ABN 31 109 933 995

11 February 2010

The Manager Companies
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

HALF YEAR RESULT GUIDANCE

The current half-year financial results for the period ending 31 December 2009 are estimated to be an overall loss of $1.1 million compared to the $4.5 million profit for the previous corresponding period (31 December 2008). For the period the Company maintained an operating profit, albeit reduced, of $3.1 million which is consistent with the Company's previous advice that the Que River Mine was moving to lower grade, higher cost ore sources. This planned ore trend has contributed to a $1.1 million drop in ore sales revenue from $11.7 million to $10.6 million for the comparable periods.

Other aspects to contribute to the forecast loss include:

- Hellyer Mill maintenance and environmental management costs during the period of approximately $1.0 million;
- Exploration expenditure write-offs of $0.8 million following review of the Company's tenement holdings and relinquishment of several non-core tenements; and,
- Hedging losses of $0.9 million due to overall higher zinc and lead prices. As only portions of payable metal are hedged the price increases have significantly off-set the revenue reduction due to lower mined grades.

These pro-forma financial results presented below are subject to Audit Review and comprise management's estimate of the expected half-year result.

	Estimated December 2009	**Actual December 2008**
	$M	$M
Sales revenue	10.6	11.7
Operating costs	(7.5)	(7.4)
Operating profit	**3.1**	**4.3**
Other income	0.1	0.2
Net gain/(loss) on derivative financial instruments	(0.9)	1.7
Write-off of capitalised exploration and evaluation expenditure	(0.8)	(0.4)
Hellyer Operating Infrastructure – Care and maintenance	(1.0)	-
Other expenses	(1.6)	(1.3)
Profit/(loss) before income tax	**(1.1)**	**4.5**

The final half year financial results are expected to be released before 12 March 2010. The Company looks forward to providing further updates particularly in relation to its new, larger scale high grade polymetallic Fossey Mine and Hellyer Mill developments.

Yours Sincerely

Mike Rosenstreich
Managing Director

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