

28 November 2017

Dear Optionholder

**NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES
NOTICE TO OPTIONHOLDERS**

The Directors are pleased to advise that the Company is undertaking a non-renounceable rights issue of approximately 27,924,449 fully paid ordinary shares (**Rights Issue**) to raise approximately \$977,356 before the costs of the offer. The offer will be made to eligible shareholders on a 1 for 8 basis at an issue price of 3.5 cents. The offer includes a top-up facility under which eligible shareholders may apply for additional shares.

Funds raised from the Rights Issue will be used to conduct further prospect reviews, market evaluations, exploration programs, testwork and feasibility studies on the Company's existing and future projects (including evaluating the recently announced Arrowsmith project to potentially supply sand to the construction, glass making and proppant industries), costs of the issue, and for general working capital and administration purposes.

The Rights Issue will be made to holders of ordinary shares in the Company with a registered address in Australia or New Zealand (Eligible Shareholders) as at 1 December 2017 (**Record Date**).

The Rights Issue is not underwritten.

As an optionholder you are not entitled to participate in the Rights Issue. For you to participate in the Rights issue, you must exercise any options (subject to the terms of the options) and be registered as an eligible shareholder before 5pm WST on 1 December 2017. If you do not want to exercise your options and participate in the Rights Issue, then you can continue to hold the options in accordance with their terms.

Further details regarding the Rights Issue are set out in the Rights Issue Offer Document which the Company has lodged at ASX and is available at www.asx.com.au.

Yours sincerely

John Geary
Company Secretary