

17 May 2007

Seven Hills Drill Results & Exploration Update

Highlights

Seven Hills Gold Prospect, New England NSW

- Assay results from the second phase 1,332m RC drill program include a best intersection of 8m @ 2.8g/t gold which represents the first fresh mineralisation intersected within the prospect area, where deep weathering typically extends below 40m depth. This intersection at 50m depth, is 800m along strike to the east of the high grade RAB drill result (13m @ 8.55g/t gold) previously reported.
- Although the drilling program was specifically designed to test IP geophysical targets, results were poor compared with drill holes based on geology and geochemistry. Sixteen geochemical anomalies remain untested but detailed mapping and 3D modelling of this extensively mineralised area are required before the next round of drilling.

Kingsgate Molybdenum-Bismuth Project, Glen Innes NSW

- The Kingsgate scoping study is progressing well although further delays in metallurgical testwork and pit optimisation are being experienced. The expected completion date is now early-mid June. Molybdenum and bismuth prices continue to show strength, currently (15 May 2007) US\$30.50lb and US\$18.50lb respectively.
- The area covered by Induced Polarisation geophysics has been extended from the original 11 hectare area to approximately 38 hectares. This exploration tool has proved invaluable in delineating quartz pipe mineralisation. Results are expected before the end of May.

Kirwans Tungsten Project, Reefton New Zealand

- Drilling has commenced with the second of six planned diamond drill holes nearing completion. This drilling is targeting the tungsten mineralisation at varying depths beneath broad zones of outcropping scheelite bearing quartz veins. Similar mineralised quartz veins are being intersected in the drilling to date with first results expected in mid June.

Running Brook Copper-Gold Prospect, North Queensland

- Infill and extension soil sampling have been completed with highly encouraging results. Coherent gold and copper anomalies have been defined over 900m x 200m and 1,700m x 800m areas respectively in an area of poor exposure. A series of trenches to expose bedrock for mapping and sampling, is currently in progress. Drilling at this prospect is planned to commence in June after initial drilling at the Company's West Tinaroo gold prospect (100km east of Running Brook) is completed.

Deepwater Base Metals Prospect, New England NSW

- A three hole 444m RC drill program was completed with encouraging wide zones of low grade base metal mineralisation intersected, albeit similar to that intersected by historic drilling. Unexpected zones of low grade tin mineralisation were also intersected.

Lode Hill Tin-Tungsten-Molybdenum Prospect, Stanthorpe Qld

- A follow-up 1,278m RC drill program has been completed with results similar to those received from previous drilling programs. Broad zones of low grade tin, tungsten and molybdenum mineralisation were intersected in all holes. However, the continuity of high grade mineralisation intersected in the holes is poor.

Seven Hills Gold Prospect, New England NSW (Auzex 100%)

Several holes from drilling reported in the March quarterly intersected anomalous gold mineralisation in the near surface, but no holes intersected fresh mineralisation at depth. Consequently, a reconnaissance geophysical Induced Polarisation (IP) program was carried out to test for sulphide mineralisation at depth and a second phase of drilling was conducted with six holes planned to test IP anomalies and five holes to test gold soil anomalies. A total of 1,332m was drilled in this second phase of RC drilling.

The drilling of the IP anomalies failed to intersect significant gold mineralisation, although several broad zones of sulphide mineralisation with low grade gold and silver mineralisation were intersected. The holes drilled into the geochemical anomalies were more successful with four out of the five holes intersecting gold mineralisation. The best intersection of 8m @ 2.80 g/t Au is 800m along strike to the east from the high grade intersections in the near surface in the RAB drilling (13m @ 8.55 g/t Au) and initial RC drilling (11m @ 1.23 g/t Au). Importantly, this intersection was from 50m depth and is the first intersection of fresh mineralisation.

Geochemical and mineralogical studies have been started to determine the potential of what is a new style of gold mineralisation in this area of NSW. A 3D geological interpretation of the data is also currently being undertaken, which will be used to develop a model for the geological controls on mineralisation. This model will then be used to prioritise drilling on the sixteen remaining geochemical anomalies.

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

The planned expansion of the IP geophysical survey at Kingsgate has been completed. IP chargeability data, which can map hidden Mo-Bi pipes, have now been collected over the northern project area. The chargeability data will allow a geological interpretation of hidden pipes and a global Mo-Bi resource to be made for the project. The Kingsgate scoping study is progressing well although minor delays in the metallurgical testwork program and pit optimisation are being experienced which impact other aspects of the study. The expected completion date is now early-mid June due in part due to additional bismuth metallurgical testwork and modification to plant design, to ensure optimal recoveries.

Kirwans Tungsten Project, Reefton New Zealand (Auzex NZ 100%, NZML earning)

Drilling of the Kirwans tungsten prospect in New Zealand has started. Two or three holes will be drilled from each of three planned drill sites to intersect the tungsten mineralisation at varying depths beneath outcropping scheelite bearing quartz veins. The first three holes are to be drilled beneath the trench that assayed 191m at an average of 0.12% W, including 32m @ 0.28% W. The first hole was completed to a depth of 75m and intersected scheelite bearing quartz veins similar to those mapped in the trench. The second hole is underway and has reached a depth of 103m. This hole is being drilled to test the depth continuity of mineralisation and similar quartz bearing scheelite veins have been intersected in the drilling to date.

Running Brook Copper-Gold Prospect, North Queensland (Auzex 100%)

Infill and extension soil sampling has been completed at the Cu-Au Running Brook prospect in North Queensland. Initial soil sampling identified anomalous gold and copper in soils, defining a 10 ppb gold in soil anomaly measuring 1.5km by 800m that is open to the west and south. The anomaly includes a 30 ppb Au in soil anomaly measuring 1km x 300m. The soil sampling also highlighted a 150 ppm Cu in soil anomaly measuring 1km by 500m that partially overlaps the gold in soil anomaly to the north. Encouraging rock chip samples were returned from the mapping with best results including a maximum 3.12g/t Au and 8.17% Cu.

Results from the follow-up sampling are highly encouraging with coherent gold and copper anomalies defined over 900m by 200m and 1700m by 800m areas respectively. The copper anomaly and gold anomaly overlap but offset from each other. The grades from the recent sampling are consistent with the previous sample results, with up to 0.17% Cu and 0.28 g/t Au assays in the soil samples. A series of costeans will be excavated across both anomalies to help with geological mapping, and a reconnaissance RC or diamond drill program is planned in June to help determine geological controls on mineralisation.

Deepwater Base Metals Prospect, New England NSW (Auzex 100%)

A three hole (444m) RC drill program was completed on the northern part of the Deepwater prospect area where a ridge of sheeted and stock work quartz-sulphide veins are hosted in greisen-altered siltstone. The drilling was planned to validate historical drill intersections with one metre samples (6m composite samples in previous drill holes) and test for high-grade zones within a low-grade halo. It was also designed to test along strike to the NNE from previous drilling where prospective stock work veining was mapped.

Results from the drilling are encouraging with wide zones of base metal mineralisation intersected. The grade of this mineralisation is similar to that intersected by historic drilling. Zones of higher grade tin mineralisation were also intersected, which was a surprise, as the tin grades in the historic drilling were low. Each drillhole intersected broad Pb, Zn, As, Ag and Sn mineralisation. Maximum individual assay values included metre intersections of 1,440 g/t Ag, 0.52% Zn and 0.8% Pb. The highest Pb-Zn values occurred at the base of a 54m wide zone of Pb-Zn-Ag mineralisation from 63-117m. The drill results are currently being modelled along with the geology in 3D to assess the economic potential of the mineralisation intersected at Deepwater. The potential for higher grade tin mineralisation along strike from the current drilling towards the Deepwater Granite contact needs to be tested. A more detailed analysis of the drill results will be provided in the June quarterly report.

Lode Hill Tin-Tungsten-Molybdenum Prospect, Stanthorpe Qld (Auzex 100%)

A follow-up program of RC drilling was recently completed to extend the mineralised zones at Lode Hill, to gain a better understanding of the grade distribution, and to test for higher grade zones of mineralisation. A 19 hole RC drill program totalling 1278m was completed. Results are similar to those from the previous drilling programs with broad zones of low grade tin, tungsten and molybdenum mineralisation intersected in all of the 19 holes. Maximum individual metre intercepts returned to date include 4,060 ppm Sn, 3,580 ppm W and 1,320 ppm Mo. However the continuity of the higher grade mineralisation is poor. Relatively wide zones of low grade Sn mineralisation (>100 ppm Sn) has been intersected in all holes. Higher grade zones of combined Sn and W were encountered in four of the holes. The most significant mineralisation intersected to date was at the bottom of one of the holes, from 69-70m with 0.09% Sn and 0.36% W. A more detailed analysis of the drill results and economic potential of the Lode Hill prospect will be provided in the June quarterly report.

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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.

Table of recent RC drill data from the Seven Hills gold prospect

Hole	Easting	Northing	Az	Dip	Hole Depth	From (m)	To (m)	Interval (m)	Au Grade (g/t)	Comments
SHRC07-14	412298	6730463	0	-60	162	no significant assays				
SHRC07-15	412000	6732882	0	-60	186	no significant assays				
SHRC07-16	412400	6732300	180	-60	174	no significant assays				
SHRC07-17	412700	6730005	0	-50	198	149	153	4	0.23	interval averages 3.08g/t Ag
					Incl.	149	151	2	0.32	interval averages 5.64g/t Ag
SHRC07-18	412400	6732118	0	-60	138	no significant assays				
SHRC07-19	412736	6730330	0	-60	78	53	61	8	2.80	only Au results received
					Incl.	54	57	3	5.59	
SHRC07-20	412736	6730443	0	-60	120	no significant Au assays but visible Mo over 25m (Mo assays pending)				only Au results received
SHRC07-21	412755	6730366	180	-60	36	26	29	3	2.29	only Au results received
					Incl.	26	27	1	5.73	
SHRC07-22	412736	6730405	180	-60	120	82	84	2	1.09	
					Incl.	82	83	1	1.71	
SHRC07-23	412711	6730375	180	-60	78	no significant assays				
SHRC07-24	412786	6730370	180	-60	42	no significant assays				