

5 September 2007

Kingsgate Resource Drilling Commences

Highlights

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

- **Drilling commenced on Saturday 1 September 2007 as part of an intensive resource delineation program. The program will comprise up to 15,000m of shallow drilling, targeting at least 20 quartz pipes, the source of the high grade molybdenum-bismuth mineralisation.**
- **Assay results will be reported progressively over the next few months. Key components of the feasibility study are currently being undertaken and it is hoped this study will be completed soon after the resource is finalised.**
- **Metal prices remain strong with Molybdenum trading at US\$32.60/lb and Bismuth US\$17/lb as at 30 August 2007. These prices are up 30% and 115% since the beginning of the year and compare favourably with the Company's Scoping Study price assumptions of US\$22/lb Mo and US\$13/lb Bi.**

North Queensland Regional Exploration (Auzex 100%)

- **Drilling continues in North Queensland with the rig now at the Galala Molybdenum prospect. A ten hole (1,000m) program is planned for Galala before the rig is relocated to the West Tinaroo gold prospect for a 1,200m program.**
- **An initial 1,200m RC and diamond drill program has been recently completed at the Running Brook gold-copper prospect with results pending.**

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

Reverse Circulation (RC) drilling commenced on Saturday 1 September as part of an intensive resource delineation program. The program will comprise up to 15,000m of shallow drilling, targeting at least 20 quartz pipes. The drilling will initially test three pipes in the central Kingsgate area. Holes will be vertical and drilled to a depth between 20m and 40m (average 30m depth), with the aim being to test the down plunge extent and average grade of each pipe. Approximately 30-40 holes will be drilled for each pipe. The first pipe targeted by the drilling will be the same pipe which was the subject of trial mining completed late last year.

Recent detailed surface mapping and a 10m x 10m soil sampling program has increased the Company's understanding of geology and pipe distribution. Interestingly, the soil sampling has identified a gold association with grades up to 0.41g/t gold, something that wasn't detected in wider spaced sampling.

The Company has hired a Project Manager and two geologists to work specifically on the Kingsgate Resource program. Key components of the feasibility study are currently being undertaken and it is hoped this study will be completed soon after the resource is finalised. This Study will be based on a 250,000tpa processing operation at an average head grade of 0.23% Mo and 0.23% Bi, with annual production of 911 tonnes of Mo concentrate and 698 tonnes of Bi concentrate.

North Queensland Regional Exploration (Auzex 100%)

An initial drill program totalling 1,200m was recently completed at the Running Brook Gold-Copper Project, 150km south-west of Cairns. This drilling targeted a trench anomaly of 150m @ 0.26g/t gold with results pending. An RC drill program at Galala molybdenum prospect is planned with ten holes for 1000m to assess continuity and extent of molybdenum mineralisation intersected in three previous drill holes over a 500m by 200m area. Upon completion of the Galala drilling, the rig will be relocated to the West Tinaroo gold prospect where a 1200m drill program is planned to target a gold bearing sheeted vein system that extends for at least 1km 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.