

ASX Release

14 May 2008

Graynic: Quartz Circle Results

Key Points

- Surface sample programme confirms potential for significant zinc mineralisation at the Emperor Prospect, Quartz Circle;
 - Desktop review of copper deposit at Igloo copper Prospect underway;
 - Graynic plans drilling programme at Quartz Circle Project.
-

Graynic has recently completed a detailed surface sample program over the Emperor zinc Prospect along with re-logging of diamond drill core from both the Emperor zinc and Igloo copper Prospects.

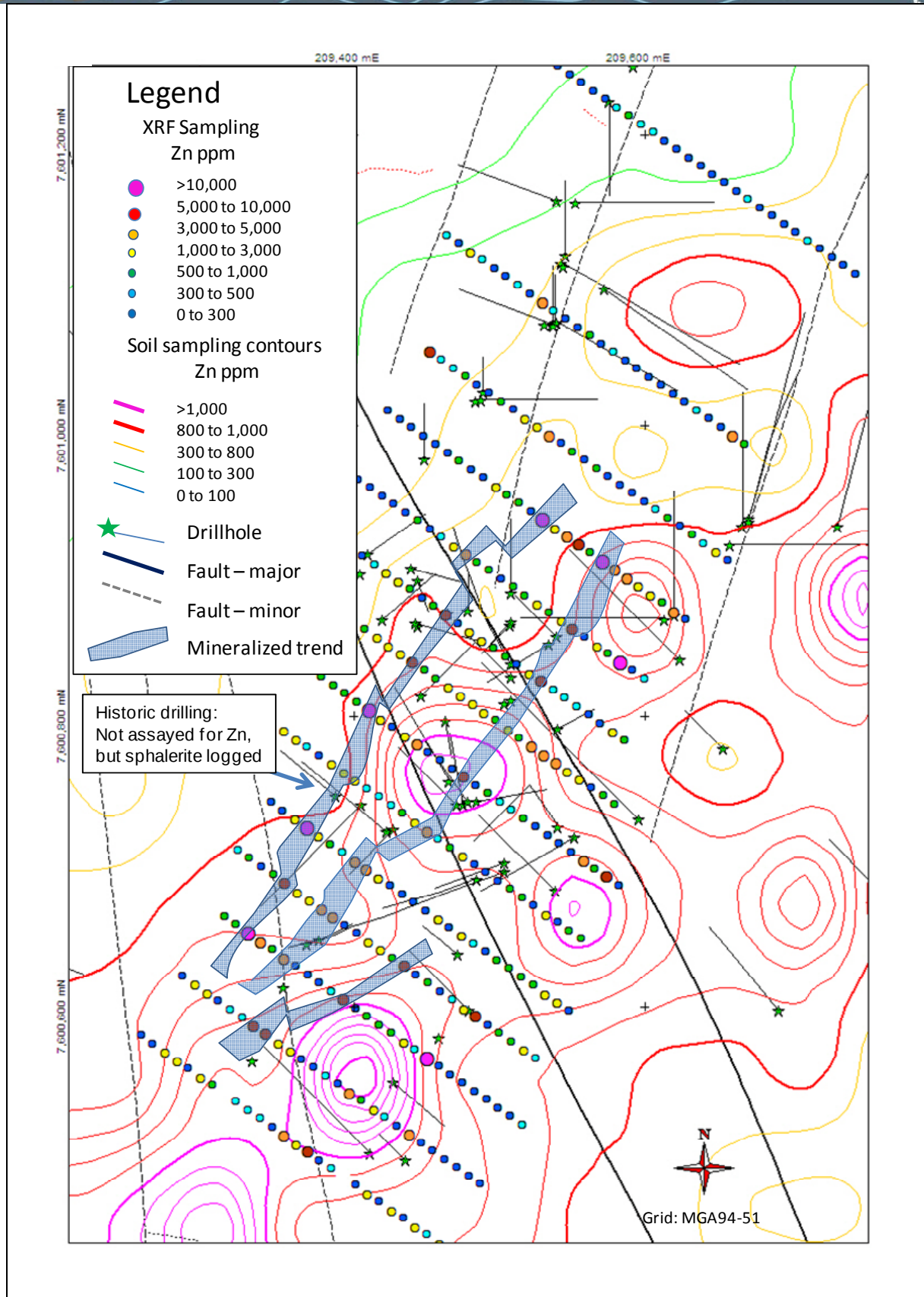
Results from the program and data compilation are particularly encouraging and have provided a new understanding of the Quartz Circle Project. The programme was the culmination of a comprehensive 6 month data compilation and interpretation of the Quartz Circle Project which has confirmed the potential for significant mineralisation at the Emperor zinc Prospect.

A close spaced surface sampling program (10m sample intervals on 100m spaced lines) was conducted at the Emperor Prospect in March 2008 over the broad surface geochemical anomaly using a Niton® XL3t portable "XRF" analyzer¹. A number of strong northeast-trending anomalies were defined, with one extending over 5 lines. To ensure validity of the original survey, a second survey involving 50m infill lines was completed on 11 May 2008 and confirmed the target as real.

The best anomaly shows values of greater than **1000ppm Zn** over every line including persistent values above **5000ppm Zn**. The anomalous values extend over 20-50m along the lines, with very high values (**greater than 1% Zn**) coincident with high manganese along cross-cutting north-northeast structures.

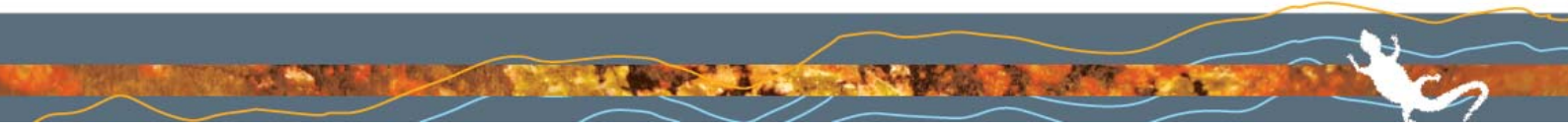
A drill program is currently being planned and discussions with drilling contractors are in their final stages, with an announcement to be made in due course on the commencement of the drilling programme. The drilling programme will utilize the information gathered through the recent surveys and data review to test targets at the Emperor Prospect and provide further information on the Igloo copper Prospect.

¹ Disclaimer: The estimates of zinc grade at Emperor referred to in this release are based on multiple readings using a Niton XL3t portable analyser including a quality control procedure involving analysis of standards, duplicates and blanks to ensure validity of readings. While Graynic believes the Niton estimates are indicative of the grades contained within the prospect area the Company makes it clear that the Niton results are not based on formal assays and are therefore estimates of zinc grades.



Emperor Zinc Prospect

XRF Results over contours of historic soil sample results



Emperor Zinc Prospect – Data Compilation and Review

Three-dimensional integration of drilling, regional and project-scale magnetics, gravity (including a 3D inversion), Induced Polarisation (IP) and surface geochemical sampling has resulted in renewed confidence that there is the potential for a significant mineralized body at the Emperor Prospect.

The Emperor Prospect was originally defined in the 1970s by Alcoa as a strong northeast-trending surface geochemical anomaly. This anomaly was subsequently followed up with IP on northwest orientated lines which defined a number of broad chargeable anomalies. Drill testing of this prospect has continued periodically over the past 30 years with a number of significant results (including ALCO019 **17.74m@16.06% Zn** from 46m and GMRC068 **12m@5.48% Zn** from 76m). However the controls on the mineralization have never been well understood owing to conflicting geological data gained from drilling and outcrop, resulting in varying drill orientations.

Review of the longitudinal-section of this mineralized trend shows a number of mineralized intersections in drilling (including ALCOA19, ALCOA26, and GMD21) and coincident chargeable IP anomalies, but no holes that actually test the trend at the optimal angle (two historically drilled holes were drilled perpendicular to strike but were not assayed for zinc, even though geological logging noted the presence of sphalerite). The dip of the potential body remains uncertain as historic drilling provides obscure orientations, however there is indication that a dip to the northwest is possible, which has not been considered previously.

Graynic has previously completed drilling at the Emperor Prospect with the best previously announced down-hole intersections of **16m @ 5.19% Zn** from 50m in GMD21, **44m @ 2.1% Zn** including **12m @ 3.7% Zn** in GMRC34 and **4m @ 6.67% Zn, 39 g/t Ag and 0.47 g/t Au** from 176m in GMRC36.

Igloo Copper Prospect – Data Compilation and Review

In addition to the exploration at the Emperor Prospect, Graynic is assessing a small, near-surface copper deposit at the Igloo Prospect. The mineralisation is mainly oxidised and includes chalcocite, native copper and malachite occurring as a discrete pod of mineralisation at a depth of between 25m and 50m from surface. A small zone of primary chalcopyrite also exists below the base of oxidation. This deposit, which was first recognized by Pancontinental in 1992, has returned historic drill results that include **2m @ 46%Cu, 1.5 g/t Au, 231 g/t Ag and 3m @ 47% Cu, 1.5 g/t Au, 298 g/t Ag**.

A desktop review is now being undertaken to determine the potential for an economic outcome. The planned drilling programme will enable the calculation of a JORC compliant resource.

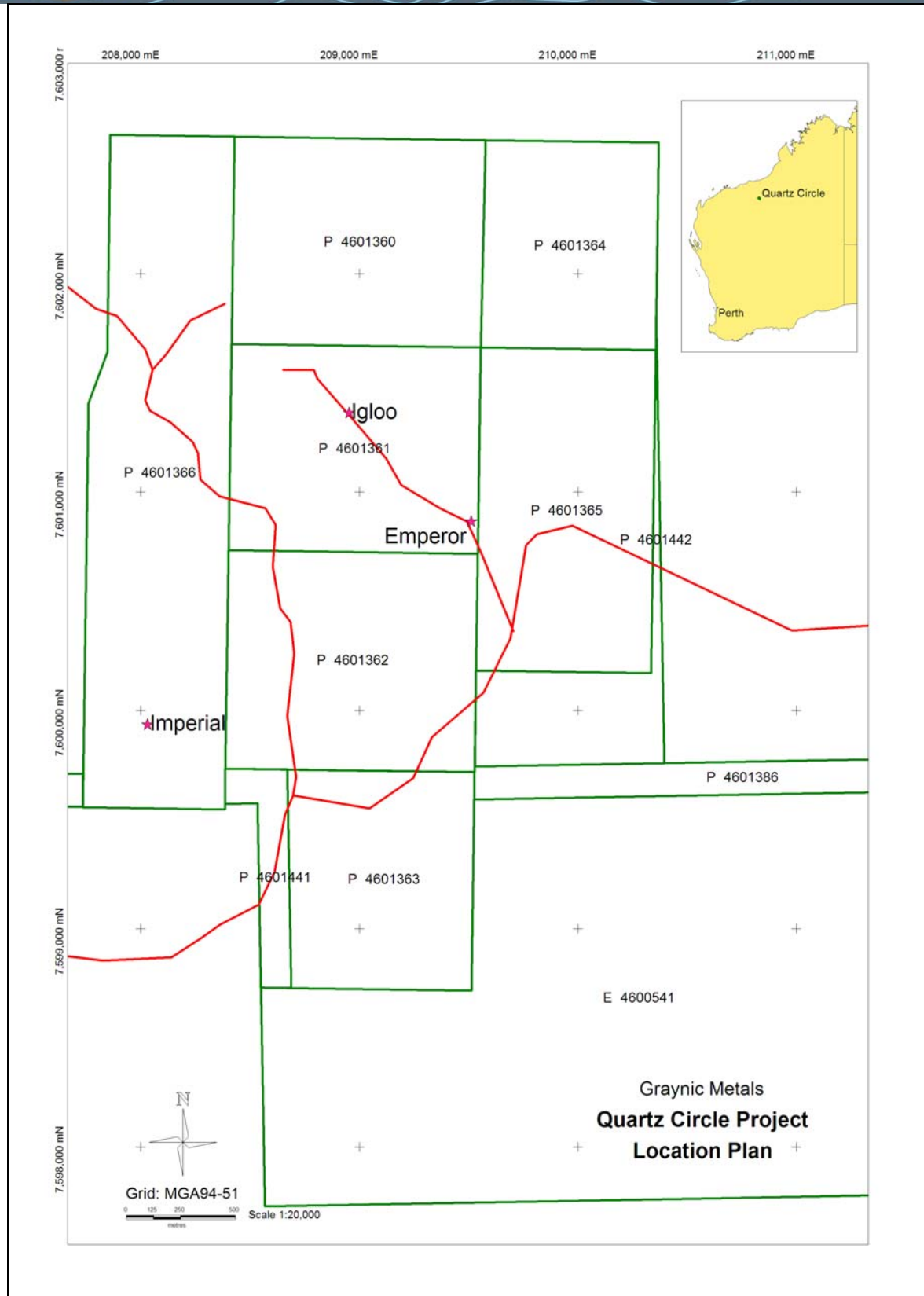
QUARTZ CIRCLE BACKGROUND

Overview

The Quartz Circle project, located 25km north-northeast of Nullagine in the East Pilbara District of Western Australia, consists of 2 exploration licences and 11 prospecting licences totaling 66.88km². The project area has been historically prospected for gold and base metals.

Exploration at Quartz Circle commenced in about 1971 and has been episodic rather than continuous and although there have been some good base metal intersections there has long been uncertainty about the nature of the target deposit and its likely size. A summary of exploration since 1971 is shown below:

Date	Company	Activities
1971-1973	Placer Dome Exploration	Cu Focus- Mapping, Stream and Soil Sampling
1976-1978	Alcoa Australia	Base metal Focus- Mapping,, RC and Diamond Drilling
1981	G.J. Hutton	Au Focus-Au assaying, RC drilling
1982	Penarroya	Rock Chip Sampling
1982-1983	BHP	Stream & Rock Chip Sampling, Airborne reconnaissance, Re-logging
1983-1985	Clackline Refractories/RGC Ltd	Soil Sampling, RC drilling, Structural Mapping
1987	Renison Goldfields Consolidated Exploration	Detailed 1:5000 Mapping, Rock Chip sampling, Structural Analysis, RC Drilling
1989	Herald Resources	Project Review
1989-1995	Pancontinental Resources	Mapping, Soil and Rock chip sampling, RC Drilling, SIROTEM and Gravity Survey, Pb Isotope Analysis, Petrographic analysis
1995-1998	RGC Resources	Au Focus. Gridding, Soil Sampling, Ground Magnetics, RC & Diamond Drilling
1997	Herald Resources/ RGC Resources JV	Resource Estimation
2003	MIM Exploration	MIMDAS Survey, Petrographic Analysis
2004	Cazaly Resources Ltd/ Straits Resources JV	Diamond Drilling
2004	Cazaly Resources Ltd	RC Drilling
2005	Graynic Metals Ltd	Aeromagnetic Survey
2005	Graynic Metals Ltd	RC and Diamond Drilling
2006	Graynic Metals Ltd	Electromagnetic Survey and RC and Diamond Drilling
2007	Graynic Metals Ltd	Gravity Survey and RC Drilling



Enquiries:

Bronwyn Barnes
Managing Director
08 6364 0518
0417 093 256
bronwyn@graynicmetals.com.au
www.graynicmetals.com.au

James Moses
Fortbridge Consulting
0420 991 574
James.moses@fortbridge.com

Competent Person Statement: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves was compiled by Mr. Mark Fletcher, who is a member of the Australian Institute of Geoscientists. Mr. Fletcher has sufficient experience which is relevant to the style of mineralization 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 Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mark Fletcher, who is a full-time employee of Graynic Metals Ltd, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.