

MOUNT GUNSON COPPER PROJECT UPDATE

1. MG 14 / Windabout BFS

Since the appointment of Max Brunson as the Company's Copper Marketing Consultant for this Project, announced to the ASX on 16th November 2009, Mr Brunson has generated significant interest in the high grade concentrate to be produced from Mount Gunson.

Approximately ten companies have been contacted, with a view to establishing their interest in funding part or all of the Bankable Feasibility Study (BFS) into the sequential development of two shallow deposits near the old Mount Gunson mining centre, excised from the Noranda Pacific Pty Limited (Noranda) farm in agreement in June 2009. These deposits, MG 14 and Windabout respectively, lie within 100 metres of the surface and metallurgical test work on ore from MG 14 has shown that a high grade concentrate containing 33% copper, with low sulphur and uranium contents, can be produced. This concentrate is a very attractive smelter feedstock.

A meeting with the first company to respond to Gunson's invitation, circulated on 6th January 2010, is scheduled for early February and further meetings with all interested parties will take place during the next two months

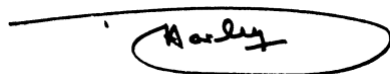
In the meantime, work on the BFS has commenced, with a focus on upgrading the existing drilling data base on both deposits to bankable standard. Early work on the Windabout deposit data base has shown that its indicated resource figure of 18.7 million tonnes at 1% copper contains unnecessary dilution in the footwall and that a smaller tonnage of higher grade mineralisation is likely. This observation is a preliminary one only, but it has emphasised the need for closer spaced infill drilling, particularly in the areas of more continuous higher grade mineralisation, as recognised in the Company's release dated 12th October 2009.

2. Deep Drilling at Emmie Bluff Prospect

As advised in the previous update on 1st December 2009, further infill and extensional TEM was scheduled for early December, to trace and better define a NE trending basement conductor detected earlier in 2009. The data from this survey, completed in mid December, is of very high quality and shows that the conductor does trend further NE and has a considerably stronger response than the narrow but high grade copper mineralisation intersected in hole MGD 55.

Interpretation of the TEM data is still incomplete and a drilling target will not be chosen until the interpretation has been fully reviewed. However, a contract rig has been engaged to commence drilling at Emmie Bluff in late January, 2010.

The drilling is to be funded by Noranda, part of the Xstrata Copper Business Unit, which has the right to earn a 51% interest in the Mount Gunson Project by spending \$3.5 million on exploration by 15th June 2010. At the end of December 2009, Noranda had spent \$3.35 million.



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ATTRIBUTION

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr D N Harley, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Harley has sufficient experience which 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'. Mr Harley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.