

17 July, 2007

Mining Registrar
Department of Primary Industry, Fisheries and Mines
GPO Box 3000
DARWIN NT 0801

Dear Sir

EXPLORATION LICENCE 23912 – GREENBUSHES LTD

Please find attached annual report for the third year of term on EL 23912 – year ending 17 June 2007. An application for variation of the expenditure condition will be lodged under separate cover.

The expenditure obligation for year three 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.

Progress on the status of Sons of Gwalia since our last report is the approval by Sons of Gwalia's Creditors to sell the company's advanced minerals division (which includes EL 23912) to Resource Capital Fund consortium for \$205 million. See attached Press Release dated 28 June 2007 by Ferrier Hodgson, Sons of Gwalia's Administrators. Completion of the sale to Resource Capital Fund is expected to occur on 29 July 2007.

A site was conducted in June 2007 by Sons of Gwalia's Group Geologist, Any Purvis, and a work program for the current year is being developed. A budget proposal of \$55,000 is envisaged.

We will advise you further following completion of the sale to Resource Capital Funds is completed; however, in the meantime, should you have any queries, please do not hesitate to contact me on Ph (08) 9263 5555 or M 0417 945774.

Yours faithfully,



A handwritten signature in dark ink, appearing to read 'M. Campana'.

Mark Campana

Deed Administrators' Limited Liability: Important Notice to Suppliers, Contractors and Lessors:
Entities dealing with the Deed Administrators should be aware that the Deed Administrators are personally liable for duly authorised goods bought, services rendered or property hired, leased or occupied, only to the extent of available assets of the Companies to apply in or towards the payment of that debt. A copy of the Deeds Of Company Arrangement will be made available upon request.