

Dapingzhang Mine

Dapingzhang Mine – An outstanding volcanogenic massive sulphide (VMS) deposit that is potentially world class and will be the driver for the Company’s growth

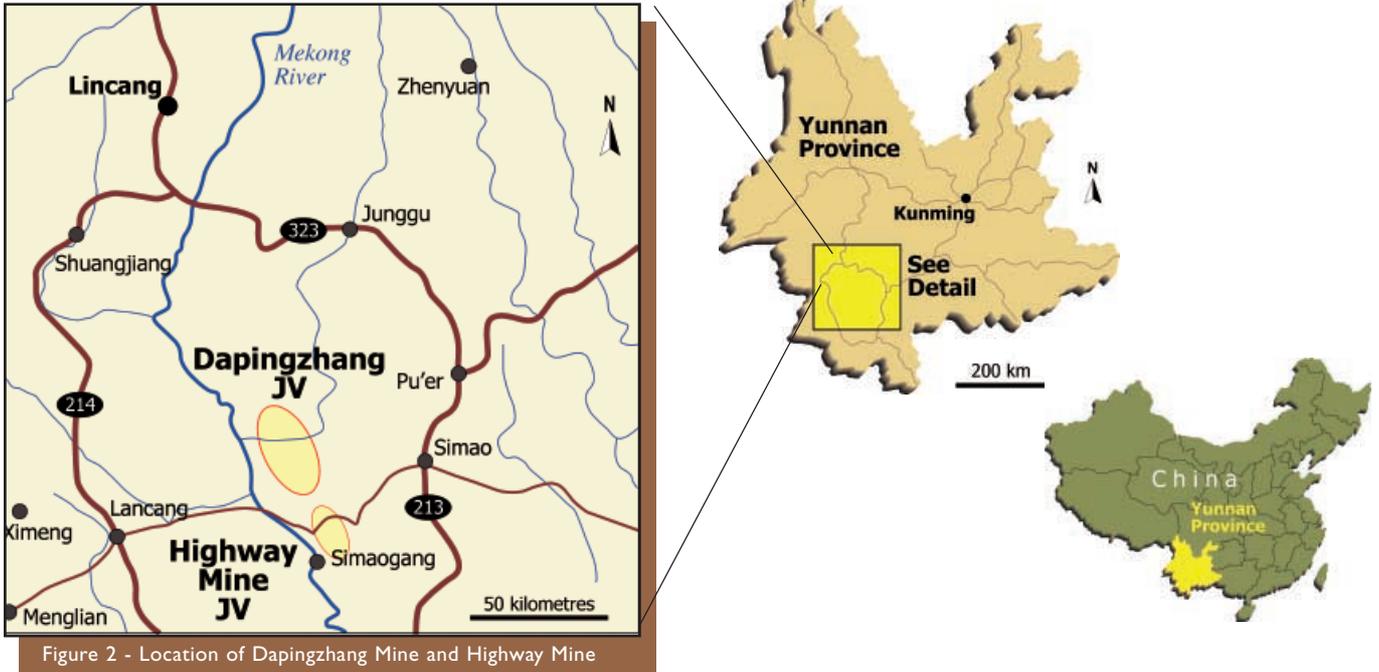


Figure 2 - Location of Dapingzhang Mine and Highway Mine

Summary of Project

The Dapingzhang mine (“DPZ”) is the Group’s first interest in a producing mine, a mine with recoverable copper, zinc, lead, gold and silver. DPZ is located in southwest Yunnan Province in the PRC, some 310 kilometers from Kunming, the provincial capital of Yunnan Province. The mine is connected to the main highway to Simao City by 38 kilometers of ungraded road - see Figure 2. The Group holds a 40% equity interest through a Sino-foreign equity joint venture enterprise with two Chinese partners.

The area consists of rugged topography (approximately 500 meters of relief) at an altitude of approximately 1,200 meters above sea level. The climate is sub-tropical with a rainy season typically from July to September. By Chinese standards the area around DPZ is sparsely populated, mainly by subsistence farmers.

Production commenced in 2004 and it is understood that over 1 million tonnes of ore has been mined from three existing open pits and was processed at four mills (now three) - see Figure 3. In addition, a start-up small heap leach gold operation was used to treat a weathered residue which capped sulphide mineralisation.



Figure 3 - Mills 2, 3 and 4 and Tailings Dam

Dapingzhang Mine

Summary of Project (Continued)

Current production is approximately 2,500 tonnes ore per day, some 700 tonnes less than rated capacity of the three mills on site. Management is now implementing plans to increase throughput capacity to 3,200 tonnes ore per day, which it targets to complete by end of the first quarter of 2007.

Resources

Continuing exploration of the DPZ mine licence has suggested the presence of 4.5 million tonnes of stringer-style mineralisation at an overall grade of 0.65% copper, which can sustain production beneath the current open pit mine for at least the next 4 years - see Figure 4. The combination of production plus existing resources indicates that DPZ is already more than five times the average size of this deposit-type, being a volcanic massive sulphide deposit ("VMS") (based upon the size of 806 known VMS deposits world-wide).

There exists good potential for the location of additional stringer (V2) and massive sulphide (V1) mineralisation within the current open pit area. In addition, exploration drilling has expanded the limits of the K1 and K2 massive sulphide lenses initially discovered by the Company in its preliminary due diligence drilling program. These two lenses are located in close proximity to the existing open pit mine, the northern and eastern limits of these lenses remain open and these lenses are located at depths of ~ 150-200 meters from surface. Also, exploration drilling has located a possible new massive sulphide lens, known as K3 which is located at shallow depths, is located very close to the edge of the existing open pit mine and is readily amenable to extraction by open pit mining. The northern and western limits of the K3 lens remain open and the full limits of this lens are unknown - see Figure 5.

High grade copper and zinc values have been intersected in the K1, K2 and K3 massive sulphide mounds or lenses, which exhibit strong zonation between a copper-rich core and zinc-rich fringe or distal mineralisation. To date the Company's geologists have discovered six favourable horizons for deposition of massive sulphide material within the volcanic rock sequences at DPZ. Four of these horizons are known to host massive sulphides. Exploration work at DPZ is just beginning to hit its stride and is greatly assisted by application of the knowledge learned throughout the rest of the world. Based on rock alteration trends, metal zoning and increasing thicknesses of mound-type marker horizons, we believe that the best results are yet come from our exploration drilling at DPZ.

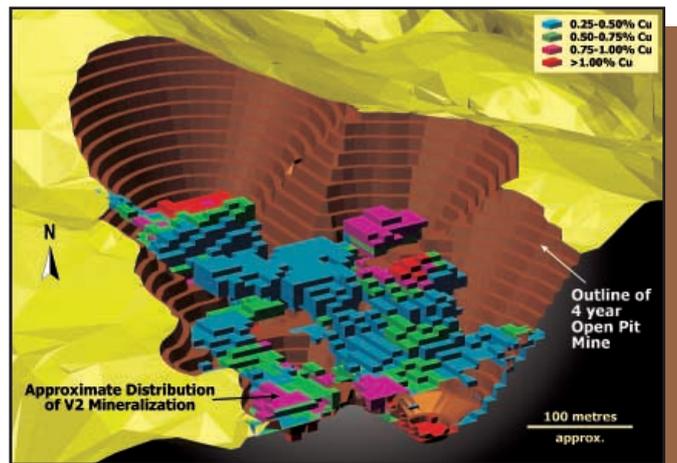


Figure 4 - Open pit model

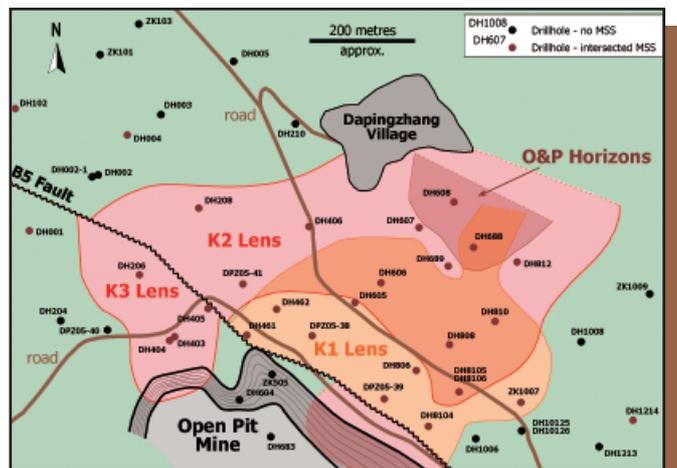


Figure 5 - Mine plan composite

Dapingzhang Mine

Operations

Management has set operating targets for 9 months to end of December 2006 which comprise the following, among others:

- 9 million pounds of payable copper
- Cash operating cost of US\$0.76/pound excluding by product credits
- Ore throughput 2,500 tonnes per day
- Head grade of 0.86%
- Copper concentrate grade of 22-25%
- Copper Recovery (92%)

Processing of the ore comprises a standard crushing-grinding-flotation flow sheet. A ball mill circuit is present in each of the three operating mills. Recovery of the copper minerals is achieved by flotation circuits which produce a copper concentrate from the stringer type mineralisation (V2).

Implementation of the optimisation program is ongoing and is targeted for completion during the first three months of 2007. Management's main objectives are to find significant new mineral resources, to maximise throughput capacity and to ensure that recoveries of all economic metals are maximised.

Dapingzhang JV management has been tasked to aggressively explore the DPZ area to fully test its potential, which is believed to be excellent. Work towards these goals has started.

Dapingzhang Exploration

The exploration activities that have been carried out within the Dapingzhang mining licence during the first six months of 2006 have been highly successful in outlining additional zones of massive (V1) and stringer (V2) sulphide mineralisation as described earlier. This exploration work has enabled the rapid advancement of the understanding of how this mineralisation relates to the rock sequence of the mine licence area, thus enabling future exploration activities to be carried out in a time- and cost-efficient manner - see Figure 6. The work has also demonstrated the highly favourable nature of this rock sequence for hosting accumulations of high grade copper-zinc-lead-gold-silver deposits.

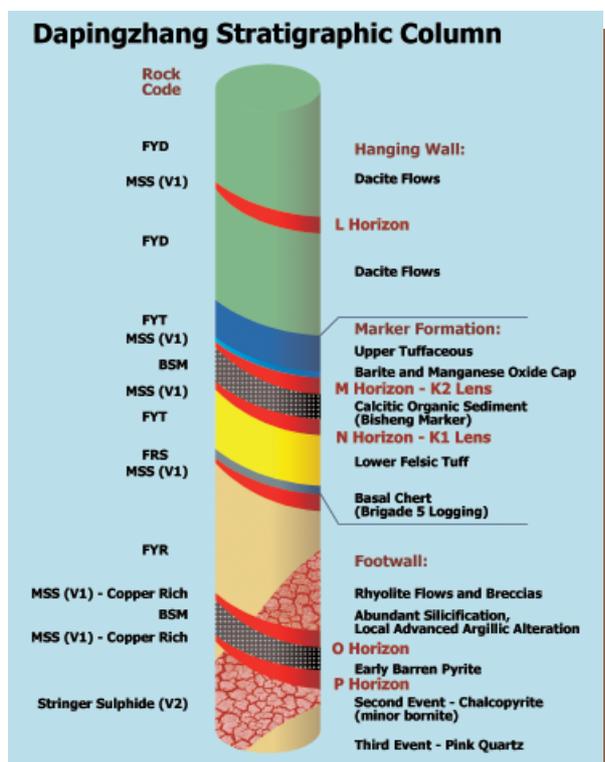


Figure 6 - Stratigraphic Column

Dapingzhang Mine

Dapingzhang Exploration (Continued)

To-date, the exploration activities have focused primarily upon the near-mine area with the objective of locating sufficient material to enable uninterrupted production of copper concentrate. These activities have been successful to the degree that sufficient stringer (V2) material has been identified (albeit at a low degree of confidence) to enable production to continue for at least the next 4 years at current throughput rates. There is a high probability that the grade of the material to be mined will be augmented by exploitation of higher grade deposits such as the K1 and K2 lenses and the O and P horizons in the near future. These massive sulphides are located in close proximity to the existing open pit mines. A summary of the significant intersections as of May, 2006 from these four massive sulphide horizons is set out in the following table.

Table 1 - Massive Sulphide Intersections from K1 and K2 Lenses and O and P Horizons

Hole ID	From	To	Core Length ⁺ (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t	Lens
DH208	227.40	228.00	0.60	2.07	0.11	0.75	0.25	20.83	K2 Lens
DH208	230.50	230.80	0.30	18.44	0.02	0.07	0.24	13.74	K1 Lens
DPZ05_41	155.85	157.72	1.87	2.98	0.29	6.04	2.01	72.59	K1 Lens*
DH406	157.50	160.35	2.85	1.74	0.02	0.01	0.20	9.12	K1 Lens
DPZ05_38	147.95	148.85	0.90	1.04	0.08	2.19	0.39	18.03	K2 Lens
DH605	135.60	136.30	0.70	0.04	0.01	0.02	0.19	2.74	K2 Lens
DH606	137.74	143.90	6.16	2.58	0.72	10.49	0.33	17.51	K2 Lens
DH606	149.20	150.94	1.74	0.52	0.01	0.02	0.30	4.53	K1 Lens
DH607	112.80	114.50	1.70	1.10	0.01	0.05	0.50	9.81	K1 Lens*
DH608	121.15	125.75	4.60	0.04	0.00	0.03	0.59	3.64	K1 Lens
DH608	215.23	217.95	2.72	12.23	0.01	0.01	0.19	15.43	P Hor
DH688	119.45	124.80	5.35	0.03	0.01	0.03	0.61	5.84	K1 Lens
DH687	123.05	124.15	1.10	1.31	0.01	0.01	0.23	6.13	K2 Lens
DH687	128.90	134.90	6.00	4.47	0.01	0.01	0.10	6.65	K1 Lens
DH687	170.10	171.30	1.20	7.27	0.00	0.01	0.04	8.55	O Hor*
DH687	173.75	174.70	0.95	5.73	0.00	0.01	0.10	8.34	O Hor*
DH687	186.40	197.70	11.30	10.53	0.00	0.01	0.18	10.51	O Hor*
DH687	200.00	201.50	1.50	2.68	0.00	0.01	0.20	6.18	O Hor*
DPZ05_39	127.65	139.45	11.80	4.23	0.09	7.43	1.74	31.24	K2 Lens
DH806	169.43	182.78	13.35	2.37	0.03	1.82	0.66	32.09	K2 Lens

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Dapingzhang Exploration (Continued)

Table 1 - Massive Sulphide Intersections from K1 and K2 Lenses and O and P Horizons (Continued)

Hole ID	From	To	Core Length ⁺ (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t	Lens
DH808	165.35	173.55	8.20	3.88	0.08	1.61	1.08	35.26	K2 Lens
DH808	185.84	188.22	2.38	1.20	0.01	0.05	0.51	10.18	K1 Lens
DH810	160.78	170.65	9.87	3.72	0.33	2.72	1.73	38.83	K2 Lens
DH810	178.60	202.60	24.00	1.13	0.03	0.07	0.67	9.15	K1 Lens
includes	191.65	202.60	10.95	2.21	0.02	0.02	1.02	14.45	K1 Lens
DH812	167.00	168.20	1.20	9.01	0.00	0.02	0.22	11.94	K1 Lens
DH8104	144.10	145.45	1.35	1.60	0.51	1.83	0.34	22.76	K2 Lens
DH8105	178.50	181.70	3.20	1.76	0.07	10.63	0.48	41.87	K2 Lens
DH8105	192.10	192.80	0.70	0.63	0.01	0.03	0.59	8.63	K1 Lens
DH404	63.35	65.8	2.45	3.19	0.54	9.21	1.71	85.79	K2*
DH404	66.88	69.45	2.57	6.14	0.19	0.51	2.30	87.03	K1*
DH404	71.45	73.5	2.05	2.58	0.37	1.51	2.53	130.55	K1*
DH206	89.6	90.4	0.8	3.14	3.81	17.29	0.52	103.28	K2*
DH206	95.2	116.3	21.1	1.80	0.47	7.57	1.08	79.80	K1*

Footnotes:

* Preliminary interpretation

Hor = Horizon

+ The core length may not necessarily reflect the true widths of mineralisation

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Exploration drilling has also taken place in the vicinity of the northern limit of the mining licence area to follow up on indications of the presence of additional lenses of high grade massive sulphides - see Figure 7. Several drill holes in that area have recently intersected narrow occurrences of massive sulphide mineralisation - see Figure 8. While still at an early stage, these drill holes suggest the possibility of two additional massive sulphide lenses in this area.

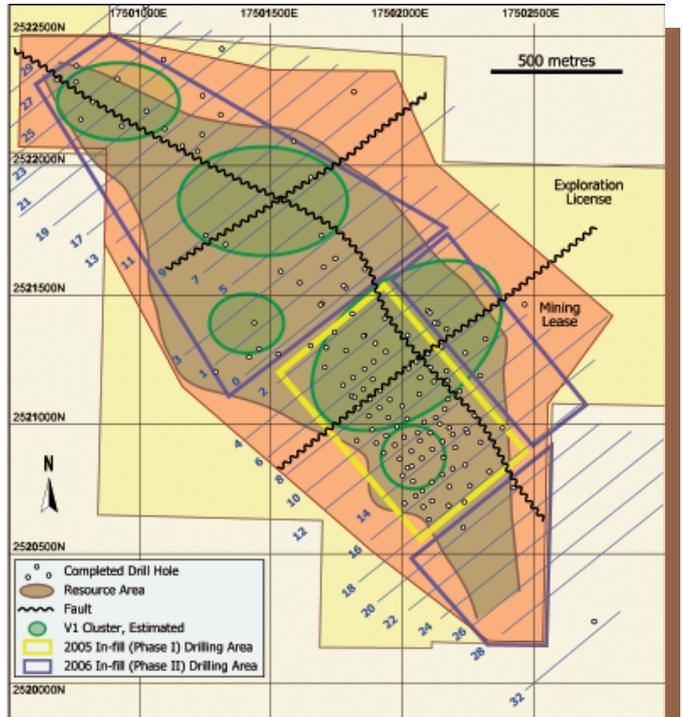


Figure 7 - Due diligence (yellow box area) and Phase I drill holes

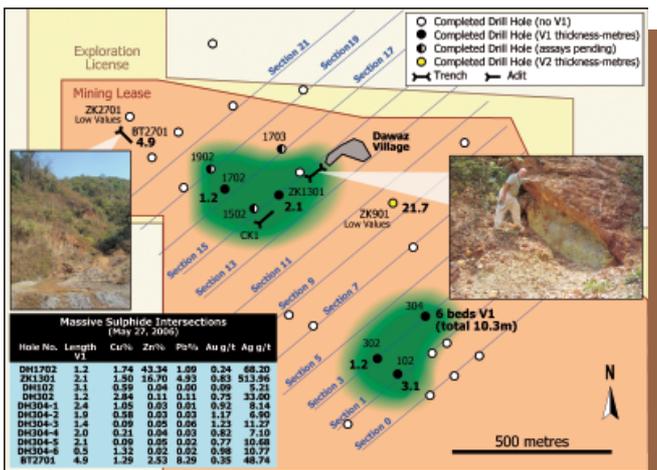


Figure 8 - Insipient sulphide mounds in Dawaz area

These newly discovered massive sulphide lenses contain commercial quantities of zinc, lead and silver values. While the current mill configuration does not allow for recovery of these metals, SGS's metallurgical test work is demonstrating that a separate zinc concentrate is likely to be produced as the higher grade and zinc-rich deposits are exploited. Upgrading of the mill facilities can likely be carried out in a short time frame and the generation of a separate zinc concentrate will have a positive impact to the project's revenue stream.

Dapingzhang Mine

Dapingzhang Exploration (Continued)

In this class of mineral deposits, metals are located in two different settings. High grade mineralisation is contained within a layer of massive sulphides (VI) that are formed by exhalation of hot, metal-bearing fluids onto the sea floor - see Figure 9. Lower grade mineralisation is also contained within a zone of altered rock directly beneath these discharge sites. In this area the metals are situated in small scale veins and veinlets in such density that they appear at times as a ball of string, hence these zones are referred to as "stringer" zones (V2). Exploration drilling has also discovered a number of occurrences of massive and stringer mineralisation other than those discussed above. A summary of these intersections is set out in the following tables.



Figure 9 - Cartoon of "black smoker" massive sulphide mound system under development, including aquatic animals which live near vents

Table 2 — Massive Sulphide (VI) Intersections, Dapingzhang Property

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH005	160.75	165.5	4.75	0.55	0.14	4.27	0.79	29.88
DH206	89.6	90.4	0.8	3.14	3.81	17.29	0.52	103.28
	95.2	121.8	26.6	1.6	0.38	6.06	0.9	65.16
DH210	144	152.9	8.9	0.42	0.15	0.46	0.1	6.16
DH302	213.65	226.25	12.6	0.83	0.01	0.04	0.06	4.42
DH403	42.65	67.7	25.05	2.01	0.91	6.30	1.01	65.74
DH404	37.2	38.2	1	1.25	0.52	2.28	0.78	32.56
	63.35	73.5	10.15	2.98	0.5	3.22	1.68	78.83
DH405	128.35	135.9	7.55	1.23	0.23	2.77	0.49	26.96
DH462	164.01	165	0.99	1.03	0.14	4.13	0.18	11.49
DH604	56.3	66.04	9.74	0.95	0.05	0.44	0.36	11.5
DH683	30.45	32.26	1.81	2.16	1.34	5.68	1.63	120.25
DH810	140.7	153.1	12.4	1.11	0.04	3.54	0.06	8.53
DH8106	116.85	117.5	0.65	1.4	0.01	0.03	0.26	11.78
DH1006	168	173.4	5.4	0.17	0.07	0.25	0.52	30.41
DH10125	174.6	175.5	0.9	3.87	0.02	0.05	1.38	21.79

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Table 2 — Massive Sulphide (VI) Intersections, Dapingzhang Property (Continued)

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH1206	23.75	26.95	3.2	1.13	0.91	11.05	1.12	28.6
DH1208	198.1	202.84	4.74	0.61	0.03	0.03	0.54	8.59
	10.8	22.3	11.5	0.65	0.05	0.38	0.65	13.73
DH1210	49.7	51.7	2	0.98	0.03	0.14	0.12	5.22
DH1212	161.35	174.86	13.51	0.43	0.06	0.5	0.23	15.24
DH12143	31.04	38.8	7.76	0.44	1.62	5.16	0.2	71.58
<i>includes</i>	<i>31.04</i>	<i>34.8</i>	<i>3.76</i>	<i>0.85</i>	<i>3.15</i>	<i>10.06</i>	<i>0.35</i>	<i>139.27</i>
DH12144	48.9	53.9	5	1.07	0.02	0.94	0.68	13.7
DH1214	153.44	162.54	9.1	0.97	0.58	3.31	0.21	25.7
	51.6	54.6	3	0.33	0.25	1.25	0.12	33.7
DH1412	64.4	65.45	1.1	2.62	0.01	0.03	0.11	10.29
	58.8	60	1.2	1.74	1.09	43.84	0.24	68.24
DH1701	126.4	130.8	4.4	1.07	0.22	2.00	0.41	23.64
DH1702	43.35	45.35	2	0.77	0	0.02	0.08	3.84
DPZ05_40	98	113.7	15.7	0.14	0.02	0.6	0.13	3.91
	119.12	136	16.88	0.12	0.48	2.09	1.14	20.84
	137.43	153.32	15.89	1.9	0	0	0.04	1.51
DH1704	No significant mineralisation							
DH1805	No significant mineralisation							
DH2104	No significant mineralisation							
DH2101	No significant mineralisation							
DH2102	No significant mineralisation							
DH2104	No significant mineralisation							
DH004	No significant mineralisation							
DH1606	No significant mineralisation							
DH1806	No significant mineralisation							
DH1808	No significant mineralisation							
DH10121	No significant mineralisation							
DH1802	No significant mineralisation							
DH16182	No significant mineralisation							
DH686	No significant mineralisation							

Dapingzhang Mine

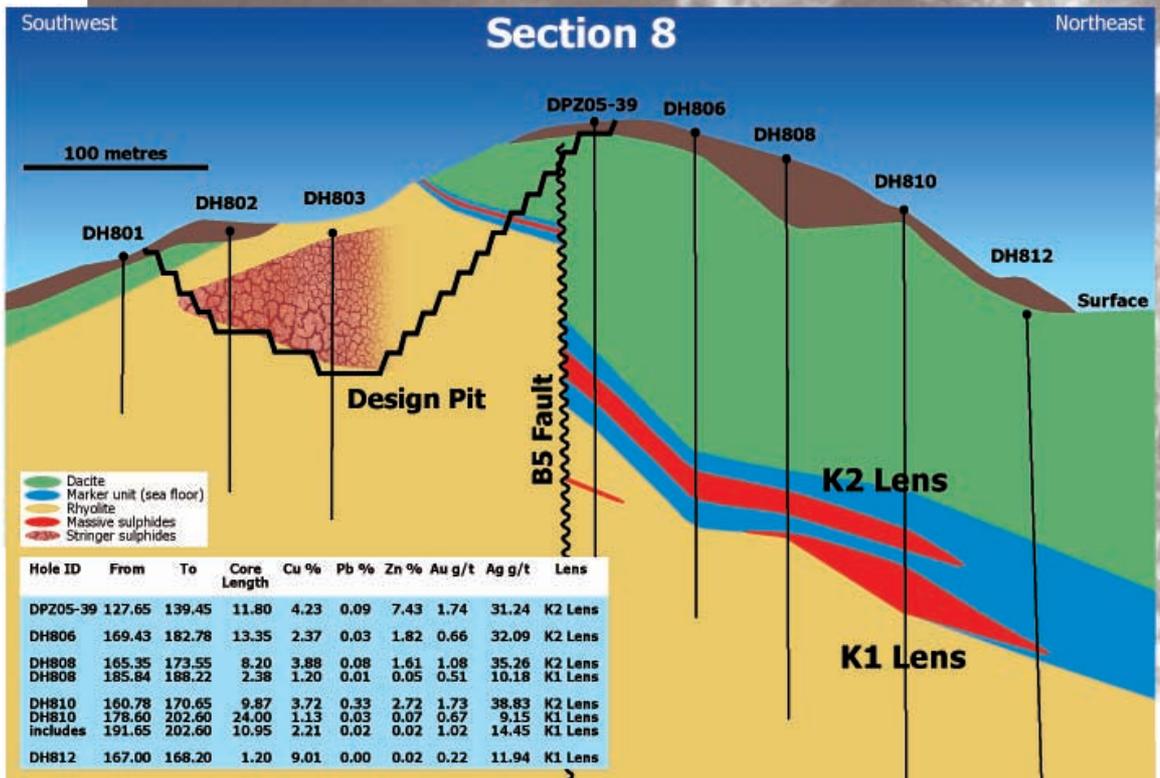
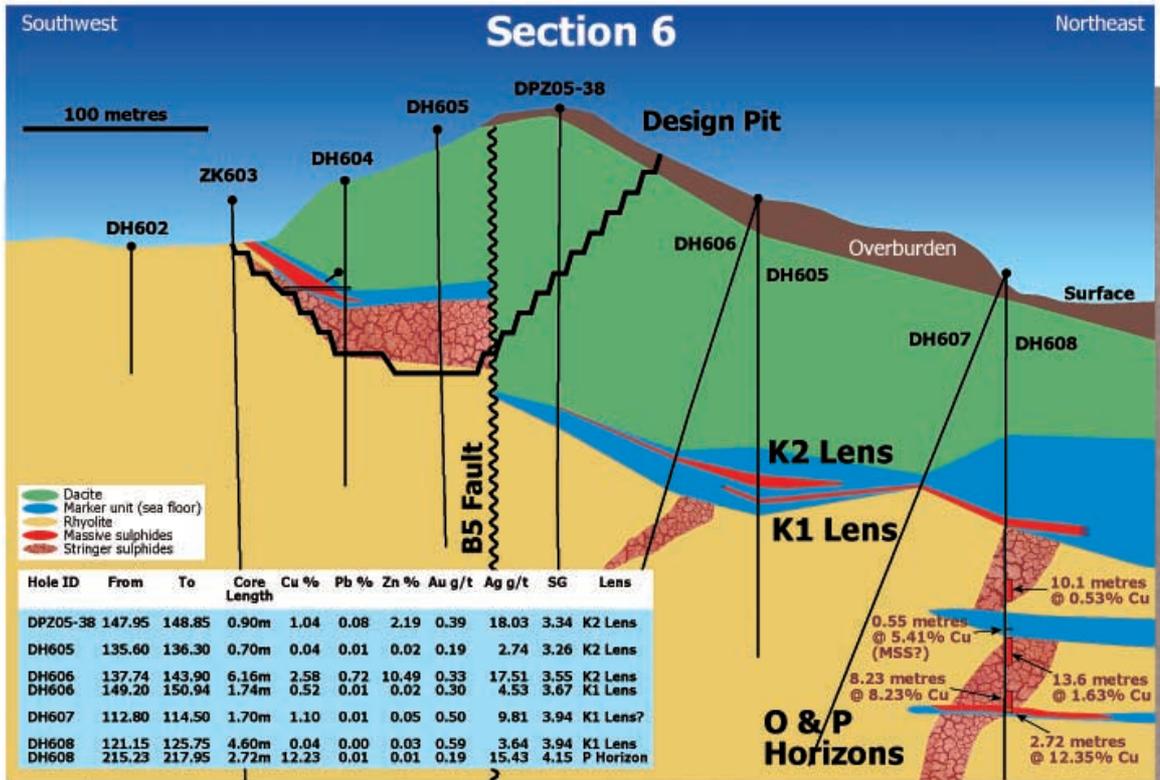


Figure 10 - Encapsulation of Dapingzhang in section views and plan views

Dapingzhang Mine

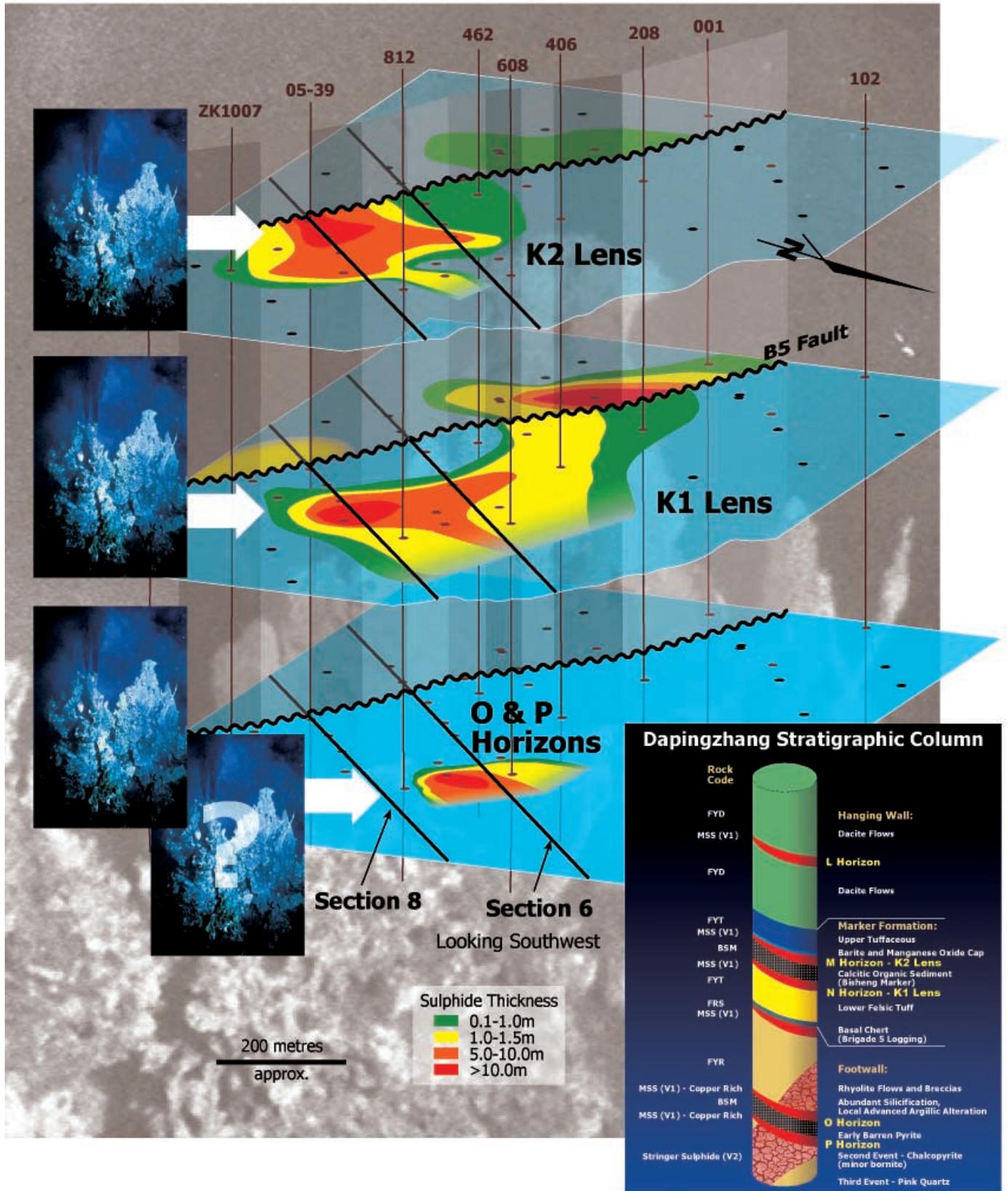


Figure 10 - Encapsulation of Dapingzhang in section views and plan views (continued)

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Table 3 — Stringer Sulphide (V2) Intersections

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH002-1	171	183.5	12.5	0.41	0	0.03	0.08	2.16
DH005	246.5	251	4.5	2.43	0.01	0.08	0.23	5.88
DH102	135.9	155.85	19.95	0.39	0.02	0.01	0.08	4.94
DH103	67.3	69.3	2	0.54	0.01	0.04	0.06	7.88
DH204	170.7	182.2	11.5	0.73	0	0.1	0.12	2.73
DH206	13.94	18.74	4.8	0.49	0	0.01	0.04	2.98
DH208	156.35	176.6	20.25	0.38	0.01	0.02	0.04	2.3
DH210	172.1	175.2	3.1	0.52	0.01	0.01	0.06	2.02
DH304	182	192.3	10.3	0.46	0.02	0.04	0.78	6.61
DH402	251.5	260.1	8.6	1.1	0.02	0.01	0.06	0.03
DH403	73.95	80.4	6.45	0.67	0.03	0.13	0.48	12.01
DH404	77.65	91	13.35	0.53	0.01	0.03	0.13	8.42
DH405	165	171	6	0.29	0.02	0.01	0.04	7.66
	119	128.35	9.35	0.46	0.01	0.02	0.8	5.78
DH406	49.05	74.3	25.25	0.8	0.19	0.79	0.97	11.1
	167.68	191.1	23.42	0.54	0.01	0.01	0.1	4.56
DH462	171.3	174.7	3.4	0.55	0.00	0.00	0.07	1.19
DH602	156.4	162.05	5.65	0.08	0.11	0.48	0.05	3.57
DH604	37.1	38.22	1.12	0.24	0	0.01	0.05	4.28
DH605	134.2	134.75	0.55	0.07	0	0.85	0.04	1
DH606	132.5	136.4	3.9	0.41	0.05	0.01	0.03	5.36
DH607	135.8	148.65	12.85	1.39	0	0.01	0.02	8.51
DH608	143.1	162.05	18.95	0.41	0	0.01	0.11	2.15
	176.15	194.1	17.95	1.41	0.01	0.01	0.16	5.42
	227.56	238.8	11.24	0.42	0.01	0.01	0.05	3.85
DH681	97.8	100.6	2.8	0.57	0	0.01	0	1.08
	10.6	18.65	8.05	0.77	0	0.07	0	5.22

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Dapingzhang Exploration (Continued)

Table 3 — Stringer Sulphide (V2) Intersections (Continued)

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH682	42.5	74.37	31.87	0.79	0.03	0.09	0.06	6.33
	23.55	45.45	21.9	0.49	0.01	0.03	0.06	4.55
	60.9	64.65	3.75	0.58	0.01	0.07	0	4.2
DH683	98.39	98.89	0.5	2.35	0	0.01	0.04	8.69
DH687	148.45	152.3	3.85	0.75	0.00	0.00	0.06	1.68
	163.1	176.25	13.15	1.76	0.01	0.01	0.08	4.87
	182.90	186.40	3.50	0.51	0.00	0.01	0.17	3.71
	197.7	200	2.3	2.65	0.00	0.01	0.20	6.78
DH688	130.85	134.5	3.65	0.35	0.00	0.01	0.04	1.93
	149.7	151.75	2.05	0.85	0.00	0.00	0.07	2.61
DH801	31.7	35.8	4.1	1.91	0.01	0.02	0	9.74
DH802	69	71.2	2.2	0.85	0	0	0	2.38
	23.45	48.12	24.67	0.53	0	0.07	0	5.5
	72.68	73.16	0.48	2.95	0	0.03	0	5.45
DH803	102.63	104.7	2.07	0.86	0.01	0.01	0	2.72
	4.3	22.5	18.2	0.58	0	0.09	0	4.75
	28.45	65.5	37.05	0.46	0	0.08	0	3.21
	80.95	84.8	3.05	0.43	0	0.01	0	2.18
DH806	66.04	91.5	25.46	0.92	0.01	0.11	0.07	5.09
DH808	208.25	209	0.8	1.55	0	0.01	0.14	4.37
DH810	159.55	162.9	3.35	0.44	0	0.01	0.12	2.72
DH812	152.23	182.3	30.07	0.65	0.01	0.01	0.06	2.43
	142.8	146.6	3.8	0.41	0	0.01	0.03	1.51
DH8101	108.9	114.9	6	0.46	0	0.06	0	1.5
DH8102	96.8	97.42	0.62	0.83	0.01	0.03	0	5.67
	2.9	9.9	7	0.51	0	0	0	4.23
DH8104	31.25	64.2	32.95	0.27	0.01	0.02	0.1	3.04

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Table 3 — Stringer Sulphide (V2) Intersections (Continued)

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH8105	184.3	205.75	21.45	0.27	0.02	0.03	0.21	3.7
DH8106	221.45	231.9	10.45	0.56	0.02	0.01	0.08	2.93
	120.85	129.2	8.35	0.32	0	0.03	0.04	3.34
	135.75	145.75	10	0.41	0	0.01	0.05	3.36
	163.5	184.55	21.05	0.37	0	0.02	0.05	1.62
DH1002	71.33	73.4	2.07	0.73	0	0.01	0	2.1
DH1006	190.78	211.58	20.8	0.52	0.02	0.07	0.18	3.8
	179.4	186.75	7.35	0.24	0.01	0.33	0.06	1.94
DH1008	202.6	227.1	24.5	0.71	0.04	0.04	0.17	3.15
	158.7	170.9	12.2	0.06	0	0.42	0.09	1.07
	184.95	186.65	1.7	0.52	0.01	0.01	0.02	3.93
	240.6	242.4	1.8	3.84	0	0	0.02	6.66
DH10125	217.8	229.6	11.8	0.32	0	0.01	0.04	1.75
DH10126	185.45	224.65	39.2	0.44	0	0.01	0.15	2.71
	191.8	207	15.2	0.41	0.03	0.01	0.15	4.45
	224.85	229	4.15	0.77	0	0.01	0.14	3.36
DH10122	74.85	75.95	1.1	1.26	0	0.04	0.15	9.47
DH10123	258.2	260.2	2	1.52	0	0.03	0.07	2.36
	59.1	66.2	7.1	0.36	0.01	0.02	0.03	2.25
DH10124	252.1	255.55	3.45	0.32	0	0.01	0.11	1.27
	0.8	20.54	19.74	0.4	0.01	0.06	0.07	2.85
	41.94	45.94	4	0.4	0.02	0.03	0.08	20.81
DH1202	33.1	85.43	52.33	0.41	0.04	0.22	0.07	4.79
	6.9	9.6	2.7	0.4	0.01	0.12	0	5.28
DH1206	38.15	56.55	18.4	0.41	0	0.01	0.04	2.05
	33.05	36.55	3.5	0.59	0.01	0.06	0.35	7.37
DH1208	27.55	68.3	40.75	0.37	0	0.02	0.08	3.17
DH1210	58.75	75.35	16.6	0.31	0.03	0.03	0.05	2.11
	69.45	83.55	14.1	0.25	0	0.01	0.06	2.48
	88.55	109.05	20.5	0.37	0.01	0.04	0.07	2.72

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Table 3 — Stringer Sulphide (V2) Intersections (Continued)

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH1212	119.5	122.5	3	0.95	0	0	0.04	3.14
	11	17.4	6.4	0.07	0.07	0.41	0.25	6.49
DH12142	24.6	41.14	16.54	0.43	0	0.04	0.18	6.31
	61	62.94	1.94	0.57	0.03	0.03	0.02	2.61
	100	109.14	9.14	0.49	0	0.01	0.04	1.26
DH12143	65.84	72.54	6.7	0.78	0.01	0.03	0.02	3.22
DH12144	62.4	72.6	10.2	0.3	0.01	0.01	0.07	2.56
	239.03	250.1	11.07	0.91	0.00	0.01	0.03	2.03
DH12145	141.5	142.1	0.6	2.63	0	0.01	0.12	5.21
DH12145-1	63.5	88.8	25.3	0.43	0.01	0.02	0.04	2.36
	82.5	110.25	27.75	0.56	0	0.04	0.04	2.24
DH1402	63.5	83.3	19.8	0.5	0.01	0.03	0.05	2.84
DH1404	174.86	184.7	9.84	0.55	0.06	0.57	0.25	26.75
DH1406	43.1	62	18.9	0.69	0	0.05	0.08	3.29
	35.6	45.3	9.7	0.38	0	0.28	0.06	3.31
	52.25	106.85	54.6	0.81	0	0.01	0.04	3.4
DH1408	115.7	119.16	3.46	0.41	0	0	0.03	2.16
	26.4	30.4	4	0.12	0.2	0.64	0.04	1.78
	33.65	43.85	10.2	0.38	0	0.02	0.07	3.45
	57.73	108.77	51.04	0.43	0	0.01	0.03	2.97
DH1410	171.04	173.45	2.41	0.55	0	0.01	0.06	0.93
	30	33.1	3.1	0.07	0.11	0.49	0.37	12.31
	38.6	41.3	2.7	4.21	0.01	2.63	0.17	19.8
	52.8	85.75	32.95	0.47	0	0.02	0.03	3.6
	106.2	111.8	5.6	0.35	0	0.01	0.03	0.97
	125.7	150	24.3	0.49	0	0.01	0.03	2.83
DH1412	17.7	41.95	24.25	0.59	0.01	0.13	0.18	8.94
	74.6	75.6	1	0.81	0.1	0.15	0.77	35.1
	157	161.2	4.2	0.82	0	0.01	0.03	4.64

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Table 3 — Stringer Sulphide (V2) Intersections (Continued)

Hole ID	From	To	Core length (m)	Cu %	Pb %	Zn %	Au g/t	Ag g/t
DH1414	98.2	126	27.8	0.71	0	0.29	0.1	4.26
	100.5	105	4.5	0.07	0.01	0.72	0.08	1.47
	126.27	131.5	5.23	0.29	0	0.15	0.11	4.84
	147	147.7	0.7	1.84	0.01	0.03	0.07	7.74
DH14161	39	46.06	7.06	0.34	0	0.16	0	2.25
	84.5	85.19	0.69	4.6	0	0.28	0.09	12.74
DH1503	248.74	253.39	4.65	0.54	0.01	0.03	0.05	0.53
DH1604	216.7	222	5.1	0.35	0	0.01	0.03	1.31
DH1608	131.6	168.55	36.95	0.72	0.01	0.01	0.05	4.52
DH1610	182	183	1	0.36	0	0	0.03	0.15
	139.8	140.7	0.9	0.35	0.17	0.43	0.1	2.74
DH1804	207.8	211.45	3.65	0.88	0.01	0.02	0.02	2.23
DPZ05_38	133.95	163.45	29.5	0.36	0.01	0.01	0.03	1.84
DPZ05_39	157.4	160.1	3	0.56	0.04	0.032	0.98	4.66
	15.3	29.2	13.9	0.39	0.001	0.03	0.01	2.85
DPZ05_40	154	155	1	0.89	0.003	0.01	0.04	2.81
	82.6	86.6	4	0.67	0.01	0.01	0.08	5.21
DPZ05_41	94.6	106.3	11.7	0.4	0	0.01	0.05	1.33
	167.6	179.39	11.79	0.78	0	0.15	0.3	5.48
	192.77	200.07	7.3	0.44	0	0	0.04	2.03
DPZ05_42	215.34	217.94	2.6	1.29	0.01	0	0.18	11.09
	169.53	170.53	1	0.93	0	0.01	0.02	1.6
	214.7	217.12	2.42	0.47	0	0	0.05	0.9
	238.5	239.2	0.7	0.55	0	0.01	0.01	0.89

Dapingzhang Mine

Dapingzhang Exploration (Continued)

In addition to the discovery of the new K1 and K2 massive sulphide lenses at the same stratigraphic horizons as previously mined in the open pit, exploration drilling has recently located two significant occurrences of high grade copper mineralisation. These new copper occurrences occur at lower stratigraphic levels than the rest of the massive sulphide mineralisation at Dapingzhang and the horizons have provisionally been termed "O and P" pending the gathering of further information - see Figures 11 and 12. The Dapingzhang JV is in the initial discovery phase with respect to these new horizons and consequently the limits of the mineralisation have not been located as of the time of writing.

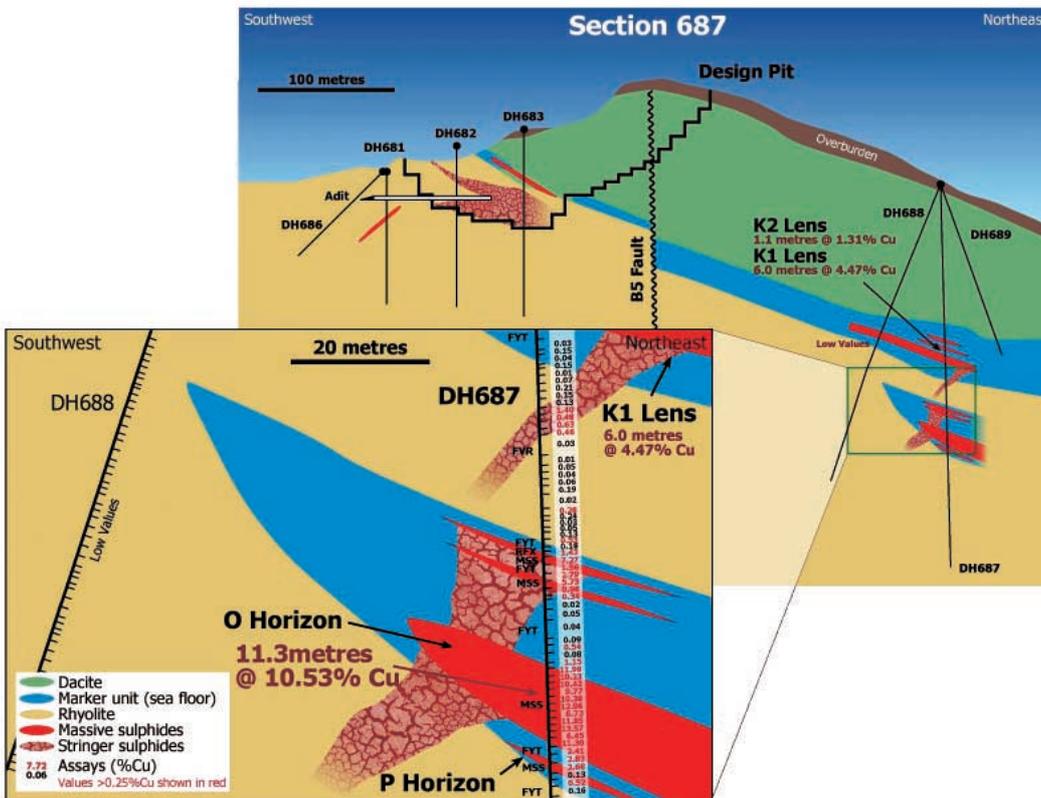


Figure 11 - Section 687 with detail of lower horizons and stringers

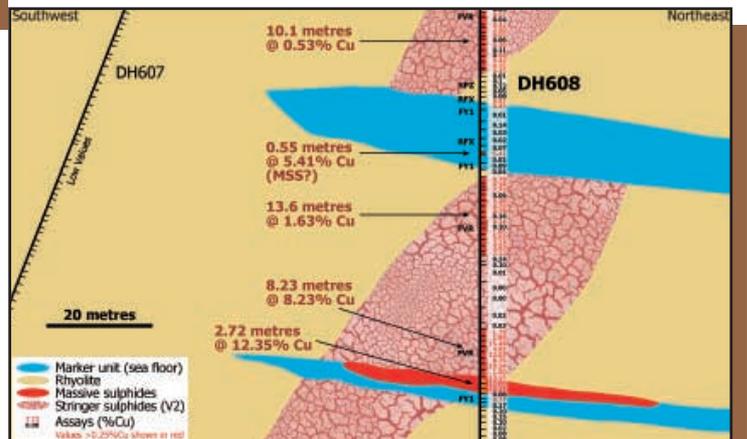


Figure 12 - Detail of stringer mineralisation in diamond drill hole 608

Dapingzhang Mine

Dapingzhang Exploration (Continued)

Exploration plans for the financial year 2006-2007 include continuation of drill testing the favourable rock sequences on the mining licence for the presence of additional massive (V1) and stringer (V2) sulphide deposits. The exploration drilling will be prioritised so as to search for those deposits that are located relatively near to surface so that they could be exploited by means of open pit mining methods.

During the first six months of 2006 the Dapingzhang JV has augmented its land holdings in the area through the acquisition of further licences, such that the total footprint of the Dapingzhang JV lands now consists of approximately 93.4 square kilometres. Several indications of copper occurrences are known or suspected to be present on these lands, however the Company believes that these lands have not been subjected to an exploration program that uses modern, state-of-the-art techniques and tools. In order to evaluate the economic potential of these lands in a rapid, cost-efficient manner the Dapingzhang JV is preparing a proposed exploration program that would utilise geochemical and geophysical methods. The goal of the geochemical survey is to identify areas containing elevated concentrations of copper, zinc, lead, gold, silver, barium or manganese, thereby indicating the presence of near-surface mineralisation. The goal of the geophysical survey is to identify areas containing anomalous electric signals (these deposits typically contain sufficient metal to conduct electricity), thereby indicating the presence of a metallic source.