



RESOURCE EVALUATION DRILLING COMMENCES AT PEAK HILL PROJECT JOINT VENTURE

Highlights:

- A 10,500m RC percussion resource evaluation drilling program commenced at the Telecom Hill Prospect on the 3rd October 2010
- The drilling program is aimed at investigating the resource potential of the 1.5–2.0 billion tonne exploration target¹ estimated to be present at the Telecom Hill Prospect and grading 25%–35% Fe
- The program is designed to evaluate an approximately 4km section of the 10km of Robinson Range Formation already mapped at Telecom Hill on which the exploration target at is based
- The drill program is likely to take two months to complete and the results of resource modeling are planned for release in early 2011

Telecom Hill Prospect

In 2009 the Peak Hill Project JV partners recognised the potential of the Telecom Hill Prospect area to host significant tonnages of magnetite beneficiation feed ore (BFO) and since then they have undertaken a number of exploration programs to better understand the deposits. To date, the JV partners have completed surface rockchip sampling, first pass RC percussion drilling programs, and a detailed mapping exercise – all with positive results.

The Telecom Hill Prospect lies within Exploration Licence E52/1860. The principal target within the tenement is the Robinson Range Iron Formation, a sequence of interbedded banded iron formation (BIF), granular iron formation (GIF), siltstone and shale.

The iron formation stratigraphy forms a prominent ridge (Telecom Hill) that strikes approximately east-west within the tenement.

¹ NOTE: This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The initial RC percussion drilling program demonstrated that significant thicknesses of magnetite-bearing BIF and GIF are present, as announced previously. Within the Robinson Range Iron Formation the best results occurred at the western end of the Telecom Hill range (see Figure 1) with wide intercepts of magnetite-bearing BIF, up to 168m thick down hole, intersected by the drilling.

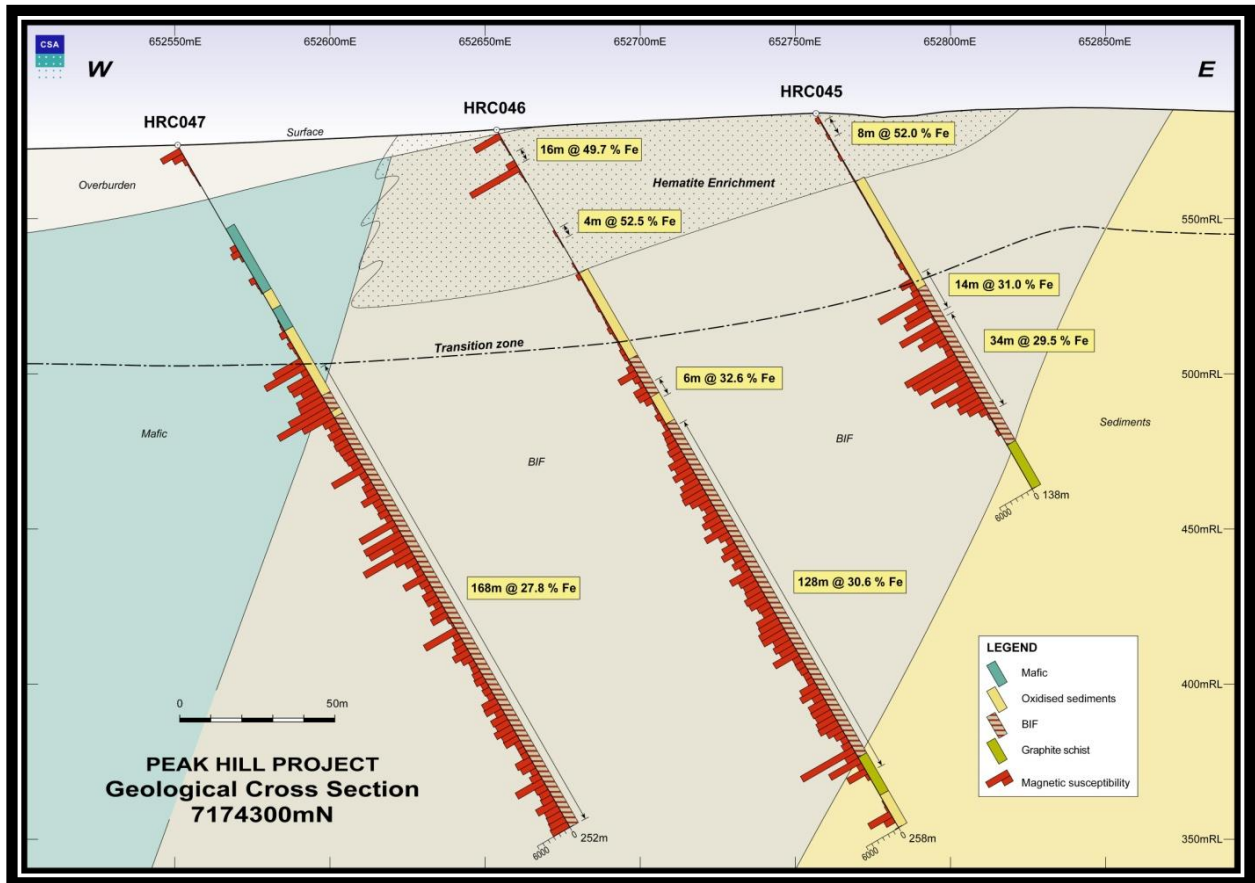


Figure 1. Simplified east-west cross-section through the western end of Telecom Hill Prospect (collar locations shown in Figure 2)

Using an estimate of the average true thickness figure for each BIF unit and extrapolating it to a depth of 250m over the 10km mapped strike length results in an exploration target in the range of 1.5–2.0 billion tonnes² (excluding the upper 50m due to weathering effects). Based on the results of existing drill holes that have intersected the mapped BIF units, this exploration target could have a grade in the range of 25% to 35% iron. However, the potential quantity and grade ranges for this exploration target are conceptual in nature and there is insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

² NOTE: This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Resource Evaluation Drilling Program

To evaluate the resource potential of the exploration target at the Telecom Hill prospect a 10500m, 50 hole, RC percussion drilling program has been designed to test a 4km section of the Robinson Range Formation BIF. The program will comprise drill holes positioned at 80m centers on drill lines spaced at 400m. the drill lines will be oriented perpendicular to the BIF stratigraphy (see Figures 2 & 3) and will be angled at -60° to intersect the BIF at an oblique angle. The holes will range in depth from approximately 200 to 250m depth.

The holes will be targeting the western end of the Telecom Hill ridge in the area where previous drilling intersected magnetite bearing BIF within the Robinson Range formation (see Figure 1 and Figure 2). A number of the holes will re-enter the previous shallow RC drilling in this area to better understand the distribution of magnetite and the location of the base of oxidation. This area has been chosen for initial resource evaluation testing as it is in an area of known mineralization with demonstrated continuity from mapping, a strong aeromagnetic signature and a low level of structural complexity.

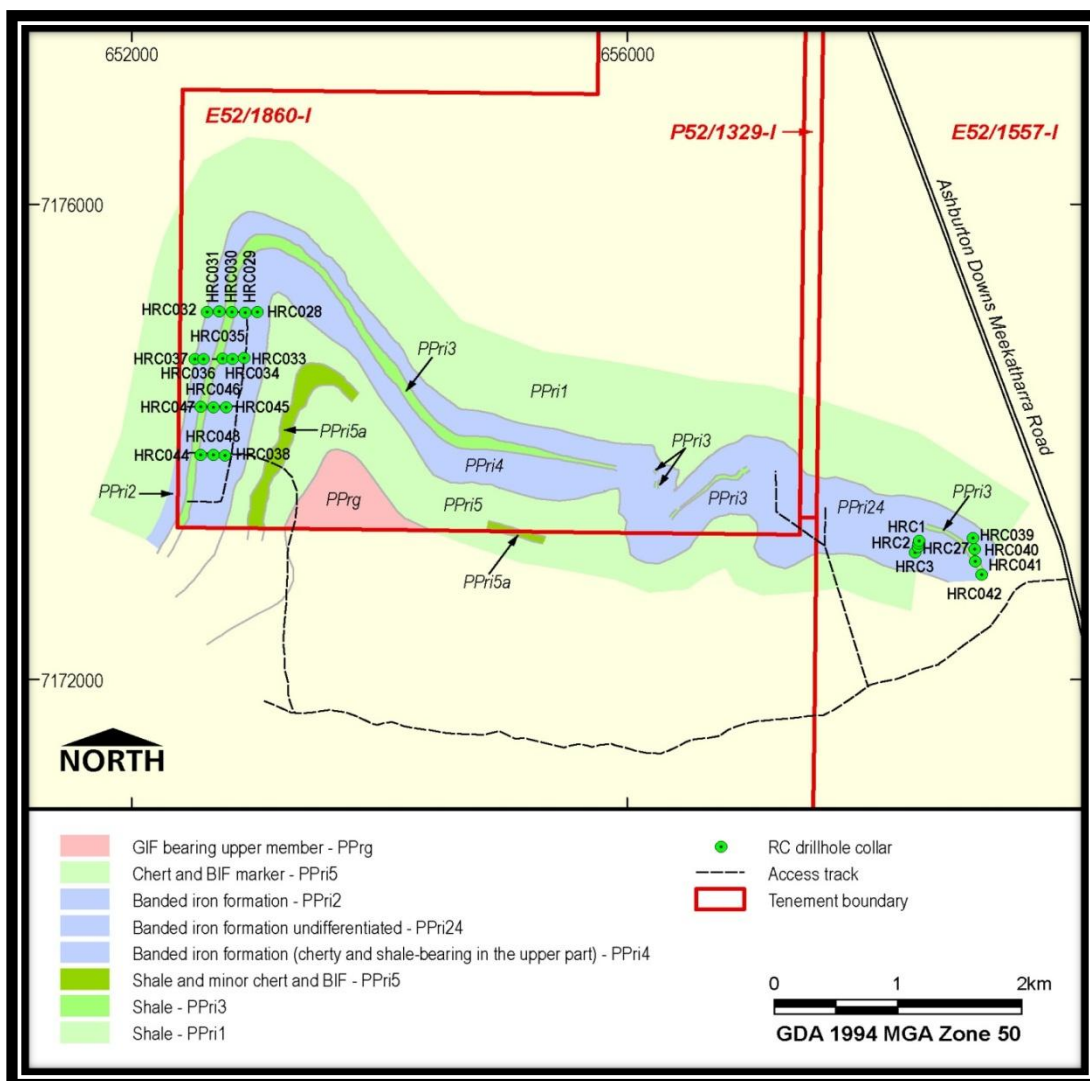


Figure 2. Telecom Hill prospect geological map with previous drilling.

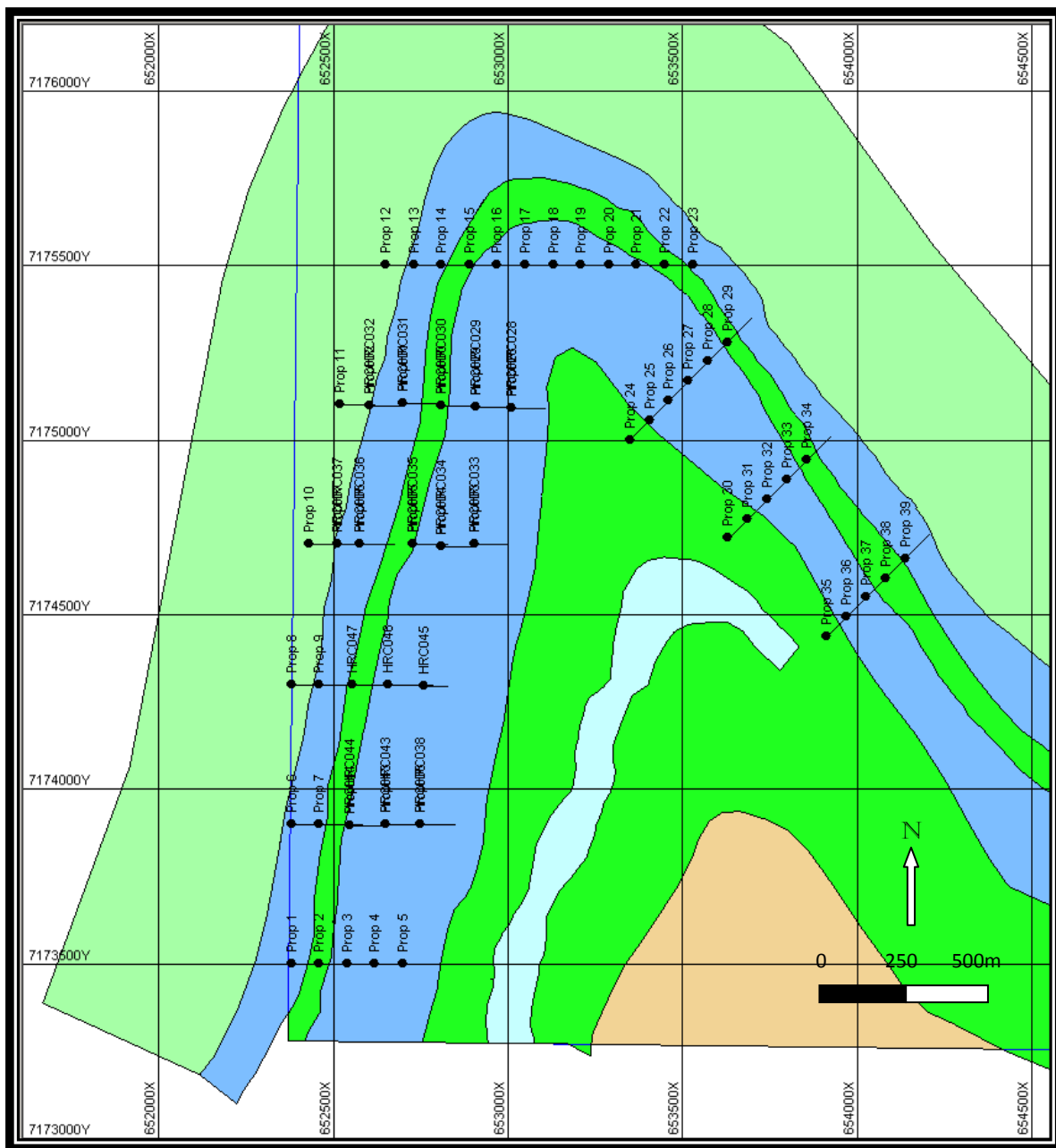


Figure 3. Resource evaluation drilling program proposed drill hole location plan

The commencement of the drilling program demonstrates the JV Partners' commitment to increasing shareholder value by developing a significant new iron ore project in the Midwest region at the Peak Hill project. The primary aims for this first step are to deliver a maiden resource at the project and demonstrate that significant additional potential exists within the project to further increase the scale of development.

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Competent Persons Statement

The Exploration Results discussed in this report were prepared under the supervision of Mr Daniel Wholley BAppSc MAIG, who is a Director and full time employee of CSA Global Pty Ltd and is a competent person as defined by the Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Mr Wholley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

