ABN 47 116 648 956

**ASX Announcement** **14 April 2014**

# Chalice increases holding in GeoCrystal Limited to 24 per cent

***Webb Diamond Project continues to show potential to be a large kimberlite field***

**Highlights:**

- **GeoCrystal recently completed a successful exploration program at the Webb Diamond Project:**
  - 10 kimberlite pipes discovered to date from drill testing of 16 aeromagnetic targets
  - 4 microdiamonds identified in wide spaced reconnaissance loam sampling
  - 1 microdiamond found in a drill sample over a magnetic kimberlite target
  - 3 of the 5 microdiamonds exhibit crystalline habits of diamonds derived from kimberlite
  - Diamond indicator minerals identified in 30 out of 67 loam samples, outlining a 20km-long anomaly coincident with numerous aeromagnetic targets reflecting potential kimberlite pipes
- **Following the success of this exploration program, Chalice has:**
  - Subscribed for 4.25 million shares of GeoCrystal at 20c, as part of a 5 million share placement
  - Each share has a free attached option exercisable at 25c expiring on the 31st March 2016
  - Exercised 2.1 million GeoCrystal options at 20c (expiring 11 April 2014)
- **GeoCrystal will use the $1.4 million proceeds to fund the next phase of the exploration program at the Webb Diamond Project**
- **Bill Bent (MD of Chalice) will join the Board of GeoCrystal**

Following a successful exploration program at the Webb Diamond Project in Western Australia, Chalice Gold Mines Limited **("Chalice") (ASX:CHN; TSX:CXN)** is pleased to announce that it has increased its holding in GeoCrystal Limited ("GeoCrystal") to 9.68 million shares, which represents 24 per cent of the issued and outstanding shares of GeoCrystal.

Chalice has agreed to subscribe for 4.25 million shares and 4.25 million free attaching options in GeoCrystal at an issue price of 20c. Each attaching option is exercisable at 25c on or before the 31st March 2016. GeoCrystal will place an additional 0.75 million shares under the same terms, for gross proceeds of $1 million. Additionally, Chalice has exercised 2.1 million options at 20c which were due to expire on the 29th of March 2014.

Chalice will retain the existing 3,333,333 long dated options received in the previous round of funding with an exercise price of 20c expiring in September 2015. Chalice also has a conditional first right of refusal on future financings until its interest has reached 51 per cent of GeoCrystal.

Bill Bent, (Managing Director of Chalice) has joined the Board of GeoCrystal to represent Chalice's interests.

The proceeds of the capital raising will be used to fund the next stage of the exploration program at the Webb Diamond Project in Western Australia. Following this stage of exploration GeoCrystal is expected to have completed the conditions required to earn 70 per cent of Meteoric Resources' ("Meteoric") (ASX:MEI) interest in the Webb Diamond Project. The next stage of exploration will consist of two phases:

- **Phase 1:** Flying of 8,000 line-km of 100 metre line spaced aeromagnetics over those parts of the project not already covered by detailed data to obtain tighter definition of the existing 80 plus aeromagnetic targets and assist in prioritising the drill targets. In addition, a further 150 loam heavy mineral samples

will be collected on a broad grid pattern over the kimberlite field to analyse for kimberlite indicator minerals and micro diamonds.

- **Phase 2:** Completion of up to 6000 metres of Reverse Circulation (RC) drilling aimed at testing an additional 50 prioritised potential kimberlite targets out of the 80 plus magnetic anomalies identified to date.

*"We are delighted to have increased our exposure to the Webb Diamond Project in Western Australia. The recent exploration results continue to give us encouragement that the project has the potential to be a large kimberlite field, and this round of funding will allow GeoCrystal to prioritise and test up to 50 additional magnetic anomalies", said Managing Director, Bill Bent.*

**Exploration Highlights**

The recent exploration program completed in December 2013 consisted of 23 aircore holes totalling 1,657 metres to test 16 kimberlite targets. In addition 46 line-km of ground magnetic surveys have been completed, together with 67 loam samples totalling 4.9 tonnes of samples taken on a broad grid pattern over the kimberlite field.

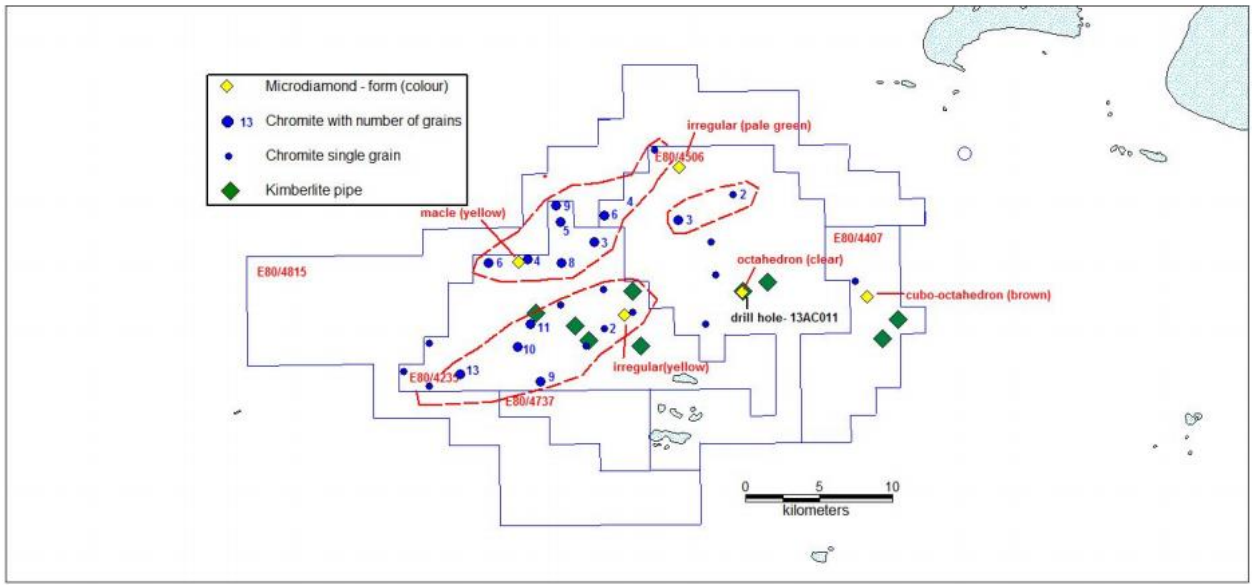


**Figure 1. Loam Sampling and Drilling Results**

Processing of the 67 loam samples and samples from 22 aircore drill holes has identified a microdiamond in four of the loam samples and a single aircore sample. In addition, kimberlite indicator minerals have been identified in 30 out of the 67 loam samples. The microdiamond and kimberlite indicator minerals contained in the loam samples outline a large 20km-long anomaly some 3km to 5km wide, open to the NE, coincident with numerous kimberlite targets.

One loam sample which contained a microdiamond is located in the eastern part of the project area in close proximity to drill hole W13AC011 on Target KJ25 which also reported a microdiamond in a drill sample taken from overburden sediments directly overlying a kimberlite intersection.

Three of the five microdiamonds that were recovered exhibit characteristic crystalline habits of diamonds derived from kimberlite, while the remaining two microdiamonds are irregular shaped fragments. **.**

It should be emphasized that these results are preliminary, with further validation work, including microprobe analysis of kimberlite indicator mineral grains, still to be completed. The significance of the reported results is open to interpretation in that microdiamonds occurring in surface material can potentially be derived from various sources either near or distal. However, the occurrence of microdiamonds and indicator minerals spatially coincident with more than 80 magnetic targets, the majority of which remain untested, provides a compelling case to accelerate the pace of exploration in order to assess the diamond potential of this large kimberlite field.

**For further information on the Webb Diamond Project, plus previously released test work on the kimberlites, please see Meteoric Resources website (www.meteoric.com.au), and ASX releases, dated 1 August 2013 and 6 February, 2014.**

BILL BENT
Managing Director

14 April 2014


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## Competent Persons and Qualified Person Statement

The information in this news release that relates to exploration results is based on information compiled by Mr Thomas Reddicliffe, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Reddicliffe is a self-employed consultant to the Meteoric Resources NL – GeoCrystal Limited joint venture and a director of GeoCrystal Limited. Mr Reddicliffe has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. The Qualified Person has verified the data disclosed in this release, including sampling, analytical and test data underlying the information contained in this release. Mr Reddicliffe consents to the release of information in the form and context in which it appears here.

## Forward Looking Statements

This document may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are made as of the date of this document and Chalice Gold Mines Limited (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law or regulation.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual

results of exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry, as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.

## APPENDIX 1

## Air Core Drill Hole Summary*

| Drill Hole Number | Target | Easting GDA94 | Northing GDA94 | RL m | Depth m | Bottom of Hole Lithology |
|---|---|---|---|---|---|---|
| W13AC-001 | KJ13 | 393300 | 7484935 | 403 | 96 | Kimberlite |
| W13AC-002 | KJ7 | 389755 | 7485270 | 418 | 107 | Kimberlite |
| W13AC-003 | KJ8 | 388840 | 7486260 | 393 | 74 | Kimberlite |
| W13AC-004 | KJ5 | 386168 | 7487153 | 387 | 79 | Kimberlite |
| W13AC-005 | KJ2 | 392740 | 7488630 | 380 | 82 | Kimberlite |
| W13AC-006 | KJ26 | 406085 | 7487125 | 408 | 66 | Sediments |
| W13AC-007 | KJEM1 | 410755 | 7484870 | 400 | 49 | Sediments |
| W13AC-008 | KJ36 | 409620 | 7485370 | 411 | 86 | Sediments |
| W13AC-009 | KJ27 | 409578 | 7486436 | 398 | 54 | Sediments |
| W13AC-010 | KJ25 | 400369 | 7488650 | 400 | 84 | Sediments |
| W13AC-011 | KJ25 | 400269 | 7488650 | 401 | 90 | Kimberlite |
| W13AC-012 | KJ25 | 400471 | 7488643 | 401 | 57 | Sediments |
| W13AC-013 | KJ24 | 401964 | 7489240 | 395 | 86 | Kimberlite |
| W13AC-014 | KJ24 | 402064 | 7489240 | 395 | 73 | Sediments |
| W13AC015 | KJ27 | 409550 | 7486460 | 397 | 80 | Sediments |
| W13AC016 | KJ27 | 409520 | 7486510 | 400 | 69 | Sediments |
| W13AC017 | KJ36 | 409745 | 7485385 | 398 | 85 | Kimberlite |
| W13AC018 | KJ37 | 410000 | 7485740 | 392 | 41 | Sediments |
| W13AC019 | KJ38 | 408778 | 7486205 | 402 | 57 | Sediments |
| W13AC020 | KJ27 | 409645 | 7486445 | 398 | 42 | Sediments |
| W13AC021 | KJ39 | 410809 | 7486692 | 403 | 89 | Kimberlite |
| W13AC022 | KJ44 | 403985 | 7490290 | 397 | 55 | Sediments |
| W13AC023 | KJ23 | 395748 | 7492971 | 409 | 56 | Sediments |

*All holes are vertical (no azimuth).

## APPENDIX 2

# JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | • *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | • Surface lag/loam samples were collected within the tenements at an average density of 1 sample per 7km$^2$. The samples comprised surface scrapings to a depth of 5mm which were sieved in the field at minus 1mm. Samples were collected from low lying inter-dune areas and had an average weight of 72kg within a range of 67kg to 79kg.This sampling technique is aimed at recovering heavy minerals which concentrate on land surfaces as a consequence of deflationary processes. The heavy minerals will be derived from all of the weathering rocks types however in this instance the targeted heavy minerals are the kimberlite indicator minerals including chromite and microdiamonds.<br>• Variously composited drill chip samples were taken from those drill holes that intersected the weathered volcanic intrusions. These samples were unsieved and varied in weight from 15kg to 200kg. The sampling was aimed at recovering both kimberlite indicator minerals and microdiamonds.<br>• Small samples were taken for geochemical analysis from drill chips representing both the weathered volcanic and the overlying sedimentary sequences. These samples were taken as deemed appropriate to aide in determining the geological boundaries of the volcanic intrusive. |
| ***Drilling techniques*** | • *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).* | • The drilling technique used was air-core, with a diameter of 760 mm.<br>• A full list of drill holes is available in Appendix 1. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade* | • The drilling was reconnaissance in nature, primarily aimed at identifying rock type, and providing drill chip samples for heavy mineral recovery and geochemical analysis, hence no specialised drill chip recovery or sampling techniques were required. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • Drill chips were collected at consecutive 1m intervals from the drill and laid out on the ground for subsequent logging and sampling. |
| ***Logging*** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • All chip holes were geologically logged from 1m samples and sub samples were stored in plastic sample boxes.<br>• None of the drill holes have been geophysical logged or surveyed for orientation. |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • In those drill holes where kimberlite was identified, composited 1m interval samples were collected. Individual samples varied in weight from 15kg to 200kg.<br>• All drill chip samples were double bagged on site and transported to the Diamond Recovery Services Laboratory for processing.<br>• Samples were washed and screened to minus 1mm, then tabled to produce a heavy mineral concentrate. Heavy liquid separation techniques are then used to upgrade the heavy mineral suite. The -1mm to 0.3mm fraction is visually observed to recover kimberlite indicator minerals. The minus 1mm fraction is then tabled to produce a heavy mineral concentrate. Heavy liquid separation techniques are then used to upgrade the heavy mineral suite. |
| ***Quality of assay data and laboratory tests*** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | • The processing of drill chips and loam samples for the recovery of heavy minerals including microdiamonds is undertaken by processing the minus 1mm fraction of the samples. Any plus 1mm material, particularly from the drill chips is kept for potential additional processing.<br>• At this stage of the exploration the sampling of drill chips is being done to determine whether the kimberlite pipes are diamondiferous or not, and also to provide diamond indicator minerals for microprobe analysis.<br>• As these analyses are not quantitative in nature, there is no requirement for standards and blanks. However there are quality control protocols in place to reduce the risk of sample contamination. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • At this stage of the exploration the sampling of drill chips is being done to determine whether the kimberlite pipes are diamondiferous or not, and also to provide diamond indicator minerals for microprobe analysis.<br>• As more than one sample is taken from each drill hole, this is considered adequate to provide confirmation of sample results at this early stage of the exploration.<br>• Should significant results be reported from any of the samples then verification procedures would be employed, to ensure the validity of the results. |
| ***Location of data points*** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • As this is a preliminary exploration phase, survey of the all boreholes for the exploration programs was completed by using hand held GPS equipment.<br>• All sites have been clearly identified for subsequent survey work to ensure accurate survey control for any project areas.<br>• Datum GDA 94 and projection MGAZ52 was used.<br>• As this is an early stage of exploration the topographic surface was also captured by GPS. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • No resources have been reported from these exploration data as diamonds have not reported to any of the kimberlite samples tested to date.<br>• The sampling being undertaken is qualitative in nature, and would not be appropriate for any estimate of diamond grade, should diamonds be identified in any of the kimberlite bodies being tested.<br>• Compositing of drill chip samples within individual drill holes was routinely done to ensure sufficient sample material was collected for the recovery of microdiamonds. This is appropriate as at this stage of the exploration the sampling is being done to determine whether the kimberlite pipes are diamondiferous or not, and also to provide diamond indicator minerals for microprobe analysis. |
| ***Orientation of data in relation to geological structure*** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • The kimberlite pipes have been identified by the testing of magnetic anomalies by way of a single centrally located drill hole.<br>• Because kimberlite pipes normally occur as vertically plunging volcanic bodies, the testing of drill chips obtained from the central portion of the pipes is appropriate at this stage of the exploration |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | where testing for microdiamonds and confirmatory kimberlite indicator minerals is being undertaken. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • Sample Security was ensured under a chain of custody between onsite personnel and the relevant laboratories being utilised. |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • Sampling was undertaken by trained personnel using industry standard procedures.<br>• The reconnaissance nature of the sampling did not warrant routine audit sampling of the lag/loam or drill spoil samples.<br>• Minanalytical Laboratories undertook internal audits and checks in line with the Australian standards and their NATA certification. |

## Section 2 Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Mineral tenement and land tenure status*** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • Exploration took place on granted tenements E80/4235, E80/4407 and E80/4506 which are subject to Exploration and Land Access Agreements with the Tjamu Tjamu Aboriginal Corporation. E80/4235 and E80/4407 are held by Meteoric Resources. E80/4506 is held by J&J McIntyre on which Meteoric has rights to earn or acquire up to a 90% interest. GeoCrystal has earned a 51% interest in Meteoric's tenements and a 51% interest in Meteoric's rights on E80/4506, with a right to earn up to 70% in both properties. Chalice Gold Mines Limited has the right to increase its ownership of Geocrystal up to 51%.<br>• Exploration took place on granted tenements with no known impediments to obtaining a licence to operate in the area. |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • There has been no prior on ground exploration for diamond bearing kimberlite pipes in the tenement area. |
| ***Geology*** | • *Deposit type, geological setting and style of mineralisation.* | • The exploration project area is located in the Lake McKay region of the Gibson Desert which is within the southern portion of the Webb 1:250,000 geological map.<br>• The stratigraphy of the project area is not well constrained due to paucity of data (drill hole and outcrop) but is thought to comprise |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | recent fluvial, alluvial and aeolian deposits and a poorly developed surficial soil. These sediments are composed of sand, silt and clay. Areas to the east, west and south of the project tenements are mapped as being underlain by up to 1000m of the Proterozoic aged Heavytree Quartzite which in turn is overlain by limestone and dolomite of the Bitter Springs Formation and then by post Permian aged fluvial and deltaic sandstones, siltstones and mudstones known as the Angas Beds. These sequences are interpreted to overlay Archean aged basement rocks of the Arunta Complex<br>• The kimberlite pipes intrude the Proterozoic aged sediments and are overlain by the Angas Beds. The kimberlite bodies are discrete volcanic intrusives which occur within a cluster over an area of some 1000km$^2$. |
| ***Drill hole Information*** | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>o *easting and northing of the drill hole collar*<br>o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>o *dip and azimuth of the hole*<br>o *down hole length and interception depth*<br>o *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • A list of the drill holes completed in the 2013 exploration program along with associated data is provided in Appendix 1. |
| ***Data aggregation methods*** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Averaging techniques are not applicable to the current exploration results. |
| ***Relationship between*** | • *These relationships are particularly important in the reporting of* | • As the kimberlite intrusions were identified from a centrally |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***mineralisation widths and intercept lengths*** | *Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').* | located drill hole, the areal extent and geometry of the pipes has not been determined other than by interpretation of the associated aeromagnetic data. |
| ***Diagrams*** | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Refer to the text and Appendix 1. |
| ***Balanced reporting*** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • The drilling targeted discrete 'bulls-eye' aeromagnetic anomalies, interpreted from geophysical surveys. In most cases this approach has proved useful in identifying the kimberlite intrusions but in a few cases more detailed geology interpretation is required. This is a very early stage exploration program. |
| ***Other substantive exploration data*** | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • A regional 400m line spaced aeromagnetic survey flown by the Geological Survey of WA was interpreted by RK Jones and Associates. It was this data that highlighted the presence of 'bulls-eye' magnetic anomalies which were interpreted to be intrusive bodies, possibly kimberlites.<br>• A detailed 150m line spaced aeromagnetic survey over a 65km$^2$ area was flown for Meteoric Resources in 2010. The data was interpreted by Southern Geoscience Consultants. This smaller survey provided more detailed magnetic data and allowed modelling of many of the 'bulls-eye' magnetic targets.<br>• A limited trial VTEM survey comprising 174.3 line km was flown in selected areas of the project area. This survey was aimed at highlighting discrete conductive bodies that may not have an associated magnetic response. |
| ***Further work*** | • *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* | • Drill testing of untested magnetic anomalies will continue aimed at confirming the presence of kimberlite and providing material to test for the presence of diamonds. |

## Section 5 Estimation and Reporting of Diamonds and Other Gemstones

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Indicator minerals*** | • *Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.* | • Indicator minerals including microdiamonds have been identified and described by Global Diamond Exploration Services Pty Ltd. |
| ***Source of diamonds*** | • *Details of the form, shape, size and colour of the diamonds and the nature of the source of diamonds (primary or secondary) including the rock type and geological environment.* | • No commercially sized diamonds have been recovered from any of the exploration samples. |
| ***Sample collection*** | • *Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (e.g. large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).*<br>• *Sample size, distribution and representivity.* | • No samples have been collected to specifically test for commercial diamond grade. |
| ***Sample treatment*** | • *Type of facility, treatment rate, and accreditation.*<br>• *Sample size reduction. Bottom screen size, top screen size and re-crush.*<br>• *Processes (dense media separation, grease, X-ray, hand-sorting, etc).*<br>• *Process efficiency, tailings auditing and granulometry.*<br>• *Laboratory used, type of process for micro diamonds and accreditation.* | • No samples have been processed specifically for the recovery of commercially sized diamonds. |
| ***Carat*** | • *One fifth (0.2) of a gram (often defined as a metric carat or MC).* | • No commercially sized diamonds have been recovered from any of the exploration samples. |
| ***Sample grade*** | • *Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.*<br>• *The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.*<br>• *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).* | • No commercially sized diamonds have been recovered from any of the exploration samples.<br>• No samples have been collected to specifically test for commercial diamond grade. |
| ***Reporting of Exploration*** | • *Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per* | • No commercially sized diamonds have been recovered from any |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Results*** | *facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.*<br>• *Sample density determination.*<br>• *Per cent concentrate and undersize per sample.*<br>• *Sample grade with change in bottom cut-off screen size.*<br>• *Adjustments made to size distribution for sample plant performance and performance on a commercial scale.*<br>• *If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond samples.*<br>• *The weight of diamonds may only be omitted from the report when the diamonds are considered too small to be of commercial significance. This lower cut-off size should be stated.* | of the exploration samples.<br>• No samples have been collected to specifically test for commercial diamond grade. |
| ***Grade estimation for reporting Mineral Resources and Ore Reserves*** | • *Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.*<br>• *The sample crush size and its relationship to that achievable in a commercial treatment plant.*<br>• *Total number of diamonds greater than the specified and reported lower cut-off sieve size.*<br>• *Total weight of diamonds greater than the specified and reported lower cut-off sieve size.*<br>• *The sample grade above the specified lower cut-off sieve size.* | • No commercially sized diamonds have been recovered from any of the exploration samples.<br>• No samples have been collected to specifically test for commercial diamond grade. |
| ***Value estimation*** | • *Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.*<br>• *To the extent that such information is not deemed commercially sensitive, Public Reports should include:*<br>o *diamonds quantities by appropriate screen size per facies or depth.*<br>o *details of parcel valued.*<br>o *number of stones, carats, lower size cut-off per facies or depth.*<br>• *The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.*<br>• *The basis for the price (e.g. dealer buying price, dealer selling price, etc).* | • No commercially sized diamonds have been recovered from any of the exploration samples. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • *An assessment of diamond breakage.* | |
| ***Security and integrity*** | • *Accredited process audit.*<br>• *Whether samples were sealed after excavation.*<br>• *Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.*<br>• *Core samples washed prior to treatment for micro diamonds.*<br>• *Audit samples treated at alternative facility.*<br>• *Results of tailings checks.*<br>• *Recovery of tracer monitors used in sampling and treatment.*<br>• *Geophysical (logged) density and particle density.*<br>• *Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.* | • There was no requirement for sample security. |
| ***Classification*** | • *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.* | • No commercially sized diamonds have been recovered. |