



31 July 2007

Ms Narissa Taylor
Australian Securities Exchange
Level 8
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Narissa

RE: TERMS AND CONDITIONS OF THE OPTIONS

The terms and conditions of the 17,500,000 listed options exercisable at \$0.25 each expiring 30 September 2010 are listed below.

Listed Options

The following summarises the rights, privileges and restrictions that attach to the Listed Options.

- (a) Each option entitles the holder to one ordinary fully paid share upon exercise.
- (b) The options ("Options") are exercisable at any time prior to 5:00pm Western Standard Time on 30 September 2010 ("Expiry Date") by completing the Option Exercise Form and delivering it together with the payment for the number of shares in respect of which the options are exercised, to the registered office of the Company.
- (c) The exercise price of the Options is 25 cents per option.
- (d) Subject to the Corporations Act, the Listing Rules and the Constitution of the Company Options are transferable.
- (e) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the options and payment of the requisite application moneys.
- (f) Application will be made to the ASX for Official Quotation of the Options within 3 business days after the date of allotment of those shares.
- (g) All ordinary fully paid shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued ordinary fully paid shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options, within 3 business days after the date of allotment of those Shares.

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- (h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue that Option holders will be notified of the proposed issue at least 12 Business Days before the record date (books closing date). This will give Option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of options or the exercise price of the options or both shall be reconstructed in accordance with the Listing Rules.

A copy of the Rules of the Aragon Resources Limited Employee Share Option Plan is attached.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'A Chapman', is written over a light blue horizontal line.

ANDREW CHAPMAN
COMPANY SECRETARY

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