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Initial Reverse Circulation (RC) drill results from Seven Hills Gold Prospect

Highlights

- Results from the first pass RC drill program at Seven Hills (NSW) have provided mixed results with evidence of coarse gold causing poor repeatability of previous RAB results.
- Current interpretation suggests near-surface supergene enrichment from 0-20m and zones of gold depletion between 20-55m. This near-surface enrichment indicates that the gold is being sourced from a deeper zone of fresh sulphide mineralisation.
- Best drill results include 11m @ 1.23g/t Au and 8m @ 2.68g/t Au (including 5m @ 3.54g/t gold) correlating to previous RAB results of 13m @ 8.55 g/t Au and 14m @ 1.31 g/t Au respectively, from drillholes 1.7km apart.
- Induced Polarisation (IP) geophysics over 6.65 line kilometres (five lines) has been completed and results have identified five distinct anomalies indicating possible fresh sulphide mineralisation at depth. Drilling to a depth of at least 150m to test these targets is currently in progress with results expected during April.

Exploration results

A thirteen hole, 1046m RC drill program (maximum hole depth of 96m) was completed at Seven Hills to follow-up the shallow RAB gold intersections reported in February. The aim of the drilling was to confirm the mineralisation intersected in the near surface, intersect fresh mineralisation and to test continuity of mineralisation along strike and down dip in the area of the best intersection from the RAB drilling.

Hole No	Easting	Northing	RL	Azimuth	Dip	Depth
SHRC07-1	411868	6730353	955	0	90	70
SHRC07-2	411868	6730334	955	0	60	80
SHRC07-3	411868	6730304	955	0	60	96
SHRC07-4	411868	6730364	955	0	60	80
SHRC07-5	411868	6730394	955	0	60	80
SHRC07-6	411968	6730426	955	0	60	80
SHRC07-7	411968	6730396	955	0	60	80
SHRC07-8	411968	6730366	955	0	60	80
SHRC07-9	411968	6730336	955	0	60	96
SHRC07-10	411968	6730306	955	0	60	80
SHRC07-11	411968	6730276	955	0	60	84
SHRC07-12	411968	6730246	955	0	60	80
SHRC07-13	412725	6731900	955	0	90	60

Table 1 - Seven Hills RC drill collar details

The best intersections were in SHRC07-1 with 11m @ 1.23 g/t Au and SHRC07-13 with 8m @ 2.68 g/t Au. Several holes intersected low grade anomalous gold mineralisation up to 0.4 g/t Au, but no holes intersected fresh mineralisation. These two intersections are related to 50-100 ppb soil anomalies that are 1.7 km apart and are on two separate anomalous zones that trend ENE. More than twenty similar geochemical anomalies remain to be tested.

Hole No.	From	To	Width	Au g/t	Comment
SHRC07-1	1	12	11	1.23	Includes 2m at 3.53g/t Au. Intersected gossanous greisen.
SHRC07-2	21	22	1	2.02	Intersected gossanous greisen.
SHRC07-13	3	11	8	2.68	Includes 5m @ 3.54 g/t Au. Intersected gossanous greisen.

Table 2 - Seven Hills RC drill intersection details

The depth of weathering intersected by the drilling is unusual for this part of NSW, with highly weathered granite intersected down to 60m vertical depth. The presence of coarse gold, interpreted to be the result of the deep weathering, is also suggested by the variability of gold grades in the twinned RC holes SHRC 01 and SHRC 13 compared to the previously reported RAB holes SH07-4 (13m @ 8.55g/t gold) and SH07-9 (14m @ 1.31 g/t gold).

It appears that the depth and intensity of weathering has remobilised gold into the near surface environment and possibly formed zones of enriched gold between 0-20m and zones of gold depletion between 20-55m. If gold is mobile in the near surface environment at Seven Hills, the surface geochemical anomalies may not be directly associated with bed rock mineralisation. Subsequently the Company completed five reconnaissance lines of dipole-dipole IP geophysics with 6.65 line kilometres of data collected down to 150m depth. Granite is generally a homogenous rock that is typically resistive with low chargeability. Therefore any sulphide in the granite should appear as significant chargeability highs in relation to the surrounding granite.

The dipole-dipole IP has identified five distinct chargeability anomalies at depths where fresh sulphide could be expected. Three of the anomalies are coincident with soil gold anomalies. If successful this technique could provide a cost-effective and accurate method for identifying primary bed rock mineralisation, the source of near surface gold mineralisation intersected in recent drilling and detected in previous geochemical soil and rock sampling.

A second phase of drilling to test such anomalies will be completed over the next 2 weeks. The program will be expanded if fresh sulphide is intersected to test for continuity of mineralisation down dip and along strike.

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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