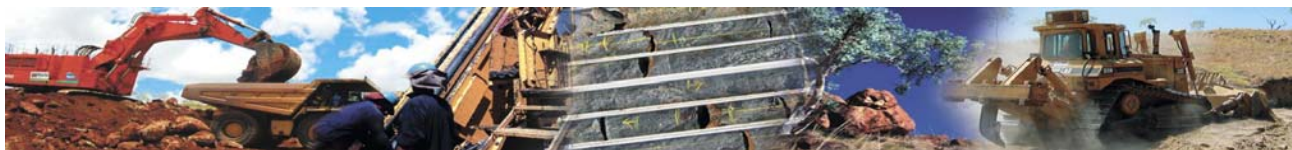




SALLY MALAY MINING LIMITED

ABN: 47 095 792 288



2 June 2005

The Manager
Companies Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

via electronic lodgement

Dear Sir/Madam

COPERNICUS-SALK DISPUTE – PROCEEDINGS COMMENCED

Sally Malay Mining Limited (**ASX:SMY**) hereby advises that it has filed Supreme Court proceedings against Thundelarra Exploration Ltd ("Thundelarra") seeking certain declarations, specific performance and damages in relation to the Copernicus-Salk Joint Venture. The proceedings arise out of Thundelarra's refusal to accept that Sally Malay has earned its 60% interest.

Sally Malay has delivered a Feasibility Study to Thundelarra in accordance with clause 4.1 of the Heads of Agreement for Copernicus-Salk and therefore the Company believes it has earned its 60% interest in the Copernicus Project.

Sally Malay will now apply for the proceedings to be entered in the Supreme Court's Expedited List to ensure the dispute is resolved in a timely manner.

Yours faithfully,

SALLY MALAY MINING LIMITED

PETER HAROLD
Managing Director

For more information contact
Peter Harold
Managing Director

Keith Liddell
Chairman

Registered Address: Level 22, 77 St George's Terrace, Perth, WA, 6000
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