



**ORIENTAL CRYSTAL
(INTERNATIONAL) LIMITED**

ABN 96 009 217 154

17 July 2006

The Company Announcements Platform
Australian Stock Exchange Limited
Electronic Lodgement

Dear Sir/Madam

URANIUM JOINT VENTURE AGREEMENT IN ARIZONA

The board of directors of Oriental Crystal (International) Limited (**Company**) is pleased to advise that it has entered into a joint venture agreement (**JV Agreement**) with Liberty Star Gold Corp Inc (**Liberty Star**) to explore and possibly mine certain uranium mineral leases located in Arizona, United States of America (**Joint Venture**).

The joint venture area that has been allocated to the Joint Venture by Liberty Star incorporates an area of approximately 22 US square miles. Within the joint venture area, there are approximately 17 prospective uranium pipe targets of which 3 have been allocated to the joint venture and the balance are subject to a first right of refusal in the Company's favour.

The JV Agreement provides that, upon payment of a non-refundable deposit of US\$100,000 to Liberty Star, the Company in return will receive the right to earn a 50% interest in the Joint Venture in return for committing US\$2,900,000 towards the exploration activities of the Joint Venture.

The Company has already paid the deposit to Liberty Star.

Importantly, the Company will earn its 50% interest in the Joint Venture immediately upon paying the US\$2,900,000 payment into a joint venture bank account established by the joint venture (and not after the funds have been expended on exploration activities).

By entering into and performing its obligations under the JV Agreement, the Company will be changing the nature and scale of its activities to an explorer and potential producer of uranium. As a consequence, the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules including preparing a prospectus and completing a capital raising through the issue of shares at a minimum issue price of \$0.20 each.

In addition, the Company will seek shareholder approval to change its name to more accurately reflect its proposed future activities.

Further details in relation to the transaction are set out below:

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Postal Address

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1. SUMMARY OF JV AGREEMENT

In consideration of paying US\$100,000 to Liberty Star, the Company has a right to earn a 50% interest in the Joint Venture. The material terms of the JV Agreement are as follows:

- upon payment of US\$2,900,000 (**Sole Funding Amount**) into a bank account set up on behalf of the Joint Venture (**JV Bank Account**), the Company will immediately earn a 50% interest in the Joint Venture (**Commencement Date**);
- on the Commencement Date, the Company and Liberty Star will form an unincorporated Joint Venture for the purpose of exploring, developing, and if warranted, mining the JV Area (as described below);
- the Sole Funding Amount will be expended on exploration activities in relation to JV Pipes (as described below) over a 3 year period from the Commencement Date;
- Liberty Star has allocated an area of approximately 22 square miles which includes approximately 17 pipe targets (**JV Area**);
- within the JV Area, Liberty Star has initially allocated 3 pipes to the Joint Venture that it considers to be the most prospective (**JV Pipes**). The other pipes within the JV Area are the subject of a first right of refusal in favour of the Company;
- the Company will earn beneficial ownership as tenant in common of an undivided share of the Joint Venture property in proportion to its 50% Joint Venture interest; and
- the Company will be the manager of the Joint Venture and will, in conjunction with the management committee, be responsible for setting all budgets and programs in relation to the proposed exploration activities of the Joint Venture. It is expected that Liberty Star will provide significant assistance to the Company in defining the programs and budgets and carrying out the work programs.

2. CONDITIONS PRECEDENT

Completion under the JV Agreement is subject to the following outstanding conditions precedent:

- (a) OCR obtaining all necessary regulatory and shareholder approvals required to enter into and perform its obligations under the JV Agreement including, without limitation, shareholder approval in accordance with ASX Listing Rule 11.1.2 (for a change in the nature and/or scale of the Company activities);
- (b) OCR completing an offer to the public of 25,000,000 shares at an issue price of \$0.20 each (**Offer**);
- (c) OCR meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules as if OCR were applying to be admitted to the official list of ASX including, without limitation, preparing a full form prospectus and lodging the prospectus with the ASIC; and
- (d) the Company paying US\$2.9 million into the JV Bank account.

The above conditions must be satisfied on or before 15 November 2006.

The parties also intend to enter into a more detailed joint venture agreement to replace the JV Agreement prior to completion.

3. INFORMATION ON LIBERTY STAR, THE JV PIPES AND JV AREA

Liberty Star Gold Corp Inc

Liberty Star is a United States based company that is listed on both the OTC Bulletin Board in the United States and the Frankfurt Stock Exchange in Germany.

After geologic research spanning a period of about four months, in the Spring of 2005, Liberty Star initiated an aggressive program of ground acquisition. As of July 2006, Liberty Star had staked 1131 standard US Federal lode mining claims (about 23,412 acres), in 77 separate blocks covering 224 breccia pipe targets located on the Colorado Plateau Province of Northern Arizona. Liberty Star refers to this major project as the North Pipes Super Project, and is targeted specifically for high-grade uranium mineralization.

Mr Jim Briscoe, President and Chairman of the Board, developed uranium exploration experience from 1978 through 1980 when his consulting company was under contract with the exploration subsidiary of the largest nuclear electric utility in the U.S.A. His company had responsibility for uranium exploration over the entire state of New Mexico. Based on this experience, he started a thorough research program in late 2004 to determine the prospects of exploration on the Colorado Plateau. Using a multifaceted approach, Liberty Star's geologists, along with the help of a very talented geologic expert particularly familiar with these breccia pipes, identified the breccia pipe targets that Liberty Star started to stake in the Spring of 2005.

According to the U.S. Geological Survey, the breccia pipes in this region are of high grade compared to sediment hosted roll front deposits mined throughout the western US, with an estimated potential average grade for ore bearing pipes at about 0.7% to 0.8% uranium. This suggests that such pipes may contain mineral bodies of about 14 to 16 pounds or more of uranium per tonne. At current prices this is approximately equal to 1 ounce of gold per ton. The pipes contain numerous metals in addition to uranium including copper, molybdenum, and silver. The uranium mineralization however is by far the most economically important.

Mines in this region have produced some 26 million pounds of uranium; some of these known ore bodies have contained as much as 55% uranium (1100 pounds per ton) in some samples.

JV Pipes and JV Area

The JV Area lays in north western Arizona, part of a vast region called the 'Arizona Strip'. It occupies the Upper Clayhole and Antelope Valleys of Mohave County, State of Arizona, USA.

Included within the bounds of the JV Area are various Pipe Targets. Three of these are the primary targets have been allocated to the Joint Venture (referred to as the JV Pipes above) and are the Elle, Hermina, and Hada pipes.

The Elle and Hermina Pipes have been defined by interpretation of circular features and down warped beds related to collapse breccia pipes and have

interpreted sulfide minerals associated with them indicated by electrical geophysical surveys starting at a depth of about 250 meters.

Elle is immediately adjacent to the Lisa Pipe owned by Pathfinder Mines. Old information in Liberty Star files and verbal communications with past Pathfinder personnel suggest Lisa has mineralized intercepts and is thought to contain an ore body.

Hermina is immediately adjacent to the Elle Pipe to the southeast. The Hada Pipe lies to the northwest of the Lisa Pipe and is indicated only by geophysics.

Fourteen additional Pipe Targets have been identified within the JV Area. Of these seven lie within current Liberty Star U.S. Federal Lode Mining Claims. These include the Loreto, Leif, Gitel, Kalila, Labrenda, John and Kaitlin. Another six have been identified and Liberty Star intends to acquire these Pipe Targets by staking. These include pipes known as Hazel, Godiva, Hafsa, Gurit, Gerarda, and Honesta.

4. INDICATIVE TIMETABLE

<u>Event</u>	<u>Date</u>
Announcement of Transaction	17 July 2006
Dispatch Notice of Meeting seeking approval for Transaction	25 July 2006
General Meeting to approve Transaction	25 August 2006
Lodgement of Prospectus with the ASIC	25 August 2006
Opening of Offer under the Prospectus	2 September 2006
Closing Date of Offer under the Prospectus	29 September 2006
Complete Payment of Sole Funding Amount into JV Bank Account	6 October 2006
Anticipated date the suspension of trading is lifted and OCR's securities commence trading again	13 October 2006

5. CAPITAL RAISING AND USE OF FUNDS

OCR will seek to raise a minimum of \$5,000,000 through the issue of fully paid ordinary shares at a price of \$0.20 each.

Of this amount, US\$2,900,000 (approximately AUD\$3.87 million) will be immediately paid into the JV Bank Account. These funds will be expended by the Joint Venture on exploration activities.

The balance of the funds raised will be applied towards working capital (including costs of the raising, salaries and administrative expenses).

The period of exploration and expenditure of Joint Venture funds will most likely extend over a 5–10 month period, terminating with either multiple ore bodies or nothing. It is intended that three drilling rigs, along with other equipment, will be engaged continuously (that is, 24 hours per day, seven days per week).

Three dimensional modelling of the mineral body will be ongoing during the drilling and ore reserves will be progressively calculated starting as soon as it

appears to be an ore body. Drilling will terminate as soon as an ore body is defined.

Liberty Star has already established parameters and operating procedures with the existing permitting agencies. As such, permitting for the Joint Venture is expected to be simply an addendum to an operating program and large savings should accrue to the Joint Venture.

6. CAPITAL STRUCTURE

On entering into the JV Agreement and the completion of the Offer, OCR's capital structure is likely to be as follows:

Shares	Number
Shares currently on issue	13,904,593
Shares to be issued for Working Capital	6,000,000
Shares offered pursuant to the Offer	25,000,000
Post Completion of the Offer	44,904,593

Notes:

1. The Company announced to ASX on 26 June 2006 that it will be proceeding with a capital raising of \$240,000 for working capital purposes through the issue of 6,000,000 shares at an issue price of \$0.04 each.
2. The Company has 5,000,000 options to acquire shares on issue, each with an exercise price of \$0.20 each and an expiry date of 30 June 2007.
3. The Company has one convertible note on issue with a face value of \$150,000. This convertible note may be converted into 1,875,000 shares and 1,875,000 options.

7. PRO-FORMA BALANCE SHEET

Set out in Annexure A is a balance sheet of the Company as at 30 June 2006, together with the pro-forma balance sheet following entering into the JV Agreement and the completion of the Offer.

Yours faithfully



David McArthur
Company Secretary
ORIENTAL CRYSTAL (INTERNATIONAL) LIMITED

ANNEXURE A
BALANCE SHEET

	Unaudited 30 June 2006	Unaudited Proforma 30 June 2006
Current Assets		
Cash	\$104,097	\$1,344,097
Non-Current Assets		
Joint Venture	\$0	\$4,000,000
TOTAL ASSETS	\$104,097	\$5,344,097
Current Liabilities		
Creditors and accruals	\$65,856	\$65,856
Borrowings	\$172,466	\$172,466
TOTAL LIABILITIES	\$238,322	\$238,322
NET ASSETS/(DEFICIT)	\$(134,225)	\$5,105,775
EQUITY		
Share Capital	\$25,029,097	\$30,269,097
Accumulated Losses	\$(25,163,322)	\$(25,163,322)
TOTAL EQUITY	\$(134,225)	\$4,105,775

Notes:

The above proforma assumes the following:

1. \$5,000,000 is raised under the Offer and \$4,000,000 (US\$3,000,000) is invested in the Joint Venture.
2. The equity raising of \$240,000 for working capital purposes has been completed.
3. Transaction costs are nil. Transaction costs are estimated to be \$100,000.