REPORTING OF EXPLORATION RESULTS

18. **Exploration Results include data and information generated by exploration programmes that may be of use to investors. Exploration Results may or may not be part of a formal declaration of Mineral Resources or Mineral Reserves, but must not be presented in a way that unreasonably implies the discovery of potentially economic mineralisation.**

Exploration Results must include all available and relevant data/information relating to the mineral property (both positive and negative). Exploration data/information may include survey, geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical and other information, where available. The data/information may be derived from the specific property under discussion or from adjacent or nearby properties if the Competent Person can provide justification of continuity for such an association. Historical data/ information may also be included if, in the considered opinion of the Competent Person, such is relevant, giving reasons for such conclusions. Any negative historical Exploration Results as well as excluded results must be discussed. The reliability of all results/data/information used must be discussed and the location of all data points used must be shown on a map at an appropriate scale.

Reporting of selected results/data/information such as isolated assays, isolated drill holes, assays of panned concentrates or supergene-enriched soils or surface samples, without placing them in perspective, is unacceptable.

> *When assay and analytical results are reported, one of the following methods, selected as the most appropriate by the Competent Person, must be used: by listing all results along with sample intervals (or size, in the case of bulk samples), or by reporting weighted average grades of mineralized zones, indicating clearly how the grades were calculated.*
>
> *Exploration Results should include the interpretation of geological continuity, sampling results, locations etc.*
>
> *Table 1, at the end of this Code, is a checklist for all who prepare reports on Exploration Results, Mineral Resources and Mineral Reserves. It should be used as a guide; relevance and materiality are overriding principles that determine what information should be publicly reported.*

19. In Public Reports:

19.a. An ‘exploration target’ is a concept of mineralisation with respect to type, quantity and quality, which would be of interest to an exploration or mining company. There must be a likelihood that this exploration target occurs in an area of geological prospectivity for that commodity and mineralisation type.

An exploration target need not represent any discovered mineralisation, nor does it imply reasonable and realistic prospects for possible economic extraction.

> *When discussing exploration targets, the Competent Person should clearly describe the rationale for such selection, including the geological model on which it is based, as well as justification for any statements of conceptual quantity and quality. In addition the intended exploration work programme to explore for the target must be included, detailing the extent*

of the proposed exploration activities, the planned timeframe and the anticipated costs. Without a concrete exploration work programme on a specific mineral property held by the Company, public reporting of an exploration target must be regarded as being solely speculative.

19.b. 'Mineralisation' as used in the Code, is defined as a concentration (or occurrence) of material of possible economic interest, in or on the earth's crust, for which quantity and quality cannot be estimated with sufficient confidence to be defined as a Mineral Resource.

Mineralisation not classified as a Mineral Resource or Mineral Reserve can only be reported under Exploration Results. The data and information relating to it must be enough to allow a considered and balanced judgement of it's significance.

Descriptions of Mineralisation must include sufficient relevant exploration data/information, and such reporting must not be presented in a way that unreasonably implies the discovery of potentially economic mineralisation. The Competent Person must clearly state that reasonable and realistic prospects for eventual economic extraction have not yet been demonstrated and that it does not form part of the Mineral Resource estimate. Details of the Mineralisation may not appear in any tabulation of Mineral Resources or be included in a Preliminary Economic Assessment or Pre-feasibility/Feasibility study.

20. It is common practice for a company to comment on and discuss its Exploration Results in terms of size and type. Any such information must not be expressed or misrepresented as an estimate of Mineral Resource or Mineral Reserve. The term Resource(s) or Reserves(s) must not be used in this context. Any statement referring to potential quantity, quality and content, as appropriate, must be substantiated and include a detailed explanation of the basis for the statement and a proximate statement, with the same prominence, that the potential quantity, quality and content, as appropriate, are conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

'Same prominence' is defined as the same font type and size and 'proximate location' is defined as the cautionary statement being included in the same paragraph as or immediately following the reported Exploration Results. A cautionary statement by way of a footnote or a general disclaimer elsewhere in the disclosure document will not satisfy this requirement.

Any statement referring to quantity and quality must reflect the lack of reliable data. The conceptual nature of the statements must be expressed either through the use of "order of magnitude", including appropriate descriptive terms (such as approximately, in the order of, etc) or as "ranges", which is defined as the variation between the lowest and highest relevant exploration results – the use of ranges in this context has no statistical relevance.

Appropriate rounding should be used to express the level of uncertainty of the estimates. By way of example, "approximately one to two million tonnes at a grade of more than 3-5% Cu" or "an exploration target of more than 100 million tonnes of coal in excess of 16MJ/kg for power generation markets" would be acceptable, but not "2±0.2 million tonnes". When estimates are quoted, statements of both quantity and quality must be provided. It is not permissible to quote one without the other.

Estimates of potential quantity and quality should, preferably, be made in terms of volume (or area) and not tonnage. If, however, target tonnages are reported then the preliminary estimates, or basis of assumptions, made for bulk-density or specific gravity must be stated.

REPORTING OF MINERAL RESOURCES

21. A 'Mineral Resource' is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories.

Deposit definition replaced with clause 19b – Mineralisation.

Any Mineralisation that does not have demonstrated reasonable and realistic prospects for eventual economic extraction may not be included in a Mineral Resource.

For each category of Mineral Resource the basis of classification must be disclosed (refer to Table 1).

The term Mineral Resource covers in-situ mineralisation as well as dumps or tailings that have been identified and estimated through exploration or assessment and sampling from which Mineral Reserves may be derived by the application of modifying factors.

A Mineral Resource is not an inventory of all mineralisation drilled or sampled, regardless of cut-off grades, likely mining dimensions, location or continuity. It is a realistic record of mineralisation that, at the time of reporting and under assumed and justifiable technical and economic conditions, might become economically extractable. Any mineralisation that does not qualify as a Mineral Resource must not be described as such. Certain reports (e.g. exploration reports to Government and other similar reports not intended primarily for providing information for investment purposes) may require full disclosure of all mineralisation including some material that does not have reasonable and realistic prospects for eventual economic extraction.

Reasonable and realistic prospects for eventual economic extraction must be demonstrated through the application of an appropriate level consideration of the potential viability of mineral resources. Such a consideration must include a reasoned assessment of the geological, engineering (including mining and processing parameters), metallurgical, legal, infrastructural, environmental, marketing, socio-political and economic assumptions which, in the opinion of the Competent Person, are likely to influence the prospect of economic extraction. All of the issues listed in Table 1, under "Reasonable and Realistic prospects for eventual economic extraction" must be discussed to the level appropriate for the specific investigation.

Any and all material assumptions made in determining the 'reasonable and realistic prospects for eventual economic extraction' should be clearly stated (and justified) in the Public Report.

The determination of reasonable and realistic prospects for eventual economic extraction should be based on the principle of reasonableness, and should be justifiable and defensible. The assumptions used to test for reasonable and realistic prospectivity should be reasonable and within known/assumed tolerances or have examples of precedence. These assumptions should be applied at an appropriate and reasonable scale, and may differ from those used for conversion of Mineral Resources to Mineral Reserves and should be appropriate to the definition of Mineral Resources in terms of precision, accuracy, degree of confidence and variability.

Interpretation of the word 'eventual' in this context may vary depending on the commodity, mineral involved or legal tenure. For example, for many occurrences of coal, iron ore, bauxite and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering periods of 50 years or more. However for other deposits, application of the concept would normally be restricted to perhaps 20 to 30 years and frequently much shorter periods. The Competent Person must discuss the parameters used to support the concept of 'eventual'.

Any adjustment made to the data for the purpose of making the Mineral Resource estimate, for example by cutting or factoring grades, or any other relevant assumptions, should be clearly described in the Public Report. Where considered appropriate by the Competent Person, Mineral Resources may include mineralisation below the selected cut-off grade to ensure that the Mineral Resource consists of bodies of mineralisation of adequate size and continuity to properly consider the most appropriate approach to mining, including any dilution or contamination resulting from the requirements of any minimum mining width (in addition to cut-off grades, Mineral Resources can also be defined by geological constraints, which may include, but are not limited to, structure, stratigraphic boundaries, or geometallurgical/mineralogical constraints). Documentation of Mineral Resource estimates should clearly define any such inclusions, and Public Reports should include commentary on the matter if considered material.