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7 September 2010

Manager of Company Announcements
Australian Securities Exchange
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INCREASE IN CURARA WELL RESOURCE BY 50% TO 276,000 OUNCES

Highlights:

- ☀ Increase in resource tonnage to 6,360,000 tonnes
- ☀ Increase in indicated ounces by 35% to 122,000oz Au
- ☀ Increase in inferred ounces by 65% to 154,000oz Au

The Directors of Mount Magnet South NL (MMS) are pleased to update shareholders on the resource estimate at the Company's flagship asset, Curara Well.

Table 1: Current depleted resource estimate with 0.7g/t Au cutoff

CATEGORY	TONNES	GRADE	OUNCES
Indicated	3,040,000	1.25 g/t Au	122,000oz Au
Inferred	3,320,000	1.49 g/t Au	154,000oz Au
TOTAL	6,360,000	1.41 g/t Au	276,000oz Au

The Company's previous resource statement was released to the market on 5 December 2008 ([ASX Announcement 'Curara Well Gold Project: Maiden Resource Announcement'](#)).

In releasing the upgraded resource statement, Mount Magnet South's Managing Director Matt Shackleton said, "The major driving incentive for Mount Magnet South is the achievement of resource goals, and with the release of this upgraded resource statement we have clearly achieved this. As we have previously outlined to shareholders, our ultimate aim is production and the Company has now turned its attention to infill drilling and a detailed recommissioning study on the Kirkalocka Plant."

Mr Shackleton went on to say, "We have a 1.2 million tonne per annum gold processing plant that remains in first class condition, the continued support of our investor base, and over 700 square kilometres of ground running along the greenstone belt to Mt Magnet yet to be thoroughly tested. The outlook for gold and the Company's prime assets make us confident that we will be able to reward our shareholders with the ultimate goal in 2011."

Located 500 kilometres north east of Perth, the Kirkalocka Project sits 70 kilometres south of the regional mining centre of Mt Magnet, with sealed highway access, 1,800 metre airstrip and 130 man camp. In addition to the Kirkalocka Project, the Company's tenure comprises the Mt Magnet project area in and around the town. Please refer to following Figure 1.

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The information in this report that relates to Mineral Resources is based on information compiled by Jason Harris of Cube Consulting, who is a Member of the Australian Institute of Geoscientists. Jason Harris 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 Mineral Resources and Ore Reserves". Jason Harris consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Cube Consulting is an independent Perth based resource consulting firm specialising in geological modelling, resource estimation and Information Technology.

Notes to accompany Mineral Resource estimates:

Cube Consulting Pty Ltd (Cube) was commissioned by Mount Magnet South NL to undertake an estimation of global gold resources for the Curara Well project, in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

A total of 2235 RC grade control and exploration drillholes were zone coded and used in the resource estimation. Intervals that were not sampled or assayed were assigned a nominal background value of 0.00 g/t Au. Geological interpretation was based on a nominal 0.5 g/t Au grade boundary. Based on the interpreted geological model, six fresh rock mineralised domains and three laterite domains were defined on 10 metre sections.

A total of 8736 three metre composites were used to interpolate the grade into a block model with suitable gold assay top cuts applied on a domain by domain basis.

Density was assigned to each domain based on geology and weathering bulk density measurements undertaken by Equigold (previous owners). The assigned values for mineralisation are given in the table below:

Weathering	Weathering Code	Bulk Density (g/cm3)
Background (waste)	BKGR	2.85
Ore - Tonalite	ORET	2.75
Ore - Basalt	OREB	2.85
Ore - Oxide	OREO	1.50
Ore - Laterite	OREL	2.00

Interpolation of block grade into a Surpac Block Model used Ordinary Kriging. Variography analysis and Qualitative Kriging Neighbourhood Analysis were utilised to identify direction of mineralisation continuity and variogram, and also search neighbourhood parameters.

The resultant grade block model (20mN x 10mE x 10mRL) was depleted by the open pit outline and 3D topographical surface provided by Mount Magnet South NL.

The resource was classified as Indicated and Inferred in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

Figure 1: Mount Magnet South NL tenement location

