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## **Exploration Drilling Confirms Potential at Mangrove and Barramundi West Deposits**

Aztec Resources Limited ("Aztec" ASX: AZR) is pleased to announce that a total of 9,387 metres of reverse circulation (RC) drilling in 100 holes has been completed on Koolan Island during the 2006 exploration and infill drilling programme. The programme achieved:

- Evaluation of the potential of the Mangrove deposit.
- Extensions to defined mineralisation at Eastern-Barramundi, Main and Mullet-Acacia deposits.
- Evaluation of outcropping and undercover extensions to the previously mined Barramundi deposit.
- Definition drilling within the Eastern-Barramundi deposit to enhance selective mining.

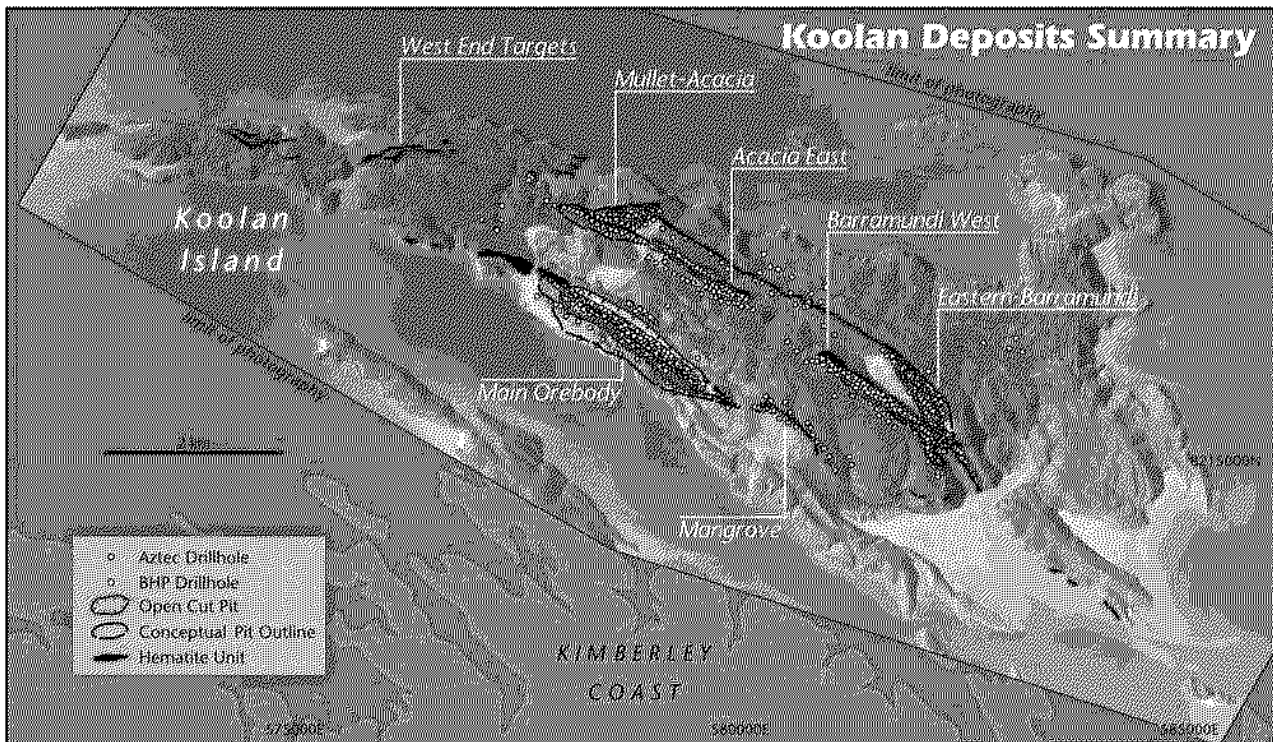
Locations of these deposits and the 2006 drill hole collars are shown on Figure 1 and the metres drilled by areas are summarised in Table 1 below.

***Table 1: Koolan Island 2006 Exploration and Deposit Infill Drilling Summary***

<b>Deposit</b>	<b>Holes</b>	<b>Metres</b>
Mangrove	35	4,610
Barramundi West	9	418
Barramundi South	13	688
Eastern-Barramundi	14	1,329
Mullet-Acacia	20	1,722
Main West	9	620
<b>TOTAL</b>	<b>100</b>	<b>9,387</b>

Surtron down hole density and survey measurements have been completed where drill holes remained open and accessible. Geological modelling and mineral resource estimates are underway for the Mangrove and Barramundi West deposits and estimates for other areas will follow. Pit design, optimisation and ore reserve estimation will be subsequently undertaken where appropriate.

**Figure 1: Koolan Island Deposits Summary Plan with 2006 Drill Hole Collars**



## Mangrove Deposit

The Mangrove deposit is located 1 kilometre southeast of the Main deposit in close proximity to the process plant. Drilling to date has been conducted over 850 metre strike length in the north-western portion of the 2 kilometre long, sub-vertical, partially outcropping hematite bearing Mangrove structure.

Assays received from the latest infill drilling at the Mangrove deposit have confirmed continuous hematite mineralisation over a strike length of greater than 600 metres.

This drilling targeted both near surface and down-dip mineralisation at approximately 100 metre centres to enable a mineral resource estimation to proceed. Due to access difficulties, the drill holes pierced the hematite horizon at angles ranging from perpendicular to acute. Generally, the hematite varies in thickness from 5 metres to 20 metres. Drilling to date indicates the mineralisation at Mangrove has a depth potential of more than 150 metres and remains open.

Highlights of the recent infill results are shown in Table 2. Figures 2 and 3 display the drill hole locations and typical cross-section of the north-easterly dipping, sub-vertical nature of the mineralisation.

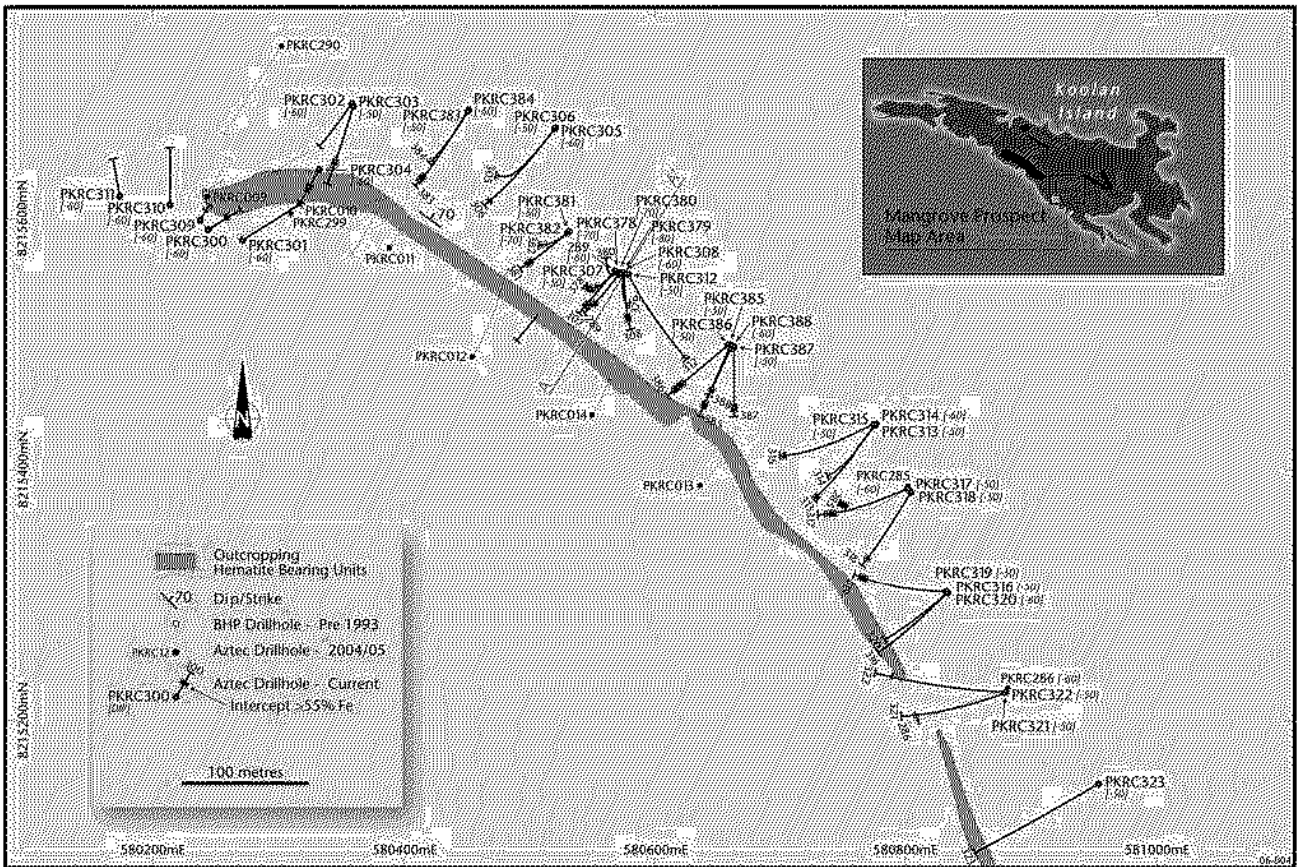


**Table 2: Better Drill Intercepts from the recent Infill Drilling at Mangrove**

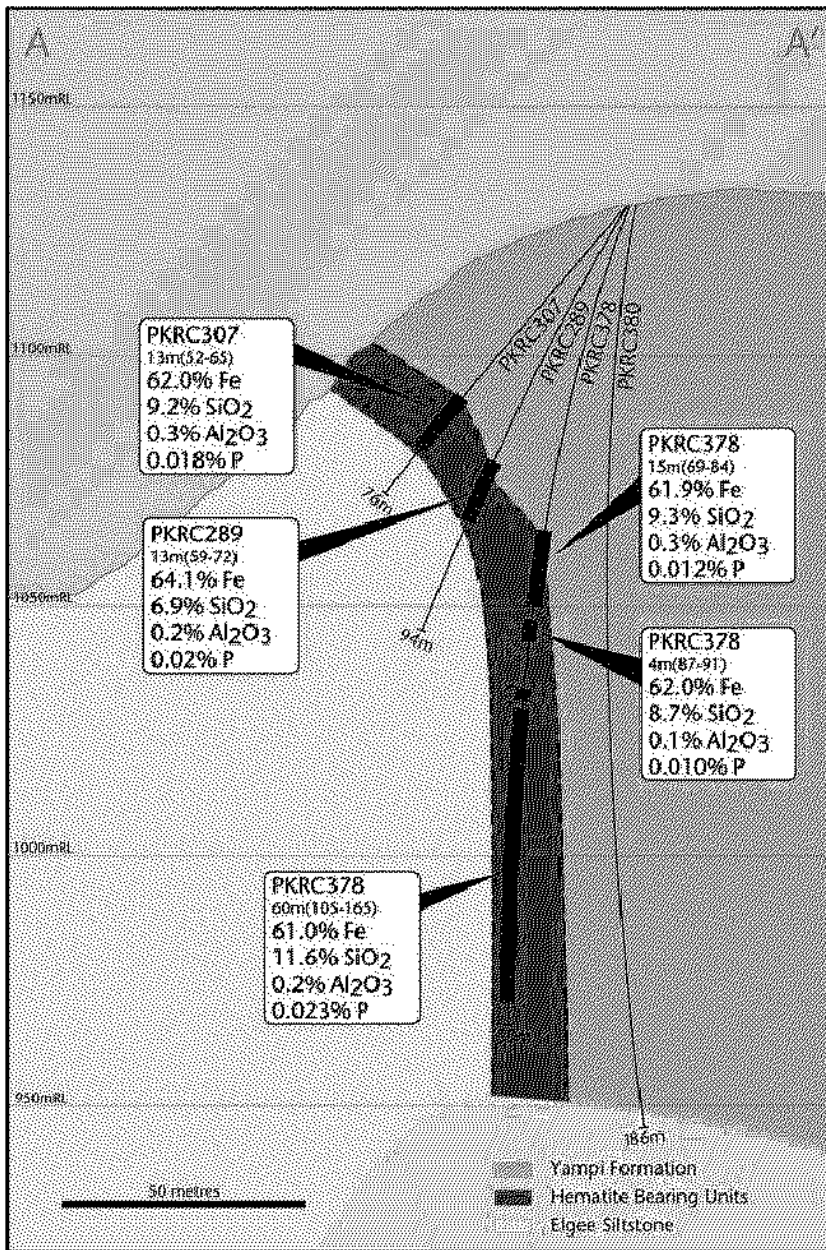
Intercepts are calculated at >4m of >55% Fe cut off.

Hole ID	Dip	Az (Mag)	GDA Northing	GDA Easting	From (m)	To (m)	Width (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
RC378	-70	220	8215557	580568	69	84	15	61.9	9.3	0.3	0.01
					87	91	4	62.0	8.7	0.1	0.01
					105	165	60	61.0	11.6	0.2	0.02
					159	173	14	61.6	10.0	0.4	0.01
RC379	-70	180	8215556	580574	166	173	7	65.0	6.2	0.2	0.01
					62	77	15	62.1	9.5	0.4	0.03
RC382	-70	220	8215588	580531	80	89	9	61.5	7.0	2.0	0.08
RC382	-70	220	8215588	580531	113	121	8	61.9	10.0	0.5	0.02
					114	134	20	63.8	7.8	0.5	0.03
RC383	-50	210	8215684	580451	136	147	11	63.1	8.7	0.4	0.04
RC384	-60	210	8215685	580452	82	111	29	64.2	7.2	0.3	0.03
RC386	-50	230	8215499	580657	82	94	12	64.7	6.3	0.6	0.01
RC388	-60	205	8215496	580659							

**Figure 2: Mangrove Deposit Drill Hole Intercept Locations in relation to the Hematite Outcrop**



**Figure 3: Mangrove Deposit Section A – A'**



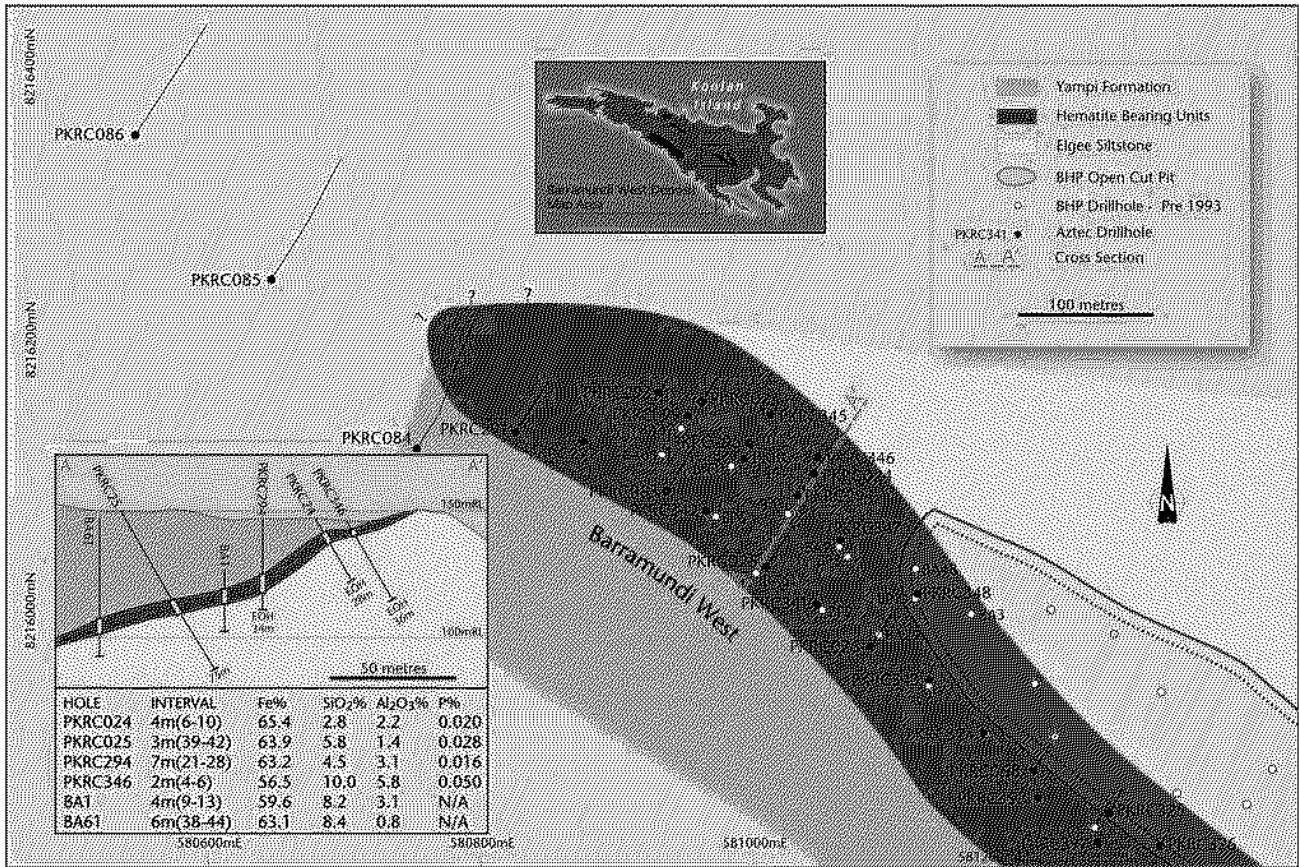
### **Barramundi West Deposit**

The Barramundi West Deposit is the north-western extension to the hematite ore historically mined at the Barramundi pit. This outcropping hematite horizon typically dips at 20° toward the southwest beneath Yampi Formation cover.

Encouraging intercepts returned from the recent drilling at Barramundi West have confirmed the continuity of the hematite mineralisation over 350 metre strike length and greater than 120 metre down dip. This drilling has resulted in a nominal hole spacing of 40 metres by 40 metres suitable for mineral resource estimation.

The better recent drill intercepts at the Barramundi West Deposit are listed in Table 3 and hole locations with a typical cross-section are shown in Figure 4.

**Figure 4: Barramundi West Drill Hole Locations.**



**Table 3: Better Drill Intercepts from the recent drilling at Barramundi West**

Intercepts are calculated at >4m of >55% Fe cut off.

Hole ID	Dip	Az (Mag)	GDA Northing	GDA Easting	From (m)	To (m)	Width (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
RC341	-90	0	8216005	581046	36	44	8	64.5	3.6	1.6	0.06
RC342	-90	0	8216074	580965	47	54	7	65.5	4.0	0.9	0.04
RC344	-70	30	8216111	580993	24	33	9	65.7	2.9	1.4	0.05
RC345	-60	30	8216145	581012	4	10	6	60.4	6.4	4.7	0.02
RC347	-90	0	8216052	581064	3	10	7	64.7	4.5	1.7	0.02
RC348	-90	0	8216013	581120	9	15	6	67.0	1.9	1.2	0.01
RC399	-90	0	8216144	580952	22	26	4	64.5	4.1	2.4	0.04
					27	28	1	60.8	5.4	4.5	0.05

### Barramundi South Deposit

The Barramundi South Deposit is the south-western down-dip extension to the hematite ore mined in the Barramundi pit. Recent drilling has further delineated the area of previously reported encouraging intercepts within the moderate south-westerly dipping hematite horizon which extends beneath Yampi Formation cover. This recent drilling was aimed at quantifying the remaining economically accessible hematite mineralisation in this area.



The mineralised horizon is approximately 550 metres in strike length and extends down dip for greater than 50 metres. The better intercepts at the Barramundi South Deposit are listed in Table 4. These holes are relatively perpendicular to the hematite horizon.

**Table 4: Better Drill Intercepts from the 2006 drilling at Barramundi South**

Intercepts are calculated at >4m of >55% Fe cut off.

Hole ID	Dip	Az (Mag)	GDA Northing	GDA Easting	From (m)	To (m)	Width (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
RC325	-60	30	8215853	581260	28	33	5	62.6	9.1	0.8	0.02
RC326	-60	30	8215829	581297	27	34	7	61.9	7.0	2.3	0.03
RC327	-60	33	8215734	581402	35	39	4	65.7	4.6	0.9	0.02
RC393	-60	30	8215712	581454	35	42	7	64.2	4.6	2.4	0.01
RC394	-60	30	8215635	581582	43	51	8	65.9	3.1	2.0	0.02

### Main West Deposit

Hematite horizons of the Main Deposit continue to the northwest beyond the limit of previous mining activity. High-grade mineralisation in this area, known as the Main West Deposit, becomes more sporadic.

The 2006 drilling tested approximately 300 metres of strike length of the outcropping, south-westerly dipping orebody. It was aimed at both expanding and infilling the previous drilling at the deposit to increase and upgrade its current Inferred Resource category. Pockets of high-grade hematite were intersected adjacent to lower grade hematitic conglomerate. The better drill intercepts at the Main West Deposit are listed in Table 5.

To test the deposit at depth, most of the angled drill holes were collared through unconsolidated waste dumps situated adjacent to the outcropping mineralisation.

In addition, shallow close-spaced blast hole drilling is being conducted from the top of the outcropping hematite body to determine the continuity of the high-grade mineralisation near surface. Assays for this drilling are awaited.

**Table 5: Better Drill Intercepts from the recent drilling at Main West**

Intercepts are calculated at >4m of >55% Fe cut off.

Hole ID	Dip	Az (Mag)	GDA Northing	GDA Easting	From (m)	To (m)	Width (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
RC369	-60	33	8216940	577971	44	56	12	61.5	12.0	0.2	0.00
					47	54	7	64.1	8.2	0.2	0.00
RC370	-60	33	8217072	577845	8	12	4	67.2	3.1	0.5	0.00
RC371	-60	33	8216908	577985	64	71	7	63.3	9.2	0.2	0.00
RC372	-60	33	8216969	577917	39	57	18	66.3	4.2	0.7	0.00
RC373	-60	36	8216993	577882	47	53	6	63.3	9.1	0.2	0.00
RC376	-60	33	8217010	577915	23	30	7	64.7	6.7	0.2	0.00



## Eastern-Barramundi Deposit

The Eastern-Barramundi ore reserve occurs within the south-easterly plunging Eastern-Barramundi anticline. Hematite ore was mined previously by BHP from the Eastern Pit, on the north-eastern limb of the anticline and from the Barramundi Pit on the south-western limb. The current ore reserve is situated adjacent to the existing open pits both at depth and along strike to the southeast.

Both exploration and infill drilling was conducted in this area. Results from the infill drilling confirmed previous geological interpretations, outlined hematite mineralisation extensions at depth and will allow more precise mine planning. This is apparent in hole RC329 where extensive intercepts were encountered, however, the hole was terminated in hematite mineralisation due to drill rig capability limitations. Exploration drilling intersected encouraging hematite horizons such as RC334, located adjacent to the planned pit and RC340, northwest of the historic Eastern pit. Selected highlights of the drill results are included in Table 6.

**Table 6: Better Drill Intercepts from the recent drilling at Eastern-Barramundi Deposit**

Intercepts are calculated at >4m of >55% Fe cut off.

Hole ID	Dip	Az (Mag)	GDA Northing	GDA Easting	From (m)	To (m)	Width (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
RC329	-60	53	8215367	582167	138	153	15	62.7	8.2	1.2	0.05
					160	171	11	62.8	9.6	0.3	0.02
					173	227	54	63.7	6.2	1.7	0.03
RC334	-60	53	8215017	582218	13	19	6	63.3	4.3	3.5	0.02
RC337	-60	53	8215715	582051	2	10	8	64.4	4.1	2.3	0.03
					11	21	10	68.4	1.1	0.4	0.03
RC340	-60	53	8216154	581757	4	22	18	62.3	6.4	2.5	0.04

## Mullet-Acacia Deposit

The Mullet-Acacia drilling programme had two primary targets. Possible extensions to the northwest plunging nose of the Mullet-Acacia anticline and extensions of the south-westerly dipping Acacia limb of the anticline. This anticline forms the current Mullet-Acacia Deposit.

Encouraging results were encountered at both drill targets. Due to access difficulties the drill holes pierced the hematite horizon at angles ranging from perpendicular to acute. Generally, the hematite rich beds in the limbs of the fold are 5 metres to 20 metres thick.

Exploration drilling intersected encouraging hematite intercepts such as in hole RC350, located at the plunging nose of the anticline adjacent to the western boundary of the planned pit. Mineral resource estimations will be undertaken to incorporate the recent drill results. Selected highlights of the drill results are included in Table 7. The 2006 drilling collars are highlighted on Figure 1.



**Table 7: Better Drill Intercepts from the recent drilling at Mullet-Acacia Deposit**

Intercepts are calculated at >4m of >55% Fe cut off.

Hole ID	Dip	Az (Mag)	GDA Northing	GDA Easting	From (m)	To (m)	Width (m)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
RC350	-90	0	8217860	577935	27	38	11	65.4	6.2	0.2	0.00
					39	43	4	59.7	13.5	0.4	0.02
RC351	-60	183	8217846	578036	30	36	6	60.8	12.5	0.4	0.00
					39	49	10	64.5	7.3	0.2	0.00
					65	69	4	60.0	12.7	0.9	0.00
					71	86	15	63.0	9.0	0.5	0.01
					87	95	8	59.3	14.3	0.4	0.01
RC352	-60	183	8217824	578093	100	110	10	61.4	11.5	0.4	0.00
					25	38	13	62.2	10.6	0.4	0.01
RC353	-60	183	8217806	578133	108	118	10	63.1	9.5	0.1	0.00
					37	48	11	62.0	11.0	0.1	0.00
RC354	-60	183	8217787	578184	99	123	24	62.4	10.0	0.4	0.01
					37	45	8	61.8	11.3	0.2	0.02
RC358	-60	183	8217684	578354	46	48	2	62.9	9.9	0.1	0.00
					49	59	10	62.2	10.4	0.3	0.00
RC359	-90	0	8217648	578400	26	34	7	63.0	9.3	0.2	0.00
RC367	-90	0	8217569	578551	41	46	5	64.1	7.8	0.2	0.01

Future exploration programmes on Koolan Island planned to commence in 2007 will target both proximal under-explored and unexplored areas elsewhere.

**Attribution**

The information in this report that relates to exploration results is based on information compiled by Alexander Moyle who is a full time employee of the Company. Alexander Moyle is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Alexander Moyle 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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