

15 July 2005

Mining Registrar  
Department of Business, Industry and  
Resource Development  
GPO Box 3000  
DARWIN NT 0801

Dear Sir

**EXPLORATION LICENCE 23912 – GREENBUSHES LTD**

Please find attached annual report for the first year of term on EL 23912. An application for variation of the expenditure condition was lodged on 13 July 2005.

The expenditure obligation for year one was not met because of Sons of Gwalia Ltd going into voluntary administration on 29 August 2004. Greenbushes Ltd is a wholly owned subsidiary of Sons of Gwalia Ltd.

Proposed expenditure for year 2 is \$45,000. Currently, the Administrators are considering a number of options in respect to the assets of Sons of Gwalia and we will advise you further on the outcome in due course. Completion of the proposed expenditure is dependant on the final outcome in respect to the company assets.

Should you have any further requirements, please do not hesitate to contact me on (08) 9263 5555 or 0417 945774.

Yours faithfully,

Mark Campana