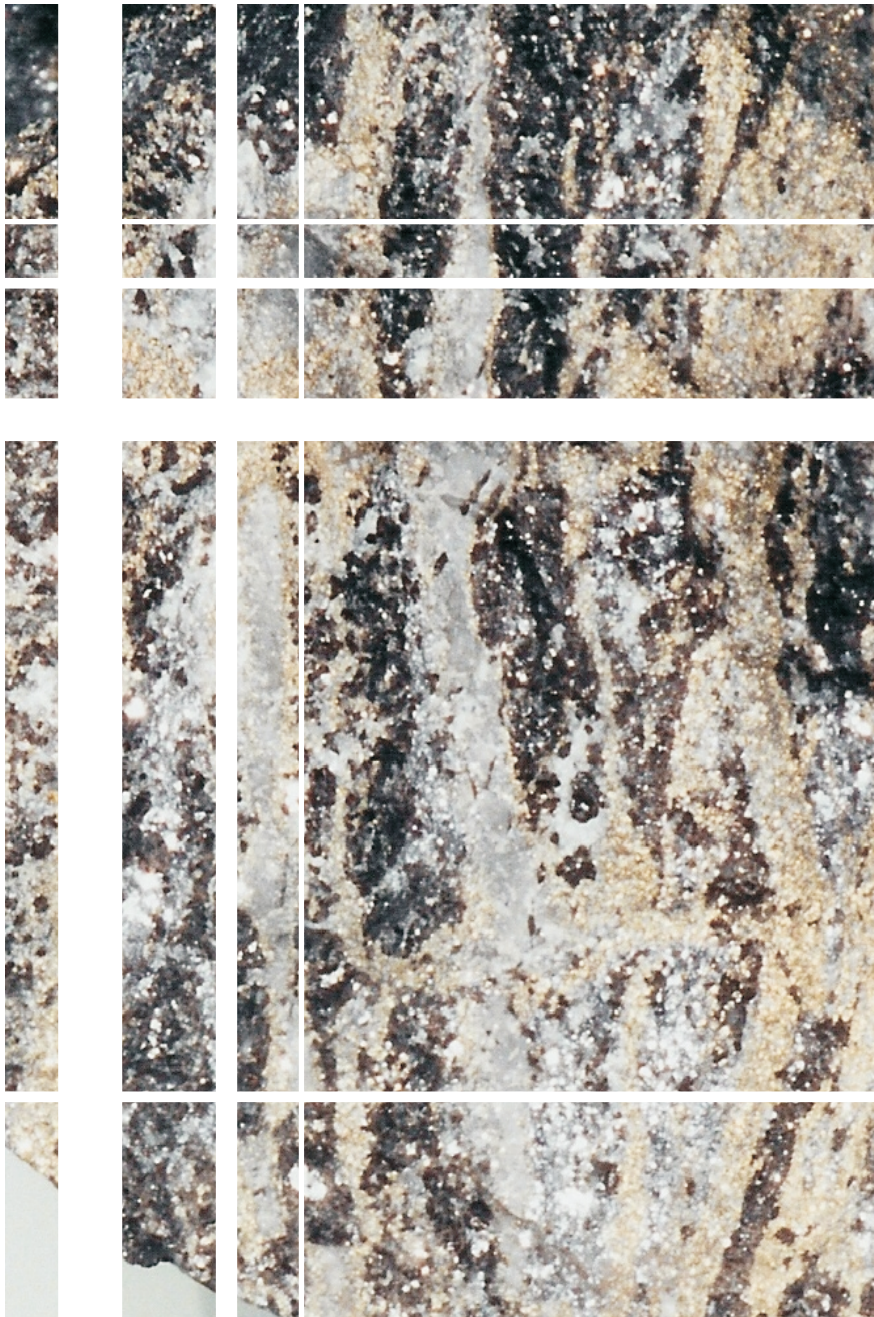


Block Model Report for the Allison's Lode

Zeehan – West Tasmania

Prepared for :
Oceania Tasmania Pty Ltd
November 2005



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APPENDICES

- Appendix 1 Allison's Lode Assay Intercepts**
- Appendix 2 Histogram Plots for the Assay Intercepts**
- Appendix 3 Details of Density Measurements**
- Appendix 4 Block Model Sections**
- Appendix 5 Block Model Plans**

Coordinates are AMG in AGD66 Zone 55



1. INTRODUCTION

Oceania Tasmania Pty Ltd has requested SMG Consultants to generate a block model for their Allison's Lode zinc/lead/silver deposit, 4km west of Zeehan in Western Tasmania (Figure 1 and Figure 2). The block model will be used to provide a measure of the resource and classify the resources to JORC standards.

Figure 1
Location Map

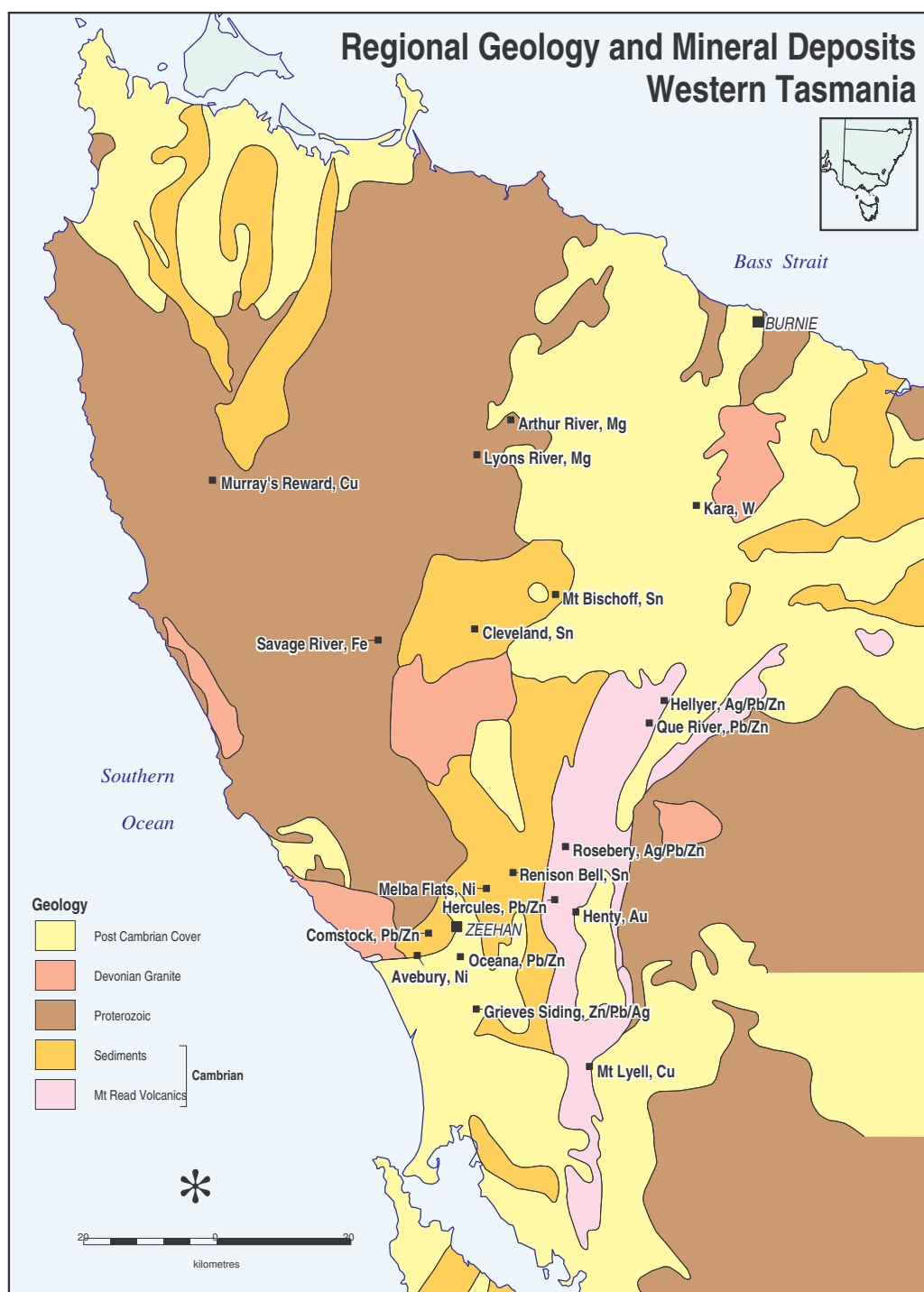
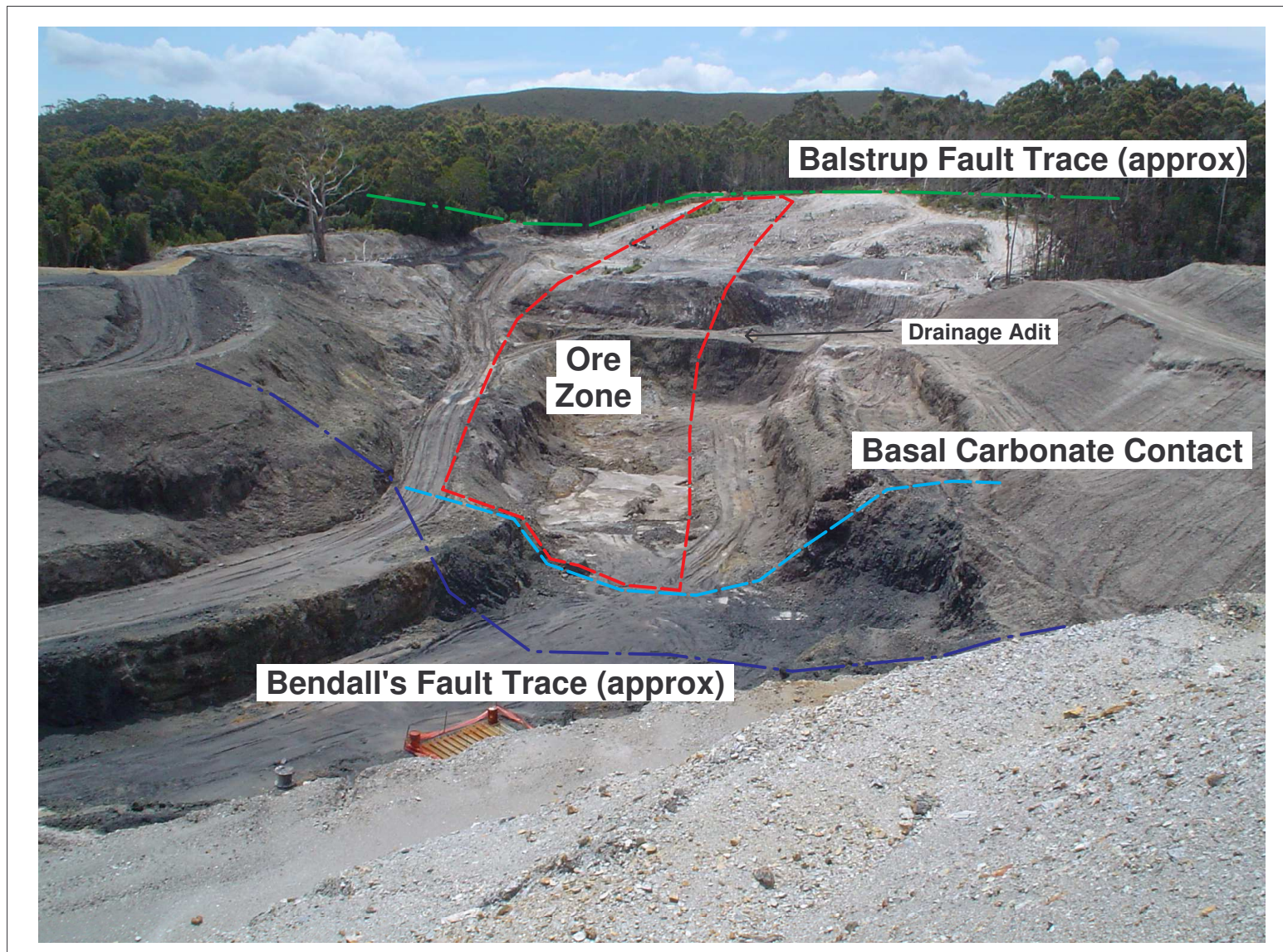


Figure 2
Allison's Pit (Looking North)



The work will use the new geological solids developed by SMGC and the newly created access database to develop a block model for the Allison's Lode using Surpac software.

The geology and mineralisation of the Allison's Lode is detailed in previous reports i.e. Tear 2005 and 2005b.



2. STATISTICAL ANALYSIS

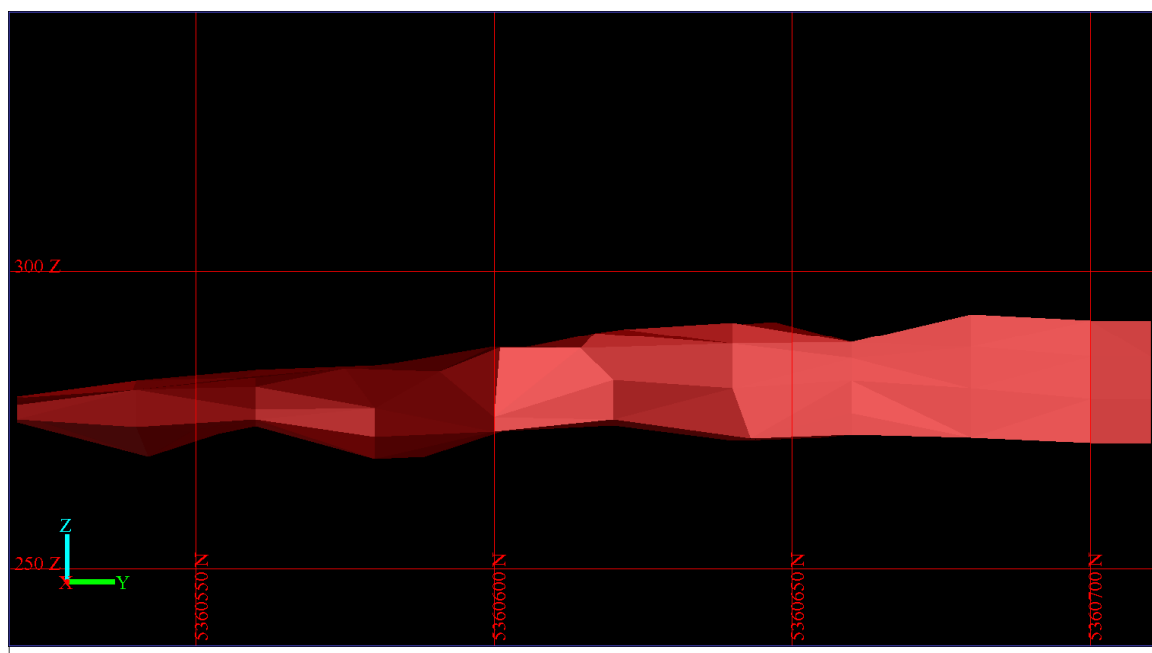
2.1 BASIC STATISTICS

Basic statistics on the resource data should be performed for two reasons namely to establish if the assay data to be used is bimodal (or polymodal) and to look for outlier values. If a histogram plot shows a bimodal distribution, the data should be segregated into two separate zones and each zone should be modelled separately. The quality of a block model estimation is sensitive to outliers (relatively large values) and as such outlier values should be cut or removed prior to block model estimation. The value used to cut outliers (a top cut) can be calculated from a cumulative probability plot, where in this case the 95th percentile is used.

(red text denotes a Surpac file name).

Assay data used in the block model construction comprises the recent aircore drilling and the 2001 channel sample data. In addition a modified version of the recently supplied ore solid dtm file called **allisonoremodified.dtm** was used to constrain the interpolation (Figure 3). This solid comes from the recent SMGC geological interpretation (Tear 2005b) and consists of a sensible geological shape and a notional 1% Zn outline based on the aircore drilling and the old workings picture. The modification to the solid file includes the removal of a subsidiary solid generated for the underground drillhole CP47. This solid is excluded because there is only one hole into the intersected lode, which was deemed at the time of drilling in 1948, as not part of the Allison's Lode.

Figure 3
Alison Lode Solid Model (Looking West)



Summary intercepts used in the resource calculation are listed in Appendix 1 (Surpac string files **comcomp1.str**, **comcomp2v2.str** & **comcomp30cut1.str** were used for various interpolations). A summary of the basic statistics for both the aircore drilling and the channel sample is included as Table 1 below:

Table 1
Allison's Lode : Summary Statistics – (Includes all Channel Samples)

AC = Aircore Data Ch = Channel Sample	Zinc		Lead		Silver		Iron	
	AC Zn	Ch Zn	AC Pb	Ch Pb	AC Ag	Ch Ag	AC Fe	Ch Fe
Mean	6.263	14.080	1.432	5.170	29.376	85.789	11.352	13.248
Standard Error	0.759	1.568	0.163	0.620	3.514	14.354	0.592	0.944
Median	2.790	11.800	0.765	2.550	16.030	37.960	9.580	12.988
Mode	3.630	15.400	1.980	12.700	1.500	41.000	11.400	21.600
Standard Deviation	8.524	12.144	1.828	4.800	39.440	111.188	6.650	7.315
Sample Variance	72.651	147.485	3.341	23.038	1555.487	12362.688	44.226	53.503
Kurtosis	6.021	-1.142	8.145	-0.633	7.846	4.505	0.536	-0.381
Skewness	2.457	0.518	2.690	0.920	2.730	2.126	1.095	0.361
Range	40.31	39.75	10.14	16.44	208.50	486.50	29.94	30.33
Minimum	0.19	0.35	0.06	0.26	1.50	0.50	2.76	1.40
Maximum	40.50	40.10	10.20	16.70	210.00	487.00	32.70	31.73
Sum	789.156	844.790	180.436	310.227	3701.348	5147.340	1430.306	794.903
Count	126.000	60.000	126.000	60.000	126.000	60.000	126.000	60.000
Confidence Level (95%)	1.503	3.137	0.322	1.240	6.954	28.723	1.173	1.890

Industry practice is to statistically inspect different sample types for compatibility of the data. From the above it appears that the channel sampling and the aircore drilling assay results are two different populations, by a simple comparison of the means, medians and modes. The zinc (log base 10) histogram plots for the aircore drilling (Figure 4) and the channel sampling (Figure 5) indicate a lognormal distribution for the former and a skewed lognormal distribution for the latter. Hence there is a bias in the channel sampling data which is not compatible for use in block modelling with the aircore drilling. If there was a lot more data points it may be possible to factor back the channel sample data to make it compatible with the aircore results. However, at the behest of Oceania Tasmania, an exercise of combining the assays from the channel sampling and the aircore drilling was undertaken, in order to show the effect of the channel sampling on the overall grade of the deposit.

There is a modest concern at the low number of data points for the both the aircore drilling and the channel sampling. Ideally there would be samples for a better statistical picture.

Figure 4
Histogram Plot for Aircore Zinc Values (Logged to Base 10)

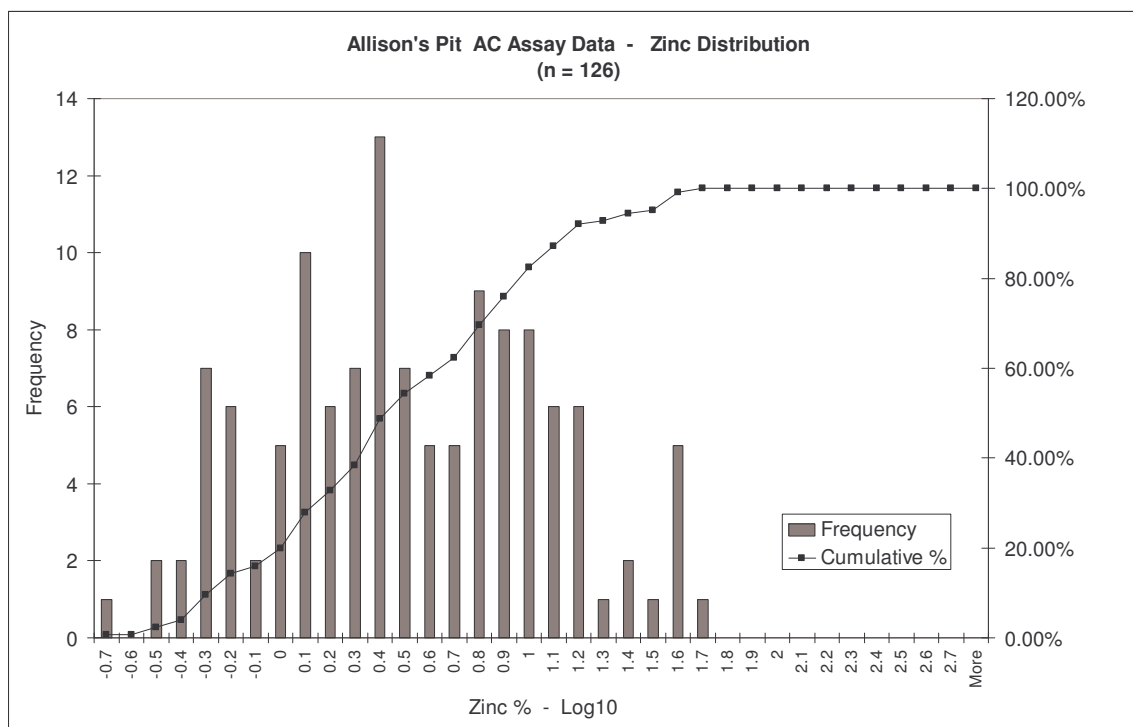
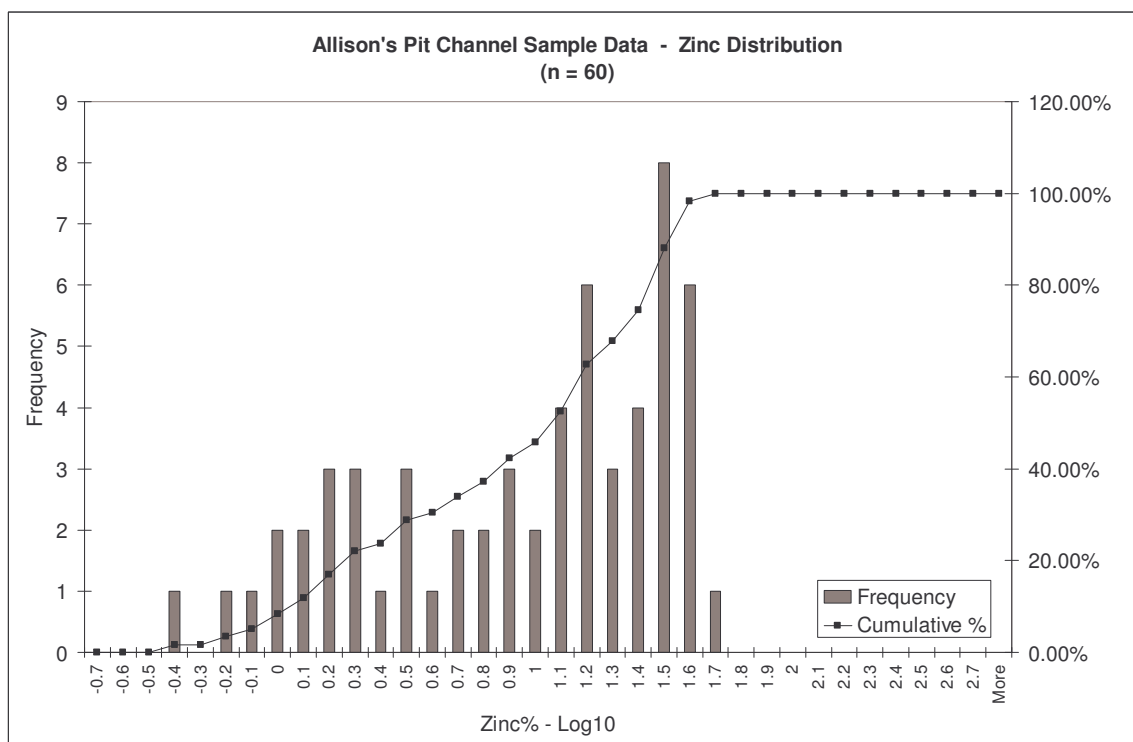


Figure 5
Histogram Plot for Channel Sample Zinc Values (Logged to Base 10)



Additional histograms for the lead, silver and iron elements for both the channel sampling and the aircore data are included in Appendix 2.

Another aspect of the mineralisation indicates that there is a moderate correlation between lead and zinc grades of the aircore samples (Figure 6) but a much worse correlation for the channel sample data (Figure 7). This again indicates the different nature of the two populations. In addition for the aircore data, there is no correlation between zinc and iron i.e. sphalerite and pyrite (Figure 8). Whereas the lead and silver correlate very well (Figure 9), as would perhaps be expected, based on the old mining records whereby galena was preferentially mined over sphalerite for the silver grades.

Figure 6
Allison's Lode Aircore Data – Correlation between Zinc and Lead

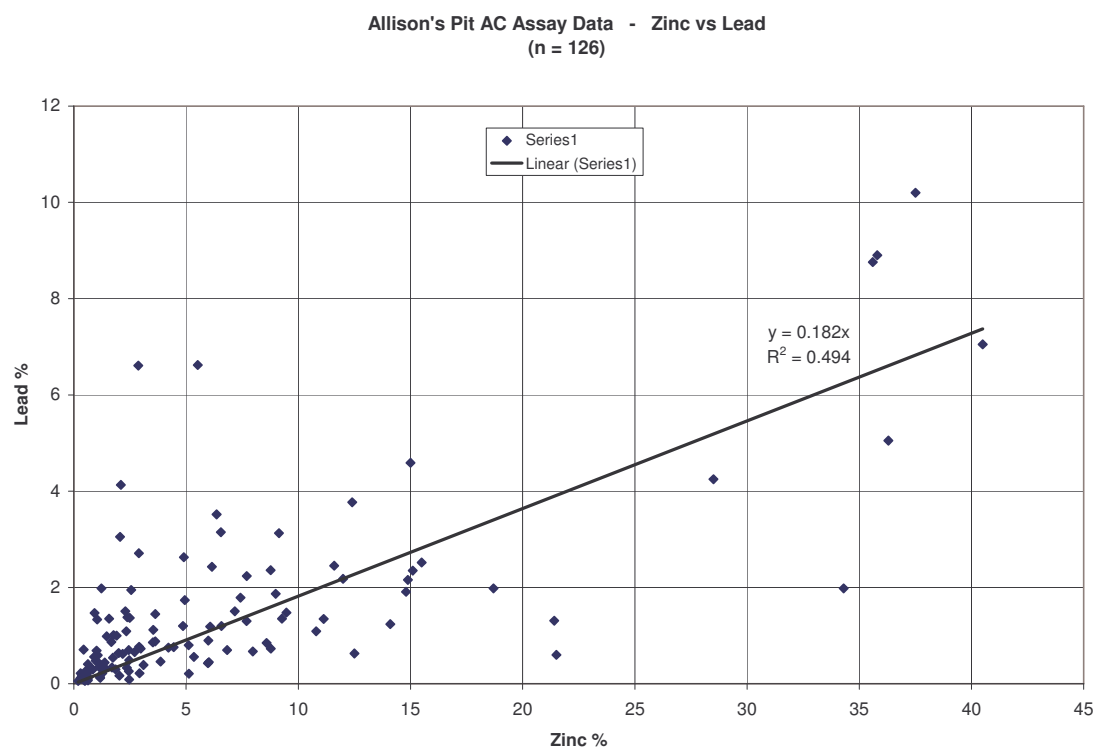


Figure 7
Allison's Lode Channel Sample Data – Correlation between Zinc and Lead

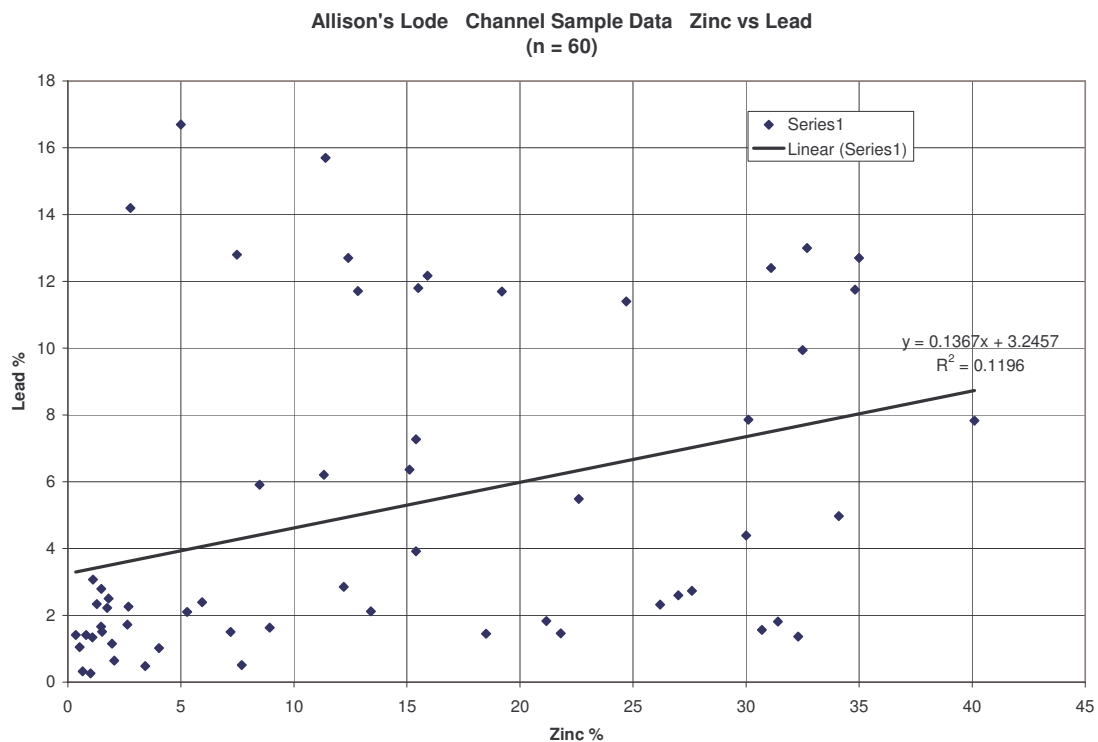


Figure 8
Allison's Lode Aircore Data – Correlation between Zinc and Iron

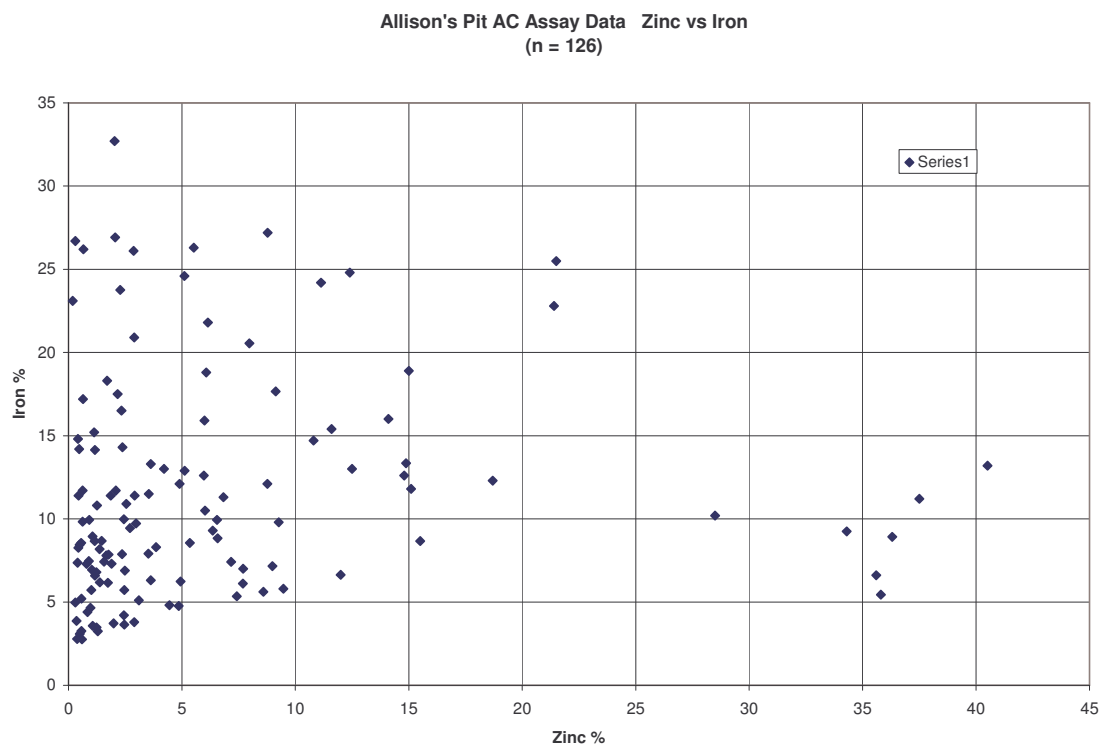
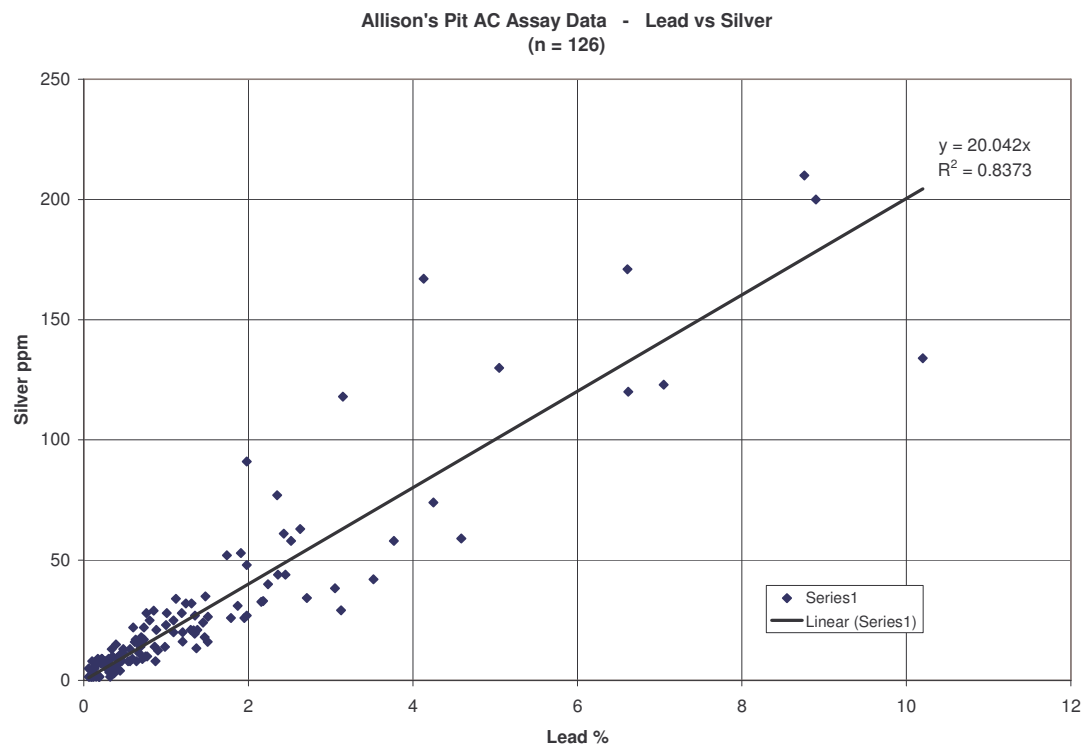


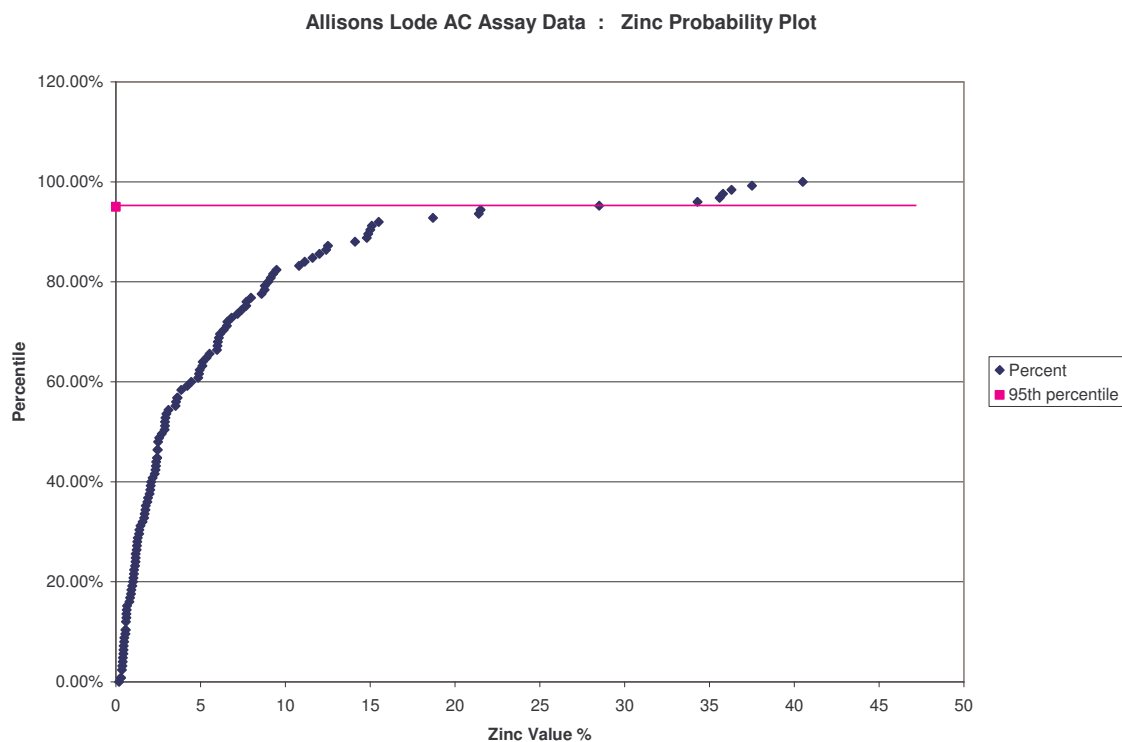
Figure 9
Allison's Lode Aircore Data – Correlation between Lead and Silver



2.2 TOP CUT

Another industry convention is to review the data and apply a top cut using probability data, in this case for zinc assays. This is done by reviewing a probability plot for the aircore zinc assay data and locating the 95th percentile, this happens to match a major break in the curve (Figure 10) and equates to 30% zinc. Hence the top cut value is 30%, any samples above 30% zinc will be cut back to 30% and in this case that is six samples.

Figure 10
Cumulative Probability Plot for Aircore Zinc Values



If the channel sample data is included minus channel sample traverse C, which ran parallel to the vein, then the 95th percentile is just under 34% Zn. This leads to the top cut for the channel sample and aircore data being put at 33%

2.3 QA/QC

No standards or duplicates were used in the aircore drilling.

Duplicates for the channel sampling consisted of an original field sample and a field duplicate collected for one traverse, Traverse D. The initial channel sample was collected by using a diamond blade circular saw to cut two 3cm deep incisions, 3cm apart, across the strike of the Allison vein system. A hammer and bolster chisel were used to remove the rock material between the two cuts at 1m intervals along the traverse line. The field duplicate consisted of a parallel sample traverse immediately next to the first one only this time rock chips were collected using a hammer rather than using a saw to cut incisions. The same sample intervals were used.

The results show that the overall average grade for each traverse was similar (Table 2) but there was considerable variation for individual samples within each set, particularly with the higher grades.

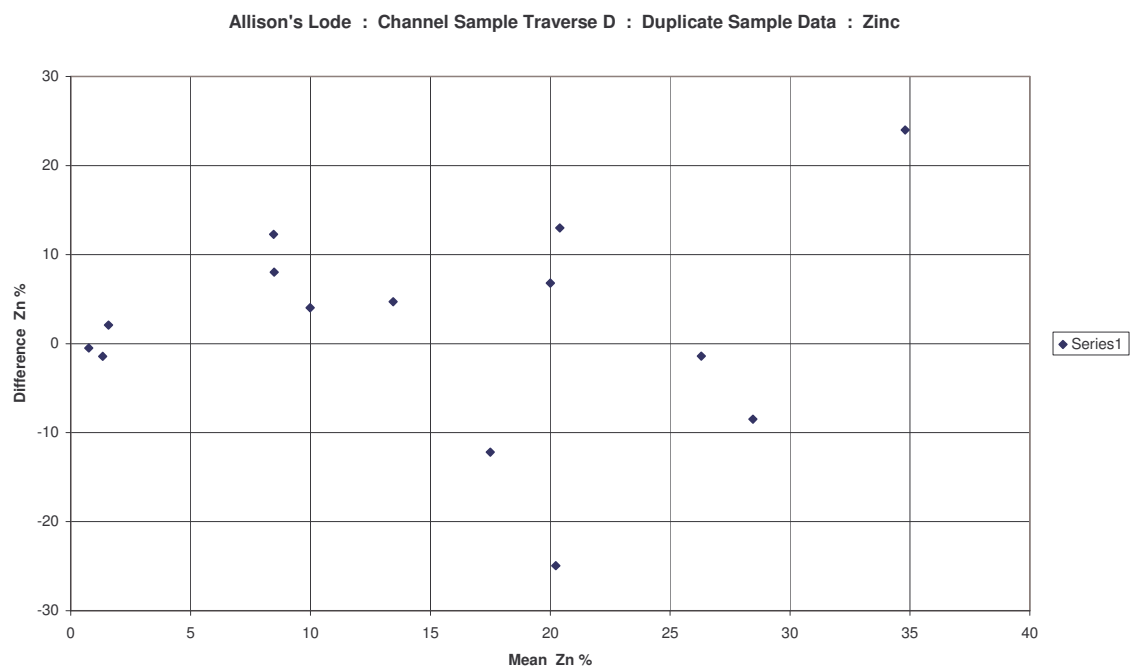
Table 2
Allison's Lode: Average Values for Traverse D Ore Intercept

Zn% (S)	Zn% (C)	Pb% (S)	Pb% (C)	Ag ppm (S)	Ag ppm (C)	Fe% (S)	Fe% (C)
14.2	16.05	4.28	4.38	74	95	16.3	16.61

(S = Cut by saw C = Chip sample)

A graph (Figure 11) showing the individual sample variation is included below:

Figure 11
Allison's Lode: Variation of Field Duplicates for Traverse D



3. ESTIMATION OF MINERAL RESOURCES

3.1 BLOCK MODEL DETAILS

Using the basic statistical data and the drillhole spacing it was considered that 10m by 10m by 10m was a suitable block size with sub-celling to 2.5m. Details of the block model ([comstockV3.mdl](#)) are provided below:



Table 3
Block Model Summary

Comstockv3.mdl

Type	Y	X	Z	
Minimum Coordinates	5360390	357470	240	
Maximum Coordinates	5360760	357660	300	
User Block Size (m)	10	10	10	
Min. Block Size (m)	2.5	2.5	2.5	
Rotation	0	0	0	
Total Blocks		3329		
Storage Efficiency %		98.76		
Attribute Name	Type	Decimals	Background	Description
ads20_id	Real	3	-99	Average distance to samples used in 20m search
ads_id	Real	3	-99	Average distance to samples used in 25m search
ag	Real	2	-9999	Silver with 30m search radius
ag20m	Real	1	-9999	Silver with 20m search radius
ag25m	Real	1	-9999	Silver with 25m search radius
ag25chtc33	Real	3	-9999	Silver with 25m search radius with channel samples and top cut
agcs	Real	2	-9999	Silver with the Channel samples
calcsg	Calculated	-	-	Specific Gravity (2.6 base SG) $(\text{fe} \cdot 0.1071) + (\text{pb} \cdot 0.0855) + (\text{zn} \cdot 0.0632) + ((100 - ((\text{fe} \cdot 2.1413) + (\text{pb} \cdot 1.1547) + (\text{zn} \cdot 1.561))) \cdot 0.026)$
calcv2sg	Calculated	-	-	Specific Gravity (2.75 base SG) $(\text{fe} \cdot 0.1071) + (\text{pb} \cdot 0.0855) + (\text{zn} \cdot 0.0632) + ((100 - ((\text{fe} \cdot 2.1413) + (\text{pb} \cdot 1.1547) + (\text{zn} \cdot 1.561))) \cdot 0.0275)$
dns20_id	Real	3	-99	Distance to nearest sample for 20m search radius
dns25_id	Real	3	-99	Distance to nearest sample for 25m search radius with channel samples
dns_id	Real	3	-99	Distance to nearest sample for 25m search radius
fe	Real	2	-9999	Iron with 30m search radius
fe20m	Real	2	-9999	Iron with 20m search radius
fe25m	Real	2	-9999	Iron with 25m search radius
fecs	Real	2	-9999	Iron with 30m radius with channel samples
nos	Integer	-	-99	Number of samples in 25m search
num	Integer	-	-99	Number samples with 20m radius
num25	Integer	-	-99	Number of samples in 25m search with channel samples
pb	Real	2	-9999	Lead with 30m search radius
pb20m	Real	2	-9999	Lead with 20m search radius
pb25m	Real	2	-9999	Lead with 25m search radius
pb25chtc33	Real	3	-9999	Lead with 25m search radius with channel samples and top cut
pbc	Real	2	-9999	Lead with 30m search radius and channel samples
rescat	Calculated	-	-	$\text{iif}(\text{dns_id} > 0 \text{ and } \text{dns_id} \leq 10, 1, \text{iif}(\text{dns_id} > 10 \text{ and } \text{dns_id} \leq 25, 2, \text{iif}(\text{dns_id} > 25 \text{ and } \text{dns_id} \leq 100, 3, 4)))$
rescat2v	Calculated	-	-	$\text{iif}(\text{dns_id} > 0 \text{ and } \text{dns_id} \leq 5, 1, \text{iif}(\text{dns_id} > 5 \text{ and } \text{dns_id} \leq 20, 2, \text{iif}(\text{dns_id} > 20 \text{ and } \text{dns_id} \leq 100, 3, 4)))$
sg	Real	2	3.3	Default SG value
sgcs	Real	2	3.3	Default SG value with channel samples
zn	Real	2	-9999	Zinc with 30m search radius
zn20m	Real	2	-9999	Zinc with 20m search radius
zn25m	Real	2	-9999	Zinc with 25m search radius
zn25chtc33	Real	3	-9999	Zinc with 25m search radius with channel samples and top cut
zn_cut30	Real	2	-9999	Zinc with 30m search radius and a 30% top cut
zn_diff	Calculated	-	-	Difference between with and without channel samples $\text{zn25chtc33} - \text{zn25m}$
zncs	Real	2	-9999	Zinc with 30m search radius and channel samples included

3.2 BLOCK MODEL ESTIMATION PARAMETERS

The number of aircore assay samples (126) is considered low for estimation purposes and not sufficient for any geostatistical analysis, hence kriging is not considered a suitable method for the resource calculation. It was felt that a simple Inverse Distance Squared would be the best method for calculating the resources but that method does not allow for a measure of the error associated with the estimation technique. It does tend to promote more 'bulls-eye' features but this may be considered more reflective of the poddy nature of the Allison mineralisation (see geological descriptions in Tear 2000a, 2001 and 2005). Details of the estimation parameters are supplied below:

INTERPOLATION METHOD: INVERSE DISTANCE SQUARED

MODEL NAME: comstockv3.mdl

CONSTRAINT VALUES USED

Data Constraints

Unconstrained

Model Constraints

a. INSIDE 3DM allisonoremodified510

Keep blocks partially in the constraint : False

SEARCH PARAMETERS

Ellipsoid Search Parameters

Angles of Rotation of the Major Axis

Bearing 0.00

Dip angle 0.00

Tilt angle 0.00

Anisotropy Factors

Semi-major axis 1.00

Minor axis 1.00

OTHER INTERPOLATION PARAMETERS

Max search distance of major axis 25.000

Max vertical search distance 9999.000

Maximum number of informing samples 15

Minimum number of informing samples 3

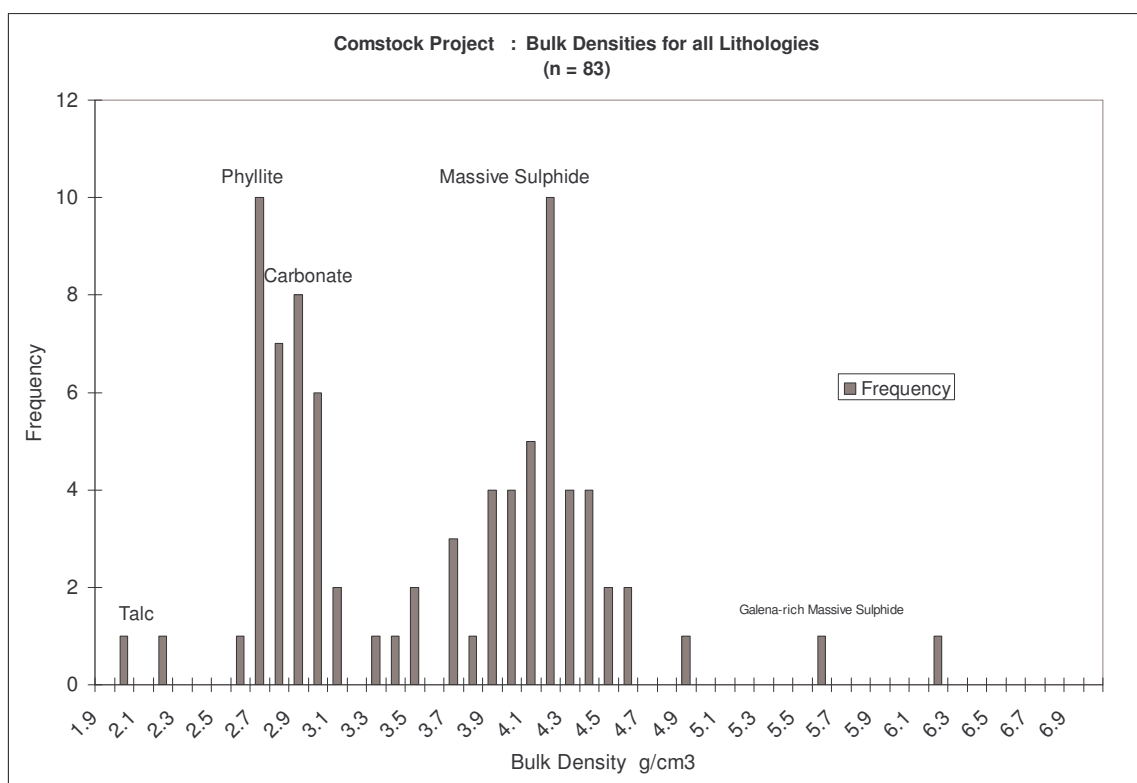
It was decided, in the absence of sufficient data, to use a spherical search ellipse.

With the poddy nature of the mineralisation, it was thought that smoothing out of high grade material into low grade areas would be a potential problem and efforts were made to reduce this effect by having a search distance of 25m, which roughly corresponded to the drillhole spacing. A 20m spacing was tried but this left some blocks with an unassigned value and hence an incomplete block model. In addition to the 20m, 25m and 30m interpolations, additional 25m and 30m ones were undertaken with the channel sample data included but a top cut applied to the former and no top cut applied to the latter (see results below).

3.3 CALCULATION OF DENSITY

An intuitive default density of 3.3g/cm^3 was assigned to the SG attribute in the block model; this matches the averaged measured density of fresh carbonate and sulphides (Figure 12 and Appendix 3). However it is possible to calculate a more accurate density for each sample based on its zinc, lead and iron assays. The complex calculation utilises the assay value of each element to calculate the amount of corresponding sulphide in the assay sample, assuming each element value is attributable to the main sulphide species for that element. Thus the zinc assays are used to estimate the amount of sphalerite (at a density of 4) present within the sample, lead is used to estimate the galena content (density 7.2) and iron is used to estimate pyrite amounts (density 5). The remaining percentage of the sample is ascribed a base density of either 2.6g/cm^3 in the first instance or 2.75g/cm^3 in the second. The density of that remaining material is difficult to ascertain, hence the two values used, as in some instances it will be vuggy quartz (about 2.3-2.6), powdery talc (2-2.6) or partially weathered carbonate (2.6-2.9) as well as possibly fresher carbonate (2.8-3.1).

Figure 12
Allison Lode: Distribution of measured density values
(Archimedes Method)



3.4 ZERO OR NULL VALUES

Within the database any below detection element values were substituted with half the detection value. Where there were cavities no value was substituted as it is confidently felt that these cavities are related to old ore stopes and hence the grade interpolation was allowed to carry across these gaps. When the resources are reported any gaps capable of being made into a solid are used to constrain the data.

3.5 BLOCK MODEL STATISTICS

Statistics for the block model comprising a 25m search for just the aircore data are given below with the original aircore drill intercepts statistics for comparison. The number of sample points for this dataset is 1101 compared to the 126 for the actual aircore intercepts.

Table 4
Allison's Lode : Block Model Summary Statistics

AC = Aircore Data Bk = Ore Block	Zinc		Lead		Silver		Iron	
	AC Zn	Bk Zn	AC Pb	Bk Pb	AC Ag	Bk Ag	AC Fe	Bk Fe
Mean	6.263	5.227	1.432	1.237	29.376	26.485	11.352	10.627
Standard Error	0.759	0.096	0.163	0.022	3.514	0.487	0.592	0.086
Median	2.790	4.540	0.765	0.980	16.030	21.600	9.580	10.060
Mode	3.630	2.290	1.980	0.760	1.500	19.600	11.400	8.940
Standard Deviation	8.524	3.189	1.828	0.729	39.440	16.163	6.650	2.849
Sample Variance	72.651	10.172	3.341	0.532	1555.487	261.228	44.226	8.116
Kurtosis	6.021	-0.601	8.145	-0.466	7.846	1.431	0.536	-0.921
Skewness	2.457	0.658	2.690	0.643	2.730	1.359	1.095	0.243
Range	40.31	14.050	10.14	3.300	208.50	93.800	29.94	10.360
Minimum	0.19	0.690	0.06	0.140	1.50	4.000	2.76	6.010
Maximum	40.50	14.740	10.20	3.440	210.00	97.800	32.70	16.370
Sum	789.156	5754.710	180.436	1361.400	3701.348	29159.500	1430.306	11700.150
Count	126	1101	126	1101	126	1101	126	1101
Confidence Level (95%)	1.503	0.189	0.322	0.043	6.954	0.956	1.173	0.168

From the data it can be seen that the block model results appear consistent with the original aircore data. In addition a review of the density data shows that using 2.60g/cm³ as a base density for calculating the density of each aircore sample gives a mean density of 3.34g/cm³ for the blocks whilst using a base of 2.75g/cm³ yields an average of 3.44g/cm³.

3.6 BLOCK MODEL REPORTS

Listed below are a series of block model reports for different case scenarios.

The constraints used were:

- a. INSIDE 3DM **allisonoremodified510** The ore solid
- b. NOT ABOVE DTM **cmkpostminetopo509** The current topography
- c. NOT INSIDE 3DM **allisonoldworkcav1** The old stopes/cavity solid

(Keep blocks partially in the constraint: False)



Table 5
Allison's Lode: Resource Estimation - Different Case Scenarios

Case 1 : Aircore data only, 25m search radius, 30% top cut, base SG 2.6g/cm³

Volume	Tonnes	Zn25m	Pb25m	Ag25m
29234	98227	5.02	1.22	24.4

Case 2 : Aircore data only, 25m search radius, 30% top cut, base SG 2.75g/cm³

Volume	Tonnes	Zn25m	Pb25m	Ag25m
29234	101144	5.01	1.21	24.8

Case 3 : Aircore data only, 30m search radius, no top cut, base SG 2.75g/cm³

Volume	Tonnes	Zn	Pb	Ag
29234	101144	5.31	1.22	24.96

Case 4 : Aircore & channel data, 30m search radius, no top cut, base SG 2.6g/cm³

Volume	Tonnes	Zncs	Pbcs	Agcs
29234	98227	6.90	2.01	36.09

Case 5 : Aircore & channel data, 30m search radius, no top cut, base SG 2.75g/cm³

Volume	Tonnes	Zncs	Pbcs	Agcs
29234	101144	6.89	2.01	36.03

Case 6 : Aircore & channel data, 25m search, 33% Zn top cut, base SG 2.60g/cm³

Volume	Tonnes	Zn25chtc33	Pb25chtc33	Ag25chtc33
29234	98227	6.64	1.80	35.54

(note the metal field descriptions in the table match the attributes in the block model)

From Case 1 and Case 2 it can be seen that a 5.6% change in the base SG produces only a 3.9% change in tonnage.

With Cases 2 & 3 the 30% zinc top cut has a 5.8% impact on zinc grade and virtually no impact on the lead and silver grades.

Cases 4 & 5 demonstrate the upper end of resource estimation figures i.e. with the channel samples and no top cut. Thus it is inferred that the inclusion of the channel samples has the greatest impact on the grade of the initial resource estimation rather than the base density and the use of top cuts.

Case 1 and Case 6 best demonstrate the effect of the channel sampling data inclusion. Table 6 indicates the different metal contents associated with the resource scenarios.

Table 6
Allison's Lode: Metal Content for the Different Case Scenarios

	Volume	Tonnes	Zn %	Pb %	Ag ppm	Zn metal (t)	Pb metal (t)	Ag metal (kg)
Case 1	29234	98227	5.02	1.22	24.4	4931.0	1198.4	2396.7
Case 2	29234	101144	5.01	1.21	24.8	5067.3	1223.8	2508.4
Case 3	29234	101144	5.31	1.22	25.0	5370.7	1234.0	2524.6
Case 4	29234	98227	6.90	2.01	36.1	6777.7	1974.4	3545.0
Case 5	29234	101144	6.89	2.01	36.0	6968.8	2033.0	3644.2
Case 6	29234	98227	6.64	1.80	35.5	6522.3	1786.1	3487.1

Figure 13 and Figure 14 show the block grade distribution for the Case 1 scenario.

Figure 13
Allison's Lode – Block Model Zinc Grades % (Looking NE)

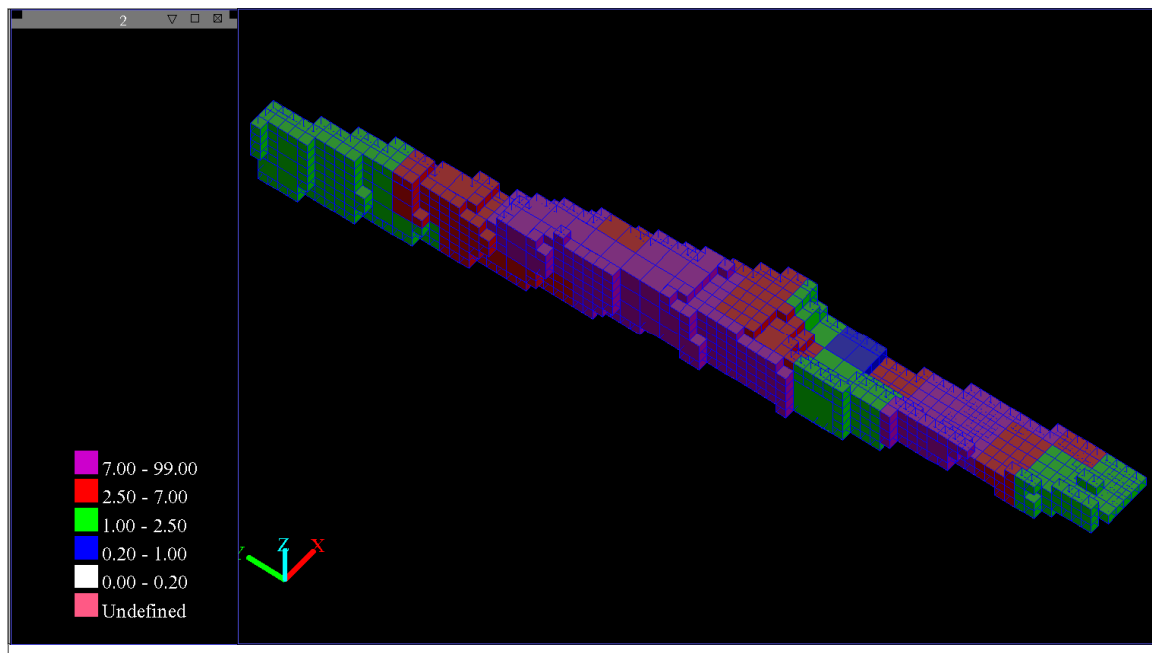
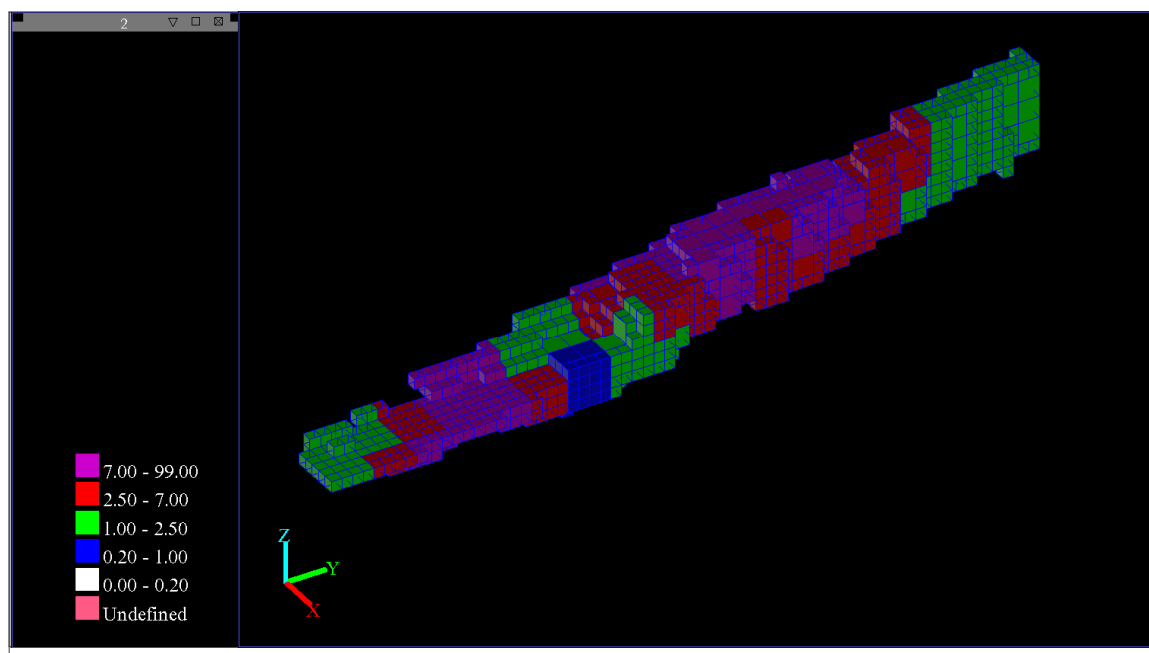


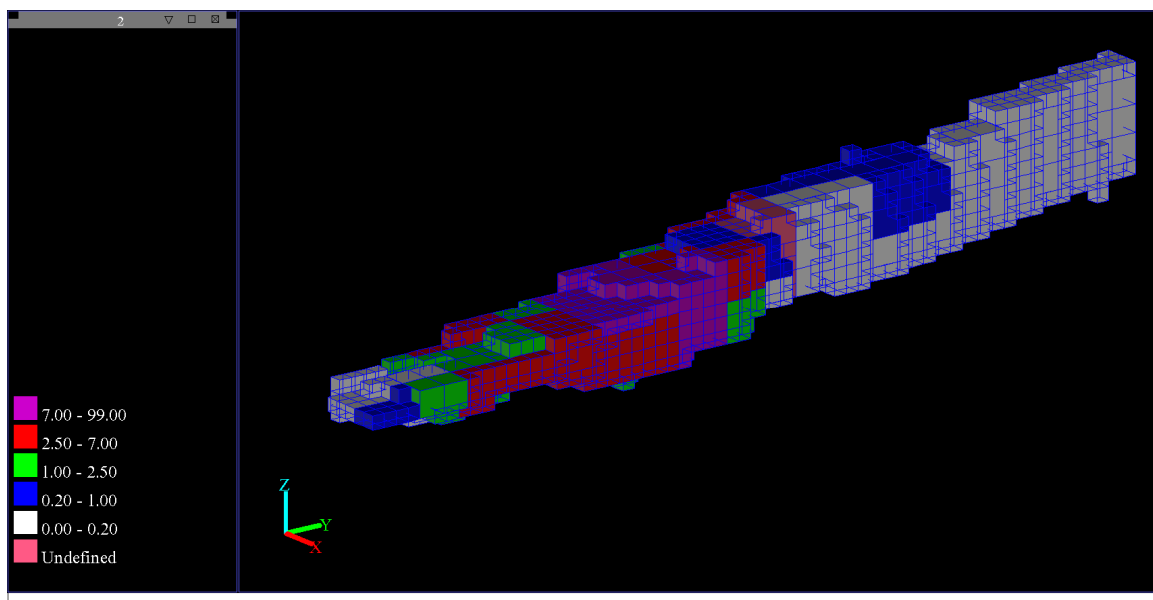
Figure 14
Allison's Lode – Block Model Zinc Grades % (Looking NW)



A series of 20m sections showing block grade, aircore drill traces, channel sample traverses, ore zone outline and surface topography is included in Appendix 4 whilst the respective 10m plans are in Appendix 5. The poddy nature of the ore is best demonstrated on section 5360580N whereby a high grade channel sample traverse (Traverse B) is undercut for most of its length by low grade material in aircore hole SY037. However on the preceding section 5360560N there is good correlation between Traverse D and drillhole SY040 where there is good sample overlap. The importance of the geological mapping in this area provides strong evidence for the continuity of high grade around the channel sample traverses which in turn can aid in the classification of the resources (see next section).

The major difference in block grades with respect to the inclusion of the channel sample data occurs in the southern portion of the deposit. Figure 15 displays the zinc percentage difference for individual blocks between Case 1 and Case 6

Figure 15
Allison's Lode: Grade Difference for Blocks (Looking NW)



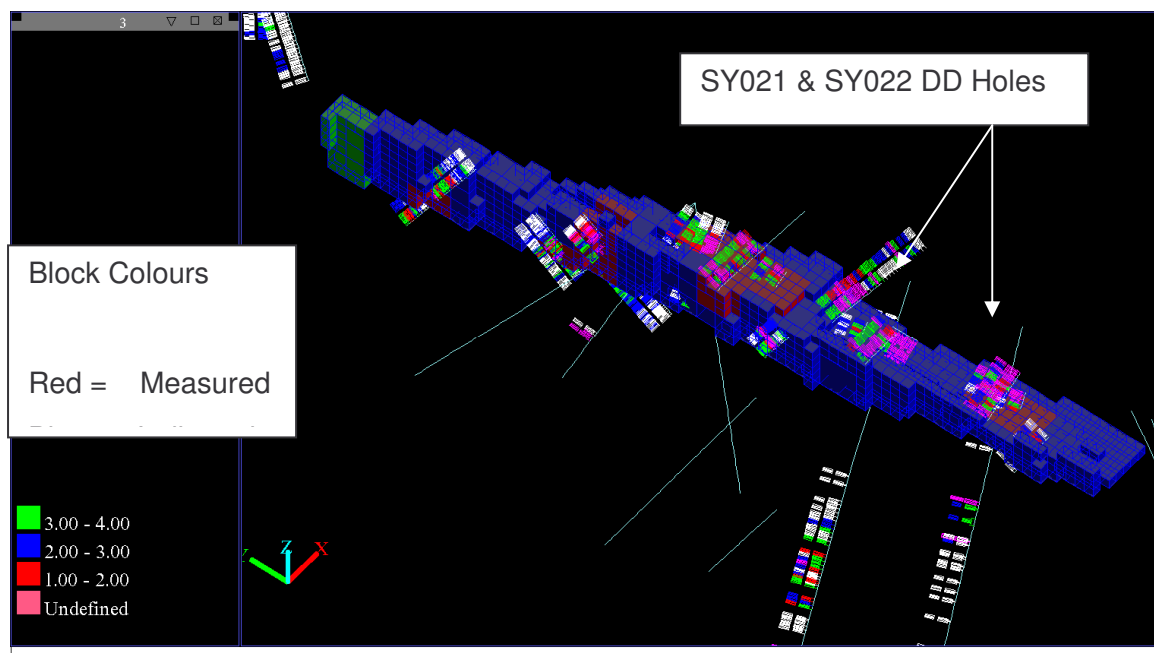
3.7 RESOURCE CLASSIFICATION

In order to assign classification status to the resource, the block attributes nos, dns_id and rescat2v were used. The first attribute is a measure of the number of samples used in estimating the individual block grade. In most instances this was 15 as per the block model specifications. The second attribute measures the distance to the nearest sample and the third attribute ascribes an integer value to that distance based on a selected range according to the formula below:

`iif(dns_id>0 and dns_id<=5,1,iif(dns_id>5 and dns_id<=20,2,iif(dns_id>20 and dns_id<=100,3,4)))`

Whereby the Measured Resource category is for the nearest sample distance of 0 to 5m, the Indicated Resource is for the nearest sample distance being between 5m and 20m and the Inferred Resource being from 20m to 100m. The resulting block model indicates that about 75% of the resource is in the indicated category, with 20% classed as measured and a small remaining proportion of the resource at the extreme north end is inferred.

Figure 16
Allison's Lode Classification of Resources



(not including channel sample data)

The development of the formula was based on all the statistical data and the author's field observations and mapping over the past six years.

In an attempt to accommodate the channel sampling results it was felt that additional resources could be classified as measured based on the combination of the channel sampling and the mapping in the southern areas of the pit. Thus the remaining unmined blocks from within the ore shape from the pit floor upwards and from 5360620N southwards have been included in the Measured Resource category (277.5mRL upwards). This measured resource volume was calculated using a simple solid shape `12measured_solid.dtm` to isolate the blocks but the evaluated metal grades used the assigned block grades from the interpolation without the channel sample data but with the aircore data (`comcomp2v2.str`) to obtain a resource value and added to the Measured Resource delineated by the equation above (outside the solid