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The Manager
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

SINUG-ANG PROSPECT, Co-O MINE AREA

The Company has been advised by Philsaga Mining Corporation that it has recently gained access to the Sinug-ang Prospect adjacent to the north of the Co-O Mine (Fig. 1) by executing an agreement with an underlying Small Scale Mining Permit owner in exchange for a 5% NSR royalty below 20m from surface.

The Sinug-ang Prospect was explored in the 1980s by surface sampling and drilling and is shown on Figures 2 and 3. The vein zone is over 1,000 metres long trending in a NNW direction parallel to the Philippine Rift Fault trend. Some small scale mining activities of selected parts of the vein over a strike length of approximately 600 metres have been undertaken to a depth of approximately 175 metres below surface.

Samples from surface and shallow workings over a strike length of 600 metres include:

Width (m)	Grade g/t Au	Width (m)	Grade g/t Au
1.20	27.6	0.75	225.0
0.84	21.8	1.00	240.0
0.95	25.0	0.80	14.8
0.60	32.5	1.00	20.8

Ten drill holes over the same 600 metres strike length intersected the following:

Hole	North	East	Dip	Azimuth	From (m)	Width (m)	Grade (uncut) g/t Au
SD 1	915238	613026	60	70	125.28	1.38	45.28
SD 2	915173	613026	60	70	122.00	1.50	4.49
SD 3	915428	612933	60	70	27.73	1.27	7.57
					142.16	1.44	7.73
SD 4	915088	613162	60	70	25.45	2.00	9.77
SD 5	915545	613007	60		139.00	1.30	5.76
SD 6	915208	613057	60	70	72.50	2.00	4.18
					102.15	3.32	11.88
					110.12	6.48	14.43
SD 7	915125	613129	60	70	40.83	0.10	81.70
					58.03	0.20	16.76
SD 9	915208	613057	75	70	127.29	0.44	7.02
					136.94	1.61	6.40
SD 10	915125	613129	75	70	110.70	1.68	5.97
					114.78	5.46	52.41

Philsaga will commence drilling below old workings shortly once drill pad preparations are complete.

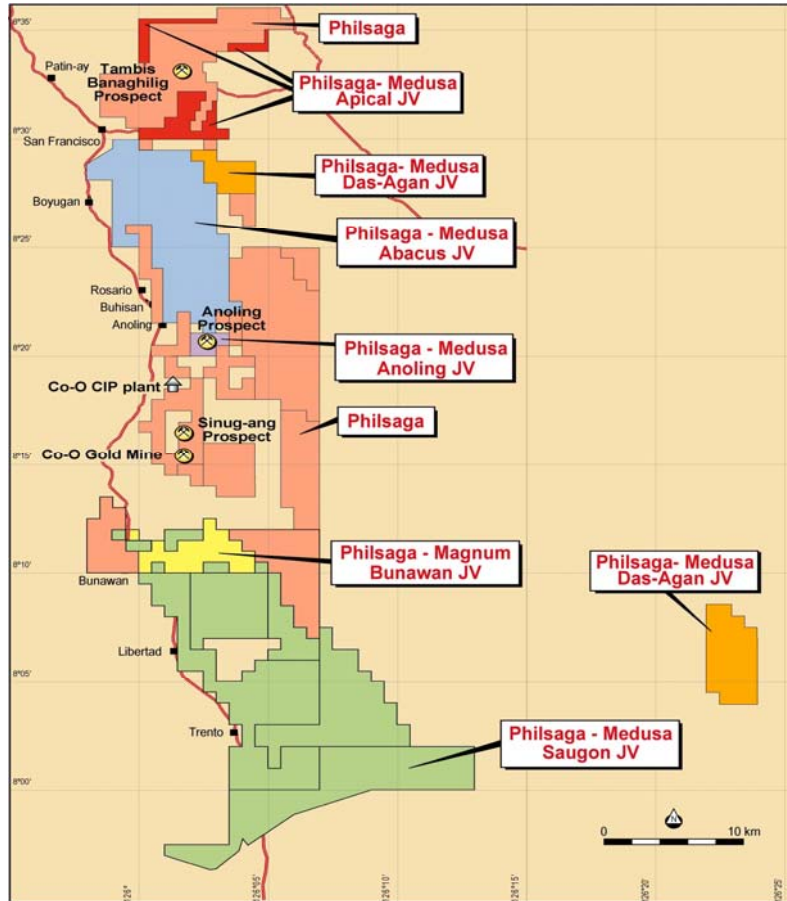


Figure 1 Tenement map

Gamuton Prospect

The Gamuton Vein system is shown on Figure 2. Surface work on this prospect has outlined a section of gold-bearing vein approximately 200m long with values to 11.2 g/t Au over 1.2 metre width in trenches. The vein lies along the footwall of an extensive westerly trending breccia zone which is up to approximately 50 metre wide. Other veins occur in the breccia zone.

Drill sites are being prepared for the first 2 drill holes.

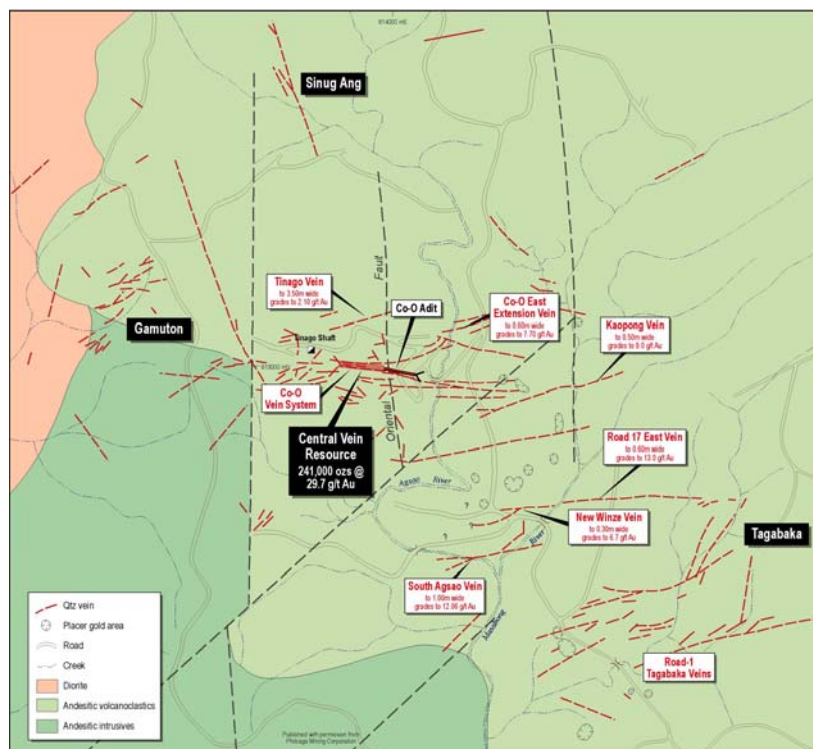


Figure 2 Vein map Co-O Mine area

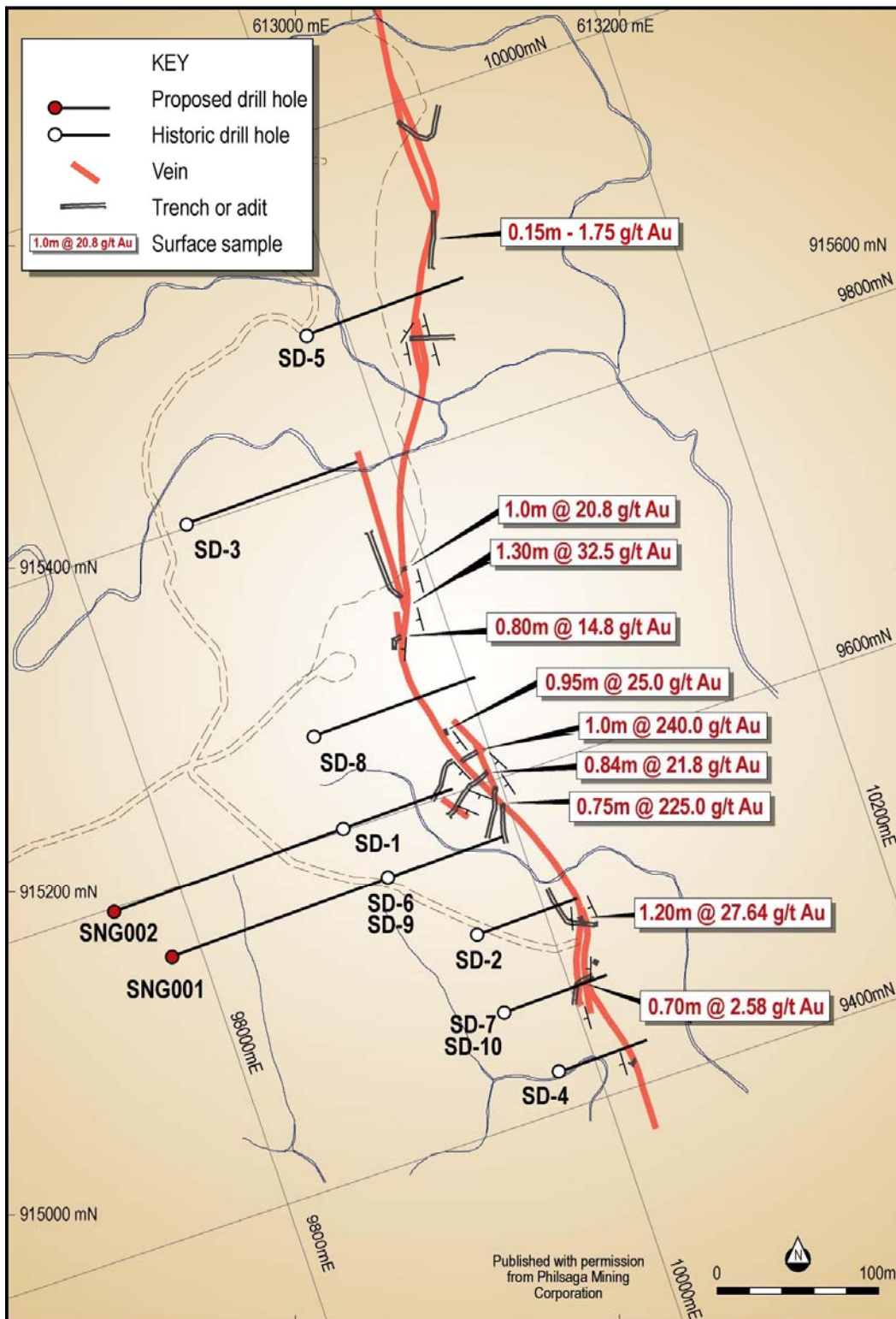


Figure 3 Sinug-ang Prospect surface map

Yours faithfully

GEOFF DAVIS
Managing Director

The information in the above announcement was compiled by Geoff Davis, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.