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15 November 2007

To the Holder of February Options

NOTICE OF PROPOSED ISSUE OF SHARES AND OPTIONS

For Clunes advancement, Directors have been active in seeking appropriate approvals to enable the following construction to occur within MIN 5391, viz

- develop the Company's stand-alone industrial water supply
- erect tanked storage, industrial water
- carry out bulk sampling and excavate test pits
- fabricate and erect an on-site treatment plan
- set out civil works to control waste products

The present intent is to finance this construction phase by way of a Non-Renounceable Entitlements offer to members (Offer) pursuant to an Offer Information Statement (OIS) to be lodged with ASIC on the basis that each member will be entitled to apply for one ordinary new share at an issue price of \$0.125 (12.5 cents) for every 2 shares held at the record date to determine entitlements to the Issue and on the basis that for every four (4) Shares applied for, an Applicant may also apply for one (1) New Option exercisable at \$0.20 up to 5.00pm (AEST) on 31 August 2009. Shares and Options not subscribed for by members under the Offer may be subscribed for by the public under the Shortfall Offer contained in the OIS. Applications for Shares and Options pursuant to this proposed issue can only be made by completing and lodging with the Company either the Entitlement and Acceptance Form which will accompany the OIS (in the case of Members) or by using the General Application Form which will form part of the OIS (Non Members).

You are advised that the February 2008 options do not entitle you, as holder, to participate in the Offer, and unless you exercise your options prior to the Record Date to determine entitlements to the Issue (**30 November 2007**) you cannot participate in the Offer in respect of Options held by you.

This Notice is to advise holders of Options expiring on 28 February 2008 that, to be entitled to participate in the issue as a member in relation to those Options, they must exercise their Options prior to that date.

Nothing however, precludes Optionholders from merely applying for Shares and Options under the Offer by using the General Application Form which will form part of the OIS.

It is intended that the Issue will close on 27 December 2007. There will be no rights trading as the Issue is non-renounceable.

While the Offer is primarily to raise funds to initiate developments at Clunes, there is now a defined drilling target at Allendale.

Your Directors believe it would be unfair to option holders not to be given early notice of the Offer, as they may wish to give consideration to exercise of their options to increase their shareholding prior to the Record Date for the up-coming rights issue. The OIS will be available on the Company's website during the exposure period for Optionholders to review to assist them to determine whether they exercise their options prior to the Record Date.

Yours Sincerely

F.L. Hunt