



ASX RELEASE
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COBURN PROJECT UPDATE

As foreshadowed at the Company's Annual General Meeting last November, invitations to tender for the construction of the Coburn Project on a fixed price, lump sum basis have been sent to a small number of Perth based Australian engineering contractors. In consultation with these contractors, the closing date for the receipt of tenders is mid April 2009. As a result of the significant reduction in raw material prices in late 2008 and the current more competitive climate for engineering work, a much-reduced lump sum price to that achievable in 2007 and 2008 is expected.

Despite the steep decline in demand for mineral commodities in the past six months, the prices of the main mineral sand products, particularly zircon and rutile, have increased appreciably due to very low inventory levels, restricted supply and the tight industry structure. As mineral sand commodities are priced in US dollars, the 30% drop in the Australian dollar exchange rate to the US dollar has provided a further boost to the financial returns of the Coburn Project. As a result, interest in the Project from overseas investors, including those introduced by Beijing based investment bank, The Balloch Group, has been strong over the past few months.

Technical and financial due diligence by some potential partners is at an advanced stage and Project investment proposals are expected prior to and around the time of receipt of construction tenders. For this reason, discussions with financial institutions will recommence in February, with a view to attracting sufficient capital to commence the 58 week construction phase of the Project in mid 2009.

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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.