



# IRON ORE EXPLORATION UPDATE

19 January 2010



## HIGHLIGHTS

- **Gravity Survey at the Caltowie Project in South Australia has delineated three high priority iron ore targets.**
- **Targets are located within five kilometres of major railway line and <50km from port**
- **Results from rock chip sampling at the Holowilena Project has confirmed the potential of this area to host a significant deposit**
- **Drill testing of all targets is an immediate priority**

## SOUTH AUSTRALIAN PROJECTS

**Caltowie Project, South Australia** (EL 4268 100% CRJ, EL 4368 50% CRJ earning 90%)

The Company is very pleased to report that a gravity survey has been completed on high priority iron ore targets in the Caltowie Project area which has delineated three robust targets (Figure 1).

Historical mining of iron ore has been carried out for many years in the Flinders Ranges at the northern limit of the Adelaide Fold Belt. The region holds many occurrences of banded ironstones and massive high grade metasomatic iron outcrops. The projects remain under explored and significant potential exists to identify high grade large tonnage deposits of iron ore.

The initial review undertaken by the Company concluded that there is considerable potential to identify large tonnage resources of high grade iron ore in the Caltowie area and the Hicks Quarry area was initially identified as a high priority target. The Quarry was worked between 1896 and 1902 as a source of iron with approximately 70,000t of high grade ore (~61% Fe) mined from the quarry. A further review of previous work identified a second historic open cut iron ore mine at "Huddleston", which was also used as a source of iron flux.

The Company identified that drilling for copper and gold in 1998 by a previous explorer in the vicinity of Magnetic Anomaly "A" (Mag "A") intersected massive haematitic ironstone. The Company has analysed chips from drill hole LRC1 for iron as follows;

**Drill Hole LRC1 25 metres at 46.4% Fe from 24 to 49 metres (end of the hole)**

This is a highly significant result for the Company and indicates that significant widths and grades of mineralisation are present at shallow depths within the project area.

Three high priority iron ore targets have been delineated from the results of the gravity survey.

Results from Mag "A" confirm that the drillhole LRC1 drilled a discrete gravity high (Figure 2). Drillhole LRC3 which failed to intersect significant mineralisation has no associated gravity signature. To the north of these drillholes a +500m long 1mgal gravity target has been defined and is considered an immediate drill target.

At the Huddlestone prospect (Figure 3), a +2km long, 1.2mgal gravity target has been defined adjacent to the historic Huddlestone Iron Mine. The target is thought to represent a shallowly buried massive ironstone. The Huddlestone workings may represent the surficial reworking of this target. It is considered immediate drill target.

At the Hicks quarry prospect (Figure 4), a 2mgal gravity anomaly has been defined on a road traverse to the north of the Hicks Quarry mine. Access has currently been denied to the Hicks Quarry area but the results of this survey indicate that a significant gravity anomaly exists in the area and continues well north of the old workings. An outcrop of brecciated ironstone occurs on this road and is considered to be the same unit mined at Hicks Quarry. The size (amplitude) of the anomaly on the roadside traverse immediately confirms this area as a high priority drill target. Negotiations are in progress to access the properties to the north of the roadside traverse in order to close off the anomaly and are also ongoing with the owner of the Hicks Quarry property.

No significant anomaly was recorded from Mag "D".

Field mapping of these high priority targets is an immediate priority and will occur within the next month.

The Company is planning to commence an initial drilling programme to test these targets on completion of the mapping program.

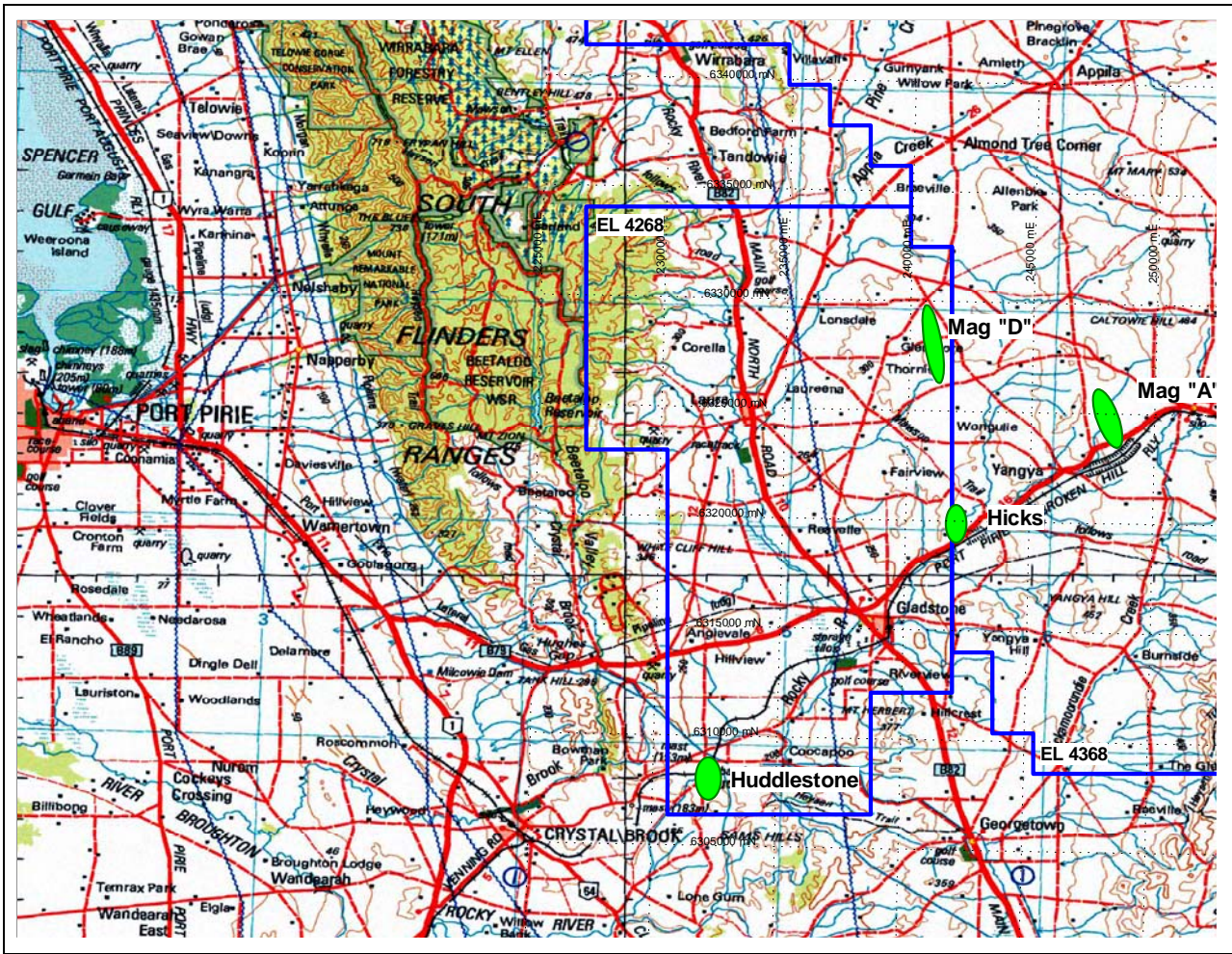
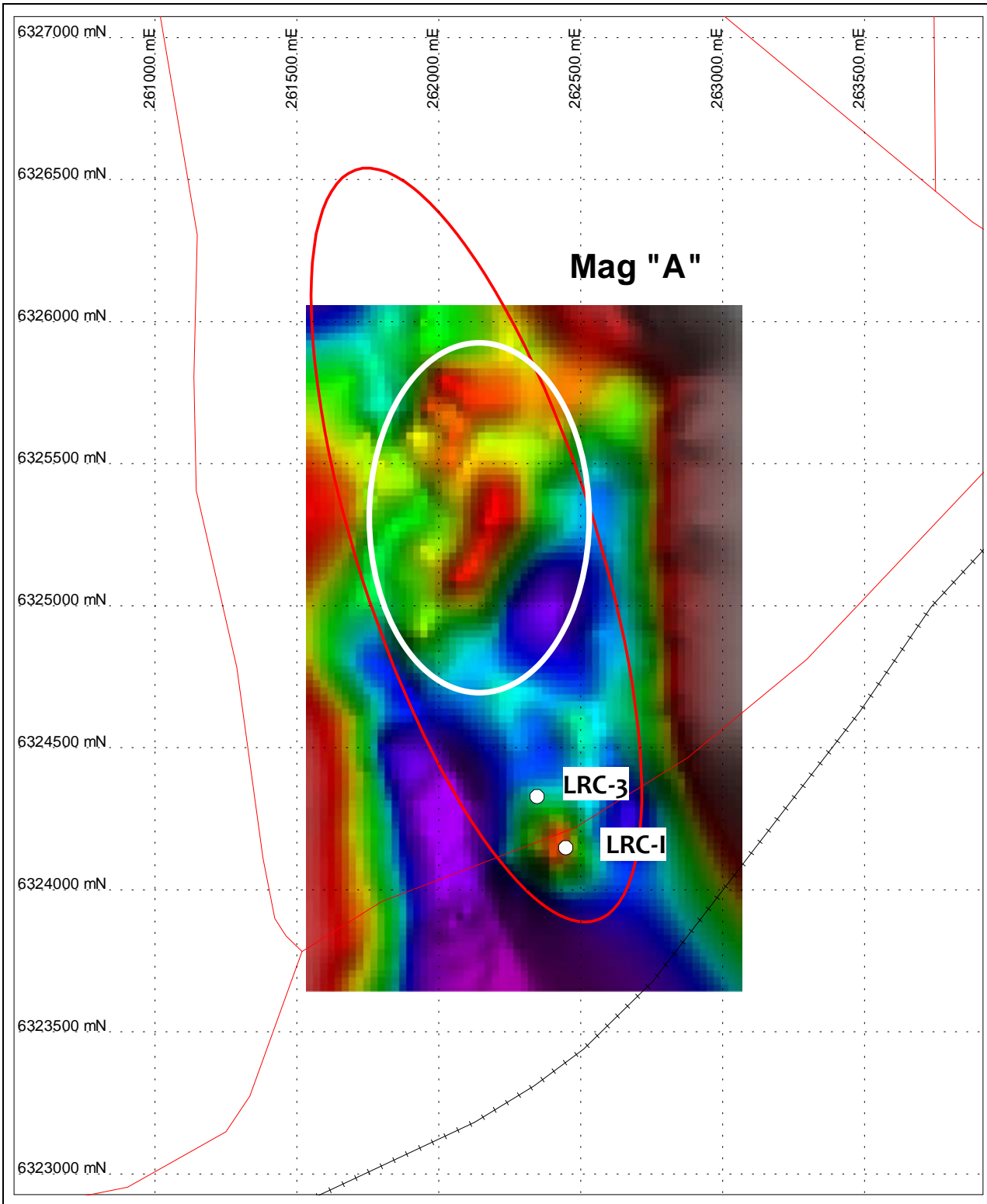
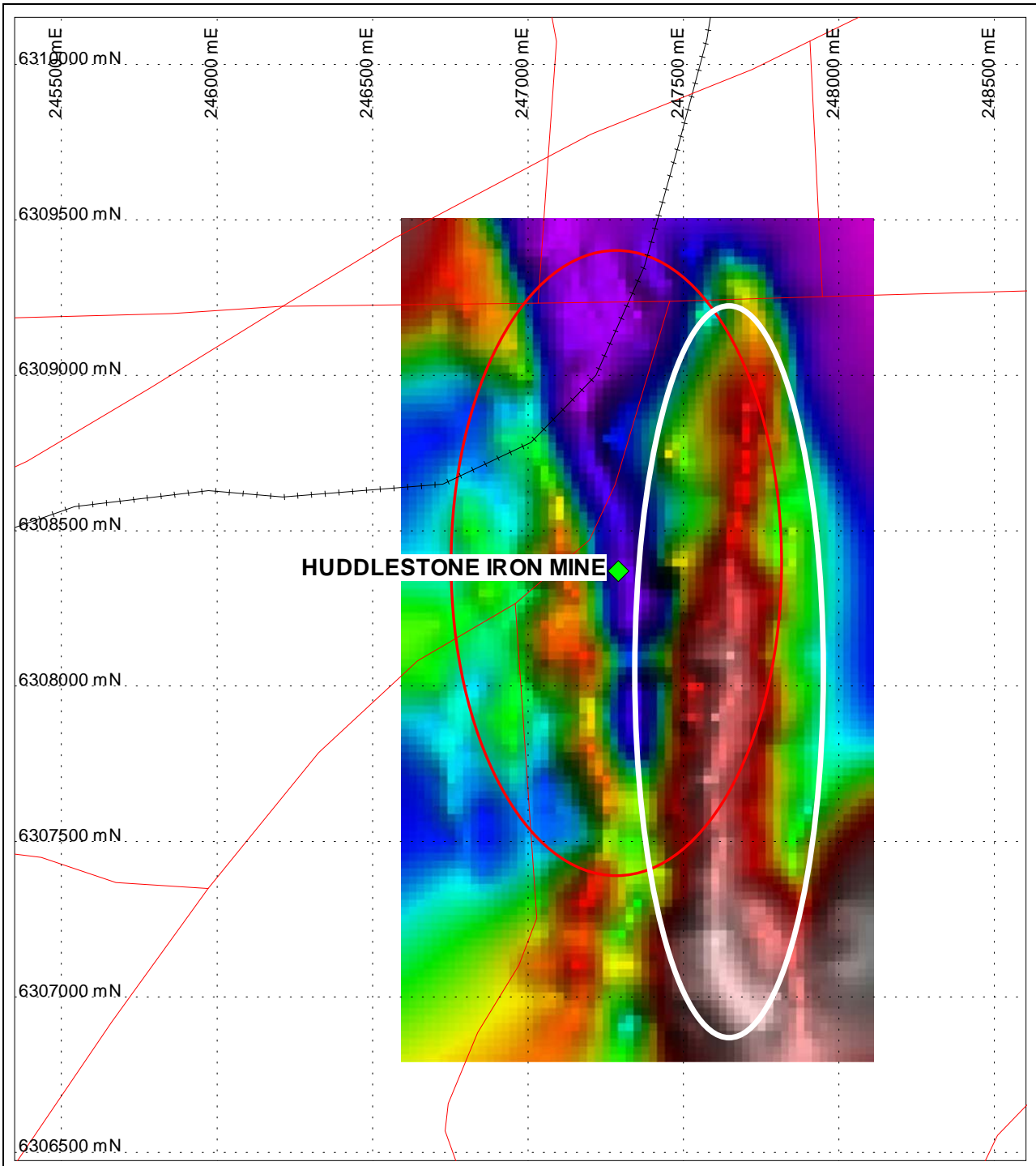


Figure 1 Caltowie Targets



**Figure 2 – Mag "A"**



**Figure 3 - Huddlestone**

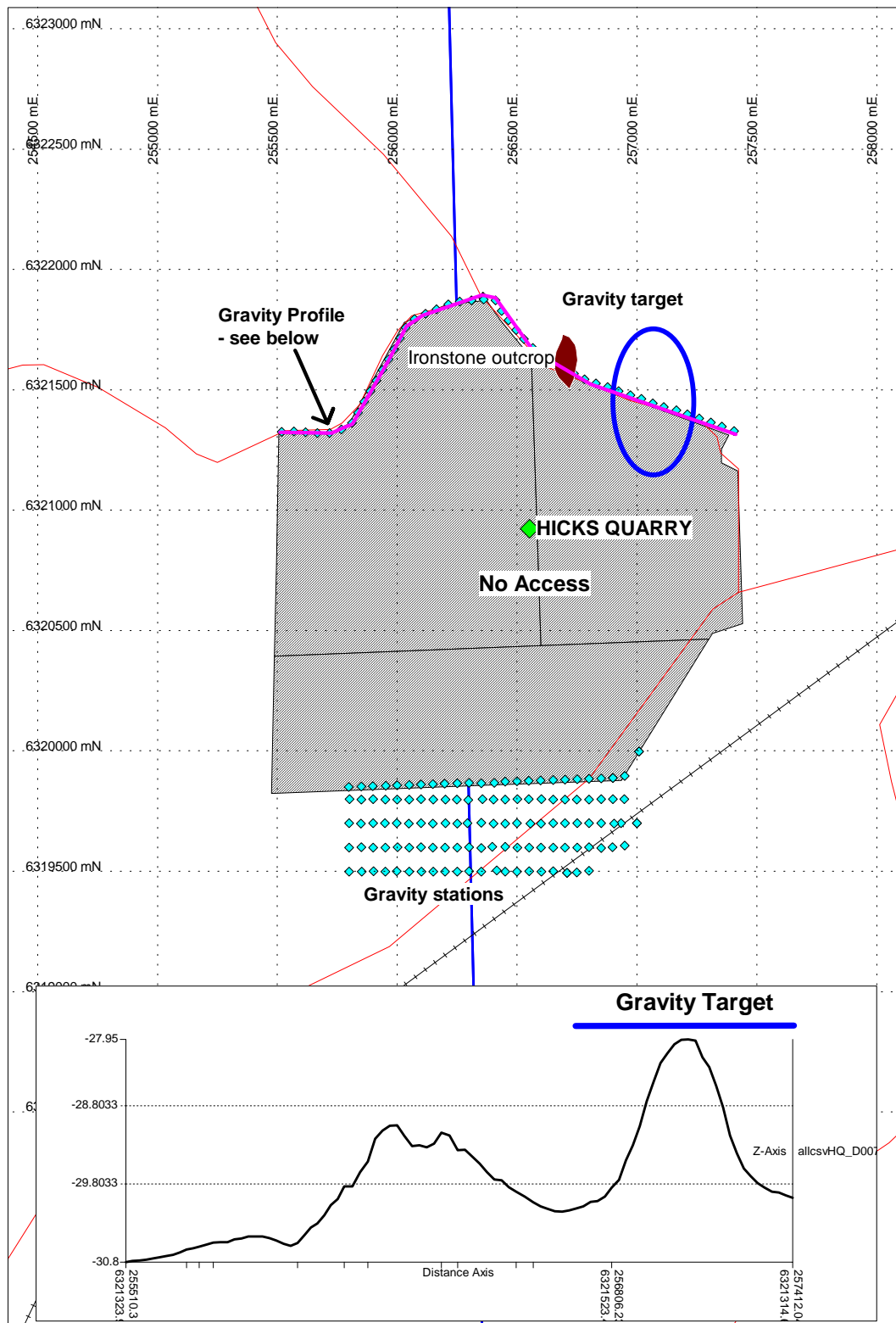


Figure 4 – Hicks Quarry

## Holowilena Project, South Australia (EL 3643 100% CRJ)

Rock chip sampling has recently been completed over the entire strike length of the Holowilena ironstone. This work has confirmed the significant potential of the area to host significant tonnages of iron ore. The prospective horizon is approximately 30m wide and has an apparent sub vertical dip. Strike length of the outcropping portion of the ironstone is 3.5km and interpretation of magnetic data indicates a further 2km of sub cropping ironstone.

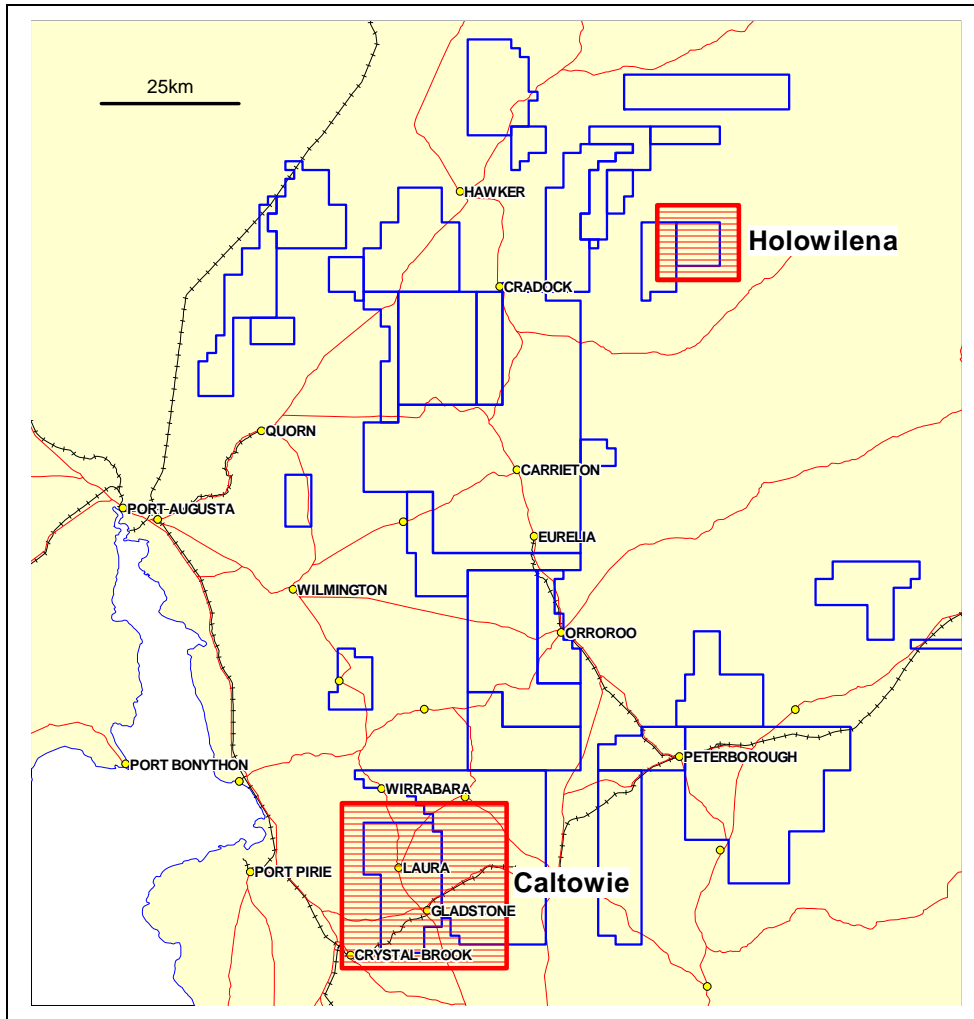
Analytical results for the rock chip programme have been received and confirm the field observations. Higher grade material (+35% Fe) has a strike extent of ~2.3km and varies from 10-30m wide. Samples are 10m composites of outcropping ironstone. Recessive units are present and these could represent higher grade goethitic material.

The rock sampling has been successful in delineating a high grade portion of the ironstone which will now be drill tested.

It is intended to combine the Caltowie and Holowilena drill programs



**Figure 5** Holowilena rock chip anomaly



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