

The Manager  
Company Announcements  
Australian Stock Exchange  
Level 10, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir

**UPDATE: DISPUTE WITH CHINA RAIL RESOURCE CO LTD**

The dispute with China Rail Resource co Ltd (CRR) returned to the Supreme Court last Friday (26<sup>th</sup> February 2010) before Her Honour Associate Justice Daly for the hearing of Jervois' application for security for costs.

After submissions by both parties, her Honour accepted Jervois' application and made the following orders:

1. CRR is to provide security for Jervois' costs of the proceeding up to the first day of trial in the sum of \$65,000 in a form satisfactory to the Supreme Court or as agreed between the parties;
2. The proceeding is stayed pending the provision of such security by CRR;
3. CRR pay Jervois' costs of the application.

Yours faithfully



DUNCAN C. PURSELL  
MANAGING DIRECTOR

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