

ASX SHAREHOLDERS REPORT

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Paulsens operational

Construction of processing facilities at the Paulsens Gold Mine has been successfully completed and ore treatment has commenced.

Initial commissioning of the 250,000 tonne per annum plant has proceeded smoothly, although action is currently being taken to rectify a malfunctioning seal within the contract crushing plant.

After building carbon gold loadings to optimum levels the first gold pour is anticipated in approximately seven days.

Underground development continues to progress well with access to the orebody now established on six levels. Over 30,000 tonnes of development ore have been stockpiled at surface, representing approximately six weeks of plant throughput.

Paulsens has been brought into operation on budget and with the plant forecast to achieve design capacity by the end of June, the Company is positioned for a strong operational performance in the September 2005 quarter.



Brett Lambert
Chief Executive Officer

23 May 2005