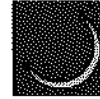


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23 October 2003

AUSTRALIAN STOCK EXCHANGE LIMITED
Via Electronic Lodgement

Number of Pages: 2

Dear Sirs

UPDATE ON DRILLING AT BLAIR MINE

The Company is pleased to provide the following update on the program of underground diamond drilling recently conducted at its 100%-owned Blair nickel mine near Kambalda, following the receipt of assay results.

Underground hole BU7-27 was drilled from the 1048 m level to obtain geotechnical information along the alignment of the proposed cross-cut access that will link the existing decline with the stage 1 mine development at Area 57, and to confirm in-situ nickel grades within the Area 57 ore reserve. The hole returned a **1.81 metre intersection of massive and stringer sulphides in the Area 57 body assaying 4.32% Ni**. Assay results for this hole <1% Ni are tabulated below. The intersection confirms in-situ nickel grades and is higher in tenor when compared to adjacent intersections in hole AMDD008 (0.4 m @ 4.2% Ni) and AMDD009 (1.5 m @ 4.07% Ni).

ASSAY RESULTS FROM UNDERGROUND DIAMOND HOLE BU 7-27

Hole	AGD-84 coordinates				Final	Downhole Intersection (>1% Ni)			
	Northing	Easting				From (m)	To (m)	Length (m)	Ni (%)
ID			Dip	Azim	Depth				
BU7-27	6579173	377111	9.4+	219.6	269.20	233.00	233.52	0.520	4.47
						233.52	234.42	0.900	4.98
						234.42	234.81	0.390	1.96
					Average*	233.00	234.81	1.81	4.32

* Weighted for length and SG

Underground hole BU 7-28 was drilled from same level as BU7-27 to test a target 50 metres above an ore reserve block within a portion of the 01 ore surface known as L shoot. Only minor sulphides were intersected at the 01 surface in this hole. A downhole EM (DHEM) survey in this hole to identify potential off-hole massive sulphide conductors up dip and down dip of BU7-28 will form part of a future program of DHEM in a number of underground diamond holes.

Future Program

A program of pre-collared diamond drilling is scheduled to commence at the **Blair South** and **Blair West** nickel prospects next week ahead of an extensive program of surface and downhole EM at various targets to be conducted over the next two months.

Yours faithfully

A handwritten signature in black ink, appearing to read 'DD Boyer', written in a cursive style.

DD Boyer
Managing Director

Mr D Boyer, CPGeo, FAusIMM, an executive director of Australian Mines Limited, compiled the technical aspects of this report. Mr Boyer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 1999 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Boyer consents to the inclusion in the report of the matters reported on in the form and context in which they appear.