

NEWSLETTER



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TO THE SHAREHOLDERS IN THE COMPANY –

REPLACEMENT OIS ACCOUNTING OF APPLICATIONS

The Company has embarked on the series of steps required by government agencies in Victoria for all who wish to produce gold in that State.

The project at Glenfine has the capacity to rapidly produce gold from a clearly defined resource at surface.

The Company has completed a significant proportion of the steps towards approval to produce.

Concurrently, the Directors have put before members their recommended means of financing the gold recovery operations and plant, through issue of special Preference Shares – redeemable, and backed by part of the intended gold production.

Directors also propose that these special Preference shares be listed on NSX, due to the gold-backed status of those Preference shares.

At the meeting of the Company on 20 June 2009 two Resolutions were passed. The effect of the second resolution applies in the event of a shortfall – that is where less than 330 applications are initially received.

The initial closing date of 22 June 2009 was too soon after the meeting, and has been extended to **22 July 2009**.

As at 30 June 2009, the applications amounted to 194, producing the Shortfall of 136 applications.

This situation triggers the stipulations set out in voting by members. Accordingly, the enclosed information is being provided to Members by mail. It has already been released to NSX.

Members overwhelmingly voted for the issue of these special Preference shares. Those members who waited to hear about the results of voting on 20 June before making their decisions to apply are now in full knowledge of the facts.

These special Preference shares have the unusual cost of \$1000 each, because they are backed by up to 2 oz of gold. The present value of gold is routinely published in the press, or on www.kitco.com

There is a strong body of opinion that the gold price is expected to consolidate at present levels in the short term. The trading for some months has shown good support for gold at prices around US \$935. A gold price of US \$910 has been used on the OIS for these Preference shares.

Since finalisation of the Replacement Offer document on 29 May 2009 Directors of the Company have continued preparations as are necessary for completion of approvals. In that time, nothing has emerged which would indicate any adverse circumstance or unforeseen difficulties. Rather, a pre-requisite Permit has been issued by Heritage Victoria in favour of the Company – for full disclosure see the website of the Company.

This is an unusual Offer. Directors welcome your participation. It will succeed

A handwritten signature in black ink, appearing to read "F. L. Hunt".

F. L. HUNT
Chairman

This special Preference Share Offer is the means by which Members of the Company could claim as their own some of the fine gold to be won at Glenfine.

So far, 70 Members have lodged applications for 194 Preference shares. This Newsletter reminds the other 247 Members that their right to lodge will close on 22 July, 2009.

Advertising to the wider public has commenced – see enclosed copy of Announcement on NSX. The Offer to the public also closes on 22 July, 2009.

CHAIRMAN'S OUTLOOK
(2 July 2009)
From Company Website

The Company has a Replacement OIS before Members and market investors. The situation with respect to the Offer is that -

1. Nearly 55% of all shareholders voted on 22 June 2009 to confirm the Company could proceed to issue redeemable Preference shares (Resolution 1).
2. By Resolution 2, that same day the shareholders voted for the following -
 - "in the event that the Issue is not fully subscribed, each member shall be entitled to apply for additional Preference Shares....."
 - "any related party (defined) may (also) apply....."
 - "unissued Preference shares remaining may be placed with members of the public making application prior to the new closing date of 22 July 2009."

The applications accounted for (excluding related parties) as at 30 June 2009 totalled 194. There is thus a shortfall, and all members will shortly be advised of their rights as described above.

Members of the public have been advised of the opportunity before them by the Announcement to NSX made 2 July 2009.

Fred Hunt
Chairman