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ASX RELEASE

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**COMMENCEMENT OF 2012 DRILLING
ON THE MOUNT GUNSON COPPER PROJECT**

The Company is pleased to advise that deep diamond drilling at the Elaine Zone Pinchout Prospect, described in its release of 20 June 2012, commenced on 4 July 2012.

Hole MGD 70, angled at 60⁰ north east, is currently at 230 metres depth and is expected to enter the basement target zone at about 750 metres, or 650 metres vertical depth. The exploration target is iron oxide associated copper-gold mineralisation close to the intersection of two major basement fault zones, with coincident gravity and magneto-telluric (MT) geophysical anomalies.

Drilling is being funded by the Company's joint venture partner, Noranda Pacific Pty Limited (Noranda), part of the Xstrata Copper business unit. Noranda has the right to increase its equity in the Mount Gunson Project to 75% from its current 51% interest, by spending a cumulative \$10 million on exploration by mid June 2013. At the end of March 2012, Noranda had spent \$5.97 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.