



29 May 2008

## UPDATE ON CHALLENGER DEEPS DRILLING PROGRAMME

### *Challenger Deeps Surface Drilling Program*

The deep diamond drilling programme at Challenger, designed to test the depth continuity of the M1 and M2 shoots, has made a number of significant intersections including 12.5 metres at 13.84 g/t from 997.5 metres. The results, some of which were included in the March quarterly report, are tabulated below.

The results confirm the good continuity of the M1 and M2 shoots and provide further confidence for an increase in the resource and reserve position of the Challenger project. As postulated in the March quarterly report the M1 shoot has now been confirmed as being in a relatively deeper position than previously interpreted.

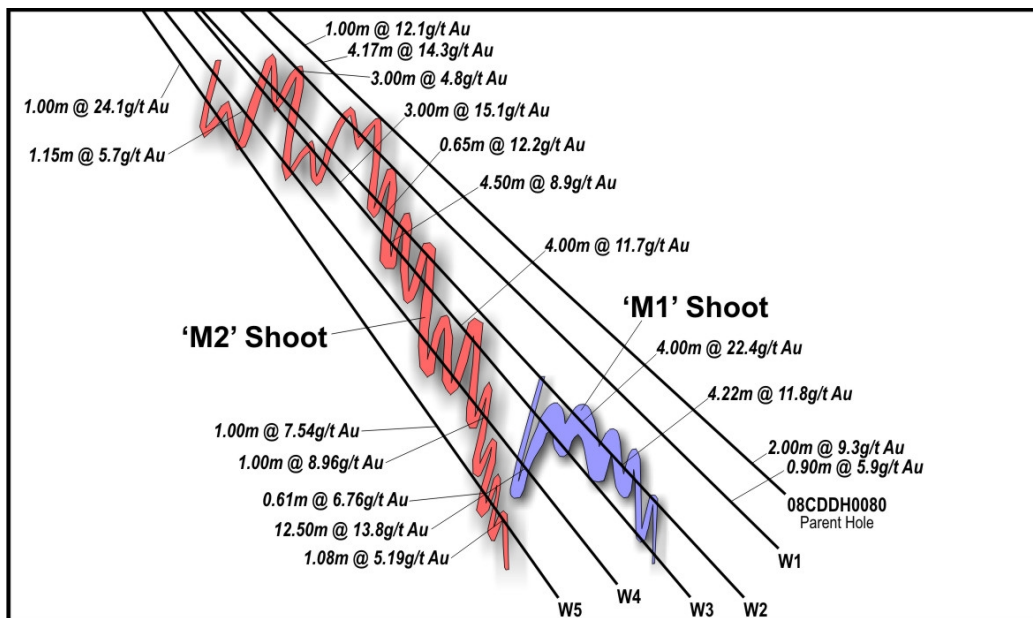
### *Surface Diamond Drilling Intersections – Challenger Deeps*

Hole ID	Coords	Dip/Azi	From (m)	To (m)	Interval (m)	Au (g/t)	Depth of Intersection	
							m RL	Vertical depth (m)
07CDDH0079W4	10678N/21572E	-59.7/357	1051.67	1052.70	1.03	12.56	270	920
08CDDH0080	10541N/21237E	-45.4/351.8	787.12	788.06	0.94	18.96	540	650
08CDDH0080		-44.3/352.9	882.00	883.00	1.00	12.07	472	718
08CDDH0080		-44/353	886.63	890.80	4.17	14.33	468	722
08CDDH0080		-42.5/356	1045.00	1047.00	2.00	9.34	361	829
08CDDH0080W1	10541N/21237E	-47.4/352.9	787.13	788.75	1.62	8.14	538	652
08CDDH0080W1		-46.4/353	885.00	886.00	1.00	12.43	467	723
08CDDH0080W1		-44.5/355	1047.85	1048.75	0.90	5.87	351	839
08CDDH0080W2	10541N/21237E	-47.7/352	870.00	873.00	3.00	4.77	463	727
08CDDH0080W2		-47.4/352	930.35	931.00	0.65	12.24	424	766
08CDDH0080W2		-47.4/353.9	1005.00	1009.00	4.00	22.38	372	818
08CDDH0080W2		-47.5/354.4	1019.78	1024.00	4.22	11.83	361	829
08CDDH0080W3	10541N/21237E	-49.9/352	912.00	917.00	5.00	15.09	437	753
08CDDH0080W3		-49.9/351.9	932.85	937.70	4.85	8.90	420	770
08CDDH0080W3		-49.9/351.9	962.80	966.80	4.00	11.67	398	792
08CDDH0080W4	10541N/21237E	-52.1/354.1	884.82	886.00	1.18	5.71	452	738
08CDDH0080W4		-51.8/354.5	988.50	989.50	1.00	8.96	372	818
08CDDH0080W4		-51.8/354.5	997.50	1010.00	12.50	13.84	398	792
08CDDH0080W5	10541N/21237E	-55/352.5	864.41	865.41	1.00	24.11	470	720
08CDDH0080W5		-55/352.2	982.00	983.00	1.00	7.54	370	820
08CDDH0080W5		-54.9/351.5	1004.39	1005.00	0.61	6.76	360	830
08CDDH0080W5		-54.8/351.3	1011.92	1013.00	1.08	5.19	350	840

Intersections **highlighted** are those that have been received subsequent to the March quarterly report.

The high grade intersections in 80CDDH0080W2 (4.0m @ 22.38 g/t and 4.22m @ 11.83 g/t gold) are interpreted as representing the M1 Shoot hinge zone position and the W4 intersection probably reflects the M1/M2 'confluence' zone, as shown in the figure below:

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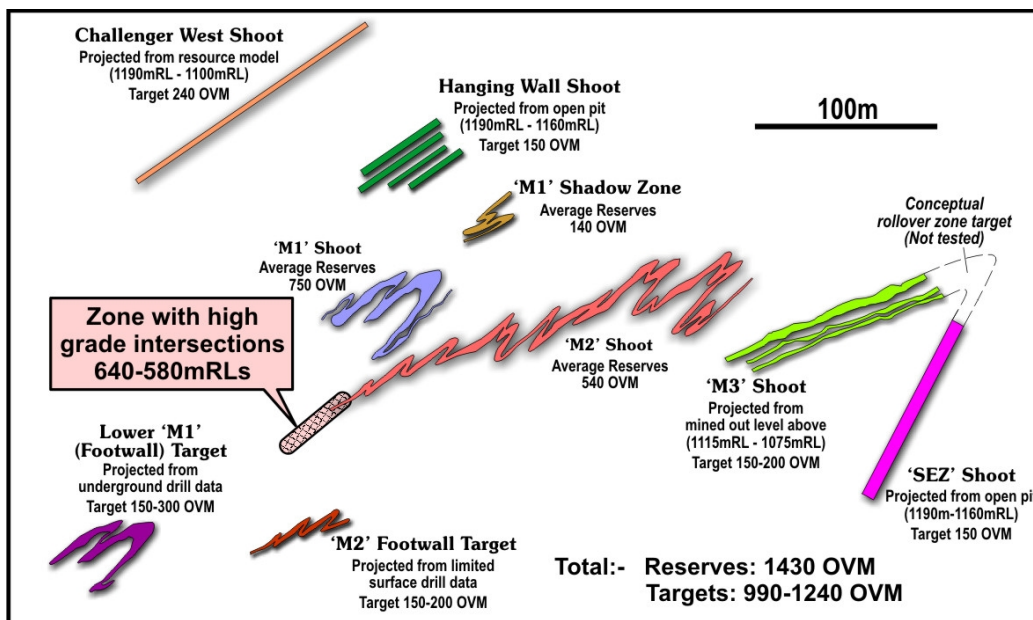


Oblique section in the plane of 08CDDH0080 and 080 Wedges showing significant intercepts

A new deep hole (08CDDH0081) has commenced to test the M1 and M2 shoots between the 280m and 200m levels. Note that the current reserves are down to the 380m level (M1 Shoot) and 300m level (M2 Shoot).

### Underground drilling to define continuity of Challenger Shoots

Drilling from positions in the underground development between the 640 and 580 levels has returned intersections (tabulated below), indicating continuity of higher than expected grades along the 'confluence zone' between the M1 and M2 Shoots as illustrated in the figure below:



Schematic plan of shoots (part of mining reserves) and target shoots highlighting zone with high grade intersections 640-580mRLs

*Underground Percussion Drilling Intersections – 640 -580m RL's*

Hole ID	Interval (m)	Au (g/t)	Level
07CUS2749	4.50	16.9	640
07CUS2750	3.00	112.0	640
07CUS2763	10.75	18.7	640
07CUS2768	2.25	15.7	640
07CUS2769	5.25	22.2	640
08CUS2854	4.65	29.3	620
08CUS2851	4.65	26.2	620
08CUS2643	3.15	67.2	620
08CUS2643	3.00	76.9	620
08CUS2837	6.00	25.6	620
08CUS2839	4.50	82.2	620
08CUS2958	3.00	66.2	600
08CUS2963	5.25	27.3	600
08CUS2968	7.50	21.4	600
08CUS2976	3.00	44.8	600
08CUS3137	3.00	58.2	580
08CUS3095	5.50	298.0	580
08CUS3095	2.25	98.8	580
08CUS3098	13.75	24.6	580
08CUS3101	3.00	16.4	580



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**ATTRIBUTION**

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Bamford, Tony Poustie and Paul Androvic who are full-time employees of the Company, members of the Australasian Institute of Mining and Metallurgy. Peter Bamford, Tony Poustie and Paul Androvic have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Bamford, Tony Poustie and Paul Androvic, consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

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