Weld Range Metals Limited

Range Well Chromium Project

Project No. AU2813

Chromium Laterite Mineral Resource Update

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This report has been prepared by Snowden Mining Industry Consultants ("Snowden") on behalf of Weld Range Metals Limited.

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1 Summary

In November 2009, Snowden Mining Industry Consultants ("Snowden") generated a Mineral Resource estimate at the request of Weld Range Metals Limited ("Weld Range Metals") for the lateritic chromium mineralisation at the Weld Range Project (Snowden, 2009). The project is located in the Murchison district in the Mid-west region of Western Australia. The 2009 chromium laterite Mineral Resource was reported based on the guidelines of the 2004 edition of the JORC Code. The 2009 resource estimate was subsequently updated by Snowden in November 2010 for Ni, Co and Fe grades (Snowden, 2010).

In September 2014, Weld Range Metals requested that Snowden update the Mineral Resource reporting of the chromium laterite resource in accordance with the guidelines of the 2012 edition of the JORC Code. No additional drilling or exploration activities have taken place since the 2010 resource estimate and as such the November 2010 resource estimate remains current.

A site visit to the Weld Range Project was undertaken by Snowden in June 2009. The site visit confirmed the location of selected drillholes and clarified the grid system used for the previous drilling programs.

Snowden completed preliminary data validation on the drillhole data provided by Weld Range Metals and reviewed the available quality assurance and quality control ("QA/QC") data.

Interpretations of the chromium enriched horizons were generated by Snowden. The interpreted chromium mineralisation is constrained within the weathered horizon and does not extend into fresh rock. However, Snowden cautions that there is a significant proportion of the drilling that lacks adequate geological logging and as such, there is some uncertainty associated with the depth of weathering.

Snowden completed summary statistics and variography on the composite drillhole data from within the interpreted chromium mineralisation and estimated grades into the block model for Cr, Fe, Co and Ni using ordinary kriging. A top-cut was applied to Co. Grade estimation was constrained to within the interpreted chromium mineralisation horizons.

Weld Range Metals supplied the density value (1.5 t/m³) to be applied to the model, which Snowden believes is reasonable for lateritic mineralisation. However, the bulk density value is considered by Snowden to be conservative and may be locally higher. Bulk density measurements are required to confirm this.

Weld Range Metals indicated to Snowden that they intend to produce a stainless steel alloy from the Weld Range laterite mineralisation. Pyrometallurgical test work conducted in 1994 by Mintek in South Africa indicates that a FeCr alloy with Cr levels above 11% can be achieved by smelting. Snowden considers the metallurgical test work to be preliminary in nature and that further test work is required.

The Mineral Resource has been reported above a 4% Cr cut-off grade. GHD Pty Ltd ("GHD") in October 2014, at the request of Weld Range Metals, reviewed the 4% Cr cut-off grade in terms of the viability of the proposed stainless steel alloy project. GHD state that “…the Project is still considered viable with the composition and metals grade of the Cr Resources from Weld Range at a 4% Cr cut-off.” Snowden believes that the 4% Cr cut-off grade is reasonable for this style of mineralisation, given the mining assumptions and the proposed processing route.
The chromium Mineral Resource has been classified as Inferred in its entirety, in accordance with the 2012 edition of the JORC Code based upon the geology, mineralisation interpretations and drillhole data. Table 1.1 lists the Mineral Resource for the Weld Range chromium deposit above a 4% Cr cut-off grade.

Table 1.1  Weld Range Inferred Mineral Resource above a 4% Cr cut-off grade

<table>
<thead>
<tr>
<th></th>
<th>Tonnes Mt</th>
<th>Cr %</th>
<th>Fe %</th>
<th>Ni %</th>
<th>Co %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>63.5</td>
<td>5.22</td>
<td>35.4</td>
<td>0.38</td>
<td>0.04</td>
</tr>
</tbody>
</table>

Weld Range Metals requested Snowden to delineate a high grade (of approximately 6% Cr), near surface zone of chromium mineralisation within the Chrome Hill area. Snowden has identified a high grade zone within the total Inferred Mineral Resource, comprising 14.5 million tonnes with an average grade of 5.4% Cr, 39% Fe, 0.35% Ni and 0.03% Co. Contained within this high grade zone there are an estimated 10.5 million tonnes with an average grade of 6.0% Cr, 40% Fe, 0.39% Ni and 0.04% Co above a cut-off grade of 4.5% Cr.

Snowden considers that further work is required in terms of definition of the topographic surface, drillhole survey data, QA/QC data, infill drilling and a program of bulk density determinations to improve the classification of this Mineral Resource estimate.
2 Introduction

2.1 Location

The Weld Range Project is located approximately 65 km north-northwest of Cue, some 85 km west-southwest of Meekatharra and some 600 km north-northeast of Perth in Western Australia (Figure 2.1).

Figure 2.1 Location of the Weld Range Metals tenements
2.2 Historical estimates

Within the project area, there is potential for nickel, chromium and PGM mineralisation in a variety of styles. This resource estimate is based on the chromium mineralisation within a laterite horizon and is based on drilling undertaken from 1988 to 2000.

Snowden has previously undertaken two resource estimates for the chromium laterite mineralisation (Snowden, 1989 and 1994). These were restricted to within MLA51/546. The 1989 resources estimate was within the southern half of MLA51/546 and the 1994 estimate focused on an identified higher grade area of 210 mE by 140 mN at Chrome Hill. These estimates are further discussed in Section 12.

In 2001, Minara generated a polygonal resource estimate for the nickel potential at Weld Range. Documentation on this resource estimate is not available in the digital data provided by Minara to Weld Range Metals. A review of the data contained in the file “Inferred Sectional Resource102001.xls” indicates that the Mineral Resource is constrained to within the laterite horizon and extends from 569000 mE to 581400 mE. An average density of 1.5 t/m$^3$ has been applied for tonnage estimation. The Mineral Resource was classified by Minara as Inferred and grades were estimated for Ni, Co and Mg based on Ni cut-off grades of 0.5%, 0.8%, 1.0% and 1.3%. It is assumed that the mineral estimate was prepared in accordance with the 1999 JORC Code. The resource tabulation prepared by Minara is included in Table 2.1.

Table 2.1 Inferred Mineral Resource reported by Minara in 2001

<table>
<thead>
<tr>
<th>Cut-off % Ni</th>
<th>Tonnes Mt</th>
<th>Ni %</th>
<th>Co %</th>
<th>Mg %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3</td>
<td>5</td>
<td>1.64</td>
<td>0.091</td>
<td>3.22</td>
</tr>
<tr>
<td>1.0</td>
<td>14</td>
<td>1.39</td>
<td>0.096</td>
<td>3.32</td>
</tr>
<tr>
<td>0.8</td>
<td>66</td>
<td>1.01</td>
<td>0.086</td>
<td>2.87</td>
</tr>
<tr>
<td>0.5</td>
<td>329</td>
<td>0.75</td>
<td>0.060</td>
<td>2.91</td>
</tr>
</tbody>
</table>

In addition to this, file “M51_546 Resource.xls” contains summary data from an unclassified polygonal resource estimate of nickel and cobalt mineralisation within the laterite horizon and constrained to within MLA51/546. This is based on WRRC series drillholes. The resource estimate developed by Minara reports 97 million tonnes at an average grade of 0.74% Ni, 0.08% Co and 2.34% Mg. Included within this resource, 33 million tonnes at an average grade of 0.8% Ni, 0.10% Co and 1.17% Mg are reported from the top 20 m of the laterite horizon.

As the data from the polygonal estimate is not spatially located, Snowden cannot incorporate this data into the 3D block model developed for the chromium mineralisation.
3 Geology

The Weld Range Complex is a laterally extensive ultramafic/mafic complex hosted within the Gabanintha Formation of the Luke Creek Group and is the lower of two greenstone units contained within the Murchison Supergroup. The Weld Range Complex is bound to the south by concordant dolerites and banded iron formations of the Weld Range, and to the north and west by granite. The complex is generally divisible into an ultramafic (north) and mafic (south) series of layered rock units. The ultramafic units are estimated to be approximately 5 km thick, with the more southern mafic series being approximately 3.5 km thick. The geology of the Weld Range project area is illustrated in Figure 3.1.

The detailed geology and zonation of the Weld Range Complex is not clearly understood due to the deep lateritic weathering and limited outcrop within the area. Overall, the general shape of the complex is that of a recumbent lopolith (reclining triangular funnel shape). The sequence strikes northeast and dips steeply to the southeast.

Primary chromium mineralisation occurs as chromite formed during fractionation of magma and the precipitation of olivine and chromite. The primary chromium mineralisation is restricted to specific olivine and chromite layers within the ultramafic body. Secondary chromium mineralisation is found in the lateritic profile developed above the main layered ultramafic sequence. The Chrome Hill mineral occurrence, located in the central portion of the project area, comprises a chromiferous ferricrete, silicrete resistant cap overlying nickeliferous limonite (a hydrous iron oxide) and saprolite.

The typical residual laterite profile comprises an upper pisolitic ferricrete horizon up to 15 m thick, that may be locally enriched in chromium, overlying siliceous limonite (>25 m) with elevated nickel and cobalt grades. The profile then passes through a highly siliceous and weakly ferruginous saprolite that is often replaced by massive silicrete, into a serpentinised olivine – chromite adcumulate that may contain stockwork magnesite near the lower saprolite. There is abundant free silica within the laterite profile, especially towards the base of the laterite which is attributed to the presence of olivine adcumulate ultramafic rocks in the substrate.
Figure 3.1 Geological plan of the Weld Range Complex
4 Site visit

4.1 Source data

The Weld Range project area has been drilled by a number of separate programs using a combination of reverse circulation ("RC"), aircore ("AC") and rotary air blast ("RAB") methods. The majority of drilling occurred in the period from June 1998 to December 2000, but records of historic drilling exist back to around 1971.

Snowden visited the project area in June 2009 to confirm selected collar locations and drilling methods but has not observed the drilling process or sample handling practices. Snowden is therefore not in a position to comment on the quality of the sample collection procedures.

Data was provided by Weld Range Metals in the following files (dated November 2004):

- WRAlteration.csv
- WRass.csv
- WRcoll.csv
- WRLithology.csv
- WRsur.csv
- WRVeining.csv

Data for 1381 drillholes within the Weld Range Project are included in these files and a summary of the drillholes is provided in Table 4.1. Data from WRcoll.csv, WRsur.csv, WRass.csv and WRLithology.csv were imported into a Gemcom database. Snowden excluded all RAB drillholes and holes drilled in the 1970s for nickel, as they do not have chromium assay data.
## Summary of drilling (adapted from Minara, 2007)

<table>
<thead>
<tr>
<th>Drillhole</th>
<th>Company</th>
<th>Date</th>
<th>Hole type</th>
<th>Target mineralisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>WRRC0093 - 0249</td>
<td>Pilbara</td>
<td>Dec 2000</td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>WRRC001 - 092</td>
<td>Pilbara</td>
<td>Nov 1999</td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>WEC093 – 158</td>
<td>WRJV</td>
<td>Dec 1998</td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>WEC010 – 092</td>
<td>WRJV</td>
<td>July 1997</td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>RHCH0009 -0011</td>
<td>Dragon</td>
<td></td>
<td>RC?</td>
<td>Ni Co Laterite and Cr</td>
</tr>
<tr>
<td>RRC036 – 071</td>
<td>WRJV</td>
<td>Jan 1997</td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>WEC001 – 009</td>
<td>WRJV</td>
<td></td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>WRA001 – 113</td>
<td>WRJV</td>
<td>July 1996</td>
<td>AC</td>
<td>Ni Cu PGMs</td>
</tr>
<tr>
<td>WRR001</td>
<td>WRJV</td>
<td>July 1996</td>
<td>Ni Cu PGMs</td>
<td></td>
</tr>
<tr>
<td>WPRC01 – 09</td>
<td>WRJV</td>
<td>July 1996</td>
<td>RC</td>
<td>Ni Cu PGMs</td>
</tr>
<tr>
<td>WRD001 – 004</td>
<td>WRJV</td>
<td></td>
<td>DD</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>RRC010 – 035</td>
<td>WRJV</td>
<td>July 1996</td>
<td>RC</td>
<td>Ni Co Laterite</td>
</tr>
<tr>
<td>JRD010 – 020</td>
<td>WRJV</td>
<td>Jan 1996</td>
<td>DD</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>JRC013 – 019</td>
<td>WRJV</td>
<td>Jan 1996</td>
<td>RC</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>WRB169 – 277*</td>
<td>WRJV</td>
<td>Mar 1995</td>
<td>RAB</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>RRC001 – 009</td>
<td>WRJV</td>
<td></td>
<td>RC</td>
<td>Ni</td>
</tr>
<tr>
<td>JRD001 – 009</td>
<td>WRJV</td>
<td></td>
<td>DD</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>JRC001 – 012</td>
<td>WRJV</td>
<td></td>
<td>RC</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>RWAC001 - 110</td>
<td>Dragon?</td>
<td>Apr 1994</td>
<td>RC</td>
<td>Cr Laterite</td>
</tr>
<tr>
<td>CRC01 – 03*</td>
<td>Dragon?</td>
<td>Apr 1994</td>
<td>RC</td>
<td>Cr Laterite</td>
</tr>
<tr>
<td>WRB032 – 168*</td>
<td></td>
<td></td>
<td>RAB</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>WRC010 – 022</td>
<td>WRJV?</td>
<td></td>
<td>RC</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>WPRC001 - 009</td>
<td></td>
<td></td>
<td>RC</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>JRB131 – 190*</td>
<td>WRJV</td>
<td>Jun 1993</td>
<td>RAB</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>JRB001 – 130*</td>
<td>WRJV</td>
<td></td>
<td>RAB</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>WRC001 – 008</td>
<td>WRJV</td>
<td>Jan 1992</td>
<td>RC</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>WRB01 – 31*</td>
<td>WRJV</td>
<td>Jan 1992</td>
<td>RAB</td>
<td>Parks Reef PGMs</td>
</tr>
<tr>
<td>RWP01 – 25*</td>
<td>Dragon</td>
<td>Dec 1988</td>
<td>RAB</td>
<td>Unknown</td>
</tr>
<tr>
<td>RWRC01 – 03*</td>
<td>Dragon</td>
<td></td>
<td>RC</td>
<td>Unknown</td>
</tr>
<tr>
<td>L001 – 020*</td>
<td>BHP</td>
<td>1973?</td>
<td>Ni</td>
<td></td>
</tr>
<tr>
<td>WP001 – 060*</td>
<td>ACM</td>
<td>1972</td>
<td>RAB</td>
<td>Ni Co Cu</td>
</tr>
<tr>
<td>Z13000 – 13017*</td>
<td>INCO</td>
<td>1971</td>
<td>Ni Sulphide</td>
<td></td>
</tr>
<tr>
<td>Z9836 – 9844*</td>
<td>INCO</td>
<td>1971</td>
<td>Ni Sulphide</td>
<td></td>
</tr>
</tbody>
</table>

Note: WRJV refers to Austmin and Dragon, * excluded from database.
4.2 Data validation

The drillhole collar file supplied to Snowden included two collars positions, namely X, Y and Z and MGA_Z50_X, MGA_Z50_Y and MGA_Z50_Z with the collar positions being different by approximately 138.9 m in the X position and 152.6 m in the Y position for the majority of holes (excluding WEC series holes). All drillholes, except the WEC series drillholes, were recorded as being referenced according to AMG_Z50 grid. GPS field checks by Snowden identified that the X, Y coordinates (i.e. AMG_Z50) are more likely to be spatially correct rather than the MGA coordinates.

Due to the age of the drillholes and the reasonably extensive rehabilitation carried out by Minara, drillholes were typically difficult to locate during Snowden’s GPS field checks. Bags and rubbish had largely been removed and drillholes were capped and buried. Snowden found no evidence of any collar pegs or drillhole numbers.

One drillhole, thought to be RWAC0015 was located, indicating that the RWAC series are likely to be in the correct position (for X and Y coordinates).

Three drillholes, thought to be WEC021, WEC022 and WEC023 were located and found to be out by approximately 138.9 m in the X position and 152.6 m in the Y position. It seems that the original X and Y position in the collar file for the WEC series drillholes are located with respect to the MGA grid. The collar coordinates for the WEC drillholes series were adjusted to the AMG_Z50 grid for the Mineral Resource estimate.

A further three drillholes, which may be CRC01 to CRC03, were also located. These locations however do not conform to the previous grid transformation and the confidence in these positions is low. Furthermore no down-hole survey was recorded for the CRC series drillholes. Field and document checks indicate that these drillholes were in fact angle holes drilled towards a bearing of approximately 340. The CRC series drillholes have been removed from the database for the mineral resource estimate but Snowden notes that CRC01 included one of the best grade intercepts recorded (15 m at 11.5% Cr from 5 m). Furthermore the potential error around the collar locations of the CRC drillholes casts doubt over the location of the other drillholes (excluding WEC and RWAC series holes). Snowden recommends that further work be carried out to confirm the collar locations of all drillhole series.
5 Drillhole data

The spacing between the drill lines varies throughout the project as shown in Figure 5.1. Holes have been drilled on sections of 200 m to 800 m spacing east-west, and approximately 40 m to 200 m spacing north-south. Within the Chrome Hill area infill drilling is spaced at 40 m east-west and 20 m north-south.

5.1 Collars

Data for 1,381 drillholes is included in the collar data file. Snowden imported data for 773 drillholes into the Gemcom database. All RAB drillholes and holes drilled in the 1970s for nickel were excluded, due to concerns about the sample quality. Drillholes RHCH09, RWRC01 and RWRC03, which do not have collar data, were also excluded. Following the site visit and uncertainty as to the location of CRC-01, CRC-02 and CRC-03, data from CRC series drillholes were excluded from the resource estimate.

Two grid systems are referred to in the collar data. The majority of drillholes are based on grid AMG_Z50 and the WEC series holes are based on grid MGA_Z50. As discussed in Section 4, site visit checks by Snowden indicate that the X and Y coordinates (i.e. AMG_Z50) are likely to be spatially correct rather than the MGA coordinates. Snowden has imported the X and Y data for all drillholes and has converted the X and Y (MGA coordinate data) to AMG_Z50 grid data for the WEC series drillholes.

A number of collar elevations appear to have been estimated or have been allocated a default value of 500 mRL. Snowden estimates that 370 of the drillholes have default or estimated collar elevation values. As illustrated in Figure 5.1 these drillholes are spread throughout the project area. Snowden used the collar elevation data from the 403 drillholes that were regarded as having measured collar elevations to interpret a topographic surface. The collar elevations were determined for drillholes coded as having an estimated collar elevation from this topographic surface.

Figure 5.1 Drillhole collar elevation data
5.2 Surveys

Of the 773 drillholes imported into the resource database only 393 have dip and azimuth data (Figure 5.2). The majority of the drillholes (328) are vertical and the remaining 65 drillholes, generally located to target the Parks Reef, are inclined at -60° to the northwest or north. Ten diamond drillholes have detailed down-hole survey data. Except for the CRC drillholes, as discussed in Section 4, drillholes without survey data were assumed to be vertical. This is believed to be a reasonable assumption as these have targeted the laterite mineralisation. This assumption will need to be verified before these drillholes can be used for future resource estimation.

Figure 5.2 Drillhole survey data

5.3 Lithology

Lithology data for the weathering and rock types were imported into the database. Of the 773 drillholes imported into the database 118 drillholes did not have lithological coding. These were mainly the RWAC series drillholes.

5.4 Assays

The 2009 database contained assay data for Cr, Fe and Ni and was updated for Co data in 2010 (Snowden, 2010a). This data was recorded as ppm and Snowden created additional fields to express the Cr, Fe, Co and Ni data as percentages.

Prior to importation, overlapping and duplicate assay intervals were deleted. Some of the WEC series drillholes were sampled based on 4 m and 1 m intervals. Where available, the 1 m assay data was retained and the 4 m data removed from the database. Similarly drillholes WRC001, WRC002 and WRC003 had assay data taken over 5 m intervals and later re-sampling over 4 m and 1 m intervals. In this case the 5 m data was retained as the smaller intervals did not have Cr data.
Below detection limit data was replaced with values of half the detection limit (i.e. 25 ppm for Cr, 5 ppm for Ni and 0.001% for Co). There were nine Cr values of zero, one Ni value of zero and 53 Co values of zero: these results were replaced with below detection limit values.

An unusually high value of 11.6% Ni is present in RRC068. Examination of surrounding data indicates that this is likely to be a date entry error and Snowden replaced this with a Ni value of 1.16%.

Two unusually high Co values of 7.4% Co and 2.6% Co were noted at the top of RRC057. Adjacent drillholes did not support these high grades and Snowden elected to exclude these from the current database. Assay data from these intervals should be checked.

Assay data is available for drillhole RHCH009; however, this was not imported into the Gemcom database as collar coordinate data is not available for this drillhole.
6 QA/QC

Snowden is only aware of limited QA/QC data being collected as part of the various drilling campaigns. The QA/QC data is considered to be insufficient to adequately define the quality of the drillhole sampling and assaying as discussed below.

6.1 Re-assaying

Snowden selected seven WRRC series drillholes (WRRC0137, 0138, 0143, 0175, 0176, 0200 and 0248) to be re-assayed from the sample pulps available at Weld Range Metals storage facility. The sample pulps were analysed by fusion XRF methods at ALS Chemex's Brisbane laboratory for Cr, Ni and Fe as well as a suite of additional elements. Normal scatterplots for Cr, Ni and Fe are shown in Figure 6.1 and Appendix A. The results show reasonable correlation between the original assay and the re-assay with results largely within 10%. There is however a likely sample swap noted for drillhole WRRC0175 between 6 to 8 m and 8 to 10 m. Snowden is unable to determine whether the sample swap was present in the original or re-assayed data. Furthermore there is an apparent difference between the re-assayed Cr samples and the original results; with the re-assayed samples being in the order of 6% higher for data of greater than 3% Cr. This requires further investigation.

Figure 6.1 Scatter-plot of chromium re-assay data
6.2 Re-sampling

A selection of 31 RWAC series holes were re-sampled in the field from the bulk reject by Minara in 1999 to 2000. The re-sampling was primarily for nickel laterite mineralisation but included assaying for Cr. Details of the results have not been identified in the data provided.

Furthermore, Snowden is aware that all 4 m composite samples from drillholes WEC093 to WEC158 with grades greater than 0.4% Ni were reassayed in 1 m splits. Some 1,312 samples were re-assayed by Ultratrace laboratories for 11 elements by ICP-OES and merged into the Anaconda (now Minara) database (McConville, 2000). The comparison between 4 m composites and the 1 m splits show good correlation.

6.3 Standards

Snowden has only identified ‘certified’ standard material samples being submitted with drillholes WRRC0001 to WRRC0249 where at least one standard was submitted for each batch of 30 samples. Seven different standards of various materials and grades ranging from 30 ppm to 1.28% Cr were used. Snowden is not aware how or where the standards were manufactured and certified. The standard deviations for each of the standards is not documented, only the nominal standard grade was reported. As such, Snowden has only reviewed the general assay results for the standards rather than a detailed analysis of accuracy.

The five higher grade standards [Laterite-83 (1.28%), Laterite-84 (8,140 ppm), Laterite-85 (8,140 ppm), Laterite 88 (8,500 ppm) and IGS-23 (1.22%)] show reasonable results with acceptable accuracy, whereas the two lower grade standards [SARM-4 (30 ppm) and SARM-43 (195 ppm)] show relatively poor accuracy. The lower grade standards, in particular SARM-4, are too close to the detection limit for XRF to be of any practical use.

It seems likely that the nominal mean grade for standard ‘Laterite-84’ was incorrectly reported as 8,140 ppm Cr with the assays returning consistently higher results with a mean value of 13,593 ppm (Figure 6.2).

Figure 6.2 Results from standard Laterite-84
6.4 Duplicates

Snowden has only identified field duplicate samples being collected from drillholes WRRC0001 to WRRC0249 where field duplicates were collected at a ratio of approximately 1:20.

A Ranked Half Absolute Relative Difference (HARD) plot (Figure 6.3) of this duplicate quality analysis demonstrate that 88.5% of the paired values submitted had relative differences between pairs less than 10% for chromium. Snowden considers these results to be acceptable for field duplicate samples.

Figure 6.3 Field duplicates – ranked HARD plot

6.5 Blanks

Snowden has only identified blank samples submitted on drillholes WRRC0001 to WRRC0249. Blank samples were submitted at the start of each job and after every 90 samples thereafter. Snowden has not identified, nor reviewed any other analysis of the blank samples other than a brief statement in the Anaconda, October 2000 Annual Technical Report that states they occur within acceptable tolerance levels.

6.6 Further comments

All assays, with the exception of drillholes WRRC0093 to WRRC0249, utilised a mixed acid digest followed by either ICP-OES or AAS detection. Snowden understands that a mixed acid digest may not result in all chromium passing into solution and this may result in a potential under-call of the chromium assay. Snowden recommends all future analysis is carried out by XRF methods.
Snowden undertook a limited check on sample preparation methods to determine whether Cr-free pulverising bowls were used during grinding and the possibility of Cr contamination. Only Ultratrace laboratories have been able to confirm that Cr-free bowls were used during the 1999 to 2000 period. During this time Actlabs were using the same sample preparation equipment (Essa LM2 and LM5s) so it is likely that Cr-free bowls were also used. However, Snowden is unable to rule out contamination during sample preparation from earlier drilling programs.

For future drilling, Snowden recommends the use of a minimum of three to four certified standards covering a range of expected Cr grades.

In order to generate a resource model within which a significant proportion of the mineralisation could be reported as Measured and/or Indicated in accordance with the JORC 2012 guidelines requires a comprehensive QA/QC system to be implemented. The QA/QC data needs to be routinely analysed and documented in order to verify the quality of the sample data.

The QA/QC system should include:

- Standards – 1 in 20
- Field Duplicates – 1 in 20
- Laboratory duplicates – 1 in 25
- Inter-laboratory duplicate – 1 in 50.

There is insufficient information available for Snowden to assess the validity of historical sampling and analytical practices.
7 Interpretation

7.1 Topography

Snowden used the collar elevation data from the 403 surveyed drillholes to interpret a topographic surface. This surface was used to estimate collar elevations for the remaining drillholes with planned/estimated coordinates. The surface was used to define the topographic surface in the block model and to constrain the interpreted chromium mineralisation envelope (discussed below) to below the topographic surface.

Snowden recommends the project area be subject to an aerial survey and that the collar elevation of all the existing drillholes should be measured and incorporated into the drilling database.

7.2 Chromium mineralisation envelope

Snowden examined a histogram and log probability plot of the chromium data (Figure 7.1) and interpreted a slight inflection in the data at a grade of about 3% Cr. Snowden used this mineralisation threshold grade to interpret a chromium mineralisation envelope.

![Log Histogram for Cr](image)

![Log Probability Plot for Cr](image)

Interpretations were undertaken on cross-section basis and used a nominal Cr grade of 3%. A minimum mineralisation thickness of 2 m was used and, unless constrained by drilling, interpretations were extended along section to about 25 m beyond the drilling.

Along strike, a minimum of three mineralised drill sections was applied and the interpreted mineralisation was extended 50 m along strike beyond the drilling. Within the Chrome Hill area, where there are some relatively shallow and close-spaced drillhole sections, the interpretation was based initially on the wide-spaced drill sections and the base of mineralisation was then adjusted and snapped to the closer spaced infill drilling. The across-strike extent of the mineralisation interpreted from the wide-spaced drilling was maintained.
The cross-section interpretations were wireframed and a 3D solid model of the chromium mineralisation was developed. This mineralisation envelope was used to code and extract the Cr, Fe Ni and Co data and to code the block model for the resource estimate. The wireframe model is illustrated in Figure 7.2. The mineralisation interpreted at Chrome Hill for the Snowden 1989 resource model has been interpreted to extend along strike and to the south. Two additional areas of mineralisation were interpreted to lie to the north of Chrome Hill and additional mineralisation was interpreted to the east and west of Chrome Hill.

There are several additional mineralised intersections that were not incorporated into the interpreted mineralisation envelope. These intersections were isolated and did not extend along strike.

**Figure 7.2  3D wireframe model of the chromium mineralisation envelope**

Data from within the chromium mineralisation envelope was coded by lithological coding, where available. Results, presented in the box and whisker plot in Figure 7.3, indicate that there is no clear differentiation of the degree of chromium mineralisation based on the available lithological coding. Based on the current data, Snowden decided that block grade estimation should be constrained within the chromium mineralisation envelope and that further sub-division of the data, based on lithology, was not warranted.

**7.3 Lithology**

Data from within the chromium mineralisation envelope was coded by lithological coding, where available. Results, presented in the box and whisker plot in Figure 7.3, indicate that there is no clear differentiation of the degree of chromium mineralisation based on the available lithological coding. Based on the current data, Snowden decided that block grade estimation should be constrained within the chromium mineralisation envelope and that further sub-division of the data, based on lithology, was not warranted.
7.4 Domain coding

The following codes were applied to the data and block model:

- 100 = within chromium mineralisation envelope and reported for chromium Mineral Resource
- 200 = within nickel mineralisation envelope and reported for nickel Mineral Resource
- 300 = within both chromium and nickel mineralisation envelopes and reported for chromium Mineral Resource.

The extents of the interpreted nickel and chromium mineralisation surfaces are illustrated in Figure 7.4 and the domain coding is illustrated in Figure 7.5.
Figure 7.4  Interpreted nickel mineralisation horizon and chromium resource

Figure 7.5  Cross-section illustrating block coding of the interpreted nickel mineralisation and chromium mineralisation – 575460 mE (x10 vertical exaggeration)
8 Statistical analysis

8.1 Compositing

The majority of the assay data has been based on samples taken over intervals of 1 m. For the entire data set (Figure 8.1) the minimum sample interval is 0.09 m and the maximum assayed interval is 8 m. Less than 3% of the data is from sample lengths of less than 1 m, 46% from samples of 1 m, 22% from samples of 2 m, and 25% is from samples of 4 m, with the remaining assay data based on sample lengths of 5 m or more.

Within the interpreted chromium mineralisation envelope 72% of the assay data is from 1 m sample lengths and 22% and 6% from sample length of 2 m and 4 m respectively (Figure 8.2).

Snowden used a down-hole composite length of 1 m for the resource estimate. The implications of using this composite length for the samples greater than 1 m is that they will be split (i.e. a 2 m sample will be split into two 1 m composites), giving greater weight to the sample for statistical analysis and potentially artificially lowering the variogram nugget values. Snowden does not believe that this is material to the resource estimate due to the inherently low nugget nature of lateritic mineralisation. Moreover, using a larger compositing interval (e.g. 2 m) would reduce the number of composites available for the variography and grade estimation.

Figure 8.1 Histogram of sample length for entire dataset
8.2 Summary statistics

Snowden completed summary statistics on the 1 m composites for Cr, Fe and Ni from within the chromium mineralisation envelope. Summary statistics are included in Table 8.1 and histograms and log probability plots are included as Figure 8.3 and Figure 8.4.

The Cr, Fe and Ni data have low coefficients of variation (CV - ratio of the standard deviation to the mean) of 0.43, 0.31 and 0.70 respectively. The CV for the Co data is somewhat higher at 1.40 and examination of the histogram and log probability plot indicates that there is a higher grade population above 0.3% Co. Snowden reviewed the disintegration of the histogram tail and elected to top-cut the Co data to a grade of 0.3% Co. This affects less than 1% (54 data points) of the Co data.

No top cuts were applied to Cr, Ni or Fe assay data.
### Table 8.1 Summary statistics for composited data from within the chromium mineralisation envelope

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Cr   %</th>
<th>Fe   %</th>
<th>Ni   %</th>
<th>Co   %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samples</td>
<td>2.400</td>
<td>2.237</td>
<td>1.639</td>
<td>1.598</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.38</td>
<td>3.39</td>
<td>0.03</td>
<td>0.001</td>
</tr>
<tr>
<td>Maximum</td>
<td>18.60</td>
<td>63.00</td>
<td>1.40</td>
<td>0.442</td>
</tr>
<tr>
<td>Mean</td>
<td>4.69</td>
<td>38.07</td>
<td>0.37</td>
<td>0.033</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>2.00</td>
<td>11.99</td>
<td>0.26</td>
<td>0.046</td>
</tr>
<tr>
<td>Coefficient of variation</td>
<td>0.43</td>
<td>0.31</td>
<td>0.70</td>
<td>1.403</td>
</tr>
<tr>
<td>Variance</td>
<td>4.00</td>
<td>143.76</td>
<td>0.07</td>
<td>0.002</td>
</tr>
<tr>
<td>Skewness</td>
<td>1.41</td>
<td>-0.67</td>
<td>1.10</td>
<td>4.639</td>
</tr>
<tr>
<td>Percentile and grade at percentile</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10th</td>
<td>2.66</td>
<td>18.60</td>
<td>0.09</td>
<td>0.008</td>
</tr>
<tr>
<td>20th</td>
<td>3.13</td>
<td>28.40</td>
<td>0.14</td>
<td>0.01</td>
</tr>
<tr>
<td>30th</td>
<td>3.43</td>
<td>34.00</td>
<td>0.19</td>
<td>0.012</td>
</tr>
<tr>
<td>40th</td>
<td>3.85</td>
<td>37.00</td>
<td>0.25</td>
<td>0.017</td>
</tr>
<tr>
<td>50th</td>
<td>4.30</td>
<td>40.00</td>
<td>0.32</td>
<td>0.02</td>
</tr>
<tr>
<td>60th</td>
<td>4.80</td>
<td>42.90</td>
<td>0.39</td>
<td>0.024</td>
</tr>
<tr>
<td>70th</td>
<td>5.40</td>
<td>45.30</td>
<td>0.47</td>
<td>0.03</td>
</tr>
<tr>
<td>80th</td>
<td>6.19</td>
<td>48.60</td>
<td>0.58</td>
<td>0.04</td>
</tr>
<tr>
<td>90th</td>
<td>7.22</td>
<td>52.00</td>
<td>0.72</td>
<td>0.061</td>
</tr>
<tr>
<td>95th</td>
<td>8.45</td>
<td>54.00</td>
<td>0.91</td>
<td>0.095</td>
</tr>
<tr>
<td>97.5th</td>
<td>9.40</td>
<td>55.90</td>
<td>1.05</td>
<td>0.181</td>
</tr>
<tr>
<td>99th</td>
<td>11.10</td>
<td>57.00</td>
<td>1.20</td>
<td>0.266</td>
</tr>
</tbody>
</table>
Figure 8.3  Histograms and log probability plots for Cr and Fe
8.3 Declustered and top-cut summary statistics

Snowden declustered the composite data to determine an appropriate sample mean against which to validate the model grades. Declustering was required due to the irregular spaced drilling pattern at Chrome Hill.

Snowden declustered the composite data using cell declustering within Supervisor. Cell declustering involves defining a cell size and using all the samples within the cell to determine a weight for each sample. Areas of clustering of samples will have low weights assigned to each of the samples. The weight is used to calculate a weighted mean that is representative of the expected mean (not biased by clustering of samples within high or low grade areas).

Table 8.2 summarises declustered statistics (1000 mE by 500 mN cell-weighted) for Cr, Ni, Fe and Co within the mineralisation envelope.
Table 8.2  Naïve and declustered mean grades

<table>
<thead>
<tr>
<th>Variable</th>
<th>Naïve mean</th>
<th>Declustered mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr (%)</td>
<td>4.69</td>
<td>4.41</td>
</tr>
<tr>
<td>Fe (%)</td>
<td>38.07</td>
<td>34.90</td>
</tr>
<tr>
<td>Ni (%)</td>
<td>0.37</td>
<td>0.39</td>
</tr>
<tr>
<td>Co (%)</td>
<td>0.033</td>
<td>0.036</td>
</tr>
</tbody>
</table>
9 Variography

Snowden investigated variography for the composited chromium data within the chromium mineralisation envelope. Variograms for the composites within both the chromium and nickel mineralisation envelopes were modelled for Ni, Fe and Co for the 2010 nickel laterite resource estimate (Snowden, 2010b) and used to update the Ni, Fe and Co grade estimates within the chromium mineralisation envelope.

Traditional directional variograms were modelled using a spherical two structure model for all grades. The sills were normalised to a value of one. Interpreted variogram parameters are listed in Table 9.1 and plots for the horizontal variogram fan and directional variograms are included in Figure 9.1 for Cr and in Appendix B for Fe, Ni and Co.

The across-strike variogram for chromium is reasonably well defined, whereas the along-strike variogram is poorly defined.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Direction</th>
<th>Nugget</th>
<th>Sill 1</th>
<th>Range 1 (m)</th>
<th>Sill 2</th>
<th>Range 2 (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr</td>
<td>0°→060°</td>
<td>0.22</td>
<td>0.36</td>
<td>90</td>
<td>0.42</td>
<td>335</td>
</tr>
<tr>
<td></td>
<td>0°→150°</td>
<td></td>
<td></td>
<td>330</td>
<td></td>
<td>330</td>
</tr>
<tr>
<td></td>
<td>-90°→360°</td>
<td></td>
<td></td>
<td>0.5</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Ni</td>
<td>0°→060°</td>
<td>0.10</td>
<td>0.45</td>
<td>35</td>
<td>0.45</td>
<td>230</td>
</tr>
<tr>
<td></td>
<td>0°→150°</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
<td>160</td>
</tr>
<tr>
<td></td>
<td>-90°→360°</td>
<td></td>
<td></td>
<td>7</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Fe</td>
<td>0°→060°</td>
<td>0.03</td>
<td>0.31</td>
<td>170</td>
<td>0.66</td>
<td>320</td>
</tr>
<tr>
<td></td>
<td>0°→150°</td>
<td></td>
<td></td>
<td>60</td>
<td></td>
<td>480</td>
</tr>
<tr>
<td></td>
<td>-90°→360°</td>
<td></td>
<td></td>
<td>25</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Co</td>
<td>0°→060°</td>
<td>0.10</td>
<td>0.37</td>
<td>50</td>
<td>0.53</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>0°→150°</td>
<td></td>
<td></td>
<td>400</td>
<td></td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>-90°→360°</td>
<td></td>
<td></td>
<td>9</td>
<td></td>
<td>12</td>
</tr>
</tbody>
</table>
Figure 9.1  Variogram fan and modelled directional variograms for chromium
10 Block model

10.1 Model parameters

Block modelling was completed using Gemcom software, with the surfaces and solids described in Section 7, and according to the parameters listed in Table 10.1.

A whole block model was developed and blocks that have a minimum of 50% of the block volume within the chromium mineralisation envelope were coded for grade estimation. In addition to this the percentage of each block that lies below the topographical surface was applied for volume estimation. The total volume of the chromium mineralisation envelope is 72.5 million m³. The volume of the coded blocks is 70.4 million m³ and the volume of the resource estimate, after adjustment for topography, is 68.4 million m³.

Table 10.1 Block model parameters

<table>
<thead>
<tr>
<th>Parameter</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origin</td>
<td>568400 mE</td>
<td>7027300 mN</td>
<td>570 mRL</td>
</tr>
<tr>
<td>Extent</td>
<td>15,000 m</td>
<td>6,125 m</td>
<td>130 m</td>
</tr>
<tr>
<td>Block size</td>
<td>100 m</td>
<td>25 m</td>
<td>2 m</td>
</tr>
<tr>
<td>Number blocks</td>
<td>150</td>
<td>245</td>
<td>65</td>
</tr>
</tbody>
</table>

10.2 Density

Weld Range Metals supplied the average density value of 1.5 t/m³ for the conversion of volume to tonnage estimates. For the Snowden 1989 and 1994 estimates respectively, a density value of 2.2 t/m³ and 2.4 t/m³ were applied. Density measurements have not yet been obtained for this area and Weld Range Metals has elected to use the lower, more conservative density estimate of 1.5 t/m³ for the current resource estimate. The bulk density value is considered by Snowden to be conservative and may be locally higher, however bulk density measurements are required to assess this.

Snowden recommends that a program of density testing should be carried out. This information is required, in conjunction with other detailed data, before any of the resources at Weld Range can achieve a higher than Inferred resource classification.

10.3 Estimation parameters

Snowden estimated Cr, Fe, Ni and Co using ordinary kriging with the variogram parameters determined by the variography analysis discussed in Section 9. The boundary conditions, based on the domain coding outlined in Section 7.4, are listed in Table 10.2.

Cr grades were estimated using a soft boundary between blocks with codes of 100 and 300. For Ni, a hard boundary was applied for blocks with a code of 100 and soft boundary conditions were applied for block with codes of 200 and 300. For Fe and Co, soft boundary conditions were applied to blocks with codes of 100, 200 and 300.
Table 10.2  Boundary conditions applied for block grade estimation (chromium mineralisation only)

<table>
<thead>
<tr>
<th>Field</th>
<th>Block code 100</th>
<th>Block code 200</th>
<th>Block code 300</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ni</td>
<td>Data code 100</td>
<td>N/A</td>
<td>Data code 200 and 300</td>
</tr>
<tr>
<td>Cr</td>
<td>Data code 100 and 300</td>
<td>N/A</td>
<td>Data code 100 and 300</td>
</tr>
<tr>
<td>Fe</td>
<td>Data codes 100, 200 and 300</td>
<td>N/A</td>
<td>Data codes 100, 200 and 300</td>
</tr>
<tr>
<td>Co</td>
<td>Data codes 100, 200 and 300</td>
<td>N/A</td>
<td>Data codes 100, 200 and 300</td>
</tr>
</tbody>
</table>

The kriging estimation parameters are listed in Table 10.3.

The search ellipse dimensions for the chromium estimate were based on the variogram parameters interpreted from the chromium mineralisation, while the search ellipse dimensions for Fe, Ni and Co were based on the variogram parameters interpreted from both the chromium and nickel mineralisation (Snowden, 2010b).

For Cr, 86% of the block grades were estimated using the first search pass, with all remaining block grades estimated with the second search pass. For Ni and Fe, 62% of the block grades with codes of 100, 200 and 300 were estimated using the first search pass and for Co, 68% of the block grades were estimated using the first search pass. The third search, which was only required for Fe, was applied to estimate grade into the remaining 3% of the blocks and applied soft boundary conditions to all block codes.

Table 10.3  Estimation parameters

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Grade estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cr</td>
</tr>
<tr>
<td>Search 1</td>
<td>310 m x 335 m x 4 m</td>
</tr>
<tr>
<td>Gemcom rotation</td>
<td>0, 0, -60 (Z,X,Z rotation)</td>
</tr>
<tr>
<td>Minimum samples</td>
<td>4</td>
</tr>
<tr>
<td>Maximum samples</td>
<td>25</td>
</tr>
<tr>
<td>Discretisation</td>
<td>5 x 5 x 2</td>
</tr>
<tr>
<td>Search 2</td>
<td>620 m x 670 m x 8 m</td>
</tr>
<tr>
<td>Minimum samples (search 2)</td>
<td>2</td>
</tr>
<tr>
<td>Search 3 (used for Fe only)</td>
<td>1000 m x 1000 m x 10 m</td>
</tr>
<tr>
<td>Minimum samples (search 3)</td>
<td>2</td>
</tr>
</tbody>
</table>

An isometric view of the resource model is included in Figure 10.1. The average vertical chromium grade, total thickness of mineralisation and depth to the top of the mineralisation were determined. Plots of this data for the central area are included as Figure 10.2, Figure 10.3 and Figure 10.4.
Figure 10.1  3D model of estimated chromium block grades

Note: blue – 2% to 3% Cr, cyan – 4% to 5% Cr, red – 5% to 6% Cr and magenta - >6% Cr.
Figure 10.2  Average vertical chromium grade
Figure 10.3  Total thickness of interpreted chromium mineralisation
Figure 10.4  Overburden thickness – depth to top of chromium mineralisation
11 Model validation

Snowden validated the estimate by:

- a visual comparison of drillhole and block grades
- comparing the global mean input sample grades with the average block grades
- compilation of grade trend plots using northing, easting and elevation perspectives.

11.1 Visual comparison

Cross-sections of the block grades and the drillhole data were visually examined throughout the resource model. An example is included in Figure 11.1. This comparison indicated a good correlation between the input drillhole data and the estimated block grades.

Figure 11.1 Cross section 575460 mE showing chromium grades (x6 vertical exaggeration)

Note: blue -2% to 3%, cyan – 4% to 5%, red – 5% to 6% and magenta - >6% Cr

11.2 Average input and output grades

For the comparison of the input and output grades, the declustered (and top-cut for Co) mean values of the input data (drillhole composites) and the average grade of the blocks were examined. The results, as presented in Table 11.1, indicate good correlation of the block grades with the sample grades.
### Table 11.1  Mean comparison of sample and block data

<table>
<thead>
<tr>
<th>Grade</th>
<th>Block average</th>
<th>Sample average (declustered)</th>
<th>Ratio (block/sample)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr (%)</td>
<td>4.52</td>
<td>4.41</td>
<td>1.02</td>
</tr>
<tr>
<td>Fe (%)</td>
<td>36.33</td>
<td>34.90</td>
<td>1.04</td>
</tr>
<tr>
<td>Ni (%)</td>
<td>0.38</td>
<td>0.39</td>
<td>0.97</td>
</tr>
<tr>
<td>Co (%)</td>
<td>0.04</td>
<td>0.036</td>
<td>1.11</td>
</tr>
</tbody>
</table>

### 11.3 Grade trend plots

Snowden generated grade trend plots by easting, northing and elevation slices for Cr, Fe, Ni and Co. The plots for Cr are included in Figure 11.2 and plots for Fe, Ni and Co are included in Appendix C.

The grade trend plots show a good comparison between the block estimates and input sample composite grades. Based on elevation slices, the block model has slightly higher grades than indicated from the input data at elevations of below approximately 470 mRL. The grade estimates in this area are based on relatively low numbers of sample data. The affected area contains approximately 2% of the total tonnage and as such the issue is not considered material.
Figure 11.2  Grade trend plots for chromium
12 Resource classification and reporting

12.1 Resource classification

The resource has been classified as an Inferred Resource in accordance with the guidelines of the 2012 JORC Code based upon the geology, mineralisation interpretations and drillhole data. Snowden’s assessment of the relevant criteria outlined in Table 1 of the 2012 JORC Code is presented in Appendix D.

Snowden considers that further work is required in terms of topographic data, drillhole survey data, QA/QC data, infill drilling and a program of density determinations to improve the classification of this resource estimate.

12.2 Cut-off grade

The Mineral Resource has been reported above a 4% Cr cut-off grade. GHD in October 2014, at the request of Weld Range Metals, reviewed the 4% Cr cut-off grade in terms of the viability of the proposed stainless steel alloy project. GHD state that “…the Project is still considered viable with the composition and metals grade of the Cr Resources from Weld Range at a 4% Cr cut-off.” The GHD letter is reproduced in Appendix E.

Snowden believes that the 4% Cr cut-off grade is reasonable for this style of mineralisation, given the mining assumptions and the proposed processing route.

12.3 Metallurgical test work

Weld Range Metals indicated to Snowden that they intend to produce a stainless steel alloy from the Weld Range laterite mineralisation; the alloy would be primarily produced from the chromium laterite. Weld Range Metals also indicated that the alloy would include some nickel, potentially sourced from the underlying nickel laterite mineralisation and/or supplemented with a nickel-bearing concentrate.

Pyrometallurgical test work was conducted in 1994 by Mintek in South Africa, on three shallow (up to 6 m depth) samples of Weld Range chromium laterite mineralisation. The study indicated that a FeCr alloy with Cr levels above 11% can be achieved by smelting (Mintek, 1994). Mintek (1994) indicate that the FeCr alloy produced was relatively high in carbon, especially where the Cr level was above 12%. An increase in the coke fed to the smelter resulted in higher Cr and C levels in the FeCr alloy, along with a corresponding decrease in the amount of Cr in the slag (Mintek, 1994).

Snowden considers the metallurgical test work to be preliminary in nature and further test work is required.

12.4 Resource reporting

Table 12.1 lists the Inferred Mineral Resource above a 4% Cr cut-off grade.

<table>
<thead>
<tr>
<th>Table 12.1 Inferred Mineral Resource above a 4% Cr cut-off grade</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tonnes</strong></td>
</tr>
<tr>
<td>Mt</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
12.4.1 Competent Person’s Statement

John Graindorge is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy ("MAusIMM") and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("the JORC Code"). John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. John Graindorge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

12.5 Grade tonnage relationship

Table 12.2 and Figure 12.1 show the grade tonnage relationship for the global resource for a range of Cr cut-off grades.

Table 12.2 Inferred Mineral Resource reported by Cr cut-off grade

<table>
<thead>
<tr>
<th>Cut-off % Cr</th>
<th>Tonnes Mt</th>
<th>Cr %</th>
<th>Fe %</th>
<th>Ni %</th>
<th>Co %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>102.6</td>
<td>4.51</td>
<td>33.8</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>2.0</td>
<td>102.0</td>
<td>4.53</td>
<td>33.9</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>3.0</td>
<td>94.8</td>
<td>4.68</td>
<td>34.2</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>3.5</td>
<td>83.6</td>
<td>4.86</td>
<td>34.4</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>4.0</td>
<td>63.5</td>
<td>5.22</td>
<td>35.4</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>4.5</td>
<td>44.7</td>
<td>5.62</td>
<td>35.9</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>5.0</td>
<td>30.9</td>
<td>6.02</td>
<td>35.7</td>
<td>0.38</td>
<td>0.04</td>
</tr>
<tr>
<td>5.5</td>
<td>18.9</td>
<td>6.51</td>
<td>35.2</td>
<td>0.40</td>
<td>0.04</td>
</tr>
<tr>
<td>6.0</td>
<td>11.6</td>
<td>7.02</td>
<td>35.1</td>
<td>0.40</td>
<td>0.04</td>
</tr>
</tbody>
</table>

Figure 12.1 Global grade tonnage curve
12.6 High grade zone

Weld Range Metals requested Snowden to delineate a high grade (of approximately 6% Cr), near-surface zone of chromium mineralisation within the Chrome Hill area. A high grade zone was identified that extends for a distance of 775 m north-south (7,031,500 mN to 7,032,275 mN), 2,000 m east-west (573,400 mE to 575,400 mE). This zone has been constrained above 516 mRL (Figure 12.2).

Figure 12.2 Chromium resource and zone of near-surface high grade chromium mineralisation

Snowden has identified a high grade zone comprising 14.5 million tonnes with an average grade of 5.4% Cr, 39% Fe, 0.35% Ni and 0.03% Co within the total Inferred Mineral Resource. Contained within this high grade zone there are an estimated 10.5 million tonnes with an average grade of 6.0% Cr, 40% Fe, 0.39% Ni and 0.04% Co above a cut-off grade of 4.5% Cr.

The overburden thickness ranges from 0 m to 14 m and has an average thickness of 1.9 m. By area, approximately 56% of the high grade zone intersects the topographical surface and 86% of the zone is within 4 m of the surface.
13 Conclusions and recommendations

Snowden has completed a resource estimate for the mineralised chromium horizon within the Weld Range Project for Weld Range Metals. The resource was classified as an Inferred Resource in accordance with the 2012 edition of the JORC Code based upon the geology, mineralisation interpretations and drillhole data.

Snowden considers that further work is required in terms of topographic surveys, drillhole survey data, QA/QC data, infill drilling and a program of density determinations to improve the classification of this resource estimate.

Data from previous drilling programs should only be maintained in the database to be used for resource estimation if the drillholes collars have been accurately surveyed.

Snowden understands that the majority of the assay data is based on a mixed acid digest that may not result in all Cr passing into solution and may result in a potential under-call in the Cr assay. Snowden recommends all future analysis is carried out using fused bead XRF methods.

Weld Range Metals submitted pulps from some WRRC series drillholes to ALS Chemex for analysis. Both the original and re-assayed datasets were analysed by XRF. A review of this data indicated a good correlation between the original and re-assayed results for Cr, Fe and Ni. However a bias towards higher Cr results in the re-assayed results was noted; this requires further investigation.

Snowden recommends that a systematic infill drilling program (RC and diamond core) is undertaken that implements best practise standards with regards to data collection, QA/QC and data analysis. Additionally, a program of twinning some of the historic drillholes is suggested to validate the historical drillhole data.
14 References


McConville, F., 2000. Comparison of 4 m composites to 1 m splits, Weld Range, WA.


Appendix A

QA/QC plots for Fe and Ni
Normal Scatterplot
Weld Range
Ni vs re-assay Ni

Correlation Coefficient = 0.995

Ni re-assay (%) vs re-assay Ni (%)

Normal Scatterplot
Weld Range
Fe vs re-assay Fe

Correlation Coefficient = 0.999

Fe re-assay (%) vs Fe (%)
Appendix B  Variograms for Fe, Ni and Co
Appendix C  Grade trend plots for Fe, Ni and Co

1 Grade trend plots for Ni, Fe and Co include all data and blocks from domain codes 100, 200 and 300
Appendix D  JORC 2012 Table 1 reporting criteria
<table>
<thead>
<tr>
<th>Item</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sampling techniques</strong></td>
<td>• The data used for resource estimation is based on the logging and sampling of RC drilling and AC drilling.&lt;br&gt;• Majority of drilling completed between June 1998 and December 2000.&lt;br&gt;• The drilling and sampling processes are poorly documented and Snowden is unable to comment on the quality of the sample collection procedures.&lt;br&gt;• Less than 3% of sample lengths are less than 1 m, 46% of samples are 1 m, 22% of samples are 2 m, 25% of samples are 4 m and 4% of samples &gt;5 m.</td>
</tr>
<tr>
<td><strong>Drilling techniques</strong></td>
<td>• The majority of the drilling was completed by RC drilling techniques, along with some AC drilling. RAB drilling has also been completed across the project area but these were excluded from the resource estimate.&lt;br&gt;• Details of the drilling techniques are poorly documented. RC drilling in 2000 utilised a 5¾” face sampling bit. A conventional cross-over bit was used during some of the earlier drilling (e.g. 1991).</td>
</tr>
<tr>
<td><strong>Drill sample recovery</strong></td>
<td>• Sample recovery data for the RC and AC drilling is not documented.&lt;br&gt;• Documentation refers to difficult drilling conditions in some holes due to poor ground conditions and free-flowing sands at surface, with hole collars requiring casing.</td>
</tr>
<tr>
<td><strong>Logging</strong></td>
<td>• Qualitative geological logging of drillholes is incomplete and only 40% of the intervals that have been assayed for nickel have a weathering code logged. Approximately 15% of drillholes within the database have no logging.&lt;br&gt;• Where geological logging has been completed, the logging was done with sufficient detail.</td>
</tr>
<tr>
<td><strong>Sub-sampling techniques and sample preparation</strong></td>
<td>• The majority of RC and AC samples collected based on a nominal 1 m or 2 m sample interval. Anaconda report that RC drill cuttings in 2000 drilling program were mostly dry.&lt;br&gt;• RC drilling in 2000 utilised a three-tiered riffle splitter to sub-sample the drill cuttings to produce a nominal 2-4 kg sub-sample. Where wet samples were returned, a sub-sample was collected by grab sampling.&lt;br&gt;• Field duplicate samples collected every 20 samples for holes WRRC0001 to WRRC0249, to monitor the precision of the field sampling process. Results show a good comparison to the original samples.&lt;br&gt;• Sample preparation comprises oven drying and then pulverising using an LM2 or LM5 pulveriser. Chromium-free pulveriser bowls were used for sample preparation in 1999 and 2000, however Snowden is unable to rule out contamination from the pulveriser bowl for earlier drilling.&lt;br&gt;• Assaying was by mixed acid digest followed by analysis using either ICP-OES or AAS. Samples from drillholes WRRC0093 to WRRC0249 were analysed by XRF (fused bead).&lt;br&gt;• The sample sizes are considered to be appropriate to correctly represent the mineralisation based on the style of mineralisation (nickel/chromium laterite), the thickness and consistency of intersections and the drilling methodology.</td>
</tr>
</tbody>
</table>
### JORC Code (2012) Table 1 – Sampling Techniques and Data

<table>
<thead>
<tr>
<th>Item</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Quality of assay data and laboratory tests | • A number of analytical laboratories in Western Australia have been used over the life of the project, including Actlabs (Kalgoorlie), Ultra Trace Laboratories (Perth) and Genalysis Laboratory Services Pty Ltd (Perth).  
• Snowden is only aware of limited QA/QC data being collected as part of the various drilling campaigns.  
• Assaying was by mixed acid digest followed by analysis using either ICP-OES or AAS. Samples from drillholes WRRC0093 to WRRC0249 were analysed by XRF (fused bead). Snowden understands that a mixed acid digest may not recover all chromium and may result in a slight underestimation of the chromium content.  
• Field duplicates collected every 20 samples for drillholes WRRC0001 to WRRC0249. Results show reasonable precision has been achieved for these holes.  
• Reference materials inserted into the sample batches (nominal rate of 1:30) during 2000 drilling campaign to monitor analytical accuracy. The certified standard deviation of the reference materials is unknown and as such, only general conclusions can be drawn from the results, which suggest that the analytical accuracy was reasonable.  
• Results from the available data for nickel are good; however, Snowden considers that appropriate QA/QC procedures may not have been applied during all of the sampling. |
| Verification of sampling and assaying | • In 2009, as part of the chromium laterite resource estimate, Snowden selected seven WRRC series drillholes (0137, 0138, 0143, 0175, 0176, 0200 and 0248) to be re-assayed for Cr, Ni and Fe from the sample pulps by fused bead XRF at the ALS Chemex laboratory in Brisbane. The re-assaying showed a good comparison between the original assays and the re-assays, with results typically within 10%.  
• No twin holes have been completed.  
• Data entry and database procedures are not documented and Snowden is unable to comment on their appropriateness.  
• The following adjustments were made to the assay data:  
  − Below detection limit values and assay values of “0” were reset to half the detection limit.  
  − Values in ppm were converted to percentages by dividing through by 10,000.  
  − An unusually high value of 11.6% Ni in drillhole RRC068 was replaced with a value of 1.16% Ni as examination of surrounding holes does not support this high value and it is assumed to be a data entry error.  
  − Two unusually high Co values of 7.4% Co and 2.6% Co were noted at the top of RRC057. Adjacent drillholes did not support these high grades and Snowden elected to exclude these from the current database. |
<table>
<thead>
<tr>
<th>Item</th>
<th>Comments</th>
</tr>
</thead>
</table>
| **Location of data points**               | • The grid is based on the AMG_Z50 grid datum. Collar locations for the 2000 drilling campaign surveyed by a contract surveyor using a DGPS (accuracy reported to be ±10 cm both horizontally and vertically).  
  • Due to the age of the drillholes and site rehabilitation, drillhole collars are difficult to locate. Field checks by Snowden in 2009, as part of the chromium laterite resource estimate, found the following:  
    - RWAC0015 (AC hole) was located, providing confidence in the location of RWAC series holes.  
    - Three drillholes (WEC021, 22 and 23) were found to be out by approximately 138.9 mX and 152.6 mY. The original coordinates were likely located with respect to the MGA grid. Based on this, all WEC series drillholes were adjusted to the AMG_Z50 grid for the resource estimate.  
    - Three other holes were located which are likely CRC01, CRC02 and CRC03, however the coordinates do not conform to the MGA/AMG_Z50 grid transform and confidence in the location of these holes is low. Documents suggest these holes were drilled to the northeast however no down-hole survey data is available. CRC series holes were excluded from the database.  
  • 370 drillholes in the database have default or estimated collar elevations. A topographic surface was developed by Snowden from the 403 drillholes with measured collar elevations. This surface was used to estimate collar elevations for the remaining 370 drillholes.  
  • Approximately 50% of the drillholes in the database do not have down-hole survey information. The majority (83%) of the drillholes with down-hole surveys are vertical. It is assumed that the drillholes without down-hole surveys are vertical, which is considered a reasonable assumption as these holes target the laterite mineralisation. |
| **Data spacing and distribution**         | • The spacing between drill sections varies throughout the project. Holes have been drilled based on sections of 200 m to 800 m spacing east-west and 40 m to 200 m north-south. Within the Chrome Hill area, infill drilling is spaced at 40 mE by 20 mN.  
  • The section spacing is sufficient to establish the degree of geological and grade continuity necessary to support the resource classifications that were applied.  
  • The sample data was composited downhole using a 1 m interval. |
| **Orientation of data in relation to geological structure** | • The location and orientation of the Weld Range drilling is appropriate given the strike and morphology of the laterite mineralisation, which is sub-horizontal. |
| **Sample security**                       | • Protocols relating to sample security are not documented. Snowden has no reason to believe that sample security poses a material risk to the integrity of the assay data used in the Mineral Resource estimate. |
| **Audits and reviews**                    | • Snowden is not aware of any external audits on the sampling techniques and assay data. |
## JORC Code (2012) Table 1 – Estimation and Reporting of Mineral Resources

<table>
<thead>
<tr>
<th>Item</th>
<th>Comments</th>
</tr>
</thead>
</table>
| **Database integrity**    | • No dedicated drillhole database exists and validation procedures are not documented. The database used for the resource estimate was compiled by Snowden based on comma delimited text files supplied by Weld Range.  
  • Snowden undertook a basic check of the data for potential errors as a preliminary step to compiling the resource estimate. Numerous errors were identified, including:  
    - Incorrect collar coordinates (corrected or excluded)  
    - Drillholes RHCH09, RWRC01 and RWRC03 have no collar information (excluded)  
    - Drillholes with no down-hole survey information (assumed to be vertical)  
    - Drillholes with no geological logging  
    - Overlapping and duplicate samples (removed)  
    - Data entry errors (corrected where possible). |
| **Site visits**            | • Snowden visited the Weld Range project area in June 2009 prior to undertaking a lateritic chromium resource estimate.                                                                                           |
| **Geological interpretation** | • The geological model for the Weld Range project area is based on surface mapping, geological and geochemical logging of drillholes, and geophysical data.  
  • A nominal grade of 3% Cr, based on assessment of the raw grade distribution, was used to interpret the horizon of chromium mineralisation within the laterite. Surfaces were developed for the top and base of the chromium mineralisation based on the top of the first and the bottom of the last interval with an assay of 3% Cr. The surfaces were adjusted where required based on a minimum thickness of 2 m.  
  • The chromium mineralisation was interpreted as a single mineralised domain. The current data does not allow for sub-dividing the mineralisation into different weathering horizons (e.g. ferricrete and saprolite horizons).  
  • Data from geological logging of the drillholes is incomplete in the existing databases and only 44% of the intervals that have been assayed for nickel have a weathering code.  
  • The average depth to the logged based of laterite is 19.5 m and the 99th percentile of the base of the logged laterite intersections is at 36 m (the deepest logged laterite interval is at 64 m).  
  • Alternative interpretations of the mineralisation are unlikely to significantly change the overall volume of the mineralised envelopes in terms of the reported classified resources. |
<p>| <strong>Dimensions</strong>             | • The mineralisation is sub-parallel to the topography, trends roughly northeast-southwest and has a total strike length of about 14 km, although the majority of the resource occurs within the central portion over a strike length of some 4 km. The mineralisation is on average about 20 m thick, but is up to 45 m thick in the Chrome Hill area. |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Estimation and modelling techniques | • Estimation of Ni, Cr, Fe and Co using ordinary block kriging for all domains with hard domain boundaries. SiO$_2$, Al$_2$O$_3$ and MgO were not estimated due to a lack of assay data.  
  • No top-cuts were applied to the Ni, Cr and Fe grades. Co grades were top-cut to 0.3% Co, which affects less than 1% of the data.  
  • Gemcom software was used for the grade estimation.  
  • Block model constructed using a parent cell size of 100 mE by 25 mN by 2 mRL (no sub-celling).  
  • The search ellipse orientation and radius was based on the results of the grade continuity analysis. An initial search of 310 m along strike by 335 m across-strike by 4 m thick was used for the chromium estimate, with a minimum of four samples and a maximum of 25 samples.  
  • Hard and soft boundary conditions were applied depending on the grade and domain being estimated.  
  • Block grade estimates were validated against the input composite data both globally and locally by:  
    - Visual comparison of block grade estimates and drillhole composite data.  
    - Generation of section plots of the estimates, declustered and naïve composite grades, along with the number of composite samples available.  
    - Global comparison of the average composite (naïve) and estimated grades.  
  • The project is in an exploration phase and no production has taken place.  
  • No by-products have been considered during estimation.  
  • The deposit was previously estimated by Snowden in 1989 and updated in 1994. |
| Moisture                         | • All tonnages have been estimated as dry tonnages.                                                                                                                                                                                                               |
| Cut-off parameters               | • The Cr mineralisation was reported above a 4% Cr cut-off grade.  
  • GHD in October 2014, at the request of Weld Range Metals, reviewed the 4% Cr cut-off grade in terms of the viability of the proposed stainless steel alloy project. GHD state that “…the Project is still considered viable with the composition and metals grade of the Cr Resources from Weld Range at a 4% Cr cut-off.”  
  • Snowden believes that the cut-off grade is reasonable for the chromium mineralisation, given the mining assumptions and proposed processing route. |
| Mining factors and assumptions   | • It is assumed the deposit will be mined using conventional open-cut methods.                                                                                                                                                                                         |
| Metallurgical factors and assumptions | • Weld Range Metals indicated that they intend to produce a stainless steel alloy from the Weld Range laterite mineralisation.  
  • Metallurgical testwork conducted in 1994 by Mintek in South Africa, on three shallow (up to 6 m depth) samples of Weld Range chromium laterite mineralisation, indicates that a FeCr alloy with Cr levels above 11% can be achieved.  
  • The metallurgical testwork is considered preliminary and further testing is required.  
  • No metallurgical modifying factors have been applied to the resource estimate. |
<table>
<thead>
<tr>
<th>Item</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental factors and assumptions</td>
<td>• It is assumed that no environmental factors exist that could prohibit any potential mining development at the Weld Range Project.</td>
</tr>
<tr>
<td>Density</td>
<td>• No bulk density measurements have been collected.</td>
</tr>
<tr>
<td></td>
<td>• A default bulk density of 1.5 t/m$^3$ was applied to all domains based on projects with similar styles of mineralisation. The bulk density value is considered by Snowden to be conservative and may be locally higher.</td>
</tr>
<tr>
<td>Classification</td>
<td>• The chromium laterite resources have been classified as Inferred in their entirety, based on continuity of both the geology and grades, along with the drillhole spacing, data quality and lack of bulk density measurements.</td>
</tr>
<tr>
<td>Audits and reviews</td>
<td>• Snowden is not aware of any audits or reviews of the Mineral Resource estimate.</td>
</tr>
<tr>
<td>Discussion of relative accuracy / confidence</td>
<td>• An assessment of the relative accuracy of the block grade estimates was not deemed appropriate due to the Inferred classification and general data quality issues.</td>
</tr>
</tbody>
</table>
Appendix E  Letter regarding 4% Cr reporting cut-off grade
23 October 2014

Mr Michael Naylor  
CEO  
Ausinox Pty Ltd  
256 Adelaide Terrace  
Perth WA 6000  28217

Dear Michael,

Ausinox Stainless Steel Alloy Project  
4% Chromium Cut-off

GHD was requested by Ausinox Pty Ltd to provide information to confirm the cut-off grade of 4% Chromium in the resource estimate for chromium prepared by Snowden in 2009 in terms of the 2004 JORC Code.

In February 2014, GHD completed a review and update of the Scoping Study for the Stainless Steel Alloy Project (Project) prepared by ProMet Engineers Pty Ltd in 2010.

The ProMet Scoping Study was based on:

- An independent resource estimate prepared by Snowden in terms of the 2004 JORC Code reporting an Inferred Mineral Resource of 63.5 Mt at 5.2% Cr, 38.1% Fe and 0.38% Ni at a cut-off grade of 4% Cr.
- An independent mine plan by Snowden for the mining of a high grade zone within the chromium mineral resources comprising 9.3 Mt of chrome ore (6.3% Cr and 0.21% Ni) and 3.8 Mt of Cr/Ni ore (6% Cr and 0.67% Ni) for mining and blending at the rate of 600,000 tpa for processing.
- Use of a financial model generated by Sommerly Australia Ltd.

The ProMet Scoping Study was based on chrome ore containing 6.2% Cr, 45% Fe and 0.46% Ni from the high grade Cr zone.

The GHD review and update in February 2014 evaluated the Project based on the ProMet Scoping Study taking into account, among other things, changes in metal prices and the addition of Cr and Ni units from external sources to supplement the Cr and Ni contained in the Weld Range chromium ore to produce 340,000 tonnes per year of 18/8 Cr/Ni alloy for Series 300 stainless steel.

The GHD up-date reported an NPV10 $1,199 million and an IRR of 27.4% for the Project.

GHD has re-run the financial model for the Project based on chrome ore from Weld Range containing 5.2% Cr, 38.1% Fe and 0.38% Ni; that is, the grades for the Inferred Cr Resource at a cut of grade of 4% Cr reported by Snowden in 2009.

The impact of the 4% Cr cut-off on the pyro metallurgical modelling reduces the Cr, Ni and Fe contained in the chromium ore feed. The reduction in metallic inputs is assumed to be replaced by silica.
The composition of chromium ore from Weld Range based on a 4% Cr cut-off, reduces the overall plant output from 340,000 tpa to 290,460 tpa, increases the imported Cr and Ni metal units to make-up the required metallic content of the product, increases the amount of energy to melt the increased silica and hence also increases the amount of slag produced.

The most significant impact on OPEX is the reduction in annual output and its effect on the OPEX cost per tonne of product. The OPEX, excluding Ni, for the base case in FEB14 was $507/t. At a 4% Cr cut-off, this increases to $618/t product; a difference of $109/t. An example of the impact of reduced output is that the annual labour cost is the same under both cases but the cost/t of product increased by ~$19/t due to the reduced output. The Ni is excluded from the OPEX as the additional Ni units required for the process are purchased at a percentage of ruling LME Ni price and hence this portion of the OPEX is included in the financial model.

Using the same economic model (ex Sommerly, 2009 but updated to FEB14 forecasts) and changing the inputs to match the OPEX above, the NPV10 reduces from $1,199 million to $737 million and the IRR reduces from 27.4% to 21.5%. See attached.

In conclusion, the Project is still considered viable with the composition and metals grade of the Cr Resources from Weld Range at a 4% Cr cut-off.

If you have any queries please advise accordingly.

Yours faithfully
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Attachments: 1 Financial Model Output, 4% Cut-off Case