

Assay Results Confirm Iron Ore Potential at Hicks Hill

Highlights

- Surface sampling at Hicks Hill returned iron assay grades ranging from 26% to 38% with the average value of 10 samples being 31%.
- Iron grades and the style of mineralisation suggest that the processing characteristics for Hicks Hill will be similar to those at Coolybring.
- The exploration target for Coolybring and Hicks Hill is more than 700 million tonnes of magnetite banded iron.
- Clearance, ground gravity and magnetic surveys are planned in the December quarter at Hicks Hill with drilling to follow.

The Hicks Hill magnetite banded iron deposit crops out 40 kilometres to the east of the partly explored Coolybring deposit and just 10 kilometres north of the Trans-Australian railway in central South Australia. Both lie outside the Woomera Prohibited Area (see Figure 1).

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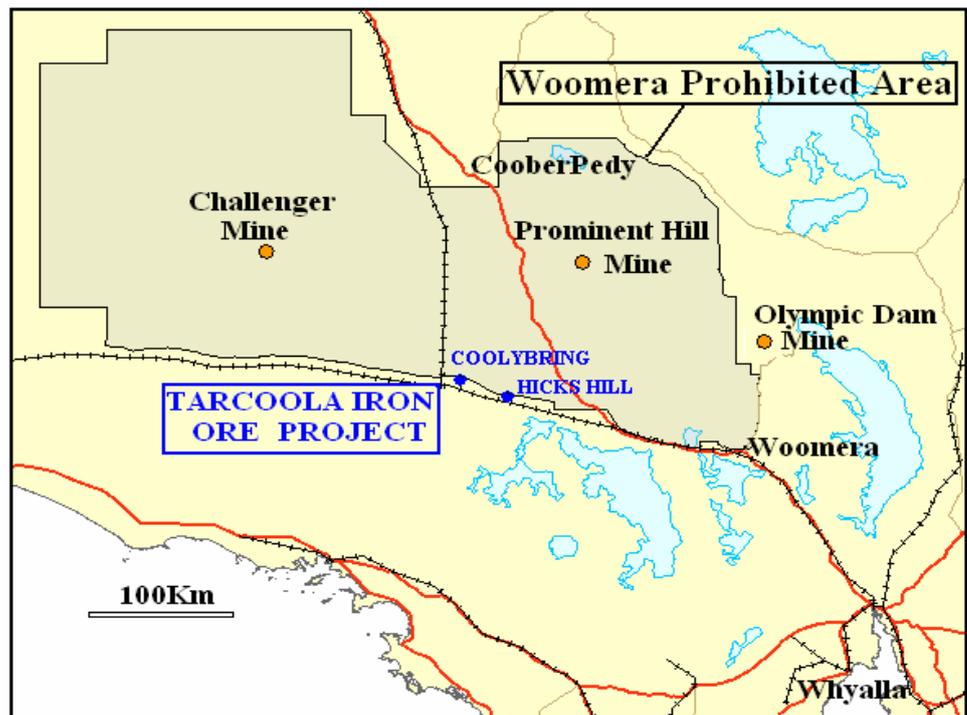


Figure 1 – Locality of Hicks Hill and Coolybring in South Australia

The magnetic image in Figure 2 shows that the Hicks Hill magnetite deposit is up to 2 kilometres in length and 300 metres in width with close to vertical dip. These dimensions are similar to the near-surface extent of the Coolybring deposit. The outcrop, located along the southwest edge of the deposit, represents less than 20% of the total magnetite body.

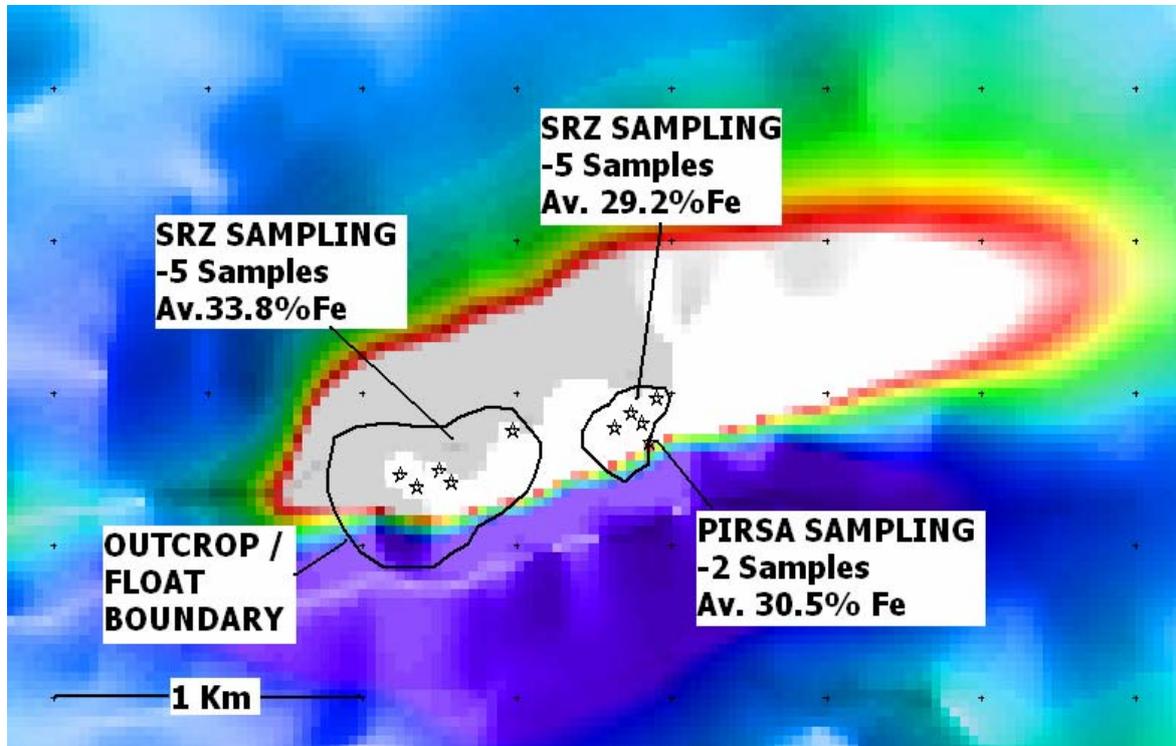


Figure 2 – Hicks Hill Magnetic Image and Outcrop Sampling

10 rock chip samples were taken by Stellar across the outcrop and assayed for iron and silica. The location of the samples is shown in Figure 2. The western outcrop shows the highest grade with iron content ranging up to 38% and averaging 34%. The smaller outcrop immediately to the east produced an average grade of 29% with the highest value being 31%.

Rock chip lithologies and assay results are similar to the mineralisation drilled on the eastern side of the Coolybring deposit. If the analogy with Coolybring proves to be correct it is highly likely that the processing characteristics of both deposits will be the same.

Exploration Plan

The next step is to complete a clearance survey and to conduct ground gravity and magnetic surveys across the prospective area. All surveys should be performed in the December quarter.

Drilling will follow as soon as possible after completion of the geophysical surveys and the location of targets. The program will test the full width of the magnetic anomaly at up to three locations along its strike length.

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. C.G. Anderson (Fellow of the Australasian Institute of Mining and Metallurgy) who is a Director of the Company. Mr. Anderson has sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). Mr. Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. It should be noted that the abovementioned exploration results are preliminary.

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