



SALLY MALAY MINING LIMITED



15 November 2007

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

By e-lodgment

Dear Sir/Madam,

CO-EXISTENCE AGREEMENTS REACHED WITH TRADITIONAL OWNERS

Sally Malay Mining Limited (**ASX Code: SMY**) is pleased to announce that the Company and its joint venture partner, Thundelarra Exploration Limited (Thundelarra), have signed Co-Existence Agreements with the Traditional Owners, represented by the Kimberley Land Council (KLC), in relation to Sally Malay's mining operations at its namesake mine and the Sally Malay/Thundelarra Copernicus Joint Venture Project, both located in the East Kimberley.

Separate Co-Existence Agreements have been executed pertaining to the Sally Malay leases and the Copernicus Joint Venture lease application and will provide the Traditional Owners (TO's) with a significant community benefits package, including the following:

- Net Smelter Return based royalties (payable in cash) based on production from both Sally Malay and Copernicus for the 2006/07 fiscal year onwards (the NSR for the 2004/05 and 2005/06 fiscal years for the Sally Malay Project will be satisfied by the issue of 447,505 Sally Malay shares);
- financial assistance for education and health programmes;
- financial assistance for employment services aimed at increasing TO's involvement with the Company's activities in the East Kimberley; and
- various obligations on Sally Malay and Thundelarra to provide opportunities for TO's to participate in specific contracts to be awarded by the companies in the future.

This is a significant development for the Company and its JV partner in the following ways:

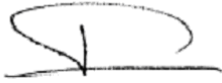
- it demonstrates our willingness to engage with the TO's and reach a mutually acceptable outcome;
- will provide the TO's with financial support for the betterment of current and future generations;
- ensures a secure future of our mining and processing operations in the East Kimberley; and
- paves the way for the development of the Copernicus Joint Venture, subject to the granting of the mining lease and all necessary statutory approvals.

Wayne Bergmann, Executive Director of the KLC, said "these agreements provide clear proof of what can be achieved when underlying principles of partnership and mutual respect form the basis of negotiations. By adopting a long term, mutually beneficial approach in negotiations, the KLC, Traditional Owners and resource companies are able to come to win-win agreements."

"The leadership shown by both Traditional Owners and the companies, particularly the respective boards and senior management is to be applauded," said Mr Bergmann.

"Their commitment and goodwill has allowed us all to understand what is important to each other, and to find common ground based on respect."

Yours faithfully,
SALLY MALAY MINING LIMITED



PETER HAROLD
Managing Director

About Sally Malay

Sally Malay is an emerging 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 produced over 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.

For further information contact:
Peter Harold, Managing Director
Sally Malay Mining Limited
Telephone 61-8-9225-0999
www.sallymalay.com