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Manager Announcements  
Companies Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

*By e-lodgment*

Dear Sir/Madam

## Lanfranchi Project - Schmitz drilling intersects more high grade +6% nickel

- First three drill holes targeting Schmitz orebody down-plunge extension intersect high-grade nickel mineralisation
- Two holes intersect **1.6 metres at 6.60% Ni**
- Significant mineralisation intersected in next two holes (assays outstanding) and drilling continuing

### Outstanding Drilling Results – Mineralisation Continuing Down Plunge at Schmitz

Sally Malay Mining Limited (ASX Code: **SMY**) is pleased to announce the results for the first three Schmitz underground diamond drill holes of the 2006 programme. The initial three drill holes of the 2006 programme targeted the Schmitz orebody over a strike length of 45m (about -460mRL) approximately 20m down-plunge from the previous deepest drilling by WMC Resources. Results for the first three drill holes have all returned significant intersection of high grade Ni mineralisation as summarised in Table 1:

**Table 1: Schmitz Extension 2006 Drill Results**

Drill Hole	From (m)	To (m)	Interval (m)	True Thickness (m)	Ni (%)	Comments
SMT-103	187.60	189.24	1.64	1.54	6.60	Main ore zone
SMT-104	190.00	190.90	0.90	0.84	4.80	Main ore zone
SMT-105	188.76	190.39	1.63	1.51	6.60	Main ore zone

The mineralisation intersected in all three holes is located in contact with a porphyry dyke, which appears to intrude along the Kambalda Komatiite-Lunnon Basalt contact in this part of the Schmitz orebody. These three drill holes are part of a seven-hole programme currently underway to continue testing the down-plunge extension of the Schmitz orebody. The programme follows on from an initial two-hole programme completed in late 2005. In this programme, drill hole **SMT-100 intersected 6.78m grading 5.13% nickel** approximately 50m down plunge from the previously deepest tier of holes drilled by WMC Resources.

The second tier of drill holes of the current drill programme (SMT-106A, 107 & 108) are designed to target the Schmitz orebody position a further 30m down-plunge or 50m down-plunge from the previous deepest drilling by WMC Resources. Two of the three (second tier) holes have been completed with significant mineralisation intersected in both holes. Assay results for both these holes are awaited. The final hole of the current programme (SMT-109) will be targeted at the Schmitz orebody position a further 50m down plunge from the second tier of drill holes.

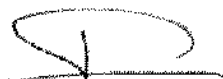
## Schmitz Production History

WMC Resources mined 783,562t at 4.56%Ni from Schmitz between 1991 and 2002 for 35,775t Ni contained and mined 297,781t at 4.56% Ni between 1999 and 2001 from Skinner for 14,505t Ni contained. Skinner was a small high grade orebody located immediately to the west of the Schmitz orebody.

The drilling undertaken to date by the Lanfranchi JV indicates that the Schmitz orebody continues at depth and once the current seven-hole programme is completed, work will commence on determining an ore reserve and detailed mine plan that could result in significant additional cashflow in the near term for the Lanfranchi JV.

Yours faithfully,

**SALLY MALAY MINING LIMITED**



**PETER HAROLD**  
Managing Director

*The information in this release, in so far as it relates to resource estimation and exploration activities, is based on and accurately reflects information compiled or supervised by John Hicks who has more than five years experience in the field of the activity being reported on.*

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