

## ASX RELEASE

6 September 2006

### Exploration Update - Kingsgate & Galala Range Projects

#### Highlights

##### Kingsgate Molybdenum Project, Glen Innes NSW (Auzex 100%)

- Based on outstanding initial survey results, the area covered by geophysics will be increased significantly during the remainder of 2006, with the objective of identifying sufficient high grade molybdenum-bismuth pipes for an initial 3-5 years of production.
- Preparation for Trial Mining is on track for commencement later this month.
- Final 3D geophysical data from the initial survey confirms the geological model based on drilling, and provides optimisation of trial pit design.

##### Lyndbrook Project, North Queensland (Auzex 100%)

- Assay results from the first phase drill program at the Galala Range prospect indicate near-surface high grade molybdenum mineralisation and separate high grade tungsten intersections with gold credits.
- Intersections include;
  - 14m @ 0.15% molybdenum from 15m (equivalent to 4.7 g/t gold)
  - 4m @ 0.56% tungsten and 0.4 g/t gold from 6m (equivalent to 6.5 g/t gold)
- Further drilling is planned for the December quarter to test for additional molybdenum mineralisation at depth.

##### Other Projects (Auzex 100%)

- Exploration continues to increase the size and geological understanding of the Company's two recent greenfields gold discoveries at West Tinaroo (North Qld) and Seven Hills (NSW).
- It is the Company's intention to drill at least one of these prospects next quarter.

### **Kingsgate Molybdenum Project, Glen Innes NSW (Auzex 100%)**

The final geophysical data, including 3D data over the proposed trial mining area, has been received. The 3D chargeability and resistivity data clearly match the predicted up-plunge mineralised quartz pipes interpreted from our earlier drilling (refer attached image). These data have allowed us to modify the trial pit design to cover the possible near-surface expression of the high grade molybdenum-bismuth mineralisation intersected by the drilling. The success of the geophysics in identifying sub-surface high grade mineralisation is very encouraging. Planning is now underway for a further program of Induced Polarisation and Dipole-Dipole geophysics to extend the current survey area to the northern and southern zones of the Project area. The key objective of the survey will be to help the Company define high grade pipes to provide 3 to 5 years of production based on a base case production scenario of 250,000 tpa at an average grade of 0.3% molybdenum.

Preparation for Trial Mining is on track and in the final stages. It is anticipated that drill and blasting will commence at the end of this month. Results of Trial Mining are expected late in the December quarter.

### **Lyndbrook Project, North Queensland (Auzex 100%)**

Assay results have now been returned from the recent drilling program at the Galala Range prospect. The aim of the drilling was to test soil and rock tungsten-gold-molybdenum (W-Au-Mo) anomalies in the project area for grade and continuity of mineralisation in the bedrock.

A total of 33 holes for 2,838m were completed over a 2,000m by 1,500m area. Twelve holes out of the thirty-three drilled intersected economic widths of W-Au or Mo mineralisation. The W-Au mineralisation occurs in near surface flat lying sub-parallel zones with grades up to 1.62% W and 2.00 g/t Au. Intersections include 4m @ 0.56% W and 0.4 g/t Au from 6m, 5m @ 0.18% W and 0.03 g/t Au from 4m and 2m @ 0.22% W and 0.45 g/t Au from 18m. The Au mineralisation is intimately associated with the W mineralisation but over narrower widths with poorer continuity. The main economic potential of this mineralisation is for high grade tungsten close to surface with gold credits. The Mo mineralisation is located in a central core to the soil and rock anomalies and separated from the W-Au mineralisation. Two holes were drilled in this area and both returned high grade intersections within wide zones of elevated Mo grades occurring throughout both holes. Better intersections include 14m @ 0.15% Mo from 15m, 3m @ 0.28% Mo from 87m and 7m @ 0.14% Mo from 60m. The potential of this area given the size of the soil and rock anomaly is for a large high grade Mo resource.

Further drilling is currently being planned for the December quarter with the focus on the Mo core anomaly. The primary intention is to deepen drill hole GRRC06-28 to reach the boundary of the source granite.

### **Other Projects (Auzex 100%)**

The Company continues to receive encouraging gold geochemistry results from its key greenfields exploration properties at Seven Hills (NSW) and West Tinaroo (North Qld), increasing the size of the anomalous areas. It is the Company's intention to drill at least one of these properties in the December quarter.

At Seven Hills, outcrop is limited which is why the area has remained unexplored for gold. An infill soil sampling program has been completed, with further rock chip sample assays indicating both quartz veins and alteration appear to carry significant gold grades.

The West Tinaroo gold anomaly is increasing in size as additional soil sampling and mapping results become available.

Results for both of these properties will be compiled for reporting purposes at the end of September.

**For further information contact:**

**John Lawton**

Executive Chairman  
Tel: +617-3303-0198

**Brett O'Donovan**

Marketing & Investor Relations  
Tel: 0433-399-501 (within Aust.)  
+617-3303-0198 (outside Aust.)

*The information in this report that relates to Exploration Results is based on information compiled by John Lawton who is a Member of The Australasian Institute of Mining and Metallurgy. He is a full-time employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. John Lawton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears*

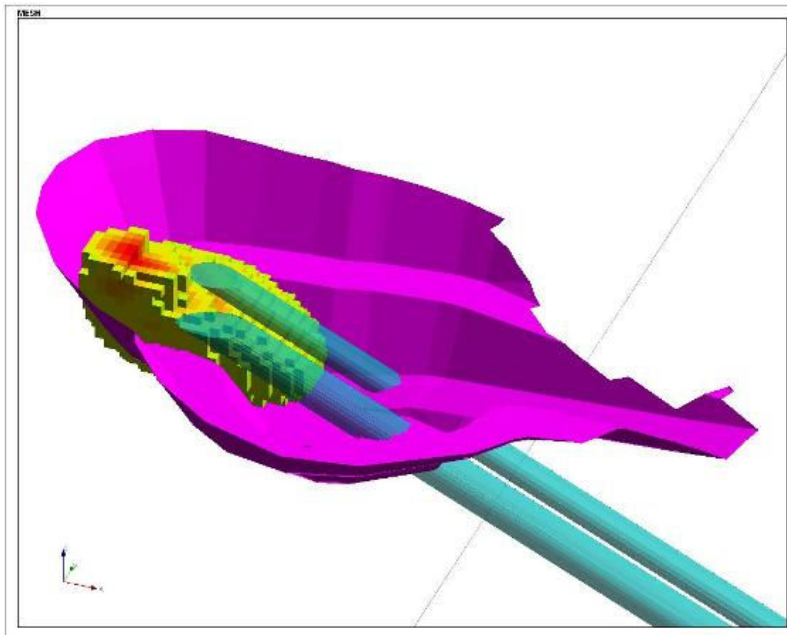
**Table of Galala Range drill hole locations**

| Hole      | Easting | Northing | RL  | Az  | Dip | Depth |
|-----------|---------|----------|-----|-----|-----|-------|
| GRRC06-1  | 221873  | 8046855  | 468 | 339 | -60 | 60    |
| GRRC06-2  | 221843  | 8046932  | 477 | 339 | -60 | 60    |
| GRRC06-3  | 221994  | 8047842  | 496 | 159 | -60 | 81    |
| GRRC06-4  | 222041  | 8047711  | 502 | 159 | -60 | 69    |
| GRRC06-5  | 222024  | 8047647  | 509 | 159 | -60 | 81    |
| GRRC06-6  | 221937  | 8047514  | 505 | 159 | -60 | 78    |
| GRRC06-7  | 222362  | 8047156  | 451 | 339 | -60 | 30    |
| GRRC06-8  | 221519  | 8047470  | 541 | 159 | -60 | 90    |
| GRRC06-9  | 221736  | 8047629  | 563 | 159 | -60 | 90    |
| GRRC06-10 | 221839  | 8047645  | 552 | 159 | -60 | 90    |
| GRRC06-11 | 222203  | 8047818  | 469 | 159 | -60 | 69    |
| GRRC06-12 | 222296  | 8047921  | 487 | 159 | -60 | 90    |
| GRRC06-13 | 220998  | 8048181  | 451 | 0   | -90 | 93    |
| GRRC06-14 | 220734  | 8048294  | 449 | 159 | -60 | 60    |
| GRRC06-15 | 220580  | 8048395  | 452 | 159 | -60 | 78    |
| GRRC06-16 | 220959  | 8047999  | 484 | 159 | -60 | 90    |
| GRRC06-17 | 222055  | 8047145  | 471 | 339 | -60 | 78    |
| GRRC06-18 | 222130  | 8047103  | 465 | 339 | -60 | 93    |
| GRRC06-19 | 222041  | 8046951  | 457 | 339 | -60 | 63    |
| GRRC06-20 | 222014  | 8046899  | 459 | 339 | -60 | 99    |
| GRRC06-21 | 221804  | 8046998  | 494 | 339 | -60 | 69    |
| GRRC06-22 | 221748  | 8047144  | 489 | 339 | -60 | 114   |
| GRRC06-23 | 221977  | 8046993  | 467 | 339 | -60 | 90    |
| GRRC06-24 | 221482  | 8047389  | 544 | 339 | -60 | 93    |
| GRRC06-25 | 221695  | 8047667  | 562 | 159 | -60 | 114   |
| GRRC06-26 | 221736  | 8047552  | 552 | 159 | -60 | 90    |
| GRRC06-27 | 221486  | 8047552  | 519 | 159 | -60 | 90    |
| GRRC06-28 | 220939  | 8047082  | 477 | 0   | -90 | 147   |
| GRRC06-29 | 221056  | 8047035  | 491 | 0   | -90 | 108   |
| GRRC06-30 | 221639  | 8047510  | 541 | 159 | -60 | 90    |
| GRRC06-31 | 221995  | 8047725  | 506 | 159 | -60 | 108   |
| GRRC06-32 | 222179  | 8047860  | 466 | 159 | -60 | 90    |
| GRRC06-33 | 221882  | 8047283  | 489 | 339 | -60 | 93    |

**Table of significant Galala Range drill hole intercepts**

| Hole ID          | From m.   | To m.      | Width m.  | Au ppm      | Bi ppm    | Mo ppm       | W ppm     | ASValue Per tonne | Au Equiv. g/t |
|------------------|-----------|------------|-----------|-------------|-----------|--------------|-----------|-------------------|---------------|
| GRRC06-1         | 6         | 10         | 4         | 0.39        | 338       | 87           | 5,578     | \$172.40          | 6.54          |
| GRRC06-2         | 4         | 9          | 5         | 0.03        | 39        | 25           | 1,778     | \$52.35           | 1.99          |
| GRRC06-2         | 24        | 26         | 2         | 0.00        | 6         | 7            | 810       | \$23.11           | 0.88          |
| GRRC06-3         | 47        | 49         | 2         | 1.05        | 749       | 7            | 3,200     | \$117.19          | 4.44          |
| GRRC06-5         | 4         | 6          | 2         | 0.20        | 270       | 7            | 525       | \$20.51           | 0.78          |
| GRRC06-6         | 5         | 7          | 2         | 0.04        | 445       | 3            | 950       | \$27.60           | 1.05          |
| GRRC06-6         | 10        | 12         | 2         | 0.05        | 183       | 6            | 2,120     | \$60.72           | 2.30          |
| GRRC06-14        | 6         | 8          | 2         | 0.07        | 47        | 2            | 7,625     | \$213.91          | 8.11          |
| GRRC06-22        | 9         | 13         | 4         | 0.01        | 53        | 14           | 570       | \$17.14           | 0.65          |
| GRRC06-22        | 68        | 70         | 2         | 0.01        | 14        | 9            | 795       | \$22.97           | 0.87          |
| GRRC06-22        | 79        | 82         | 3         | 0.01        | 63        | 16           | 767       | \$22.88           | 0.87          |
| GRRC06-22        | 88        | 92         | 4         | 0.01        | 16        | 23           | 605       | \$18.85           | 0.71          |
| GRRC06-24        | 12        | 15         | 3         | 0.02        | 5         | 12           | 583       | \$17.65           | 0.67          |
| GRRC06-24        | 21        | 23         | 2         | 0.01        | 5         | 27           | 2,185     | \$63.21           | 2.40          |
| GRRC06-26        | 9         | 11         | 2         | 0.04        | 149       | 7            | 480       | \$14.80           | 0.56          |
| GRRC06-26        | 18        | 20         | 2         | 0.45        | 151       | 50           | 2,255     | \$78.63           | 2.98          |
| GRRC06-26        | 81        | 83         | 2         | 0.02        | 79        | 36           | 720       | \$23.45           | 0.89          |
| <b>GRRC06-28</b> | <b>15</b> | <b>29</b>  | <b>14</b> | <b>0.00</b> | <b>22</b> | <b>1,511</b> | <b>17</b> | <b>\$122.90</b>   | <b>4.66</b>   |
| <b>GRRC06-28</b> | <b>51</b> | <b>65</b>  | <b>14</b> | <b>0.03</b> | <b>14</b> | <b>506</b>   | <b>16</b> | <b>\$42.21</b>    | <b>1.60</b>   |
| <b>GRRC06-28</b> | <b>66</b> | <b>68</b>  | <b>2</b>  | <b>0.00</b> | <b>25</b> | <b>745</b>   | <b>10</b> | <b>\$60.65</b>    | <b>2.30</b>   |
| <b>GRRC06-28</b> | <b>87</b> | <b>90</b>  | <b>3</b>  | <b>0.00</b> | <b>34</b> | <b>2,815</b> | <b>7</b>  | <b>\$228.00</b>   | <b>8.65</b>   |
| <b>GRRC06-28</b> | <b>99</b> | <b>101</b> | <b>2</b>  | <b>0.00</b> | <b>13</b> | <b>736</b>   | <b>15</b> | <b>\$60.02</b>    | <b>2.28</b>   |
| <b>GRRC06-29</b> | <b>3</b>  | <b>9</b>   | <b>6</b>  | <b>0.02</b> | <b>11</b> | <b>473</b>   | <b>5</b>  | <b>\$38.85</b>    | <b>1.47</b>   |
| <b>GRRC06-29</b> | <b>60</b> | <b>67</b>  | <b>7</b>  | <b>0.01</b> | <b>9</b>  | <b>1,398</b> | <b>29</b> | <b>\$114.14</b>   | <b>4.33</b>   |
| GRRC06-33        | 24        | 27         | 3         | 0.02        | 19        | 18           | 793       | \$24.00           | 0.91          |

*ASValue per tonne calculated using AS metal prices of \$821 oz Au, \$13,100 t Bi, \$36.71 lb Mo, \$27,800 t W and AUD/USD rate of 0.7573.*



***Kingsgate trial pit design showing interpreted high grade mineralised Mo-Bi pipes identified from recent drilling and the coincident 3D chargeability anomaly.***