

ASX
GPO Box D187
PERTH WA 6840

Attention: Matthew Foy

15 May 2009

Dear Matthew

Thank you for your letter of 6 May 2009.

I confirm our subsequent agreement that the time for responding to your letter has been extended to 10:00am on Friday, 15 May 2009 as at the time we received your letter we were involved in preliminary discussions for a capital raising.

In response to your questions I advise as follows:

1. The conclusion that you have drawn is not correct due to other factors. The other factors are that the Company was engaged in a major capital raising that has now been completed.
2. No. The Company believes it has sufficient operating cash flows for the forthcoming quarter, and for that matter for a significant period of time going forward.
3. The Company has secured funding by the completion of a capital raising through our brokers, Hartleys Limited. The Company has raised \$3 million. \$3 million will be paid in two tranches. The first tranche is the allotment of 5,000,000 shares at 12 cents per share. This will occur over the course of the next week following the lodgment of a transaction specific prospectus. The second tranche is the allotment of a further 20,000,000 shares at 12 cents. This however is the subject of shareholder approval which is scheduled for an EGM in late June 2009.
4. The Company is in compliance with the Listing Rules and in particular Listing Rule 3.1.
5. As a consequence of the capital raising the Company's financial condition is more than adequate to warrant the continued quotation of its securities and its continued listing.

Yours faithfully



M A McAULIFFE
Executive Chairman

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