

Drilling Intersects Wide Zones of Massive Magnetite with Strong Copper & Gold Mineralisation

30 November 2005

A program of 24 RC percussion drill holes totalling 2,800m has been completed at Cairn Hill. Initial results are highly encouraging with broad zones of massive **magnetite** intersected over widths up to **64m**. Strong copper and gold mineralisation is associated with the magnetite and includes intersections such as **19m @ 1.24%Cu, 0.67g/tAu**. Once all assay results have been received a scoping study will be initiated in order to determine the viability of a combined magnetite iron ore and copper/gold mine development.

The Company's 100% owned Cairn Hill Project is located 50km south of the town of Coober Pedy in South Australia. The deposit occurs adjacent to the Stuart Highway and 40km east of the AustralAsia Railway which links the port facilities at Darwin and Adelaide (Figure 1).

Massive magnetite bodies in the form of two sub-parallel tabular lodes have been intersected on contiguous 80 and 100m spaced sections over a combined strike length of 1300m. The current drill program was designed to assess potential open cut mineralisation down to a vertical depth of 120m. Historic diamond drilling shows that the lodes have been intersected and extend beyond a vertical depth of 200m. The deposit occurs beneath shallow cover of unconsolidated sands and gravels which vary in thickness from 10 to 30m (Figures 2 and 3).

Reconnaissance holes drilled between 700m and 1800m east of the deposit also intersected massive magnetite, highlighting the exploration upside of the 18km long highly magnetic host stratigraphy.

Significant Intersections Include;

Lode	Section	Hole ID	From m	To (m)	Interval (m)	Fe %	Cu %	Au g/t
South	511180	CHRC036	31.00	78.00	47.0	41.70	0.21	0.07
		CHRC013	44.00	108.00	64.0	46.66	0.39	0.14
		CHRC014	95.00	130.00	35.0	42.61	0.12	0.02
	511340	CHRC034	37.00	52.00	15.0	50.56	1.10	0.68
		CHRC017	78.00	94.00	16.0	58.74	0.31	0.02
North	511520	CHRC018	58.00	87.00	29.0	48.14	0.50	0.05
		CHRC019	119.00	137.00	18.0	49.89	0.67	0.06
	511680	CHRC022	38.00	79.00	41.0	58.48	0.41	0.07
		CHRC023	113.00	158.00	45.0	51.71	0.35	0.06
	511780	CHRC024	16.00	72.00	56.0	57.67	0.60	0.18
		CHRC025	92.00	139.00	47.0	44.69	0.72	0.37
		incl	108.00	127.00	19.0	57.94	1.24	0.67
Eastern	512700	CHRC030	45.00	80.00	35.0	50.51	0.01	0.00
Extension	512900	CHRC029	78.00	126.00	48.0	37.48	0.01	0.00
	513675	CHRC028	101.00	124.00	23.0	33.95	0.03	0.00

Initial metallurgical testing showed that a simple magnetic separation using a coarse grind of 75microns produced excellent recoveries of a high grade magnetite concentrate assaying >70% Fe. The non-magnetic fraction contained the bulk of the iron deleterious elements in the form of sulphide, silicates and phosphates (see ASX release dated 24th January 2005).

Approximately 85% of the assays have now been received. A deposit model is being constructed and independent consultants will be engaged for resource determination. Metallurgical testing will now be extended across the various sections of the deposit. Floatation tests on the non-magnetic fraction will optimise recovery of a copper/gold concentrate.

Surging world demand and competition for product has seen the emergence of boutique iron ore suppliers. Resources that are favorably located with regard to infrastructure and that have modest capital expenditure requirements such as Cairn Hill are well placed to take advantage of this market.

The Company has been approached by and has held preliminary discussions with end users of magnetite iron ore located in Asia and the Middle East. Further discussions are anticipated as the project advances.



GEORGE S KENWAY
MANAGING DIRECTOR

Information in this announcement relating to exploration results is based on data compiled by Bianca Manzi who is a Member of the Australian Institute of Geoscientists, and who is a full-time employee of the Company. Bianca Manzi has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Bianca Manzi consents to the inclusion of the data in the form and context in which it appears.



Figure 1 Cairn Hill Project Location

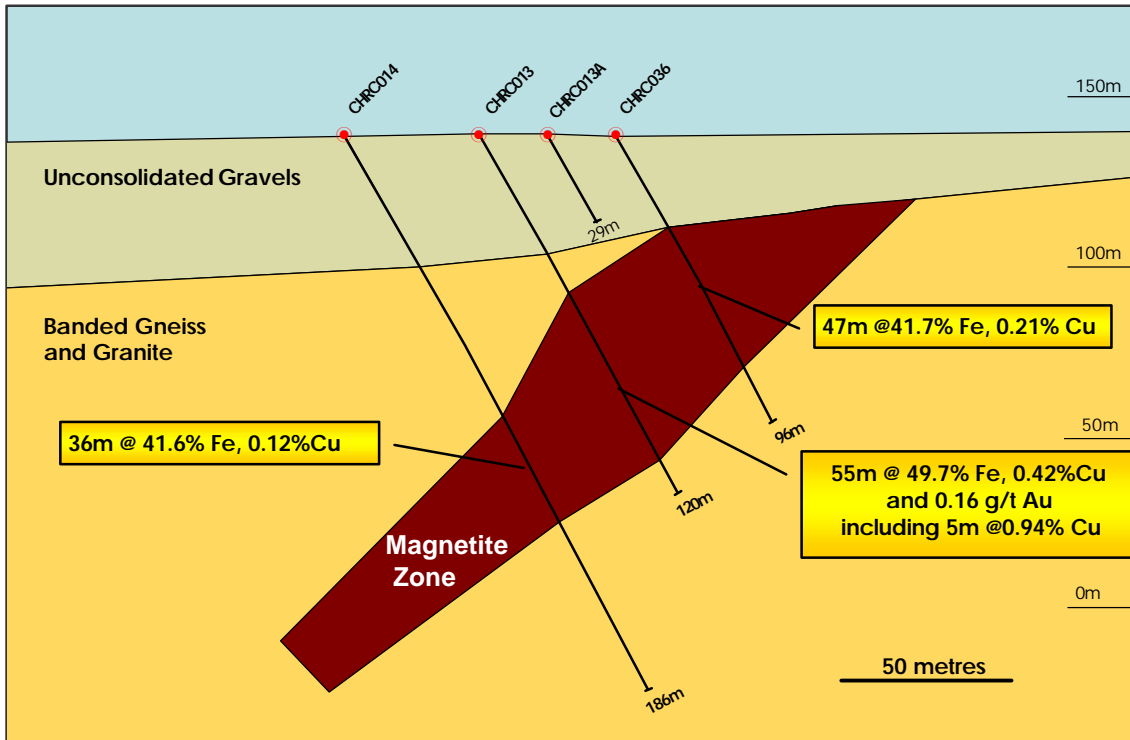


Figure 2 Cairn Hill Section 511180E – Southern Lode

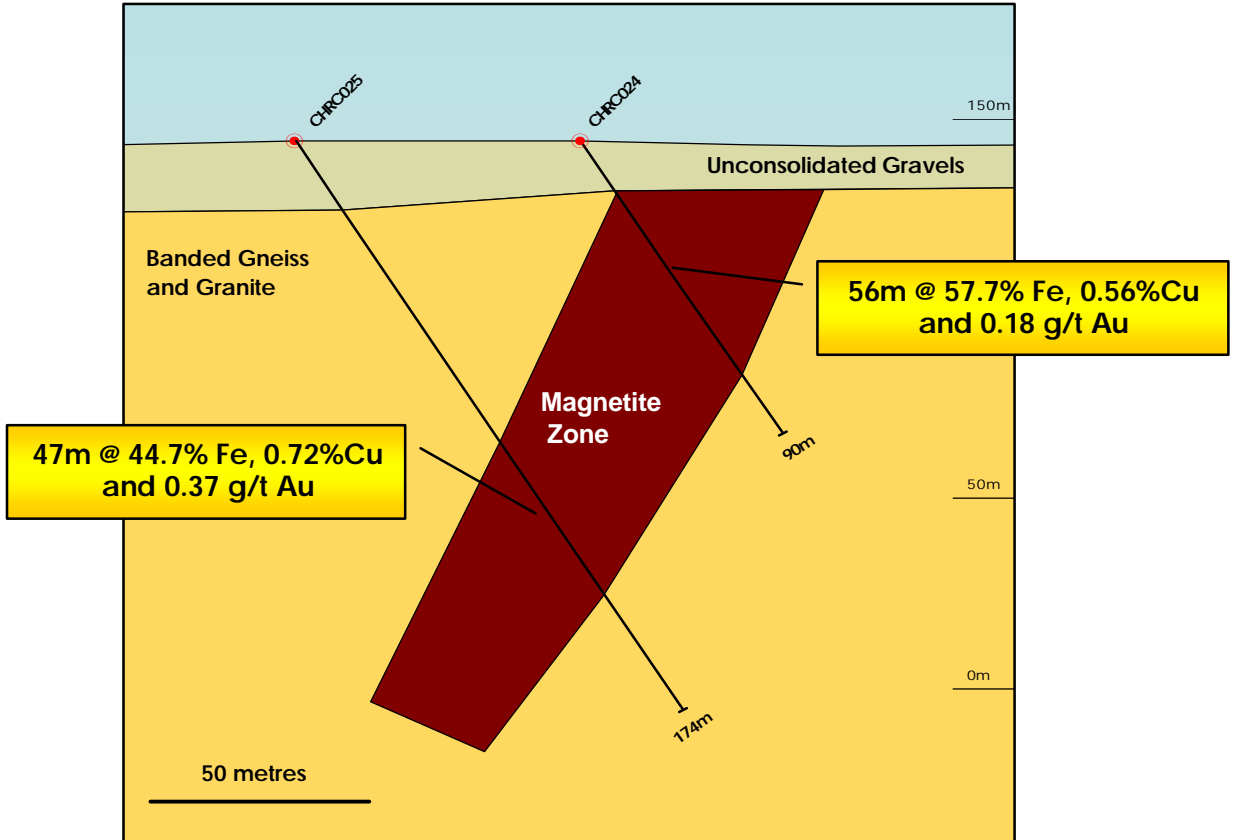


Figure 3 Cairn Hill Section 511780E – Northern Lode