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## THE JORC CODE

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In this Prospectus, we have used a number of terms defined in the JORC Code. The JORC Code is an internationally accepted mineral resource or ore reserve classification system. The JORC Code has previously been used for mineral resource and ore reserve statements for other China-based public companies reporting to the Stock Exchange. The JORC Code is used by the Competent Person to report the mineral resources and ore reserves of the Shizishan Mine in this Prospectus.

The JORC Code definition of “**mineral resource**” or “**resource**” is provided in the section headed “Glossary” in this Prospectus. Mineral resources are sub-divided in order of the increasing geological confidence of the estimate into the following categories:

- ***inferred mineral resource*** — is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a *low* level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability;
- ***indicated mineral resource*** — is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a *reasonable* level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed; and
- ***measured mineral resource*** — is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a *high* level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

The JORC Code definition of “**ore reserve**” or “**reserve**” is provided in the section headed “Glossary” in this Prospectus. Ore reserves are selected from measured and indicated mineral resources after a consideration of the relevant modifying factors, which include mining, metallurgical, economic, marketing, legal, environmental, social and governmental considerations. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. The JORC Code deems inferred mineral resources to be too poorly delineated to be transferred into an ore reserve category. Ore reserve figures incorporate mining dilution, mining losses and are based on an appropriate level of mine planning, design and scheduling. Ore reserves are subdivided into the following categories:

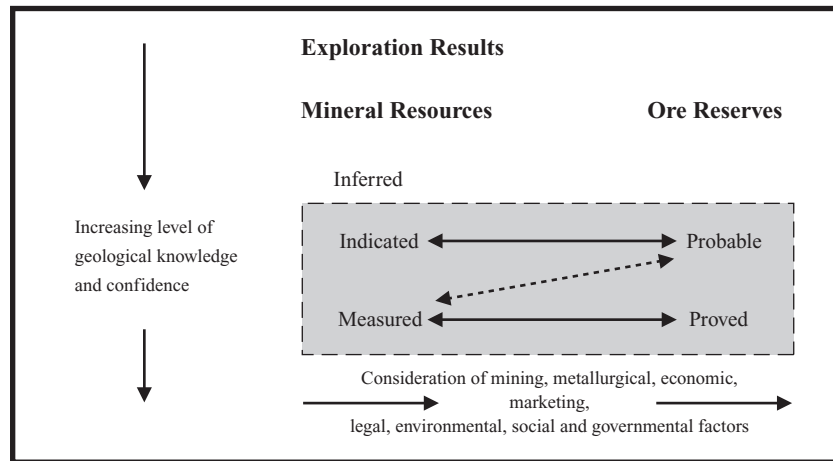
- ***probable ore reserve or probable reserve*** — is the economically mineable part of an indicated mineral resource and, in some circumstances, a measured mineral resource which has a lower level of confidence than “proved ore reserves”, but is of sufficient quality to serve as the basis for a decision on the development of the deposit; and
- ***proved ore reserve or proved reserve*** — is the economically mineable part of a measured mineral resource which has the highest confidence category of reserve estimates. The style of mineralization or other factors could mean proved ore reserves are not achievable in some deposits.

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The following diagram summarizes the general relationships between exploration results, mineral resources and ore reserves under the JORC Code:



Ore reserves are generally quoted as comprising a portion of the total mineral resource rather than the mineral resources being additional to the ore reserves quoted. Under the JORC Code either procedure is acceptable, provided the method adopted is clearly identified.