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ASX RELEASE

GRAYNIC LOOKS TO EARLY COPPER PRODUCTION AT QUARTZ CIRCLE

HIGHLIGHTS

- *A small but high-grade copper resource occurs at shallow depth at Quartz Circle*
- *The deposit has an average grade of around 4.6% Cu but spectacular historic results include*
    - ***2m @ 46%Cu, 1.5 g/t Au, 231 g/t Ag***
    - ***3m @ 47% Cu, 1.5 g/t Au, 298 g/t Ag***
- *The resource is potentially valuable at current prices and a small mining operation could bring a significant cash flow in the short term*
- *A scoping study is underway with a view to early mining of this deposit*
- *Simultaneous exploration for a large base metal deposit nearby will be stepped up in the light of recent drilling success*

Graynic is actively exploring for copper, lead and zinc at its Quartz Circle Project near Nullagine, East Pilbara and has recently announced some exciting drilling intersections, including 52m grading 4.3% zinc. The Company believes a large base metal deposit could be present in this area and is planning an aggressive follow-up program for the coming quarter. Details of this program will be announced soon.

At the same time the Company is to evaluate a small, near-surface copper deposit within the project area. This deposit, which was first recognized by Pan Continental in 1992, has previously been estimated as an inferred resource of about 120,000 tonnes of copper ore grading 4.6% Cu. Historic drill results include:

PAN 1	16m @ 10.9% Cu, 1 g/t Au
incl	*2m @ 46% Cu, 1.5 g/t Au, 231 g/t Ag*
PAN 2	21m @ 4.0% Cu
PAN 15	4m @ 3.43% Cu
PAN 17	3m @ 47% Cu, 1.5 g/t Au, 298 g/t Ag

The mineralisation occurs as a discrete pod at a depth of between 21m and 48m from the surface and consists of native copper, malachite, and chalcocite. In the present market this copper resource is potentially valuable and could provide the Company with a significant cash flow.

The Company intends to carry out a scoping study including a preliminary mining plan and various processing/toll treatment options for these products with a view to commencing a mining operation as soon as possible.

To enable copper reserves to be formally estimated and to provide material for metallurgical studies a 500m diamond drilling program consisting of 10 vertical holes has been commissioned and is expected to commence in about four weeks time.

Ron Thom
Managing Director
24 May 2006

The information in this report that relates to the Exploration Results, Mineral Resources or Ore Reserves of the projects owned by Graynic Metals Ltd is based on information compiled by Mr Ron Thom, who is a Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Thom consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.