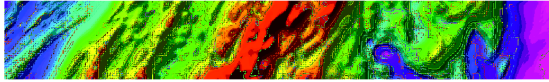


WESTERN AREAS NL



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26 July 2006

Sovereign Hydro
P.O. Box 999
South Perth WA 6109

Attention: Mr. Deon van Dyk

Flying Fox Mine – Streeter Decline water ingress

Dear Deon,

This letter serves to confirm that a 50-70 litre per second water inflow (associated with flat joint structures) intersected in the Streeter Decline at 260m below surface has been sealed to our satisfaction. Minimal inflows were recorded during the inspection carried out after Sovereign's short grouting program.

Yours faithfully,

Dan Lougher
General Manager Operations
Western Areas NL