

Licensee
Terence J. McLernon

DR. Trevor Nichols
Browne Ave
Dalkeith WA

RE: Giovinazzo - Pineridge Pty Ltd

Dear Trevor,

Please find attached the updated file regarding the aforementioned entities.

I have also included a financial dealing summary on Giovinazzo.

Mr. Gary Bertram of the ASIC — Notes deleted for privacy

Mr. Neil Prior of the West Australian — Notes deleted for privacy

Mr. Kim Strickland of Hall Chadwick — Notes deleted for privacy

I would request you contribute twenty five thousand dollars, this shall cover both McLernon Investigations and Hall Chadwick

Mr. John Geary paid McLernon twenty five thousand dollars to kick-start the inquiry.

Hall Chadwick will spend the first two thousand dollars transferring the matter from ITSA Giovinazzo's trustee. Then the remaining ten thousand five hundred dollars to their further inquiries and costs. McLernon Investigations, Mr. Dean Skook and Mr. Don Evans will pay any costs and out goings further incurred by Hall Chadwick.

Jack & Jill Holdings Pty Ltd
 A.C.N 085 411 318
 PO Box 25392
 Perth 6000
 Western Australia
 Phone. (08) 9435 3333
 Mobile. 0811 491 744
 Fax. (08) 9437 3333
 Email. McLernonPJ@aol.com

We shall also take responsibility for any legal fees and indemnity against legal fees of Giovinazzo.

Notes deleted for privacy

We will enter at the appropriate time, being ASAP, contractual agreements with the Liquidator to secure funding status and the first 45% of all monies collected. This does not prohibit you from claiming as a shareholder of Pineridge Holdings Pty Ltd.

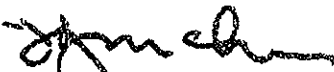
The funds claimed will be distributed as follows,

- a) Return of legal fees and Liquidators costs to all parties
- b) Return of \$25,000 to Nichols and Geary
- c) Balance split 20% each

As Pineridge is owed 2.5 million dollars plus interest, we would hope also to recover 1.25 million dollars as our funding fee plus Legal costs and Liquidators. You would also claim any losses you incurred on your original investment.

I hope the above meets with your approval and if so we would request your cheque immediately so we may keep up the momentum.

Yours Faithfully


 Terence J McLernon
 Licensee