

AQUACAROTENE LIMITED

ABN 18 074 969 056

2nd Floor, 45 Stirling Highway
Nedlands WA 6009

Phone: (08) 9389 8799

Fax: (08) 9389 8327

7 February 2003

AUSTRALIAN STOCK EXCHANGE LIMITED

Facsimile No: 1300 300 021

Dear Sirs

SAND AND GRAVEL MINING OPERATION – KARRATHA

AquaCarotene has approximately 120 hectares of land at its Karratha operations, adjoining the Karratha townsite.

Due to recently announced infrastructure development taking place in and surrounding Karratha, there appears to be a demand for sand and gravel for site works, fill and roadbase.

The land held by AquaCarotene is situated over 2 granted mining leases. As such, subject to approval conditions imposed by appropriate government instrumentalities, AquaCarotene is in the position to immediately commence commercial extraction of sand and gravel from its leases.

The department of Mineral and Petroleum Resources and the Environmental Protection Authority have granted AquaCarotene permission to commence development and operation of an earthmoving project on a stage 1 development of some 6 hectares. Due to the requirement to lodge performance bonds for areas granted rights to operate, for cost effectiveness, the remaining area will be developed by way of staged development.

The Company is also well advanced in discussions with a major earthmoving contractor with a view to the commercial sale by AquaCarotene of sand and gravel.

Initial estimates show that mined to a depth of only 1.5 metres the land area held by AquaCarotene has the potential to yield 300,000-400,000 cubic metres of sand and up to 1,800,000 cubic metres of gravel/fill.

At this stage it is not anticipated that there would be any upfront capital cost to AquaCarotene, as earthmoving operations will be carried out by the Company acquiring the sand and gravel for commercial use.

Yours faithfully

AQUACAROTENE LIMITED



DAVID McARTHUR
Company Secretary