

Open File Envelope

No. 11,175

EL 3122, EL 3304 AND EL 3305

BLACK HILL (SWAN REACH – MORGAN AREA)

PACE INITIATIVE : THEME 2, YEAR 2

**DRILLING PARTNERSHIP – BLACK HILL GABBROIC
COMPLEX MAFIC/ULTRAMAFIC INTRUSION- HOSTED
NICKEL SULPHIDE MINERAL PROSPECTS**

PROJECT INTERIM AND FINAL REPORTS

Submitted by
Inco Resources (Australia) Pty Ltd
2006

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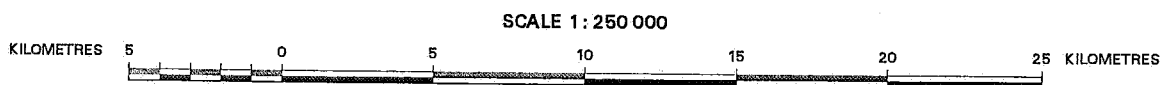
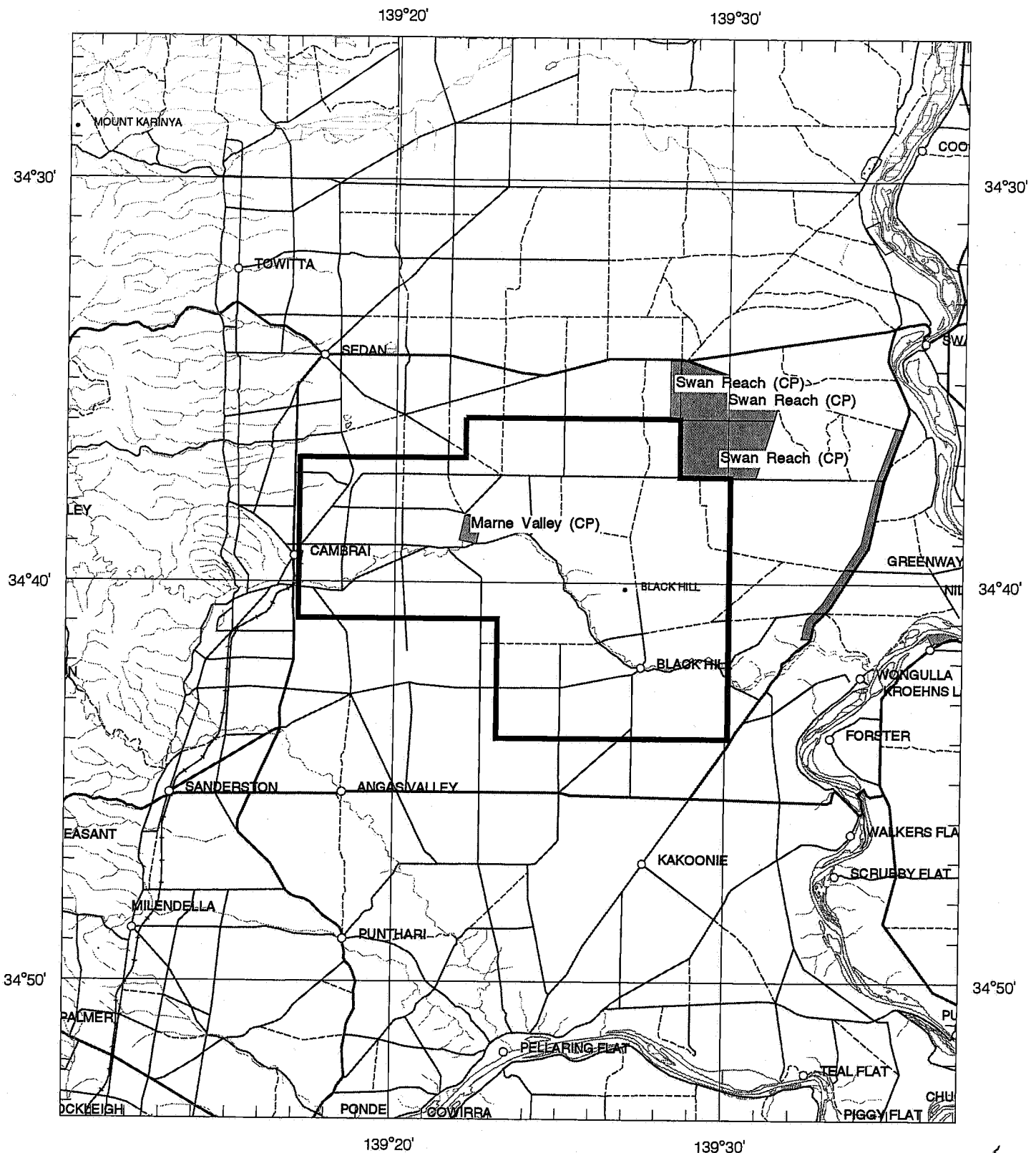
Enquiries: Customer Services Branch
Minerals and Energy Resources
7th Floor
101 Grenfell Street, Adelaide 5000

Telephone: (08) 8463 3000
Facsimile: (08) 8204 1880



Government of South Australia
Primary Industries and Resources SA

SCHEDULE A



APPLICATION LODGED IN : DATUM AGD66



APPLICANT : ~~FALCON MINERALS LTD~~ LANDMARK STONE PTY LTD

FILE REF : 84/03

TYPE : MINERAL ONLY

AREA : 221 km² (approx.)

1:250000 MAPSHEETS : ADELAIDE RENMARK

LOCALITY : BLACK HILL AREA - Approximately 80 km northeast of Adelaide

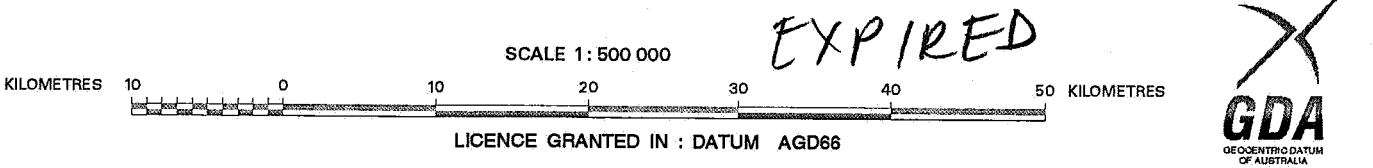
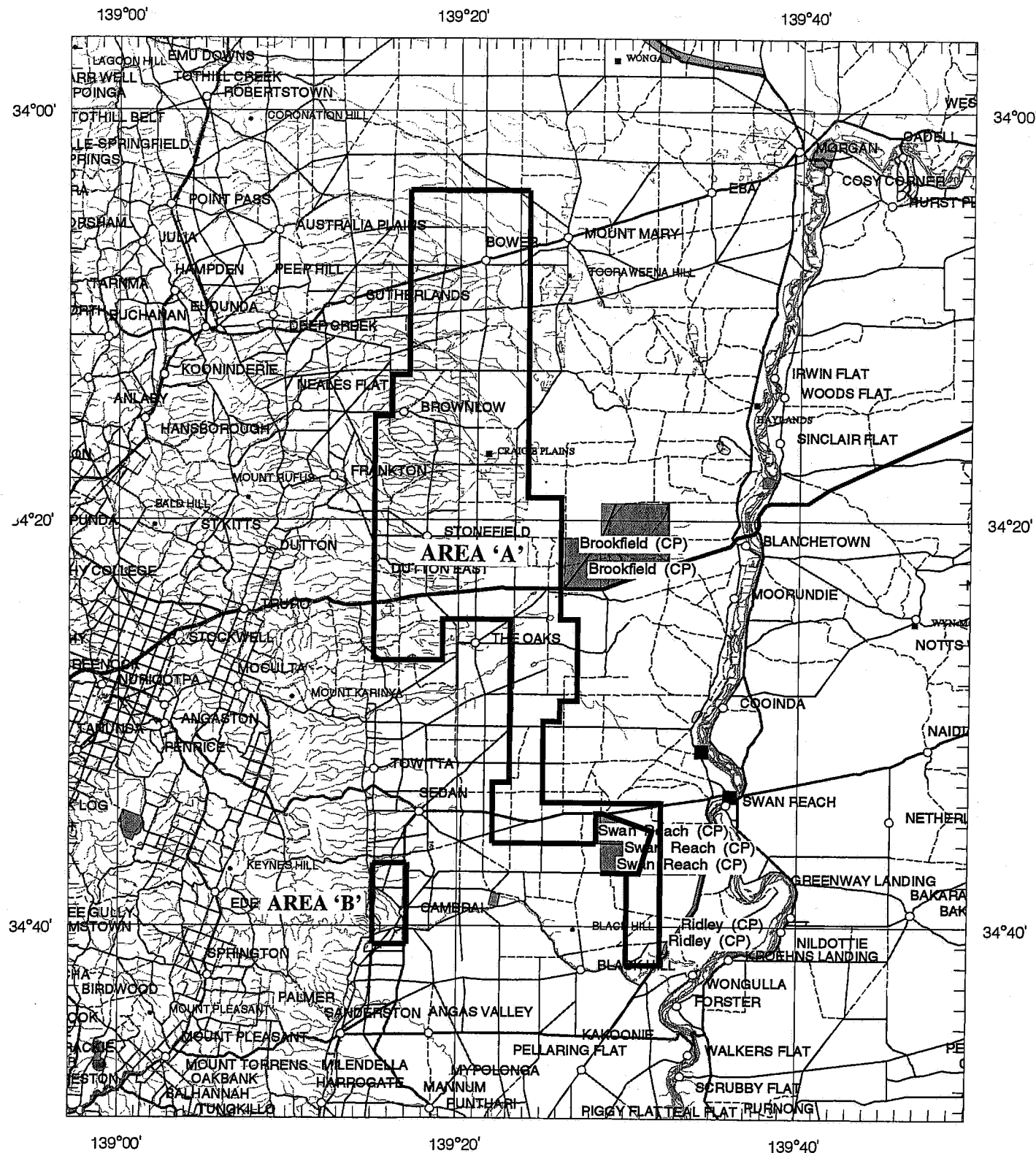
DATE GRANTED : 26 August 2003

DATE EXPIRED : 25 August 2004

EL No : 3122

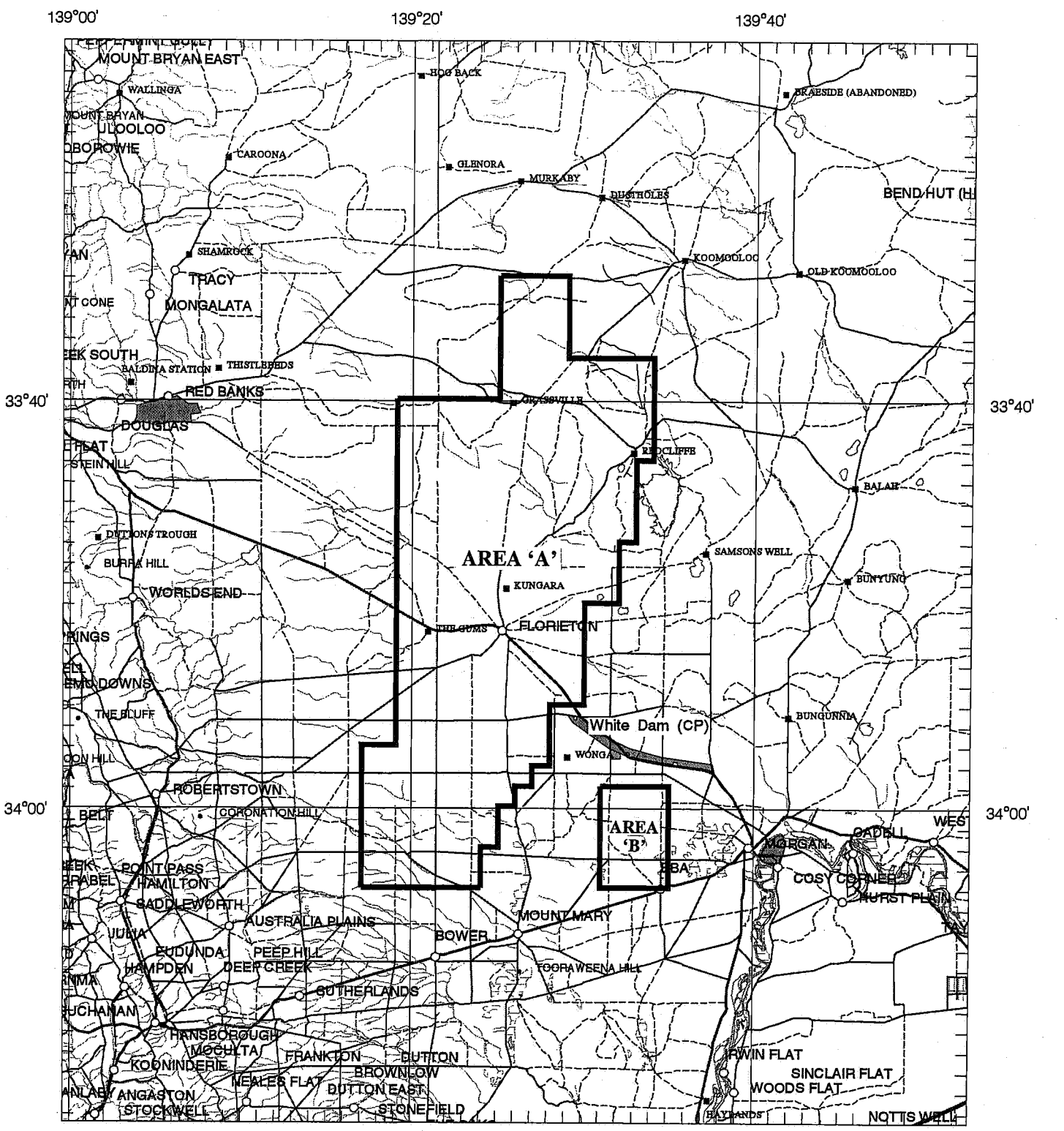
2006

SCHEDULE A



APPLICANT : INCO RESOURCES (AUSTRALIA) PTY LTD
FILE REF : 716/04 TYPE : MINERAL ONLY AREA : 714 km² (approx.)
1:250000 MAPSHEETS : ADELAIDE RENMARK
LOCALITY : BLACK HILLS COMPLEX SOUTH AREA - Approximately 110 km northeast of Adelaide
DATE GRANTED : 17-Feb-2005 DATE EXPIRED : 16-Feb-2006 EL NO : 3304

SCHEDULE A



EXPIRED



APPLICANT : INCO RESOURCES (AUSTRALIA) PTY LTD
FILE REF : 717/04 TYPE : MINERAL ONLY AREA : 932 km² (approx.)
1:250000 MAPSHEETS : BURRA CHOWILLA ADELAIDE RENMARK
LOCALITY : BLACK HILLS COMPLEX NORTH AREA - Approximately 150 km northeast of Adelaide
DATE GRANTED : 17-Feb-2005 DATE EXPIRED : 16-Feb-2006 EL NO : 3305



Inco Resources (Australia) Pty Ltd (ACN 096 361 876)

Level 2, 50 Kings Park Road

West Perth WA 6005

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PACE INTERIM REPORT – 20 JUNE 2006
DRILLING COLLABORATION BETWEEN PIRSA & INDUSTRY 2005-06
BLACK HILLS PROJECT, SOUTH AUSTRALIA
EXPLORATION LICENCES EL 3122, EL 3304 & EL 3305

Submitted on behalf of Inco Resources (Australia) Pty Ltd by:

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MERFF

R2006/00354



1. Introduction

On 29th September 2005 Inco Resources (Australia) Pty Ltd ("Inco") was awarded PACE program funding for its planned exploration drilling program at the Black Hills Project in South Australia. After completing an extensive program of airborne and ground geophysical surveys in April 2006 the planned follow-up exploration drilling program commenced on 23rd May 2006.

This drilling program is still ongoing with approx. 60% completed up until the June 20th 2006 PACE reporting deadline. In particular, Inco has completed four exploration drill holes out of a proposed 6-8 hole program. The following is an interim report on the progress of this drilling program to date with a final report to be submitted once the entire drilling program is completed. It is expected that this drilling program will be completed sometime in early July 2006.

Up until the PACE funding deadline of 20th June 2006 Inco has already incurred direct drilling costs of \$210,569.92. This well exceeds the expenditure conditions to satisfy the full allocation of its \$85,000 PACE funding grant.

2. Exploration Strategy

The Black Hills Project in South Australia consists of three exploration licences covering an approx. area of 1867 km². Two exploration licences, EL 3304 and EL 3305, are 100% owned and operated by Inco whilst the third exploration licence, EL 3122, is a joint venture between Inco and Landmark Stone Pty Ltd.

The Black Hills project is located approximately 120kms NE of Adelaide and covers a portion of the Proterozoic margin of SE Australia. At this location, Inco is targeting the regionally extensive and voluminous post-Delamerian (Cambro-Ordovician) mafic-ultramafic layered intrusions that occur here for orthomagmatic mafic-ultramafic hosted nickel sulphide mineralisation. The targeted mafic/ultramafic intrusive suite is known as the "Black Hills Gabbroic Complex" (BHGC).

The project area is almost entirely covered by the younger Tertiary-age Murray Basin sedimentary sequence resulting in the exploration program being heavily focused on geophysical survey methods. Using the Voisey's Bay deposit as an exploration analogue, both airborne and ground geophysical surveys have been completed across the project in an attempt to locate geophysical anomalies closely associated with prospective target zones. The prospective target zones include the marginal contact horizons between host sulphidic sediments and BHGC intrusions or the inferred feeder zones and/or basal contacts to BHGC intrusions.

3. Planned Drilling Program

By April 2006, Inco had completed a series of geophysical surveys over the Black Hills Project area including airborne EM and detailed ground MT, gravity and TEM traverses. All of the data collected during these surveys have now been processed and interpreted.

Subsequently, eight geophysical anomalies were identified closely associated with an inferred prospective geological horizon and were selected for drill testing. The primary objective of these proposed drill holes is to either directly intersect NiS mineralisation or identify some evidence of NiS fertility. It is planned to submit various drill hole intersections for litho-geochemical and petro-physical analyses to confirm our interpretations.

Of the eight targets selected for drilling, four targets are located in EL 3122 (Inco-Landmark Stone JV) with another two targets located in each of EL 3304 and EL 3305 (100% Inco). The exact hole locations are shown in Figure 1 and Table 1 below.

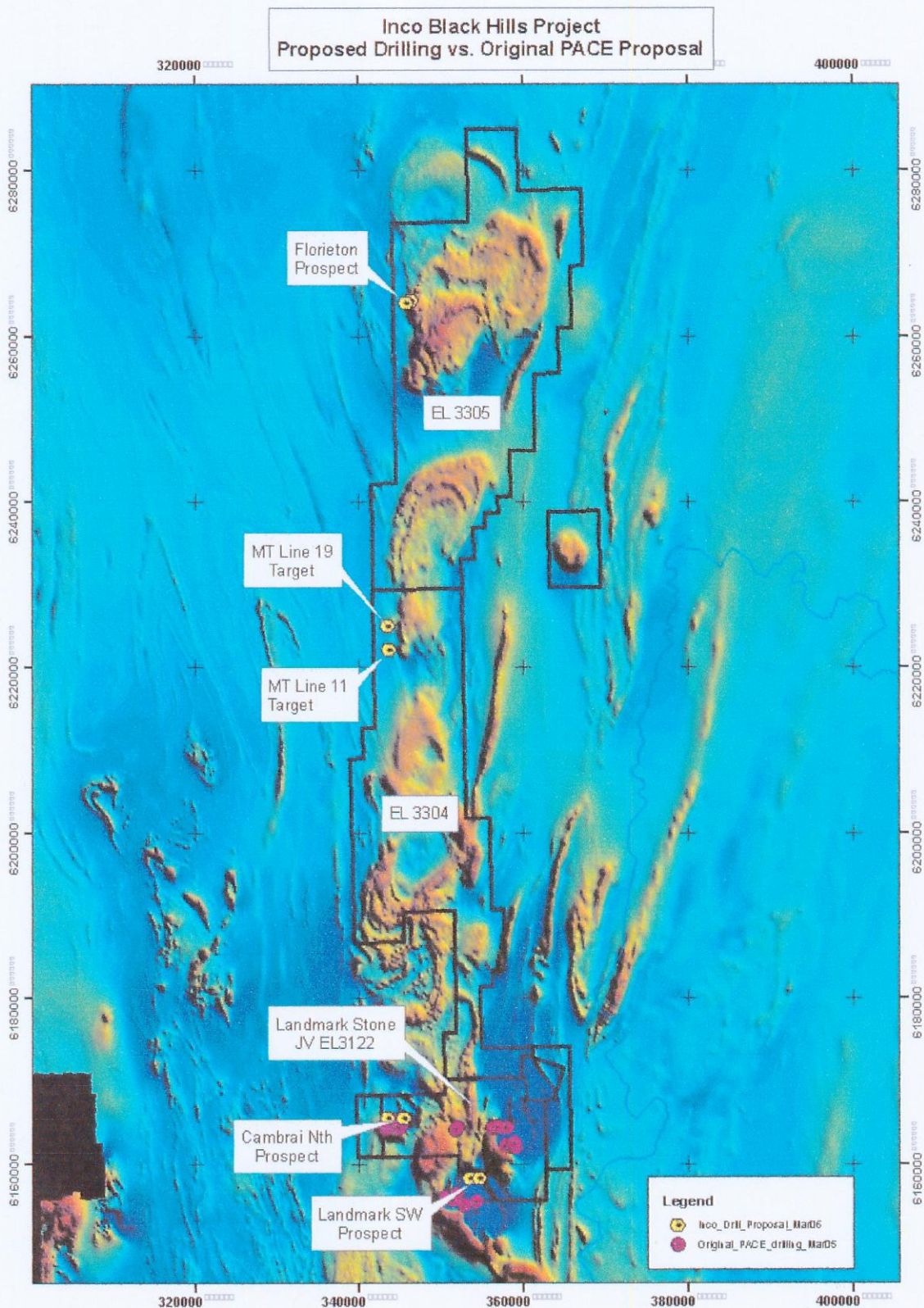


Figure 1. Amended drilling proposal versus the original PACE funding drilling proposal of March 2005 on a background image of the aeromagnetic data.

Hole ID	EL	Easting (m)	Northing (m)	Dip/Az.	Depth (m)	Status
119101-0	3122	354480	6158300	-60/090	188.5	Completed & logged.
119102-0	3122	353280	6158340	-60/120	252.1	Completed & logged
119103-0	3122	345470	6165590	-60/150	192.3	Completed & logged
119104-0	3122	343470	6165590	-60/150	201.1	Completed. Not logged.
119105-0	3304	343640	6225000	-60/090	*250	Planned.
119106-0	3304	343240	6221300	-60/090	*250	Planned.
119107-0	3305	346380	6264400	-60/090	*250	Planned.
119108-0	3305	345730	6264000	-60/090	*250	Planned.

Table 1. The status of the proposed drilling program for the Black Hills Project. Co-ordinates are based on GDA94 MGA Zone 54. (* = Planned but not yet drilled)

The drill testing of these selected targets involves the drilling of rotary mud pre-collars through up to 120m of the Murray Basin sedimentary sequence followed by NQ2 diamond drill tails into the prospective basement rocks. With hole lengths expected to be around 200-270m this equates to an entire drilling program of approx. 1600-2000m.

By mid-May 2006 PIRSA granted approval for all eight drill hole proposals and drilling commenced within EL 3122 on 23rd May 2006. To date, four drill holes have been completed with the rest of the program ongoing.

4. Drill Program Progress

Of the four drill holes completed so far, a total of 834m have been drilled. This total includes 347m of rotary mud pre-collar drilling and 487m of NQ2 diamond tail drilling into the prospective basement rocks. Summary drill logs for the first three holes (119101-0, 119102-0 and 119103-0) are shown in Appendix 1. The logging of the fourth hole just completed (119104-0) is still ongoing.

The results for the first three holes can be summarised as follows:

Drill hole 119101-0:

Designed to test a significant density contrast anomaly close to the inferred margin of a BHGC intrusion. It is hoped that the hole would pass through a contact between the host Neoproterozoic sediments and a significant BHGC intrusion. Instead, the hole intersected a light grey, feldspar-rich (up to 75%) leuco-gabbro followed by a dark green, mafic-rich gabbro-norite. No sulphide mineralisation is present but the density contrast anomaly is probably explained by the litho types present. Intervals have been selected for litho-geochemical and petro-physical analyses to confirm our interpretation.

Drill hole 119102-0:

Designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion. This hole intersected foliated meta-siltstones and greywacke before intersecting gabbros and norites with minor granite dykes. The geophysical interpretation can be explained by the litho types present but no sulphide mineralisation or any encouraging evidence of process was intersected. Intervals have been selected for litho-geochemical and petro-physical analyses to confirm our interpretation.

Drill hole 119103-0:

Designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion. This hole passed through a complex contact zone consisting of meta-sediments, granite dykes and leuco-gabbro dykes(?) before intersecting a homogeneous gabbro. The geophysical interpretation can be explained by the litho types present but no sulphide mineralisation or any encouraging evidence of process was intersected. Intervals have been selected for litho-geochemical and petro-physical analyses to confirm our interpretation.

5. Incurred & Projected Drilling Costs

From the commencement of drilling on 23rd May 2006 up until 19th June 2006 four invoices relating to direct drilling costs have been received by Inco. These invoices are summarised in Table 2 below.

Company	Invoice No.	Invoice Date	Service Provided	Total Cost (incl.GST)
Tom Browne Drilling Services Pty Ltd	92	31/05/06	Drilling.	\$82,400.76
Tom Browne Drilling Services Pty Ltd	100	15/06/06	Drilling.	\$126,368.78
E.B. Marschall & Sons Pty Ltd	720	31/05/06	Excavation of drill hole sumps.	\$1156.38
Mid Murray Council	9575	19/06/06	Water (used in the drilling process).	\$644.00
TOTAL (incl. GST)				\$210,569.92

Table 2. Direct drilling costs (including GST) incurred at the Black Hills Project up until 19/06/06.

The PACE program grant awarded to Inco for direct drilling costs associated with this exploration program was an amount up to \$85,000. To receive the full PACE funding allocation of \$85,000 Inco would need to complete a drilling program that would cost at least \$170,000.

Table 2 above lists total direct drilling costs incurred by Inco up until 19 June 2006 as \$210,569.92 i.e. well in excess of \$170,000. In summary, Inco have already incurred direct drilling costs to satisfy the conditions for the full PACE funding allocation of \$85,000. With at least two to four more drill holes yet to be completed at the Black Hills Project Inco will well exceed its PACE funding obligations.

APPENDIX 1 – SUMMARY DRILL HOLE LOGS

Drill Hole 119101-0:

To (m)	From (m)	Lithology
0.0	67.0	Clay with minor sandy lenses
67.0	94.0	Clay with minor sand and lignite.
94.0	122.8*	Clay with minor sandy lenses (<i>*End of Pre-collar</i>).
122.8	149.7	Light grey, med grained, feldspar-rich leuco-gabbro.
149.7	184.97	Dark green, med-coarse grained, biotite-pyroxene gabbro
184.97	188.5	Dark green, med grained gabbro-norite (EOH).

Drill Hole 119102-0:

To (m)	From (m)	Lithology
0.0	3.0	Soil
3.0	4.0	Calcrete
4.0	58.4	Clay with minor sandy horizons.
58.4	78.3	Unconsolidated, med grained, micaceous quartz sand.
78.3	111.9*	No sample return. Hole collapse and loss of water return (<i>*End of Pre-collar</i>).
111.9	123.76	Grey, foliated, fine to med grained meta-siltstone.
123.76	156.0	Grey, foliated, fine to med grained meta-greywacke with minor meta-siltstone and meta-sandstone lenses.
156.0	163.3	Dark green, med grained gabbro (pyroxenite?).
163.3	167.5	Grey-green, layered (flow-banding?) gabbro. Texture similar to a gneissic texture.
167.5	233.98	Green, med grained gabbro-norite.
233.98	234.9	Light grey, granite dyke.
234.9	237.08	Dark green, med grained gabbro (pyroxenite?).
237.08	238.86	Light grey, granite dyke.
238.86	252.1	Green, med grained gabbro-norite (EOH).

Drill Hole 119103-0:

To (m)	From (m)	Lithology
0.0	1.0	Soil
1.0	8.0	Calcrete plus minor clays.
8.0	9.0	Fine to med grained unconsolidated sand.
9.0	36.0	Clay with minor sandy horizons.
36.0	55.4*	No sample return. No water return. (<i>*End of Pre-collar</i>)
55.4	66.23	Light grey, med grained, feldspar-rich leuco-gabbro.
66.23	73.55	Light grey, siliceous rhyolite or recrystallised siliceous meta-sediment.
73.55	75.51	Light grey, med grained granite dyke.
75.51	83.39	Grey, fine to med grained, foliated meta-sediment with thin pegmatite veins.
83.39	89.53	Grey, coarse grained pegmatite dyke.
89.53	97.72	Grey, fine to med grained, foliated meta-sediment.
97.72	192.30	Green, med grained gabbro-norite (EOH).

Tom Browne Drilling Services Pty Ltd

ABN: 57 003 022 455

P.O.388, 39L Obley Road DUBBO NSW 2830

ph: 02 6885 3630 fx: 02 6885 3060 email: admin.bds@bigpond.com

Tax Invoice

Invoice No: 92

Invoice Date: 31/05/2006

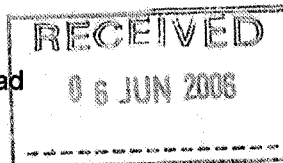
Contract/Ref:

Job: 518

Rig: BDS04

Page: 1

Customer: Inco Australia limited
Level 2, 50 Kings Park Road
West Perth
Western Australia 6005



Hole / Ref	Product	From	To	Qty	per	Rate	Extension
BHDD-01	NQ2 NQ Chrome Barrel Diamond Drilling	122.80	188.50	65.70	Metres	123.00	8,081.10
BHDD-01	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
BHDD-01	RC Reverse Circulation Drilling	50.00	123.00	73.00	Metres	65.00	4,745.00
BHDD-01	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
BHDD-01	RWT Rig Work Time			24.75	Hour	450.00	11,137.50
BHDD-01	ST Stand - by Time			29.00	Hour	380.00	11,020.00
BHDD-01	WC Water Carting			29.50	Hour	250.00	7,375.00
BHDD-01	AUS-G Aus - Gel			1.00	Each	21.15	21.15
BHDD-01	BL EP Bit Lube			1.00	Each	113.89	113.89
BHDD-01	CRC CR- 650			3.00	Each	172.31	516.93
BHDD-01	RG Rod Grease			1.00	Each	209.49	209.49
BHDD-01	SL Sump Liner			1.00	Each	211.64	211.64
BHDD-01	MOB Mobilisation			1.00	Each	6,000.00	6,000.00
BHDD-01	SC Survey Camera Hire			6.00	Day	80.00	480.00
BHDD-01	SS Single Shot Survey			1.00	Each	80.00	80.00
BHDD-02	NQ NQ Diamond Drilling	58.40	59.20	0.80	Metres	101.00	80.80
BHDD-02	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
BHDD-02	RC Reverse Circulation Drilling	50.00	58.00	8.00	Metres	65.00	520.00
BHDD-02	RC Reverse Circulation Drilling	57.00	60.00	3.00	Metres	65.00	195.00
BHDD-02	RWT Rig Work Time			21.00	Hour	450.00	9,450.00
BHDD-02	WC Water Carting			31.00	Hour	250.00	7,750.00
BHDD-02	AUS-G Aus - Gel			15.00	Each	21.15	317.25
BHDD-02	CRC CR- 650			1.00	Each	172.31	172.31
BHDD-02	HVFS Hi-Vis Fluid Star			2.00	Each	131.36	262.72
BHDD-02	SC Survey Camera Hire			2.00	Day	80.00	160.00

Sub-total: \$74,909.78

GST: \$7,490.98

Invoice total: \$82,400.76

C071	CAR. No.			
CR.	AUD	PAY \$	\$ 82 400.76	
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	5122	845304	0122	74909.78
			GST	7490.98
GOODS/SERVICES			PRICES OK	
REC'D			PAYMENT OK	
EXTENSIONS OK				

This is page 2 of Invoice No. 92 for Inco Australia limited

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
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Invoice Summary

Invoice No: 92	Product	Qty	per	Rate	Extension
Invoice Date: 31/05/2006	NQ NQ Diamond Drilling	0.80	Metres	101.00	80.80
Contract/Ref:	NQ2 NQ Chrome Barrel Diamond Drilling	65.70	Metres	123.00	8,081.10
Job: 518	RC Reverse Circulation Drilling	100.00	Metres	58.00	5,800.00
Rig: BDS04	RC Reverse Circulation Drilling	84.00	Metres	65.00	5,460.00
	PVC150 PVC Casing 150mm	6.00	Metres	35.00	210.00
sub-Total: 74,909.78	RWT Rig Work Time	45.75	Hour	450.00	20,587.50
GST: 7,490.98	ST Stand - by Time	29.00	Hour	380.00	11,020.00
Invoice Total: \$82,400.76	WC Water Carting	60.50	Hour	250.00	15,125.00
	AUS-G Aus - Gel	16.00	Each	21.15	338.40
	BL EP Bit Lube	1.00	Each	113.89	113.89
	CRC CR- 650	4.00	Each	172.31	689.24
	HVFS Hi-Vis Fluid Star	2.00	Each	131.36	262.72
	RG Rod Grease	1.00	Each	209.49	209.49
	SL Sump Liner	1.00	Each	211.64	211.64
	MOB Mobilisation	1.00	Each	6,000.00	6,000.00
	SC Survey Camera Hire	8.00	Day	80.00	640.00
	SS Single Shot Survey	1.00	Each	80.00	80.00

Job: 518

Customer: IAL Inco Australia limited

Rig: BDS04

Date	Shft	Plod	Hole	Rig	Type	Product	From	To	TotClient	TotCoy.	Serial/CustReference	Qty	Rate	Extension
19/05	D	628	BHDD-01	BDS04	4	RWT			2.00	0.00		2.00	450.00	900.00
19/05	D	628	BHDD-01	BDS04	6	MOB			1.00	0.00		1.00	6,000.00	6,000.00
20/05	D	629	BHDD-01	BDS04	4	RWT			5.00	0.00		5.00	450.00	2,250.00
20/05	D	629	BHDD-01	BDS04	4	ST			7.00	0.00		7.00	380.00	2,660.00
21/05	D	630	BHDD-01	BDS04	4	ST			8.00	0.00		8.00	380.00	3,040.00
22/05	D	631	BHDD-01	BDS04	4	ST			8.00	0.00		8.00	380.00	3,040.00
23/05	D	632	BHDD-01	BDS04	4	RWT			1.00	0.00		1.00	450.00	450.00
23/05	D	632	BHDD-01	BDS04	4	ST			5.50	0.00		5.50	380.00	2,090.00
23/05	D	632	BHDD-01	BDS04	4	WC			1.50	0.00		1.50	250.00	375.00
23/05	D	632	BHDD-01	BDS04	4	WC			5.50	0.00		5.50	250.00	1,375.00
24/05	D	633	BHDD-01	BDS04	2	RC	0.00	6.00	6.00	0.00		6.00	58.00	348.00
24/05	D	633	BHDD-01	BDS04	3	PVC150	0.00	6.00	6.00	0.00		6.00	35.00	210.00
24/05	D	633	BHDD-01	BDS04	4	RWT			1.00	0.00		1.00	450.00	450.00
24/05	D	633	BHDD-01	BDS04	4	WC			7.50	0.00		7.50	250.00	1,875.00
24/05	D	633	BHDD-01	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
24/05	D	633	BHDD-01	BDS04	5	SL			1.00	0.00		1.00	211.64	211.64
24/05	D	633	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
25/05	D	634	BHDD-01	BDS04	2	RC	6.00	50.00	44.00	0.00		44.00	58.00	2,552.00
25/05	D	634	BHDD-01	BDS04	2	RC	50.00	66.00	16.00	0.00		16.00	65.00	1,040.00
25/05	D	634	BHDD-01	BDS04	4	RWT			0.75	0.00		0.75	450.00	337.50
25/05	D	634	BHDD-01	BDS04	4	ST			0.50	0.00		0.50	380.00	190.00
25/05	D	634	BHDD-01	BDS04	4	WC			1.50	0.00		1.50	250.00	375.00
25/05	D	634	BHDD-01	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
25/05	D	634	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
26/05	D	635	BHDD-01	BDS04	2	RC	66.00	123.00	57.00	0.00		57.00	65.00	3,705.00
26/05	D	635	BHDD-01	BDS04	4	WC			4.50	0.00		4.50	250.00	1,125.00
26/05	D	635	BHDD-01	BDS04	5	BL			1.00	0.00		1.00	113.89	113.89
26/05	D	635	BHDD-01	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
26/05	D	635	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
27/05	D	636	BHDD-01	BDS04	2	NQ2	122.80	150.00	27.20	0.00		27.20	123.00	3,345.60
27/05	D	636	BHDD-01	BDS04	4	RWT			2.00	0.00		2.00	450.00	900.00
27/05	D	636	BHDD-01	BDS04	5	RG			1.00	0.00		1.00	209.49	209.49
27/05	D	636	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00

Proforma Invoices

as at 2/06/2006 1:08:02 PM

Date	Shift	Plot	Hole	Rig	Type	Product	From	To	TotClient	TotCoy.	Serial/CustReference	Qty	Rate	Extension
27/05	D	636	BHDD-01	BDS04	6	SS			1.00	0.00		1.00	80.00	80.00
28/05	D	637	BHDD-01	BDS04	2	NQ2								
						NQ Chrome Barrel Diamond Drilling	150.00	186.00	36.00	0.00		36.00	123.00	4,428.00
28/05	D	637	BHDD-01	BDS04	4	RWT			1.50	0.00		1.50	450.00	675.00
28/05	D	637	BHDD-01	BDS04	4	WC			3.00	0.00		3.00	250.00	750.00
28/05	D	637	BHDD-01	BDS04	5	AUS-G			1.00	0.00		1.00	21.15	21.15
28/05	D	637	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
29/05	D	638	BHDD-01	BDS04	2	NQ2								
						NQ Chrome Barrel Diamond Drilling	186.00	188.50	2.50	0.00		2.50	123.00	307.50
29/05	D	638	BHDD-01	BDS04	4	RWT			11.50	0.00		11.50	450.00	5,175.00
29/05	D	638	BHDD-01	BDS04	4	WC			6.00	0.00		6.00	250.00	1,500.00
29/05	D	638	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
30/05	D	640	BHDD-02	BDS04	2	RC								
						Reverse Circulation Drilling	0.00	33.00	33.00	0.00		33.00	58.00	1,914.00
30/05	D	640	BHDD-02	BDS04	4	RWT			5.00	0.00		5.00	450.00	2,250.00
30/05	D	640	BHDD-02	BDS04	4	WC			6.00	0.00		6.00	250.00	1,500.00
30/05	D	640	BHDD-02	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
30/05	N	641	BHDD-02	BDS04	2	RC								
						Reverse Circulation Drilling	33.00	50.00	17.00	0.00		17.00	58.00	986.00
30/05	N	641	BHDD-02	BDS04	2	RC								
						Reverse Circulation Drilling	50.00	58.00	8.00	0.00		8.00	65.00	520.00
30/05	N	641	BHDD-02	BDS04	4	RWT			1.50	0.00		1.50	450.00	675.00
30/05	N	641	BHDD-02	BDS04	4	WC			8.00	0.00		8.00	250.00	2,000.00
30/05	N	641	BHDD-02	BDS04	5	HVFS			1.00	0.00		1.00	131.36	131.36
30/05	N	641	BHDD-02	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
31/05	D	642	BHDD-02	BDS04	2	RC								
						Reverse Circulation Drilling	57.00	60.00	3.00	0.00		3.00	65.00	195.00
31/05	D	642	BHDD-02	BDS04	4	RWT			11.50	0.00		11.50	450.00	5,175.00
31/05	D	642	BHDD-02	BDS04	4	WC			8.50	0.00		8.50	250.00	2,125.00
31/05	D	642	BHDD-02	BDS04	5	AUS-G			15.00	0.00		15.00	21.15	317.25
31/05	N	643	BHDD-02	BDS04	2	NQ								
						NQ Diamond Drilling	58.40	59.20	0.80	0.00		0.80	101.00	80.80
31/05	N	643	BHDD-02	BDS04	4	RWT			3.00	0.00		3.00	450.00	1,350.00
31/05	N	643	BHDD-02	BDS04	4	WC			8.50	0.00		8.50	250.00	2,125.00
31/05	N	643	BHDD-02	BDS04	5	HVFS			1.00	0.00		1.00	131.36	131.36
31/05	N	643	BHDD-02	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00

Total for Job 518 = \$74,909.78

Total for Rig BDS04 = \$74,909.78



Tom Browne Drilling Services Pty Ltd

ABN: 57 003 022 455

P.O.388, 39L Obley Road DUBBO NSW 2830

ph: 02 6885 3630 fx: 02 6885 3060 email: admin.bds@bigpond.com

Tax Invoice

Invoice No: 100

Invoice Date: 15/06/2006

Contract/Ref:

Job: 518

Rig: BDS04

Page: 1

Customer: Inco Australia Limited Partnership
Level 2, 50 Kings Park Road
West Perth
Western Australia 6005

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
BHDD-02	HQ HQ Diamond Drilling	66.00	100.00	34.00	Metres	120.00	4,080.00
BHDD-02	HQ HQ Diamond Drilling	100.00	110.00	10.00	Metres	128.00	1,280.00
BHDD-02	NQ NQ Diamond Drilling	110.00	138.10	28.10	Metres	115.00	3,231.50
BHDD-02	NQ2 NQ Chrome Barrel Diamond Drilling	60.60	87.00	26.40	Metres	108.00	2,877.60
BHDD-02	NQ2 NQ Chrome Barrel Diamond Drilling	138.10	252.10	114.00	Metres	123.00	14,022.00
BHDD-02	NQ3 NQ Triple Tube Diamond Drilling	60.30	60.60	0.30	Metres	106.00	31.80
BHDD-02	RWT Rig Work Time			49.75	Hour	450.00	22,387.50
BHDD-02	WC Water Carting			38.50	Hour	250.00	9,625.00
BHDD-02	AUS-G Aus - Gel			4.00	Each	21.15	84.60
BHDD-02	CRC CR-650			8.00	Each	172.31	1,033.86
BHDD-02	HVFS Hi-Vis Fluid Star			1.00	Each	131.36	131.36
BHDD-02	PACR PAC R Polymer Granules			1.00	Each	285.78	285.78
BHDD-02	SC Survey Camera Hire			8.00	Day	80.00	640.00
BHDD-02	SS Single Shot Survey			3.00	Each	80.00	240.00
BHDD-03	NQ2 NQ Chrome Barrel Diamond Drilling	55.40	100.00	44.60	Metres	109.00	4,861.40
BHDD-03	NQ2 NQ Chrome Barrel Diamond Drilling	100.00	168.20	68.20	Metres	123.00	8,388.60
BHDD-03	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
BHDD-03	RC Reverse Circulation Drilling	50.00	55.00	6.00	Metres	65.00	390.00
BHDD-03	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
BHDD-03	RWT Rig Work Time			38.00	Hour	450.00	17,100.00
BHDD-03	WC Water Carting			43.50	Hour	250.00	10,875.00
BHDD-03	AUS-G Aus - Gel			24.00	Each	21.15	507.60
BHDD-03	AUS-T Aus-Trol 15kg			1.00	Each	221.34	221.34
BHDD-03	CRC CR-650			3.00	Each	172.31	516.93
BHDD-03	RG Rod Grease			1.00	Each	209.49	209.49
BHDD-03	SHS Shur - Seal			1.00	Each	38.35	38.35
BHDD-03	SC Survey Camera Hire			6.00	Day	80.00	480.00
BHDD-03	SS Single Shot Survey			1.00	Each	80.00	80.00
BHDD-03/4	NQ2 NQ Chrome Barrel Diamond Drilling	168.20	192.30	24.10	Metres	123.00	2,964.30
BHDD-03/4	RC Reverse Circulation Drilling	0.00	6.00	6.00	Metres	58.00	348.00
BHDD-03/4	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
BHDD-03/4	RWT Rig Work Time			8.00	Hour	450.00	3,600.00
BHDD-03/4	WC Water Carting			3.00	Hour	250.00	750.00
BHDD-03/4	GYP Gypset			2.00	Each	43.62	87.24
BHDD-03/4	SI Sifoam			2.00	Each	15.73	31.46
BHDD-03/4	SC Survey Camera Hire			1.00	Day	80.00	80.00
BHDD-03/4	SS Single Shot Survey			1.00	Each	80.00	80.00

Sub-total: \$114,880.71

GST: \$11,488.07

Invoice total: \$126,368.78

continued on page 2

This is page 2 of Invoice No. 100 for Inco Australia Limited Partnership

Hole / Ref Product From To Qty per Rate Extension

Invoice Summary

Invoice No: 100	Product	Qty	per	Rate	Extension
Invoice Date: 15/06/2006	HQ HQ Diamond Drilling	34.00	Metres	120.00	4,080.00
Contract/Ref:	HQ HQ Diamond Drilling	10.00	Metres	128.00	1,280.00
Job: 518	NQ NQ Diamond Drilling	28.10	Metres	115.00	3,231.50
Rig: BDS04	NQ2 NQ Chrome Barrel Diamond Drilling	71.00	Metres	109.00	7,739.00
	NQ2 NQ Chrome Barrel Diamond Drilling	208.30	Metres	123.00	25,374.90
sub-total: 114,880.71	NQ3 NQ Triple Tube Diamond Drilling	0.30	Metres	108.00	31.80
GST: 11,488.07	RC Reverse Circulation Drilling	56.00	Metres	58.00	3,248.00
Invoice Total: \$126,368.78	RC Reverse Circulation Drilling	6.00	Metres	65.00	390.00
	PVC150 PVC Casing 150mm	12.00	Metres	35.00	420.00
	RWT Rig Work Time	95.75	Hour	450.00	43,087.50
	WC Water Carting	85.00	Hour	250.00	21,250.00
	AUS-G Aus - Gel	28.00	Each	21.15	592.20
	AUS-T Aus-Trol 15kg	1.00	Each	221.34	221.34
	CRC CR- 650	9.00	Each	172.31	1,550.79
	GYP Gypset	2.00	Each	43.62	87.24
	HVFS Hi-Vis Fluid Star	1.00	Each	131.36	131.36
	PACR PAC R Polymer Granules	1.00	Each	285.78	285.78
	RG Rod Grease	1.00	Each	209.49	209.49
	SHS Shur - Seal	1.00	Each	38.35	38.35
	SI Sifoam	2.00	Each	15.73	31.46
	SC Survey Camera Hire	15.00	Day	80.00	1,200.00
	SS Single Shot Survey	6.00	Each	80.00	400.00

C071	CAR. No.			
CR.	AUD	PAY \$	\$ 126,368.78	
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	EL 3122	845304	0312	\$ 114,880.71
			GST	\$ 11,488.07
GOODS/SERVICES			PRICES OK	
REC'D				
EXTENSIONS OK			PAYMENT OK	

TAX INVOICE

E. B. MARSHALL & SONS PTY. LTD.

A.B.N. 59 107 640 040

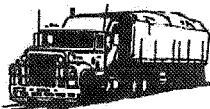
• EARTHMOVING • DEMOLITION • CARTAGE

Cnr. Basedow and Light Pass Roads, Tanunda

P.O. Box 130, Tanunda 5352 - Phone (08) 8563 2287; Fax (08) 8563 0426

• SALVAGE YARD

Cnr. Murray Street and Kalimna Road, Nuriootpa - Phone 0407 600 857



INCO AUST LTD PARTNERSHIP

31 MAY 2006

LEVEL 2, 50 KINGS PARK ROAD

WEST PERTH WA 6005

RECEIVED

06 JUN 2006

720

DETAILS

TOTAL

ATTN: LYRENA WOLZAK

CAMBRAY, SA - EXCAVATE PITS.

SE210 Excavator 5 3/4 hrs @ \$135-ph \$776-25

Transport 2 1/2 hrs @ \$110-ph \$275-00

CR.	AUD	PAY \$	\$ 1156.25	
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	43122	845304	0312	\$1051.25
			GST	105.13
GOODS/SERVICES			PRICES OK	
REC'D			PAYMENT OK	
EXTENSIONS OK				

BANK A/c DETAILS FOR DIRECT REMITTANCE:

E B Marshall & Sons P/L

BSB: 015726

A/c: 1074 83137

FAXED 31/5

SUB TOTAL \$1051-25

G.S.T. \$ 105-13

TOTAL \$1156-38

TERMS: 7/N DAYS

PLEASE RETURN THIS PORTION WITH REMITTANCE

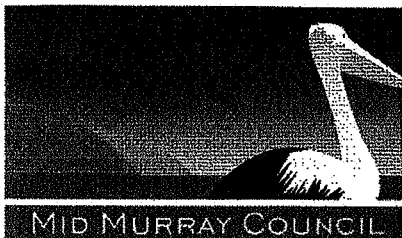
E. B. MARSHALL & SONS PTY. LTD.

A.B.N. 59 107 640 040

P.O. Box 130, Tanunda 5352

A/c.....Inco Aust.....

720



Mid Murray Council

ABN: 88 313 305 455

Communications to PO Box 28, MANNUM 5238

Telephone: (08) 8569 0100

Fascimile: (08) 8569 1931

ADMINISTRATION OFFICE:
49 Adelaide Road
Mannum

BRANCH OFFICES:
Main Street, Cambrai
10 Fourth Street, Morgan

INVOICE

ABN : 88313305455

TAX INVOICE

INCO RESOURCES AUSTRALIA
ATTENTION: SERENA WOLZAK
LEVEL 2, 50 KINGS PARK ROAD
WEST PERTH WA 6005

DEBTOR

D1998

DATE

19/06/06

PAGE NO.

1

DATE	INVOICE NO	DESCRIPTION	AMOUNT
------	------------	-------------	--------

19/06/06

9575 0017 WATER STANDPIPE USAGE
CAMBRAI STANDPIPE
644 KILOLITRES
644.00 @ 1.00 ea

644.00

This invoice includes no GST

TOTAL
PAYABLE

\$644.00

☐ If a receipt is required please tick the box. A receipt will not be issued unless the notice is returned intact with remittance

RETAIN TOP PORTION OF THIS INVOICE FOR YOUR RECORDS AND
RETURN THE LOWER PORTION WITH YOUR REMITTANCE

MID MURRAY COUNCIL
PO Box 28
MANNUM SA 5238

NAME INCO RESOURCES AUSTRALIA

INVOICE
NO

AMOUNT

INVOICE
NO

AMOUNT

9575

644.00

DEBTOR NO. D1998

TOTAL
PAYABLE

644.00



ACN 096 361 876

Terry Crabb
Exploration Manager
0439 421 072
tcrabb@inco.com

PACE FINAL REPORT – 6 DECEMBER 2006

DRILLING COLLABORATION BETWEEN PIRSA & INDUSTRY 2005-06

BLACK HILLS PROJECT, SOUTH AUSTRALIA

EXPLORATION LICENCES EL 3122, EL 3304 & EL 3305

Prepared by:
Luke Mortimer - GTTS Consultants
20 Nixon Street, Marion, SA 5043
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Mob: 0438 903 284
Email: morts71@tpg.com.au

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3. Black Hills Project Drilling Program	3
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5. CONCLUSION	15

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Appendix 1 – Drill Hole Survey Details & Drill Logs

Appendix 2 – Drill Core Samples and SG Measurements

Appendix 3 – Lithogeochemistry Results

Appendix 4 – Invoices

List of Attachments

CD Containing Raw Drill Hole Data included in Appendices 1 - 3

1. Introduction

On 29th September 2005 Inco Resources (Australia) Pty Ltd ("Inco") was awarded a PACE program grant for its planned exploration drilling program at the Black Hills Project in South Australia. After completing an extensive program of airborne and ground geophysical surveys in April 2006 the planned follow-up exploration drilling program commenced on 23rd May 2006.

By the time of the PACE program reporting deadline of 20th June 2006 approximately 60% of this drilling program had been completed and Inco's minimum drilling expenditure commitment had also been exceeded. Prior to this, on 18th May 2006 Inco successfully applied for an extension to the PACE program deadline to allow for the completion of this drilling campaign.

The drilling program was eventually completed on 12th July 2006. In particular, six drill holes were completed (Hole nos. 119101-0 to 119106-0) with a total of 1359.4m drilled involving 464.4m of rotary mud pre-collars and 895m of NQ2 diamond tail drilling.

By the completion of the drilling program Inco incurred direct drilling costs of \$297,769.68. This well exceeds the expenditure conditions to satisfy the full allocation of its \$85,000 PACE funding grant.

2. Exploration Strategy

The Black Hills Project in South Australia consists of three exploration licences covering an approx. area of 1867 km². Two exploration licences, EL 3304 and EL 3305, are 100% owned and operated by Inco whilst the third exploration licence, EL 3122, is a joint venture between Inco and Landmark Stone Pty Ltd.

The Black Hills project is located approximately 120kms NE of Adelaide and covers a portion of the Proterozoic margin of SE Australia. At this location, Inco is targeting the regionally extensive and voluminous post-Delamerian (Cambro-Ordovician) mafic-ultramafic layered intrusions that occur here for orthomagmatic mafic-ultramafic hosted nickel sulphide mineralisation. The targeted mafic/ultramafic intrusive suite is known as the "Black Hills Gabbroic Complex" (BHGC).

The project area is almost entirely covered by the younger Tertiary-age Murray Basin sedimentary sequence resulting in the exploration program being heavily focused on geophysical survey methods. Using the Voisey's Bay deposit as an exploration analogue, both airborne and ground geophysical surveys have been completed across the project in an attempt to locate geophysical anomalies closely associated with prospective target zones. The prospective target zones include the marginal contact horizons between host sulphidic sediments and BHGC intrusions or the inferred feeder zones and/or basal contacts to BHGC intrusions.

3. Black Hills Project Drilling Program

Six geophysical anomalies were identified closely associated with an inferred prospective geological horizon, which were subsequently chosen for drill testing. The primary objective of

the drill holes was to either directly intersect NiS mineralisation or identify some evidence of NiS fertility.

The six drill holes completed involved a total of 1359.4m drilled of which 464.4m was rotary mud pre-collars and 895m was NQ2 diamond tail drilling (Hole nos. 119101-0 to 119106-0). Four drill holes are located within EL 3122 (Inco-Landmark Stone JV) with another two drill holes located in EL 3304 (100% Inco). The locations and details of each hole are shown in Figure 1 and Table 1 below.

Hole ID	Easting (m)	Northing (m)	Dip/Az.	Pre-collar (m)	Diam. Tail (m)	Total Depth (m)	Major Lithology
119101-0	354480	6158300	-60/90	122.8	65.7	188.5	Leucogabbro /gabbro
119102-0	353280	6158340	-60/120	111.9	140.2	252.1	metased. /gabbro
119103-0	345470	6165590	-60/150	55.4	136.9	192.3	metased. /granite/gabbro
119104-0	343470	6165590	-60/150	54.1	147	201.1	metased. /gabbro
119105-0	343640	6225000	-60/90	75.5	185.7	261.2	metased. /gabbro
119106-0	343240	6221300	-60/90	45.6	217.6	263.2	Dolomitic metased.

Table 1. Drill holes completed at the Black Hills Project during 2006. Co-ordinates are based on GDA94 MGA Zone 54.

The drilling of the six selected targets involved the drilling of between 45-122m deep rotary mud pre-collars through the Murray Basin sedimentary sequence followed by NQ2 diamond drill tails into the prospective basement rocks. The drilling of the rotary mud pre-collars proved to be quite difficult and expensive due to many problems associated with thick bands of fine running sands, sticky clays and fractured ground. Sample recovery within the Murray Basin sedimentary sequence pre-collar was often poor and sometimes zero.

The diamond tail drilling ranged from 65-217m in lengths and was generally of good ground conditions with the exception of hole 119105-0. This particular hole encountered a highly fractured sequence of rocks that proved problematic for drilling.

The drill hole survey details and logs are listed in Appendix 1. All of the diamond drill core from each hole has been submitted to the Glenside Core Library.

3.1 Lithogeochemical and SG analyses

Although no significant sulphide mineralization was encountered within these holes representative samples were taken from each hole to determine their SG values and lithogeochemistry. The drill core sample SG and lithogeochemistry values are listed in Appendices 2 & 3. The SG sample and measurements were taken by Challenger Geological Services Pty Ltd in Adelaide whilst the lithogeochemistry analyses were performed by AMDEL laboratories also in Adelaide.

All samples were selected for a 39 element analysis as detailed below:

i) 0.2g analytical pupl digested in HF/multi acid digest with the solution then presented to an ICPOES and ICPMS.

ICPOES: Ca (10ppm), Cr (2ppm), Fe (100ppm), K (10 ppm), Mg (10ppm), Mn (5ppm), Na (5ppm), Ni (2ppm), P (10ppm), Ti (10ppm), V (2ppm).

ICPMS: Ag (0.1ppm), As (0.5ppm), Bi (0.1ppm), Cd (0.1ppm), Cs (0.1ppm), Ce (0.05ppm), Co (0.2ppm), Cu (0.5ppm), Ga (0.1ppm) In (0.05ppm), La (0.05ppm), Mo (0.1ppm), Pb (0.5ppm), Rb (0.1ppm), Sb (0.5ppm), Se (1ppm), Sr (0.1ppm), Te (0.2ppm), Th (0.02ppm), Tl (0.1ppm), U (0.02ppm), W (0.1ppm), Y (0.05ppm), Zn (0.5ppm).

ii) XRF analysis via pressed powder was conducted for Zr (4ppm); and

iii) A 40g sub sample was fused in a lead collection fire assay. This was then digested in aqua-regia and the precious metals Au (1ppb), Pt (0.2ppb) and Pd (0.2ppb) were determined by ICPMS.

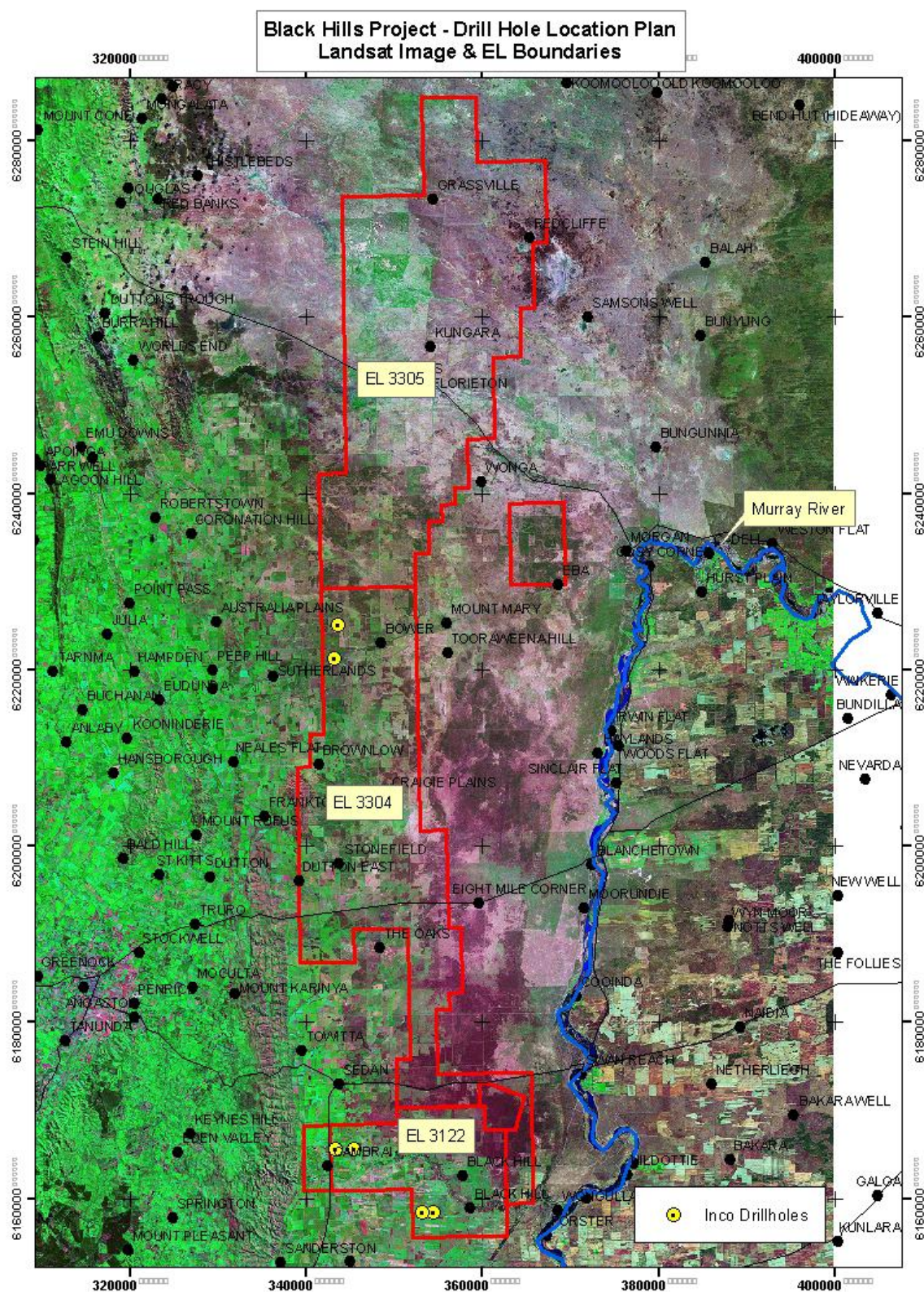


Figure 1. Location of the six drill holes completed by Inco as part of the PACE grant funding program on a background TMI image.

3.2 EL3122 Drill Program - Cambrai North & Landmark SW Prospects

A total of four exploration drill holes were drilled within EL3122 within May and June 2006. This drilling program included two drill holes each at the Landmark SW and Cambrai North Prospects (Figures 2 & 3). This program included a total of 344.2m of rotary mud pre-collar drilling plus 489.8m of NQ2 diamond core drilling. All four drill holes intersected Black Hills Gabbroic Complex mafic lithologies but without any encouraging evidence of mineralisation.

The results for these four holes can be summarised as follows:

Drill hole 119101-0:

This hole was designed to test a significant density contrast anomaly close to the inferred margin of a BHGC intrusion (see Figures 2 & 3). It was hoped that the hole would pass through a contact between the host Neoproterozoic sediments and a significant BHGC intrusion. Instead, the hole intersected a light grey, feldspar-rich (up to 75%) leuco-gabbro followed by a dark green, mafic-rich gabbro-norite. No sulphide mineralisation was intersected but the density contrast anomaly could possibly be explained by the litho types present although the SG values measured from two representative core samples did not reveal an insignificant density contrast (see Appendix 2).

The representative samples selected for the litho-geochemical and SG analyses are listed in Appendices 2 & 3. No anomalous values were detected.

Drill hole 119102-0:

This hole was designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion (Figures 2 & 3). This hole intersected foliated meta-siltstones and greywacke before intersecting gabbros and norites with minor granite dykes. The geophysical interpretation can be explained by the litho types present but no sulphide mineralisation or any encouraging evidence of process was intersected.

The representative samples selected for the litho-geochemical and SG analyses are listed in Appendices 2 & 3. No anomalous values were detected.

Drill hole 119103-0:

This hole was designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion (see Figures 2 & 3). This hole passed through a complex contact zone consisting of meta-sediments, granite dykes and leuco-gabbro dykes(?) before intersecting a homogeneous gabbro. The geophysical interpretation can be explained by the litho types present but no sulphide mineralisation or any encouraging evidence of process was intersected.

The representative samples selected for the litho-geochemical and SG analyses are listed in Appendices 2 & 3. No anomalous values were detected.

Drill hole 119104-0:

This hole was designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion. This hole intersected foliated meta-siltstones before intersecting gabbros and norites with minor granite dykes. The geophysical interpretation can be explained by the litho types present but only traces of sulphide mineralisation was intersected with no encouraging evidence of process encountered.

The representative samples selected for the litho-geochemical and SG analyses are listed in Appendices 2 & 3. No anomalous values were detected.

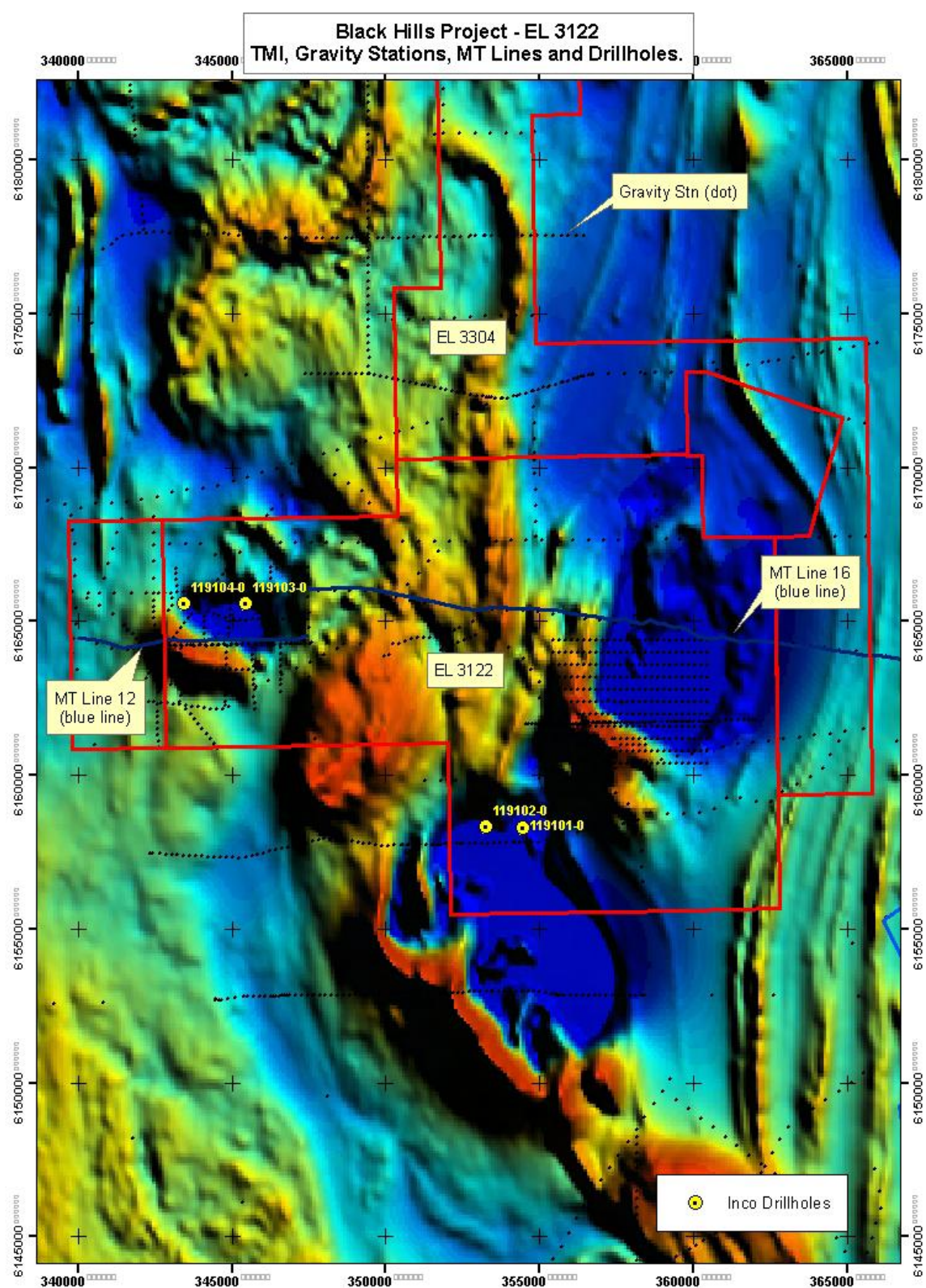


Figure 2. Location of the four drill holes completed within EL 3122 on a background TMI image, the Landmark SW prospect (Hole nos. 119101-0 & 119102-0) and the Cambrai North prospect (Hole nos. 119103-0 & 119104-0).

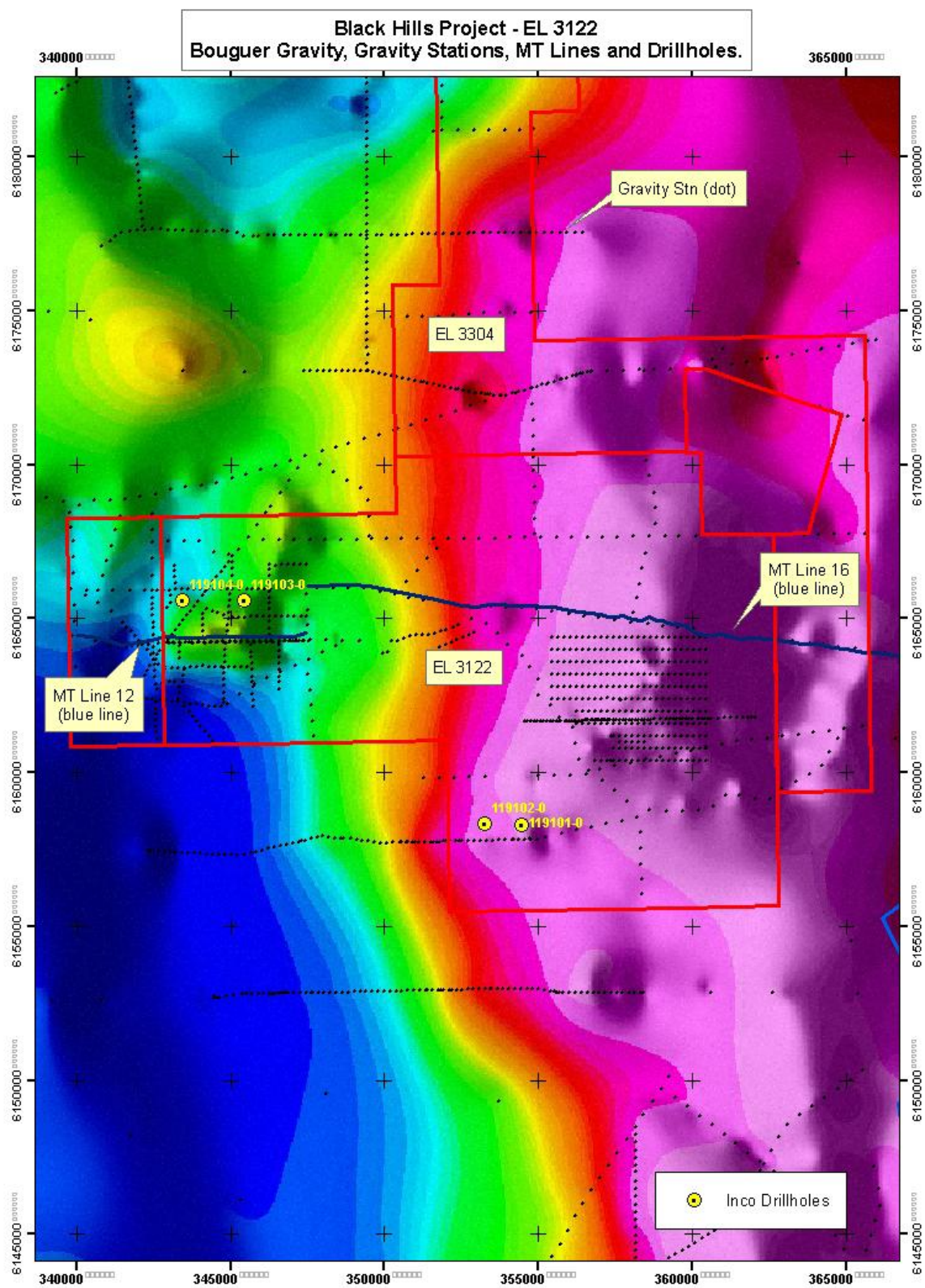


Figure 3. Location of the four drill holes completed within EL 3122 on a background bouguer gravity image, the Landmark SW prospect (Hole nos. 119101-0 & 119102-0) and the Cambrai North prospect (Hole nos. 119103-0 & 119104-0).

3.3 EL3304 Drill Program - Bower Prospect

A total of two exploration drill holes were drilled within EL3304 within June and July 2006. These two drill holes included a total of 121.1m of rotary mud pre-collar drilling plus 403.3m of NQ2 diamond core drilling. Drill hole no.119105-0 intersected Black Hills Gabbroic Complex mafic lithologies but only trace sulphide mineralisation was encountered without any real encouragement. Hole no.119106-0 was drilled to 263.2m and failed to intersect any mafic lithologies. It intersected only dolomitic metasediments.

The results for these four holes can be summarised as follows:

Drill hole 119105-0:

This hole was designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion (see Figures 4 & 5). This hole intersected foliated meta-siltstones before intersecting gabbros and minor gabbro-norites. The geophysical interpretation can be explained by the litho types present but only minor sulphide mineralisation was intersected with no real encouragement. The sulphide mineralisation intersected within the mafic lithologies included minor (up to a few %) py-po-cpy-pn(?) sulphides. The representative samples selected for the litho-geochemical and SG analyses are listed in Appendices 2 & 3. No anomalous values were detected.

The representative samples selected for the litho-geochemical and SG analyses are listed in Appendices 2 & 3. No anomalous values were detected.

Drill hole 119106-0:

This hole was designed to test a density contrast and magnetic anomaly close to the inferred margin of a BHGC intrusion. This hole intersected only foliated, siliceous and dolomitic meta-siltstones and failed to intersect any targeted mafic lithologies. The geophysical interpretation of this drill target cannot be explained by the sedimentary litho types intersected.

No core samples were taken from this hole for lith-geochemical analysis, although, one representative sample was selected for an SG measurement (see Appendix 2).

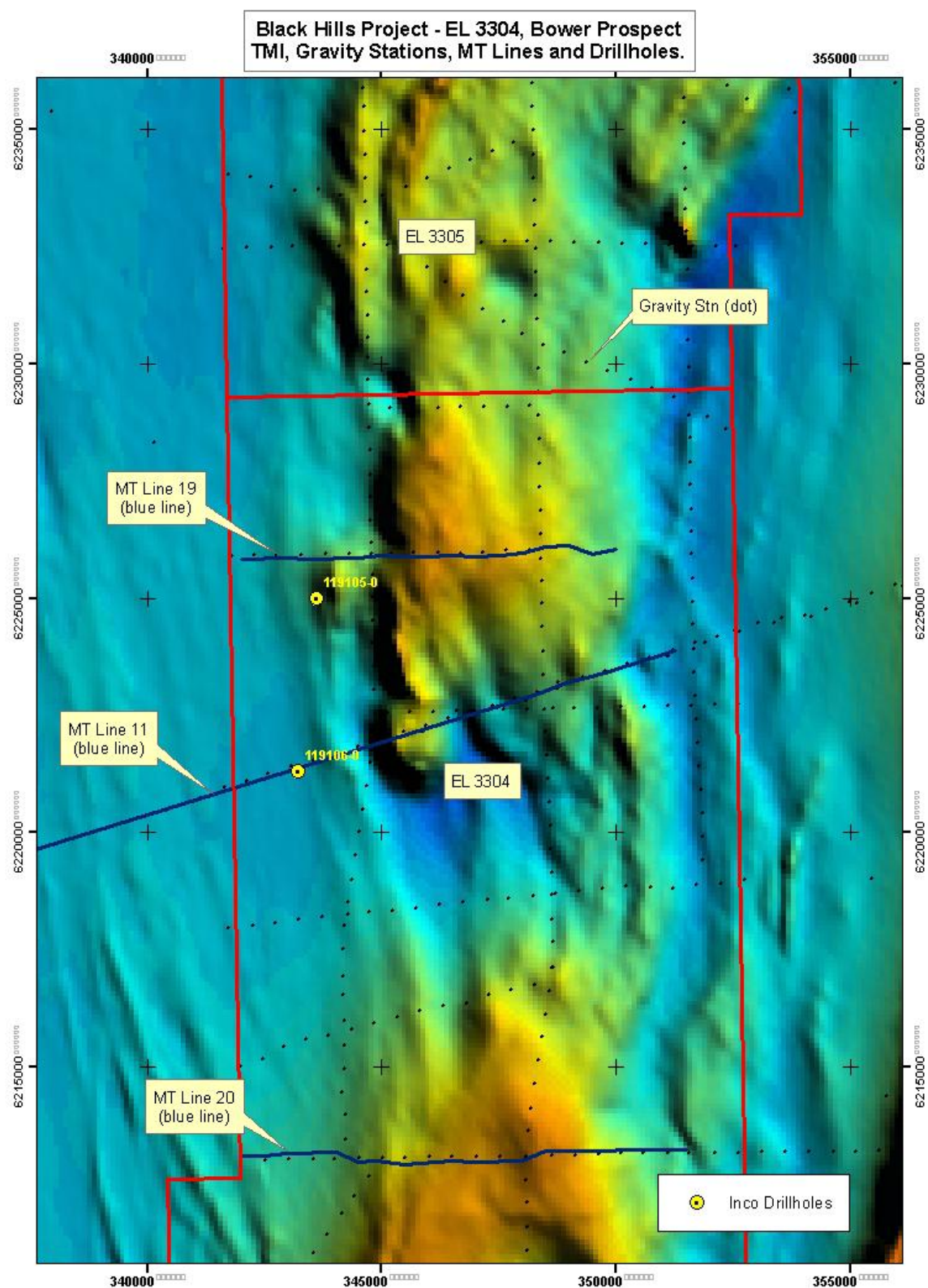


Figure 4. Location of the two drill holes completed within EL 3304 on a background TMI image, the Bower prospect (Hole nos. 119105-0 & 119106-0).

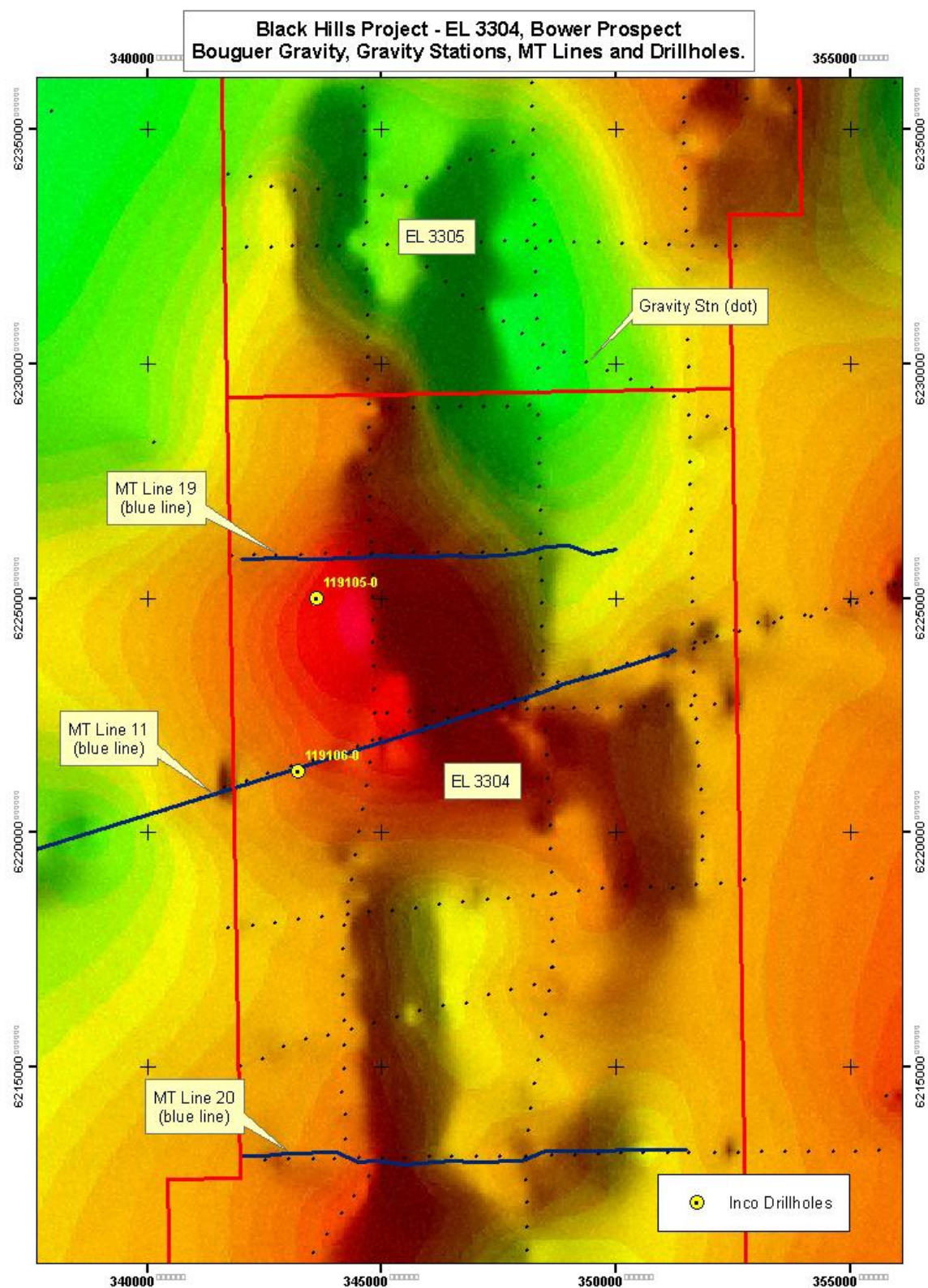


Figure 5. Location of the two drill holes completed within EL 3304 on a background bouguer gravity image, the Bower prospect (Hole nos. 119105-0 & 119106-0).

4. Incurred Drilling Costs

The PACE program grant awarded to Inco for direct drilling costs associated with this exploration program was an amount up to \$85,000. To receive the full PACE funding allocation of \$85,000 Inco would need to complete a drilling program that would cost a minimum of \$170,000. Table 2 below lists the total direct drilling costs incurred by Inco as \$391,807.00. Therefore, Inco incurred sufficient direct drilling costs to satisfy the conditions for the full PACE grant allocation of \$85,000.

Company	Invoice No.	Invoice Date	Service Provided	Total Cost (incl.GST)
Tom Browne Drilling	92	31/05/06	Drilling.	\$82,400.76
E.B. Marschall & Sons Pty Ltd	720	31/05/06	Excavation of drill hole sumps.	\$1,156.38
Tom Browne Drilling	100	15/06/06	Drilling.	\$126,368.78
Mid Murray Council	9575	19/06/06	Water (used in the drilling process).	\$644.00
Tom Browne Drilling	105	30/06/06	Drilling.	\$97,841.85
Tom Browne Drilling	CN0016	30/06/06	Drilling.	-\$4,933.28
Tom Browne Drilling	110	15/07/06	Drilling.	\$87,199.76
Challenger Geological Surveys	080627	31/08/06	Core handling and Sampling	\$1,128.75
TOTAL (incl. GST)				\$391,807.00

Table 2. Direct drilling costs (including GST) incurred at the Black Hills Project, refer Appendix 4 for copies of Invoices

5. CONCLUSION

Based upon the Voisey's Bay mineralisation analogue, the aim of this particular PACE grant funded drilling program was to detect encouraging Ni sulphide mineralisation and/or evidence of process associated with a sulphidic-sediment/mafic intrusion contact.

Unfortunately, the six drill holes completed as part of this program failed to detect any such encouragement.

Inco is now in the process of reviewing the Black Hills project exploration strategy and future.

APPENDICES

- APPENDIX 1: Drill Hole Survey Details and Drill Logs**
- APPENDIX 2: Drill Core Samples and SG Measurements**
- APPENDIX 3: Lithogeochemistry Results**
- APPENDIX 4: Invoices**

APPENDIX 1 – Drill Hole Survey Details & Drill Logs

EL3122 Drill Hole Co-ordinates and Survey Information (GDA94 MGA Zone 54):

Hole ID	Easting	Northing	Drilling	From	To	Date Drilled	Date Logged	Survey Depth	Survey Dip	Survey Az.(mag)	Survey Az.(grid)
119101-0	354480.00	6158300.00	Rotary-Mud NQ2	0 122.8	122.8 188.5	29/05/2006	29/05/2006	134.8	63	95	87
119102-0	353280.00	6158340.00	Rotary-Mud NQ2	0 111	111 252.1	8/06/2006	8/06/2006	159.1 210 251.1	62.5 61.5 61.5	136 140 136	128 132 128
119103-0	345470.00	6165590.00	Rotary-Mud NQ2	0 55.4	55.4 192.3	15/06/2006	15/06/2006	120.3 192.3	62 62	157 168	149 160
119104-0	343470.00	6165590.00	Rotary-Mud NQ2	0 54.1	54.1 201.1	19/06/2006	19/06/2006	108 200	63 64.5	165 165	157 157

EL3304 Drill Hole Co-ordinates and Survey Information (GDA94 MGA Zone 54):

Hole ID	Easting	Northing	Drilling	From	To	Date Drilled	Date Logged	Survey Depth	Survey Dip	Survey Az.(mag)	Survey Az.(grid)
119105-0	343630.00	6225000.00	Rotary-Mud NQ2	0 75.5	75.5 262.2	12/07/2006	12/07/2006	87.1 262.5	56 54.5	84 75	76 67
119106-0	343240.00	6221300.00	Rotary-Mud NQ2	0 45.6	45.6 263.2	29/06/2006	29/06/2006	102.2	56.5	101	93

Drill Log, Hole No. 119101-0:

Hole ID	From	To	Rock Type	Age	grainsize	Comments
119101-0	0.00	4.00	CLAY	Tertiary	fg	LIGHT BROWN CLAY, FN GR, MINOR DK BR SOIL, MINOR KAOLINITE NODULES, SOFT CLAY
	4.00	9.00	CLAY	Tertiary	fg	ORANGE - LIGHT BROWN CLAY
	9.00	15.00	CLAY	Tertiary	fg	PALE GRAY, CLAYS, SIMILAR TO ABOVE
	15.00	18.00	CLAY	Tertiary	fg	MIXTURE OF GRAY, RED BUFF BROWN CLAY, SOFT
	18.00	24.00	CLAY	Tertiary	fg	GREY, BUFF, RED BROWN, CLAY, AS ABOVE
	24.00	26.00	CLAY	Tertiary	fg	70% WHITE CLAY, 30% ORANGE YELLOW CLAY
	26.00	39.00	CLAY	Tertiary	fg	MIXTURE OF GRAY, WHITE, YELLOW, ORANGE, CLAY, SOFT, MINOR SANDY LENSES ALSO
	39.00	51.00	CLAY	Tertiary	fg	PALE BROWN - YELLOW, WHITE CLAY, SILICEOUS, SOFT, CLASTIC, WITH MINOR HARD WHITE HORIZONS, 30% WHITE, 70% ORANGE - YELLOW, MINOR SANDY HORIZONS
	51.00	67.00	CLAY	Tertiary	fg	PALE YELLOW - ORANGE, CLAY, MINOR RED BROWN CLAY, PLUS MINOR SANDY LENSES
	67.00	94.00	CLAY	Tertiary	fg	DARK GRAY, BLACK CLAY, WITH INCREASING WHITE CLAY WITH DEPTH, SOFT WITH MINOR HARD CLAY HORIZONS, POSSIBLY MINOR LIGNITE HORIZONS,
	94.00	101.00	CLAY	Tertiary	fg	DK BR - BK CLAY, WITH 20% WHITE CLAY
	101.00	103.00	CLAY	Tertiary	fg	DK RED - BROWN CARBONACEOUS CLAY, BK CLAY, CHOCOLATE BROWN
	103.00	116.00	CLAY	Tertiary	fg	PALE GREY HOMOGENEOUS CLAY
	116.00	122.80	CLAY	Cambro-Ord	fg	GREY, OLIVE GREEN, PALE HOMOGENOUS CLAY, START OF WEATHERED BASEMENT, SILICEOUS QUARTZITE ? AT 122.8 METRES
	122.80	122.90	GABBRO	Cambro-Ord	fg	STRONGLY WEATHERED LEUCO GABBRO
	122.90	137.90	GABBRO	Cambro-Ord	fg/mg	LEUCOGABBRO, APPROX. 70% FELDSPAR, 30% MAFIC MINERALS BIOTITE, PYROXENE, AMPHIBOLITE, POSSIBLE TRACES OF MAGNETITE?, MINOR TRACES OF SULPHIDES? < 1% , HOMOGENEOUS, MINOR SHEAR ZONES RARELY OBSERVED, BIOTITE POSSIBLY REPRESENTS ALTERED OLIVINE
	137.90	145.80	GABBRO	Cambro-Ord	fg/mg	LEUCOGABBRO, LIGHT GRAY, GREEN, 80 % FELDSPAR, PLAGIOCLASE, 20% MAFIC MINERALS : BIOTITE, PYROXENE? VARIABLE AMOUNTS OF MAFIC MINERALS
	145.80	149.70	GABBRO	Cambro-Ord	fg/mg	SOFT STRONG WEATHERED SHEAR ZONE, WHITE, PINK CLAY
	149.70	174.00	GABBRO	Cambro-Ord	fg/mg/cg	DK GR, GY, GABBRO, BIOTITE, PYROXENE, FELDSPAR, FG, MG, HOMOGENEOUS MATERIAL, CONTAINS MINOR SHEAR ZONES WITH CHLORITE, COARSE GRAINED PLAGIOCLASE, BIOTITE, BECOMING MORE HOMOGENEOUS WITH DEPTH, AND FINER GRAINED
	174.00	184.97	GABBRO	Cambro-Ord	fg/mg/cg	SIMILAR TO ABOVE, DK GR - BK 80%, WHITE 20%, GABBRO, PLAGIOCLASE, BIOTITE, CHLORITE, PYROXENE
	184.97	188.50	NORITE?	Cambro-Ord	fg/mg	DK GR, BK HOMOGENEOUS NORITE OR GABBRO, MEDIUM GRAINED TO FINE GRAINED, 10% WHITE FELDSPAR, NO SULPHIDES OBVIOUS, THIN VEINS OF FELDSPAR ? AT A LOW ANGLE TO CORE AXIS.

Drill Log, Hole No. 119102-0:

Hole ID	From	To	Rock Type	grainsize	Comments
119102-0	0.00	3.00	SOIL	fg	WEATHERED SOIL, 90% SAND QUARTZ RICH, MEDIUM GRAINED QUARTZ SAND.
	3.00	4.00	CALCRETE	fg	40% WEATHERED SOIL AS ABOVE, 60% HARD CALCRETE
	4.00	16.00	CLAY	fg	FINE GRAINED PALE BROWN TO DARKER BROWN, TO GREY CLAY FINE GRAINED SILTY, MINOR FINE SANDY INTERLAYERS
	16.00	27.00	CLAY	fg	BROWN TO PALE GRAY, FINE GRAINED CLAY WITH MINOR COARSER SANDY LENSES
	27.00	43.00	CLAY	fg	80% PINK, GREY ORANGE CLAY, 20% QUARTZ SAND WHITE TO CLEAR
	43.00	54.00	CLAY	fg	70-80% ORANGE, GREY, YELLOW CLAY, 20-30% QUARTZ SAND
	54.00	58.40	LC	fg	LOST CORE
	58.40	67.60	SAND	fg	HARD CALCAREOUS SAND, BUFF TO PALE WHITE CREAM COLOUR, 30% CLAY, MEDIUM TO FINE GRAINED
	67.60	78.30	SAND	fg	DK GY - BK TO DK OLIVE GR, M-F GRAINED, SOFT QUARTZ MICA SAND POORLY CONSOLIDATED, POSSIBLY CONTAINS GRAPHITE, COAL
	78.30	111.00	SAND	fg	CORE LOSS, SHIFTING SANDS, NO SAMPLES RETURNED IN THE DRILLING PROCESS, MUD LOGGING
	111.00	111.90	CLAY	fg	PALE BUFF COLOURED STRONGLY WEATHERED SILTSTONE, M-F GR, CONTAINS LAYERING
	111.90	112.53	META-SILTSTONE	fg	DK-M GY, METASILTSTONE, SOFT, STRONGLY WEATHERED, FINE GRAINED, SILICA AND MICA
	112.53	118.43	META-SILTSTONE	fg	PALE GY, MED- FINE GR, METASILTSTONE, RECRYSTALLISED
	118.43	123.08	META-SILTSTONE	fg	HARD, PALE GY, RECRYSTALLISED METASILTSTONE, HOMOGENEOUS NO FOLIATION, F-M GR
	123.08	123.76	META-SILTSTONE	fg	QUARTZ VEIN 50 CM WIDE, PASSES INTO SHEARED METASILTSTONE, GREYWACKE, CONTAINS A STRONG FOLIATION
	123.76	156.00	META-SANDSTONE	fg/mg	FINE GRAINED METASILTSTONE, NOT SHEARED, GREYWACKE, FELDSPAR, QUARTZ AND MICA, RECRYSTALLISED, WITH OCCASSIONAL QUARTZ VEINS, PASSING INTO MORE PSSAMMITIC GREYWACK, COARSER GRAINED, FELDSPAR AND QUARTZ AT 141.81M
	156.00	162.48	MAFIC	fg/mg	FN GR, GABBRO, PYROXENITE? VERY HOMOGENEOUS, MINOR DOLOMITIC VEINS, 156.1 M MINOR PYRITE NOTED IN VEINS, RECRYSTALLISED, DK GY - BK
	162.48	163.30	GABBRO	fg/mg	MODERATELY STRONGLY WEATHERED GABBRO, CRUSH ZONE, LIGHT GREY COLOUR
	163.30	167.50	GNEISS	fg/mg/cg	PALE - LIGHT GREY, GNEISSIC TEXTURE, M-C GR, CHLORITE, BK, CONTAINS FLATTENED IGENOUS FRAGMENTS
	167.50	176.20	NORITE	fg/mg/cg	DK GY - PALE LIGHT GY NORITE, DENSE ROCK, ? OLIVINE, PLAGIOCLASE, AUGITE, TRACES OF PYRITE AT 169M, MINOR LATE STAGE CARBONATE VEINS, NARROW
	176.20	219.39	NORITE	fg/mg	DK GY, MED GRAINED, NORITE, PLAGIOCLASE, HYPERTHENE?, HOMOGENOUS MATERIAL FEW VEINS, OCCASSIONAL LAYERING PRESENT, S1 OR TRANSPOSED ORIGINAL S0?, (IE. 190.4 -.6 M), BECOMING COARSER GRAINED WITH DEPTH, 70% MAFIC MINERALS?, MINOR TRACES OF PYRITE AND PEDENDITE?, OCCASSIONAL VEINS OF FELDSPAR, BIOTITE AND MAFIC MINERALS, SOME APPEAR CONTORTED.
	219.39	231.37	NORITE	fg/mg	DARKER, FINER GRAINED NORITE, WITH OCCASSIONAL LIGHTER QUARTZ RICH LAYERS, MINOR VERY DARK GY LAYERS, ONLY MINOR PYRITE < 2 %
	231.37	231.53	QUARTZ	fg	SHEARED QUARTZ, WITH MINOR PYRITE AND PENTLANDITE?
	231.53	233.98	NORITE	fg/mg/cg	NORITE, - GABBRO?, DK GY, FINE TO CG, MINOR PYRITE?
	233.98	234.90	GRANITE	cg	GRANITOID, QUARTZ, FELDSPAR, BIOTITE, CG, WITH GABBRO - NORITE FRAGMENTS
	234.90	237.08	GABBRO	fg/mg/cg	DK GY GABBRO - NORITE, FG - CG, WITH VEINS OF GRANITOID MATERIAL, FELD, QTZ, MICA (BIOTITE), PYROXENE OR AMPHIBOLE?

237.08	238.86	GRANITE	mg/cg	GRANITOID CG QUARTZ, FELDSAR AND BIOTITE, WITH SUBHORIZONTAL FRACTURES ? DRILLING INDUCED?
237.08	252.10	GABBRO	fg/mg	PALE TO MEDIUM GREY, NORITE (GABBRO), WITH PROBABLE FELDSPAR (PLAGIOCLASE), HORNBLLENDE, BIOTITE 40% MAFIC, 60% QUARTZ ? FELDSPAR, INCREASING CROSS CUTTING VEINS WITH DEPTH, VEINS OF GRANITOID - PEGMATITE MATERIAL, (QUARTZ, FELDSPAR (PLAGIOCLASE), MINOR BIOTITE + QUARTZ VEINS, COARSE GRAINED, ALSO CROSS CUTTING LATE STAGE QUARTZ VEINS, SOME WITH PYRITE ON VEIN MARGINS. EOH.

Drill Log, Hole no. 119103-0:

Hole ID 119103-0	From	To	Rock Type	grainsize	Comments
	0.00	1.00	SOIL	fg	DK BR, SOIL, WITH FRESH CALCRETE 15%
	1.00	8.00	CALCRETE	fg	PALE, BUFF BROWN WEATHERED CALCRETE - CLAY, FN - MN GR, CLAY
	8.00	9.00	SAND	fg	CLEAN SAND, NO CLAY
	9.00	15.00	CLAY	fg	GREY, BROWN, BUFF MOTTLED CLAY, FN GR, SILICEOUS
	15.00	22.00	CLAY	fg	GREY, RED, ORANGE, BUFF MOTTLED, CLAY, FN GR, SILICEOUS, MINOR SANDY INTERLAYERS, SILTY, F-M GR, 30% GRITTY
	22.00	28.00	CLAY	fg	SIMILAR TO ABOVE, ORANGE, WHITE, YELLOW F GR CLAY, MINOR SILTY INTERLAYERS
	28.00	31.00	CLAY-SAND	fg	50% CLAY, WHITE- YELLOW BROWN, 50% WHITE QUARTZ SAND, M GR - C GR
	31.00	36.00	CLAY	fg	70% CLAY, YELLOW, ORANGE, CLAY FN GR, 30% QUARTZ SAND M- FN GR
	36.00	55.40	LC	fg	NO SAMPLE DUE TO LOSS OF CIRCULATION AND WATER
	55.40	66.23	LEUCOGABBRO	fg	DK BK LEUCOGABBRO, 60% MAFIC, 20% PLAGIOCLASE, GY-GR FELDSPAR, 15% QUARTZ, CG, 4-5% PYRITE + MINOR CHALCOPYRITE, STRONGLY SILICEOUS IN LATER VEIN (NEEDS THIN SECTION TO DEFINE ACCURATELY %
	66.23	73.55	RHYOLITE	fg	SILICEOUS RHYOLITE OR METASEDIMENT, FN GR, LAYERING PRESENT, BK GY, PALE WHITE, CREAM, CGR, 30% MAFIC MINERALS. OCCASSIONAL QUARTZ VEINS, STRONGLY RECRYSTALLISED, TRACES OF PYRITE
	73.55	75.51	GRANITE	fg	GRANITOID, FELDSPAR 55%, QUARTZ 40%, MICA + HORNBLLENDE 5% CGR, PEGMATITE WITH MINOR METASEDIMENT INTERLAYERS, FGR - FINELY LAMINATED + WHITE PALE GY GRANITES
	75.51	83.39	META-SEDIMENT	fg	FN GR, METASED, SILICEOUS WITH 20-30 % QUARTZ, CHLORITE, BIOTITE, METAMORPHIC TEXTURE, CGR PEGMATITE VEINS, PASSING THROUGH WITH QUARTZ, FELDSAR, BIOTITE, TRACES OF PYRITE
	83.39	89.53	GRANITE	fg	CGR PEMATITIC GRANITE, QUARTZ, FELDSPAR, (BIOTITE), 40% QUARTZ, 56% FELDSPAR ORTHOCLASE, 4% BIOTITE
	89.53	97.72	META-SEDIMENT	fg	METASEDIMENT, BIOTITE, QUARTZ, FELDSPAR, ? 10-20% MAFIC MINERALS HORNBLLENDE, PYROXENE DK BK, CONTAINS METAMORPHIC LAYERING
	97.72	101.64	GABBRO	fg/mg	LIGHT GREY GABBRO, QTZ?, FELD, (HORN), PYROXENE, 5% PYRITE, LITTLE OR NO BIOTITE, . MINOR QUARTZ VEINS, STRONGLY SILICEOUS, INCREASING MAFIC MINERALS WITH DEPTH
	101.64	167.00	GABBRO	fg/mg	HOMOGENEOUS SILICEOUS GABBRO WITH QUARTZ AND FELDSPAR, CGR, MINOR HORNBLLENDE - PYROXENE?, INTERSTITIAL PYRITE, CGR, PALE TO DK GRAY, OCCASSIOANL - MINOR DOLOMITE VEINS
	167.00	168.00	GABBRO	fg/mg	BASIC LITHOLOGY AS ABOVE, BUT ALSO SIGNIFICANT THICK QUARTZ VEINS 25-35 MM THICK, TRACES OF PYRITE IN VEINS
	168.00	180.02	GABBRO	fg/mg/cg	CGR SILICEOUS GABBROS 40 -50% THICK, TRACES OF PYRITE IN VEINS, INCREASING MAFIC CONTENT WITH DEPTH,

				HORNBLENDE AND PYROXENE
180.02	180.12	QUARTZ	fg/mg/cg	QUARTZ VEIN
180.12	192.30	GABBRO	fg/mg	DK GY, BK WITH GREEN TINGE, VCG GABBRO, SILICEOUS, FELDSPAR, 15% - 70 % BLACK MAFIC MINERALS PYROXENE AND HORNBLENDE? TRACES OF PYRITE, INCREASING MAFIC MINERALS WITH DEPTHS, MINOR THIN DOLOMITE - CARBONATE VEINS, TRACES OF CHALCOPYRITE, THIN LATE STAGE PYRITE VEINS AT 191-192 M.

Drill Log, Hole No. 119104-0:

Hole ID 119104-0	From	To	Rock Type	grainsize	Comments
	0.00	5.00	SOIL		DK - PALE BROWN SOIL, MINOR WHITE CALCRETE
	5.00	7.00	SAND		PALE DK BROWN QUARTZ SAND, CG
	7.00	8.00	SILT		SILTSTONE FINE GRAINED, MINOR CARBONATE
	8.00	13.00	SAND		COARSE QUARTZ SAND, MINOR CLAYS - FELDSPAR
	13.00	19.00	CLAY		RED- GRAY CLAY WITH MINOR GRITTY SAND, M GRS-SF - GR. AS ABOVE RED BROWN GRITTY SAND
	19.00	33.00	CLAY		BRIGHT RED - GREY, OLIVE GREY CLAY
	33.00	38.00	CLAY		PALE - GREEN - OLIVE, PALE GY WH MOTTLED CLAY
	38.00	40.00	CLAY		BROWN - ORANGE FINE GRAINED SILTY CLAY
	40.00	43.00	CLAY		GREY SILICEOUS SILT AND MINOR CLAY
	43.00	45.00	SILT		40% GREY FG CLAY (DECREASING CLAY WITH DEPTH). 60% YELOW ORANGE FGR SILT
	45.00	52.50	SAND		ORANGE - YELOW COARSE GRAINED SILT - FG SAND, FGR SILT GRITTY, + MINOR CLAY
	52.50	54.10	SAND		HARD CARBONACEOUS SAND, M-C GR WEATHERED BASEMENT, DK ORANGE COLOUR STRONGLY CARBONACEOUS, END PRE COLLAR
	54.10	55.90	SILT		SOFT CLAY - SILTSTONE, POOR CORE RECOVERY 40% CLAY, ORANGE TO BUFF BROWN COLOUR F - M GR
	55.90	57.10	SILTSTONE		SOFT, V STRONGLY WEATHERED BASEMENT, F- M GR SILTSTONE, OR TO BR COLOUR, MINOR CLAY PRESENT
	57.10	57.80	SILTSTONE		DK OLIVE BROWN SILTSTONE, F - M GR, CARBONACEOUS - CALCRETE, WEATHERED BASEMENT
	57.80	60.10	LC		CORE LOSS NO RECOVERY
	60.10	73.40	ALTGABBRO		STRONGLY WEATHERED V SOFT, DK PALE GY, CARBONACEOUS, HOMOGENEOUS, V FGR SILTY GRAIN SIZE, ALTERED GABBRO, WEAK LAYERING PRESENT, CONTAINS OLIVINE, PALIGIOCLASE, HORNBLENDE, GRADUAL DARKENING OF CORE CONTAINING BIOTITE AND FELDSPAR
	73.40	83.20	ALTGABBRO		LAMINATED DK GY BK ALTERED IGNEOUS GABBRO, M-C GR HIGLY ALTERED, GRAPHITIC (COAL?)
	83.20	94.70	ALTGABBRO		AS ABOVE, STRONGLY WEATHERED IGNEOUS ROCK, GABBRO - NORITE, CGR, SOFT, PALE GY - BK, MOTTLED, M-F GR, ALTERED TO CLAY
	94.70	95.95	GABBRO		HARDER, NOT SO ALTERED, CGR, DK GY, 60% HORNBLENDE - PYROXENE (MAFIC), 40% WHITE FELDSPAR
	95.95	96.32	ALTGABBRO		MORE STRONGLY ALTERED GABBRO, NORITE, CGR

96.32	100.68	ALTGABBRO	HARDER ALTERED GABBRO, M - DK GR, BK, TRACES OF SULPHIDES, M-CGR
100.68	155.71	ALTGABBRO	M-CGR ALTERED GABBRO, M-DKGY-W, 25% MAFIC, HORNBLLENDE, PYROXENE?, 30% GY MINERALS, 45% LIGHT MINERALS, FELDSPAR (WHITE), CHLORITE, MINOR DOLOMITE VEINS, FEW LATE STAGE FRACTURES WITH CARBONATE IN FILL, DECREASING ALTERATION WITH DEPTH, TRACES OF INTERSTITIAL PYRITE
155.71	157.02	VEIN	SHEAR ZONE - VEIN DOLOMITE + GEOTHITTE, CRUSH ZONE, MINOR BRECCIATION OF COUNTRY ROCK IN VEIN MATERIAL
157.02	179.43	GABBRO	HOMOGENEOUS SLIGHTLY ALTERED GABBRO, 60% MAFIC BIOTITE, CHLORITE, PYROXENE, HORNBLLENDE, 40% PLAGIOCLASE PALE DK GY, BK, FEW VEINS, MINOR NARROW DARK VEINS
179.43	201.10	GABBRO	HOMOGENEOUS GABBRO, FELSPAR, OLIVINE, BIOTITE, DK GY, PALE GR, M- C GR, FELSPAR, PLAGIOCLASS, LOCAL SIGNS OF SHEARING. EOH 201.1m

Drill Log, Hole No. 119105-0:

Hole ID	From	To	Rock Type	grainsize	Comments
119105-0	0.00	5.00	SOIL	fg	RED BROWN CLAY
	5.00	6.00	GRAVEL	fg-cg	GRAVEL QUARTZ, V CGR, PEBBLY GRAVEL 60%, FGR RED - BR CLAY 40%
	6.00	8.00	GRAVEL	fg-cg	PALE GREEN CLAY 50%, + RED BROWN CLAY 40%, V CGR 10-% PEBBLY QUARTZ SAND
	8.00	18.00	GRAVEL	fg	RED BROWN TO OLIVE GREEN FGR CLAY, FG
	18.00	26.00	CLAY	fg	YELLOW - LIGHT OLIVE GREEN PALE RED BROWN FGR, MOTTLED CLAY, SOFT, MOTTLED
	26.00	75.50	LC		water and sample loss
	75.50	102.10	METASILTSTONE	fg	DK GY - BK METASILTSTONE, SILICEOUS, FGR LAYERED, QUARTZ RICK, 10-15% fg INTERSTITIAL PYRITE,BEDDING PARALLEL LAYERING, OCCASSIONAL THIN CARBONATE VEINS
	102.10	149.10	METASILTSTONE	fg	PALE GY, STRONGLY ALT, FINELY LAMINATED, OCCASSIONAL INTERSTITIAL PY ALONG LAYERING IN COARSE GRAINED LAYERS, OCCASSIONAL LATE STAGE FRACTURES, HIGHLY SILICEOUS, FEW VEINS
	149.10	165.20	SHEAR	fg	HIGHLY BROKEN - SHEARED DK GY BK - PALE BROWN, SILICEOUS FGR METASILTSTONE, IN BRITTLE SHEAR ZONE, LOCALLY SOFT ZONES, SIGNIFICANT CORE LOSS IE. BETWEEN 149.6 - 151.0 -- 0.4M, 153.4 - 155.0 -- 1.6M, 155.0 156.2 -- 1.2M., OCCASSIONAL DOLOMITE VEINS
	165.20	174.90	METASILTSTONE	fg	PALE GY, FINELY LAMINATED, METASILTSTONE, FGR, BIOTITE, CHLORITE, QUARTZOSE, CONTAINS MINOR LATE STAGE CARBONATE VEINS, STRONGLY BROKEN CORE, STRONG ALT, LOCAL SIGNIFICANT CORE LOSS, NOTE : DRILLING AT A LOW ANGLE TO THE ORIENTATION OF LAYERING
	174.90	230.80	METASILTSTONE	fg	SIMILAR ROCK TYPE TO ABOVE, BUT WITH VARIABLE AMOUNTS OF PYRITE,SILICEOUS, LIGHT TO DK GY - BK METASILTSTONE - SHALE, CONTAIN INTERSTITIAL PYRITE 5-10% APPROX ALONG LAYERINGS. LOCALLY MORE CORE RECOVERY, DRILLING AT A LOW ANGLE TO LAYERING (INFERRED PRIMARY BEDDING), ROCK IS STRONGLY SILICEOUS, DUE TO SILICIFICATON. ALSO CONTAINS OCSCASSIONAL THIN LATE STAGE CARBONATE (CALICITE AND DOLOMITE VEINS).ALSO EARLIER (FOLDED?) FELDSPAR - QUARTZ VEINS
	230.80	243.40	GABBRO-NORITE	fg	NORITE (GABBROIC ROCK), STRONGLY BROKEN AT THE CONTACT WITH SEDIMENTS, PALE TO LIGHT GY, HOMOGENEOUS ROCK TYPE, CONTAINS PLAGIOCLASE 60%, HORBLLENDE OR PYROXENE 10-20%, BIOTITE - CHLORITE 10-40%, M-CG. MINOR PYRITE PRESENT 1-8%.MINOR K - FELDSPAR VEINS.GABBROIC ROCK WITH NO FABRIC PRESENT.MINOR PYROTITE.

243.40	253.30	GABBRO	fg	GABBRO-NORITE, SIMILAR TO ABOVE, CGR, VARIABLE AMOUNTS OF PYRITE AND PLAGIOCLASE, MINOR LATE STAGE DOLOMITE VEINS, PYRITE IN SOME LATE STAGE VEINS, MINOR MAGNETITE 5%, PLAGIOCLASE AND HORNBLEND, CGR, DK GY BK
253.30	253.60	GABBRO	fg	STRONGLY WEATHERED, AS ABOVE, TALC, CGR, INTERSTITIAL PYRITE
253.60	258.10	GABBRO	fg	DK GY BK, CR, 60% HORNBLLENDE, PYROXENE, BIOTITE (OLIVINE ?), 40% PLAGIOCLASE, MINOR INTERSTITIAL PYRITE AND MAGNETITE, A FEW LATE STAGE FELDSPAR VEINS
258.10	262.20	GABBRO	fg	GABBRO- NORITE, W-DK GY BKKK STRONGLY ALTERED FELDSPATHIC, F-MGR, LIGHT TO DARK GY, BIOTITE, HORNBLLENDE + PYROXENE, PLAGIOCLASE. EOH.

Drill Log, Hole No. 119106-0:

Hole ID	From	To	Rock Type	grainsize	Comments
119106-0	0.00	2.00	CLAY	fg	RED BROWN CLAY - SILT, FGR (WEATHERED) SOLID + CALCRETE, 50% CALCRETE
	2.00	5.00	CLAY	fg	RED - BROWN - ORANGE, WHITE CLAY, MOTTLED, FGR
	5.00	7.00	CLAY	fg	BROWN RED SILT, 40% CLAY, MINOR GRITTY SAND
	7.00	33.00	CLAY	fg	WHITE - PALE YELLOW, BUFF BROWN FGR CLAY - SILT, INCREASING YELLOW WITH DEPTH, MOTTLED FGR, WITH HARD WHITE CLAY
	33.00	45.60	CLAY	fg	PALE BROWN - YELLOW CLAY, SILICEOUS, SOFT HOMOGENEOUS, MOTTLED, ORANGE, PALE GRAY AND RED BROWN
	45.60	49.00	METASILTSTONE	fg	MODERATELY WEATHERED, F- VFGR METASILTSTONE, DOLOMITIC, HOMOGENEOUS GY COLOUR
	49.00	67.40	METASILTSTONE	fg	GREY SILICEOUS METASILTSTONE, HARD HOMOGENEOUS, FGR, 60.4m 3cm QUARTZ VEIN,
	67.40	107.00	METASILTSTONE	fg	FGR, DK GY METAMUDSTONE, SILTSTONE, DOLOMITIC, OCCASSIONAL THIN DOLOMITIC VEINS, CHLORITE MINERALS, 101m 7cm THICK QUARTZ VEIN.
	107.00	181.20	METASILTSTONE	fg	as above, DK GY-BK FGR DOLOMITIC SILTSTONE, HARD HOMOGENEOUS, CONTAINING OCCASSIONAL THIN DOLOMITE VEINS, FINELY LAMINATED, MINOR TRACES OF PYRITE ON FRACTURE SURFACES
	181.20	263.20	METASILTSTONE	fg	AS ABOVE, DK GY - BK, FGR DOLOMITIC METASILTSTONE, FEW DOLOMITIC VEINS, DENSE FINELY LAMINATED. VERY HOMOGENEOUS, 227.12m 5cm THICK CALCITE VEIN. EOH.

APPENDIX 2 - Drill Core Samples and SG Measurements

Hole ID	From (m)	To (m)	Sample No.	SG	SG Sample Depth	Lithology
119101-0	141.00	142.00	FX 787501	2.96	141.75	leucogabbro
	186.00	187.00	FX 787502	3.00	186.90	gabbro
119102-0	150.00	151.00		2.96	150.50	meta-sediment (SG measurement only).
	169.00	170.00	FX 787503	2.89	169.85	Norite & minor sulphides
	199.00	200.00	FX 787504	2.91	199.70	Norite & minor sulphides
119103-0	77.00	78.00		2.80	77.60	meta-sediment (SG measurement only).
	97.72	98.72	FX 787505	2.58	97.95	Contact gabbro & minor sulphides
	98.72	99.72	FX 787506	2.61	99.05	Contact gabbro & minor sulphides
	103.00	104.00	FX 787507	3.18	103.75	Gabbro & minor sulphides
119104-0	99.00	100.00	FX 787508	2.67	99.75	Gabbro
	167.00	168.00	FX 787509	3.20	167.50	Gabbro & minor sulphides
119105-0	229.80	230.80		2.70	230.60	meta-sediment (SG measurement only).
	230.80	231.80	FX 787510	2.76	231.20	Contact gabbro/norite & minor sulphides
	231.80	232.80	FX 787511	2.75	232.65	Contact gabbro/norite & minor sulphides
	238.00	239.00	FX 787512	2.80	238.50	Gabbro/norite & minor sulphides
	255.00	256.00	FX 787513	2.80	255.70	Gabbro/norite & minor sulphides
	256.00	257.00	FX 787514	2.94	256.90	Gabbro/norite & minor sulphides
119106-0	119.20	120.20		2.77	119.90	meta-sediment (SG measurement only).

APPENDIX 3 – LITHOGEOCHEMISTRY RESULTS

IDENT UNITS DETECTION LIMIT	Au ppb	Au Dp1 ppb	Pt ppb	Pt Dp1 ppb	Pd ppb	Pd Dp1 ppb	Ca ppm	Cr ppm	Fe ppm	K ppm	Mg ppm	Mn ppm
	1	1	5	5	1	1	10	2	100	10	10	5
UFX787501	2	--	<5	--	<1	--	82200	420	40400	1350	60600	700
UFX787502	22	20	<5	<5	<1	<1	62800	68	76800	4500	40100	1250
UFX787503	1	--	<5	--	2	--	44500	72	44300	13200	30200	850
UFX787504	10	--	<5	--	<1	--	70400	100	61600	2850	39000	1100
UFX787505	<1	--	<5	--	<1	--	7600	9	6200	43200	2000	150
UFX787506	9	--	<5	--	<1	--	3950	3	3850	36700	550	165
UFX787507	<1	--	<5	--	<1	--	72700	58	41500	11700	50700	1700
UFX787508	4	--	<5	--	<1	--	78600	56	112000	3100	26600	900
UFX787509	1	--	<5	--	<1	--	85300	50	100000	2150	56000	1150
UFX787510	4	--	<5	--	<1	--	33400	68	37100	27100	30500	460
UFX787511	2	--	<5	--	<1	--	29900	68	39800	27500	31100	450
UFX787512	3	--	<5	--	1	--	28000	56	48200	18400	23300	650
UFX787513	1	--	<5	--	<1	--	70000	180	59800	5250	48200	950
UFX787514	3	--	<5	--	1	--	71600	180	59100	5900	42700	1000

IDENT UNITS DETECTION LIMIT	Na ppm	Ni ppm	P ppm	Ti ppm	V ppm	Ag ppm	As ppm	Bi ppm	Cd ppm	Cs ppm	Ce ppm	Co ppm
	10	2	5	10	2	0.1	0.5	0.1	0.1	0.1	0.5	0.2
UFX787501	18100	185	230	2600	100	0.2	0.5	<0.1	<0.1	0.2	9.5	42.5
UFX787502	25500	58	1300	11600	260	0.1	1	0.1	0.1	0.4	37.5	42
UFX787503	30700	100	850	5400	135	0.1	<0.5	<0.1	<0.1	0.9	58	26
UFX787504	26500	74	1100	8200	220	<0.1	<0.5	<0.1	0.1	0.1	36.5	36
UFX787505	25200	6	110	600	15	0.2	2.5	0.5	0.2	5.5	24	2.6
UFX787506	29300	<2	26	300	<2	0.6	1	0.7	0.1	11	26.5	0.5
UFX787507	8100	62	750	4450	150	0.2	<0.5	<0.1	<0.1	1.8	62	16.5
UFX787508	19400	41	190	14000	950	<0.1	1	<0.1	<0.1	1.1	15	100
UFX787509	12900	90	155	8950	700	0.2	7	0.2	<0.1	0.3	10.5	94
UFX787510	15700	49	900	5250	165	0.1	4	0.3	0.3	7	70	16
UFX787511	15300	49	850	5300	165	0.1	1.5	0.3	0.3	7.5	64	15.5
UFX787512	19600	34	850	6700	150	0.1	2	0.2	0.2	4.4	70	18.5
UFX787513	21400	110	650	6750	180	<0.1	1	<0.1	0.1	1.5	26.5	41
UFX787514	22300	115	750	7000	175	0.1	1.5	<0.1	<0.1	1.6	34	42.5

IDENT UNITS DETECTION LIMIT	Cu ppm	Ga ppm	In ppm	La ppm	Mo ppm	Pb ppm	Rb ppm	Sb ppm	Se ppm	Sr ppm	Te ppm	Th ppm
	0.5	0.1	0.05	0.5	0.1	0.5	0.1	0.5	0.5	0.1	0.2	0.02
UFX787501	90	16	<0.05	5	0.6	2	4	<0.5	<0.5	330	<0.2	3.8
UFX787502	52	22	0.1	19	1.2	4	8	<0.5	<0.5	330	<0.2	2.4
UFX787503	62	18.5	0.05	34	1.7	6	43	<0.5	<0.5	210	<0.2	11.5
UFX787504	66	21	0.1	21.5	0.5	3	1.6	<0.5	<0.5	380	<0.2	1.2
UFX787505	37.5	21	<0.05	15.5	9	34	310	<0.5	1	29	<0.2	17
UFX787506	4	21.5	<0.05	16	1.2	22.5	280	<0.5	0.5	19.5	<0.2	24.5
UFX787507	25	20.5	0.2	33	9	3.5	52	<0.5	<0.5	115	<0.2	18
UFX787508	54	26	0.1	8	0.7	1.5	12.5	<0.5	<0.5	290	<0.2	3.7
UFX787509	145	18	0.05	5.5	0.6	1	7	<0.5	<0.5	160	<0.2	2.4
UFX787510	38.5	21.5	0.1	42	3.4	23.5	115	2	1	280	<0.2	15
UFX787511	38	21	0.05	39.5	2.8	27	115	1.5	0.5	260	<0.2	15.5
UFX787512	56	21	0.05	41	1.7	13.5	86	0.5	<0.5	210	<0.2	15.5
UFX787513	64	17.5	0.05	16.5	1	5	20	<0.5	<0.5	420	<0.2	3.7
UFX787514	70	17.5	0.05	20	0.7	5.5	19.5	<0.5	<0.5	370	<0.2	9

IDENT UNITS DETECTION LIMIT	Ti ppm	U ppm	W ppm	Y ppm	Zn ppm	Zr ppm
	0.1	0.02	0.1	0.05	0.5	4
UFX787501	<0.1	0.09	0.8	9	42	28
UFX787502	<0.1	0.82	0.7	30.5	96	185
UFX787503	0.2	1.75	0.6	34.5	70	210
UFX787504	<0.1	0.16	0.4	28	80	72
UFX787505	1.2	8.5	1.5	20.5	28.5	36
UFX787506	0.9	15	1.6	32	44	58
UFX787507	0.3	2.6	5.5	30	135	170
UFX787508	<0.1	0.41	1.9	17.5	135	42
UFX787509	<0.1	0.22	2.9	17	66	36
UFX787510	0.7	3.5	2.3	32	110	210
UFX787511	0.7	3.6	2	32	165	210
UFX787512	0.5	1.65	1.4	29.5	90	250
UFX787513	0.1	0.76	1.1	21.5	70	88
UFX787514	0.2	1.3	2.3	23.5	70	105

APPENDIX 4 INVOICES

Company	Invoice No.	Invoice Date	Service Provided	Total Cost (incl.GST)
Tom Browne Drilling	92	31/05/06	Drilling.	\$82,400.76
E.B. Marschall & Sons Pty Ltd	720	31/05/06	Excavation of drill hole sumps.	\$1,156.38
Tom Browne Drilling	100	15/06/06	Drilling.	\$126,368.78
Mid Murray Council	9575	19/06/06	Water (used in the drilling process).	\$644.00
Tom Browne Drilling	105	30/06/06	Drilling.	\$97,841.85
Tom Browne Drilling	CN0016	30/06/06	Drilling.	-\$4,933.28
Tom Browne Drilling	110	15/07/06	Drilling.	\$87,199.76
Challenger Geological Surveys	080627	31/08/06	Core handling and Sampling	\$1,128.75
TOTAL (incl. GST)				\$391,807.00

Tom Browne Drilling Services Pty Ltd

ABN: 57 003 022 455

P.O.388, 39L Obley Road DUBBO NSW 2830

ph: 02 6885 3630 fx: 02 6885 3060 email: admin.bds@bigpond.com

Tax Invoice

Invoice No: 92

Invoice Date: 31/05/2006

Contract/Ref:

Job: 518

Rig: BDS04

Page: 1

Customer: Inco Australia limited
Level 2, 50 Kings Park Road
West Perth
Western Australia 6005



Hole / Ref	Product	From	To	Qty	per	Rate	Extension
BHDD-01	NQ2 NQ Chrome Barrel Diamond Drilling	122.80	188.50	65.70	Metres	123.00	8,081.10
BHDD-01	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
BHDD-01	RC Reverse Circulation Drilling	50.00	123.00	73.00	Metres	65.00	4,745.00
BHDD-01	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
BHDD-01	RWT Rig Work Time			24.75	Hour	450.00	11,137.50
BHDD-01	ST Stand - by Time			29.00	Hour	380.00	11,020.00
BHDD-01	WC Water Carting			29.50	Hour	250.00	7,375.00
BHDD-01	AUS-G Aus - Gel			1.00	Each	21.15	21.15
BHDD-01	BL EP Bit Lube			1.00	Each	113.89	113.89
BHDD-01	CRC CR- 650			3.00	Each	172.31	516.93
BHDD-01	RG Rod Grease			1.00	Each	209.49	209.49
BHDD-01	SL Sump Liner			1.00	Each	211.64	211.64
BHDD-01	MOB Mobilisation			1.00	Each	6,000.00	6,000.00
BHDD-01	SC Survey Camera Hire			6.00	Day	80.00	480.00
BHDD-01	SS Single Shot Survey			1.00	Each	80.00	80.00
BHDD-02	NQ NQ Diamond Drilling	58.40	59.20	0.80	Metres	101.00	80.80
BHDD-02	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
BHDD-02	RC Reverse Circulation Drilling	50.00	58.00	8.00	Metres	65.00	520.00
BHDD-02	RC Reverse Circulation Drilling	57.00	60.00	3.00	Metres	65.00	195.00
BHDD-02	RWT Rig Work Time			21.00	Hour	450.00	9,450.00
BHDD-02	WC Water Carting			31.00	Hour	250.00	7,750.00
BHDD-02	AUS-G Aus - Gel			15.00	Each	21.15	317.25
BHDD-02	CRC CR- 650			1.00	Each	172.31	172.31
BHDD-02	HVFS Hi-Vis Fluid Star			2.00	Each	131.36	262.72
BHDD-02	SC Survey Camera Hire			2.00	Day	80.00	160.00

Sub-total: \$74,909.78

GST: \$7,490.98

Invoice total: \$82,400.76

C071	CAR. No.			
CR.	AUD	PAY \$		\$ 82 400.76
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	3122	845304	0312	74909.78
			GST	7490.98
GOODS/SERVICES			PRICES OK	
REC'D			PAYMENT OK	
EXTENSIONS OK				

This is page 2 of Invoice No. 92 for Inco Australia limited

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
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Invoice Summary

Invoice No: 92	Product		Qty	per	Rate	Extension
Invoice Date: 31/05/2006	NQ	NQ Diamond Drilling	0.80	Metres	101.00	80.80
Contract/Ref:	NQ2	NQ Chrome Barrel Diamond Drilling	65.70	Metres	123.00	8,081.10
Job: 518	RC	Reverse Circulation Drilling	100.00	Metres	58.00	5,800.00
Rig: BDS04	RC	Reverse Circulation Drilling	84.00	Metres	65.00	5,460.00
	PVC150	PVC Casing 150mm	6.00	Metres	35.00	210.00
sub-Total: 74,909.78	RWT	Rig Work Time	45.75	Hour	450.00	20,587.50
GST: 7,490.98	ST	Stand - by Time	29.00	Hour	380.00	11,020.00
Invoice Total: \$82,400.76	WC	Water Carting	60.50	Hour	250.00	15,125.00
	AUS-G	Aus - Gel	16.00	Each	21.15	338.40
	BL	EP Bit Lube	1.00	Each	113.89	113.89
	CRC	CR- 650	4.00	Each	172.31	689.24
	HVFS	Hi-Vis Fluid Star	2.00	Each	131.36	262.72
	RG	Rod Grease	1.00	Each	209.49	209.49
	SL	Sump Liner	1.00	Each	211.64	211.64
	MOB	Mobilisation	1.00	Each	6,000.00	6,000.00
	SC	Survey Camera Hire	8.00	Day	80.00	640.00
	SS	Single Shot Survey	1.00	Each	80.00	80.00

Job: 518

Customer: IAL Inco Australia limited

Rig: BDS04

Date	Shft	Plod	Hole	Rig	Type	Product	From	To	TotClient	TotCoy.	Serial/CustReference	Qty	Rate	Extension
19/05	D	628	BHDD-01	BDS04	4	RWT			2.00	0.00		2.00	450.00	900.00
19/05	D	628	BHDD-01	BDS04	6	MOB			1.00	0.00		1.00	6,000.00	6,000.00
20/05	D	629	BHDD-01	BDS04	4	RWT			5.00	0.00		5.00	450.00	2,250.00
20/05	D	629	BHDD-01	BDS04	4	ST			7.00	0.00		7.00	380.00	2,660.00
21/05	D	630	BHDD-01	BDS04	4	ST			8.00	0.00		8.00	380.00	3,040.00
22/05	D	631	BHDD-01	BDS04	4	ST			8.00	0.00		8.00	380.00	3,040.00
23/05	D	632	BHDD-01	BDS04	4	RWT			1.00	0.00		1.00	450.00	450.00
23/05	D	632	BHDD-01	BDS04	4	ST			5.50	0.00		5.50	380.00	2,090.00
23/05	D	632	BHDD-01	BDS04	4	WC			1.50	0.00		1.50	250.00	375.00
23/05	D	632	BHDD-01	BDS04	4	WC			5.50	0.00		5.50	250.00	1,375.00
24/05	D	633	BHDD-01	BDS04	2	RC	0.00	6.00	6.00	0.00		6.00	58.00	348.00
24/05	D	633	BHDD-01	BDS04	3	PVC150	0.00	6.00	6.00	0.00		6.00	35.00	210.00
24/05	D	633	BHDD-01	BDS04	4	RWT			1.00	0.00		1.00	450.00	450.00
24/05	D	633	BHDD-01	BDS04	4	WC			7.50	0.00		7.50	250.00	1,875.00
24/05	D	633	BHDD-01	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
24/05	D	633	BHDD-01	BDS04	5	SL			1.00	0.00		1.00	211.64	211.64
24/05	D	633	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
25/05	D	634	BHDD-01	BDS04	2	RC	6.00	50.00	44.00	0.00		44.00	58.00	2,552.00
25/05	D	634	BHDD-01	BDS04	2	RC	50.00	66.00	16.00	0.00		16.00	65.00	1,040.00
25/05	D	634	BHDD-01	BDS04	4	RWT			0.75	0.00		0.75	450.00	337.50
25/05	D	634	BHDD-01	BDS04	4	ST			0.50	0.00		0.50	380.00	190.00
25/05	D	634	BHDD-01	BDS04	4	WC			1.50	0.00		1.50	250.00	375.00
25/05	D	634	BHDD-01	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
25/05	D	634	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
26/05	D	635	BHDD-01	BDS04	2	RC	66.00	123.00	57.00	0.00		57.00	65.00	3,705.00
26/05	D	635	BHDD-01	BDS04	4	WC			4.50	0.00		4.50	250.00	1,125.00
26/05	D	635	BHDD-01	BDS04	5	BL			1.00	0.00		1.00	113.89	113.89
26/05	D	635	BHDD-01	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
26/05	D	635	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
27/05	D	636	BHDD-01	BDS04	2	NQ2	122.80	150.00	27.20	0.00		27.20	123.00	3,345.60
27/05	D	636	BHDD-01	BDS04	4	RWT			2.00	0.00		2.00	450.00	900.00
27/05	D	636	BHDD-01	BDS04	5	RG			1.00	0.00		1.00	209.49	209.49
27/05	D	636	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00

Proforma Invoices

as at 2/06/2006 1:08:02 PM

Page 19

Date	Shft	Plod	Hole	Rig	Type	Product	From	To	TotClient	TotCoy.	Serial/CustReference	Qty	Rate	Extension
27/05	D	636	BHDD-01	BDS04	6	SS			1.00	0.00		1.00	80.00	80.00
28/05	D	637	BHDD-01	BDS04	2	NQ2	150.00	186.00	36.00	0.00		36.00	123.00	4,428.00
28/05	D	637	BHDD-01	BDS04	4	RWT			1.50	0.00		1.50	450.00	675.00
28/05	D	637	BHDD-01	BDS04	4	WC			3.00	0.00		3.00	250.00	750.00
28/05	D	637	BHDD-01	BDS04	5	AUS-G			1.00	0.00		1.00	21.15	21.15
28/05	D	637	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
29/05	D	638	BHDD-01	BDS04	2	NQ2	186.00	188.50	2.50	0.00		2.50	123.00	307.50
29/05	D	638	BHDD-01	BDS04	4	RWT			11.50	0.00		11.50	450.00	5,175.00
29/05	D	638	BHDD-01	BDS04	4	WC			6.00	0.00		6.00	250.00	1,500.00
29/05	D	638	BHDD-01	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
30/05	D	640	BHDD-02	BDS04	2	RC	0.00	33.00	33.00	0.00		33.00	58.00	1,914.00
30/05	D	640	BHDD-02	BDS04	4	RWT			5.00	0.00		5.00	450.00	2,250.00
30/05	D	640	BHDD-02	BDS04	4	WC			6.00	0.00		6.00	250.00	1,500.00
30/05	D	640	BHDD-02	BDS04	5	CRC			1.00	0.00		1.00	172.31	172.31
30/05	N	641	BHDD-02	BDS04	2	RC	33.00	50.00	17.00	0.00		17.00	58.00	986.00
30/05	N	641	BHDD-02	BDS04	2	RC	50.00	58.00	8.00	0.00		8.00	65.00	520.00
30/05	N	641	BHDD-02	BDS04	4	RWT			1.50	0.00		1.50	450.00	675.00
30/05	N	641	BHDD-02	BDS04	4	WC			8.00	0.00		8.00	250.00	2,000.00
30/05	N	641	BHDD-02	BDS04	5	HVFS			1.00	0.00		1.00	131.36	131.36
30/05	N	641	BHDD-02	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00
31/05	D	642	BHDD-02	BDS04	2	RC	57.00	60.00	3.00	0.00		3.00	65.00	195.00
31/05	D	642	BHDD-02	BDS04	4	RWT			11.50	0.00		11.50	450.00	5,175.00
31/05	D	642	BHDD-02	BDS04	4	WC			8.50	0.00		8.50	250.00	2,125.00
31/05	D	642	BHDD-02	BDS04	5	AUS-G			15.00	0.00		15.00	21.15	317.25
31/05	N	643	BHDD-02	BDS04	2	NQ	58.40	59.20	0.80	0.00		0.80	101.00	80.80
31/05	N	643	BHDD-02	BDS04	4	RWT			3.00	0.00		3.00	450.00	1,350.00
31/05	N	643	BHDD-02	BDS04	4	WC			8.50	0.00		8.50	250.00	2,125.00
31/05	N	643	BHDD-02	BDS04	5	HVFS			1.00	0.00		1.00	131.36	131.36
31/05	N	643	BHDD-02	BDS04	6	SC			1.00	0.00		1.00	80.00	80.00

Total for Job 518 = \$74,909.78

Total for Rig BDS04 = \$74,909.78

TAX INVOICE

E. B. MARSCHALL & SONS PTY. LTD.

A.B.N. 59 107 640 040

• EARTHMOVING • DEMOLITION • CARTAGE

Cnr. Basedow and Light Pass Roads, Tanunda

P.O. Box 130, Tanunda 5352 - Phone (08) 8563 2287; Fax (08) 8563 0426

• SALVAGE YARD

Cnr. Murray Street and Kalimna Road, Nuriootpa - Phone 0407 600 857



Inco Aust Ltd Partnership

31 MAY 2006

LEVEL 2, 50 KINGS PARK ROAD

WEST PERTH WA 6005

RECEIVED

06 JUN 2006

720

DETAILS

TOTAL

ATTN: LYRENA WOLZAK

CAMBRAI, SA - EXCAVATE PITS.

SE210 Excavator 5 $\frac{3}{4}$ hrs @ \$135-ph \$776-25Transport 2 $\frac{1}{2}$ hrs @ \$110-ph \$275-00

0671	CAR No.	2 1/2 hrs @ \$110-ph		
CR.	AUD	PAY \$	\$ 1156.25	
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	63122	845304	0312	\$:1051.25
			GST	105.13
GOODS/SERVICES		N	PRICES OK	N
REC'D				
EXTENSIONS OK			PAYMENT OK	

BANK A/c DETAILS FOR DIRECT REMITTANCE:

E B Marschall & Sons P/L

BSB: 015726

A/c: 1074 83137

FAXED 31/5

SUB TOTAL \$1051-25

G.S.T. \$ 105-13

TOTAL \$1,156-38

TERMS: 7/N DAYS

PLEASE RETURN THIS PORTION WITH REMITTANCE

E. B. MARSCHALL & SONS PTY. LTD.

A.B.N. 59 107 640 040

P.O. Box 130, Tanunda 5352

A/c Inco Aust.

720

Tom Browne Drilling Services Pty Ltd

ABN: 57 003 022 455

P.O.388, 39L Obley Road DUBBO NSW 2830

ph: 02 6885 3630 fx: 02 6885 3060 email: admin.bds@bigpond.com

Tax Invoice

Invoice No: 100

Invoice Date: 15/06/2006

Contract/Ref:

Job: 518

Rig: BDS04

Page: 1

Customer: Inco Australia Limited Partnership
Level 2, 50 Kings Park Road
West Perth
Western Australia 6005

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
BHDD-02	HQ HQ Diamond Drilling	66.00	100.00	34.00	Metres	120.00	4,080.00
BHDD-02	HQ HQ Diamond Drilling	100.00	110.00	10.00	Metres	128.00	1,280.00
BHDD-02	NQ NQ Diamond Drilling	110.00	138.10	28.10	Metres	115.00	3,231.50
BHDD-02	NQ2 NQ Chrome Barrel Diamond Drilling	60.60	87.00	26.40	Metres	109.00	2,877.60
BHDD-02	NQ2 NQ Chrome Barrel Diamond Drilling	138.10	252.10	114.00	Metres	123.00	14,022.00
BHDD-02	NQ3 NQ Triple Tube Diamond Drilling	60.30	60.60	0.30	Metres	106.00	31.80
BHDD-02	RWT Rig Work Time			49.75	Hour	450.00	22,387.50
BHDD-02	WC Water Carting			38.50	Hour	250.00	9,625.00
BHDD-02	AUS-G Aus - Gel			4.00	Each	21.15	84.60
BHDD-02	CRC CR- 650			6.00	Each	172.31	1,033.86
BHDD-02	HVFS Hi-Vis Fluid Star			1.00	Each	131.36	131.36
BHDD-02	PACR PAC R Polymer Granules			1.00	Each	285.78	285.78
BHDD-02	SC Survey Camera Hire			8.00	Day	80.00	640.00
BHDD-02	SS Single Shot Survey			3.00	Each	80.00	240.00
BHDD-03	NQ2 NQ Chrome Barrel Diamond Drilling	55.40	100.00	44.60	Metres	109.00	4,861.40
BHDD-03	NQ2 NQ Chrome Barrel Diamond Drilling	100.00	168.20	68.20	Metres	123.00	8,388.60
BHDD-03	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
BHDD-03	RC Reverse Circulation Drilling	50.00	56.00	6.00	Metres	65.00	390.00
BHDD-03	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
BHDD-03	RWT Rig Work Time			38.00	Hour	450.00	17,100.00
BHDD-03	WC Water Carting			43.50	Hour	250.00	10,875.00
BHDD-03	AUS-G Aus - Gel			24.00	Each	21.15	507.60
BHDD-03	AUS-T Aus-Trol 15kg			1.00	Each	221.34	221.34
BHDD-03	CRC CR- 650			3.00	Each	172.31	516.93
BHDD-03	RG Rod Grease			1.00	Each	209.49	209.49
BHDD-03	SHS Shur - Seal			1.00	Each	38.35	38.35
BHDD-03	SC Survey Camera Hire			6.00	Day	80.00	480.00
BHDD-03	SS Single Shot Survey			1.00	Each	80.00	80.00
BHDD-03/4	NQ2 NQ Chrome Barrel Diamond Drilling	168.20	192.30	24.10	Metres	123.00	2,964.30
BHDD-03/4	RC Reverse Circulation Drilling	0.00	6.00	6.00	Metres	58.00	348.00
BHDD-03/4	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
BHDD-03/4	RWT Rig Work Time			8.00	Hour	450.00	3,600.00
BHDD-03/4	WC Water Carting			3.00	Hour	250.00	750.00
BHDD-03/4	GYP Gypset			2.00	Each	43.62	87.24
BHDD-03/4	SI Sifoam			2.00	Each	15.73	31.46
BHDD-03/4	SC Survey Camera Hire			1.00	Day	80.00	80.00
BHDD-03/4	SS Single Shot Survey			1.00	Each	80.00	80.00

Sub-total: \$114,880.71

GST: \$11,488.07

Invoice total: \$126,368.78

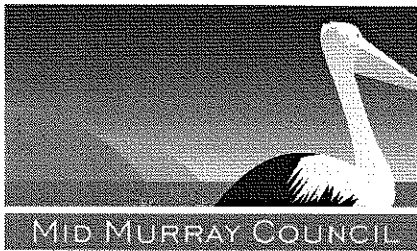
continued on page 2

This is page 2 of Invoice No. 100 for Inco Australia Limited Partnership

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
Invoice Summary							
Invoice No: 100	Product			Qty	per	Rate	Extension
Invoice Date: 15/06/2006	HQ	HQ Diamond Drilling		34.00	Metres	120.00	4,080.00
Contract/Ref:	HQ	HQ Diamond Drilling		10.00	Metres	128.00	1,280.00
Job: 518	NQ	NQ Diamond Drilling		28.10	Metres	115.00	3,231.50
Rig: BDS04	NQ2	NQ Chrome Barrel Diamond Drilling		71.00	Metres	109.00	7,739.00
	NQ2	NQ Chrome Barrel Diamond Drilling		208.30	Metres	123.00	25,374.90
sub-total: 114,880.71	NQ3	NQ Triple Tube Diamond Drilling		0.30	Metres	106.00	31.80
GST: 11,488.07	RC	Reverse Circulation Drilling		56.00	Metres	58.00	3,248.00
Invoice Total: \$126,368.78	RC	Reverse Circulation Drilling		6.00	Metres	65.00	390.00
	PVC150	PVC Casing 150mm		12.00	Metres	35.00	420.00
	RWT	Rig Work Time		95.75	Hour	450.00	43,087.50
	WC	Water Carting		85.00	Hour	250.00	21,250.00
	AUS-G	Aus - Gel		28.00	Each	21.15	592.20
	AUS-T	Aus-Trol 15kg		1.00	Each	221.34	221.34
	CRC	CR- 650		9.00	Each	172.31	1,550.79
	GYP	Gypset		2.00	Each	43.62	87.24
	HVFS	Hi-Vis Fluid Star		1.00	Each	131.36	131.36
	PACR	PAC R Polymer Granules		1.00	Each	285.78	285.78
	RG	Rod Grease		1.00	Each	209.49	209.49
	SHS	Shur - Seal		1.00	Each	38.35	38.35
	SI	Sifoam		2.00	Each	15.73	31.46
	SC	Survey Camera Hire		15.00	Day	80.00	1,200.00
	SS	Single Shot Survey		5.00	Each	80.00	400.00

C071	CAR. No.			
CR.	AUD	PAY \$	\$ 126 368.78	
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	EL 3122	845 304	0312	\$ 114 880.71
			GST	\$ 11488.07
GOODS/SERVICES			PRICES OK	
REC'D			PAYMENT OK	
EXTENSIONS OK				

15/06/2006 10:10:40



Mid Murray Council

ABN: 88 313 305 455

Communications to PO Box 28, MANNUM 5238

Telephone: (08) 8569 0100

Fascimile: (08) 8569 1931

ADMINISTRATION OFFICE:
49 Adelaide Road
Mannum

BRANCH OFFICES:
Main Street, Cambrai
10 Fourth Street, Morgan

INVOICE

ABN : 88313305455

TAX INVOICE

INCO RESOURCES AUSTRALIA
ATTENTION: SERENA WOLZAK
LEVEL 2, 50 KINGS PARK ROAD
WEST PERTH WA 6005

DEBTOR

D1998

DATE

19/06/06

PAGE NO.

1

DATE	INVOICE NO.	DESCRIPTION	AMOUNT
19/06/06	9575	0017 WATER STANDPIPE USAGE CAMBRAI STANDPIPE 644 KILOLITRES 644.00 @ 1.00 ea	644.00

This invoice includes no GST

**TOTAL
PAYABLE**

\$644.00

☐ If a receipt is required please tick the box. A receipt will not be issued unless the notice is returned intact with remittance

RETAIN TOP PORTION OF THIS INVOICE FOR YOUR RECORDS AND
RETURN THE LOWER PORTION WITH YOUR REMITTANCE

NAME INCO RESOURCES AUSTRALIA

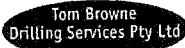
INVOICE NO	AMOUNT	INVOICE NO	AMOUNT
9575	644.00		

**MID MURRAY COUNCIL
PO Box 28
MANNUM SA 5238**

DEBTOR NO. **D1998**

**TOTAL
PAYABLE**

644.00



Tom Browne Drilling Services Pty Ltd

ABN: 57 003 022 455

P.O.388, 39L Obley Road DUBBO NSW 2830

ph: 02 6885 3630 fx: 02 6885 3060 email: admin.bds@bigpond.com

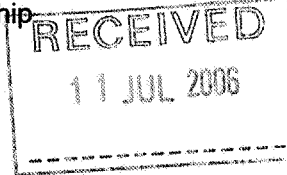
Tax Invoice

Invoice No: 105

Invoice Date: 30/06/2006

Contract/Ref:

Customer: Inco Australia Limited Partnership
Level 2, 50 Kings Park Road
West Perth
Wesrern Australia 6005



Job: 518

Rig: BDS04

Page: 1

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
119104-0	NQ NQ Diamond Drilling	52.50	100.00	47.50	Metres	101.00	4,797.50
119104-0	NQ NQ Diamond Drilling	100.00	201.10	101.10	Metres	115.00	11,626.50
119104-0	RC Reverse Circulation Drilling	0.00	50.00	50.00	Metres	58.00	2,900.00
119104-0	RC Reverse Circulation Drilling	50.00	53.00	3.00	Metres	65.00	195.00
119104-0	RWT Rig Work Time			20.00	Hour	450.00	9,000.00
119104-0	WC Water Carting			5.00	Hour	250.00	1,250.00
119104-0	CE CEMENT			80.00	Each	12.68	1,014.40
119104-0	CRC CR- 650			4.00	Each	172.31	689.24
119104-0	SC Survey Camera Hire			5.00	Day	80.00	400.00
119104-0	SS Single Shot Survey			1.00	Each	80.00	80.00
119105-0	RC Reverse Circulation Drilling	0.00	6.00	6.00	Metres	58.00	348.00
119105-0	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
119105-0	RWT Rig Work Time			11.50	Hour	450.00	5,175.00
119105-0	WC Water Carting			4.50	Hour	250.00	1,125.00
119105-0	SL Sump Liner			1.00	Each	211.64	211.64
119105-0	SC Survey Camera Hire			1.00	Day	80.00	80.00
119106-0	NQ2 NQ Chrome Barrel Diamond Drilling	45.60	100.00	54.40	Metres	109.00	5,929.60
119106-0	NQ2 NQ Chrome Barrel Diamond Drilling	100.00	263.20	163.20	Metres	123.00	20,073.60
119106-0	RC Reverse Circulation Drilling	0.00	46.00	46.00	Metres	58.00	2,668.00
119106-0	PVC150 PVC Casing 150mm	0.00	6.00	6.00	Metres	35.00	210.00
119106-0	RWT Rig Work Time			25.00	Hour	450.00	11,250.00
119106-0	WC Water Carting			30.00	Hour	250.00	7,500.00
119106-0	AUS-G Aus - Gel			2.00	Each	21.15	42.30
119106-0	BL EP Bit Lube			7.00	Each	113.89	797.23
119106-0	CRC CR- 650			1.00	Each	172.31	172.31
119106-0	GYP Gypset			2.00	Each	47.90	95.80
119106-0	SI Sifoam			6.00	Each	15.73	94.38
119106-0	SL Sump Liner			1.00	Each	211.64	211.64
119106-0	SC Survey Camera Hire			9.00	Day	80.00	720.00
119106-0	SS Single Shot Survey			1.00	Each	80.00	80.00

Sub-total: \$88,947.14

GST: \$8,894.71

Invoice total: \$97,841.85

continued on page 2



This is page 2 of Invoice No. 105 for Inco Australia Limited Partnership

Hole / Ref Product From To Qty per Rate Extension

Invoice Summary

	Product	Qty	per	Rate	Extension
Invoice No: 105	NQ	47.50	Metres	101.00	4,797.50
Invoice Date: 30/06/2006	NQ	101.10	Metres	115.00	11,626.50
Contract/Ref:	NQ2	54.40	Metres	109.00	5,929.60
Job: 518	NQ2	163.20	Metres	123.00	20,073.60
Rig: BDS04	RC	102.00	Metres	58.00	5,916.00
	RC	3.00	Metres	65.00	195.00
sub-Total: 88,947.14	PVC150	12.00	Metres	35.00	420.00
GST: 8,894.71	RWT	56.50	Hour	450.00	25,425.00
Invoice Total: \$97,841.85	WC	39.50	Hour	250.00	9,875.00
	AUS-G	2.00	Each	21.15	42.30
	BL	7.00	Each	113.89	797.23
	CE	80.00	Each	12.68	1,014.40
	CRC	5.00	Each	172.31	861.55
	GYP	2.00	Each	47.90	95.80
	SI	6.00	Each	15.73	94.38
	SL	2.00	Each	211.64	423.28
	SC	15.00	Day	80.00	1,200.00
	SS	2.00	Each	80.00	160.00

C071	CAR No.			
CR.	AUD	PAY \$	\$	97 841.85
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35122	EL 3122	845 304	0312	88947.14
			GST	\$ 8894.71
GOODS/SERVICES		H	PRICES OK	H
REC'D			PAYMENT OK	H
EXTENSIONS OK				

CREDIT NOTE

Tom Browne Drilling
Services Pty Ltd

Credit Note

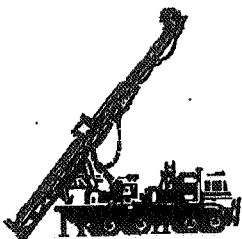
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CR	AUD	PAY \$		(\$	4933.28
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT	
35122	EL3122	845304	0312	(4484.80
GOODS/SERVICES				GST	448.48
REC'D				PRICES OK	N
EXTENSIONS OK				PAYMENT OK	N

Credit Note No.: 00016

Date: 30 June 2006

Inco Australia Limited Partnership
Level 2, 50 Kings Park Road
WEST PERTH WA 6005

	Description	Total \$
	Charged NQ Chrome Barrel Drilling Should be NQ Diamond Drilling	
	CREDIT ADJUSTMENT	
119106-0	Invoice 105 217.6m @ \$8 per metre	1 740.80
BHDD-02	Invoice 100 140.4m @ \$8 per metre	1 123.20
BHDD-03	112.8m @ \$8 per metre	902.40
BHDD-03	24.10m @ \$8 per metre	192.80
BHDD-01	Invoice 92 65.7m @ \$8 per metre	525.60
	Subtotal	4 484.80
	Plus GST 10%	448.48
	TOTAL CREDIT DUE	4 933.28



P O Box 388
Dubbo NSW 2830

Phone: 02 6885 3630
Fax: 02 6885 3060
E-mail: admin.bds@bigpond.com
ABN 51 003 022 155

Tom Browne Drilling Services Pty Ltd

ABN: 57 003 022 455
P.O.388, 39L Obley Road DUBBO NSW 2830
ph: 02 6885 3630 fx: 02 6885 3060 email: admin.bds@bigpond.com

Tax Invoice

Invoice No: 110

Invoice Date: 15/07/2006

Contract/Ref:

Customer: Inco Australia Limited Partnership
Level 2, 50 Kings Park Road
West Perth
Western Australia 6005

Job: 518

Rig: BDS04

Page: 1

Hole / Ref	Product	From	To	Qty	per	Rate	Extension
119105-0	NQ NQ Diamond Drilling	75.10	100.00	24.90	Metres	101.00	2,514.90
119105-0	NQ NQ Diamond Drilling	100.00	262.50	162.50	Metres	115.00	18,687.50
119105-0	RC Reverse Circulation Drilling	6.00	50.00	44.00	Metres	58.00	2,552.00
119105-0	RC Reverse Circulation Drilling	50.00	75.10	25.10	Metres	65.00	1,631.50
119105-0	RWT Rig Work Time			37.25	Hour	450.00	16,762.50
119105-0	ST Stand - by Time			16.00	Hour	380.00	6,080.00
119105-0	WC Water Carting			70.50	Hour	250.00	17,625.00
119105-0	AUS-G Aus - Gel			43.00	Each	21.15	909.45
119105-0	AUS-T Aus-Trol 15kg			18.00	Each	221.34	3,984.12
119105-0	BL EP Bit Lube			1.00	Each	113.89	113.89
119105-0	CRC CR- 650			5.00	Each	172.31	861.55
119105-0	FT Staked Tyre Fitted			1.00	Each	430.10	430.10
119105-0	DEMOB Demobilisation			1.00	Each	6,000.00	6,000.00
119105-0	SC Survey Camera Hire			12.00	Day	80.00	960.00
119105-0	SS Single Shot Survey			2.00	Each	80.00	160.00

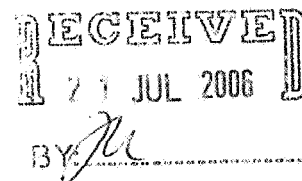
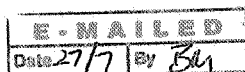
Sub-total: \$79,272.51

GST: \$7,927.25

Invoice total: \$87,199.76

Invoice Summary

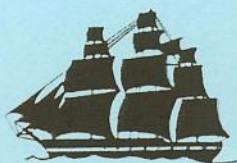
Invoice No: 110	Product	Qty	per	Rate	Extension
Invoice Date: 15/07/2006	NQ NQ Diamond Drilling	24.90	Metres	101.00	2,514.90
Contract/Ref:	NQ NQ Diamond Drilling	162.50	Metres	115.00	18,687.50
Job: 518	RC Reverse Circulation Drilling	44.00	Metres	58.00	2,552.00
Rig: BDS04	RC Reverse Circulation Drilling	25.10	Metres	65.00	1,631.50
sub-Total: 79,272.51	RWT Rig Work Time	37.25	Hour	450.00	16,762.50
GST: 7,927.25	ST Stand - by Time	16.00	Hour	380.00	6,080.00
Invoice Total: \$87,199.76	WC Water Carting	70.50	Hour	250.00	17,625.00
	AUS-G Aus - Gel	43.00	Each	21.15	909.45
	AUS-T Aus-Trol 15kg	18.00	Each	221.34	3,984.12
	BL EP Bit Lube	1.00	Each	113.89	113.89
	CRC CR- 650	5.00	Each	172.31	861.55
	FT Staked Tyre Fitted	1.00	Each	430.10	430.10
	DEMOB Demobilisation	1.00	Each	6,000.00	6,000.00
	SC Survey Camera Hire	12.00	Day	80.00	960.00
	SS Single Shot Survey	2.00	Each	80.00	160.00



→ Move
for checking
& coding

Tom Browne Drilling Services
Inv. # 110

C071	CAR. No.			
CR.	AUD	PAY \$	\$	87199.76
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35123	EL 3304	844000	0312	79272.51
		845 304		
			GST	7927.25
GOODS/SERVICES		X	PRICES OK	X
REC'D			PAYMENT OK	X
EXTENSIONS OK				



Challenger Geological Services Pty Ltd

ABN: 74 008 041 745

RECEIVED

11 SEP 2006

13A Weaver Street, Edwardstown South Australia 5039

PO Box 101, Melrose Park South Australia 5039

Tel: 08 8277 6777 Fax: 08 8277 6777 Email: challenger@dodo.com.au

Ms Cyrena Wolzak
INCO RESOURCES
LEVEL 2 50 KINGS PARK ROAD
WEST PERTH WA 6005

Invoice No: in080627
Tax Invoice Date: 31/08/06

Tax Invoice

BLACK HILL's PROJECT Sth Aust

Description	Price	Hours	Total
16/08/2006 With aid from Euro staff, restack all 6 Black hill holes to pirsas pallets/assist in tray end relabelling	\$40.00	4.5	\$180.00
Supply Thinners to clean up old tray ends			\$15.00
CORE HANDLING IN ASSOCIATION WITH CORE SAMPLING FOR ASSAYS/SPECIFIC GRAVITY RESULTS/STRAPP UP PALLETS, AT \$45.00 PER HOUR INCLUDES SURCHARGE FOR BLADE WEAR/CORE SAW USEAGE.			
19/08/2006 3.5 HOURS			
20/08/2006 2.75 HOURS			
21/08/2006 2 HOURS			
23/08/2006 4.5 HOURS(INCLUDES DELIVERY TO LAB)			
24/08/2006 1.5 HOURS			
28/08/2006 2 HOURS			
31/08/2006 1/2 HOUR (TRUCK FOR Pirsas)	\$45.00	16.75	\$753.75
Transport of 9 pallets to Pirsas Core Library using a 10 tonne truck on 1/9/2006			\$99.00
Strapping charge on 9 pallets, with 18 metres of strapp at 50 cents per metre used.			\$81.00

Total Excluding GST \$1,026.14
GST \$102.61
Total Including GST \$1,128.75

Terms: Strictly Net 30 Days

Invoice Balance \$1,128.75

Challenger Geological		Inv IN080627	31/08/2006	\$1,128.75
C071	CAR No			
CR	AUD	PAY \$		\$ 1,128.75
PROJECT	TENEMENT	ACCT	ACTIVITY	AMT
35641	EL 6343	845316	0322	\$ 205.23
35642	EL 6344	845316	0322	\$ 205.23
35643	EL 6397	845316	0322	\$ 205.23
35644	EL 6398	845316	0322	\$ 205.23
35645	EL 6399	845316	0322	\$ 205.22
GOODS /SERVICES REC'D			GST	\$ 102.61
EXTENSIONS OK			PRICES OK	
			PAYMENT OK	