

UPDATE ON THE 2009 DRILLING PROGRAM AT MOUNT GUNSON

1. Summary

- *Second hole of the 2009 drilling program, MGD 56, completed at 1,181 m, intersecting brecciated, hematitic Gawler Range Volcanics in the basement, followed by brecciated and altered granite in the lowermost 74 m.*
- *Minor to trace copper sulphide mineralisation is present throughout below 879 m, accompanied by frequent patches of barite and fluorite between 879 – 1,030 m. Magnetite veins are common below 1,030 m.*
- *Down hole TEM and IP geophysical logging of both 2009 drill holes is in progress, to predict whether there are any larger sulphide accumulations nearby.*
- *In the meantime, the drill rig has been released to enable time to evaluate the results of the down hole geophysical logging.*

2 Drill Hole MGD 56

Vertical drill hole MGD 56 was stopped at 1,181 m earlier this week, after intersecting 429 m of altered and brecciated basement rocks from 752 m. The cover sequence above 752 m is dominated by sandstone units, with Tregolana Shale between 68 – 176 m.

Immediately below the cover sequence, oxidised polymictic breccia of the Gawler Range Volcanics occurs to 813 m, changing downward into variably brecciated fine grained and altered Gawler Range Volcanics to 1,107 m. Hematite alteration is common, associated with quartz – chlorite veins, with magnetite – quartz – chlorite veins becoming predominant below 1,030 m. The brecciated and altered granite below 1,107 m contains some fragments of fine grained Gawler Range Volcanics and for this reason may be of Hiltaba age.

Copper mineralisation in MGD 56 is relatively minor in comparison with the previous hole and is described in the Summary above. Sampling of the core is in progress and assays are expected in late September.

3 Down Hole Geophysical Surveys

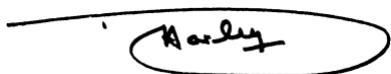
Down hole TEM and IP geophysical logging of both 2009 drill holes is in progress, with the aim of detecting larger sulphide accumulations

nearby. Particular focus is on the potential for the 2.2% and 4.6% copper intersections over 7 m and 1 m respectively in hole MGD 55 to become much wider, as this mineralisation seems to be strata bound in an altered pre Gawler Range Volcanics siltstone.

The down hole surveys should be finished by 12th September, with interpretation of the results available by late September.

4 Further Drilling

Further drilling will await the results of the down hole geophysical surveys, with a technical review of the 2009 exploration program scheduled for 22nd-23rd September.



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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.