

19 March 2004

PROGRESS REPORT OF EXPLORATION ACTIVITIES

North Cadia

The Company is currently drilling RC21 in its wide-spaced percussion drill program at North Cadia (Figure 1). During the current program, no intervals of significant mineralisation have been intersected in any holes as yet, but hydrothermal alteration and geochemical anomalies have outlined three relatively constrained target areas with the potential to host significant mineralisation under the basalts. These three areas will be tested with further drilling during the next month.

Drilling has been generally slower than expected, due to thick basalt in places as well as some rig breakdowns.

1. Target A: Drill-hole RC17 returned anomalous gold and copper in oxidised rocks in a 'blanket' about 15 metres thick immediately beneath the basalts from 85-100 m depth. Gold (up to 45 ppb) and copper (350 ppm) are about 10-times background, while the same metals in adjacent holes are also anomalous. We interpret this enrichment as a possible remobilisation of metals from a nearby primary sulphide source. The area remains untested to the south and west.
2. Target B: Hydrothermal alteration associated with porphyry dikes cross-cut volcanic rocks in RC16. This alteration is predominantly 'propylitic' indicative of low fluid volumes, while sulphides are mostly pyrite with trace amounts of chalcopyrite. RC21 is currently testing a continuation of this target. A negative aspect is the relatively thick basalt (> 150 m) in this general area.
3. Target C: Hole RC14, less than 5 km from the Ridgeway mine, intersected strongly altered volcanic rocks with anomalous arsenic, silver and gold (up to 1200 ppm As, 0.7 ppm Ag, 12 ppb Au) over a 130 m interval from 40 m depth. Arsenic is a common pathfinder element in deposits of gold and silver. Circular magnetic anomalies, possibly indicating intrusive centres, will be tested with further holes. Basalt cover is generally thinner in the valley floor (< 50 m) allowing for relatively quick and inexpensive testing.

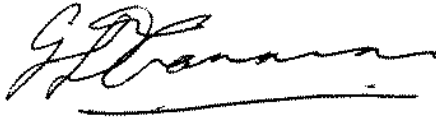
Guyra

The 2000-metre drill program planned for Guyra in March has been delayed due to the continuation of drilling at North Cadia. The Company is attempting to locate additional drilling capacity, but otherwise drilling of the Guyra porphyry system should begin by mid-April.

Brown Mountain

Gossans representing surface weathering of massive sulphides have now been traced in outcrop sporadically for about 6 km along strike of old mining shafts at the southern end of the property in southern NSW. Geochemical results of rock chip sampling along this trend are awaited. An earlier rock chip from one of the old mine shafts returned 15 ppm gold. An additional Exploration Licence Application has been submitted to cover the continuation of the prospective rocks to the south and east.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. D. Carman', with a horizontal line underneath.

Graham D. Carman
Managing Director

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Figure 1: Map of the North Cadia area showing current drill holes and future targets

