

BARRAMBIE TESTWORK RESULTS

The directors are pleased to announce the results of metallurgical testwork, which is being conducted as part of the Pre-feasibility Study (“PFS”) for the production of vanadium pentoxide (V_2O_5) from the Barrambie deposit.

MAGNETIC SEPARATION

The introduction of a conventional magnetic separation circuit into the beneficiation flowsheet has resulted in a **61% increase** in the concentrate grade to **1.37% V_2O_5** . The Company had previously reported the results of gravity concentration of a mixed oxide/primary feed at two grind sizes, as follows:

| Grind Size μm | Recovery mass % | V_2O_5 mass % | SiO_2 mass % | Al_2O_3 mass % |
|-----------------------------|--------------------|--------------------|-------------------|---------------------|
| 106 | 25.9 | 0.85 | 1.8 | 1.15 |
| 250 | 37.3 | 0.83 | 2.43 | 1.53 |

The Company **now reports** the following results of concentrates produced from a combined gravity and magnetic separation using separate oxide and primary feeds:

| Feed (125 μm) | Recovery % mass | V_2O_5 % | SiO_2 % | Al_2O_3 % |
|------------------------------|--------------------|---------------|--------------|----------------|
| Oxide | 36.1 | 1.37 | 2.74 | 2.39 |
| Primary | 69.2 | 0.82 | 2.68 | 1.92 |

The introduction of magnetic separation for the oxide and primary ores, separately, as opposed to a 50:50 composite (as used previously), was based on:

- a geotechnical assessment of the deposit by BFP Consultants which concluded that the base of complete oxidation is at a depth of 50-60m below surface; and
- previous testwork by Carpco (1973), which indicated that a combined gravity and wet high intensity magnetic separation (WHIMS) of “Central” Barrambie ore produced a concentrate grading 1.11% V_2O_5 from a head grade of 0.52% V_2O_5 .



The mineral resource estimate by Ravensgate (2005) of 48 Mt @ 0.496% V₂O₅ covered 4.4 km or about 40% of the 11 km of strike length of vanadiferous magnetite mineralisation and was extended down dip to a depth of approximately 80 metres below surface. However, given that the deposit remains open to the north, the directors feel it is appropriate that the oxide ore should form the basis of the current economic evaluation.

ROAST/LEACH

Samples of the concentrate produced from the magnetic separation test work have been successfully roasted and leached with some recoveries from the oxide concentrate **exceeding 95%**. These results augur well for low operating costs as the ore also is weathered, non-abrasive and has a true width of >20m, and with no overburden.

The ore will be crushed and ground using a conventional SAG mill before being subjected to low intensity magnetic separation and rare-earth drum to produce a concentrate. The current testwork flow sheet has produced a concentrate superior in grade and vanadium solubility, as indicated below:

| Deposit | Ore Type (% of Feed) | Concentrate Grade % V₂O₅ | Concentrate Recovery % mass | Process Recoveryⁱ % |
|----------------------------|---------------------------------|---|--|---|
| Barrambie | Oxide (100%) | 1.37 | 36 | 90+ |
| Windimurra ⁱⁱ | Oxide (100%) | 1.22 | 20 | 78 |
| Balla Balla ⁱⁱⁱ | Oxide (10%) | 1.05 | 55 | 79 |
| | Primary (90%) | 1.10 | 58 | 79 |

ⁱ Process recovery – vanadium recovery from concentrate to final product

ⁱⁱ R Smith PMA, Transcript of Evidence, Inquiry in Vanadium Resources at Windimurra, WA Legislative Assembly, 11 August 2004, p 7.

A.Simpson, Xstrata Transcript of Evidence, Inquiry in Vanadium Resources at Windimurra, WA Legislative Assembly, 24 August 2004, p8-9.

Precious Metals Australia Limited, First Quarter Activities Report, 1 November 2000.

ⁱⁱⁱ Aurox Resources Limited, ASX Announcement, 25 May 2005.

FUTURE WORK PROGRAM

Open pit optimisation has commenced on the oxide resource, and detailed design and scheduling will be completed once processing cost estimates become available. A flow sheet with the following parameters has been forwarded to consulting engineers Sinclair Knight Merz who are designing and costing the construction and operation of a processing plant. The PFS is scheduled to be completed in the December quarter.

| | |
|--|---------------------|
| Mill throughput | 2.0 Mt p.a. |
| Gravity/WHIMS concentrate | 720,000 t p.a. |
| V ₂ O ₅ Flake production | 18,000,000 lbs p.a. |

MARKET PRICE

The mean price of vanadium pentoxide flake, as quoted by Ryans Notes, is US\$11.50/lb (as at 19 September 2005).



C J Reed
EXECUTIVE DIRECTOR

Metallurgical aspects of this report in relation to the Barrambie Project have been compiled by Damian Connelly (BAppSc, CPE, MAusIMM), of Mineral Engineering Technical Services Pty Ltd. Mr Connelly has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity which is being reported on to qualify as a Competent Person as defined in the JORC Code (2005). Mr Connelly consents to the inclusion in the report of the matters in the form and context in which it appears.

ABOUT BARRAMBIE

Location and Access

The Barrambie project is located alongside the unsealed Sandstone-Meekatharra Road, about 75 km north of Sandstone and 115 km south of Meekatharra. The project is 110 km north-east of an un-utilised Gas Pipeline and Power station at Windimurra (Figure 1).

Tenure

The Barrambie deposit is covered by a 21-year Mining Lease, M57/173 (685 hectares), which was granted on 31 July 1990, with an option to renew.

Resources

Vanadium mineralisation is divided into a massive **Eastern Band** and a **Central Band** consisting of several narrow bands and lenses. (Figure 2)

The **Eastern Band** mineral resource estimate was prepared by Ravensgate as part of the PFS. (Figure 3). The deposit remains open to the north and south, and at depth.

Eastern Band (Ravensgate 2005)

Indicated 22 Mt @ 0.48% V_2O_5

Inferred 26 Mt @ 0.51% V_2O_5

Mineral Resource estimates for the **Central Band** indicate a total of **100 Mt at an average grade of 0.34% V_2O_5** . The lower vanadium grade is due to the more dispersed nature of the mineralisation.

Bay-Cove Central (BFP 2000)

Indicated 23 Mt @ 0.43% V_2O_5

Inferred 17 Mt @ 0.35% V_2O_5

Gulf Central (Snowden 1999)

Inferred 60 Mt @ 0.30% V_2O_5



Figure 1. Location

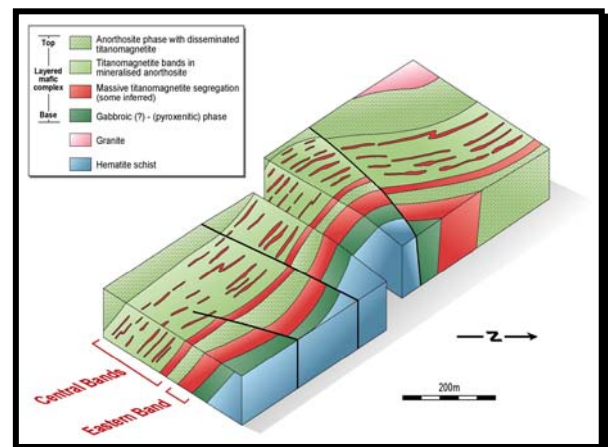


Figure 2. Geology

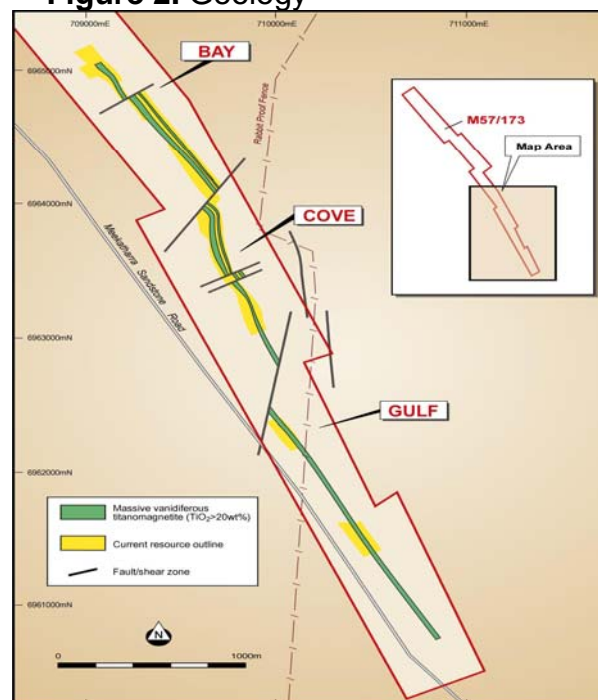


Figure 3. Plan of Eastern Band