

5 April 2013

Dear Shareholder,

RE: CHAIRMAN'S LETTER

I am pleased to invite you to participate in a 1 for 5 non-renounceable pro-rata Rights Issue at \$0.05 per fully paid ordinary share in the Company to raise approximately \$1.06 million in new capital. The Offer Document will be sent to you in approximately two weeks outlining the details of the Rights Issue.

The Company intends to use the proceeds from this Rights Issue to fund:

- (i) Ongoing exploration activities, particularly:
 - drilling of structural and stratigraphic targets at E47/2396 (Marandoo),
 - ongoing metallurgical testing to improve yield and/or grade at the Spearhole project; and
 - target identification on the Roy Hill and Prairie West Projects;
- (i) Working capital for ongoing operations.

Each Eligible Shareholder on the Company's register of members on the close of business on Tuesday, 16 April 2013 (the Record Date) will be entitled to subscribe for 1 New Share for every 5 Shares held at the Record Date, at a price of \$0.05 per New Share.

To the extent that a Shareholder does not take up their Entitlement, their interest in the Company will be diluted.

The New Shares that are proposed to be issued under the Rights Issue will be fully paid and will rank equally with the Company's existing Shares. The Company will make an application to the ASX for official quotation of all New Shares.

The maximum number of New Shares to be issued under the Rights Issue is 21,226,702, which would raise up to approximately \$1.06 million. At the conclusion of the Rights Issue, assuming the Rights Issue is fully-subscribed, the total number of issued Shares in the Company will be 127,360,211.

Shareholders eligible to participate in the Rights Issue as described in the Offer Document do not <u>need to take any action at this time.</u> A personalised Entitlement and Acceptance Form will be mailed to the address on the Share Register on or about 18 April 2013 and you will need to complete that Entitlement and Acceptance Form and return it with payment by the Closing Date to participate in the Rights Issue.

The Closing Date for acceptance and payment is 5.00pm (WST) on Tuesday, 7 May 2013.





The indicative timetable for the Rights Issue is as follows:

Event	Date
Offer Document and Appendix 3B lodged with ASX	5 April 2013
Shares quoted on an "ex" entitlement basis	10 April 2013
Record Date	16 April 2013
Offer Document and Entitlement and Acceptance Forms sent to Eligible Shareholders	18 April 2013
Closing Date for acceptance and payment	7 May 2013
Expected date of allotment and despatch of Holding Statements for New Shares	15 May 2013
Trading on ASX of New Shares	16 May 2013

The above timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors of the Company reserve the right to vary these dates, including the Opening Date and Closing Date, without prior notice. However, any change in any of the abovementioned dates will be notified to ASX for public disclosure on the Company's ASX Announcements platform and website.

Yours faithfully

Thomas Pickett Independent Chairman