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29 March 2011

# 850Mt Maiden Inferred Resource

# at Peak Hill Iron Project including 425 Mt grading 29.9% Fe in BIF 1

## Highlights:

- **Maiden Inferred Mineral Resource of 850Mt grading 27.3% Fe estimated at the Telecom Hill Deposit, including 425 Mt grading 29.9% Fe in BIF 1.**
- **The Mineral Resource is defined from only 4km of the known 10km strike length of the Robinson Range Formation BIF at the Telecom Hill Deposit.**
- **Three BIF units are present, ranging in thickness from 50m–320m, separated by thin (5m–15m) shale beds. The largest and highest-grade BIF unit, BIF1 forms the majority of the resource tonnes.**
- **The BIF has excellent continuity at surface, and this continuity was confirmed in the subsurface by drilling (up to 250m below surface).**
- **Initial Davis Tube Recovery (DTR) test work shows the magnetite-bearing BIFs can produce high-grade concentrates.**
- **Additional resource tonnages are expected from new drilling programs scheduled for the second quarter of calendar 2011**
- **This adds to the highly successful geological mapping near Mt Padbury which delineated a number of new iron ore targets with potentially significant platy hematite-goethite mineralisation discovered with grades up to 63.2% Fe and an exploration target[1] potential of 20-28 million tonnes at 55-60% Fe.**
- **Further upgrades expected following next phase of drilling with planning already underway.**

[1]NOTE: This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

**Aurium Resources Limited (ASX:AGU)** and **Padbury Mining Limited (ASX:PDY) ("the JV Partners")** are very pleased to announce a maiden JORC Inferred Resource for the Telecom Hill Deposit at their Peak Hill Iron Project Joint Venture ("JV" or "Project").

The Mineral Resource comprises **850Mt** at **27.3% Fe, 46.2% $SiO_2$, 3.4% $Al_2O_3$, 0.14% P and 6.52% LOI** hosted by magnetite-bearing banded iron formation (BIF) units**.**

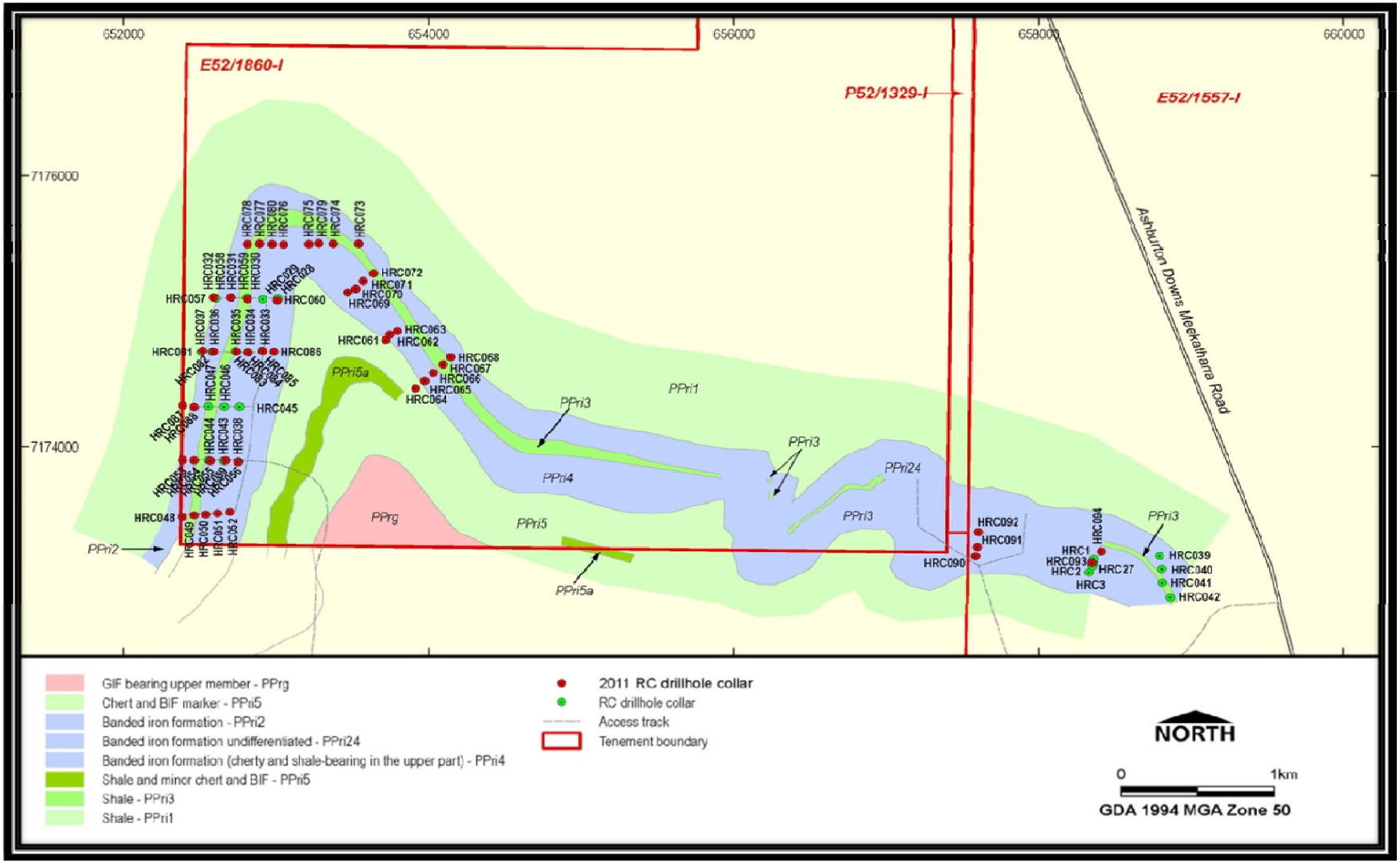
The delineation and estimation of this first Mineral Resource is a significant milestone for the Project and demonstrates the ongoing potential of the Telecom Hill Deposit. Based on this highly encouraging outcome the JV partners will continue their strategy of rapid development of the Project and commence a scoping study to provide a better understanding of the economic potential of this new resource and any additional resources that may be defined from identified exploration targets.

Given the excellent results of the initial drilling programs, the JV partners intend to undertake a number of additional exploration and evaluation programs during Q2 2011.

The programs will be a mixture of diamond core and RC percussion drilling programs aimed at enlarging and upgrading the Telecom Hill Deposit resource. In addition, a number of complimentary technical studies will be undertaken including geotechnical studies, metallurgical test work and environmental baseline studies.

The resource is based on a number of evaluation programs conducted during 2010 which included detailed geological mapping, aeromagnetic interpretation, two RC percussion drilling programs and down hole geophysical logging.

**Figure 1: Project and Collar Location Plan**



**Geology and Resources**

Data collection, geological modelling and resource estimation work was completed by independent consultants CSA Global Pty Ltd. The resource was estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). A summary of the Resource is provided in Table 1.

The data for this resource estimation was collected during two RC percussion drilling programs in 2010. A total of 69 RC percussion drill holes were completed for a total of 11,525m on a nominal drill hole spacing of 400m by 80m. The drill holes, targeting the Robinson Range Formation BIF stratigraphy, were inclined at 60-80° to intersect the BIF at an oblique angle and ranged in total depth from 100m–250m. The holes were sampled as either 2m or 4m composites that were submitted for analysis by fused disc XRF at Spectrolabs in Geraldton and those with iron grades greater than 20% Fe were submitted for testing by Davis Tube Recovery (DTR) analysis.

**Table 1. Telecom Hill Resource summary**

| Telecom Hill BIF Resources<br>Grade Tonnage Reported above a Cut off of 20% MagFe;<br>above 300mRL and below the Bottom of Oxide Surface | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| BIF | **Category** | **Million Tonnes** | **Fe %** | **$AL_2O_3$ %** | **MGO %** | **P %** | **S %** | **$SIO_2$ %** | **LOI %** |
| 1 | Inferred | 425 | 29.86 | 2.50 | 1.89 | 0.15 | 0.05 | 44.57 | 6.03 |
| 2 | Inferred | 255 | 23.94 | 5.06 | 2.11 | 0.16 | 0.02 | 49.72 | 5.09 |
| 3 | Inferred | 170 | 24.96 | 3.68 | 2.78 | 0.09 | 0.13 | 46.24 | 9.54 |
| Total | **Inferred** | **850** | **27.33** | **3.40** | **2.13** | **0.14** | **0.06** | **46.23** | **6.52** |

***Note:*** *The CSA Mineral Resource was estimated within constraining wireframe solids based on Ordinary Kriging with high-grade treatment and a nominal lower cut-off grade of 20% Fe. The resource is quoted from blocks above the specified Fe % cut-off grade*

The evaluation programs completed to date demonstrate that three separate BIF units are present – BIF1, BIF2 and BIF3 – separated from each other by thin shale units. The two thickest BIF units are continuous within the tested area and along the entire project area strike length of 10 km's. The BIF units range in thickness from 50-320m and persist to depths of at least 250m. At the western end of the Telecom Hill Deposit, the three BIF units have been folded into a distinct plunging syncline, which dips steeply to the southwest (Figures 1 and 2).

The thickest and highest-grade unit, BIF1, was the main target of the drilling and accounts for half of the resource tonnage (see Table 1). BIF2 and BIF3 are conformable with BIF1 and occur above and below BIF1 respectively.

The Inferred Resource has been estimated using a combination of the XRF analytical data, geological logging and magnetic susceptibility data collected during the drilling. The resource model was based on a 20% Fe cut-off within the BIFs, below the base of complete oxidation, in areas where the magnetic susceptibility was greater than $50x10^4$ SI. This gave three resource wireframes that represent the three BIF units (BIF1, BIF2 and BIF3); as shown in Figure 2. Grades for the block model were interpolated using Ordinary Kriging. A technical summary of the resource work is provided at the end of this announcement.

A total 1557 samples from the most recent drilling program were submitted for DTR analysis but due to delays in receiving the results of this work no recovery data can be presented at this stage. Eight 8m composites samples collected during the earlier drilling program have been analysed by DTR and the results from these samples demonstrate that high-grade concentrate can be generated (see Figure 3) with recoveries in the range of 21%-24%. All eight samples were collected from the main target BIF1. When the new DTR results are received they will be used to refine the resource wireframes and oxide boundaries.

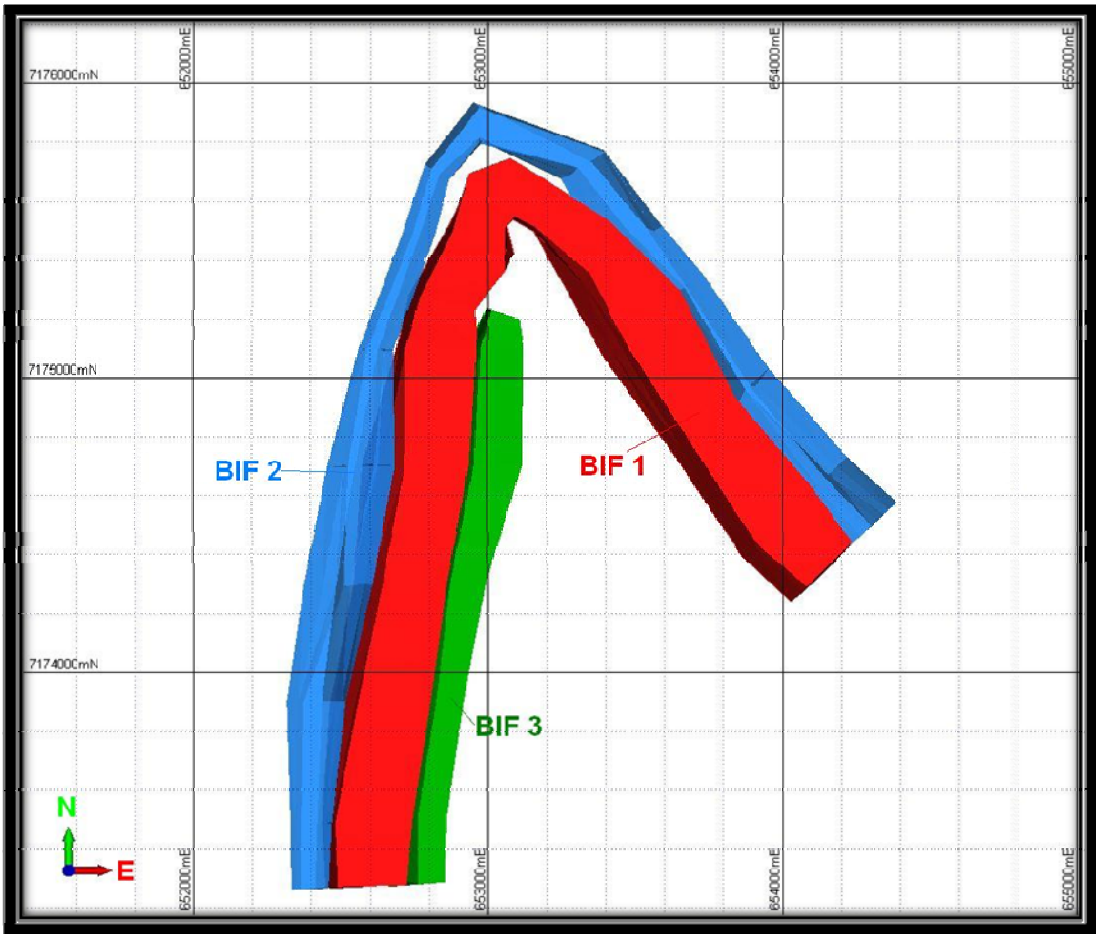



**Figure 2: Mineralised BIF Wireframes**

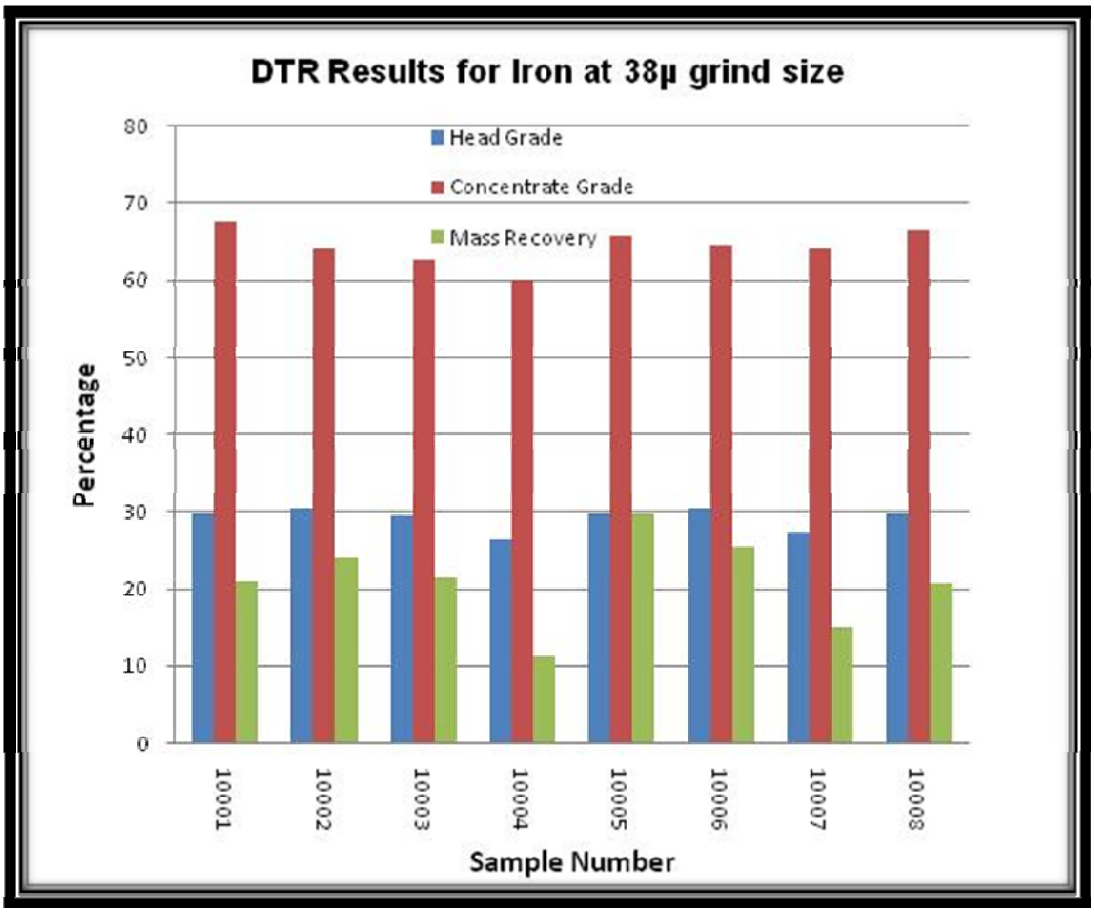



**Figure 3. Results for DTR samples from BIF1**

## Telecom Hill Prospect History

In mid 2009, the Peak Hill Project JV partners recognised the potential of the Telecom Hill Deposit area to host significant tonnages of magnetite beneficiation feed ore (BFO), and since then they have undertaken a number of exploration programs to increase understanding of the deposits.

The JV partners have committed to the rapid evaluation of the prospect which to date has included surface rock chip sampling; resource evaluation RC percussion drilling programs, aeromagnetic interpretation and a detailed geological mapping – all with positive results.

The Telecom Hill Prospect lies within Exploration Licence E52/1860. The principal target within the tenement is the Robinson Range Iron Formation, a sequence of interbedded BIF, granular iron formation (GIF), siltstone and shale. The iron formation stratigraphy forms a prominent ridge (Telecom Hill) that strikes approximately east-west within the tenement.

Drilling at the Telecom Hill Prospect to date has tested just 4km of the identified 10km strike length of the targeted area of iron mineralisation. Exploration data indicates substantial potential for delineation of additional mineralisation.

In addition, a recently announced successful mapping of Mt Padbury delineated two deposits of high grade haematite-goethite mineralisation. The largest pod has a strike extent of 700m and rock chip samples taken during mapping returned many high-grade iron results The larger of the two haematite pods has an exploration target[1] potential of 20 to 25 million tonnes at a grade of 55–60% Fe. The smaller pod, located to the north of Mt Padbury, has an exploration target[2] potential of 2-3 million tonnes at 55–60%.

The Company's Managing Director, Terry Quinn said, "This is a fantastic result for Aurium's shareholders. A JORC compliant resource establishes a significant milestone and building block for the company moving forward. The next rounds of drilling at Telecom Hill and Mt Padbury will expand the volume of magnetite, move the JORC classification higher and will better define the hematite at Mt Padbury."

"The last 15 months of progress have been significant and now that a maiden JORC has been achieved more significant progress will occur over the coming months," he said.

***For further information please contact:***


| | |
|---|---|
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| Aurium Resources Limited | Padbury Mining Limited |
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***Competent Persons Statement***

*The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Dr Shi has sufficient experience 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 Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.*

[2]NOTE: This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

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# MEMORANDUM

**To:** **Mr Gary Stokes**

**Cc:** **Stan Wholley, Gerry Fahey, David Williams**

**Date:** **25 March 2011**

**From:** **Dr Bielin Shi**

**Re:** **Technical Summary on Telecom Hill BIF Mineral Resource Estimate.**

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## Summary

CSA Global Pty Ltd (CSA) was engaged by Padbury Mining Limited (Padbury) to complete a Mineral Resource estimate for Telecom Hill magnetite bearing banded iron formation (BIF) units within the Peak Hill JV project. The modelled BIF units are sub-vertical dipping zones of magnetite bearing banded iron formation (BIF). Based on mapping information, there are two thicker BIF units that are continuous throughout the project area over a strike length of approximately 10 km and one thinner BIF unit occurs in the western wing of the fold (see Figure 1). Based on geological modelling of the three BIF units investigated by drilling at the western end of Telecom Hill the global Mineral Resource estimate is 850Mt at 27.3% Fe, 3.40% $Al_2O_3$, 46.2% $SiO_2$, 0.14% P and 0.06% S. Table 1 shows the Mineral Resource reported as Inferred category with subdivisions of individual BIF.

The Mineral Resource estimate is based on a 69 RC holes including extensional and infill drilling. The drilling is primarily on a 400 x 80 metre drilling patterns, grading to a 400 x 150 metre patterns at depth.

The wireframes for BIF units are modelled based on geological interpretation. The mineralisation within them has been delineated using lithology, Fe grade, $SiO_2$ content and magnetic susceptibility. A 4m composite data set for individual lodes was used for variography analysis and estimation. For continuity purposes, adjacent drill holes and sections were used to refine the geological relationship and to reduce the saw-tooth effect to the modelling.

A block model was created using 25.0mE × 25.0mN × 10.0mRL parent blocks. Ordinary Kriging (OK) was used to estimate 3D blocks. Quantitative Kriging Neighbourhood Analysis was used to optimise parameters for the Kriging search strategies.

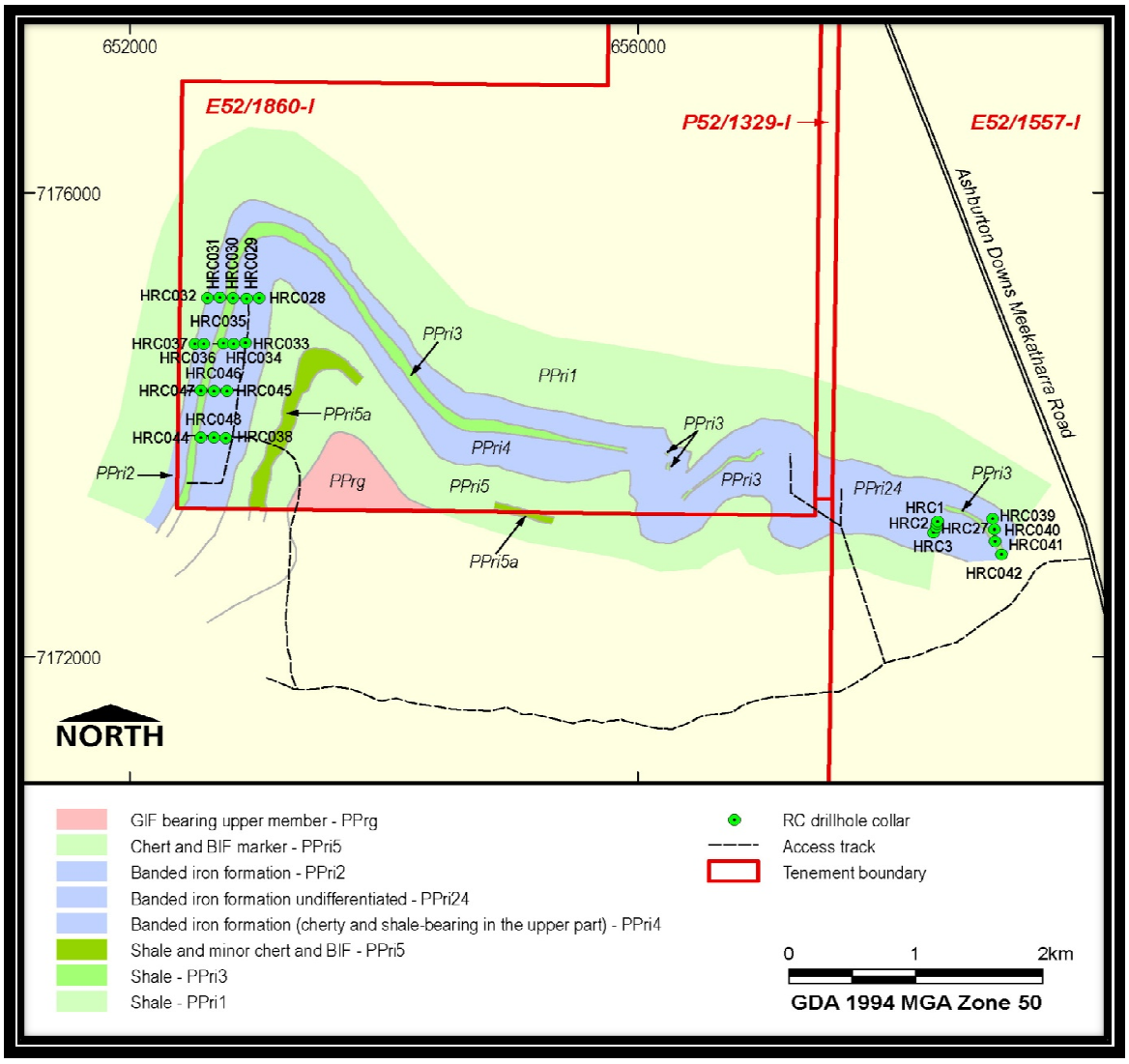


**Figure1. Telecom Hill Prospect geological map.**

The Telecom Hill Mineral Resource have been classified and reported in accordance with The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Resource classification is based on confidence in the mapping, geological interpretation, drill spacing and geostatistical measures. Due to the reasonably broad drill spacing, the lack of data on recoverable magnetite and metallurgical characteristics, there are no Measured or Indicated category materials defined in the current Mineral Resource.

The current Telecom Hill Mineral Resource has been reported above a cut-off of 20% Fe within the BIF. The 20% Fe level is natural cut-off imposed by the geology as generally the limit of the resource wireframe coincides with the geological contact of the BIF. The resource only includes material below the base of complete oxidation which varies from 20-80m below surface. This boundary is based on geological

observation and the magnetic susceptibility response. When reviewing the geology data in three dimensions there is a distinct change in magnetic response around the oxide boundary.

At the completion of drilling a total of 1597 four metre composite samples were submitted for analysis by Davis Tube Recovery (DTR). To date these DTR results have not been received. However, eight, eight metre composites taken during earlier programs in 2010 demonstrate this BIF can generate a high grade concentrate (see Figure 2). All of these samples were taken from the BIF1 zone which is the largest and highest grade part of the deposit. (see Table 1). When the remaining DTR Data is received it will be used to refine the resource model and oxide boundaries. A full summary of the resources is shown in Table 1.

**Table 1. Mineral Resource estimate results for Telecom Hill Deposit.**

Telecom Hill BIF Resources
Grade Tonnage Reported above a Cut off of 20% Fe;
above 300mRL and below the Bottom of Oxide Surface

| BIF | Category | Million Tonnes | Fe (%) | AL2O3 (%) | MgO (%) | P (%) | S (%) | SiO2 (%) | LOI |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Inferred | 425 | 29.86 | 2.50 | 1.89 | 0.15 | 0.05 | 44.57 | 6.03 |
| 2 | Inferred | 255 | 23.94 | 5.06 | 2.11 | 0.16 | 0.02 | 49.72 | 5.09 |
| 3 | Inferred | 170 | 24.96 | 3.68 | 2.78 | 0.09 | 0.13 | 46.24 | 9.54 |
| **Total** | **Inferred** | **850** | **27.33** | **3.40** | **2.13** | **0.14** | **0.06** | **46.23** | **6.52** |

***Note:*** *The CSA Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 20% Fe. Ordinary Kriging with high grade treatment. The resource is quoted from blocks above the specified Fe % cut-off grade.*

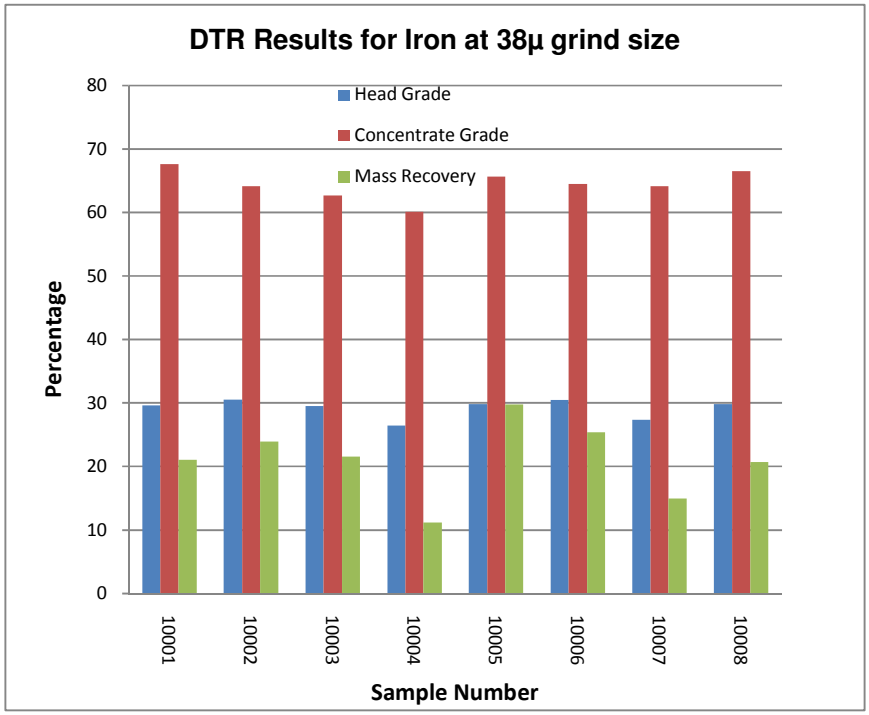


**Figure 2. Summary of DTR results at P80 38 micron grind size.**

## QAQC Analysis

- Preliminary QA-QC analysis of field duplicate data was undertaken to assess the input data quality. Field duplicates were taken at random at a rate of 1 in 20 samples .
- No significant errors or bias were noted in the data.
- Standard reference materials were taken at rate of 1 in 20 samples throughout the drilling program. The results demonstrated that all but one batch of samples fell inside acceptable control limits. One of the early batches of samples had a slight low bias. The entire batch was reanalysed which then conformed to the required control limits.
- The QA-QC analysis of the CRM's indicates the data is of a suitable quality for inclusion in the Mineral Resource estimate.

## Telecom Hill Mineral Resource Estimate

The Mineral Resource estimate completed by CSA for the Telecom Hill BIF was based on the following:

- The majority of geological and sampling data was collected under the supervision of CSA geologists, however data from earlier drilling in 2010 was provided by Padbury..
- Geological interpretations and three dimensional modelling was completed by CSA geologists.

- CSA imported the drillhole data to Micromine 12.0 and Datamine Studio 3 software for the Telecom Hill area and proceeded with the modelling in the Micromine extended precision environment.
- A total of 10 sections at 400m spacing were interpreted from 7,173,440N to 7,175,560N, covering the western extent of the mineralisation in Telecom Hill area. The interpretation and wireframes were generated based on a 400m × 80m exploration drilling patterns. The interpretation of the mineralisation as Micromine strings on each lode has been summarised in the following sections.
- Wireframe solids were generated based on the sectional interpretations to delineate the lodes of BIF magnetite mineralisation. The lower cut-off grades of Fe, SiO2 and magnetic susceptibility combined with the BIF geological logging were used to define the mineralised envelopes.
- The interpreted mineralised lodes consist of three primary BIF mineralisation domains: BIF 1, BIF 2 and BIF 3 Domains, based on the extensional and infill drilling completed in two programs during 2010.
- The three BIF units are conformable and folded into a distinct plunging syncline dipping to the southeast at 70-80° (see Figure 3). The BIF 1 Domain consists of a thick planar BIF mineralised lode with relatively higher Fe grades compared with other two. Both BIF 2 and BIF 3 domains are parallel to BIF 1 with lower Fe grades and higher $SiO_2$ and $Al_2O_3$ contents. Figures 3 and 4 demonstrate the outlines of the modelled mineralised domains and lodes.

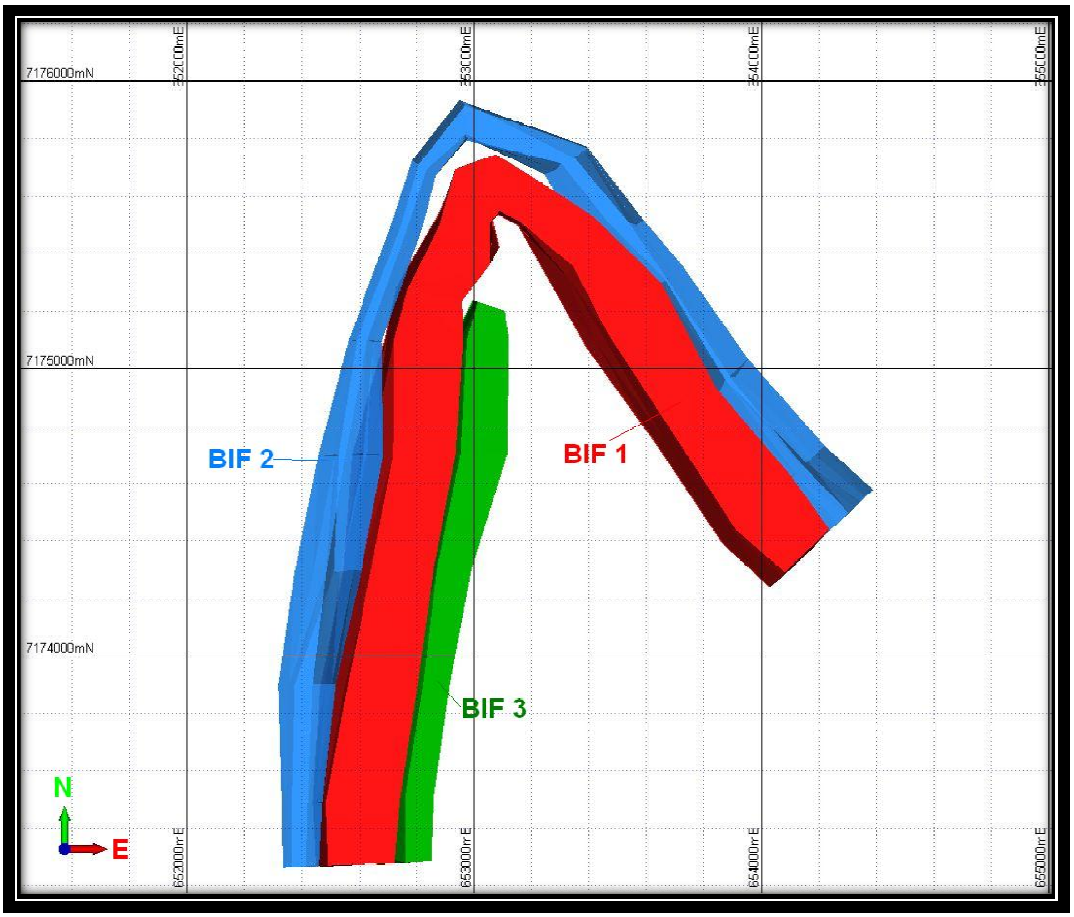


**Figure 3. Plan view on extents of the modelled mineralised domains.**

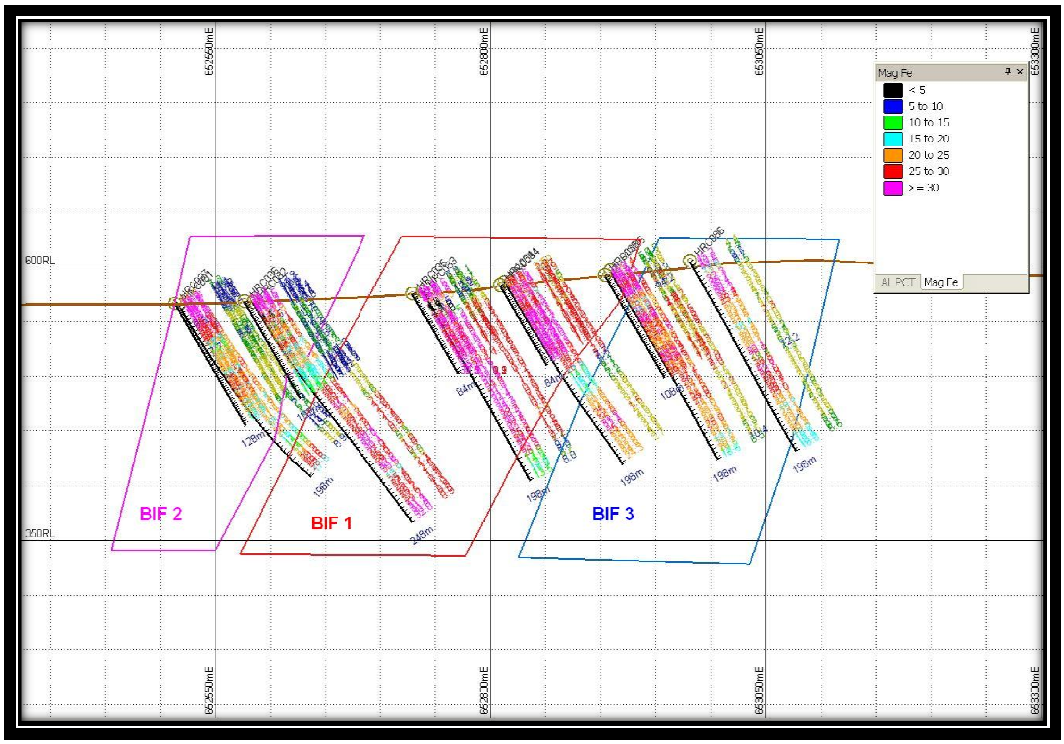

**Figure 4. 3D view on extents of the modelled mineralised lodes with drill hole traces.**

- Drillhole samples were flagged according to the mineralised lode they fall into based on the constructed wireframes.
- The majority of samples are 4m composites with only a small number of end of hole samples being 1m long due to drilling issues. Compositing to 4m had no effect due to the location of the 1m samples.
- Statistical analysis of the 4m composites shows Fe and other variables have coefficient variance (CV) below 1.
- For the resource estimation, the current model has individually assessed the high-grade outliers. Top Cuts were used to treat the high-grade outliers of the lodes based on a review of the domain histogram, log probability plot. Table 2 shows the top cut analysis and effects.

**Table 2. Top cut analysis and effects.**

| Variable | Composite Number | Top Cut | Metal Cut estimated | Data Cut | Comments |
|---|---|---|---|---|---|
| Fe (%) | 2227 | 50.0 | 0.14% | 1.08% | Cluster of higher grade outliers |
| Al2O3 (%) | 2227 | 15.0 | 0.20% | 0.31% | Cluster of higher grade outliers |
| MgO (%) | 2227 | 5.0 | 0.56% | 0.76% | Cluster of higher grade outliers |
| P (%) | 2227 | 0.4 | 0.79% | 1.80% | Cluster of higher grade outliers |
| S (%) | 2227 | 0.8 | 2.89% | 0.40% | Cluster of higher grade outliers |
| SiO2 (%) | 2227 | 65.0 | 0.31% | 1.71% | Cluster of higher grade outliers |
| LOI | 2227 | 999 | | | No Top cut |

- Variography and evaluation of suitable estimation parameters based on the final variogram models were undertaken using GeoAccess software. The variograms were calculated for 7 variables of Fe%, $Al_2O_3$%, MgO%, P%, S%, $SiO_2$ and LOI. The variography analysis was based on the 4m composite data in each domain.
- A volume block model was constructed, with blocks coded based on the wireframes in a similar fashion to the drill hole samples.
- A block model was created using 25.0mE × 25.0mN × 10.0mRL parent blocks. Sub-cells were generated down to 5.0mE × 5.0mN × 2.0mRL as appropriate to honour wireframe lodes and regolith interpretations during model construction.
- Ordinary Kriging (OK) was used to estimate 3D blocks. Quantitative Kriging Neighbourhood Analysis was used to optimise parameters for the Kriging search strategies.

- Quantitative Kriging Neighbourhood analysis (QKNA) was undertaken on a subset of blocks in the main domains to establish optimum search and minimum/maximum composite parameters. Goodness-of-fit statistics are generated to assess the efficiency of the various parameters. The primary statistics used are the Kriging efficiency and the slope of regression. Table 3 shows the estimation search strategy.

**Table 3. Kriging search strategy.**

| Domain | Search Ellipse | | | Search Pass 1 | | Search Pass 2 | | | Search Pass 3 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Major | Semi-Major | Minor | Min Samples | Max Samples | Search Factor | Min Samples | Max Samples | Search Factor | Min Samples | Max Samples |
| W_1 | 15 | 75 | 0 | 8 | 32 | 2 | 8 | 32 | 3 | 4 | 32 |
| W_2 | 15 | 75 | 0 | 8 | 32 | 2 | 8 | 32 | 3 | 4 | 32 |
| W_3 | 15 | 75 | 0 | 8 | 32 | 2 | 8 | 32 | 3 | 4 | 32 |
| E_1 | -40 | 75 | 0 | 8 | 32 | 2 | 8 | 32 | 3 | 4 | 32 |
| E_2 | -40 | 75 | 0 | 8 | 32 | 2 | 8 | 32 | 3 | 4 | 32 |

- Search ellipses were orientated based on the overall geometry of mineralisation of domains.
- A minimum of 8 samples and a maximum of 32 samples were used to estimate the sample grades into each block for the first search pass. The minimum number of samples was reduced to 4 for the smaller zones in the second and third search pass to ensure all blocks found sufficient samples to be estimated.
- A maximum of 4 samples from any one drill hole were used per block estimate, with cell discretisation of 5 x 5 x 5 (X x Y x Z), and no octant based searching utilised.
- Statistical, visual and plot assessment of the Block Model was undertaken to assess successful application of the various estimation passes, to ensure that as far as the data allowed all blocks within lodes were estimated and the model estimates considered acceptable.
- Density values were assigned into the block model based on the updated downhole geophysical measurement data provided by Padbury (Table 4). CSA reviewed the geophysical density data which indicated the Fresh BIF has density of 3.2, however a value of 3.15 was chosen as a slightly conservative figure to allow for any inaccuracy in the geophysical data.

**Table 4. Density algorithm for Telecom Hill BIF units**

| Lithology Unit | Density ( $gm/cm^3$ ) |
|---|---|
| BIF | 3.15 |

- The Telecom Hill Mineral Resource have been classified and reported in accordance with The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Resource classification is based on confidence in the mapping, geological interpretation, drill spacing geological domaining and geostatistical measures.
- The current resource models provide robust global estimates of FE, AL2O3, MGO, P, S, SIO2 and LOI in the Telecom Hill deposit.
- Detailed resource tabulations and grade tonnage curves are presented in the following figure and table (Table 5 and Figure 5).

**Table 5. Telecom Hill Global Resource grade and tonnage tabulations**

| Cutoff (Fe%) | MT | Grade (Fe%) |
|---|---|---|
| 0 | 856 | 27.3 |
| 5 | 856 | 27.3 |
| 8 | 856 | 27.3 |
| 10 | 856 | 27.3 |
| 15 | 856 | 27.3 |
| 16 | 856 | 27.3 |
| 17 | 856 | 27.3 |
| 18 | 856 | 27.3 |
| 20 | 853 | 27.3 |
| 22 | 805 | 27.7 |
| 25 | 587 | 29.2 |
| 28 | 364 | 30.9 |
| 30 | 199 | 32.4 |

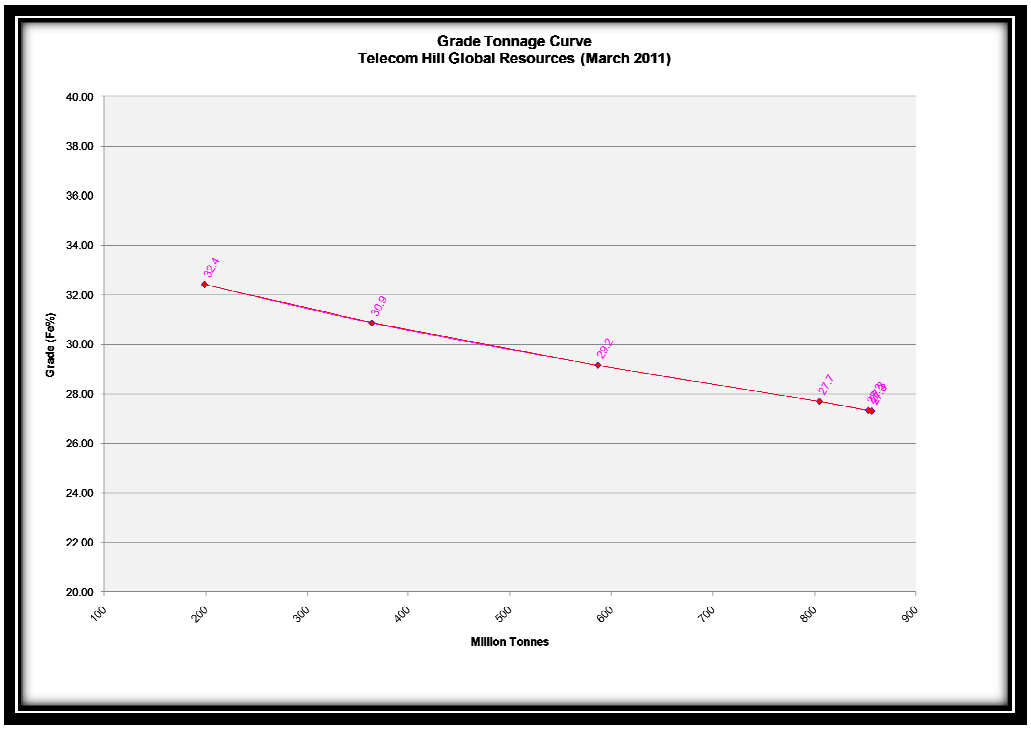


**Figure 5. Fe Grade -Tannage curve for Telecom Hill BIF global resources.**

**Telecom Hill Exploration Potential**

The potential for the identification of additional resources in the Telecom Hill area is high. A total of 850 Mt @ 27% Fe has been estimated as Inferred in this Mineral Resource update, this in itself offers immediate targets for closer spaced drilling which are likely to upgrade this resource.

There also remains good potential for discovery of additional resources in the Telecom Hill area as extensions to the existing BIFs. There are only five holes testing the BIF at the eastern area of Telecom Hill, all of which intersected magnetite bearing BIF with the similar grades as the BIF in the west. Between the East and West Domains at Telecom Hill lies an area which is mapped as BIF but has not been tested with drilling. This area has a high potential to host additional BIF magnetite resources. Figure 6 shows the current Mineral Resource category as estimated and also the potential areas. Ongoing programs of exploration drilling should target these at a drill spacing (400x80m) similar to that used in the current resource area.

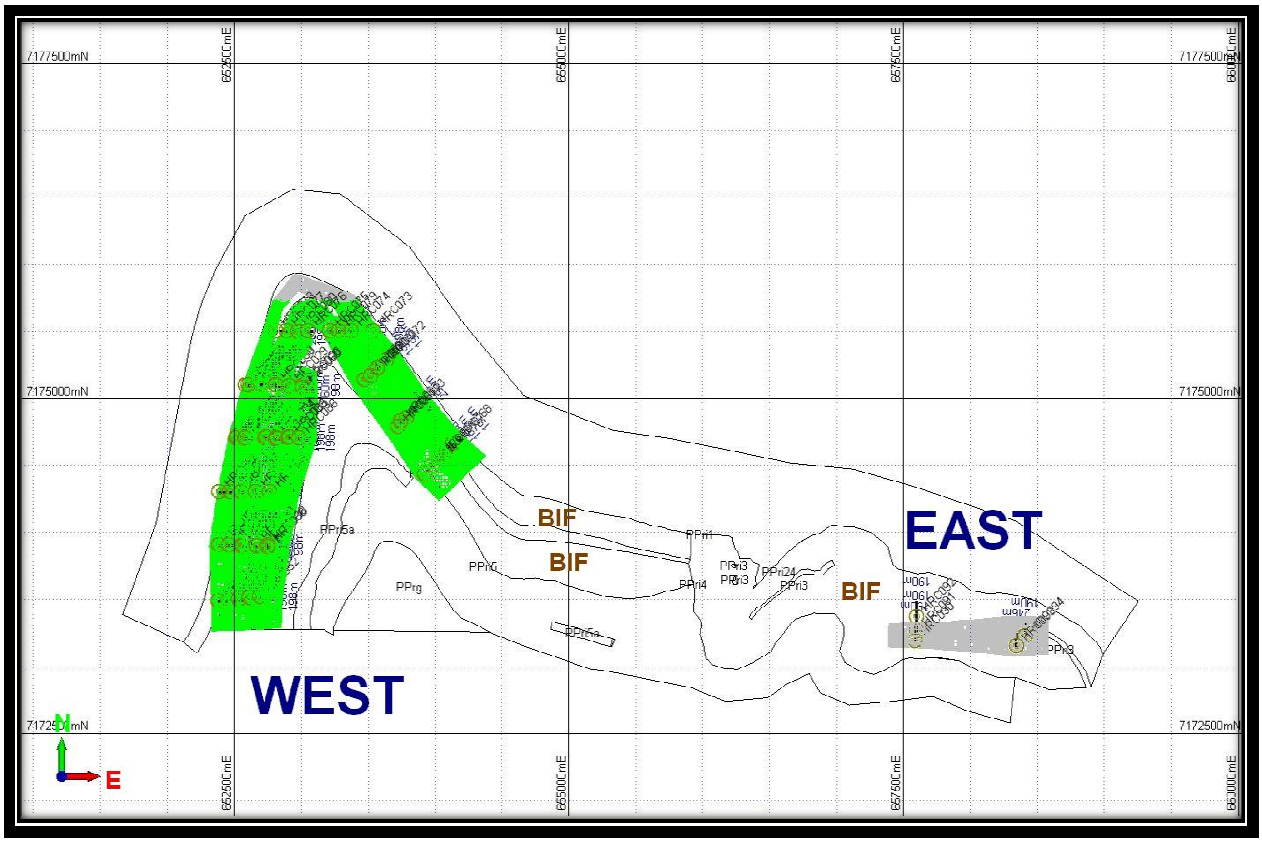


**Figure 6.** The current resource category (green – Inferred; grey – Unclassified) and potential areas.

## Conclusion and Recommendation

In CSA's opinion, the current Mineral Resource model provides a robust global estimates of the in situ mineralisation of Fe in the Telecom Hill deposit. The following conclusions and recommendations are made to assist Padbury with increasing the confidence of both current and future resource estimates.

1. As the mineralisation is interpreted to be sub-vertical in orientation, further drilling should include angled RC and diamond core holes. This will assist with maintaining high quality representative samples.
2. Diamond core drilling should be undertaken as a priority to collect geotechnical information, samples for accurate density measurements and preliminary metallurgical test work.
3. The ongoing collection of orientation data to allow a better geotechnical understanding of the geology and structure of the deposit is recommended.
4. Maintain the current QA-QC procedures to ensure high quality data is available for subsequent resource upgrades.
5. The updated Mineral Resource shows a substantial volume of material classified as Inferred. This material is an immediate target for resource category upgrading, which in turn may provide reserves for mine development.
6. In planning to attain Indicated Mineral Resource status, additional drillholes should be planned that:
    - confirm the existing interpretation. More holes need to target the footwall and hangingwall contacts to better define the deposits and refine the mineralisation model;

- The areas of Inferred Mineral Resources offer immediate targets for adding reserves and should be tested at a closer drill spacing;
- Kriging neighbourhood analysis indicates a drill spacing of 200 x 80m would be adequate to improve confidence to an indicated resource category as long as holes were positioned to define the full width of the BIF units.
- Provide at least two holes on each 200m spaced section that transect the entire zone below the base of oxidation;

7. Density measurements should be conducted and improved by:

    - collecting diamond core samples for direct measurement, with sufficient samples from the oxide, transitional and fresh layer at different rock types to test the assumed values used in the current estimate;
    - continue the program of downhole density logging where possible to compare with physical measurements;

8. Improvement to resource modelling:

    - improving geology understand and lithology unit interpretation;
    - improved data entry, storage and validation systems, especially for density measurements.
    - acquire detailed digital terrain model (DTM) of the surface topography.

*The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Dr Bielin Shi has sufficient experience 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 Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.*