



30 March 2006

Drilling Progress – Gawler Craton Uranium Projects

Hindmarsh Resources is pleased to advise that an air-core drill programme of approximately 12,600 metres is underway to test for uranium mineralisation in Tertiary paleochannels within Hindmarsh's projects in the Gawler Craton in South Australia

The Gawler Craton contains a number of favourable source rocks for sedimentary uranium mineralisation, including large areas of highly uraniferous granitic rocks as well as the Olympic Dam copper-gold-uranium deposit. It is currently the focus of exploration for sedimentary uranium deposits by a number of companies, in some cases following favourable drilling in the 1970 and 1980s.

An Indigenous Land Use Agreement and Aboriginal Heritage Survey were carried out in early 2006 preparatory to the current drill programme.

Challenger West Joint Venture (*Southern Gold 100%, Hindmarsh earning to 80% of uranium only*).

Drilling on EL 3397 Indooroopilly commenced on Friday 17 March, but was delayed by heavy rain. Air-core drilling of 21 holes for 1,000 metres has been completed and a further 19 holes for 1,000 metres is expected to be carried out later in the current drill programme.

Drilling of 20 holes for 1,000 metres is expected to be completed within EL 3308 Half Moon Lake tenements by the end of this week, with a further 26 holes for 1,600 metres planned for April.

Drilling of 40 holes for 2,700 metres is expected to commence on EL 3080 Garford by the end of this week.

Drilling is broadly planned on 800 metre spacing on 4 kilometre spaced lines, but is closer in areas of cross-structures and where organic material is intercepted. This very open-spaced drilling is intended to define the paleochannels and to locate favourable geochemical environments for deposition of uranium, and will be followed by infill drilling of selected areas.

Paleochannels containing favourable conditions for the formation of sedimentary uranium deposits, with carbonaceous material and pyrite in close proximity to oxidised sands, have been intercepted on both tenements drilled to date. Associated elevated down-hole gamma readings have been obtained with best results of 90 cps. Samples from Indooroopilly have already been sent for analysis.

Tallaringa Joint Venture (*Hindmarsh 100%, Southern Gold earning 30% of uranium only*).

Drilling of 55 holes for 2,800 metres is planned for EL 3395 Tallaringa South, and of 46 holes for 2,300 metres on EL 3396 Tallaringa North, is planned as part of the current drill program.

Kate Hobbs
MANAGING DIRECTOR

The information in this report relating to exploration has been compiled by John Howard who is a Member of the Australasian Institute of Mining and Metallurgy and who has a minimum of five years experience in the type of activities being reported. Mr Howard acts as a consultant geologist to the Company.

