

20th April 2010

Mr Tim Callaghan
CONSULTANT
Resource and Exploration Geology
3 Main Road
PENGUIN TAS 7316

**PROPOSED EXPLORATION PROGRAM
EXPLORATION LICENCE 40/2007**

Dear Tim Callaghan,

Thank you for your work program application received on the 9th November 2009. The program is approved conditional on you abiding by the requirements of the Mineral Exploration Code of Practice and the Site Specific Conditions outlined in this letter.

Work Program Summary

Diamond drilling program requiring access with tracked vehicles across buttongrass moorlands and lowland sedgy heathlands for a distance of approximately 2km.

Reference Number: WPA09/40.

Land Tenure: Authority Land, Conservation Area, High Quality Wilderness, Informal Reserve, National Estate, State Forest.

Significant Conservation Issues

Geomorphology

Locations: All locations

Issue: Western Tasmania Blanket Bogs are present in this area.

Heritage Aboriginal

Locations: All locations

Issue: Western portion of the access route is near known occurrences of Spongolite.

Landscape Values

Locations: All locations

Issue: Falls within High Quality Wilderness.

Threatened Species Flora

Locations: All locations

Issue: The State listed *Epacris curtisiae* is noted from recorded locations to the north of the area.

Site Specific Conditions

(continued)

Aboriginal Cultural Heritage

Locations: All locations

Conditions: No further archaeological investigations are warranted in advance of the proposed exploration program because it is a relatively low impact activity and the archaeological potential within the subject land has been assessed as generally very low to low. Drill rig access into the R41S exploration area should utilise the existing eastern 4WD track off Rebecca Road and, where possible, should avoid crossing low crest landforms. Balfour Management Pty Ltd should engage an accredited Aboriginal Heritage Officer to inspect the drill rig access path and examine topsoil recovered from the drill hole. If any Aboriginal sites or objects are found during the course of the activity, works must cease immediately in that area and a radius of 50m should be cordoned off with flagging tape or barrier fencing. Works may continue outside the cordoned area. Aboriginal Heritage Tasmania should be contacted for advice and works should not recommence within a 50m radius of the site/object unless written approval has been provided by Aboriginal Heritage Tasmania. If any human burials are found during development works, or at any time during the project, excavation work must cease immediately. Tasmania Police and Aboriginal Heritage Tasmania should be contacted immediately for further advice before any work recommences.

Drill Hole Management

Locations: All locations

Conditions: Measures are to be taken at the outset of the drilling to combat the likelihood of the drill holes making water. Drill hole return water is not to be directly released into any nearby watercourses. Upon completion of the program, drill holes are to be securely capped and not left making water.

Earthworks/Machinery

Locations: All locations

Conditions: Prior to being used on site, all machinery and ancillary equipment is to be clean and free from soil and vegetation derived from other areas. The offloading, preliminary assemblage and routine parking of machinery and vehicles is to avoid any unnecessary trampling of native vegetation. Works should be suspended if weather conditions occur that result in the operation causing an unwarranted level of ground disturbance. When the areas disturbed by exploration works are no longer required rehabilitation is to be completed to meet the standards outlined in the Mineral Exploration Code of Practice.

(continued)

Fire Prevention

Locations: All locations

Conditions: Fires are not permitted on the work site.
The exhaust and any other components of the machinery that could present a fire risk are to be adequately safeguarded from the possibility of igniting vegetation.
Fire fighting equipment is to be kept on hand.
See Forest Industry Fire Management Committee - Procedure: Fire Prevention at Forest Operations for a list of recommended equipment.
Unless following prescriptions in the Forest Industry Fire Management Committee - Procedure: Fire Prevention at Forest Operations or a similar approved fire management plan, all machinery based activities (including chainsaws) are to cease on declared Total Fire Ban days.

Hydrocarbon Management

Locations: All locations

Conditions: Any fuel, oils and drilling additives that are kept on site are to be adequately bunded and securely stored.
Oil absorbent matting is to be used where appropriate to minimise potential ground contamination. A spill kit should also be supplied and kept on site.

Land Managers/Other Authorities

Locations: All locations

Conditions: Notify the relevant land managers prior to the commencement of your activities. Comply with any conditions specified at the time or that have previously been issued.
No removal of timber for firewood is permitted, unless legally authorised.

Phytophthora cinnamomi and Weeds

Locations: All locations

Conditions: All drilling equipment and earthmoving machinery is to be clean and free from any soil or mud prior to being transported on site.
All exploration apparatus and relevant personal equipment, such as footwear, is to be clean and free from any soil or mud prior to accessing the various areas you intend to work in.
Continued hygiene measures are to be applied to all vehicle and personnel movement throughout this program and for all other subsequent aspects of the operation.

Threatened Species²

Locations: All locations

Conditions: Works are to conform with the relevant recommendations from the reports completed for the flora and fauna surveys undertaken in relation to this proposal.

(continued)

Water Requirements

Locations: All locations

Conditions: Monitor the water source location and ensure that the natural stream flow present at the time is not severely altered by the operation.

Water Requirements 2

Locations: All locations

Conditions: Ensure that the supply pump is positioned a reasonable distance from the watercourse and that it is safeguarded from the risk of hydrocarbon leaks or spills.
Do not excavate in or dam any watercourses.
Please liaise with MRT prior to drawing water from any other source than that which was originally indicated.

If you wish to discuss this approval further please call me on +61 (0)3 6233 8371 or David Gatehouse on +61 (0)3 6233 8367. Either of us may be contacted by mobile phone on +61 (0)419 553 413.

Yours sincerely,

J. Pemberton
Senior Geologist