



LONGREACH GOLD OIL LIMITED

(Incorporated in New South Wales)

ACN: 050 131 797

82 Elizabeth Street
Sydney NSW 2000
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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

18 July 1996

FAX: 1 - 0011 - 27 - 21 - 418 1207

Cape International Limited
c/- 16th Floor, The Terraces
34 Bree Street
Cape Town 8001
SOUTH AFRICA

Attention Messrs Phelps and von Palace

Dear Steve & Roberto

Re Angolan Diamond Concessions

As discussed, attached is a draft Supplementary Agreement that allows for the payment of the remaining US\$100,000 to be transferred to the New Concessions.

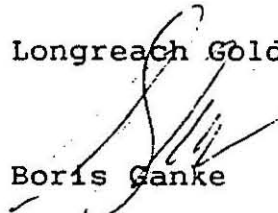
This will enable Longreach to announce the completion of the acquisition of the Approved Concessions which should be beneficial to all parties.

Although the US\$100,000 would be deferred via this Agreement, Longreach will agree to pay this amount as a "deposit" as soon as market conditions permit it to be raised.

If this is acceptable, please sign the attached document and fax it back to us so that the release can be made as soon as possible. We shall forward the original to you by airmail.

Best Regards

Longreach Gold Oil Limited


Boris Ganke

P.S. A draft ASX release will be forwarded when ready.

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SUPPLEMENTARY AGREEMENT

1. PARTIES

The parties to this Agreement are:

1.1 CAPE INTERNATIONAL HOLDINGS LIMITED

1.2 LONGREACH GOLD OIL LIMITED

2. DEFINITIONS

2.1 In this Agreement, unless the context clearly indicates otherwise:

2.1.1 "the Vendor" shall mean CAPE INTERNATIONAL HOLDINGS LIMITED, a company, of Omar Hodge Building, Wickham's Cay 1, Road Town, Tortola, British Virgin Islands;

2.1.2 "Longreach" shall mean LONGREACH GOLD OIL LIMITED, a company incorporated in and according to the laws of New South Wales, Australia;

2.1.3 "the Sale Agreement" shall mean the Agreement entered into between the parties at Cape Town on 9 March, 1996, as amended by subsequent Variation Agreements dated 17 May, 1996 and 11 June, 1996.

3. INTRODUCTION

3.1 The Parties wish to continue to give effect to the transaction contained in the Sale Agreement, with minor variations caused through current market conditions.

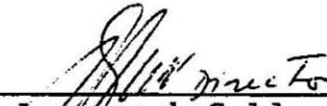
4. VARIATION

4.1 Clause 6.1 of the Sale Agreement is hereby varied through the purchase price for the Approved Concessions now being Three Million Nine Hundred Thousand US dollars (US\$3,900,000).



- 4.2 Clause 6.2 of the Sale Agreement is hereby varied through the purchase price for the New Concession now being Five Million Two Hundred and Fifty Thousand US Dollars (US\$5,250,000).
- 4.3 Clause 7.1.1.3 of the Sale Agreement is hereby varied through the payment now being Two Hundred Thousand US Dollars (US\$200,000).
- 4.4 Clause 7.2.1.1 of the Sale Agreement is hereby varied through the payment now being Five Hundred Thousand US Dollars (US\$500,000).

SIGNED AS FOLLOWS:

Place	Date	for Cape International Holdings Limited, duly authorised
<u>Sydney</u> Place	<u>18 July 1996</u> Date	<u></u> for Longreach Gold Oil Limited, duly authorised