

24 June 2009

Manager of Company Announcements  
Australian Stock Exchange  
Level 6, 20 Bridge Street  
Sydney NSW 2000



**Mount Magnet South NL**

ACN 096 635 246

ABN 93 096 635 246

# \$1.5m EXPLORATION FUNDING

## Joint Venture Heads of Agreement Executed

The Directors of Mount Magnet South NL are very pleased to advise that a Heads of Agreement has been executed with **Tianda Resources (Australia) Pty Ltd** to develop a joint venture for the exploration for gold on the Kirkalocka Project tenements.

The broad terms of the agreement are:

- **Mount Magnet South (“MUM”)** to manage and operate the joint venture, with management rights continuing in the event that MUM becomes a minority interest holder;
- **Tianda Resources (Australia) Pty Ltd (“Tianda”)** agrees to spend **\$500,000** to earn an initial 20% interest in the mining leases within the Kirkalocka Project area;
- Tianda then has the right to spend an **additional \$1,000,000** to earn up to a 51% interest in the tenements;
- Should the underground resource previously announced to ASX by MUM be mined, Tianda will pay MUM consideration of **2.5% of its first 40,000 ounces of gold recovered**.

On finalising the negotiation of this crucial step in the Company’s development Managing Director Matt Shackleton said “We have long considered the area directly to the west and north of the pit to be a strongly prospective part of the Kirkalocka Project, and we are delighted to be joined in the exploration of it by Tianda.

The express intention of both parties to this agreement is to identify suitable ore reserves close to the **Kirkalocka Plant**, such that the joint venture can develop from exploration into production. Having recently finalised the acquisition of the first class Kirkalocka Plant comprising the 1.2mtpa processing facility, 130 man camp and associated infrastructure, future developments have a clear path to production. With 100% ownership of the Plant, MUM is well positioned to contribute its share of any future mine development.”

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Concluding his remarks, Mr Shackleton said, “The global financial crisis has not been kind to many in the resources industry, and nowhere is that more evident than at the junior end of the market. Whilst progress has often been achingly slow, MUM has emerged from the past 12 months in a significantly stronger position. With exploration funding in place, and a clear, simple path to production utilising the Company’s first class **Kirkalocka Plant**, MUM’s shareholders can look forward to the next 12 month period with excitement and confidence.”

MMS and Tianda, or a nominated affiliate of that company, will now turn to the formal Joint Venture Agreement.

**Tianda** is a subsidiary of Hong Kong based Tianda Group Limited, an international corporation primarily dedicated to the development of mineral and energy resources. In regards of the mineral resources, Tianda Resources focuses on the mining and exploration of iron ore, base metals such as copper, aluminum, lead, zinc, tin and nickel, and precious metals, such as gold, as well as phosphorus. The company also actively participates in researching and development, as well as investing in the recycling of mineral resources. In the aspects of energy resources, the company sets priorities on the production and exploration of oil, gas, uranium and coal, and pays close attention to the development of new, substitute and alternative energy.

Tianda Resources is headquartered in Hong Kong, and has established regional head offices in Australia and mainland China. By taking advantage of the economic opportunities arising from the trading partnership between China and Australia, the company acts as a bridge to foster and promote resources trade and cooperation between the two countries. In such a way the company aims to augment pre-existing efforts to cooperate in relation to natural resources and move further in a mutually beneficial direction via increased trade and communication that will with time extend beyond China and Australia to incorporate more countries within the region.

The company has assembled a senior management and consultant team with extensive experience in the Australian, Chinese and international minerals industries with expertise in project selection, investment evaluation, exploration and development, operational model design and risk management and control. Tianda Resources has established an international resources cooperation network including major resources and energy companies in Australia and China.

For further information, please contact:

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