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6 January 2004

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Variation to Duplex Hill Option Agreement - Kambalda

Niagara Mining Limited is pleased to announce that it has negotiated a variation to the Duplex Hill Project Option agreement with Connaught Mining NL for Exploration License 26/64 located approximately 26 kilometres north east of Kambalda in Western Australia that will see it consolidate a strategic land holding in this world class nickel district.

The variation to the agreement will allow the company to gain additional access to ground prospective for gold and nickel via the inclusion of three prospecting licences, P26/2899, P26/2900 and P26/2901. The adjoining leases, which abut E26/64 to the northwest, are currently under application with the Department of Industry and Resources.

The renegotiated terms of the Duplex Hill Project Option are as follows:

- Option to acquire EL 26/64, PLA 26/2899, PLA 26/2900 & PLA 26/2901 on or before 22nd May 2006;
- Niagara may assign or transfer the option agreement at its sole and absolute discretion;
- Niagara may exercise the option by paying $80,000 to Connaught upon exercise and a production royalty of A$5 per oz capped at and not to exceed A$100,000. In the event that the PLA's have not been granted at the date of exercise, $30,000 of the $80,000 payable will be withheld by Niagara until all three PLA's are granted.

The Duplex Hill Project is located approximately 10.5 kilometres to the south west of Australian Mines Limited recently re-commissioned Blair Nickel Mine and approximately 8 kilometres north west of the Carnilya Hill Nickel Mine operated by View Resources Limited. Niagara has recently applied to the Department of Industry and Resources to convert E26/64 to a mining lease.

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Drilling last year established the presence of an ultramafic zone in contact with the gold bearing mafic sequence. Gold mineralisation associated with quartz veining and sulphide with strong alteration to kaolin-sericite talc clay and fuchsite occurs along the contact. The proximity of sulphide mineralisation is encouraging for the presence of nickel sulphides associated with the ultramafic.

The company intends on reviewing the nickel potential of the leases in light of the exploration results to date, the recent strengthening of the nickel market and recent approaches by various parties to acquire the Company's interest in the ground.

Yours faithfully,

Bradley Moore,
CHAIRMAN.

This report accurately reflects information compiled by Mr G.R. Hemming, MAusIMM., the Technical Director of the Company, who is a competent person as defined by the Australasian Code for Reporting of Identified Minerals Resources and Ore Reserves and accurately reflects the information compiled by the competent person.