



14 June 2011

Shareholder circular

Dear Shareholder,

Since the last circular of the 8th of April 2011, the following events and achievements have taken place and / or been completed:

- 1) Transfer of all accounting and secretarial records, together with all accounting and company secretarial responsibilities.
- 2) The closure of the Sydney office, rationalization of outsourced services and the board reduction have reduced overheads, but continuing disruptive actions by some dissenting shareholders and former directors have negated these cost reductions and continue to be counter-productive to the business interests of the Company by causing undue diversion of the Company's limited financial and human resources.
- 3) The execution of a farm-out agreement of all non-core base metal tenements (specifically uranium and gold and excluding the Irwin River coal seam gas tenements) with China Coal Geology Engineering Corporation (CCGEC), which was announced on the 13th May 2011. All tenements involved were under review by the Department of Mines and Petroleum (DMP) and subject to time constraints and forfeiture. Applications have been made with the DMP to transfer the agreed tenements to a joint venture company and when completed, the Company will have a free carried interest in this company. This transaction will enable the required exploration activities on these tenements to be performed, while preserving value for the Company which would otherwise have been lost.
- 4) Successful placement of 13.5 million fully paid ordinary shares at 18 cents per share in the Company will raised \$2,284k, net, of much needed funding (announced on the 10th June 2011). These funds will enable the Company to resume an interrupted exploration program and to expedite metallurgical and beneficiation works. It will also return proper focus and attention to the Company's business back to being an exploration company and emerging miner in due course.

5) Notwithstanding the positive achievements made in this short period, the Company is still having to deal with challenges to the March 2011 EGM:

- a. The first was a challenge of the proxies and resolutions by Mr. Thaler. Mr. Thaler subsequently discontinued his writ, as was announced on the 10th June 2011. Mr. Thaler failed to provide cash security of \$100k directed by the judge at the request of the Company's lawyers. Mr. Thaler is purported to be a non Australian resident and resides in Tel Aviv, Israel. Mr. Yankel Konceploski has represented that he acts for and on behalf of Mr. Thaler.

The Company's lawyers will pursue Messrs Thaler and Konceploski for recovery of the costs for this writ, including a costs judgement against Mr Thaler during the legal proceedings.

- b. The discontinuation of Mr. Thaler's writ was followed by a new writ lodged by Mr Malcolm Carson with the Federal Court in NSW, which we also announced on the 10th of June 2011. Mr Carson's writ challenges similar proxies and the results of the last EGM, as did Mr. Thaler's writ. The Company's lawyers have applied for proceedings to be transferred to the Western Australian courts.

Mr Carson also sought interlocutory relief to prevent placement of 13.5 million shares which was supported by a signed affidavit by Mr Terry Gygar prematurely disclosing the placement offer which was made in commercial confidence. Mr Gygar is an alternate director of the Company, appointed by Ms XiaoDong Sun, and Mr Gygar breached commercial confidence and director's confidentiality before the Board was able to hold a meeting to discuss the placement and make proper disclosure of its decision.

This motion for interlocutory relief to prevent placement of 13.5 million shares was dismissed by the judge.

- 6) Also announced on the 10th of June 2011, the Company received a s249 notice from parties purporting to represent 5% of shareholders to convene a general meeting of shareholders to remove Messrs Oh, Tay and Revell as directors of the Company to be replaced by Messrs Carson and Konceploski. This notice was sent to the Company by Mr.Koncepolski. The Company's lawyers have concerns as to the validity of some of shareholdings presented, which needs to be clarified and possibly corrected. Thereafter a directors' meeting will be duly convened to act on the request. The Board has 21 days from receipt of a valid notice to call a meeting of shareholders which must be held within 2 months of the request.

In conclusion, regardless of the above issues and obstacles which are counterproductive for their undue diversion of the Company's limited financial and human resources, the Company remains focused on exploration, metallurgical and beneficiation activities. Recent new funding will allow the Company to resume exploration activities irrespective of distractions.

Shareholders will continue to be timely and appropriately updated as events unfold.

Yours Sincerely,
Richard Oh CA MAICD
Executive Chairman

For enquiries please contact the Company Secretary, Michael van Uffelen, on 0450 095 988, or the writer on 0411 697 249.