all claims for damages, loss or injury arising out of BKJV activities on the land subject to this agreement

Costs

BKJV agree to pay all rates and taxes levied against the land subject to this agreement and if the land is not separately rated then such a portion of such rates and taxes as are applicable pro rata calculated on an area basis

EXECUTED AS AN AGREEMENT

Thisof.....2004

Signed for and on behalf of Broula King Joint Venture

David Hobby

Signature.

William Flannery

Signature...

Signed for and on behalf of Shadelands Partnership

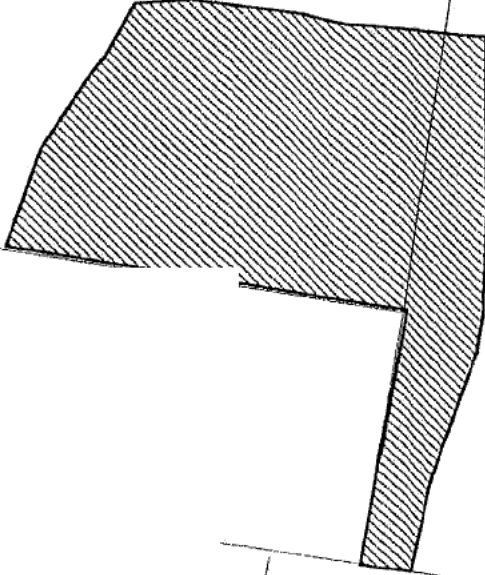
Craig Day

Signature...

Gareth Day

Signature.... ..

Travelling Stock Route



BROULA KING JOINT VENTURE

Broula King Gold Project
Schedule 1
Affected Land (shaded)

Date: 29/1/2004

Author:

Office:

Drawing:

Scale: 1:300

Projection: Non-Earth (meters)

