



**NIAGARA**  
**MINING LIMITED**

ABN 60 060 525 206

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## **MEDIA RELEASE**

Niagara Mining Limited today advised the ASX that it has signed and executed the "Mt Windarra Asset Sale and Purchase Agreement" with WMC Resources Limited and, in accordance with the payment schedule arranged with WMC, paid the AUD\$1.5 million deposit. This payment was made from Niagara's cash reserves.

Niagara Chief Executive Officer, Mr Christopher Daws said, "This payment is a further positive step forward in the acquisition of the Mt Windarra assets and, indeed, to Niagara's future. Completion of the sale arrangements between Niagara and WMC will allow Niagara to undertake a full review of the extensive exploration and mine data currently held in archives by WMC prior to a targeted exploration programme using the latest technologies".

The Windarra purchase is subject to the approval of the Minister for State Development as the assets associated with the purchase are covered by a State Agreement (The Poseidon Nickel Agreement Act - 1971). However, the former Minister, Hon. Clive Brown MLA, had indicated his support for a change in ownership of the former nickel operation subject to certain conditions being met. These include the payment of regular tenement rentals and rates to the Government and the local council - an objective fully endorsed by Niagara.

The Mt Windarra project has produced about 7 million tonnes of sulphide nickel ore at grades in excess of 1.58% ahead of its closure in 1991. This included underground production at Mt Windarra at the northern end of the large tenement and from an open pit operation 18 kms further south at Windarra South. Mt Windarra was at the centre of the Poseidon Boom which saw shares in the exploration outfit, Poseidon, soar to \$280 per share.

Mr. Daws said; "We are very excited about re-opening the mine to access ore known to remain when mining was terminated due to depressed nickel markets. We remain confident of the potential of the area contained within the extensive mining tenement and have been buoyed by the interest expressed in the area by other companies, since our acquisition was announced. The continuing strength of the nickel market currently and the predictions by market commentators of the expected growth in demand underpins our confidence that we will be able to make this a commercial success."

***INCO Limited (world's second largest Nickel producer), comments  
29 March 2005***

***"We believe that nickel has one of the best supply/demand relationships of any metal over the next few years due to strong demand coupled with limited supply. Expect to see levels of tightness in nickel market that are not yet understood. Nickel averaged \$6.28 a pound in 2004, up 44% from 2003 level of \$4.37 a pound; nickel should have an even better year in 2005. Nickel supply will be unable to keep pace with demand growth"***



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Niagara Mining is committed to providing the State with an unconditional environmental performance bond to cover outstanding rehabilitation obligations - particularly at the southern end of the tenement. The company is developing a strategy that is designed to support local employment and in so far as is possible, a residential based workforce located within the town of Laverton.

Mr. Daws said; "Niagara would like to place on the public record, its expression of thanks to the Laverton Shire for their great encouragement to place Windarra back into operation. Also for the support we have received from Hon. John Bowler MLA, the local member, who has never wavered in his support and enthusiasm that this famous mining operation might re-open to add value to the life of the inhabitants and to the economy in the north-eastern Goldfields."

Dated: 5<sup>th</sup> April 2005

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