

7th October 2004

The Manager
Company Notices Section
Australian Stock Exchange Limited
20 Bridge St
SYDNEY NSW 2000

by e-lodgement

Dear Sirs,

LETTER TO SHAREHOLDERS

We enclose a copy of the covering letter accompanying the Annual Report 2004, Notice of Annual General Meeting and Proxy Form that were dispatched to shareholders today.

Yours faithfully,



Christopher Reed
EXECUTIVE DIRECTOR/SECRETARY



1 October 2004

Dear Shareholder,

This past year which is the second year in your Company's history has been most rewarding, the market capitalisation and share price are testimony to our success.

We are completing a Pre-feasibility study on mining the Sand George Gold Deposit at Comet Vale following the successful drilling programmes during the year to increase the resource to 368,000 tonnes at 7.7 g/t Au for 92,000 ounces of which 70,000 are in the indicated category.

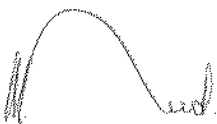
In December 2003 the Company entered into a Strategic Alliance with Consolidated Minerals Limited ("Consolidated"), in return for the first right to negotiate joint ventures on the company's wholly owned Mount Finnerty and Barrambie Projects. As part of the alliance, Consolidated subscribed for 7.45 million shares at 25c and in June subscribed for another 4.8 million shares at 25c, making them the second largest shareholder with some 19.8% of the company's issued capital. Further, Consolidated have extended the availability of their financial commitment to underwrite a \$4 million dollar convertible note issue until 31 December 2004, these funds will be used to develop the Sand George Gold Deposit. We are delighted with the progress and future of our Strategic Alliance with Consolidated who are currently planning a drilling program to test the new iron ore discovery on our Mount Finnerty tenements.

Your Company has made significant progress on the Barrambie multi-metal deposit. We have completed the first JORC compliant resource calculation which confirmed an Indicated and Inferred Resource of 23 million tonnes at 22% TiO₂. Metallurgical testwork confirmed the ability to produce a clean concentrate through conventional technology of 55% TiO₂, suitable for further upgrading via smelting to produce Titanium Slag, Pig Iron and Vanadium.

In December 2003, Mr Ian Junk accepted an invitation to join the board. Ian is a highly respected and successful mining engineer, he has previously been a mine manager at WMC's Kambalda Nickel Operations and is the Managing Director of Kambalda-based mining company Donegal Resources Pty Ltd. It is our opinion that Ian's expertise in narrow-vein underground mining and project management will greatly assist the Company as we develop our operations.

I wish to thank Ian and our founding Directors, Peter Collins and Chris Reed for their dedicated service to the Company over the last year. I feel our Directors and Consultants have greatly contributed to the current status of our Company as an emerging gold producer with the diversity of having potentially economic nickel, iron ore and titanium deposits.

Yours sincerely,



David Reed
EXECUTIVE CHAIRMAN

