

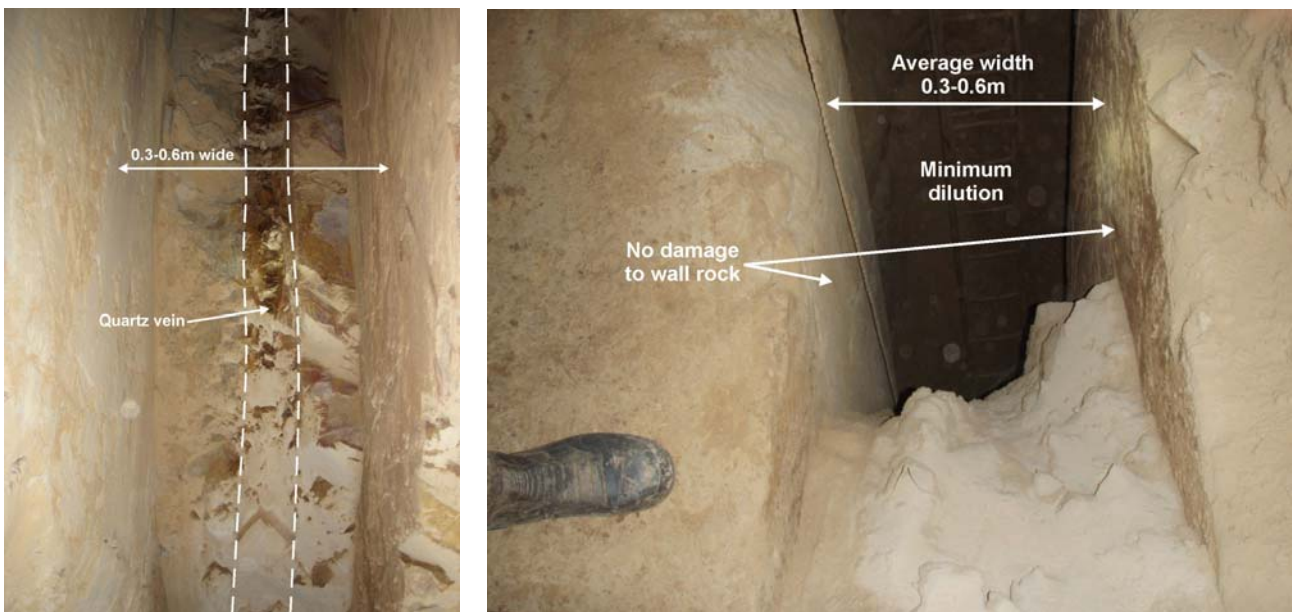


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Company Announcement Office
ASX Limited

NEW MINING METHOD UNDER TRIAL AT COYOTE PROVES SUCCESSFUL

A new mining method at the Company's Coyote Gold Mine has been successfully trialled in the upper levels of the high grade Gonzales ore-body. The method employs similar technology to that previously used in the deep high grade ore-bodies in South Africa Witwatersrand district with production trials resulting in stope widths of around 0.3-0.6 metres. Despite it being early stages the new method is expected to increase ore recovery, lower mining costs and reduce dilution with grades in some areas expected to be over 30g/t Au. The photographs below show the very narrow widths being mined and the minimal wall damage using the new technique.



The trial has been undertaken in the upper levels of the high grade Gonzales ore-body where the semi-oxidised nature of the surrounding ground rock may have caused excessive dilution if conventional mining techniques had been used. The Company has been developing and trialling the new method since late last year and is now in a position to give the go ahead for full production mode using this technique.

As announced in the December 2009 Quarterly Report, development of the Gonzales lode at depth has confirmed the stacked parallel high grade nature of the mineralisation with some sections averaging 4.6 metres wide at 8-10g/t Au. The mine is currently being developed to allow long hole mining techniques to be utilised in these areas however given the success of the trials of the new mining method, the Company now has the option to employ the new technique thereby minimising dilution and mining costs. Work will continue to determine the most appropriate manner in which to mine this material.

The main Gonzales decline remains on track to intersect the next ore horizon [the 243 metre level], the second of four levels to be developed to allow long hole stoping blocks to be mined. The Company's open pit operations have progressed at a rapid rate since work commenced in late January 2009 with several mineralised ore zones now exposed. A bulk sample will be mined and batch treated this month to reconcile grade blocks within the pit floor and geological model.

Graeme Sloan
Managing Director/CEO