

Bellevue at Serpentine Access for Exploration

Summary of discussions TLC and GSLM 5 July 2011 at TLC offices 827 Sandy Bay Road

Present: Paul Heath (GSLM); Nicole Chesterman (GSLM), Nathan Males (TLC)

1) TLC update

a) Potential major sponsor for Protected Area Establishment

TLC, since our previous meeting (6 April 2011), have entered into discussions and due diligence with a potential corporate sponsor/support who is an International Mining Company (from USA) to assist the TLC with funding (via donations) to enable the TLC to meet their mortgage commitments over approx. 9,000 ha of land under management by the TLC including the Serpentine property.

This would be a major sponsorship arrangement, one of the first of its kind globally for protected area establishment and potentially subject to significant media coverage.

The purpose of the sponsorship would be to repay the loans and mortgages on these properties; establish them as formal protected areas and establish a sustainable finance mechanism for their perpetual conservation management. Several international protected area projects are currently being assessed and explored by the potential sponsor. If this project is successful, the sponsor would provide donations on the basis of corporate and social responsibility policy, the investment is not being used for carbon or other offsets (or not that TLC were aware of).

GSLM note this is a priority for TLC to reduce debt, and secure their land holdings.

The sponsor, through their due diligence have noted the GSLM exploration licence. The sponsor has not provided any direction to TLC on the issue but TLC anticipates that the sponsor will want close involvement in any land owner input to mining or mineral exploration decision making to minimize any potential adverse publicity consequences.

b) Actions

TLC and GSLM will continue to negotiate a land owner access and rental agreement acceptable to both parties in the knowledge that the potential sponsor may wish to have input before it is finalized.

TLC will provide an update to GSLM in early August with a clearer indication of timing for the possible sponsorship.

2) GSLM update

GSLM, since our previous meeting (6 April 2011), have continued to seek international funding to for the drilling project (this additional funding is being sought for the purposes of drilling a further 10 holes). GSLM are optimistic that this funding is well advanced and will be finalized shortly.

GSLM advised of some changes at the parent company board level (all of which is documented public information at US Securities Exchange Commission website).

There has been a focus on raising the additional funds and recent Board changes, and GSLM don't believe this has impacted on the communications between TLC and GSLM regarding the Land Owner and Access Rental Agreement, however, a number of comments have been observed outstanding in respect of finalisation of the Agreement due to various reasons.

3) Land Owner Access Agreement

GSLM provided an updated version of the Land Access and Rental Agreement from the original (Gunns) version issued to TLC on 6 April. The updated version was issued dated 1 May which should be dated 5 July.

TLC confirmed that until discussions and Due Diligence is concluded with the Sponsor, the TLC are prepared to continue to work through the Land Owner Access and Rental Agreement drafts.

TLC and GSLM discussed the Land Access Rental Agreement including:

- (1) The annual rental fee which TLC had suggested be \$150,000. The current suggestion by GSLM is \$60,000 with an additional \$60,000 of services such as ecological surveys provided by TLC.
- (2) GSLM proposal that rental and other fees associated with the Land Access and Rental Agreement would be structured on a step-up basis and reasonable appropriation of investment into the Bellevue project (which may be reviewed over time).
- (3) GSLM proposal for a first right of refusal to maintain an interest over Bellevue site, and various options such as:
 - (a) Purchasing the FPP approved area (over the site); or an equivalent area of land so that this can be segregated (perhaps under Strata title) to the remaining land area for exclusive use by GSLM;
 - (b) OR leasing the land (long-term) as described above; in order that the TLC may obtain longer term financial security and benefit working with GSLM.
 - (c) Being in a position to at least consider whether GSLM could match the offer by the Sponsor noting both preferences stated above.

GSLM suggested to TLC to a 'subject to' provisional agreement (within a letter) of entry to perform site works until we establish final terms and they conclude their position of Due Diligence with the potential sponsor.

GSLM referred to the Application for Variation to Certified Forest Practices Plan sent to TCL on 20 April 2011. It was noted by TLC that this would be taken into consideration together with the Land Owner Access and Rental Agreement.

b) Actions

TLC will review the draft Land Owner Access and Rental Agreement and provide comment to GSLM by 30 July 2011.

TLC, to write GSLM a letter to confirm TLC's position for the Director of Mines/Minister; and that GSLM may experience delays in finalizing the Land Access and Rental Agreement and mobilization of any drilling equipment to resume operations at Bellevue, until the negotiations are completed with the Sponsor (and this should be clearer by August 2011).

4) Other issues

- a) TLC confirmed that in the event of the sponsorship the intention would be to create a Protected Area as part of Australia's National Reserve System. The mechanism would likely be a Conservation Covenant or a Private Nature Reserve under the Nature Conservation Act 2002. Both take some time to establish in law.
- b) GSLM, TLC and the sponsor discussed but did not know whether this would have any impact on:
 - the existing or any future licences to explore for minerals in the area;
 - possible entitlement by GSLM to compensation for any loss;
 - potential for fines related to obstructing GSLM's access
- c) TLC confirmed the land at Serpentine is under Mortgage (as confirmed by GSLM's title search).