



HALCYON GROUP LTD

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JV APPROVES DRILLING PRIORITY NICKEL TARGETS

The Directors of Halcyon Group Ltd (ASX: HCY) are pleased to announce that the outcome of a recent Joint Venture Committee Meeting with Minara Resources Limited (ASX: MRE) has resulted in the approval of over \$300,000 on exploration for Nickel Sulphides at the Bardoc Project. This is the first part of the annual budget for the Joint Venture of which Minara Resources Limited has allocated \$830,000 for 2006.

The activities due to commence late this week include infill ground transient electromagnetic (TEM) surveys in areas such as the Western Zone in preparation for possible drilling later in March as well as infill and extensional drilling in the Number One Target Area with the first hole following up on an off-hole EM conductor coinciding with nickel sulphide mineralisation.

Drilling Program

An initial program of 3 deep Reverse Circulation (RC) drill holes in the Number One Target Area has been approved. A further 3 holes to follow-up any strong TEM anomalies from the program on the Western Zone, the Pride Gossan area and the area North East of Excelsior is on hold until the results of the TEM program have been viewed by the Joint Venture partners.

The first hole will test the off-hole EM conductor located north of HNIC029 which intersected some nickel sulphide mineralisation up-dip and along strike of the target. This hole is testing a target that may possibly have a higher portion of sulphides and therefore higher nickel grades than previously intersected (see attached section).

The second hole will be drilled south of HNIC024 which intersected sulphide mineralisation with 3m @ 0.4% Copper from 212 metres; this coincided with a TEM anomaly. This drill hole is still 200 metres from the first hole with no drilling in between which is a critical consideration in terms of targeting as the Scotia Nickel Deposit is only 75 metres long and could easily sit within this gap.

The third hole is to be drilled 200 metres north of HNIC024 so as to continue the minimal coverage of the basal contact position of the komatiite unit that hosts the Scotia Nickel Deposit within the Number One Target Area.



TEM Program

The Joint Venture partners have approved a round of infill TEM surveys over priority areas identified by the consultant to the Joint Venture, Sarah Dowling who is a renowned Nickel Sulphide specialist involved in the discovery of the Silver Swan Nickel Deposit (~115,000 tonnes of Nickel metal) some 30 kilometres to the east of Bardoc. The program will identify potential zones of higher grade massive nickel sulphide mineralisation before conducting any further drill testing.

The areas selected in the consultant's review include the Western Zone, the Pride Gossan area and an area just north east of the Excelsior Pit.

The Western Zone is characterised by an 800m long EM anomaly with only the 360 metre central section being partially covered by drilling with recent assays of up to 1.2% Nickel and 0.8% Copper and historical intersections of up to 1.6% Nickel and 2.7% Copper.

The Pride Gossan was identified by Amax Exploration (Australia) Inc in 1967 and assayed up to 0.62% Nickel, the follow up percussion and diamond drilling returned a best intersection of 20 ft @ 0.63% Nickel from 35ft below surface. The Gossan compares closely to the Gossan found above the Scotia Nickel Deposit (1.13 Million tonnes @ 3.1% Nickel & 0.3% Copper). This area has not been TEM surveyed previously.

The area North East of Excelsior has three TEM anomalies of which two have had some drilling completed on them. The surface mapping by Sarah Dowling and subsequent drilling indicates the presence of a thick sequence of cumulate textured ultramafics which is a key factor in determining priority drill target areas as evidenced in the Scotia Nickel Deposit some 10 kilometres to the north.

Soil Sampling Program

The recent reviews have identified an area between the Pride Gossan and North East of Excelsior with a magnetic anomaly that may represent an ultramafic flow. The cost effective method of determining the nickel potential of such areas under cover is by conducting a soil sampling program using the MMI (Mobile Metal Ions)-M technique developed by CSIRO geoscientists. Anomalies generated by this process which coincide with TEM responses will then be tested by drilling in the near future. This program has been approved by the Joint Venture and is scheduled to commence at the same time as the TEM and Drilling programs.

This work is part of a joint venture, where by Minara Resources Limited (ASX: MRE) are earning up to 70% of the nickel rights to the Bardoc Project through the expenditure of A\$3.1 million. The Joint Venture remains fully committed to assessing these Target Areas in the belief that it can still successfully locate a meaningful Nickel Sulphide occurrence.

Kind regards

HALCYON GROUP LIMITED

Andrew Radonjic
MANAGING DIRECTOR

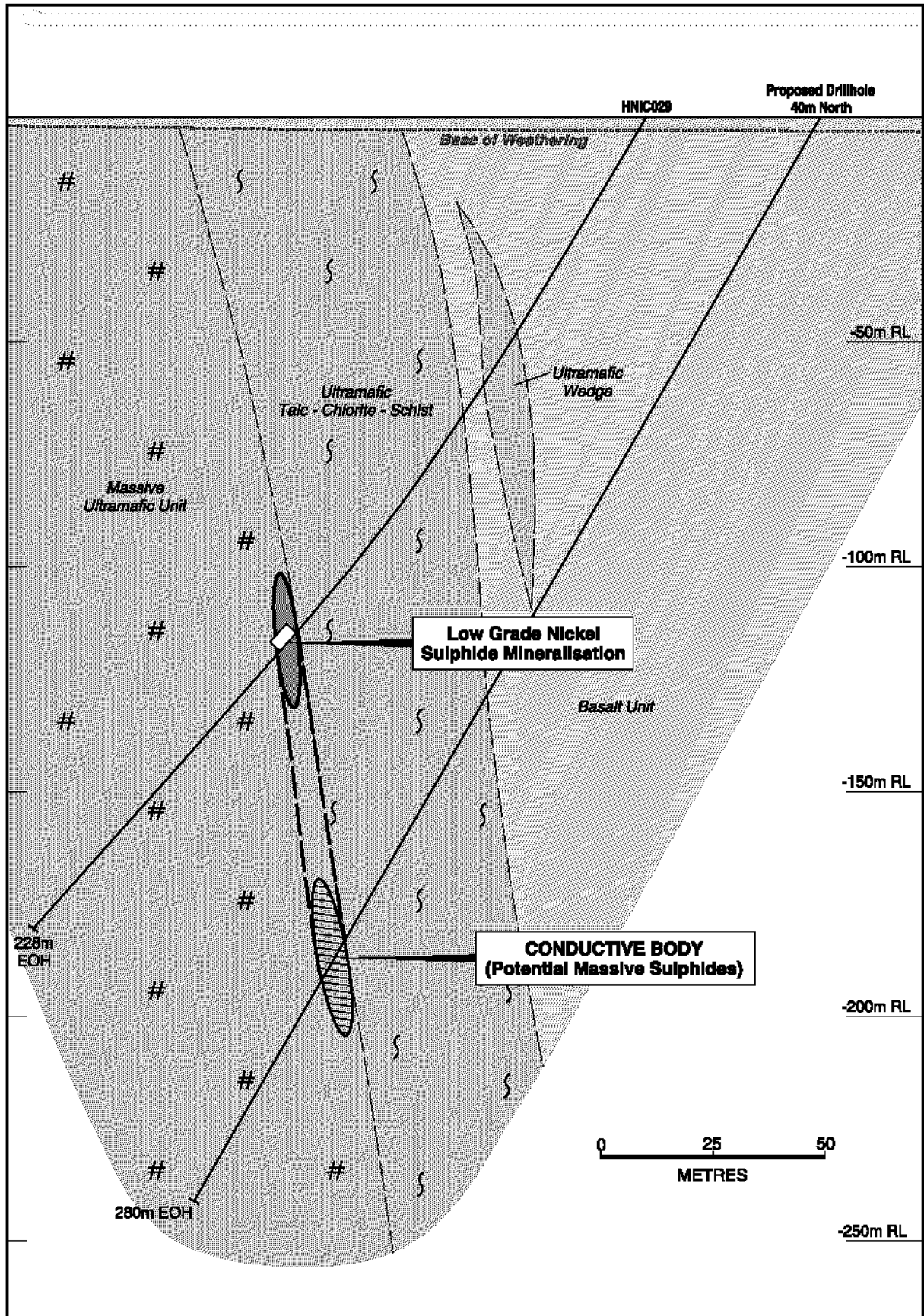
Information in this report pertaining to exploration results was compiled by Mr A Radonjic who is a Member of the Aus.I.M.M. with not less than 5 years experience in the relevant fields, and who consents to the report appearing in the form and context in which it appears.

Information in this announcement pertaining to exploration results was compiled by Andrew Radonjic, the managing director of Halcyon, who is a Member of The Australasian Institute of Mining and Metallurgy.



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BARDOC NUMBER 1 TARGET AREA - CROSS SECTION 6 641 750mN



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SIMPLIFIED GEOLOGY, TENEMENTS AND RECENT DRILL INTERSECTIONS

