

26 October 2007

The Manager Companies
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

\$5.4 MILLION PLACEMENT WITH STRONG INSTITUTIONAL SUPPORT

The Company is pleased to announce that it has negotiated the placement of 12,753,159 ordinary fully paid shares at an issue price of 42 cents per share as an excluded offer. The placement will raise \$5,356,326 before brokerage and costs. Patersons Securities Limited acted as Lead Manager and specifically targeted new institutional investors.

The emergence of the Company as a base metal producer with strong growth potential has attracted several new investment funds to the register. As well, the Company's major shareholder, Intec, has continued its long term support of the Company and will participate in the placement, subject to shareholder approval, to maintain its shareholding at 23.49% of issued capital.


The funds raised will be used to bolster general working capital including the ongoing development at Que River and the Company's highly active exploration programme.

The shares issued pursuant to the placement will rank equally in all respects with the existing ordinary shares of the Company quoted on ASX. Application will be made to ASX for quotation of the placement shares, other than the 2,995,717 shares to be issued to Intec, which will be subject to shareholder approval (at a date to be announced). All other placement shares will be allotted next week under the Company's existing 15% capacity.

A cleansing statement will be issued shortly following the allotment of the placement shares to facilitate secondary trading of the placement shares as these are issued without disclosure to investors under Part 6D.2 of the Corporations Act.

On behalf of the Board I welcome the new institutional investors to the register and thank them for their support. The Company has recently attained some important milestones and I look forward to providing further updates on mining and exploration activities.

Yours sincerely



Mike Rosenstreich
Managing Director