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AMAYAPAMPA SAMPLING UPDATE, METALLURGICAL TESTWORK & TECHNICAL DIRECTOR'S VISIT

The Directors of Republic Gold Limited ("**Republic**" or the "**Company**") are pleased to announce that following the initial successful surface sampling programme at its Amayapampa Gold Project in Bolivia (the "**Project**"), the sampling has been extended significantly due to continuing encouraging analysis results. Sampling of additional areas outside the currently proposed pit is in progress to examine new mineralisation potential. The extension of this sampling programme came about after the recent visit of the Company's Technical Director, Mr Neb Zurkic. In addition, further metallurgical testwork that is underway is expected to improve processing recoveries.

Key Points

- 22 trenches have been completed on a nominal 25-metre spacing covering the currently proposed open pit which is based on a gold price of US$800/ounce – see diagram below.
- Six more trenches will cover an area outside the proposed pit area that is above some existing high grade drilling intersections and is also along a significant northeast striking surface outcrop.
- Four more short trenches will be completed over old workings to the northwest of the proposed pit.
- Almost all trenches within the proposed open pit need to be extended, some by up to 40 metres. The extensions are on both ends of the trenches. Two further full-length trenches are planned at the south and at the north of the proposed open pit.
- The additional trenching will be accompanied by additional surface pitting, with pits dug down 5 metres every 10 metres along each trench.
- There is evidence from the recently drilled diamond core that high grade gold at Amayapampa is present in either highly fractured and highly quartz veined host rocks or in black shale units that show little visible evidence of shearing or sulphides. This latter environment is a common high grade host in Central Victoria and its importance seems to have been unknown by previous explorers at Amayapampa.
- A new topographic survey is required for the Project after errors were encountered in the existing natural surface following the recent drilling programme. Following this a resource upgrade will be done.
- A final programme of metallurgical testwork with Gekko Systems in Ballarat has been designed to enhance gold recoveries, with samples to come from new surface shafts and the recent diamond drillholes.

Republic's Technical Director; Neb Zurkic, said:

"With my recent visit to the Project, some of the geological controls are becoming more evident. The Project's Senior Geologist, Herbert Chavez, is seeing more in the geology of the Project than has been recognised before. Herbert is working on proving a theory that the mineralisation has a northerly plunge to it. If this is the case then the geology of Amayapampa can be said to be very similar to that of Central Victoria. If we can prove that the northerly plunge exists then we will look for evidence of stacked mineralised shoots, which is the model for both Fosterville and Bendigo in Central Victoria. The recognition of the potential for high grades to be carried in black shale units is also vital. We know at Fosterville that these units accounted for significant quantities of gold. The realisation of the significant importance of the +400 kilometre long Amayapampa-Lipichi mineralised belt indicates to me the high potential that this part of Bolivia has for further major discoveries."

Geological Discussion

There are to be two lots of trenches to the north of the currently proposed open pit outline, which is based on a gold price of US$825/ounce: -

- To the northeast, a further six trenches are planned to cover the surface above some existing high-grade drilling intersections and along a significant northeast striking prospective surface outcrop, which is postulated as one of the main structures controlling mineralisation. This outcrop may extend beyond the valley that is 300 metres north of the northern boundary of the proposed open pit to the next ridge where substantial historic workings are present. These historic workings appear to have been drilled from a recent drilling platform for which results are at this stage unknown.
- To the northwest of the proposed pit, a further four short trenches will be completed over historic workings. There is no drilling beneath this zone of historic workings.

Almost all of the trenches within the proposed open pit need to be extended, some by up to 40 metres. The extensions are on either end of the trenches due to anomalous gold grades at the ends of the existing trenches. Two further full-length trenches are planned along trend at the south and at the north of the proposed open pit. The additional trenching will be accompanied by surface pitting, with pits dug down 5 metres every 10 metres along each trench. This additional work will lead to in excess of 1,000 sampled surface locations which will not only allow for a better estimate of the surface resource grade, but also provide a framework for initial ore zone delineation prior to the commencement of mining.

Plans to locate the processing plant generally to the north of the proposed pit are being reviewed with both prospective surface outcrops and existing high grade drilling intervals needing to be followed up in this area. The drill section that is 25-50 metres north of the proposed pit contain intercepts 3.79 metres @ 5.22 g/t Au only 30 metres below surface, with potentially the same structure being encountered 40 metres further down with 2 metres @ 14.54 g/t Au and a further 50 metres deeper with 2 metres @ 9.10 g/t Au. The northern-most drilling intercept, some 100 metres north of the proposed pit, of 22 metres @ 0.76 g/t Au (including several intervals of greater than 2 g/t Au) demonstrates that the system continues to be strong to the north and occurring from only 4 metres below surface this potentially is economic at the current gold price of US$950/ounce.

There is evidence from the examination of recently drilled diamond core that the high grade gold at Amayapampa is present in either highly fractured and highly quartz veined host or in black shale units that show little visible evidence of shearing or sulphides. This latter environment is a common high grade host in Central Victoria and would have been more difficult for the artisanal miners to detect or extract gold from. The knowledge of the importance of the black shale units seems to have been unknown by previous explorers at Amayapampa. Drillhole RC97AP212 has an isolated high grade intersection at the bottom of the hole towards the southern end of the pit. This intersection of 16 metres at 8.17 g/t Au is currently approximately 250 metres below surface. The approximately 60,000 ounces that this single hole represents has been currently excluded from the mineral resource until further support can be provided for it. An indication that this intersection and holes above it are in a black shale unit - or evidence that this is part of a second stacked unit at Amayapampa, would be significant for the Project.

The recent drilling programme indicated that there are probably elevation errors with the natural surface at Amayapapma. Survey pickups of the drillhole collars of some drillholes did not accord with the existing digital topography. To ensure that any potential errors are eliminated, a new survey will be flown and then digitised. The Company is using the Bolivian Military Army Survey Unit – Servicio National de Aerofotogrametria – for this work. This unit is responsible for official surveying in Bolivia.

The +400 kilometre long Lipichi to Amayapampa polymetallic belt, which commences southeast from Amayapampa and then northwest from Lipichi into Peru, is evolving as a highly prospective corridor that has been under-explored for gold and overlooked for disseminated base metals, tin and antimony targets. This belt already contains some of the major mines in Latin America.

Additional Metallurgical Programme

Due to the free milling characteristics and relatively coarse gold grains of the Amayapampa ore, the emphasis of the testwork completed previously was correctly directed towards recovering as much of the gold as possible by gravity means and if necessary then utilising CIL to capture any gold remaining in the gravity tail. Gravity recovery appears to be variable, with gold recoveries as low as 5% and in excess of 90% having been reported. . However subsequent testwork indicated that using CIL to capture gold lost to the gravity tail was not required if higher yields to a gravity concentrate were achieved. This flowsheet was selected in the Vista 2000 feasibility and further supported in the Luzon 2005 technical review. Subsequent testwork on other samples has shown that this flowsheet was not appropriate to maximise gold recovery, with substantial gold loss still occurring in the gravity tail, even at highest gravity yield.

Furthermore the fine gravity circuit selected was considered too complicated and the process flowsheet should be kept as simple as possible. The processing of gravity concentrates to produce a directly smeltable product could also result in theft of this material. It is preferable to use intensive leaching to recover gold from gravity concentrates. A rod mill was proposed for the grinding circuit, in combination with a ball mill, which would result in substantial "lock-up" of gold and reduced gravity recovery because of over grinding and flattening of the gold particles. It would be preferable to have a third crushing stage and remove the rod mill from the circuit.

A Gravity Testwork Program proposed at Gekko's Ballarat laboratory is designed to address the above points. The Gravity Flotation Intensive Leach (GFIL) is a flowsheet developed by Gekko Systems where gold recovered to both gravity and flotation concentrates is leached in an intensive leach reactor and then electrowon for smelting.

The testwork programme will provide a clear indication of the applicability of GFIL to both oxide and fresh Amayapampa ore. If successful the advantages of using the GFIL flowsheet are:

- The plant is completely modular and ready to be shipped to site where it can be unpacked and reassembled. This will allow for fast delivery and start-up, flexible and upgradeable capacity and a small footprint.

- Reduced capital cost.

- Simple flowsheet with unit operation and minimal recirculating loads.

- No gravity upgrading of high value gravity concentrates minimising potential gold theft.

- Elimination of the rod mill to reduce over grinding of gold particles which in turn reduces their amenability to gravity recovery.

- The introduction of the third crushing stage followed by gravity processing will maximise gravity gold recovery and reduce gold accumulation in the ball mill liners.

- Generation of a flotation concentrate from the gravity tailings and intensive cyanide leaching of the concentrate will maximise gold recovery. During periods when low gravity recoveries are experienced, this step will catch most of the gold which would have previously been lost through this stream.

Yours faithfully

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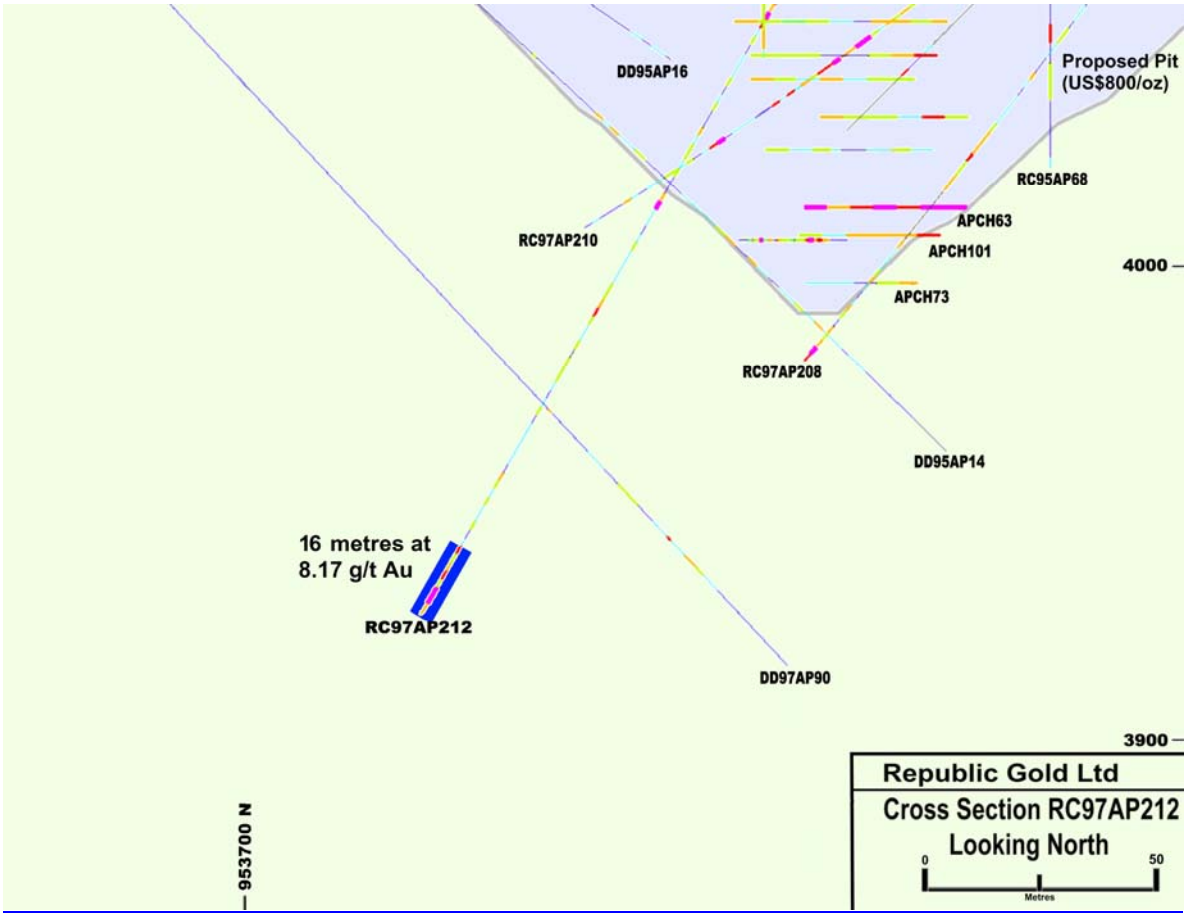
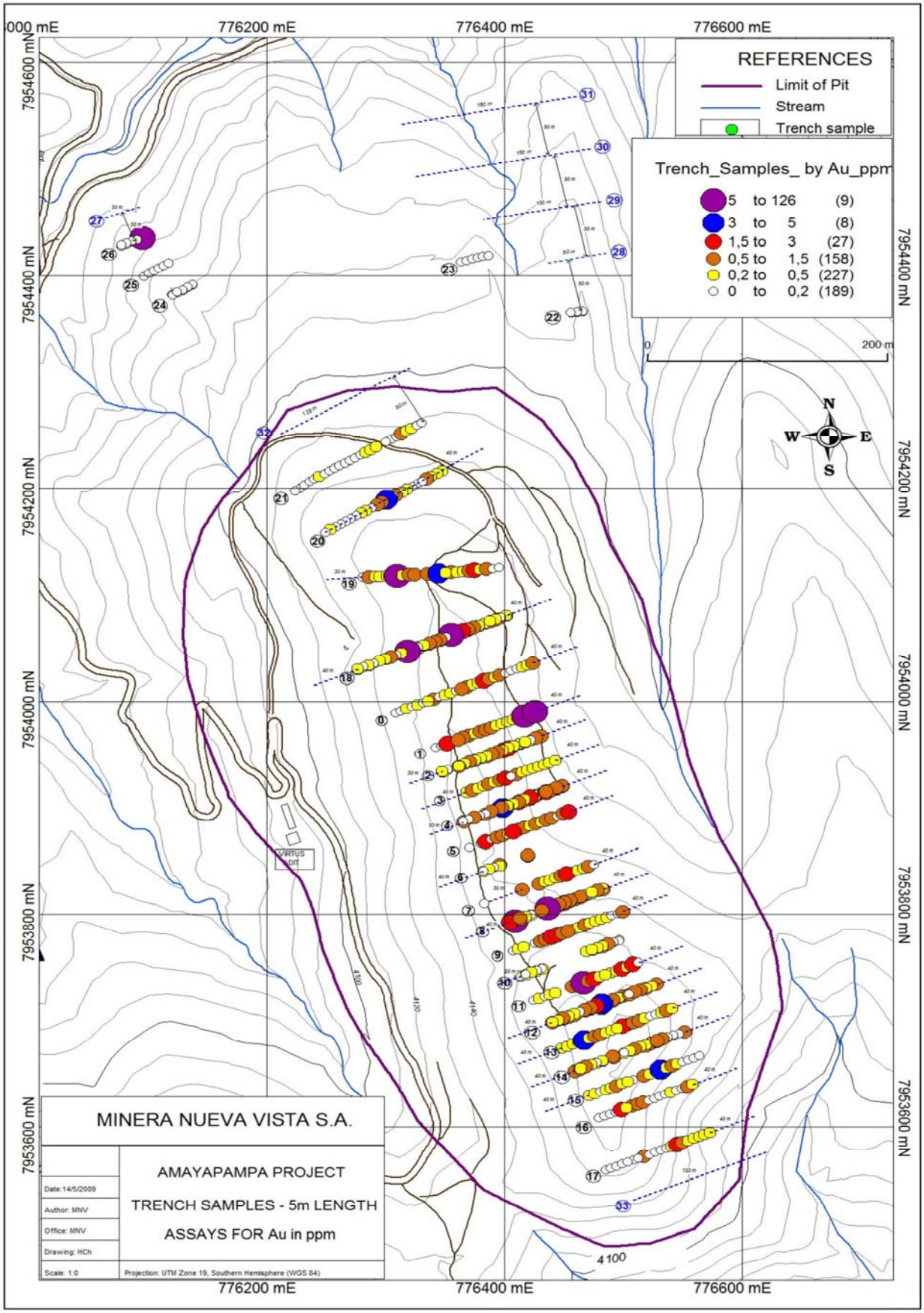


Isolated Intersection of 16 Metres at 8.17 g/t Au in Drillhole RC97AP212

Polymetallic Belt That Extends +400 Kilometres from South of Amayapampa to Lipichi and Into Peru



Completed Trenches with Planned Extensions & New Trenches