

6 December 2011

Settlement of Additional Acquisition Payment

Pursuant to the sale and purchase agreement ("Purchase Agreement") by which the Company acquired its Roper River tenements, the Company is required to make additional purchase payments to the vendors of an amount of 4.5c for each tonne of ore in the tenements classified by an independent Competent Person as an Inferred Mineral Resource.

On 5 September 2011, the Company announced that an additional 68.1 million tonnes of ore had been classified as an Inferred Mineral Resource. As a result of that classification, the Company has a liability to the vendors of an amount of \$3,064,500.

The Purchase Agreement provides the Company with an option to settle the liability either in cash or by issuing shares at market value. The independent directors have resolved, subject to shareholder approval, to settle the additional consideration by way of an issue of shares.

The issue price of the shares is the market value, defined to be the average market price over the 90 day period immediately following the ASX announcement on 5 September 2011. The market price for the purposes of the share issue has been determined to be 7.23c per share. The total number of shares to be issued at 7.23c each is 42,385,892. The total number of shares on issue currently is 402,742,201.

General Meeting of Shareholders

The above issue of shares to the vendors requires approval of the shareholders of the Company pursuant to section 611 of the Corporations Act as the vendors currently hold in excess of 20% of the issued capital of the Company. It is expected the meeting will be held on 2 February 2012. An Independent Expert's Report will be prepared and forwarded to shareholders prior to the meeting. That Report will provide an opinion as to whether the issue of the shares is fair and reasonable to the existing non-vendor shareholders.

If the shareholders did not approve the issue of the shares at the meeting, the Company will be required to meet the liability in cash.

Continuing Negotiations

The Company has previously announced that it is in the process of renegotiating the Purchase Agreement to eliminate the requirement to pay further amounts of consideration on the announcement of increases in the Inferred Mineral Resource. Those negotiations are continuing.

Barry Coulter
Chairman

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