

Crushed rejects were returned for storage to Zeehan.

No check assays were undertaken.

6.3 Resource Definition Parameters:

Commercial guide-lines received from GTR suggested that for magnesite at Main Creek to be mined and refined into magnesium metal in a cost competitive manner, the following basic criteria would have to be met:

- refinery feedstock would have to be >40% MgO and <3%CaO
- mining costs would have to be low
- mining by underground methods was desirable

For underground mining costs to be low, the operation would have to be simple, utilising low cost mechanised stoping systems. To achieve this, resource blocks would need to have reasonable width, length and height dimensions, with no obvious ground stability or water problems and to be well below the cavity zone.

Thus, the following parameters were applied to the assay data in order to outline resource blocks.

- (a) average intersection grade >40% MgO and <3% CaO
- (b) minimum horizontal width 10 m
- (c) minimum strike length and block height each 100 m
- (d) minimum 10 m crown pillar beneath cavity zone

6.4 Density Factor:

Because of the nature of the resource, no density measurements were undertaken.

Pure magnesite assays 47.8% MgO and has density of 3.009.

The resource as estimated averages approximately 44% MgO, of which approximately 42% MgO would be present in magnesite. This equates to approximately 87% of the total rock being magnesite. The remaining 13% is made up largely of dolomite (density 2.85-3.00), quartz (density 2.7) and talc (density 2.82).