

4 June 2007

Dear Shareholder

**INFORMATION FOR SHAREHOLDERS  
PRO-RATA NON RENOUNCEABLE ENTITLEMENT ISSUE**

As you may be aware, the Company will shortly be offering to you an opportunity to acquire more shares in the Company pursuant to a pro-rata non renounceable entitlement issue to shareholders of up to 63,538,587 ordinary fully paid shares ("**Shares**"). The offer will be on the basis of one Share for every six Shares held by you at 5.00pm WST on 12 June 2007, at an issue price of 6 cents per Share, to raise approximately \$3,812,315 ("**Issue**"). This offer will be made pursuant to a Prospectus and if you wish to participate in The Issue, you will need to complete the Entitlement and Acceptance Form that will accompany the Prospectus.

A copy of the Prospectus has been lodged with ASX and is available on the ASX website and the Company's website and will be despatched to persons holding shares as at the Record Date of 12 June 2007.

Pursuant to the Listing Rules of the Australian Securities Exchange ("**Listing Rules**"), the Company is required to provide to you certain information before proceeding with The Issue. This letter contains all the information required by Appendix 3B of the Listing Rules.

1. Up to a maximum of 63,538,587 Shares will be issued pursuant to The Issue (assuming no existing options are exercised).
2. The Shares rank equally in all respects from the date of allotment with the existing class of quoted Shares.
3. The issue price of the Shares will be 6 cents each.
4. The Company will apply for quotation of the Shares issued pursuant to The Issue on the official list of the ASX.
5. The funds raised by The Issue will be used to fund ongoing exploration activities and supplement working capital. Full details of the intended use of funds are set out in the Prospectus.
6. The securities will be entered into uncertificated holdings or dispatch of certificates on 10 July 2007.
7. The total number and class of all securities quoted on ASX (including the maximum number of Shares to be issued in The Issue on an undiluted basis – ie. assuming none of the Company's options are exercised) is as follows:

<b>Number</b>	<b>Class</b>
444,770,113	Ordinary shares

8. The following are the securities of the Company not quoted on ASX:

<b>Options</b>			
<b>Number</b>	<b>Class</b>	<b>Exercise Price</b>	<b>\$ Contribution on Exercise</b>
4,025,000	Options over ordinary shares expiring 27 December 2007.	8 cents	322,000
3,625,000	Options over ordinary shares expiring 31 December 2008	10 cents	362,500
1,625,000	Options over ordinary shares expiring 31 December 2007	20 cents	325,000
1,100,000	Options over ordinary shares expiring 21 November 2009	15 cents	165,000
2,875,000	Options over ordinary shares expiring 28 November 2009	15 cents	431,250
250,000	Options over ordinary shares expiring 30 June 2008	10 cents	25,000
250,000	Options over ordinary shares expiring 30 June 2008	15 cents	37,500
9,500,000	Options over ordinary shares expiring 28 November 2010	9.25 cents	878,750
9,250,000	Options over ordinary shares expiring 28 November 2011	9.6 cents	888,000

9. The Company currently has no dividend policy.
10. No shareholder approval for The Issue is required.
11. The Issue is ***non-renounceable***.
12. The Shares in The Issue will be offered on the basis of one Share for every six Shares held by the shareholder on 5:00pm WST on 12 June 2007
13. The offer under The Issue relates to ordinary fully paid shares in the capital of the Company.
14. The “*ex date*” is 5 June 2007
15. The ***record date*** to determine entitlements is 12 June 2007
16. Holdings on different registers (or subregisters) will be aggregated for calculating entitlements.
17. In determining the entitlement of shareholders, any fractional entitlement will be rounded down to the nearest whole number.

18. The Company will not be sending an offer under The Issue to any security holders in the United States or Canada.

In compliance with ASX Listing Rule 7.7.1 of the ASX Listing Rules, the Company has decided that it is unreasonable to make the offer to security holders in the United States and Canada having regard to each of the following:

- the number of security holders in the United States and Canada;
- the number and value of the securities to be offered to security holders in the United States and Canada; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the United States and Canada.

The Company will send to each of the security holders in the United States and Canada details of the offer and advise them that the Company will not be making the offer to them.

19. The closing date for receipt of acceptances is 5.00pm WST 2 July 2007.
20. The Issue is not underwritten.
21. There is no broker to the Issue.
22. Brokers will receive no handling fee for acceptances lodged by them on behalf of security holders.
23. The Prospectus for The Issue and the accompanying Entitlement and Acceptance Form will be sent to you on 18 June 2007
24. Existing option holders may participate in The Issue upon exercise of their options. The Company will send a notice to option holders by no later than 1 June to notify option holders of their right to participate in The Issue upon exercise of their options.
25. The latest date for despatch of certificates or entry of the securities into your security holdings is 10 July 2007

The above information was provided to the ASX on 31 May 2007

If you have any queries regarding your entitlement or participation in the upcoming Issue, please do not hesitate to contact Peter Munachen or Ernie Myers on 08 9227 3260.

Yours sincerely

PL Munachen  
Director