

Manager of Company Announcements
ASX Limited
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

7th May 2008

Dear Sirs

Significant Progress Achieved in Smelting Trials

The Directors are pleased to announce Outotec's test results, which confirm the suitability of its South American ore for smelting.

Aconcagua Resources Limited's stated objectives of adding value from beneficiation through to smelting have taken a big step forward with the excellent results achieved in reduction and metallisation tests. Exceptional degrees of metallisation combined with a wide range of flexibility (temperature) are reinforcing the high quality of the smelter feed and the effectiveness of Outotec's Circofer® Technology.

As previously announced on 22nd February 2008, Outotec Germany completed their reduction test work on Aconcagua's titaniferrous concentrate from their Fierroinca Project. The test work was conducted using Outotec's Circored® technology, with hydrogen being the reductant. Metallisation degrees in the order of 65% were obtained but within a very narrow temperature range.

In order to more fully investigate other reduction options available, Aconcagua requested Outotec to conduct further reduction tests using their Circofer® technology. This technology uses coal as the reductant.

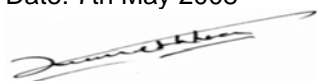
This test work just completed has yielded excellent results, with metallisation degrees of between 65-87% being achieved.

Salient points of this test programme are as follows.

- The 80mm CFB test plant was operated for three days in order to test the reduction behaviour of the titaniferrous concentrate under different reduction conditions and continuous operation.
- At a solid retention time of 20 minutes, metallisation degrees of 65, 67, 77 and 87% were obtained for reduction temperatures of 950, 960, 980 and 995 degrees centigrade respectively.
- The 80mm CFB plant displayed very stable running conditions and the reactor walls and the cyclone were found free of accretions or blockages after each day of operation.

The test work programme is continuing, with the pre-reduced samples now currently undergoing batch smelting tests in Finland. This would separate the products into pig iron and titanium slag.

By order of the Board
Date: 7th May 2008



Kenneth Lee
Company Secretary
Aconcagua Resources Limited