



Picks n bits



CSA Australia Pty Ltd
Geological & Management Consultants
to the minerals industry worldwide

www.csaaus.com

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Staying on the winning track Experience breeds exploration success

CSA Australia has its roots in successful exploration.

For our smaller clients, success means things like finding new ore bodies to drive up the share price. For our larger, more established clients, it is more a matter of expanding or replacing mined reserves.

This issues looks at why CSA has been able to deliver results for its clients so consistently over the last 25 years and how this has affected client share prices.

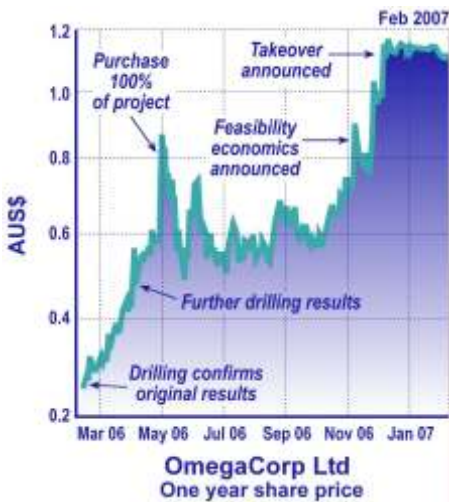
The following are some of the key drivers of that success.



On the track of the Manbarrum zinc discovery in the Northern Territory



- Team work and positive morale are essential: discoveries are rarely made by individuals.
- Nothing beats experience when it comes to recognising and seizing the right opportunities.
- Close attention to detail pays off - particularly in re-working old data.



The success of Omega's uranium project

THIS ISSUE FOCUS ON EXPLORATION SUCCESS

- A consistent, systematic approach over a long period pays better dividends than haphazard, brief bouts of enthusiasm.
- Clear and positive support from management is essential for exploration teams on the ground.

Exploration is a step-by-step job. It is rare to make a new discovery in the first stage. Instead, the controls on

Suddenly billions of dollars worth of new money can be created by a new discovery

mineralisation need to be carefully studied to be understood.

Also careful design of the targets needs to be undertaken before drilling commences to minimise risk and avoid unnecessary and costly overruns. Sometimes, these vital, initial stages are overlooked and many companies rush in and start drilling first.

At CSA, we insist on proper exploration strategy planning that takes account of both the corporate and technical constraints of each client and program. ⚙

Management Changes at CSA



At the beginning of the year and after 23 years with CSA, founder Rupert Crowe has stepped down as Managing Director. Jeff Elliott, who has

been with the company for 9 years, is taking up the position. Rupert will continue as non-executive Chairman of the company with a part-time consulting role



Introducing Bill Clayton

BSc, MSc, MBA

Welcome to Bill Clayton who joined CSA's nickel division towards the end of last year.

He says he joined CSA to broaden his experience in mineral economics and evaluation after completing his MBA.

Already, since joining us, Bill has worked on projects in Tanzania, Laverton and Kalgoorlie. He particularly likes working on advanced projects. This is not surprising considering his successful history to date with Outokumpu at Ravensthorpe and Forrestania, with Lionore for the Emily Ann discovery and at Agnew. Bill also has experience in gold, tin/tungsten and mineral sands exploration.



Lisheen - the last new big Irish zinc discovery

CSA founder Christian Schaffalitzky reflects



Lisheen is situated in County Tipperary in Ireland and was discovered by CSA under contract to Ivernia West plc and Chevron Mineral Corp in 1990. It is a 22.5 million tonne zinc/lead resource, grading 13.02% Zn and 2.19 Pb. It is now wholly owned and operated by Anglo American.

When asked by Picks and Bits recently, Christian identified the following key points that made this world class discovery happen.

1. CSA kept the exploration program going at its own cost during a Chevron budget cut in the pre-discovery period, thus winning the trust and confidence of their client.
2. CSA's in-house mapping software, JMap, enabled the discovery's subtle geochemical targets to be identified. JMap was an early GIS package running on Apple Mac

Success in exploration is not always merely measured by discoveries

Albidon partners with Zinifex in Tunisia

CSA has managed Australian client Albidon's Tunisian projects since 2004. Albidon was keen to harness CSA's carbonate-hosted zinc-lead exploration expertise which was used to generate a new zinc exploration model. CSA was also instrumental in making a new gold discovery at Kef El Agueb.

Tunisia is a small country on the north coast of Africa with a population of 10 million. It has a mining tradition going back to Phoenician and Roman times. The most significant modern zinc-lead mine at Bougrine was closed by Breakwater Resources in 2005. Tunisia is a modern, moderate, secular country with stable government and, CSA believes, has excellent potential for a renaissance of this ancient mining industry.

It is clear that being a good geologist is not all that is needed to succeed in exploration.

Recently CSA marketed Albidon's Tunisian projects to a range of potential investors, while Albidon concentrated on developing a new nickel mine in Zambia.

This resulted in the announcement in January of a major joint venture between Zinifex and Albidon. Success in exploration begins before discovery; building a solid funding base is an important step without which success cannot be achieved, and this requires sound geological groundwork and a compelling targeting model.

Many other factors are also involved, such as management and operational

computers and allowed sensitive manipulation of the data; simple enough nowadays but ground-breaking back then. Such programs did not exist on PCs then.

3. CSA introduced an alternative funding partner as soon as Chevron decided to put the project up for joint venture.
4. CSA had the confidence to keep drilling after the 7th hole drew a complete blank (the 6th discovery hole had intersected 6.4m at 14.7% Zn and 2.7% Pb). The 6 and 7th holes were later surrounded by over 200 holes in ore but the fear at the beginning was that the

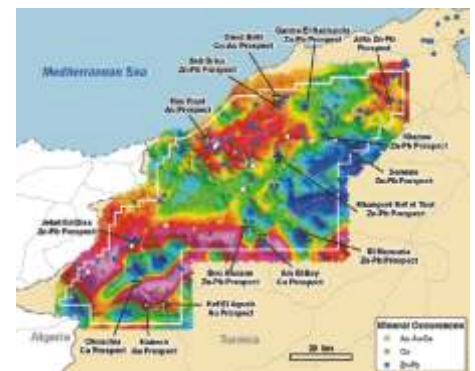


Tunisia hosts a wealth of interesting historical sites from old mines such as Jebel Trozza (above) to Roman cities

abilities, local conditions, and sovereign risk.

Neal Reynolds manages the Tunisian projects for CSA. He believes that Tunisia has potential to host large stratabound zinc deposits, similar to the world-class Jinding deposits in southern China.

Now with funding from committed zinc explorer, Zinifex, the opportunity has been created to build exploration success around this new targeting model. ☀



The Nefza project of Albidon and Zinifex covers a large area of northwest Tunisia

discovery hole was just a small pod. When the zinc market collapsed in 2000, Ivernia lost its share in Lisheen.

However, the company survived because CSA had introduced it to the Magellan project in 1999 which is now a producing lead mine (see separate article on page 4). ☀

Christian Schaffalitzky is now a director of the London listed companies, Eurasian Mining and Petroceltic and of the Russian coal company, Raspadskaya

Another CSA man in Asia

Roy Elliott BSc, PhD, is another of CSA's geologists who resides in Asia.



After working in Guyana for 5 years looking for gold, he joined CSA in 1998. He says he enjoys the challenge of working in different countries, and the diversity of culture, language and food in Asia particularly appeals to him. So far, he has represented CSA in Vietnam, China, Myanmar, Tanzania and Western Australia.

Roy was one of the first CSA geologists to do contract work in China and was in at the beginning of the famous Caijiaying zinc development in 1998, although he left that project a year ago to pursue other opportunities with CSA.

He particularly likes detailed core logging and has just completed the successful re-logging contract on the Koongie Park Project in NW Australia. "I enjoyed the vast open spaces and clear blue skies for weeks on end in the Halls Creek area, though it got a big hot and humid in the build up to the wet season!" he said.

WHEN IS AN OREBODY NOT AN OREBODY?

Another Caijiaying story

The story of Griffin Mining's Caijiaying Zinc/Gold Mine in China has been told before in this newsletter.

However, it is worth relating how an exploration breakthrough made the difference and turned Griffin into one of the most successful junior mining companies of recent times - one that the London AIM market has recognised with a prize for the best performing stock over the last two years!

The Caijiaying deposit was originally believed by the Chinese to run in an east-

west orientation and their drill grid was therefore oriented north-south.

When CSA became involved in the project in 1998, our work led to demonstrating that in fact the deposit was oriented north-south, parallel to the drill grid!

This meant that the previous resource estimates could not be relied on. It would have cost far too much to completely re-drill the deposit so, because funds were very tight at that time, CSA conducted a limited drilling program of just 7 holes combined with a structural re-interpretation to enable a completely new resource estimate to be made.

The rest of the story is well known. CSA went on to manage the feasibility studies and the full development of the project before handing back technical management of the operating mine to the client.

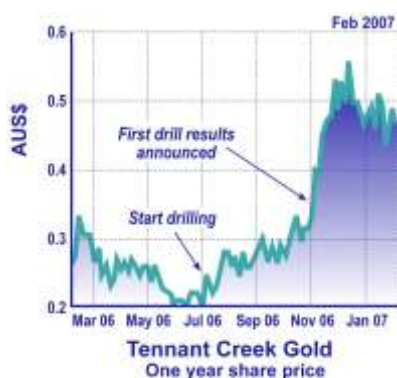
The project cost less than US\$15 million to develop which was repaid in 13 months, making it one of the lowest cost and most profitable mines in the world.

Careful exploration and good management can make a big difference. ☼



Manbarrum A new MVT Camp?

Things are looking very good for CSA client Tennant Creek Gold after their great drilling results at the Manbarrum Project, 82km NE of Kununurra in the Northern Territory.

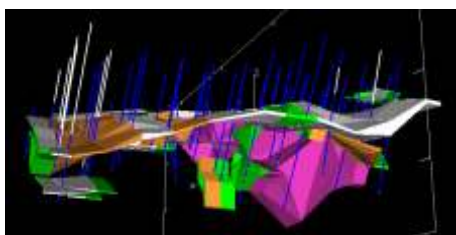


"This is a really exciting project," says Simon Dorling of CSA, the Project Manager who planned the drilling program and will be very fully engaged in the follow-up programs for 2007. He is being ably assisted by Mathew Mathison,

and both are hopeful that they can further upgrade the resource this year.

The client had expected to prove up a modest lead-dominant deposit based on Aquitaine's 1970s Sandy Creek prospect but instead they found that it comprised zinc sulphide mineralisation and over a much greater area than expected. With best intersections like 114m at 5.6% Zn equivalent from 65m, things certainly look very promising.

Simon says the key issues were efficient utilisation of funds to achieve good lateral coverage at the same time as determining the controls on mineralisation. Sandy Creek is showing several of the hallmarks of a classic MVT style district which usually means there are more deposits to be found.



The new Manbarrum block model

Meet Stephen Burke

Bsc (Hons)

Stephen Burke is typical of many of CSA's younger exploration geologists. He has the right mixture of exploration and mining experience.



As the old adage goes, you need to know what you are looking for to be able to find it and Steve's skills with detailed resource definition work, as well as differing exploration techniques, have proved particularly valuable on several jobs.

A graduate of the University of New South Wales in 1997, he has since worked for a variety of companies mainly in the West Australian gold and nickel industries. Steve has recently been involved in the Windarra nickel exploration program where careful re-assembly of old datasets and accurate drillhole planning have been needed.

His recreational passion is aviation and he is a regular weekend flyer when he is not planning more drill holes in the office! ☼

OFFERING YOU MORE CSA Australia offers our clients complete solutions ranging from exploration to mining through our subsidiary mining consultants, FinOre Pty Ltd, and associated mining engineering consultants, LQS Australia Pty Ltd.

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New life in an old dog Revisiting Koongie Park

Koongie Park is a classic example of a project that has been around for a long time and been revitalized by the current high zinc prices. Held by Anglo Australian Resources, it was discovered in 1972 and was considered too small to be economic.



The first stage of CSA's involvement was a corporate review of the options facing the client. This led to recommendations for metallurgical test work and geological reinterpretation. Corporate reviews are one of CSA's specialities.

The second stage was a contract to supervise the met drilling and re-log the previous 30,000m of core. This was considered necessary to enable FinOre to complete a JORC compliant resource estimate before deciding on proceeding towards a pre-feasibility study.



Simon & Stan logging at Koongie

CSA staff members, Roy Elliott and Stan Wholley, took care of the field program with assistance by Simon Dorling on the structural model. The work led to a new geological interpretation of the deposit model which has given Anglo Australian the confidence to continue with exploring development options.

CSA believe that a key turning point was the decision to re-log all the core to enable a consistent interpretation to be made of the previous data. The large number of previous geologists who had logged various stages of the early drilling had made it impossible to interpret a useful model. ☼

A discovery under our noses!

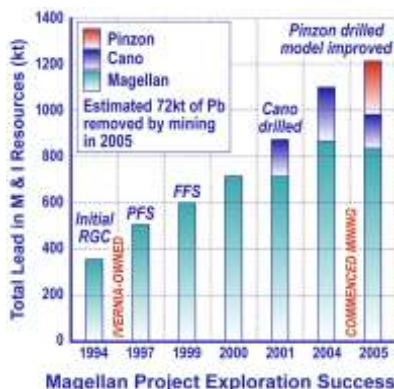
You would think it would be easy to find new ore bodies within 50m of the surface and within 1km from a known discovery. But when exploration dollars are scarce and there is a lot of smoke about, it can sometimes be difficult to find the fires.

The Cano Lead deposit discovered by CSA in 2001 is just such an example.

Cano is a shallow lead carbonate deposit located just west of the much larger Magellan deposit which was discovered by RGC in 1991.

Together these deposits form the Magellan Mine operated by Ivernia Inc of Canada (see Lisheen article on page 2). Cano consists of Measured and Indicated resources of 2.7Mt at 5.6% Pb and was discovered by targeting an unusual area that was bare of trees with the thought that it might be a vegetation anomaly.

This was in an area where there was a lack of a geochemical response and the experience was salutary because it could so easily have been ignored.



The area of treeless spinifex that helped define the Cano discovery drill target

Exploration manager Jeff Elliott says the experience showed the need to be careful and systematic in assessing all the factors that go into defining targets. Such knowledge can only be gained through intimate experience of the area.

Although of modest size, the true value of Cano was its low strip ratio which enhanced the early project economics. This in turn helped to get the Magellan project financed when lead prices were at all time lows.

Understanding the complex interplay of commercial realities and exploration factors is a vital aspect of planning exploration programs.

Magellan has been one of CSA's key projects and the early success at Cano later gave the Company confidence to continue the focus on exploration.

As the graph shows, this policy has considerably enhanced the project and has so far led to the discovery of the bigger Pinzon deposit of 4.8 Mt at 5.3% Pb - also not far from the mine. Replacing mined resources is another vital role of exploration. ☼

Windarra - unravelling WA nickel history

“CSA have been involved with Niagara’s Windarra Project right from the start,” says Mick Elias, head of CSA’s nickel division. Windarra is famous in West Australian mining history - being the spark of the Poseidon share ramp in the late 1960s.

The job for Niagara Mining involved initial due diligence before purchasing the project from WMC. CSA were then responsible for management of the

tricky job of drilling through the maze of drives and stopes to intersect the original sulphide channel.

Since then, through careful application of wedge drilling and down-hole EM geophysical surveys, the channel has been explored.

Bill Clayton is the main CSA geologist working under Mick for this program although up to five CSA personnel have been involved at various stages. ☼

Next Issue - Training

In the next issue we focus on what CSA is doing and planning to do in training - both for our own staff and for clients