



Sally Malay Mining Limited

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

via electronic lodgment

Dear Sir/Madam,

DRILLING AT COPERNICUS/SALK NORTH RETURNS SIGNIFICANT NICKEL & COPPER RESULTS

- Good intersections from recent drilling at the Copernicus resource;
 - best intersection of 17 metres at 1.91% nickel and 1.45% copper from 25 metres;
- New mineralisation found to south of the current Copernicus resource boundary including;
 - 8 metres at 1.75% nickel and 1.08% copper from 19 metres;
- Drilling has confirmed Copernicus is open at depth to the south and along strike;
- Drilling at Salk North prospect intersected significant mineralisation including;
 - 4 metres at 1.38% nickel and 0.64% copper from 58 metres
- New Kepler prospect returns significant results;
 - 11 metres at 1.38% nickel and 0.64% copper from 58 metres
- Copernicus already has an Indicated Resource of 220,000t at 1.5% nickel and 0.8% copper;
- Copernicus is only 35km from the Sally Malay plant site (under construction);

THUNDELARRA JOINT VENTURE

Sally Malay Mining Limited (**ASX:SMY**) is pleased to announce the results from the first drilling program conducted by the Company as operators of the East Kimberley Copernicus Joint Venture with Thundelarra Exploration Ltd ("Thundelarra"). A 1,200 metre, 21 hole reverse circulation drilling program was conducted to better define the Copernicus nickel/copper/cobalt resource ahead of undertaking a study to determine the feasibility of treating the resource through the Sally Malay plant. Exploration drilling was also carried out on the Salk North and Kepler exploration prospects.

Copernicus and Salk North Prospects

Copernicus already has an Indicated Resource of 220,000t at a grade of 1.5% nickel and 0.8% copper using a 1% nickel cut-off grade. The nickel-copper is associated with disseminated, net-textured and massive pyrrhotite-pentlandite-chalcopryite sulphide mineralisation, hosted by pyroxenite within a mafic-ultramafic intrusion.

The Copernicus and Salk Prospects (located on Thundelarra's Eileen Bore tenement) are only 35 kilometres south of the Company's Sally Malay Project. The Project development is on track with construction having commenced and the first nickel-copper-cobalt concentrate shipment due in the 3rd quarter of 2004.

Results from the drilling program are presented in the table below. All intercepts are from the sulphide zone.

Copernicus Drill Programme Assay Summary (based on 0.50% Ni cut-off)

Prospect	Hole No.	E	N	From (m)	To (m)	Int. (m)	Ni%	Cu%	Co%
Copernicus	CORC011	392,981	8,047,282		NSR*				
	CORC012	392,964	8,047,296	31	38	7	1.34	0.98	0.05
	CORC013	392,946	8,047,309	48	54	6	1.52	0.97	0.05
	CORC014	392,928	8,047,322	69	72	3	2.52	1.47	0.08
	CORC015	392,950	8,047,281	25	42	17	1.91	1.45	0.06
	Including			34	39	5	2.32	1.82	0.09
	CORC016	392,919	8,047,304	57	67	10	1.12	0.78	0.04
	CORC017	392,955	8,047,250	14	28	14	1.87	0.49	0.06
	Including			15	24	9	2.28	0.47	0.08
	CORC018	392,937	8,047,262	22	40	18	1.52	0.79	0.04
	Including			28	33	5	2.14	0.92	0.06
	CORC019	392,919	8,047,275	40	50	10	1.08	0.53	0.03
	CORC020	392,901	8,047,289	60	68	8	1.32	0.45	0.04
	CORC021	392,925	8,047,247	22	46	24	1.47	0.73	0.06
	Including			34	39	5	2.04	0.99	0.08
	CORC022	392,933	8,047,224	14	37	23	1.50	0.72	0.06
	CORC023	392,915	8,047,236	38	50	12	1.07	0.53	0.04
	CORC024	392,897	8,047,248	34	47	13	1.33	0.92	0.05
				50	56	6	0.55	0.27	0.03
	CORC025	392,879	8,047,260	52	62	10	0.91	0.57	0.04
	CORC026	392,930	8,047,207	42	46	4	0.57	0.38	0.03
	CORC027	392,922	8,047,194		NSR				
	CORC028	392,898	8,047,230	19	27	8	1.75	1.08	0.06
	Including			20	24	4	2.22	1.21	0.07
Kepler	CONRC001	393,125	8,047,738	12	23	11	0.57	0.85	0.02
	CONRC002	393,106	8,047,753		NSR				
Salk North	SARC008	392,500	8,046,963	57	80	23	0.69	0.45	0.02
	Including			58	62	4	1.38	0.64	0.04
				70	72	2	1.44	0.24	0.05

* NSR – no significant results

Salk North

The Salk North prospect is located approximately 500 metres south west of Copernicus and is a “blind” nickel-copper sulphide occurrence while Salk North is the faulted southern extension of the Copernicus intrusion. The hole at Salk North prospect intersected significant results in SARC008 (4 metres at 1.38% nickel and 0.64% copper from 58 metres and 2 metres at 1.44% nickel and 0.24% copper from 70 metres) within a broad zone of lower grade mineralisation.

Holes SARC007 and SARC008 are located approximately 80 metres apart and now define an extensive and previously unrecognised zone of nickel-copper sulphide mineralisation.

Kepler

The drill testing of a mineralised pyroxenite unit located approximately 400 metres north east of Copernicus, at the Kepler prospect also returned encouraging results with hole CONRC001 intersecting 11 metres at 0.57% nickel and 0.85% copper from 12 metres.

East Kimberley Copernicus Joint Venture

Thundelarra and Sally Malay (through its wholly owned subsidiary, Sally Malay Exploration Pty Ltd, "SME") formed the East Kimberley Copernicus Joint Venture in March 2003 covering Mining Lease Application M80/540 (120ha). The broad terms of the East Kimberley Copernicus JV are as follows:

- SME has a right to earn a 60% interest in mining lease M80/540 by completing a bankable feasibility study on mining the resource and processing it through the Sally Malay plant;
- SME can earn up to a 100% interest in M80/540 if Thundelarra dilutes and converts its remaining interest to an agreed net smelter return; and
- SME is manager of the JV.

Commentary

These results are very encouraging and indicate the potential for the East Kimberley Copernicus Joint Venture tenement to host significant nickel-copper sulphide resources. Being only 35km from Sally Malay the prospects are well within economic trucking distance and all are potentially amenable to low cost open pit mining given that the mineralisation is close to the surface. The East Kimberley Copernicus JV could become a significant source of feed for the Sally Malay plant which will have capacity to treat up to 150,000 tpa of additional ore once underground mining commences at Sally Malay (during 2005).

During the coming months the Company plans to conduct further geophysical surveys and drilling on the Copernicus tenement.

*On behalf of the Board of
Sally Malay Mining Limited*



Peter Harold
Managing Director

The geological information in this release is based on and accurately reflects information compiled Mr John Hicks who has 25 years experience in base metal exploration. The metallurgical information in this release is based on information compiled by Mr Keith Liddell who is a Fellow of the Australasian Institute of Mining & Metallurgy.

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