



SALLY MALAY MINING LIMITED



4 July 2007

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

Dear Sir/Madam

SIGNIFICANT NICKEL INTERSECTIONS AT COPERNICUS OUTSIDE CURRENT RESOURCE

- Three holes were drilled to test EM anomalies outside the Copernicus resource area
- All holes intersected the mineralised Copernicus pyroxenite
- Best intersection was **13m at 1.84% Ni, 1.03% Cu & 0.05% Co**
- Drilling confirms the Copernicus resource should increase in size
- Follow-up drilling is planned to test for further extensions to the resource

COPERNICUS JV – POSITIVE RESULTS FROM DRILLING TO TEST EM ANOMALIES

Sally Malay Mining Limited (**ASX Code: SMY**) is pleased to announce positive results from three reverse circulation drill holes completed at Copernicus during June 2007 to test EM anomalies located outside the current Copernicus resource. All holes have intersected the mineralised Copernicus pyroxenite with intersections ranging from 1m to 13m in width. The results of the three holes are summarised in Table 1.

Table 1 – Summary of Copernicus Drill Results

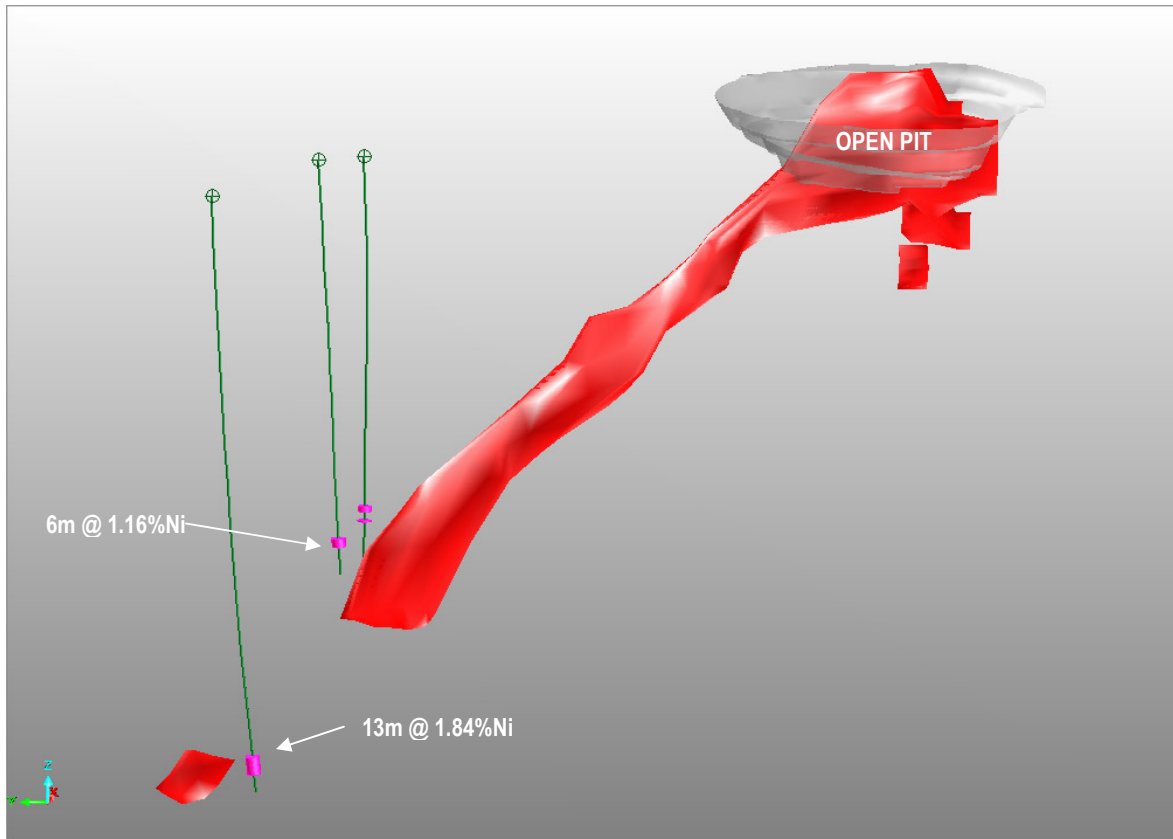
Hole No	North	East	Dip	From-To	Interval	Ni %	Cu %	Co %
CORC091	103170	55265	90	274-280	6	1.16	0.56	0.05
CORC092	103140	55290	90	250-254	4	0.35	0.68	0.01
				260-261	1	0.78	0.81	0.07
CORC093	103255	55165	90	406-419	13	1.84	1.03	0.05

The strong matrix style mineralization intersected in hole No.CORC093 corresponds with a weak EM anomaly. This EM anomaly was considered to be a low order target but given the strong mineralisation discovered in hole No.CORC093 other weak EM targets surrounding the Copernicus pyroxenite require further investigation. Hole No.CORC093 returned one of the deepest intersections in the Copernicus pyroxenite and provides encouragement that the mineralization continues at depth (see Figure 1). More drilling is planned to test the depth extensions to Copernicus before the end of the 2007 field season.

Commentary

The Copernicus Project is a joint venture between Sally Malay Exploration Pty Limited (60%) and Thundelarra Exploration Ltd (40%). Sally Malay is the manager of the joint venture and has recently announced the results of the Copernicus Feasibility Study. The Feasibility Study demonstrates that both the open pit and underground operations are economically robust at current prices (US\$35,000/t nickel), however at lower prices (sub US\$20,000/t nickel) the underground operations are more marginal. Given the current high nickel price environment the Joint Venture is keen to develop the open pit and will continue to review the economics of the underground.

Figure 1: Copernicus RC drilling of EM targets outside current resource area



Yours faithfully,
SALLY MALAY MINING LIMITED

PETER HAROLD
Managing Director

About Sally Malay

Sally Malay is an established Western Australian based nickel sulphide producer with two underground mines, Sally Malay (100%) in the Kimberley and Lanfranchi (75% and operator) 42km south of Kambalda. In 2006/07 our operations are forecast to produce close to 13,000t Ni and will continue to ramp-up to over 20,000t Ni in 2008/09 assuming Deacon and Copernicus are developed in 2008. We have a significant exploration portfolio in the Kimberley and at Lanfranchi and are ramping up our exploration activities in order to grow our resource base and increase the mine life of our operations targeting **20,000t Ni per year for the next 10 years**.

The information in this Public Report that relates to Exploration Results is based on information compiled by Mr John Hicks. Mr Hicks is a full-time employee of Sally Malay Mining Limited. Mr Hicks has sufficient experience that 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 Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hicks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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