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COMPLETION OF FIRST 2011 DRILL HOLE AT MOUNT GUNSON

The first hole of the 2011 drilling program at Mount Gunson, MGD 68, was stopped in broken ground at 1,044 metres (m) depth on 4th September 2011. This hole was designed to test the western flank of the major north westerly trending Emmie Bluff gravity geophysical anomaly some 5 kilometres long (Figure 1).

The top of the basement in MGD 68 was intersected at 876 m, where it passed into altered felsic volcanic rocks interpreted to be Gawler Range Volcanics. At 914 m, the main rock type changed to chlorite-hematite altered sandstone until 950 m, where it passed into granitic to more mafic gneiss until the end of the hole. Hematite-chlorite alteration strengthens with increasing depth, mirrored by increasing patchy magnetite.

Although no copper sulphides were observed in the hole, the basement core will be split and submitted for assay.

The rig commenced drilling MGD 69, some 2 km north west along strike from MGD 68, on 5th September. The basement target zone in this hole is expected at about 900 m.

Drilling at Emmie Bluff Prospect is being funded by Xstrata Copper subsidiary Noranda Pacific Pty Limited (Noranda) which has the right to earn an extra 24% interest in the Project (in addition to the 51% equity it already holds) by spending an additional \$6.5 million (for a cumulative amount of \$10 million) on exploration by mid June 2013. At the end of June 2011, Noranda had spent \$4.3 million.

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Figure 1 Emmie Bluff Prospect – Residual Gravity and Basement Drilling

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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.