
ANNOUNCEMENT
July 26, 2006

**Significant drill intercept east of the Native Youth Reef,
Lefroy Goldfield, NE Tasmania**

Targeted drilling below the City of Launceston workings, east of the Native Youth Reef Prospect, has successfully intersected significant gold mineralisation (below). This result significantly extends the prospective strike length of the Prospect by approximately 100 metres, opening up an exciting new target for the Company.

RC DRILL HOLE LFC095 HIGHLIGHTS

Hole ID	*Easting	*Northing	Dip/ Azimuth	From	To	Interval	Au g/t**
LFD095	498955	5450130	-60/000	116	118	2	13.27

*Coordinates in GDA 94, UTM Zone 55

**Cut off grade 1.00g/t, max 2m consecutive internal dilution

**Analysis by repeat fire assay

BACKGROUND

Located near the centre of the Lefroy Township, the Native Youth Reef was historically mined for approximately 25,000oz from 2.4 metre wide "lode-splay", striking over 400 metres with grades ranging around 30g/t. The Native Youth is located approximately 1,000 metres south of the Pinafore Reef and has returned spectacular grades (previously reported) from approximately 100 metres vertical depth:

LFC021	10 metres @ 3.03g/t Au (including 3 metres @ 4.99g/t Au)
LFC022	14 metres @ 3.38g/t Au (including 3 metres @ 8.13g/t Au)
LFC044	17 metres @ 4.49g/t Au (including 1 metres @ 19.00g/t Au)

SUMMARY

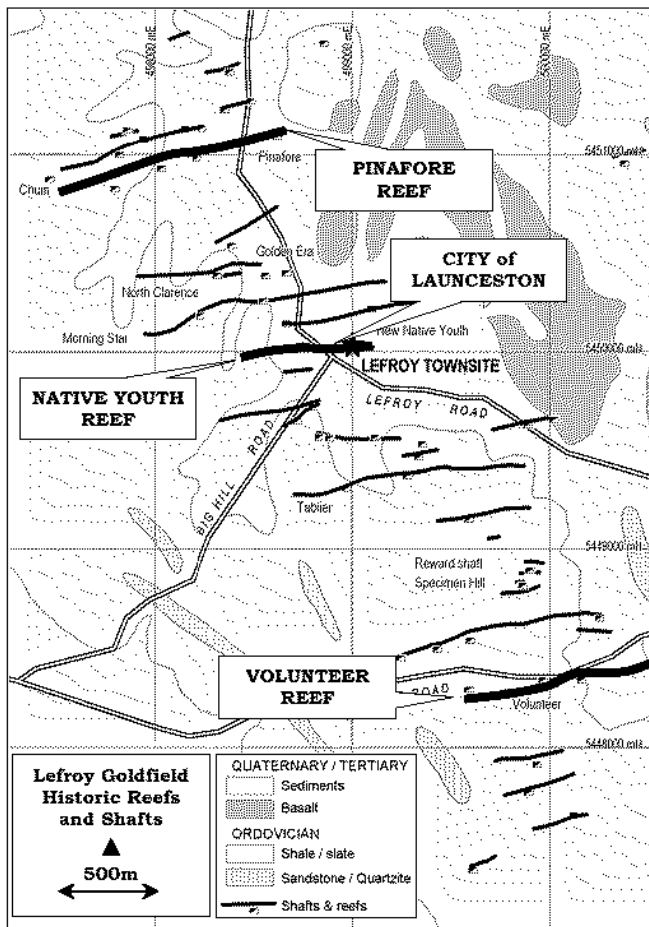
Drilling last Quarter was stepped to the east of known high-grade quartz-sulphide gold mineralisation at the Native Youth Reef line of workings. Drilling unexpectedly intersected extensive mine workings approximately 100 metres along strike, effectively doubling the strike-length of the highly prospective Native Youth line of workings and spatially locating the historic City of Launceston Workings.

Follow up targeted drilling below the projected City of Launceston workings successfully intersected high-grade gold-bearing quartz-sulphide veining within an intensely sheared and altered host rock, beneath the previously mined stoped material.

This result effectively doubles the strike-length of the prospective Native Youth area, previously restricted to the zones of recorded production around the Native Youth Reef main shaft.

The unexpected discovery of unrecorded mine workings at depth at the City of Launceston highlights the potential for limited drilling at the Lefroy Prospect to increase the Company's resource base.

The result also demonstrates that the recorded production for the Goldfield (200,000oz Au at approximately 30g/t Au) represents a minimum figure for gold actually produced from unrecorded historic mine development.



Further interpretation of these results is ongoing.

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Canaris who is a Member of the Australian Institute of Geoscientists. John Canaris is a full-time employee of the Company. John Canaris has sufficient experience which is relevant to the style of mineralisation 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". John Canaris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.