

28 November 2017

Dear Shareholder

**NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES
NOTICE TO INELIGIBLE SHAREHOLDERS**

On 19 September 2016 the Company announced that it 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 is not underwritten.

Who are eligible shareholders?

Shareholders who are eligible to participate are holders of ordinary shares in the Company with a registered address in Australia or New Zealand as at 5.00pm (WST) on 1 December 2017 (**Record Date**).

Ineligibility

Unfortunately, as you do not satisfy the eligibility criteria for an eligible shareholder, you are not eligible to subscribe for new shares and you will not be sent a copy of the offer document.

Further information

You are not required to do anything in response to this letter. This letter is to inform you of the Rights Issue, the details of which are available from an ASX announcement dated 28 November 2017 and 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