



MEMO

To: Board of Directors
From: Company Secretary
Subject: **MINING RESULTS, RESOURCES, RESERVES**

As a mining exploration company it is critical that the JORC Code* is clearly understood when it comes to recognising and reporting results, resources and reserves at and around our tenements.

For stock exchange listed companies exploration results and determinations of mineral resources and ore reserves must be reported to the ASX, accompanied by a Statement of a Competent Person who must consent in writing to the inclusion in the report of the matters reported on. The report or attached statement must state that the person consents to the inclusion of that information in the form and context in which it appears.

Unlisted public company disclosing entities should similarly report mining results, resources and reserves to ASIC by lodging Form 1003 "Disclosure Notice for Unlisted Disclosing Entity".

Resources

A 'resource' is a concentration of naturally occurring solid, liquid or gas materials in or on the earth's crust in such a form, quality or quantity that economic extraction is or may be feasible.

The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

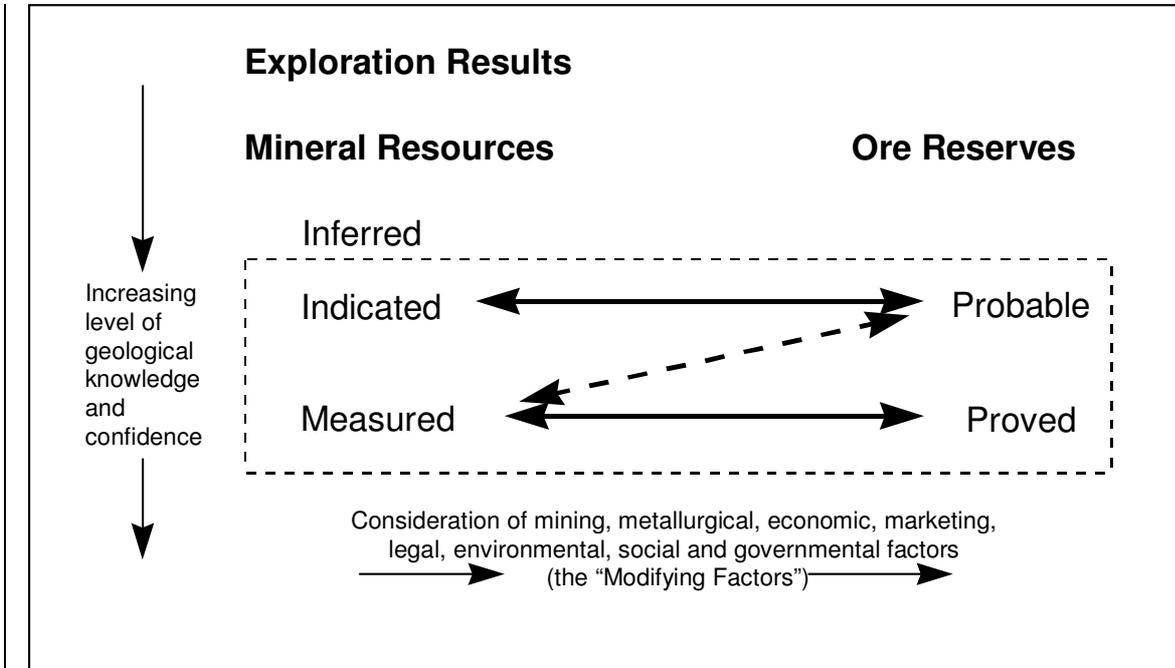
Reserves

A 'reserve' is that portion of an identified resource from which a usable mineral or energy commodity can be economically extracted.

To determine an ore reserve appropriate assessments and studies must have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Ore reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.



The general relationship between results, resources and reserves can be shown diagrammatically as:



* *Australasian Code for Reporting of Mineral Resources and Ore Reserves*

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.

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