



12 October 2010

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(6 pages by email)

Dear Madam

### FURTHER EXCELLENT RESULTS FROM TEMBANG

- **High grade intersections returned at Belinau of 2.00 metres @ 41.16 g/t Au and 41.0 g/t Ag and 4.05 metres @ 15.53 g/t Au and 260.6 g/t Ag extend the southern high grade shoot along strike and at depth.**
- **A new discovery at the Jenih prospect returns 3.65 metres @ 4.12 g/t Au and 7.6 g/t Ag.**
- **IP orientation survey initiated to explore for potential targets beneath cover.**
- **Updated Tembang resource will follow completion of the current drilling program.**

#### Tembang Drilling Update

The Tembang project is located approximately 120 kilometres north-northeast of Bengkulu in the Musi Rawas regency of South Sumatra province. Tembang is a large intermediate-sulphidation epithermal deposit comprising gold-silver bearing quartz veins hosted by Tertiary volcanics. The Company has rights to an IUP with an area of 9,979 hectares over and around the former Rawas mine that operated between 1997 and 2000.

To date, 2,554 metres of drilling have been completed in the 10,000 metre follow-up program to the 5,000 metre program recently completed with many encouraging results. Belinau continues to return excellent results from the southern shoot including **4.05 metres @ 15.53 g/t Au and 260.6 g/t Ag** from Hole RDD10091. This extends the southern high grade shoot a further 50 metres along strike to the south.

Hole RDD10086 also confirmed depth continuity of this shoot and returned **2.00 metres @ 41.16 g/t Au and 41.0 g/t Ag**. This intercept is 75 metres below the extent of the Snowden 2009 resource.

A larger drill rig, capable of drilling up to 1,000 metres, is currently being mobilised to accelerate the drilling program and to enable deep holes to be drilled to intercept the high grade feeder zones at Berenai/Nuri and to test the Belinau high grade shoots at depth.

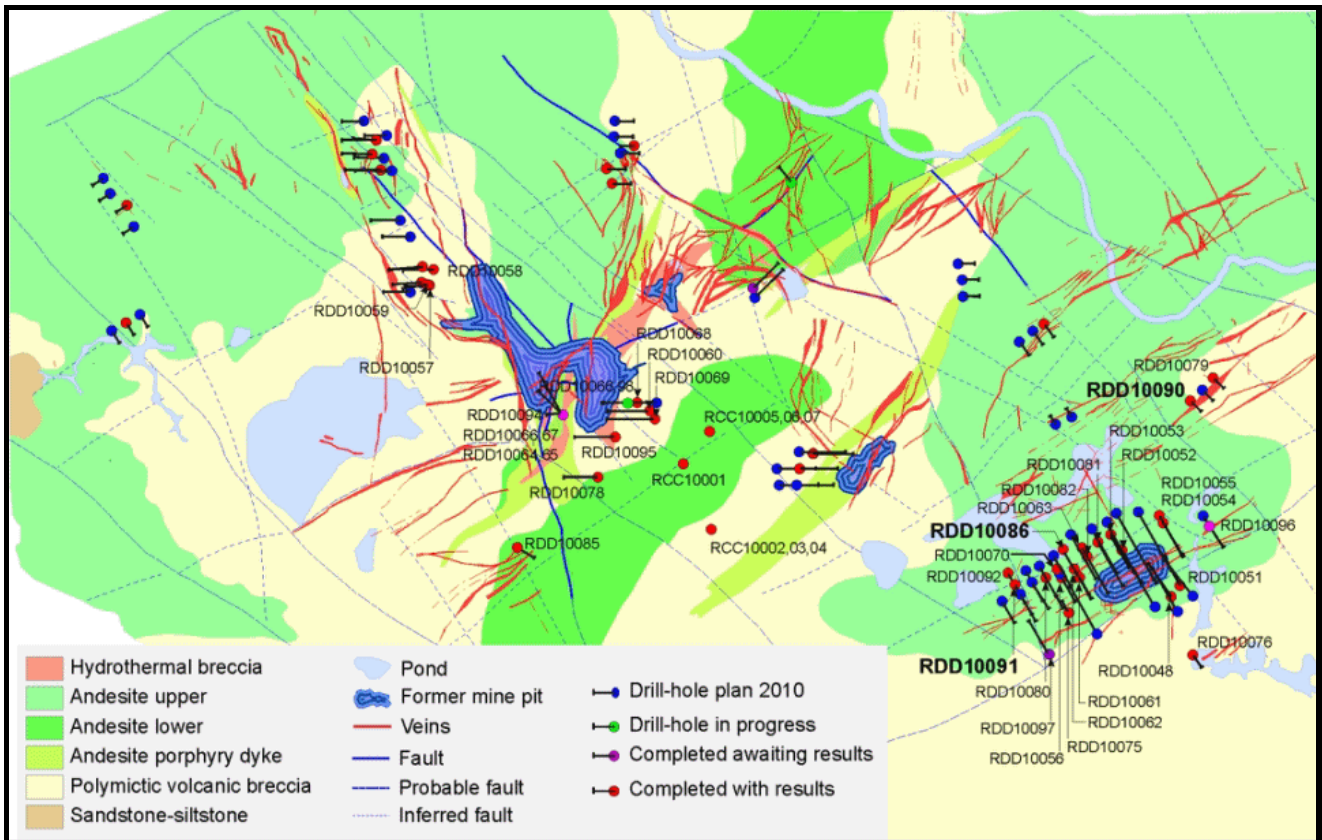
Hole RDD10090 drilled at Jenih returned a promising result of **3.65 metres @ 4.12 g/t Au, 7.6 g/t Ag** from 152 metres downhole with several other zones of mineralisation higher up in the hole. Mineralisation was intercepted on the margin of a dyke as similarly found at Belinau and Berenai. This is a new discovery which was targeted based on our geological exploration model. It will be followed up with further drilling along strike.

A series of Induced Polarisation ('IP') lines are being run across Belinau, Tembang and Berenai to characterise the signature of veins and zones of silicified hydrothermal breccia. This method is commonly used in epithermal systems and, if successful, will assist in identification of targets to explore in the Belinau vein system especially under cover to the south west.

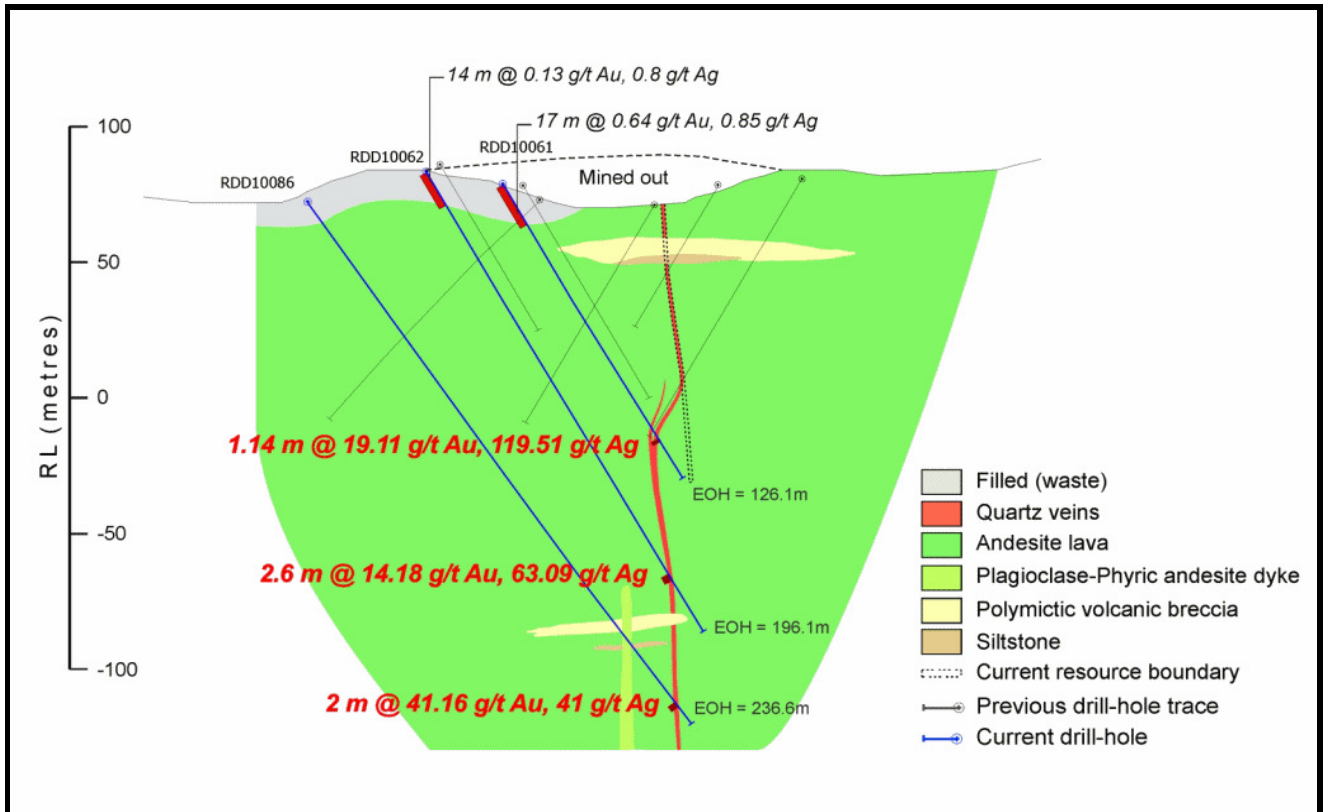
**Resources**

With the commissioning of a new and extensive drilling program, it has been decided to defer a resource update until all the data from this program is to hand and can be incorporated into the modelling. The Company expects to be in a position to publish a revised resource statement in the second quarter of 2011.

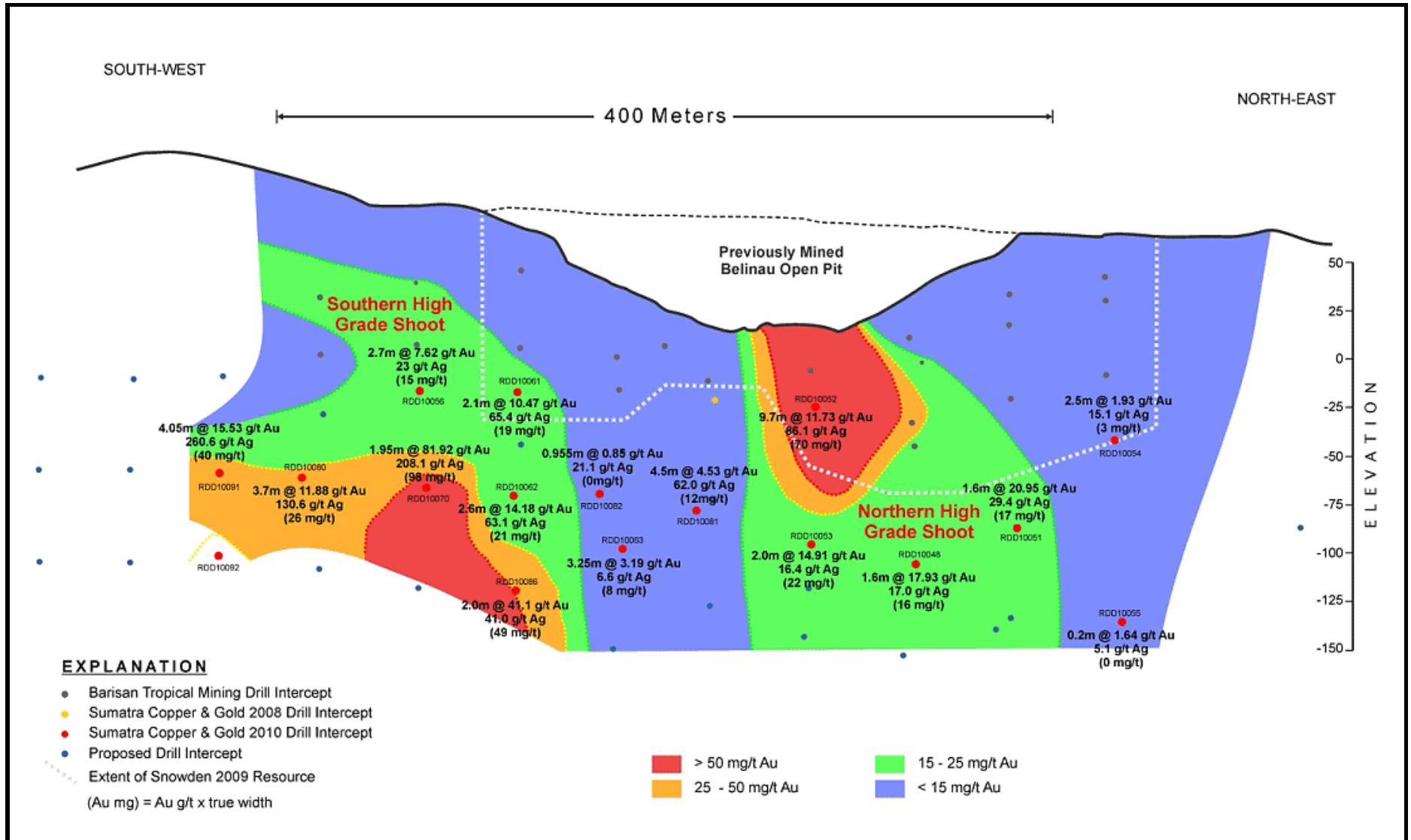
Preliminary indications suggest there will be an increase in the gold content in the vein resources and a significant enhancement of grade. This is consistent with our perception that the nature of Tembang is changing with the discovery through further drilling of higher grade zones at depth, particularly at Belinau. However, a more rigorous review of the geological model based on the results of the surface geological mapping is likely to result in a material reduction of inferred halo resources.



**Plan of Tembang Drilling Program**



Belinau Drill Section through RDD 10086



Long Section through Belinau Showing Drill Pierce Points and Grade Thickness

**Tembang 2010 Resource Drilling Significant Intersections Au >0.35g/t from 12 July 2010 to 28 September 2010**

Hole No	Location	Type	From	To	Length	Au g/t	Ag g/t	Comments	
RDD10071	Daniel		<b>BARREN HOLE (Some minor narrow low grade mineralisation)</b>						
RDD10072	Merin	Vein	59.70	61.70	2.00	0.97	22.9		
RDD10073	N.W. Plant site		<b>BARREN HOLE</b>						
RDD10074	Bujang	Vein	12.00	15.00	3.00	0.33	54.0	Includes 1.75m <0.35g/t Au	
RDD10074	Extended Bujang	Halo	45.00	47.00	2.00	0.80	3.7		
RDD10075	Extended Bujang	Halo	34.90	36.00	1.10	1.28	17.2	Includes 0.8m <0.35g/t Au	
RDD10076	S.E. Berenai		<b>BARREN HOLE</b>						
RDD10077	Merin	Halo	64.00	66.00	2.00	0.34	2.1	Includes 1m <0.35g/t Au	
RDD10078	Nuri/Berenai	Nuri Vein Berenai	137.00	138.25	1.25	1.10	6.0		
RDD10078	Nuri/Berenai	Vein Berenai	164.40	166.30	1.90	3.29	2.7	Includes 1m <0.35g/t Au	
RDD10078	Nuri/Berenai	Vein	169.80	180.50	10.70	1.10	4.5	Includes 1m <0.35g/t Au	
RDD10079	Jenih		<b>BARREN HOLE (Some minor narrow low grade mineralisation)</b>						
RDD10080	Belinau	Vein	159.60	163.30	3.70	11.88	130.6		
RDD10081	Belinau	Halo	166.70	170.40	3.70	3.44	4.1		
RDD10081	Belinau	Halo	173.40	174.40	1.00	2.00	2.7		
RDD10081	Belinau	Vein	182.70	187.20	4.50	4.53	69.0	Includes 1m <0.35g/t Au Includes 0.25m <0.35g/t Au	
RDD10082	Belinau	Vein	180.25	181.20	0.95	0.85	21.1	Au	
RDD10083	Merin		<b>BARREN HOLE</b>						
RDD10084	Merin		<b>BARREN HOLE</b>						
RDD10085	North Aidit	Halo	29.00	30.00	1.00	4.16	9.7		
RDD10085	North Aidit	Vein	35.50	35.75	0.25	10.30	44.9		
RDD10085	North Aidit	Vein	84.60	87.75	3.15	0.48	1.3	Includes 1m <0.35g/t Au	
RDD10086	Belinau	Vein	226.75	228.75	2.00	41.16	41.0		
RDD10087	Tembang	Halo	39.00	40.00	1.00	0.51	48.6		
RDD10087	Tembang	Halo	53.00	59.00	6.00	0.38	8.0	Includes 2m <0.35g/t Au	
RDD10087	Tembang	Halo	123.00	124.00	1.00	0.55	3.5		
RDD10087	Tembang	Halo	149.00	150.00	1.00	0.62	2.4		
RDD10087	Tembang	Vein	153.10	155.00	1.90	1.06	2.5	Includes 1.1m <0.35g/t Au	
RDD10087	Tembang	Halo	158.00	159.00	1.00	0.71	2.1		
RDD10087	Tembang	Halo	166.00	168.00	2.00	0.81	2.8		
RDD10088	N.Anang	Halo	4.60	11.80	7.20	0.35	1.4	Includes 2.9m <0.35g/t Au	
RDD10088	N.Anang	Vein	24.00	25.60	1.60	0.39	66.6	Includes 0.7m <0.35g/t Au	
RDD10088	N.Anang	Vein	28.60	31.00	2.40	3.49	127.0		
RDD10088	N.Anang	Vein	86.80	89.00	2.20	4.73	13.0		
RDD10088	N.Anang	Halo	99.00	102.00	3.00	0.49	2.0		
RDD10089	N. Belinau		<b>BARREN HOLE (Some minor narrow low grade mineralisation)</b>						
RDD10090	Jenih	Halo	28.00	30.50	2.50	0.55	4.6		
RDD10090	Jenih	Halo	55.00	56.00	1.00	2.44	1.8		
RDD10090	Jenih	Vein	93.20	95.60	2.40	0.98	55.5		
RDD10090	Jenih	Vein	152.00	155.65	3.65	4.12	7.6	Includes 0.85m <0.35g/t Au	
RDD10091	Belinau	Vein	159.10	163.15	4.05	15.53	260.6		

## Summary

Managing Director, Jocelyn Waller, comments: "We are well advanced in our 10,000 metre program at Tembang which continues to bear fruit with further excellent results at Belinau and more recently at Jenih. We particularly look forward to testing the core of the Tembang system at depth once the larger rig is on site. At this stage we have decided to defer the resource upgrade until all the data from the current drilling program is available.

With drilling also due to start at Sontang we are excited at the prospect of having three drill rigs working and believe this will provide the market with regular and comprehensive news flow."

## Other

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Matthew Farmer, geologist, who is a member of the Australian Institute of Mining and Metallurgy. Matthew Farmer is an employee of the Company who 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 the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Matthew Farmer has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

For further information please contact Warwick Morris, Peter Nightingale or Richard Edwards on +61 2 9300 3377.

Yours sincerely



Warwick Morris  
Chairman

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