Suite 5 Level 1, 350 Hay Street, Subiaco WA 6008 ACN : 112 898 825
PO Box 1681 West Perth WA 6872
P: (08) 6364 0518 F: (08) 6210 1876

1 August 2007

Ms Elizabeth Harris
Senior Advisor, Issuers (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

By Facsimile 08 9221 2020

Dear Ms Harris

Thank you for your letter of 30 July 2007. I can provide the following details in response to the questions you have raised.

1. For the quarter ended 30 June 2007, Graynic Metals Ltd (the 'company' or 'Graynic') held $562,000 in cash reserves. For the quarter ending 30 September 2007, the company anticipates that net cash outflows from operations will amount to around $150,000. In addition to this, the company is expecting a GST tax refund in the amount of $50,000 this quarter. This refund is attributable to costs incurred in the June 2007 quarter.

2. The company also has a number of options on issue, a large parcel of which is due to be exercised by 31st October 2007. The exercise price of these options is 20 cents. Graynic is confident that a significant majority of its options holders will exercise the opportunity to convert their options in October 2007. This will raise a further $2.4 million to fund ongoing activities.

3. Graynic continues to actively progress its projects and is confident that shareholder value can be sufficiently demonstrated to ensure that the option conversion programme will be an attractive opportunity for our existing option holders.

4. As an exploration company, Graynic expects that in the short term it will continue to have negative operating cash flows. Graynic continues to actively progress its exploration projects with the aim of securing an income stream from one or more on these projects in the future.

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5. Graynic has recently appointed a new managing director and is confident that, with a new strategic approach, the company is well placed to take advantage of current market opportunities.

6. The company is confident that it is in compliance with listing rules, in particular listing rule 3.1.

7. The company is confident that it is in compliance with listing rule 12.2.

If you require any further information, please contact me directly.

Regards

David Round
Chief Financial Officer and Company Secretary

ASX
AUSTRALIAN SECURITIES EXCHANGE

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Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

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30 July 2007

Mr Kent Hunter
Company Secretary
Graynic Metals Limited
Suite 5 Level 1 350 Hay Street
SUBIACO WA 6008

Facsimile: 6210 1872

Dear Kent

Graynic Metals Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2007, released to ASX Limited ("ASX") on 27 July 2007, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from customers of $0.

2. Net negative operating cash flows for the quarter of $692,000.

3. Cash at end of quarter of $562,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020.** It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5.00 p.m. W.S.T. on Friday 3 August 2007.**

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on 9224 0011.

Yours sincerely,

Elizabeth Harris
Senior Adviser, Issuers (Perth)