



29 July 2010

Fellow Shareholder

On 30 June 2010 I took over from Paul Dowd as the Chairman of our company. Paul decided to step down from the role given his increasing commitments elsewhere, notably his executive role at Phoenix Copper Limited. Paul leaves with our best wishes and thanks for a job well done.

My background, being in corporate and institutional investment, stockbroking and research analysis is very different to that of my predecessor. When combined with the geological and engineering skills of the other board members, I hope this rounded group of directors will be able to further enhance the company's prospects in our key exploration projects, whilst maintaining a sensible financial structure.

The job of doing so was made far more difficult in the past quarter by the Government's proposal of a Resource Super Profits Tax (RSPT). Whilst this RSPT idea has been significantly amended, and in its current form does not impact on the company with respect to the primary minerals being sought, the idea itself had significant ramifications. It significantly lessened the prospects for all exploration companies by reducing their potential returns, and consequential ability to attract capital. In its most extreme form, it would have meant a gold or copper discovery would have remained *in situ* by rendering its extraction uneconomic. Whilst the RSPT has gone away, the lingering suspicion of Australian Governments' capacity to retrospectively amend taxes on mineral extraction has not, and your board has little doubt that capital markets will remain cautious in our area for a little time to come.

The 2010 calendar year is seeing the most aggressive drilling programs in the company's history which moved into full swing in the June quarter with drill rigs operating at two of the Rover prospects near Tennant Creek – which will yield assay results in the next few weeks - and some very interesting results from our Moonta tenements in South Australia. Very recently we have also seen a recommencement of the drilling program on the Corrobinnie Palaeochannel Uranium Joint Venture where earlier results have been most encouraging.

I am pleased to enclose a copy of the company's June 2010 Quarterly Report for your perusal and hope to be able to report further progress at Rover and perhaps elsewhere in the coming months.

Yours sincerely

Andrew Brown
Chairman