

Australia is one of the world's leading exploration and mining nations and a major source of minerals and metals.

Australia's exploration and mining success is underpinned by its highly prospective geology, quality geoscientific databases and information systems, a strong legal framework, a proven mining and petroleum tenement system, a stable and welcoming investment environment, and a world-class services sector. The value of these is reflected in Australia's consistent high ranking in international investment surveys relating to the industry.

PROSPECTIVITY

Australia's Mineral Resource Base

Australia's Economic Demonstrated Resources (EDR) of zinc, lead, nickel, mineral sands (rutile and zircon), tantalum, uranium and brown coal are the world's largest. EDR of bauxite, black coal, copper, gold, iron ore, ilmenite, lithium, manganese ore, niobium, silver and industrial diamond rank in the top six worldwide.

Diversity of Australia's Mineral Endowment

Over 70 types of mineral deposits of economic significance are known in very old (Archaean) to very young (Quaternary) rocks, and over a wide range of geological settings. From these, more than 23 mineral commodities are produced in significant amounts. Australian mineral production comes from over 300 mines including mines in world-class deposits of most major mineral commodities.

Australia is an Under-Explored Continent

Discoveries continue to be made in both proven (brownfields) and greenfields provinces. Since 1990, more than twelve new, world-class mineral deposits have been discovered. Significant discoveries are being made in established mining districts even in regions where there has been production for over 100 years. The past five years has seen the discovery of or substantial addition to resources at significant deposits across the country.

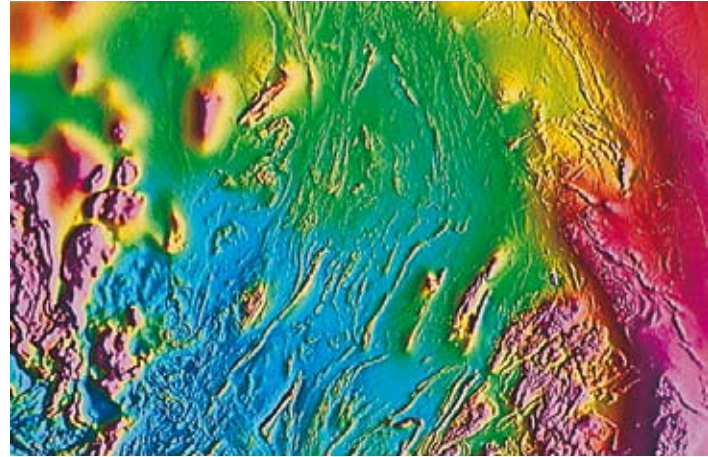


Photo courtesy of Geoscience Australia

Australia's high mineral potential is demonstrated by:

- > favourable geological settings including new greenfield regions;
- > extensions of known mineralised provinces beneath thin cover; and
- > ongoing discoveries of deposits.

Australian mineral exploration has been particularly successful in discovering new deposits and delineating additional resources at known deposits. Factors contributing to this exploration success include:

- > a rich mineral resource endowment;
- > the existence of a comprehensive and high-quality geoscientific knowledge base;
- > application of advanced geological concepts and technology;
- > well developed scientific services support;
- > a relatively flat topography with low and sparse vegetation cover facilitates exploration and physical access; and
- > a very strong mining-related goods and services sector.

Despite an imposing and long history of discovery, the Australian continent remains effectively under-explored, particularly at depths of greater than a hundred metres.

Mineral Resources

Australia has substantial deposits of major minerals that can be recovered profitably under current conditions. Despite high levels of production, the extent of Australia's economic demonstrated resources (EDR) for the major mineral commodities have generally been maintained, or increased, through new discoveries and incremental increase in resources at known deposits over the past two decades.

RESOURCE LEVELS FOR SELECTED COMMODITIES ARE SHOWN IN THE FOLLOWING TABLE:

COMMODITY	UNIT	ECONOMIC DEMONSTRATED RESOURCE	SUB-ECONOMIC DEMONSTRATED RESOURCE	INFERRED RESOURCES
Bauxite	Mt	5.8	2.1	1.1
Black Coal (recoverable)	Gt	39.2	10.9	57
Brown Coal (recoverable)	Gt	37.4	55.3	100.8
Copper	Mt Cu	40.4	6.0	30.4
Diamond				
Gem & near gem	Mc	124.2	104.5	12.7
Industrial	Mc	129.2	108.9	13.2
Gold	t	5225	1533	4403
Iron Ore	Gt	16.4	3.0	18.8
Lead	Mt Pb	23.8	11.9	21.9
Mineral Sands				
Ilmenite	Mt	214.9	54.4	116
Rutile	Mt	20.5	13.1	29
Zircon	Mt	32.9	20.2	30
Nickel	Mt Ni	23.9	3.4	20.3
Silver	kt Ag	44	30.1	32.3
Tantalum	kt Ta	52	32.2	69
Uranium	kt U	716	32	443
Zinc	Mt Zn	41.8	22.3	25

Source: Australia's Identified Mineral Resources 2006 (http://www.ga.gov.au/image_cache/GA8870.pdf).



Key Commodities

Gold: Gold occurs and is mined in all States and the Northern Territory. The Yilgarn Craton in Western Australia is Australia's premier gold province with major Archean greenstone-hosted deposits such as Kalgoorlie, Granny Smith and Boddington. South Australia's Gawler Craton hosts the major iron oxide copper-gold-uranium Olympic Dam deposit. In the Northern Territory the low sulphide quartz vein Callie deposit in the Tanami region is of world-class size. Australia's eastern States, Tasmania, Victoria, New South Wales and Queensland hosts many substantial gold deposits in a range of styles and provinces including, for example, Bendigo (Vic) (low sulphide quartz veins), Cadia (NSW) (porphyry gold copper), Henty (Tas) and Vera-Nancy (Qld) (epithermal). In recent years there have been significant increases in gold production capacity with an expanded Telfer, increased output at the Cadia-Ridgeway operation and new production from old areas like Bendigo.

Nickel: Australia is one of the world's leading nickel producers with production based on substantial resources of both sulphide and lateritic nickel in Western Australia. Major deposits of both forms of resources occur in the Yilgarn Craton in Western Australia. The first major sulphide deposit discovered was at Kambalda and has subsequently been followed by numerous small and a number of major deposits such as Mt Keith, Perseverance and Yakabinidie. Major lateritic deposits in the Yilgarn include Murrin Murrin, Cawse and Ravensthorpe where a major new project is being developed. Significant potential for further discoveries exists and is highlighted by ongoing discoveries in the Yilgarn Craton, discoveries in the West Musgraves in Western Australia, and on the west coast of Tasmania at Avebury.

Copper: Copper production is centred primarily on the major deposits at Olympic Dam in Gawler Craton of South Australia and Mount Isa which produce more than two thirds of Australia's copper output. Other significant production comes from Ernest Henry, also in the Mt Isa region, Northparkes and Cadia-Ridgeway in Lachlan Fold Belt of central New South Wales, and Telfer in Western Australia. There is also production from a number of smaller deposits. Proterozoic iron oxide copper-gold deposits dominate Australia's copper resources with the Olympic Dam deposit being the largest but the significant Prominent Hill (SA) deposit is undergoing development. Substantial exploration programs are in progress in the Gawler Craton (South Australia), the Lachlan Fold Belt (New South Wales and the Mt Isa region of Queensland.

Zinc: Australian zinc production and resources are dominated by the world-class sediment-hosted stratiform deposits of the McArthur - Mount Isa belt extending from the Northern Territory to northwest Queensland, notably the McArthur River, Century, and Mt Isa deposits, and Broken Hill in western New South Wales. Other important zinc deposits include Cannington in the Mt Isa district, Endeavor (Elura) in central western New South Wales, and the lead-zinc deposits of the Lennard Shelf in Western Australia. There is also production from Tasmania, Western Australia and elsewhere in Queensland.

Lead: As for zinc, Australian lead production and resources are dominated by the world-class deposits of the McArthur - Mt Isa belt – notably Cannington - and the Broken Hill deposit in western New South Wales. Other significant deposits include Endeavor (Elura) and those of the Lennard Shelf. Mining commenced in 2006 at the Magellan deposit in the Western Australia's Yilgarn Craton.

Coal: Substantial resources of coal occur in all Australian States but are predominantly in the eastern States. The principal black coal deposits occur in the Bowen Basin, Queensland and the Sydney Basin, New South Wales. Numerous large scale mining operations are active in both Basins including Goonyella, Peak Downs, and Newlands in the Bowen Basin and Warkworth, Hunter Valley, Mt Thorley and Ulan in the Sydney Basin. Both Basins have large deposits of premium metallurgical and thermal coals for domestic consumption and particularly export. In Victoria, major brown coal deposits in the Latrobe Valley provide the primary fuel for the State's power stations.

Iron ore: Australia's premier iron ore province is the Hamersley Basin in Western Australia's Pilbara region. The province hosts many deposits ranging in type from premium high-grade hematite ores to pisolitic and channel iron deposits. The two major deposits in the province are the Mt Whaleback and Mt Tom Price deposits which yield premium high-grade hematite ore for export. Increasing production is being sourced from smaller mines in Western Australia's Yilgarn Craton. Substantial exploration programs are in progress for iron ore in the Hamersley Basin and Yilgarn Craton of Western Australia but also elsewhere in Western Australia, and in the Northern Territory and South Australia.

Bauxite: Australia hosts major bauxite deposits that support the production and export of alumina and aluminium. The principal deposits of world-wide significance are at Weipa in Queensland and at Gove in the Northern Territory. In addition other large deposits are located at Aurukun in north Queensland and in the Darling Ranges in Western Australia to the southeast of Perth and include Huntly, and Willowdale.

Mineral sands: Australia is the world's leading supplier of mineral sands (ilmenite, rutile and zircon) with production from coastal regions of New South Wales, Queensland and Western Australia. Recent exploration has resulted in new mineral sands provinces being discovered that have potential to ensure Australia remains a major supplier into the future. Production is already coming from deposits in the Murray Basin where resources occur in New South Wales, Victoria and South Australia. A major new mineral sand province is emerging in the Eucla Basin in South Australia where zircon rich deposits such as Jacinth and Ambrosia have been discovered and other encouraging prospects are being explored. Mineral sand production has also commenced on the Tiwi Islands in the Northern Territory.

Exploring For Minerals

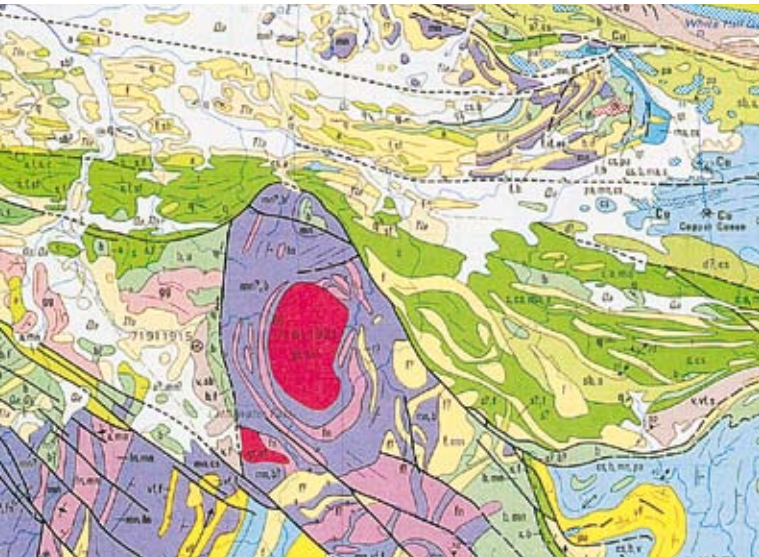


Image processing of airborne geophysical data. Australia is a world leader in the development of data recognition technologies and software for the mineral and petroleum exploration industries.

Modern exploration uses a multi-disciplinary approach drawing on advanced knowledge in geophysics, geochemistry and geology, and new exploration tools. New and adapted exploration technologies and techniques have been developed for exploring beneath the cover materials that blanket extensive areas of the Australian continent. Chief amongst these has been the application of state-of-the-art geophysical surveys to define the distribution of rock types and structure at and beneath the surface, and identify anomalies potentially related to the presence of mineralisation. New multi-element geochemical exploration techniques have been developed to detect subtle anomalies associated with mineralisation in the regolith-dominated terrains common in Australia. Advances in understanding ore-forming processes are providing new insights into Australia's mineral prospectivity. Advances in data processing, GIS systems and visualisation technologies enable on-line access, integration and rapid analysis of a wide range of high quality geoscientific data available from government, industry and other sources to assist in improved selection of prospective areas and delineation of exploration targets.

PRECOMPETITIVE GEOSCIENCE INFORMATION

The Commonwealth, State and Northern Territory (NT) Governments recognise the importance of high-quality geoscientific information in assessing mineral and petroleum prospectivity and the stimulation of exploration. They undertake major geoscience programs to support mineral and petroleum exploration in Australia. These programs provide the explorer with precompetitive geoscience information and datasets, particularly of important areas, as a basis for exploration in both proven and greenfields mineral provinces.

The Australian governments have recognised the importance attached by industry to access modern geophysical data, especially regional gravity and high-resolution airborne magnetic data. Well over half of the continent is now covered by high resolution aeromagnetic surveys that are providing new insights into the geology in areas of cover, where the mineral and petroleum potential remains poorly known. The new geophysical data are supported by new geological maps, databases of geochemical data and mineral occurrence/deposit information, GIS datasets, reports and interpretative products and made available to potential explorers either via the Internet or as other products in digital formats. The Australian Government and several State/Northern Territory governments have commenced new geoscientific programs that will involve acquisition of, for example, new geophysical data to support exploration. The Australian Government has started a new \$59 million program over five years that will acquire new seismic reflection survey data, and airborne electromagnetic (AEM) and other geophysical data.

To facilitate the ready access to these data and information collaboration between Geoscience Australia and its State and Northern Territory counterparts established a national geoscience Internet portal. The portal, www.geoscience.gov.au, provides one point of entry to fundamental geoscience data and information. Investors and explorers can access geoscience information at a national level and further refine their searches down to regional and local scales via pathways to the relevant State and Territory datasets.

Under a common policy adopted by the Australian, State and Northern Territory Governments fundamental geoscientific data is provided free of charge via the Internet or at the marginal cost of transfer. This policy enables ready access to government data for all, including companies and consultants.



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