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ASX Release

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BROWNS OXIDE PROJECT UPDATE

A further review of the Capital Cost and Schedule for the Brown's Oxide Project has been completed.

Commissioning activities have commenced with;

- First feed to the plant occurring on 31 May.
- Water commissioning of the plant including paste thickener, acid leach, CCD and SX is progressing.
- Hand over of plant from Commissioning Team to Operations Team and introduction of ore on a continuous basis will begin in the week commencing 28 July.
- Hand over of final sections of the Plant (Resin in Pulp, Nickel / Cobalt Precipitation) will be completed in the first half of August.
- Production of Nickel and Cobalt product is scheduled for the second half of August.
- Production of copper cathode is scheduled for the second half of September.



The cost of the project has been reviewed and the revised estimated Capital Cost for the Processing Plant Construction including contingency is expected to be \$175 million, up from the \$140 million announced in December 2007. The revised estimate for first fills, pre-production operating costs, owners' costs etc is expected to be \$40 million versus \$32 million forecast in December.

To fund this increased cost the Company has secured a loan from Coffee House Group Ltd a company related to our Non-Executive Chairman, Mr. Gordon Toll. The loan facility is for up to US\$24 million at an interest rate of 10% per annum compounding daily with a drawdown fee of 1.5% and establishment fee of 2%. The loan will be secured by a fixed and floating charge over the assets and undertakings of the Company. The Board considers this loan to be at an equivalent commercial arms length rate.

For further information contact:

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