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Dears Sirs

High grade nickel intersections recorded in recent drilling

Murrin North, 2 metres averaging 4.66 % nickel

Waite Kauri, 21 metres averaging 2.11% nickel

The Company is pleased to announce results from a recently completed RC drill programme. The work was undertaken on four of the Company's project areas in the Murrin Murrin region of WA.

The drill programme has advanced the conversion of the Company's nickel and cobalt rich resources from inferred to indicated resource status and identified new areas with potential to expand the resource.

The 2780 metre RC vertical drill programme was completed in May. The majority of the programme comprised infill drilling at the Murrin North project, located four kilometres North West of the Murrin Murrin Nickel Refinery.

Details of the programme and significant drill intercepts are as follows.

Murrin North

A total of thirty two holes for 1467 metres of infill drilling was undertaken over the Murrin North resource. The drill line spacing, over the resource, is now at 200 metres with lines cleared to 100 metres in anticipation of further drill work.

The programme was designed to test continuity of high grade nickel mineralisation over a strike length of two kilometres and up 200 metres width. The results obtained have confirmed the previous high grade results in a number of zones as well as delineating the resource boundaries which will assist with future resource definition drilling.

A significant high grade intercept of **2 metres, averaging 4.66% nickel**, within an 11 metre interval averaging 1.96% nickel was recorded in hole MNRC090. The nickel mineralisation occurs within oxidized olivine cumulate ultramafic above fine grained basalt and sediments. The intercept coincides with an exceptionally high copper value of 0.73%. Samples of the high grade material have been sent for petrology examination. A further infill drilling programme, to upgrade the resource to indicated status, is planned for the next quarter.

Murrin North Project			1% Nickel Cut Off				
Hole	Northing	Easting	From	To	Intercept	Nickel %	Cobalt %
MNRC074	6820524	388016	24	31	7	1.25	0.07
MNRC075	6820562	387952	24	32	8	1.65	0.10
MNRC085	6821099	388562	16	18	2	1.24	0.02
MNRC086	6821156	388514	28	38	10	1.12	0.12
MNRC089	6821282	388671	43	51	8	1.20	0.08
MNRC090	6821364	388596	35	46	11	1.96	0.05
Including			35	37	2	4.66	0.05
MNRC092	6821408	388822	34	40	6	1.12	0.07
MNRC093	6821466	388767	33	36	3	1.17	0.09
MNRC096	6821498	389012	25	35	10	1.26	0.08

Mt Kilkenny

Six drill holes totaling 374 meters were drilled at various locations at the Mt Kilkenny project. Five holes were located on the main Mt Kilkenny ultramafic and one hole was positioned on an ultramafic unit two kilometers west of the Mt Kilkenny resource. All of the holes were located outside of the previously reported Mt Kilkenny North indicated resource.

The selected drill sites were designed to test for potential zones of nickel laterite mineralisation, where previous drilling was considered to be too shallow. Three of the holes intersected significant nickel laterite mineralised zones that will require follow up drilling.

MKC0123 is located 200 metres north of the Mt Kilkenny North resource and indicates potential to expand this resource.

The intersection of near surface high grade nickel laterite within holes MKC0124 and MKC0125, on the southern ultramafic has identified a potential new zone of nickel mineralisation. These two holes, which are 750 metres apart, have the potential to add significant tonnes to the Mt Kilkenny project. Planning is underway for a programme to test this area in the next drilling campaign.

Mt Kilkenny			1% Nickel Cut Off				
Hole	Northing	Easting	From	To	Intercept	Nickel %	Cobalt %
MKC0123	6787449	283774	47	55	8	1.14	0.06
MKC0124	6784501	383457	10	27	17	1.40	0.10
MKC0125	6782893	383656	2	18	16	1.14	0.04

Camelback North

The Camelback North area is an extension to the Camelback resource, which forms part of the Eucalyptus project. A total of twelve holes for 393 metres were drilled to test the continuity of the high-grade nickel laterite mineralisation near an earlier drill intercept of 24 metres at 1.47% nickel.

The results shown below provide further evidence that the high grade nickel and cobalt mineralisation at Camelback extends for at least 1500 metres to the north of the main deposit and is up to 150 metres wide. Future drilling will focus on upgrading the Camelback North zone to indicated status.

Camelback North

1% Nickel Cut Off

Hole	Northing	Easting	From	To	Intercept	Nickel %	Cobalt %
EBC0218	6769613	423746	17	19	2	1.10	0.70
EBC0221	6769416	423815	31	50	19	1.32	0.12
ECB0222	6769225	423863	6	16	10	1.26	0.13
EBC0226	6768412	423987	19	32	13	1.46	0.14
EBC0227	6768413	424013	18	27	11	1.40	0.14

Eucalyptus West

A total of ten holes for 341 metres were drilled to test for extensions to the high-grade nickel laterite mineralisation intersected with previous drilling. The earlier drill intercepts include 32 metres at 1.42% nickel and 10 metres at 1.36% nickel. The mineralised zone is approximately 600 metres in length and up to 100 metres width. Results from the drilling are listed below.

Eucalyptus West

1% Nickel Cut Off

Hole	Northing	Easting	From	To	Intercept	Nickel %	Cobalt%
EBC0205	6768797	421063	2	6	4	1.08	0.07
EBC0207	6768697	421065	7	13	6	1.10	0.06
EBC0207	6768697	421065	19	28	9	1.05	0.06
EBC0208	6768602	421076	14	21	7	1.12	0.11
EBC0208	6768602	421076	33	36	3	1.26	0.11
EBC0211	6768496	421067	7	21	14	1.34	0.11
EBC0212	6768391	421095	4	15	11	1.20	0.10

Waite Kauri

The drill programme at Waite Kauri was aimed to gather samples for screen upgrade test work. Holes were selected over known high grade and low grade nickel laterite mineralisation. WKRC301 recorded a significant intercept of **21 metres grading 2.11% nickel and 0.10% cobalt** from surface. Analytical results, from the one metre splits, are shown in the following table. Both the coarse and fines from the screening work have been submitted for analysis. Results from this screening work are pending.

Waite Kauri

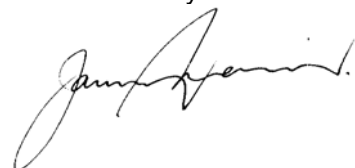
1% Nickel Cut Off

Hole	Northing	Easting	From	To	Intercept	Nickel %	Cobalt %
WKRC301	6827089	374698	0	21	21	2.14	0.10
WKRC304	6827194	374227	4	8	4	1.17	0.05
WKRC304	6827194	374227	15	17	2	1.00	0.05

Planned Work Programme

The Company has an ongoing programme of drilling to improve and expand its nickel laterite resources with particular emphasis on its high grade areas. In addition to next planned infill and expansion drilling at Murrin North and Mt Kilkenny, the Company intends to fly high resolution aeromagnetics over the Eucalyptus Project to aid future resource drilling at that project.

Yours sincerely



JAMIE SULLIVAN
Managing Director