SNOWDEN

# Final

Moncoa Corporation: Addendum to the Technical Report entitled Selinsing Gold Mining Project, Malaysia NI43-101 Technical Report

Project No. **5174**

**Selinsing Resource Estimate**

September 2006


Prepared by Michael Andrew
B.Sc., MAusIMM
Principal Consultant –Resource Evaluation

Reviewed by Ian Glacken
MSc, FAusIMM (CP), C Eng
Group General Manager Resources ...........................................................................

**Office Locations**

**Perth**
87 Colin Street
West Perth WA 6005

PO Box 77
West Perth WA 6872
AUSTRALIA

Tel: +61 8 9481 6690
Fax: +61 8 9322 2576
ABN 99 085 319 562
perth@snowdengroup.com

**Brisbane**
Level 5, 82 Eagle Street
Brisbane QLD 4000

PO Box 2207
Brisbane QLD 4001
AUSTRALIA

Tel: +61 7 3231 3800
Fax: +61 7 3211 9815
ABN 99 085 319 562
brisbane@snowdengroup.com

**Vancouver**
Suite 550
1090 West Pender Street
Vancouver BC V6E 2N7
CANADA

Tel: +1 604 683 7645
Fax: +1 604 683 7929
Reg No. 557150
vancouver@snowdengroup.com

**Johannesburg**
Technology House
Greenacres Office Park
Cnr. Victory and Rustenburg Roads
Victory Park
Johannesburg 2195
SOUTH AFRICA

PO Box 2613
Parklands 2121
SOUTH AFRICA

Tel: + 27 11 782 2379
Fax: + 27 11 782 2396
Reg No. 1998/023556/07
johannesburg@snowdengroup.com

**London**
Abbey House
Wellington Way
Weybridge
Surrey KT13 0TT, UK

Tel: + 44 (0) 1932 268 701
Fax: + 44 (0) 1932 268 702
london@snowdengroup.com

**Internet**
http://www.snowdengroup.com

This report has been prepared by Snowden Mining Industry Consultants ('Snowden') on behalf of Moncoa Corporation.



Issued by: **Perth** Office
Doc Ref: 060921_Final_5174_Moncoa_Addendum_Selinsing_R.doc

Print Date: 21 September 2006

Number of copies
Snowden: 2
Moncoa Corporation: 2

**Tables**



**Figures**

# 1 Summary

Moncoa Corporation (Moncoa) engaged Snowden Mining Industry Consultants (Snowden) to prepare a resource estimate for the Selinsing Gold Project, Pahang State, Malaysia. The project is at an advanced stage of exploration and is not yet considered a development or production property. Resource reporting was undertaken in accordance with CIM Mineral Resource and Mineral Reserve definitions that are referred to in National Instrument (NI) 43-101, Standards of Disclosure for Mineral Projects. This Technical Report has been prepared in accordance with the requirements of Form 43-101F1.

Moncoa's request to undertake the resource estimate follows on from recommendations contained in the Technical Report, dated June 2006 prepared by Snowden. Moncoa completed a validation programme of validation RC drilling that confirmed the suitability of historic drill data for use in the generation of the resource estimate

The Selinsing deposit occurs along the north striking Raub Bentong Suture, a major tectonic feature that runs through peninsular Malaysia. The deposit is hosted by a series of auriferous quartz veins and stockworks of quartz veinlets in a package of sheared calcareous epiclastic sediments.

The area surround Selinsing has a rich endowment of gold mineralisation with two nearby mines, Raub and Penjom, both having production and resources of over one million ounces, indicating the regional potential of the Raub Bentong Suture. Mining at Selinsing commenced prior to 1888 and has operated intermittently through to 1996. Underground and open cut mining, together with tailings treatment, has produced approximately 85,000 ounces of gold during this period. Current tailings treatment using heap leach extraction has produced over 1,000 ounces per annum since 2003.

Three dimensional (3D) resource modelling methods and parameters were adopted in accordance with best practice principles accepted in Canada. A geological volume model was created from the drillhole logs and interpretations supplied by Moncoa. Statistical and grade continuity analyses were completed in order to characterize the mineralisation and were subsequently used to develop grade interpolation parameters. These were applied to the recognised mineralised units.

Datamine software was used for generating the 3D block model and subsequent grade estimates. Multiple Indicator Kriging (MIK) was used to estimate gold grades into the block model. A bulk density model was generated by Snowden using data collected by Moncoa. Snowden has made no allowance for historic mining at Selinsing in the resource estimate.

A Mineral Resource classification scheme consistent with CIM guidelines (CIM 2004) was applied. The estimates are categorised as Indicated and Inferred Mineral Resources and reported above a grade cut-off that is appropriate for a potentially bulk mineable deposit (Table 1.1).

At a block cut-off grade of 0.75 g/t Au the currently defined Selinsing Indicated Mineral Resource is 3.63 million tonnes grading 1.76 g/t Au for a total of 205,000 ounces of Au. At the same Au block cut-off grade, the currently defined Inferred Mineral Resource is 7.7 million tonnes grading 1.34 g/t Au for a total of 332,000 ounces of Au.

Snowden considers that this resource estimate is appropriate for use in a Scoping Study or a Pre Feasibility Study.

Table 1.1 Selinsing Classified Mineral Resource,as at August 2006

| Cut-off (Au g/t) | Classification | Oxidation | Tonnes (kt) | Grade (Au g/t) | Metal (kOzs) | Classification | Oxidation | Tonnes (kt) | Grade (Au g/t) | Metal (kOzs) |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.75 | | Oxide | 2,100 | 1.78 | 120 | | Oxide | 390 | 1.25 | 10 |
| 0.75 | Indicated | Sulphide | 1,530 | 1.72 | 85 | Inferred | Sulphide | 7,300 | 1.35 | 320 |
| 0.75 | | **Total** | **3,630** | **1.76** | **205** | | **Total** | **7,690** | **1.34** | **330** |

# 2 Introduction and Terms of Reference

Snowden Mining Industry Consultants (Snowden) was engaged by Moncoa Corporation (Moncoa) to calculate a resource estimate at the Selinsing project located within Pahang State of Malaysia. Resource estimation work utilised accepted best practice and reporting was carried out in accordance with Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions that are appended to Canadian National Instrument (NI) 43-101 (Standards of Disclosure for Mineral Projects). This Technical Report has been prepared in accordance with the requirements of Form 43-101F1.

This report documents the Selinsing resource estimate as per recommendations made in the June 2006 independent Technical Report entitled "Selinsing Gold Mining Project, Malaysia NI43-101 Technical Report" prepared in accordance with NI 43-101 by Michael C. Andrew MAusIMM, BSc of Snowden Mining Industry Consultants Pty Ltd. The June 2006 Technical Report is available on the SEDAR website at www.sedar.com. Parts of the June 2006 report have been reproduced in their entirety as only the geological interpretation and some drilling and other sampling data has been updated in this current technical report. These repeated parts are italicised.

Mr. Michael Andrew, an employee of Snowden, served as the independent Qualified Person responsible for preparing this Technical Report and undertaking the estimation work.

The author visited the site between the 4th and 7th of April 2006 and between the 13th and 16th June 2006. Moncoa's drill collars and the geological interpretation were verified and examined respectively. The author inspected the half core that is stored on site and checked the quality of logging performed by Moncoa staff. The validation drill programme was reviewed and sampling and drill performance monitored.

The geological interpretation was prepared under the supervision of Moncoa geological staff. Moncoa's database is managed by Moncoa staff, and was used as the foundation of the resource estimate.

Snowden gives permission Moncoa to file this report as a Technical Report with Canadian Securities Regulatory Authorities pursuant to provincial securities legislation. Except for the purposes legislated under provincial securities law, any other use of this report by any third party is at that party's sole risk.

Moncoa's Technical Reports and digital data files, provide the foundation for Section 17 (Mineral Resources and Mineral Reserve Estimates).

The author has not reviewed the land tenure situation and has not independently verified the legal status or ownership of the properties or any agreements that pertain to the Selinsing Project. Land tenure aspects are described in previous Technical Reports submitted by Moncoa. The results and opinions expressed in this report are based on the author's field observations and assessment of the technical data supplied by Moncoa. Snowden has carefully reviewed all of the information provided by Moncoa, and believe it is reliable from the checks made.

The coordinate system used for the project grid is based upon the Universal Transverse Mercator (UTM) projection.

All measurement units used in the resource estimate are metric and the currency is expressed in Canadian dollars unless stated otherwise.

# 3 Disclaimer

No disclaimer statement was necessary for the preparation of this report. The author has not relied upon reports, opinions or statements of legal or other experts who are not Qualified Persons.

# 4 Property description and location

Material relevant to this section is contained in the following Technical Report:

"Selinsing Gold Mining Project, Malaysia NI43-101 Technical Report" prepared in accordance with NI 43-101 by Michael C. Andrew MAusIMM, BSc of Snowden Mining Industry Consultants Pty Ltd. This Technical Report may be viewed on the SEDAR website at www.sedar.com.

# 5 Accessibility, climate, local resources, infrastructure and physiography

Material relevant to this section is contained in the Technical Report referenced above.

# 6 History

Material relevant to this section is contained in the Technical Report referenced above.

# 7 Geological setting

Material relevant to this section is contained in the Technical Report referenced above.

# 8 Deposit types

Material relevant to this section is contained in the Technical Report referenced above.

# 9 Mineralisation

## 9.1 Extraction

*Gold mineralisation is in the form of very fine gold particles commonly associated with pyrite and arsenopyrite and rarely with chalcopyrite. Coarse visible gold occurs in quartz veins within the shear zone and these can have gold grades well in excess of an ounce per tonne. These high-grade quartz veins can be over a metre in true thickness and are quite continuous along strike and down-dip (Figure 9.1 and Figure 9.2). These veins have been traced up to 300 m along strike and over 200 m down-dip. Lower-grade gold mineralisation is found in the intensely deformed and crushed haloes around the quartz veins within the shear zone. Disseminated pyrite mineralisation in the crushed country rock in the shear zone is common and this mineral, along with the presence of euhedral arsenopyrite, is a good indicator of higher gold grades.*

Figure 9.1 Quartz veins in west wall of open pit

Figure 9.2 Quartz stockworks and veins in pit floor (photograph is approximately 1 m across)

*A review of the data and geological interpretation on site with Moncoa staff suggested a plunge control on the mineralisation with a gentle to moderate southerly plunge inferred.* Figure 9.3 *is a cross section from the Selinsing Project (updated from the Technical Report) 1980 mN section line, showing the drilling and interpreted mineralised structures.*

Figure 9.3 Selinsing cross section 1980 mN (Moncoa updated August 2006))

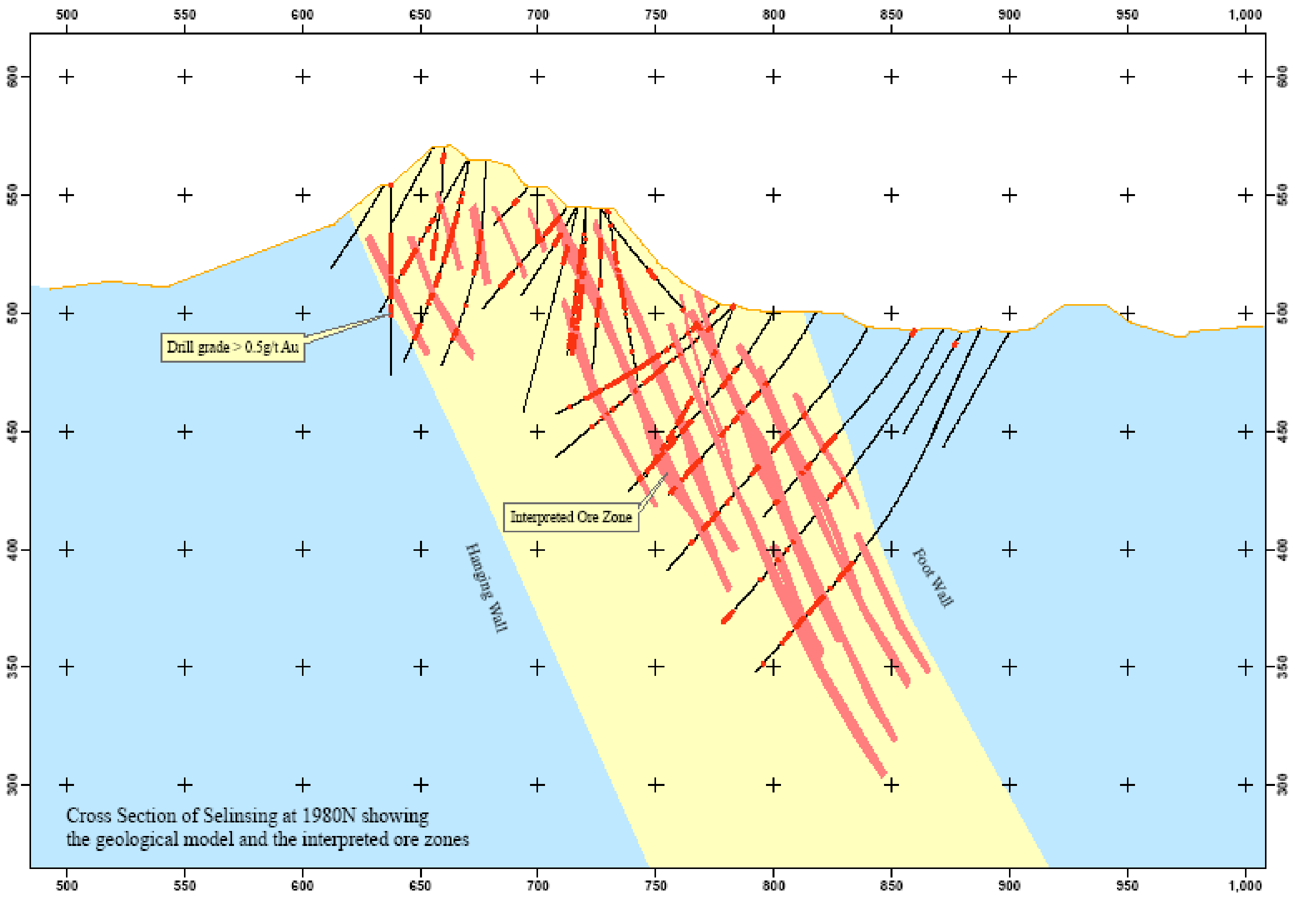



*Table 9.1 summarises the significant intersections, over 5m in intersected thickness, using a lower grade cut off of 0.5 g/t Au, from the drilling presented in Figure 9.3. The bulk of the drilling is drilled normal to the dip of the mineralisation, so that the bulk of the intersections are close to true thickness.*

Table 9.1 Summary of intersections from section 1980 mN

| Hole ID | Hole Type | From | To | Thickness | Au |
|---|---|---|---|---|---|
| SELRC0467 | RC | 33 | 58 | 25 | 7.97 |
| SELRC0207 | RC | 23 | 45 | 22 | 2.38 |
| SELRC0354 | RC | 21 | 36 | 15 | 1.79 |
| SELDD0002 | DD | 38.28 | 50.79 | 12.51 | 26.06 |
| *includes* | *DD* | *40.58* | *41.17* | *0.59* | *386.00* |
| SELRC0188 | RC | 54 | 66 | 12 | 17.94 |
| *includes* | *RC* | *57* | *58* | *1* | *117.00* |
| *includes* | *RC* | *58* | *59* | *1* | *28.10* |
| *includes* | *RC* | *59* | *60* | *1* | *21.60* |
| SELRC0208 | RC | 44 | 56 | 12 | 1.72 |
| SELRC0158 | RC | 56 | 65 | 9 | 6.46 |
| SELRC0354 | RC | 39 | 48 | 9 | 0.88 |
| SELRC0450 | RC | 29 | 38 | 9 | 2.98 |
| SELRC0036 | RC | 17 | 25 | 8 | 2.12 |
| SELRC0098 | RC | 13 | 21 | 8 | 1.14 |
| SELRC0098 | RC | 38 | 46 | 8 | 1.29 |
| SELRC0386 | RC | 36 | 44 | 8 | 1.55 |
| SELRC0049 | RC | 83 | 90 | 7 | 5.65 |
| SELRC0117 | RC | 56 | 63 | 7 | 2.29 |
| SELRC0441 | RC | 150 | 157 | 7 | 1.26 |
| SELRC0457 | RC | 21 | 28 | 7 | 2.32 |
| SELRC0457 | RC | 38 | 45 | 7 | 1.21 |
| SELRC0494 | RC | 49 | 56 | 7 | 13.52 |
| *includes* | *RC* | *54* | *55* | *1* | *70.00* |
| SELRC0003 | RC | 68 | 74 | 6 | 1.74 |
| SELRC0188 | RC | 35 | 41 | 6 | 1.56 |
| SELRC0206 | RC | 43 | 49 | 6 | 2.31 |
| SELRC0207 | RC | 50 | 56 | 6 | 1.34 |
| SELRC0453 | RC | 18 | 24 | 6 | 1.83 |
| SELRC0479 | RC | 133 | 139 | 6 | 10.60 |
| SELRC0479 | RC | 145 | 151 | 6 | 13.21 |
| SELRC0049 | RC | 42 | 47 | 5 | 0.92 |
| SELRC0117 | RC | 75 | 80 | 5 | 10.73 |
| SELRC0117 | RC | 101 | 106 | 5 | 44.80 |
| *includes* | *RC* | *102* | *103* | *1* | *42.60* |
| *includes* | *RC* | *103* | *104* | *1* | *142.00* |
| *includes* | *RC* | *104* | *105* | *1* | *37.20* |

| Hole ID | Hole Type | From | To | Thickness | Au |
|---|---|---|---|---|---|
| SELRC0117 | RC | 107 | 112 | 5 | 1.44 |
| SELRC0224 | RC | 37 | 42 | 5 | 1.62 |
| SELRC0354 | RC | 51 | 56 | 5 | 0.77 |
| SELRC0386 | RC | 5 | 10 | 5 | 2.14 |
| SELRC0449 | RC | 33 | 38 | 5 | 1.15 |
| SELRC0450 | RC | 39 | 44 | 5 | 1.98 |
| SELRC0457 | RC | 31 | 36 | 5 | 5.07 |
| SELRC0457 | RC | 47 | 52 | 5 | 18.30 |
| *includes* | *RC* | *48* | *49* | *1* | *78.20* |
| SELRC0479 | RC | 114 | 119 | 5 | 1.34 |
| SELRC0494 | RC | 59 | 64 | 5 | 9.99 |
| SELRC0494 | RC | 72 | 77 | 5 | 2.23 |

# 10 Exploration

## 10.1 Extraction

*Moncoa has not undertaken any exploration at Selinsing. All work to date has been undertaken by the previous owners of the Selinsing Project. Exploration at Selinsing has been undertaken since 1995 when initial rock chip soil and channel sampling was undertaken. This work was then followed by three phases of drilling over the Selinsing resource and two phases of drilling over the tailings resource. Figure 10.1 is a drill hole location plan with the drill hole paths colour coded such that air core (AC) traces are in blue, reverse circulation (RC) traces are in green and diamond drilling (DD) traces are in red. Also shown are the lease boundaries as white lines. The AC drilling was carried out in the tailings material and includes some shallow 2 m auger holes.*

Figure 10.1 Selinsing drill hole location plan

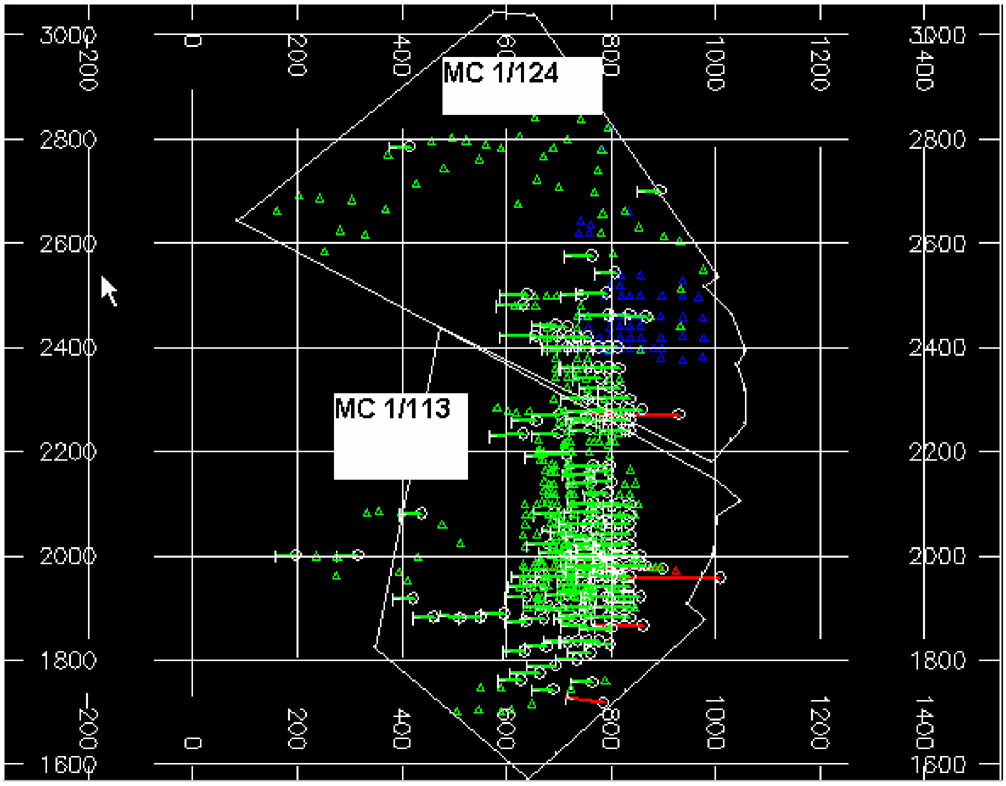



*Table 10.1 summarises the drilling undertaken as part of exploration at the Selinsing project. Snowden has reviewed the available documentation and discussed the drilling programme with Moncoa geologists who were also involved with the work, and concludes that exploration was undertaken in a competent and professional way at the Selinsing Project. Drilling over the main part of the Selinsing Project is on a 20 m by 20 m grid.*

Table 10.1 Exploration drill summary

| *Date* | *Campaign* | *Hole numbers* | *Drilling type* | *Total meters* | *Average meter per hole* |
|---|---|---|---|---|---|
| *1996* | *Phase 1 Tailings* | *SELAC001 to SELAC056* | *AC* | *871.2* | *15.6* |
| *1996* | *Phase 2 Tailings* | *SELAG001 to SELAG033* | *Auger* | *66* | *2* |
| *1996* | *Phase 1 Selinsing* | *SELRC01 to SELRC280* | *RC* | *23529* | *83.7* |
| *1997* | *Phase 2 infill Selinsing* | *SELRC295 to SELRC509* | *RC* | *15312.5* | *72.6* |
| *1996 to 1997* | *Selinsing* | *SELDD001 to SELDD013* | *DD* | *1863.45* | *143.3* |

## 10.2 Current Exploration Strategy

At the Selinsing Project, Moncoa's future exploration activity will be focussed on extending the mineralisation down-plunge to the south and upgrading portions of the resource from Inferred to Indicated.

# 11 Drilling

## 11.1 Extraction

*The following sections detail the key aspects of exploration drilling undertaken at the Selinsing Project*

## 11.2 Collar surveying

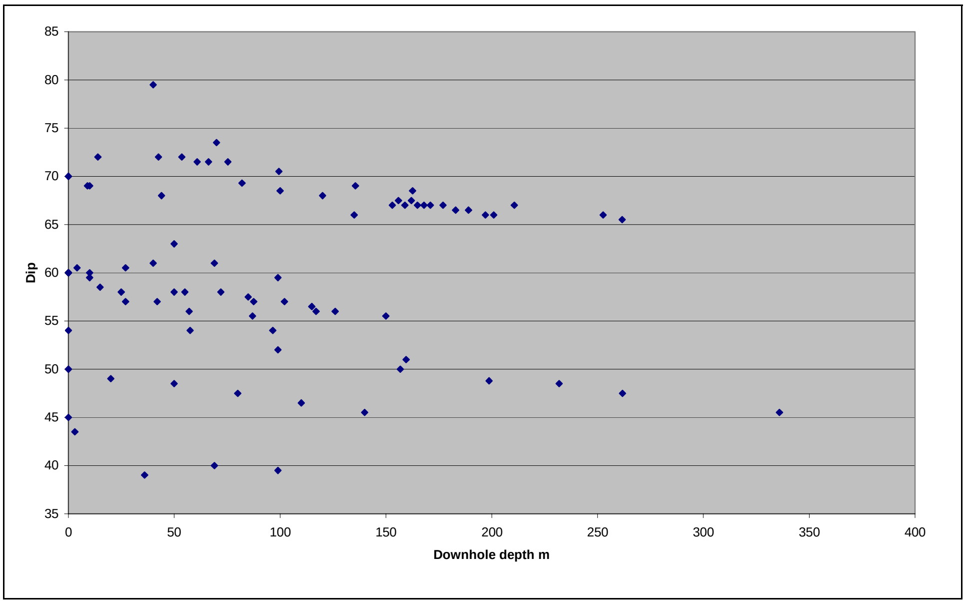
*All drill hole collar locations were surveyed by the TRA survey team using a Leica TC 1100 total station survey instrument. The accuracy of this instrument is stated to be ±1 second of angular measurements for distances up to 1.5 km. The survey information was stored in Liscad SE software, version 3.2., prior to downloading to Micromine software where the data is stored for modelling. Drillhole locations in the database are recorded in mine grid coordinates. The coordinates are accurate to ± 10 cm. Survey information was transferred electronically from Liscad to the Micromine database to prevent handling errors.*

## 11.3 Downhole surveying

*Drillholes were surveyed down the path of each hole using an Eastman single shot wire-line camera. Downhole surveying only started in late 1996 so a large proportion of holes drilled before this time are not surveyed downhole because the holes have collapsed. All DD hole paths have been surveyed but only one RC hole has a downhole survey data. No change in azimuth with depth is observed in the supplied downhole survey data.*

*Figure 11.1 shows the changes in dip with drill hole depth for the available data downhole data. This plot reveals that drill hole dip generally becomes more horizontal with depth, which is a common effect in inclined drilling.*

Figure 11.1 Changes in hole path dip with increasing downhole depth




## 11.4 Core recovery

*The average core recovery for the 13 DD holes in the deposit is 92%. This average includes intervals from the start of the hole where recovery would be expected to be poor and some logged cavities.*

## 11.5 Security procedures

*The author cannot comment on past procedures used to ensure the security and integrity of sampling of the drill core. The author has advised Moncoa staff to make the core storage facility secure as it is currently unsecured.*

## 11.6 Comments on drilling

*The author found that industry standard logging conventions were used by Moncoa to record information from the drill core. The core is logged in detail onto paper records, and the data is then entered into the digital project database. The core is also photographed before being sampled.*

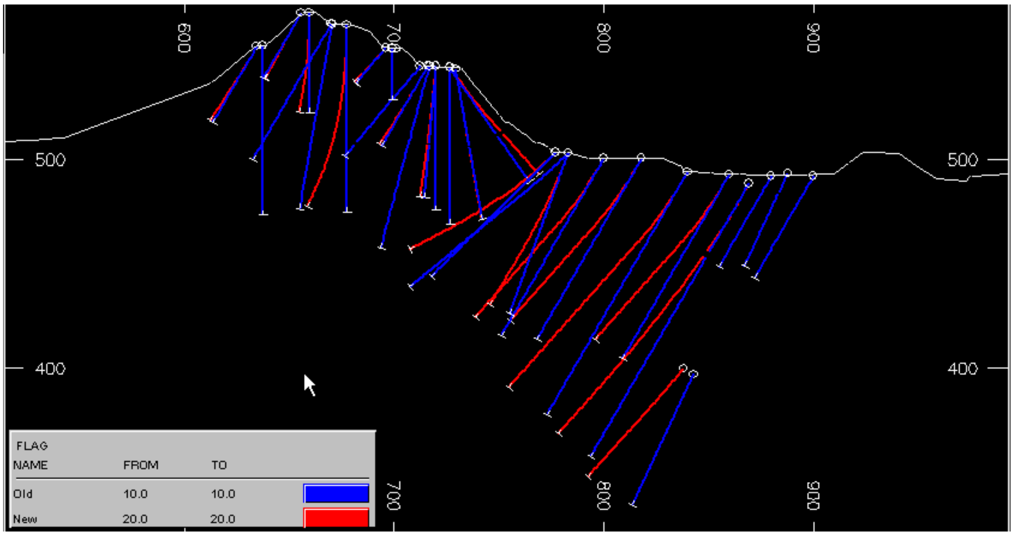
*While visiting the site in April 2006, the author reviewed the core logging procedures and found them to be done in a systematic fashion, competently and in accordance with industry standards. Drill core was found to be well handled and maintained. The core is stored on racks in a core shed located at the Selinsing Project.*

*The lack of downhole survey data for the RC data indicates that there is currently some degree of spatial inaccuracy in the RC data which needs to be quantified for any future resource evaluations.*

## 11.7 Survey data update

Moncoa staff located additional downhole survey data after the referenced technical report had been completed. The data was supplied to Snowden and the database was updated. Figure 11.2 shows the effect of the additional survey data on the drilling on section 1980 mN. The blue traces represent drillholes with the original survey data, while the red traces represent drillholes with the updated survey data.

Figure 11.2 Updated survey data on section 1980 mN




The incorporation of the additional survey data shows that the drillholes have typically tended to flatten and lift with depth. This usually occurs as a result of the rod string trying to be normal to the fabric of the local strata.

## 11.8 Validation drilling

In accordance with recommendations made in the Independent Technical report dated June 2006 and prepared in accordance with NI43-101, Moncoa undertook a programme of targeted RC drilling to confirm the tenor of the historical RC data. Nine drillholes, SELRC0510 to SELRC0518, located as summarised in Table 11.1, were drilled and the significant results summarised in Table 11.2. The holes were drilled between 13th and 17th of June 2006. Results greater than 0.5 g/t Au and with a down hole thickness of greater than 5m are reported; no top cutting has been applied. Holes are drilled inclined at 60 degrees with an azimuth of 270 (local grid) and are designed to normally intersect the mineralisation, so that the down hole thickness, reflects the true thickness. The holes were not surveyed.

Table 11.1 Drill hole location summary (local grid)

| Hole ID | Northing (m) | Easting (m) | RL (m) | Depth (m) | Dip | Azimuth |
|---|---|---|---|---|---|---|
| SELRC0510 | 1990.2 | 790.5 | 500.94 | 60 | 60 | 270 |
| SELRC0511 | 1990.2 | 810.2 | 500.87 | 66 | 60 | 270 |
| SELRC0512 | 2009.8 | 790.6 | 501.30 | 72 | 60 | 270 |
| SELRC0513 | 2009.8 | 809.9 | 500.78 | 72 | 60 | 270 |
| SELRC0514 | 2030.3 | 790.7 | 499.18 | 60 | 60 | 270 |
| SELRC0515 | 2030.0 | 810.5 | 499.55 | 72 | 60 | 270 |
| SELRC0516 | 2051.7 | 789.8 | 499.20 | 54 | 60 | 270 |
| SELRC0517 | 2050.4 | 809.8 | 499.99 | 72 | 60 | 270 |
| SELRC0518 | 1969.7 | 792.2 | 500.94 | 72 | 60 | 270 |

Table 11.2 Drill assay summary results

| Hole ID | Hole Type | From (m) | To (m) | Down hole Thickness (m) | Au (g/t) |
|---|---|---|---|---|---|
| SELRC0510 | RC | 23 | 29 | 6 | 8.33 |
| *Includes* | | *27* | *28* | *1* | *31.40* |
| SELRC0510 | RC | 46 | 60 | 14 | 3.15 |
| *Includes* | | *39* | *40* | *1* | *41.70* |
| *Includes* | | *59* | *60* | *1* | *22.40* |
| SELRC0511 | RC | 41 | 49 | 8 | 6.60 |
| *Includes* | | *48* | *49* | *1* | *36.80* |
| SELRC0512 | RC | 32 | 64 | 32 | 1.72 |
| SELRC0513 | RC | 66 | 72 | 6 | 1.83 |
| *Includes* | | *61* | *62* | *1* | *20.40* |
| SELRC0514 | RC | 31 | 42 | 11 | 0.95 |
| SELRC0515 | RC | 60 | 69 | 9 | 9.15 |
| *Includes* | | *65* | *66* | *1* | *35.80* |
| SELRC0516 | RC | 24 | 35 | 11 | 4.84 |
| SELRC0518 | RC | 2 | 14 | 12 | 2.45 |
| SELRC0518 | RC | 25 | 36 | 11 | 4.02 |
| SELRC0518 | RC | 42 | 49 | 7 | 12.30 |
| *Includes* | | *46* | *47* | *1* | *52.90* |
| SELRC0518 | RC | 53 | 67 | 14 | 15.52 |
| *Includes* | | *54* | *55* | *1* | *51.90* |
| *Includes* | | *57* | *58* | *1* | *60.00* |
| *Includes* | | *61* | *62* | *1* | *38.90* |

Snowden supervised the drilling and sampling

# 12 Sampling method and approach

## 12.1 Extraction

## 12.2 RC drilling

*23,557 RC drill samples were collected for assaying purposes at the drill site by splitting bulk samples from each metre drilled using a 75%: 25% three stage riffle splitter. The splitter reject was returned to a numbered bag whilst the smaller split sample was collected in a calico bag and taken to the sample preparation laboratory. If the sample was found to be damp or wet the whole one metre sample was not split in the riffle splitter in order to prevent carry-over contamination of the next sample. In this case, the sample was split by using a piece of PVC pipe to take a cylindrical sample through the entire length of the bulk sample. This sample was then placed in its numbered calico bag as usual. Wet or damp samples were flagged in the geological log.*

## 12.3 DD drilling

*A total of 1,543 DD samples were collected for assaying purposes. The following points summarise the core sampling procedures described by Moncoa staff and observations made by the author during the April 2006 site visit:*

- *Core was placed in boxes of appropriate size (NQ, HQ) according to the core diameter.*
- *At the drill site, the core boxes were marked with the following information:*
  - *Hole number (e.g. Hole No. 2)*
  - *Box number (e.g. 23 -> R-97-2-23)*
- *Hole depths were marked with wooden blocks at the end of each core barrel run.*
- *Boxes were stored in the core shack in the Selinsing camp.*
- *Geologists measured the core and calculate the percent recovery between blocks.*
- *Core boxes were photographed.*
- *Geologists produced paper and digital logs (Husky Hunter), documenting lithology, alteration, alteration intensity, rock color, texture, grain size, structures, type of mineralisation and mineralisation intensity.*
- *Digital logs were printed out and reviewed in detail for accuracy.*
- *Mineralised sections of core were marked up by geologists.*
- *Core sample intervals were halved using a diamond blade saw. Geologists supervised the cutting to ensure the mineralisation is properly halved.*
- *The portion of core to be assayed was placed in a plastic sample bag.*

## 12.4 In situ density

*To determine rock in situ density, short sections of drill were cross-cut using a diamond tipped core saw so that the sample was a cylinder. Any core, which broke during the sawing process, was not used for density determinations. The diameter of the core was measured to see if there was a noticeable difference from the expected diameter and then weighed on an electronic weighing machine that was accurate to 0.01 g. In situ density was then computed from the volume and mass of the test samples.*

*Only dry core was used for these calculations so that dry bulk densities values could be calculated. Snowden noted that there were three main ore types which make up the deposit. These are quartz (vein rock), breccia and stockwork (halo-mineralisation). From four mineralised intersections in* *holes SELDD001 and DD003, it was determined that the approximate deposit volumes of these three ore types are 14.8%, 40.5% and 44.7% respectively. Average density determinations collected from the field data show these rock types to have density values as summarised in* Table 12.1. *The average density of fresh mineralisation is therefore estimated to be 2.70 t/m³ while the average for oxide mineralisation is 2.53 t/m³.*

Table 12.1 Summary of Selinsing density measurements

| ***Mineralisation type*** | ***Oxide density ($t/m^3$)*** | ***Fresh density ($t/m^3$)*** | ***Proportion of deposit volume*** |
|---|---|---|---|
| *Vein quartz* | *2.60* | *2.65* | *14.8 %* |
| *Breccia* | *2.64* | *2.67* | *40.5 %* |
| *Stockwork* | *2.42* | *2.74* | *44.7 %* |
| *Average* | *2.53* | *2.70* | *100.0 %* |
| *Barren* | *2.18* | *2.68* | |

## 12.5 Comments on sampling method and approach

*Due to the historic nature of the sampling, the author cannot comment directly on the sampling methods employed at the Selinsing Project. However, from discussions Snowden had with Moncoa staff who were present during the historic drilling programmes, Snowden has no reason to suspect that protocols and procedures that were followed were sub-standard in terms of industry accepted sampling practices.*

## 12.6 Validation drilling

### 12.6.1 Sampling

600 samples were collected over 1 m intervals from the surface. The drill cuttings were collected from a cyclone (Figure 12.1) and then passed through a three-tier riffle splitter (Figure 12.2, Figure 12.3). A 2 kg to 3 kg primary sample was collected from each interval in a calico sample bag. Each calico bag was marked with a sample number and the reject sample was also collected in large plastic sample bags that were marked with the drillhole identifier and downhole interval depths for each sample. The reject samples were retained and stacked in order near the drillhole collar.

Figure 12.1 Rig mounted cyclone

Figure 12.2 Three tier riffle splitter

Figure 12.3 Sample being split

Small geologically representative samples of the drill cuttings were collected for logging and the chips retained in plastic cups for reference (Figure 12.4). The cups were labelled with the drillhole identifier and the downhole interval depths for each sample. Logging of the material was completed at the drill rig.

Figure 12.4 Reference sample

Snowden noted that care was taken at all stages of the sampling, but recommends that more time be taken when feeding the riffle splitter as the current protocol leads to blocking of the splitter when the cuttings are partially moist.. Figure 12.5 shows material being pushed through the splitter following a blockage. Ideally the splitter should be fed using a hopper that is the same size as the width of the riffles and material fed to the splitter at a rate that allows splitting without flooding or blocking of the riffles.

Figure 12.5 Pushing material through the splitter

Snowden noted that all equipment was regularly cleaned between samples with the cyclone being cleaned on at least every 2nd rod change, or as required (Figure 12.6).

Figure 12.6 Cleaning cyclone

Ground water was encountered in all holes drilled but the drilling equipment did recover a dry sample to a depth of approximately 60 m downhole. At greater depth the ingress of groundwater into the hole was such that dry samples could not be maintained. Snowden and Moncoa staff decided to terminate the hole at this point, rather than continue to collect samples of poor quality where fines were likely to be lost in the sample handling process. For example, Figure 12.7 shows a wet sample being collected off the cyclone, while Figure 12.8 shows the wet sample being handled and the loss of fines material as water is lost from the sample bag as it is handled.

Figure 12.7 Collecting wet sample off cyclone

Figure 12.8 Handling wet sample

Snowden recommended that core drilling be adopted once wet sampling is encountered, but that was not implemented as the aim of the programme in this instance was to validate the historical RC drill data. Consideration to the use of large woven bags should be given for any future RC drilling at site, which would allow the water to seep from the bag.

# 13 Sample preparation, analyses and security

## 13.1 Extraction

*Sample preparation for samples collected up to drill hole SELRC280, was undertaken by TRA at a sample preparation facility at Kuala Lipis. This facility was inspected by MRT in March 1997 and problems with some of the equipment were identified. A new sample preparation facility was subsequently commissioned at the Selinsing Project site in April 1997.*

## 13.2 Sample preparation

*RC samples were dried in the normal manner then split through a 50:50 bench scale riffle splitter prior to pulverising. Half of the original 2 kg sample was discarded because the pulverising bowl was limited to maximum capacity of approximately 800 g. For diamond core samples, half of the length to be sampled was crushed using an Essa jaw crusher and then sampled as per the RC samples. If the core was wet the sample was returned to its bag and dried prior to splitting. Each sample was pulverised in an Essa RM2000 pulveriser for four minutes. This pulveriser has the ability to crush the material down to 95% passing 75 microns. The 250 g samples were then collected and dispatched as normal. The site laboratory prepared all of the new RC and diamond core samples from the Phase 2 drilling programme, which included the range of holes SEL-RC 281 to 509, SEL-DD001, and SEL-DD003 to 13.*

## 13.3 Security measures

*The author cannot comment on security measures employed with the samples dispatched from the Selinsing Project due to the historical nature of the sampling. However, the author has no reason to suspect that industry standard protocols and procedures were not followed. Samples were dispatched to the Assaycorp laboratory at Kuching for analysis.*

## 13.4 Laboratory certification, sample preparation, assaying and analytical procedures

*For the older samples from the Phase 1 drilling programme, Assaycorp carried out a second pulverisation due to the coarse nature of the samples that TRA prepared with its horizontal axis Keegor Mill. The 250 to 300 g samples were reground to 90% passing 100 microns and then a 50 g charge was taken for fire assaying. The pulverising was done in either a disc grinder or a Keegor Mill. For the Phase 2 samples no regrind was necessary and a 50 g charge was split out immediately for assay. The fire assayed material then underwent aqua regia digest followed by atomic absorption spectra (AAS) analysis for the final result. Assay precision (repeatability) was quoted at ±15% with a minimum detection limit of 0.01 parts per million (ppm). Assaycorp was instructed to re-assay samples with results > 1 g/t, until another result within 15% was obtained. Snowden does not endorse this practice.*

## 13.5 Quality control measures

*TRA did not employ a systematic or independent QAQC programme with the samples submitted to Assaycorp. Some check programmes were implemented after the MRT visit in 1997 which included:*

1. *Assaycorp Kuching assays checked by MRT for repeatability.*
2. *Intra-laboratory checks of Assaycorp vs Genalysis in Perth, WA for systematic bias.*
3. *Assaycorp checks on repeats of samples sent to Genalysis.*
4. *Field duplicates on coarse split ore grade material from the pit.*
5. *Re-splits resubmitted blind after preparation at Kuala Lipis.*

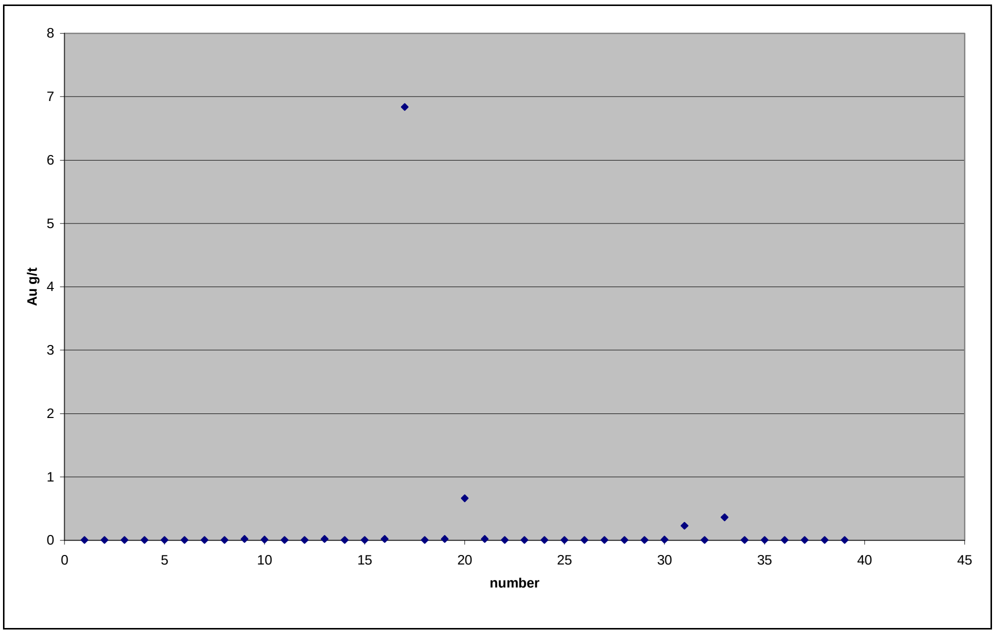
6. *Assaycorp Kuching quality control repeats (not blind).*
7. *Assaycorp Kuching results checked by Assaycorp Pine Creek.*

*Not all the data was available from the check programmes instituted.*

## 13.6 Blank performance

*In addition to the above checks, blank materials were inserted with the sample stream to test for cross-contamination between samples. A total of 40 blanks were submitted and the results are plotted in Figure 13.1. The results are too few for definitive conclusions to be drawn but the one result of almost 7 g/t Au indicates a contamination problem in at least one sample.*

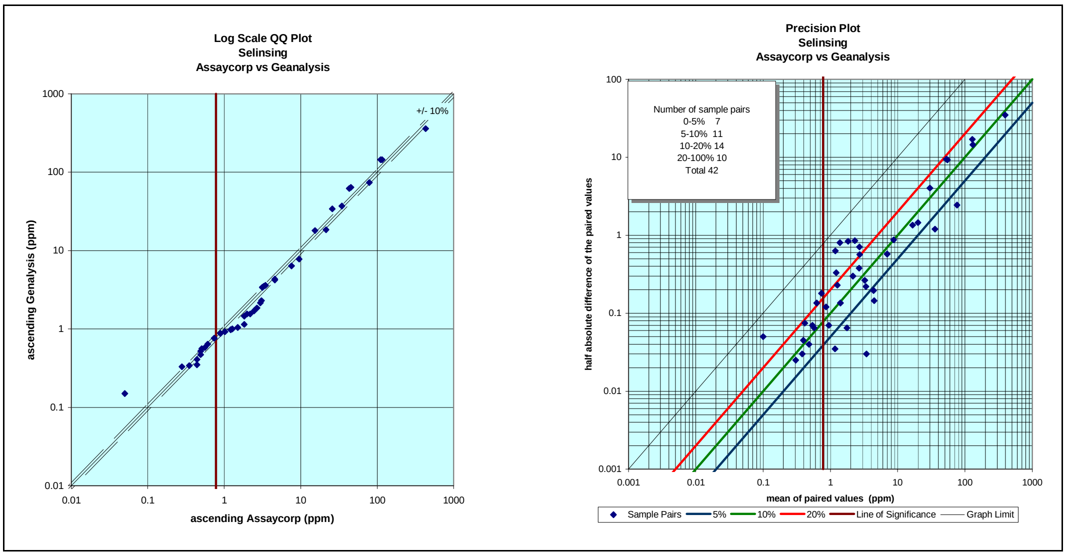
Figure 13.1 Blank sample results




## 13.7 Umpire assays

*A total of 42 samples were submitted to Genalysis in Perth for umpire analysis. Figure 13.2 shows a log QQ plot of the umpire data and also a precision plot (pair mean, half absolute difference) of the data. The QQ plot indicates a positive bias towards the Assaycorp data in the grade range of 1 to 10 g/t Au such that the Assaycorp data is generally higher grade than the Genalysis results in this grade range. This bias is reflected in the precision plot over the same range where approximately 25% of the data is over the 20% precision line. As there are no common standards used by both labs no firm conclusion can be drawn as to which results are accurate.*

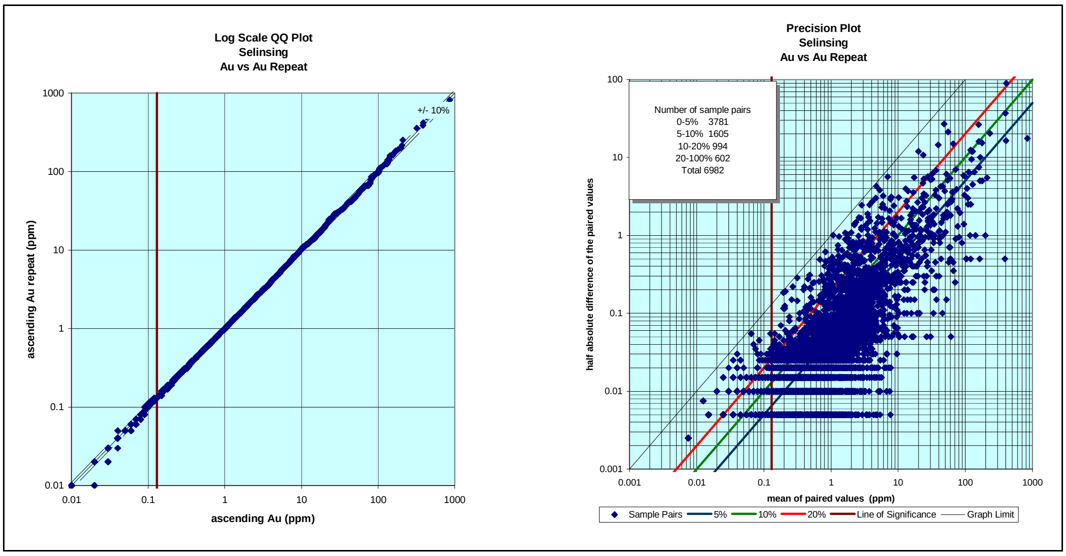
Figure 13.2 Umpire analysis QQ and precision plot




## 13.8 Assay repeat data

*A total of 6,982 repeat gold analyses were undertaken on pulps in the primary laboratory; the results are presented as QQ and precision plots in Figure 13.3.*

Figure 13.3 Lab repeat data Log QQ and precision plot




*The QQ shows good correlation between the original and repeat data and the precision plot reveal acceptable repeatability with only a 602 of the 6,892 results exceeding a half-absolute relative difference of ± 20% of the pair mean.*

## 13.9 Opinion on the adequacy of sampling, sample preparation, security and analytical procedures

*The author considers the sampling practices at Selinsing not to be in accordance with the CIM guidelines since insufficient systematic and independent QAQC data has not been included with the sample data that will be used for resource estimation purposes. In particular, the QAQC data* *that is available allows assessment of repeat precision but not the accuracy of results. Assuming umpire results are accurate, the check-assay data suggests that the Kuching laboratory may be overstating gold grades in the 1 to 10 g/t Au range. However, this indication cannot be confirmed because certified reference materials were not submitted to assess the accuracy of the results from the two laboratories.*

*The repeat pulp-assay data suggests that the primary laboratory has good repeatability but again the lack of independent standards means that the accuracy of the Kuching lab cannot be gauged.*

## 13.10 Validation drilling

Snowden supervised the drilling and sampling. Industry standard QAQC protocols were followed which included certified reference materials comprising a range of standards and a blank which were independently inserted into the sample stream prior to analysis. Field duplicates were also taken during the drilling programme. The samples were submitted to the Ultra Trace Pty. Ltd. (Ultra Trace) laboratory located in Perth, West Australia. Samples underwent a 40 g Fire Assay with analysis by ICP. Snowden has reviewed the programmes QA/QC data and found the results to be acceptable for the style of mineralisation

### 13.10.1 Sample Preparation

The entire 2 kg to 3 kg sample that was collected was dispatched to the Ultra Trace laboratory, and no sample preparation was undertaken on site. Wet samples were dried then split prior to being dispatched.

### 13.10.2 Security measures

Samples were collected at the end of each days drilling and stored on site in a secure storage facility. The storage facility was made secure after a recommendation from the initial site visit by Snowden in April 2006. Samples were securely stored on site until they were escorted to couriers for shipment to the laboratory in Australia.

### 13.10.3 Laboratory certification, sample preparation, assaying and analytical procedures

Upon receipt, samples are sorted and then reconciled against the accompanying paperwork. The samples are then be dried in either a natural gas fired oven or an electrically operated convection oven.

Ultra Trace employ a single stage mixing and grinding process. In this process, crushing is generally unnecessary unless sample pieces are over about 25mm in size. Ultra Trace use conventional LM2 and LM5 Ring Mills for pulverising the samples. These mills are time proven and reliable for this stage of the process. By use of various capacity bowls in the LM2 and LM5 mills, Ultra Trace are able to efficiently pulverise samples from a few grams in size to approximately 4 kg. Samples larger than this will either be split to obtain a 4 kg sample or pulverised in 4 kg lots and recombined.

A target of 95% passing 75µm has been set for pulp size. A barren wash of the bowls using silica sand is routinely carried out before and after processing samples.

The firing and cupellation of the samples follows the classical, lead collection, fire assay process, using a nominal 40g charge, with the gold, platinum and palladium (platinum and palladium are not reported) being collected. The noble metal prills are parted with nitric acid and the gold, platinum and palladium are dissolved in aqua regia and diluted for ICP analysis.

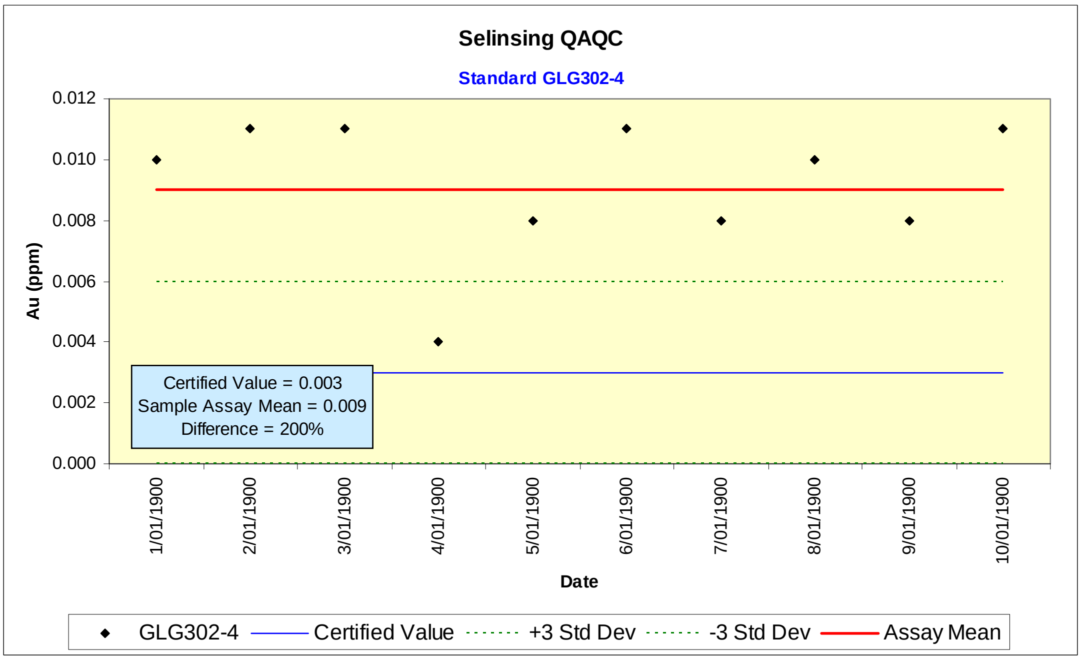
### 13.10.4 Quality control measures

As previously described, the QAQC programme comprised the insertion of certified reference materials (standards), blanks, and the generation of field duplicates

### Blank performance

A total of 10 blanks were submitted with the sample stream to test for cross-contamination between samples. The blank results are plotted in Figure 13.4. The results indicate the lab has good hygiene.

Figure 13.4 Blank sample results




### Standard Performance

Five separate standards were inserted into the sample stream, their values are summarised in Table 13.1. Each standard was inserted ten times into the sample stream, which together with the blanks constituted a total insertion rate of 10 % of the samples submitted. Figure 13.5 to Figure 13.9 depict the results of each standard.

Table 13.1 Standard summary

| Standard ID | Certified Value Au g/t |
|---|---|
| G02 | 1.2 |
| G302-2 | 2.5 |
| G300-10 | 1.99 |
| G905-10 | 6.75 |
| High Grade | 21.57 |

Figure 13.5 Standard G02

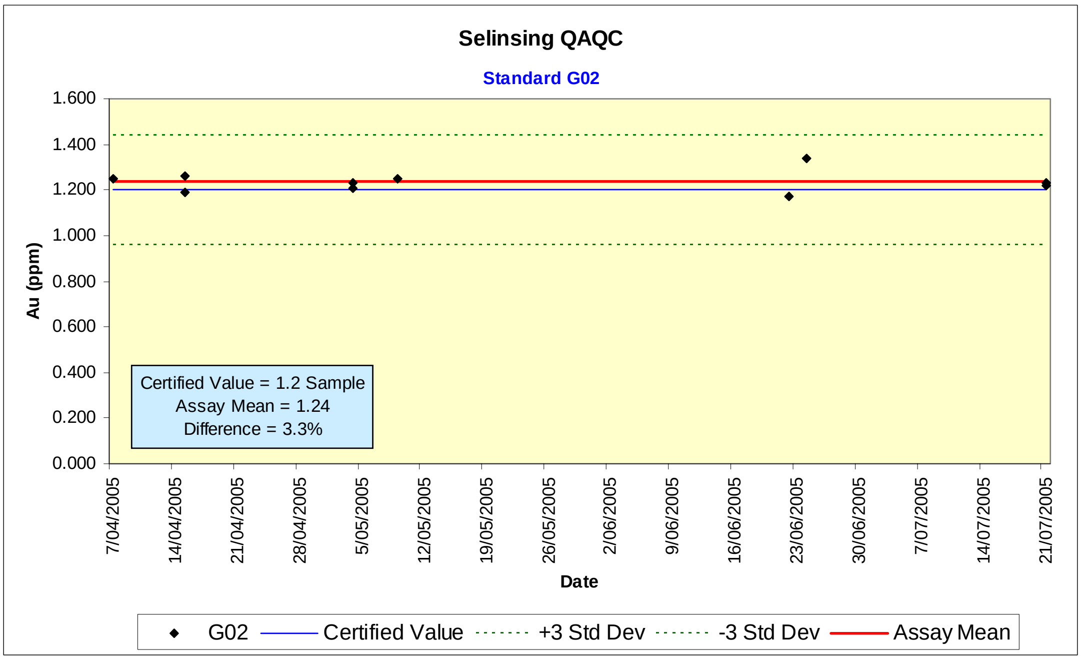



Figure 13.6 Standard G302-2

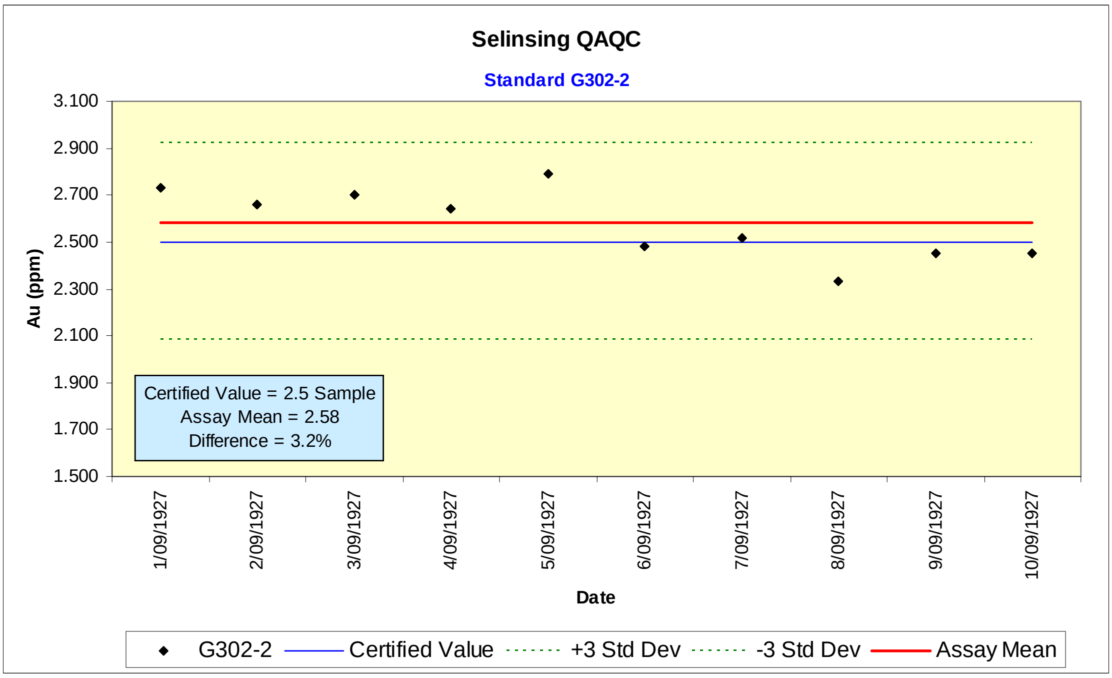


Figure 13.7 Standard G300-10

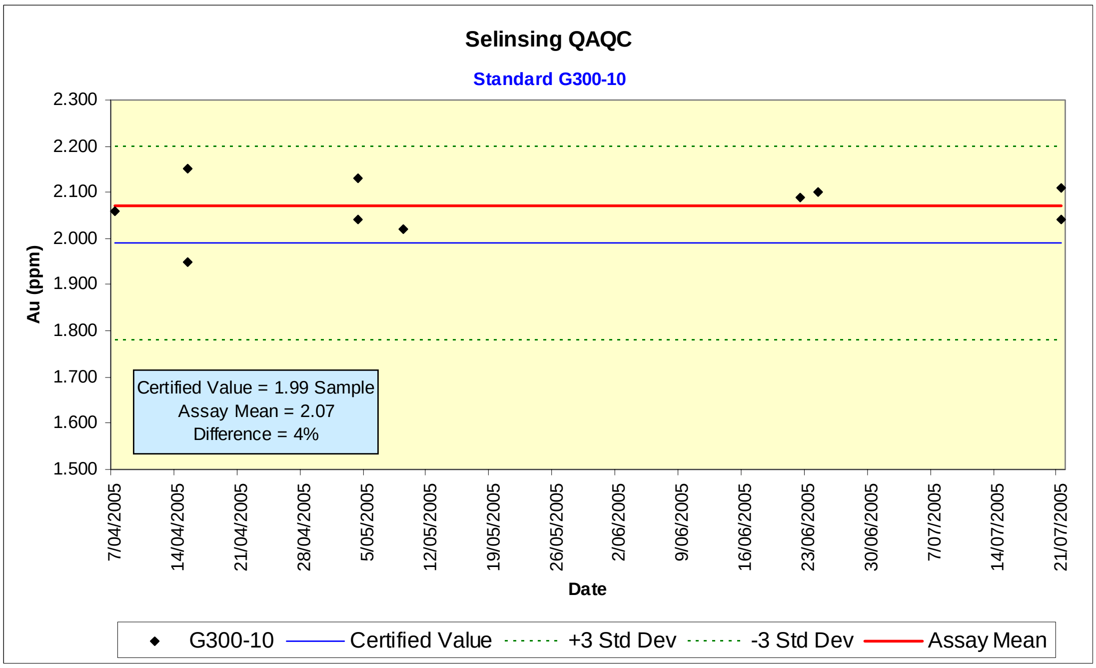



Figure 13.8 Standard G905-10

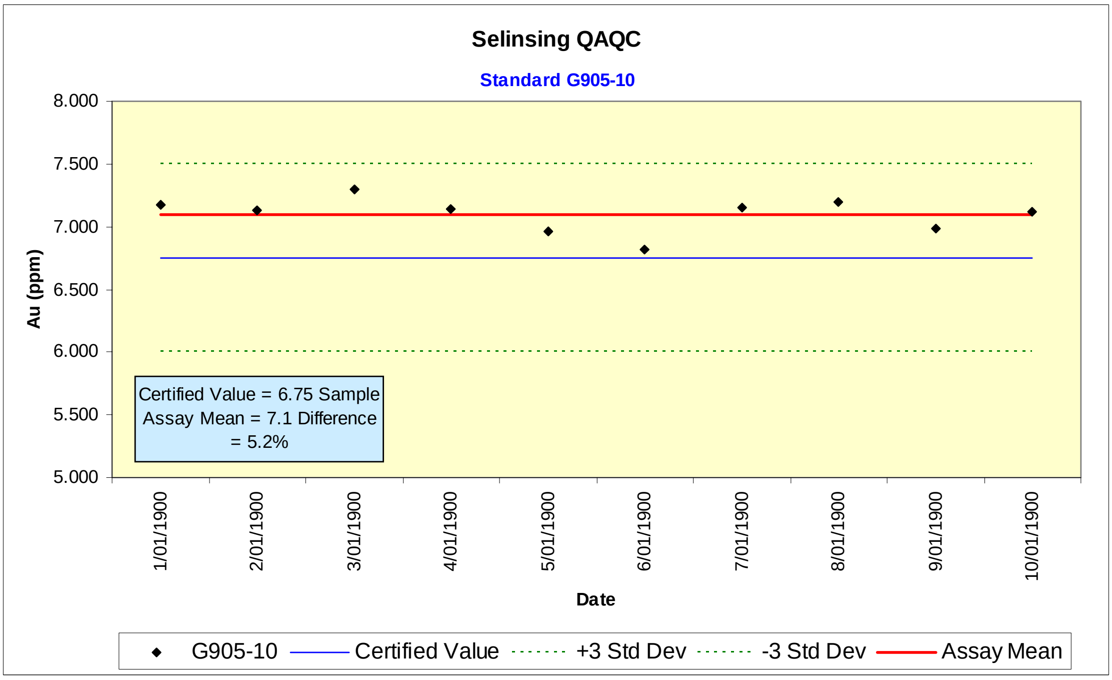
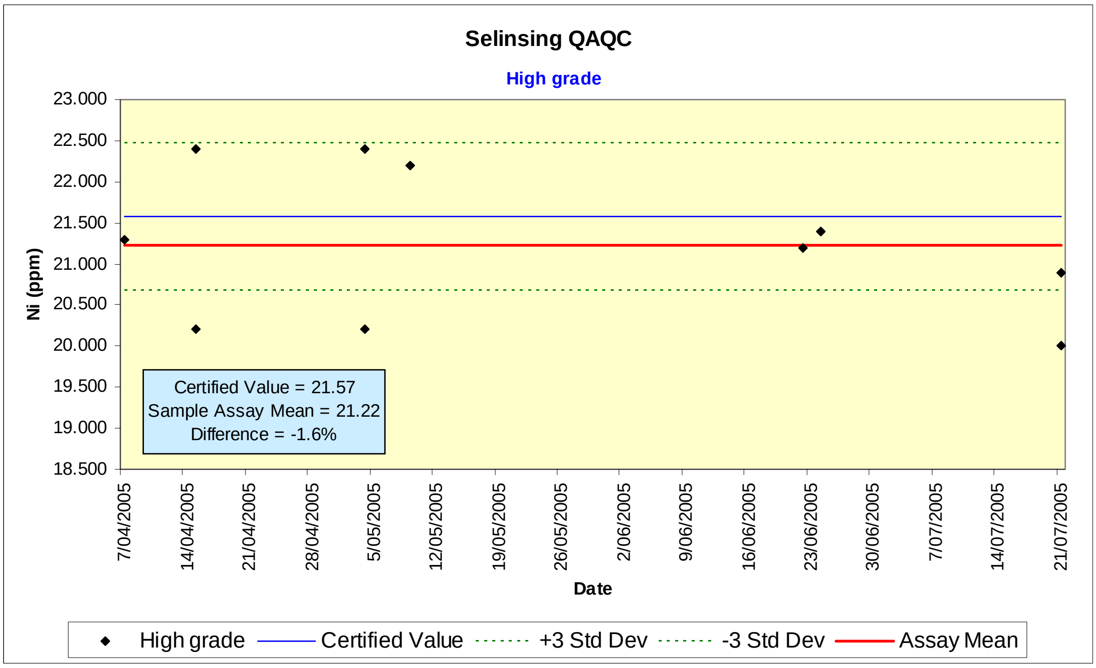


Figure 13.9 High grade standard

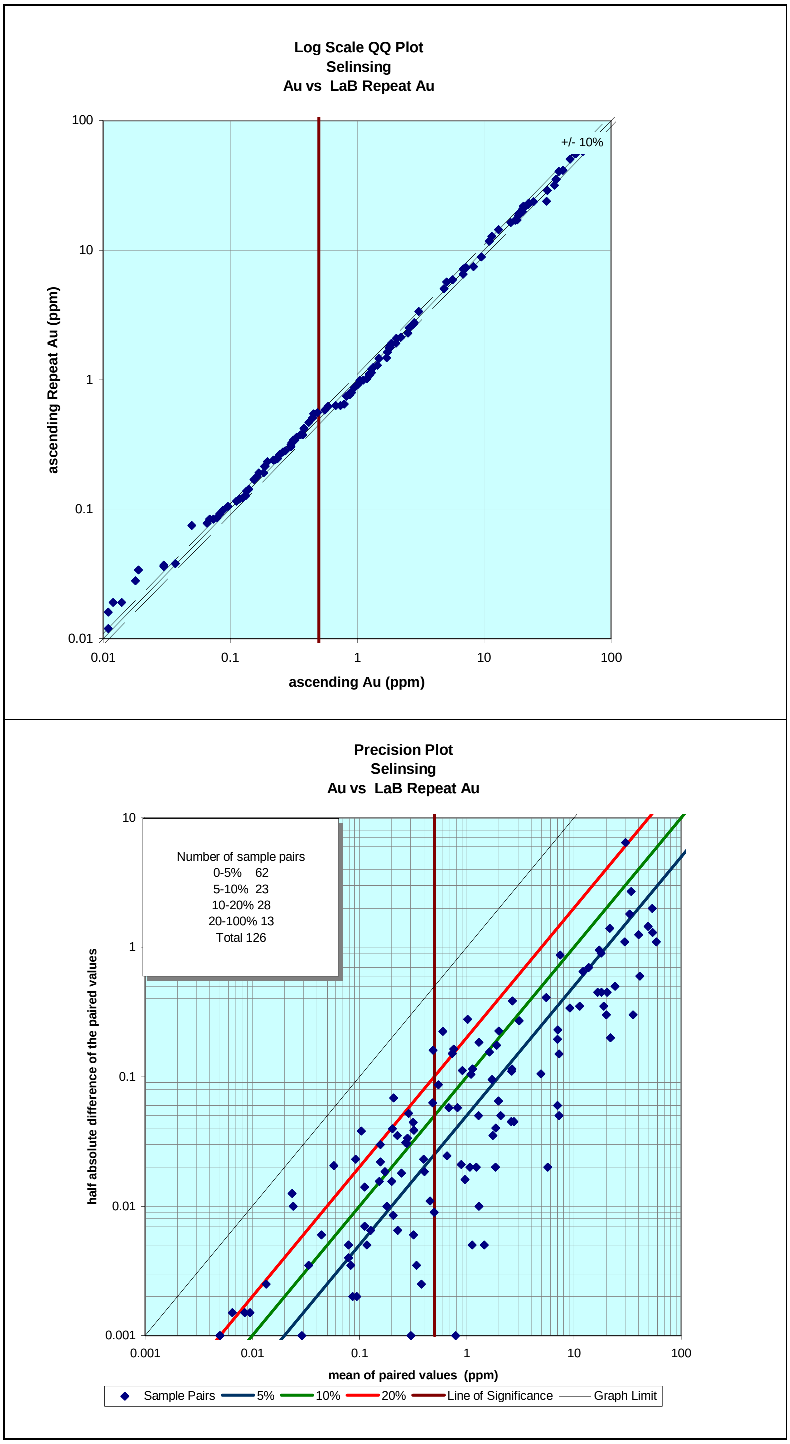



Overall the mean of standards results are 3 % to 5 % higher than the certified values, except for the high grade standard which is approximately 2 % lower than the certified value. Snowden considers the performance of the CRM's to be within acceptable limits.

## Laboratory repeats

A total of 126 repeat gold analyses were undertaken on pulps in the primary laboratory; the results are presented as QQ and precision plots in Figure 13.3. The QQ plot shows good correlation between the original and repeat data and the precision plot reveal acceptable repeatability with only a 13 of the 126 results exceeding a half-absolute relative difference of ± 20% of the pair mean.

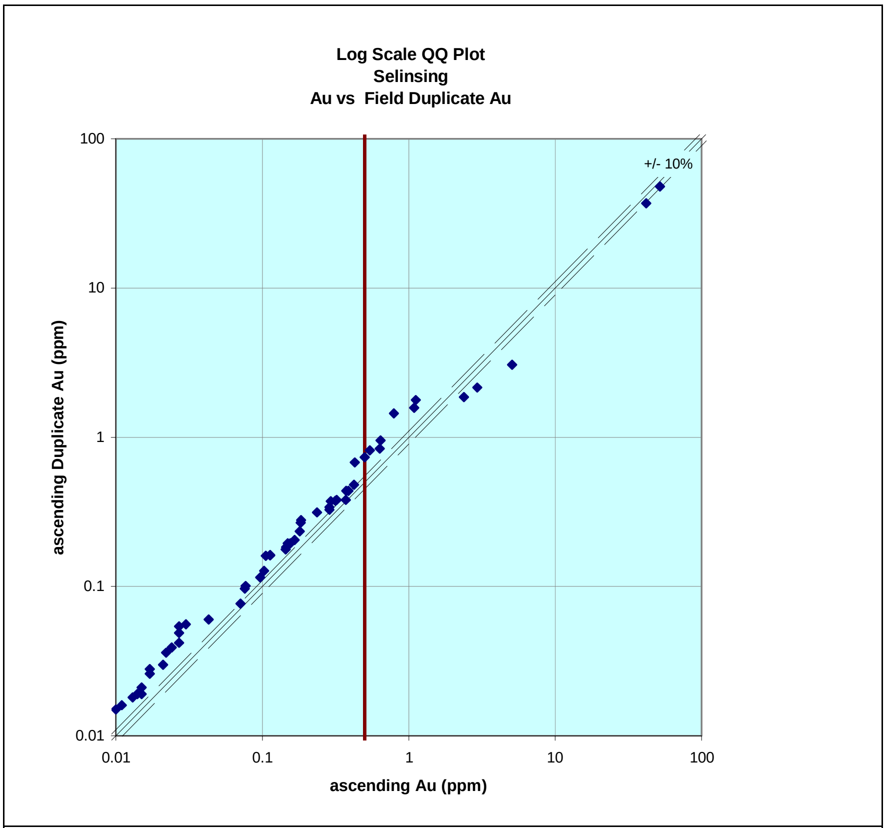
Figure 13.10 Lab repeat data Log QQ and precision plot

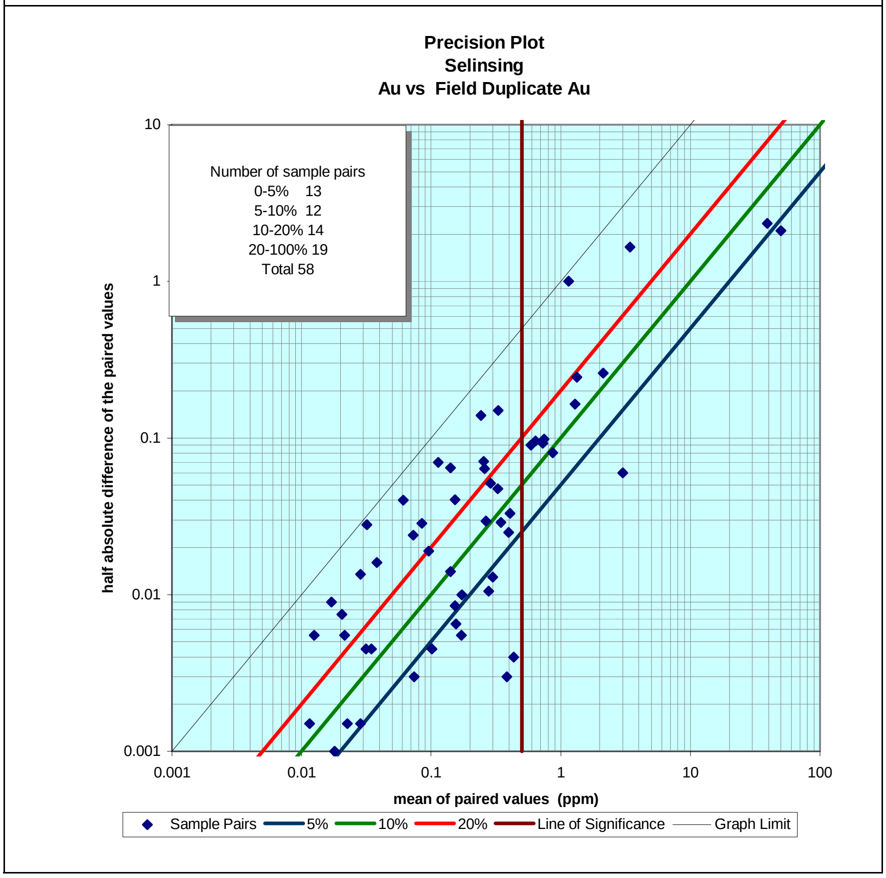



## Field Duplicates

A total of 58 field duplicates were taken during the drilling programme; the results are presented as QQ and precision plots in Figure 13.3. The QQ plot displays moderate correlation between the original and duplicate data and the precision plot reveals acceptable repeatability with 19 of the 58 results exceeding a half-absolute relative difference of ± 20% of the pair mean. The bulk of those exceeding the ± 20% pair mean occur below 0.5 g/t Au. Snowden considers the results to be acceptable for this style of gold deposit.

Figure 13.11 Field duplicate data Log QQ and precision plot



# 14 Data verification

## 14.1 Extraction

## 14.2 Verification by author

*While on site, the author reviewed the database, the geological interpretation, the collection of drill hole data, surface exposure, the preparation laboratory and the drillholes in the core sheds. While visiting the core sheds, core from the following drillholes was inspected and compared to the drill logs:*

- *SELDD001*
- *SELDD002*
- *SELDD003*
- *SELDD007*
- *SELDD009*

*Selected core intervals from these holes were also sampled by the author for verification of mineralisation (Table 14.1). In all instances the lithology, mineralisation, alteration and sample intervals were found to agree with the drill logs.*

*The verification samples were submitted to UltraTrace laboratories in Perth WA for fire assay. The results of the confirmatory sampling are listed in Table 14.1 and confirm the presence of gold at the residual drill cores. While there are some significant differences between the original Kuching laboratory results and the UltraTrace verification samples, the author considers that this variation is consistent with expectations for results from the second half of a drill core in gold mineralisation. Of note is the fact that the UltraTrace repeats (while only two in number) demonstrate low precision, in contrast to the 7,000 pulp repeats depicted in Figure 13.3.*

Table 14.1 Confirmatory sampling

| Sample HoleID (interval) | UltraTrace Au ppm | Kuching Au ppm | Diff % |
|---|---|---|---|
| SEL DD001 (76.40-78.16 m) | 12.8 | 29.3 | -129 |
| SEL DD002 (41.33-42.33 m) | 0.552 | 9.4 | -1603 |
| SEL DD003 (51.66-52.81 m) | 11.3 | 20.8 | -84 |
| SEL DD003 (63.73-64.72 m) | 8.31 | 3.82 | 54 |
| SEL DD003 (63.73-64.72 m) Rpt | 6.73 | 3.82 | 43 |
| SEL DD007 (133.34-134.24 m) | 8.09 | 7.65 | 5 |
| SEL DD007 (139.62-140.60 m) | 3.98 | 4.3 | -8 |
| SEL DD007 (176.52-177.97 m) | 7.39 | 8.89 | -20 |
| SEL DD009 (23.20-24.70 m) | 2.35 | 11.2 | -377 |
| SEL DD009 (23.20-24.70 m) Rpt | 1.6 | 11.2 | -600 |

## 14.3 Opinion on the verification of data

*The author considers that the verification work completed by Moncoa, previous reviewers and Snowden is of a sufficient level to allow the use of the database in a CIM compliant resource estimate, provided that the issue of insufficient QAQC is addressed. In particular, the accuracy of* *the database assays needs to be quantified as independent check results indicate the possibility of significant grade bias in the primary laboratory data.*

## 14.4 Opinion on the validation drilling

Snowden considers that the validation drill programme has confirmed the tenor of the historical RC data and its suitability for use in a resource estimate which can be classified according to CIM guidelines. The lack of sufficient QAQC data is still a risk and is taken into account during the resource classification.

# 15 Adjacent properties

Material relevant to this section is contained in the Technical Report referenced above.

# 16 Mineral processing and metallurgical testing

## 16.1 Extraction

*This summary of processing and metallurgical testing has been extracted from the TRA 'pre-feasibility' report. Note that this report is material to this technical report but in the authors opinion the study does not meet the requirements to define Mineral Reserves as defined under CIM guidelines, primarily due to the inability to report Mineral Resources as discussed in this report.*

## 16.2 Open pit ore

*Samples from 25 RC drillholes and four diamond drillholes (32 m of HQ core) have been used to characterise the metallurgical extraction of gold from the Selinsing deposit above the 380 mRL. Testing has included:*

- *gravity recovery and cyanide leach recovery of gold*
- *oxygen addition to improve leach kinetics*
- *cyanide destruction of probable plant effluent*
- *slurry viscosity measurements*
- *thickening of leach plant tailings*
- *fine grinding characteristics of lump ore from the open cut*
- *fine grinding characteristics of diamond drill core*

*The grinding test showed that Mill Work Indexes for diamond drill core, taken from 60 to 100 m depth, are approximately 50% higher than the indexes estimated from lump ore samples collected from the surface of the existing open cut mine. A Ball Mill Work Index of 17 kWh/t has been identified as the upper range for power consumption and this value is based on testing of fresh rock diamond core samples. The lower range power consumption is a Work Index of 12 kWh/t, which was estimated for open pit samples. The Ball Mill is equipped with a 1000 kW drive. The Ball Mill and SAG Mill drive motors are understood to be interchangeable, thus it is possible to install the 1200 kW SAG Mill drive to the Ball Mill. The alternative drive motor capacities are summarised in Table 16.1.*

Table 16.1 Ball mill capacity calculations

| Ore Type | Ball Mill Work Index whirs/t | Ball Mill Drive kW | Mill Through put tph | Annual Mill Utilisation hours | Annual Capacity tonnes |
|---|---|---|---|---|---|
| Open pit Oxide | 12 | 1,000 | 83 | 7,896 (90%) | 655,000 |
| Open pit fresh | 17 | 1,000 | 58 | 7,896 (90%) | 458,000 |
| Tailings | 12 | 1,000 | 83 | 7,896 (90%) | 655,000 |
| Open pit oxide | 12 | 1,200 | 100 | 7,896 (90%) | 789,000 |
| Open pit fresh | 17 | 1,200 | 70 | 7,896 (90%) | 552,000 |
| Tailings | 12 | 1,200 | 100 | 7,896 (90%) | 789,000 |

*The gravity recovery and leaching test was completed on two suites of samples. The first suite of samples, gathered from eight RC holes, produced very good recoveries for 75% of the holes tested when applying a nominal grind of 80% passing minus 106 microns. Gravity gold recovery results ranged from 14% recovery for the 25% of holes which showed poor overall recoveries, and 42%*

*recovery for the 75% of holes which showed good overall good recovery. The leach recoveries for a 24-hour residence time of gravity plant tailings averaged 58% recovery for the poor-recovery samples and 87% recovery from the good-recovery samples. For a 48 hour leach time, recoveries averaged 61% and 94% respectively. Overall recoveries averaged 67% and 96% respectively.*

*The leach kinetics were relatively slow with an improvement of about 7% in leach recovery attributed to the additional 24 hours of leach time. The conclusion from this testing was that the potential for fine gold not liberated from within sulphides could be adversely affecting recoveries. Further testing on these samples applying a finer grind, gravity concentration and cyanide leaching with the addition of oxygen, and evaluation of a whole ore sulphide flotation showed that overall recoveries could be improved for the poorer samples to between 75% and 80% using a gravity/leach/oxygen assist route. The more complex sulphide flotation, fine regrind of the sulphide concentrate followed by cyanide leaching of the flotation concentrate returned in excess of 90% recovery.*

*The second suite of samples was collected from 17 RC holes and these samples were tested at a grind of 80% passing 75 microns. These samples were collected from within the main zone of mineralisation between 1800 mN and 2200 mN. Testing also included some follow up testing on methods of oxygen addition to the slurry. The finer grind was expected to improve gold liberation. The average total gold recovery for second suite of samples was 92% and this result is favourably comparable with the first set of tests. Some samples still showed poorer overall recoveries in the range 60-75% but these samples represented material north of the main target zone of mineralisation.*

*As discussed previously, fine gold associated within sulphides was considered as one possible explanation for these poorer recoveries. However, there were also indications that there were possible deficiencies in the gravity recovery testing whereby coarser gold particles (which dissolve more slowly) were allowed to pass through to the leach testing. This deficiency could be due to the inefficiencies of the Knelson concentrator used for the gravity recovery testing. The problem here is that the gravity recovery may appear poorer than reality and as the coarse gold particles dissolve more slowly, these grains biased the leach time dissolution results. The spatial distribution of gravity recovery, 48-hour leach recovery, total recovery and total sulphur for all RC samples are illustrated in Figure 16.1, Figure 16.2 and Figure 16.3 where the recovery values are presented on a bubble chart showing the percentage recovery and sample location.*

Figure 16.1 Gravity gold recovery all RC samples (from TRA)

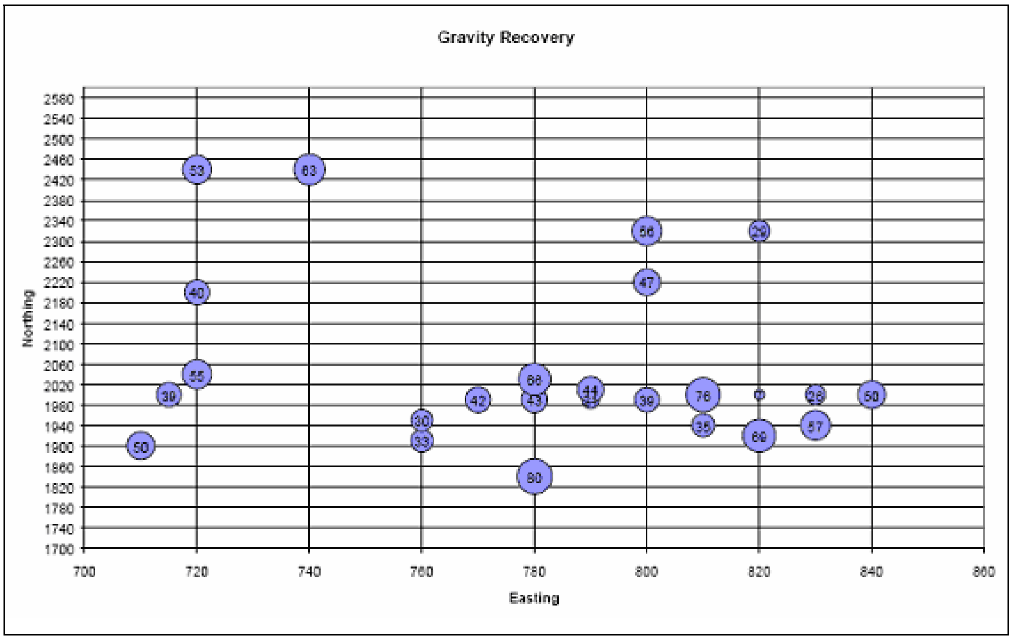


Figure 16.2 Leach recovery (48-hrs) for all RC samples (from TRA)

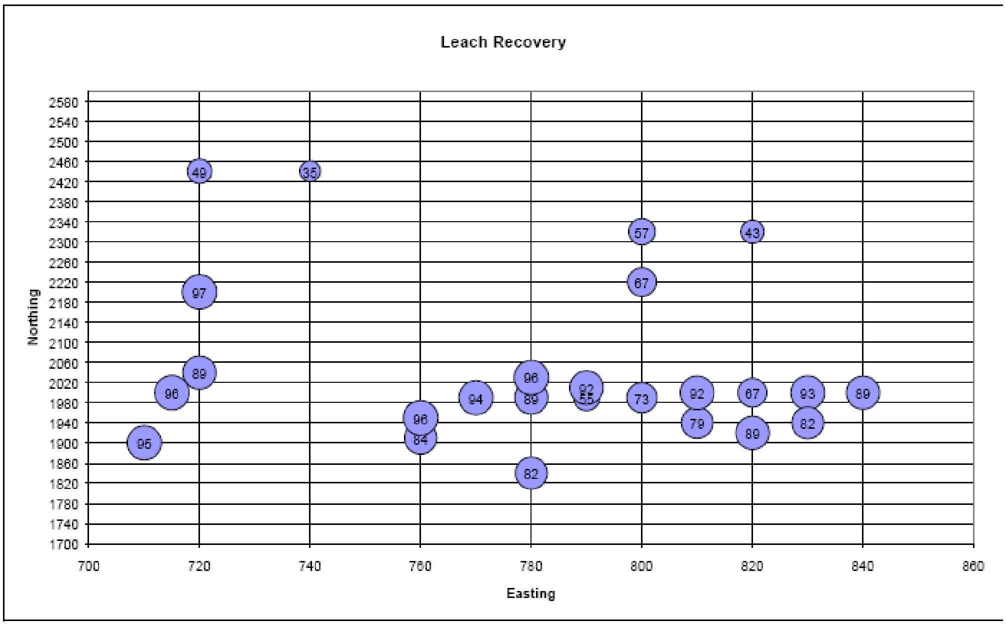
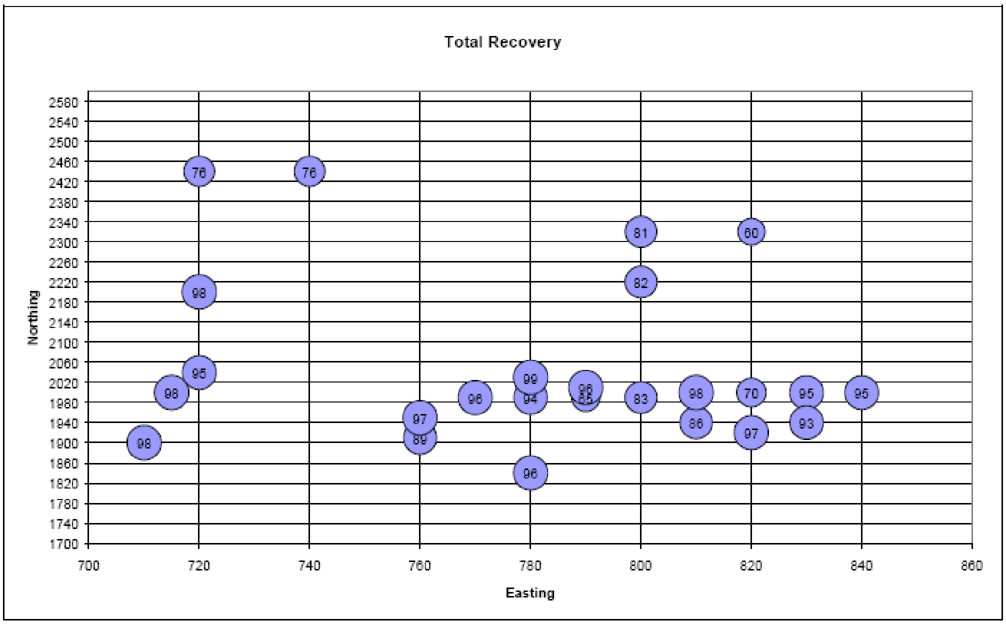


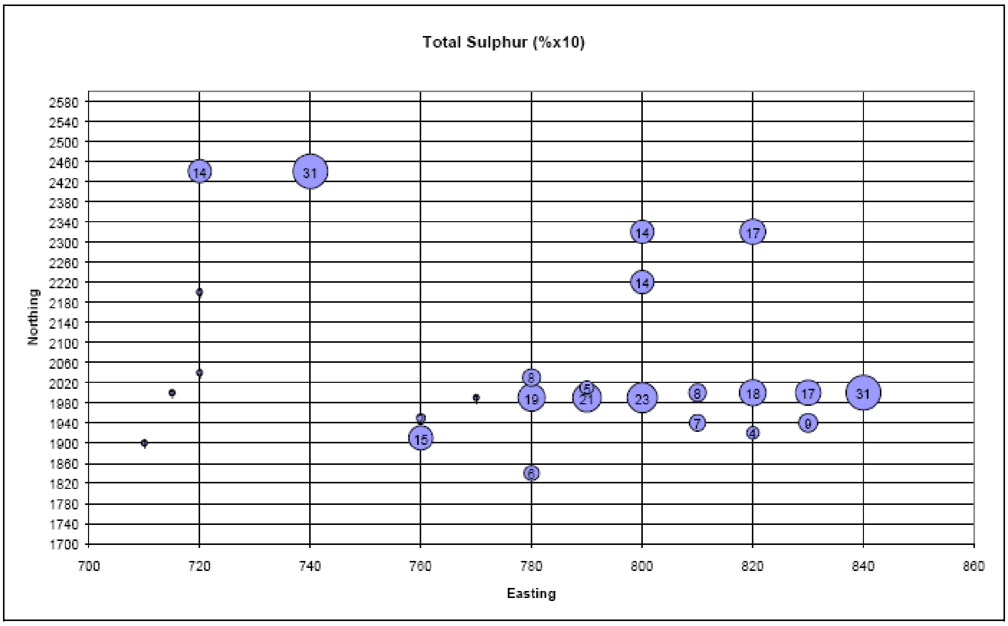

Figure 16.3 Total gold recovery for all RC samples (from TRA)




*In summary, the areas of lower overall recovery are substantially outside the main target zone of mineralisation (nominally between 1800 mN and 2200 mN) and whilst the lower recovery results are still inadequately explained, the results do not materially affect the project economics. There are several lower total recovery results (Figure 16.2) within the main zone of mineralisation (65%, 70%) which require some follow up testing.*

*There are no clear trends in spatial distribution of gravity gold recovery and there does not appear to be any relationship between the presence or absence of sulphides and the degree of gravity recovery and leach recovery. The very low total sulphur concentrations in the metallurgical test samples collected around 720 mE reflects primarily oxide samples from Bukit Selinsing (Figure 16.4).*

Figure 16.4 Sulphur concentrations for all RC samples




*The only factor that appears to be consistent from the testing of all samples is that for open pit ore, gold recovery is maximised by a 48-hour leach time combined with a fine grind (minus 75 microns). This conclusion has significant implications for the leach tank capacity required to achieve the residence time.*

*Testing to evaluate slurry rheology completed by AMMTEC did not identify any aspects of the slurry which were likely to make it difficult to agitate.*

*Thickening testing of ore slurries by Superflo Technologies identified the key physical parameters for thickening of the slurry after gravity treatment in order to minimise the required leach tank volumes for the leach section of the plant.*

# 17 Mineral Resource and Mineral Reserve Estimates

## 17.1 General

The estimation of Selinsing resources was undertaken by Snowden's Independent Qualified Person Mr. Michael Andrew. Mineral Resources were estimated in accordance with CIM Definitions for Standards of Mineral Resources and Reserves (CIM 2004). Best practice in estimation was also followed

Data was supplied to Snowden by Moncoa geological staff.

Three dimensional (3D) modelling methods and parameters were used in accordance with best Canadian practices. Datamine mining software was used for establishing the 3D block model and subsequent grade estimates. A geological volume model was provided by Moncoa geological staff, derived from the drillhole logs and geological interpretations. Statistical and grade continuity analyses were completed in order to characterize the mineralisation, and were subsequently used to develop grade interpolation parameters. The shear zone between the hangingwall and footwall contacts was the only domain estimated.

MIK was used to estimate gold block grades. A hyperbolic function was applied to the top end of the distribution to limit the impact of grade outliers.

.A mineral resource classification scheme consistent with the logic of CIM guidelines (2004) was applied. The estimates have been categorised as Indicated and Inferred mineral resources and have been reported above a grade cut-off that is appropriate for a potentially bulk mineable deposit. The reporting of mineral resources at Selinsing implies a judgment by the author that the deposit has reasonable prospects for economic extraction, insofar as technical and economic assumptions are concerned. The use of the term "Mineral Resource" makes no assumption of legal, environmental, socio-economic and governmental factors.

No Measured Resources or Mineral Reserves have been estimated at this stage. Infill drilling will be required to advance the geological confidence to a level required for the Measured classification category. Additional studies will be required to finalise technical, economic, legal, environmental, socio-economic and governmental factors. These modifying factors are normally included in a mining feasibility study and are a pre-requisite for conversion of resources to, and reporting of, Mineral Reserves. The CIM Standards describe completion of a Preliminary Feasibility Study as the minimum prerequisite for the conversion of Mineral Resources to Mineral Reserves (CIM 2004).

## 17.2 Database

Moncoa supplied Snowden with four digital files comprising assays, lithology records, collar surveys, and downhole surveys representing the drillhole database.

Other data provided by Moncoa included topographic survey data, density measurements and an oxide/sulphide wireframe surface.

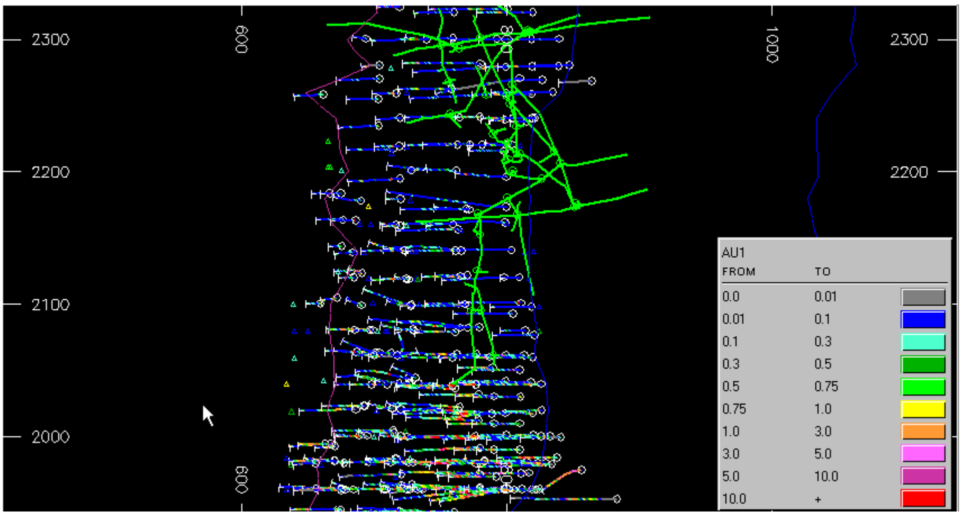
Snowden has assumed that the database as supplied by Moncoa has good data integrity, and has performed only preliminary validation checks to ensure data veracity. These validation checks uncovered minor errors which were communicated to Moncoa and subsequently corrected in the database supplied to Snowden.

## 17.3 Geological interpretation

The digital geological interpretation was provided by Moncoa geological staff. The wireframe interpretation was completed using information from surface mapping and sampling in combination with drillhole data, according to the mineralisation described in Section 9.

Snowden has not made any allowance for historic underground workings in the interpretation. The known extent of the workings does not reach high grade area of the resource (centred on 2000 mN) and as such Snowden does not think it will have a significant impact on the reported resource. Figure 17.1 is a plan view of the known underground workings (bright green) plotted with the drill database, showing the high grade part of the resource centred on 2000 mN.

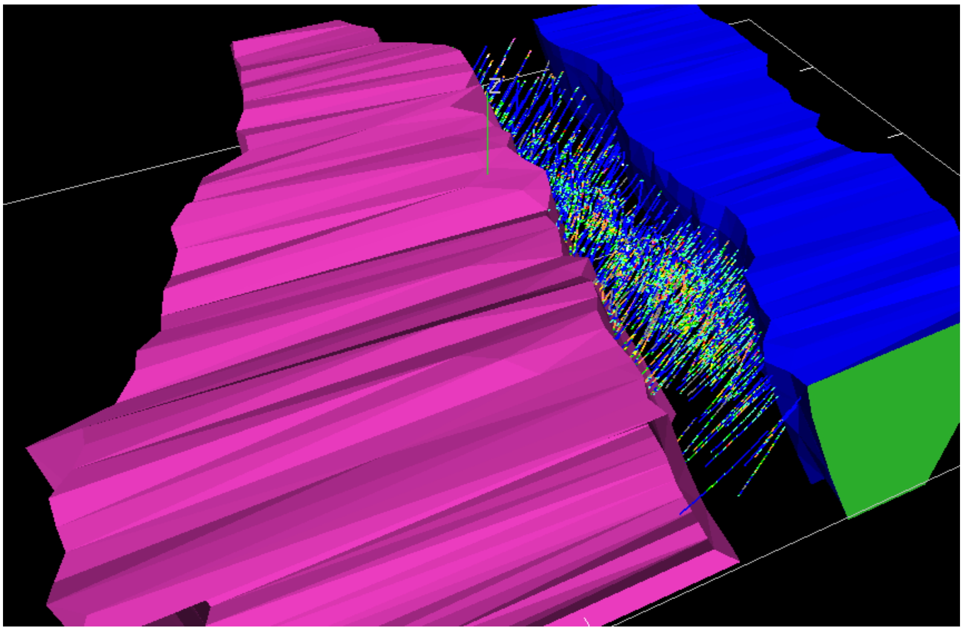
Figure 17.1 Plan view of known underground workings




Moncoa supplied Snowden with an interpretation which Snowden generated a wireframe model of the Hanging Wall (blue) and Foot Wall (mauve) (Figure 17.2), defining the shear mineralisation between the two contacts. The shear zone was left unconstrained, as a hard boundary interpretation of the lodes was not though to be appropriate to capture the mineralisation adequately. The estimate can be considered to be fully diluted.

Snowden judges that the potential exists for the mineralisation to exist in more discreet, which would result in a reduction in tonnes and an increase in grade at the reported cut-off, although the contained ounces would remain approximately the same. Snowden believes that once production starts at Selinsing this issue can be resolved by reconciliation and geological monitoring of production

Figure 17.2 Hanging Wall (blue) and Foot Wall (mauve) wireframes oblique view



## 17.4 Compositing

Snowden elected to composite the data on two metre downhole intervals in order to preserve the variability in the sampling. Composites were generated downhole from hole collars, honouring the wireframe boundaries (Figure 17.2).

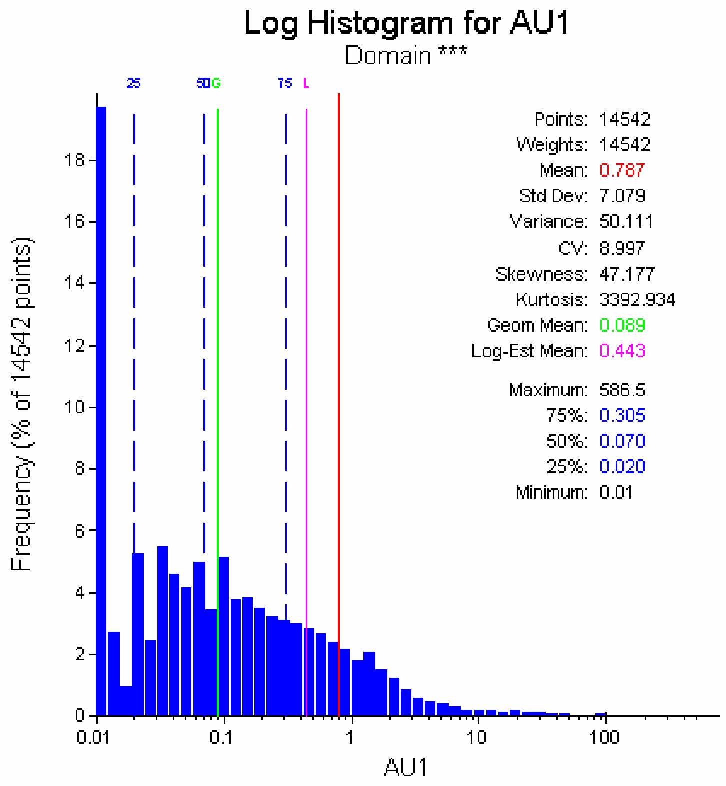
## 17.5 Domained composite statistics

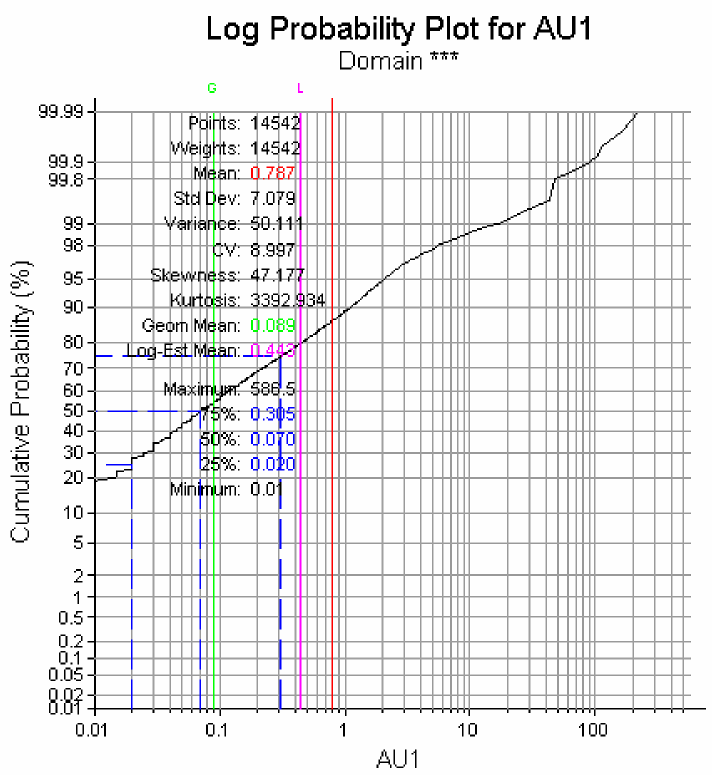
Table 17.1 summarises composite statistics for Au in the shear zone. Log histograms and log probability plots showing the Au distributions are presented in Figure 17.3.

Table 17.1 Composite Statistics Au g/t

| Statistics | | Shear Zone |
|---|---|---|
| Samples | | 14,542 |
| Minimum | | 0.01 |
| Maximum | | 586.5 |
| Mean | | 0.79 |
| St Dev | | 7.08 |
| CV | | 9.00 |
| Variance | | 50.11 |
| Skewness | | 47.18 |
| Percentile and grade at percentile | 10% | 0.01 |
| | 20% | 0.01 |
| | 30% | 0.03 |
| | 40% | 0.04 |
| | 50% | 0.07 |
| | 60% | 0.12 |
| | 70% | 0.22 |
| | 80% | 0.44 |
| | 90% | 1.08 |
| | 95% | 2.00 |
| | 97.5% | 3.87 |
| | 99% | 11.32 |

Figure 17.3 Log Histogram and Probability Plots



## 17.6 Findings from statistical analysis of domained composites

The grade variability was considered to be too high for a technique such as ordinary kriging with grade capping. MIK (which is much more suited to extremely skewed distributions) was used to restrict the influence of high grade outliers during grade interpolation.

## 17.7 Block model setup

A 3D geology block model was coded using Datamine mining software from the geology wireframes. Blocks were sub-celled to accurately fill and capture the volume of geology wireframes. Table 17.2 summarises the block model parameters.

Table 17.2 Block model parameters

| **Model Name** | **rikselbm.dm** | | |
|---|---|---|---|
| **Dimensions** | **X** | **Y** | **Z** |
| Parent Cell | 2.5 | 5 | 2.5 |
| Sub block | 1.25 | 2.5 | 1.25 |
| Model origin | 400 | 1775 | 200 |
| Total parent cells | 260 | 145 | 150 |
| Parent discretisation | 1 | 1 | 1 |
| Estimated attributes | **Attribute** | **Unit** | **Explanation** |
| | AU1 | g/t | MIK estimate |
| | RELERR | | Relative estimation error |
| | NUMSAM | | Number of samples used in estimation |
| Assigned attributes | OXID | 10=Oxide, 100=Primary | |
| | RESCAT | 2-Indicated, 3-Inferred | |
| | DENSITY | Oxide waste 2.18 t/m$^3$, Oxide mineralised 2.53 t/m$^3$<br>Primary waste 2.58 t/m$^3$, Primary mineralised 2.7 t/m$^3$ | |

## 17.8 Continuity analysis

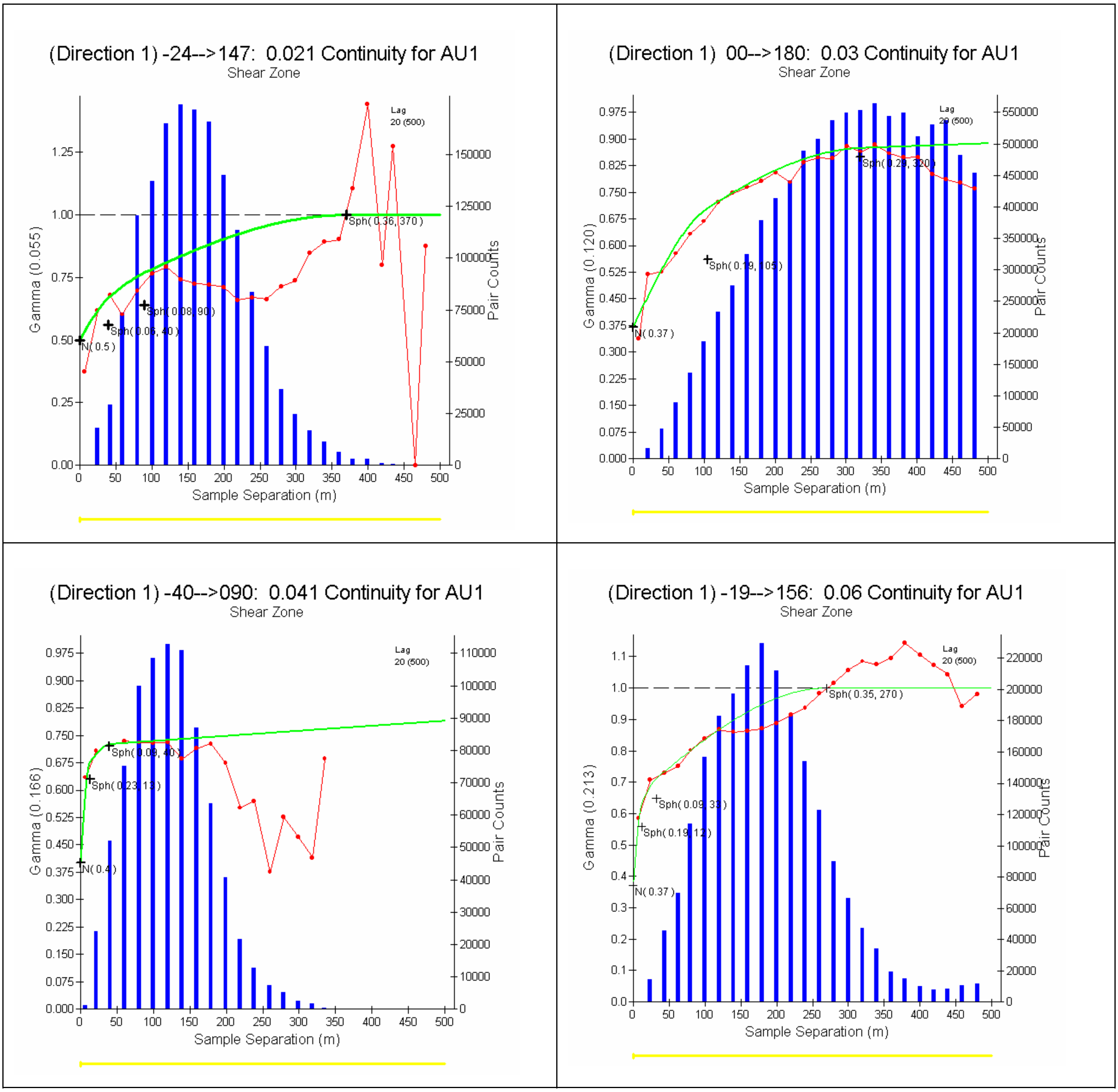
Snowden generated and modelled semivariograms for 12 percentiles. The percentiles were based on the declustered statistics of the data. The nugget effect was interpreted from the downhole semivariogram. The modelled semivariograms for the primary direction of continuity are presented in Figure 17.4 and the modelled parameters tabulated in

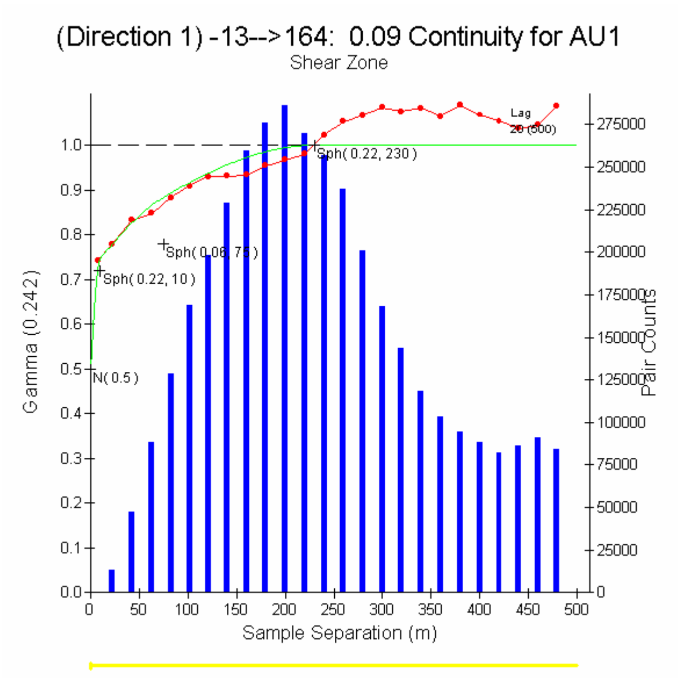
Table 17.3.

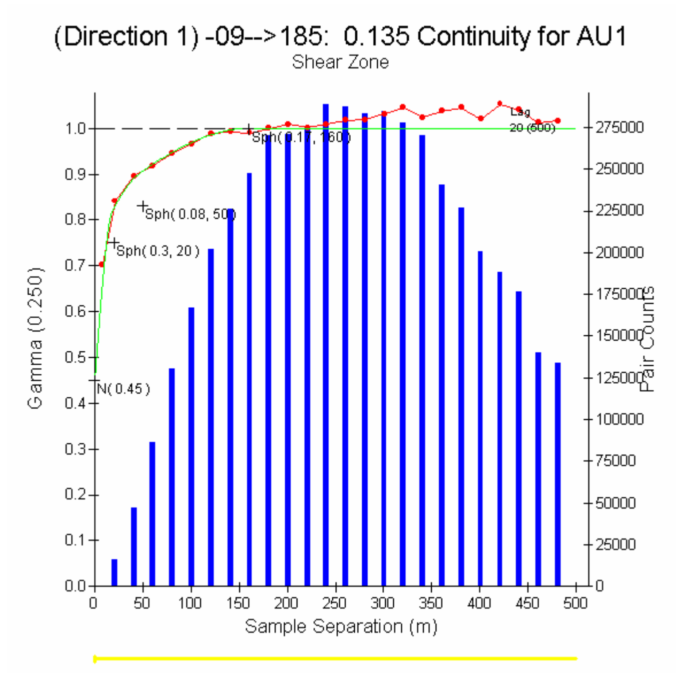
The semivariogram models in Figure 17.4 show that:

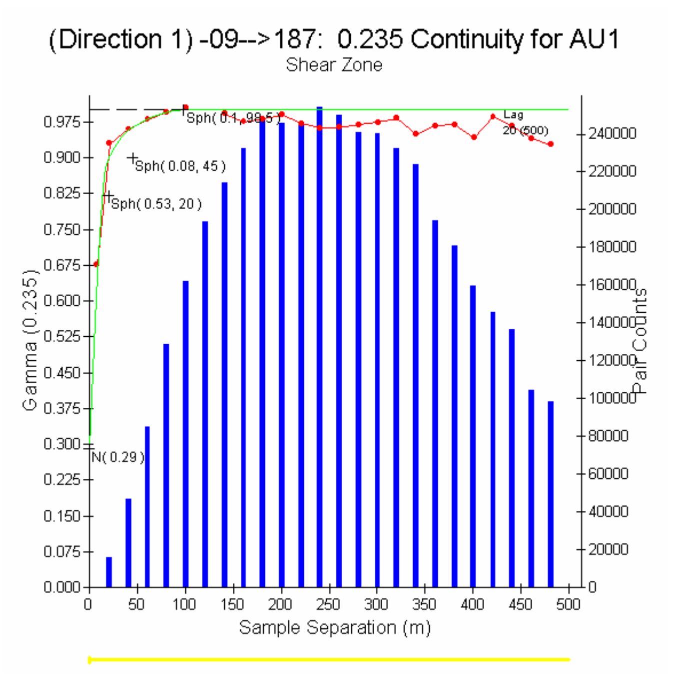
- mineralisation plunges to the south
- nuggets (as a proportion of standardised unit semivariance) range from 0.29 (70$^{th}$ percentile) to 0.6 (99$^{th}$ percentile)
- continuity is anisotropic
- some rotational anisotropy was noted with the dip of the mineralisation steepening as the percentile increased.

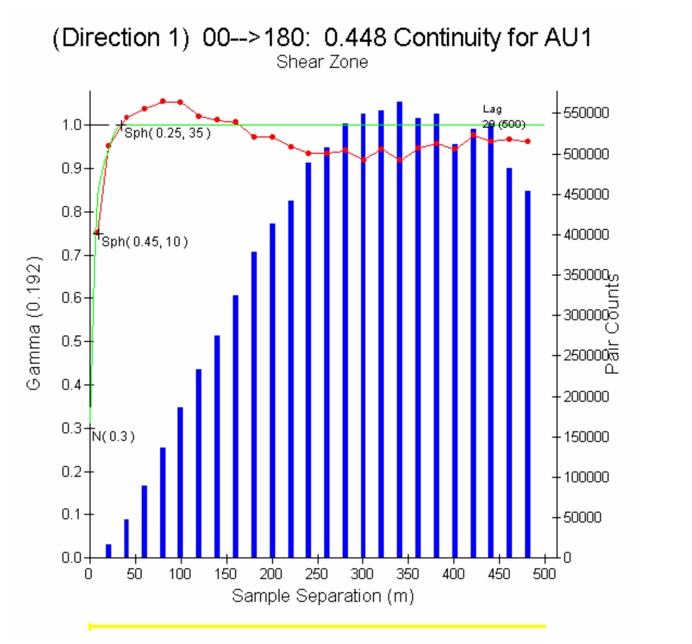
Figure 17.4 Semivariogram Models –Au Primary direction of continuity

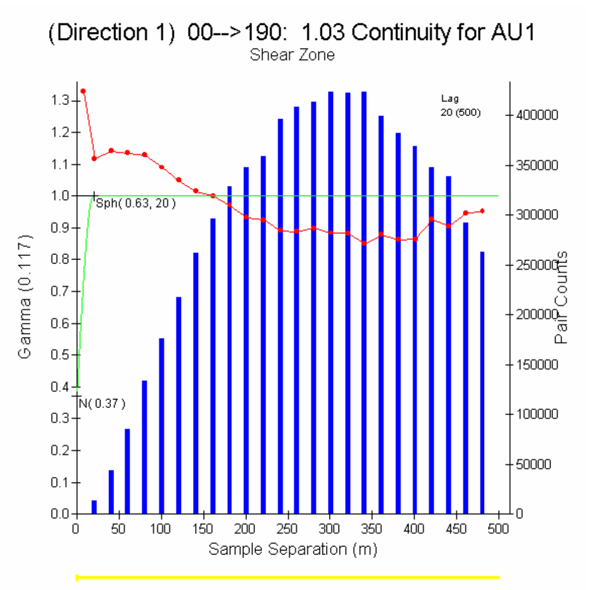


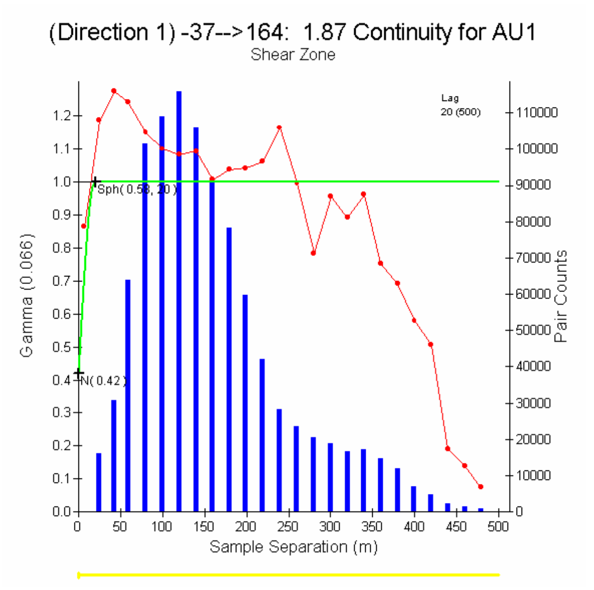

(Direction 1) -13-->164: 0.09 Continuity for AU1
Shear Zone
Gamma (0.242)
Pair Counts
Sample Separation (m)
N(0.5)

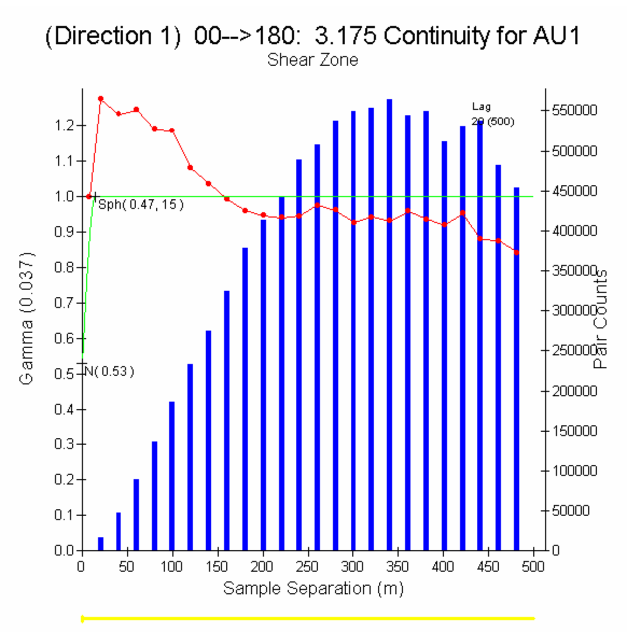

(Direction 1) -09-->185: 0.135 Continuity for AU1
Shear Zone
Gamma (0.250)
Pair Counts
Sample Separation (m)
N(0.45)


(Direction 1) -09-->187: 0.235 Continuity for AU1
Shear Zone
Gamma (0.235)
Pair Counts
Sample Separation (m)
N(0.29)


(Direction 1) 00-->180: 0.448 Continuity for AU1
Shear Zone
Gamma (0.192)
Pair Counts
Sample Separation (m)
N(0.3)


(Direction 1) 00-->190: 1.03 Continuity for AU1
Shear Zone
Lag
20 (500)
Sph( 0.63, 20 )
N( 0.37 )
Gamma (0.117)
Pair Counts
Sample Separation (m)


(Direction 1) -37-->164: 1.87 Continuity for AU1
Shear Zone
Lag
20 (500)
N( 0.42 )
Gamma (0.066)
Pair Counts
Sample Separation (m)


(Direction 1) 00-->180: 3.175 Continuity for AU1
Shear Zone
Lag
20 (500)
Sph( 0.47, 15 )
N( 0.53 )
Gamma (0.037)
Pair Counts
Sample Separation (m)

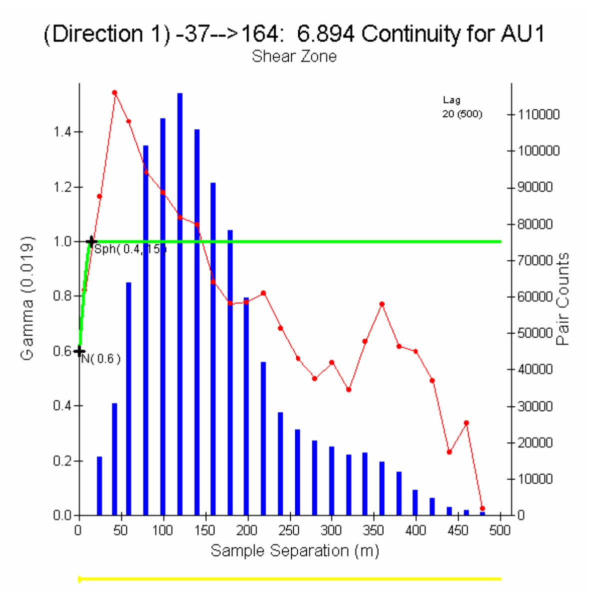

(Direction 1) -37-->164: 6.894 Continuity for AU1
Shear Zone
Lag
20 (500)
N( 0.6 )
Gamma (0.019)
Pair Counts
Sample Separation (m)

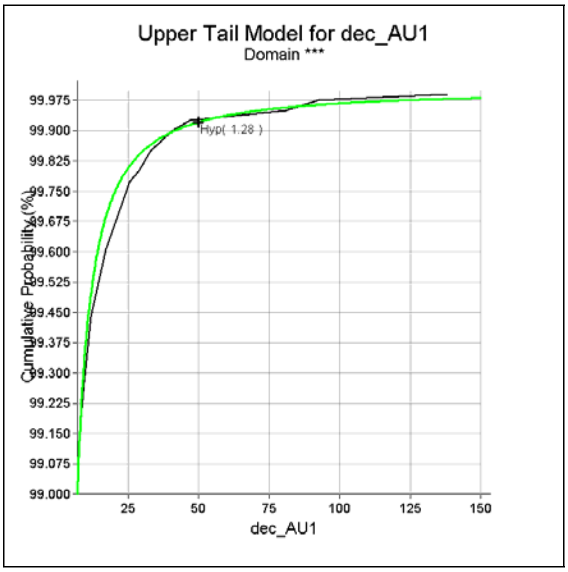
Table 17.3 Semivariogram Model Parameters - Au

| Percentile & grade Au g/t | Direction | Orientation | Nugget $C_0$ | Structure 1 | | Structure 2 | | Structure 3 | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Sill $C_1$ | Range $A_1$ | Sill $C_2$ | Range $A_2$ | Sill $C_3$ | Range $A_3$ |
| 10 | 1 | 24-->327 | | | 40 | | 90 | | 370 |
| 0.02 | 2 | -29-->042 | 0.5 | 0.06 | 150 | 0.08 | 200 | 0.36 | 200 |
| | 3 | -50-->270 | | | 15 | | 25 | | 55 |
| 20 | 1 | 00-->000 | | | 105 | | 320 | | 3000 |
| 0.03 | 2 | -40-->090 | 0.37 | 0.19 | 70 | 0.29 | 3000 | 0.15 | 5000 |
| | 3 | -50-->270 | | | 25 | | 90 | | 90 |
| 30 | 1 | -40-->090 | | | 13 | | 40 | | 3000 |
| 0.041 | 2 | 00-->000 | 0.4 | 0.23 | 15 | 0.09 | 105 | 0.28 | 165 |
| | 3 | -50-->270 | | | 10 | | 55 | | 65 |
| 40 | 1 | 19-->336 | | | 12 | | 33 | | 270 |
| 0.06 | 2 | -34-->053 | 0.37 | 0.19 | 10 | 0.09 | 50 | 0.35 | 270 |
| | 3 | -50-->270 | | | 9 | | 32 | | 78 |
| 50 | 1 | 13-->344 | | | 10 | | 75 | | 230 |
| 0.09 | 2 | -37-->065 | 0.5 | 0.22 | 10 | 0.06 | 65 | 0.22 | 280 |
| | 3 | -50-->270 | | | 15 | | 35 | | 80 |
| 60 | 1 | 09-->005 | | | 20 | | 50 | | 160 |
| 0.135 | 2 | -59-->081 | 0.45 | 0.3 | 15 | 0.08 | 40 | 0.17 | 75 |
| | 3 | -30-->280 | | | 20 | | 20 | | 60 |
| 70 | 1 | 09-->007 | | | 20 | | 45 | | 98.5 |
| 0.235 | 2 | -68-->073 | 0.29 | 0.53 | 10 | 0.08 | 25 | 0.1 | 40 |
| | 3 | -20-->280 | | | 10 | | 12.5 | | 20 |
| 80 | 1 | 00-->000 | | | 10 | | 35 | | |
| 0.448 | 2 | -70-->090 | 0.3 | 0.45 | 10 | 0.25 | 20 | | |
| | 3 | -20-->270 | | | 10 | | 10 | | |
| 90 | 1 | 00-->010 | | | 20 | | | | |
| 1.03 | 2 | -70-->100 | 0.37 | 0.63 | 10 | | | | |
| | 3 | -20-->280 | | | 5 | | | | |
| 95 | 1 | 37-->344 | | | 20 | | | | |
| 1.87 | 2 | -46-->022 | 0.42 | 0.58 | 20 | | | | |
| | 3 | -20-->270 | | | 10 | | | | |
| 97.5 | 1 | 00-->000 | | | 15 | | | | |
| 3.175 | 2 | -70-->090 | 0.53 | 0.47 | 20 | | | | |
| | 3 | -20-->270 | | | 10 | | | | |
| 99 | 1 | 37-->344 | | | 15 | | | | |
| 6.894 | 2 | -46-->022 | 0.6 | 0.4 | 10 | | | | |
| | 3 | -20-->270 | | | 5 | | | | |

## 17.9 Upper tail modelling

The upper tail of the distribution was modelled using a hyperbolic function to restrict the influence of high grade outliers on the estimate. A hyperbolic parameter of 1.28 was modelled and this was used in the estimation (Figure 17.5).

Figure 17.5 Upper tail model




## 17.10 Declustering analysis

Declustering of the composite data is required to provide accurate grades for model comparison and validation purposes. Snowden computed multiple declustered means over a range of cell sizes. For each domain a declustering cell size was selected and used to generate declustering weights for each composite. Table 17.4 compares the declustered means with the clustered means for Au. The declustered mean was less than the clustered mean grade and more accurately reflects the actual mean grade of the domain.

Table 17.4 Declustered statistics – Au g/t

| Au Clustered mean (g/t) | Au declustered mean (g/t) | Percentage difference |
|---|---|---|
| 0.79 | 0.58 | 27% |

## 17.11 Estimation parameters

Snowden created an MIK estimate in Datamine and undertook post processing of the result with the GSLIB programme POSTIK. E-type estimates were generated, and as the block size approximates the anticipated SMU, no change of support was modelled.

### 17.11.1 Kriging Neighbourhood Analysis (KNA)

A KNA study was undertaken in order to assist in selecting block and estimation parameters that minimize conditional bias. In selecting the following model and estimation parameters Snowden was guided by the KNA results, the domain geometry and previous model assumptions. The parameters selected as a result of the KNA are:

- an estimation block size of 2.5 mE by 5 mN by 2.5 mRL
- a maximum of 40 samples used to estimate a block
- a minimum of 10 samples used to estimate a block

## 17.12 Grade models

Au grade block models were generated using MIK as discussed above, and the estimation parameters outlined in Section 17.11.

Block grades were estimated in one pass using search ellipse radii equal to the maximum range of the semivariogram defined for the median indicator. Parent cell estimation (ie. no estimation into subcells) was used and blocks uninformed by the estimate due to sample number constraints remained that way.

## 17.13 Density

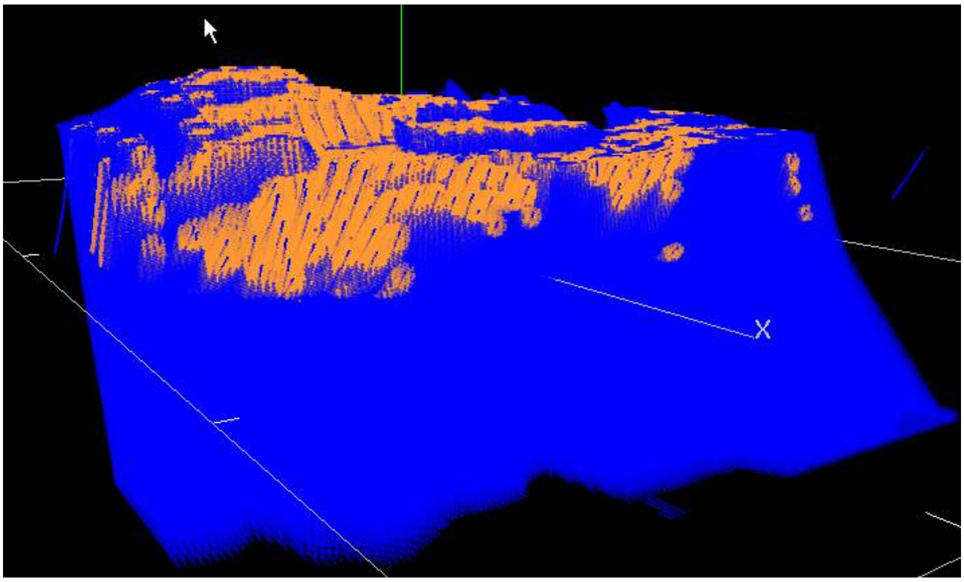
Density values were applied at 2.18 and 2.58 t/m$^3$ for unmineralised and mineralised oxide material, respectively and 2.68 and 2.7 t/m$^3$ for unmineralised and mineralised sulphide material, respectively, based upon the supplied oxidation wireframe.

## 17.14 Classification

Snowden classified resource blocks as either Indicated or Inferred based on a combination of the number of samples used to inform the block and the kriging variance of the estimate for each block.

Figure 17.6 shows an oblique view of the model colour-coded by resource class. It can be seen that (as would be expected) the Indicated resource (orange) is focused around the drillholes and the Inferred resources (blue) are peripheral to the drilling. Below 400 mRL all material was flagged as Inferred.

Figure 17.6 Classified model –oblique view




## 17.15 Model validation

Snowden used the following methods to validate the block grade estimates:

- global mean comparison of declustered mean composite grades and tonnage-weighted block mean grades
- visual inspection of the model against the input composites
- plots of mean input and block grades on a series of sections and plans throughout the deposit.

Table 17.5 shows a global comparison between the declustered composites and block means (for the entire resource and just for the Indicated blocks) by domain.

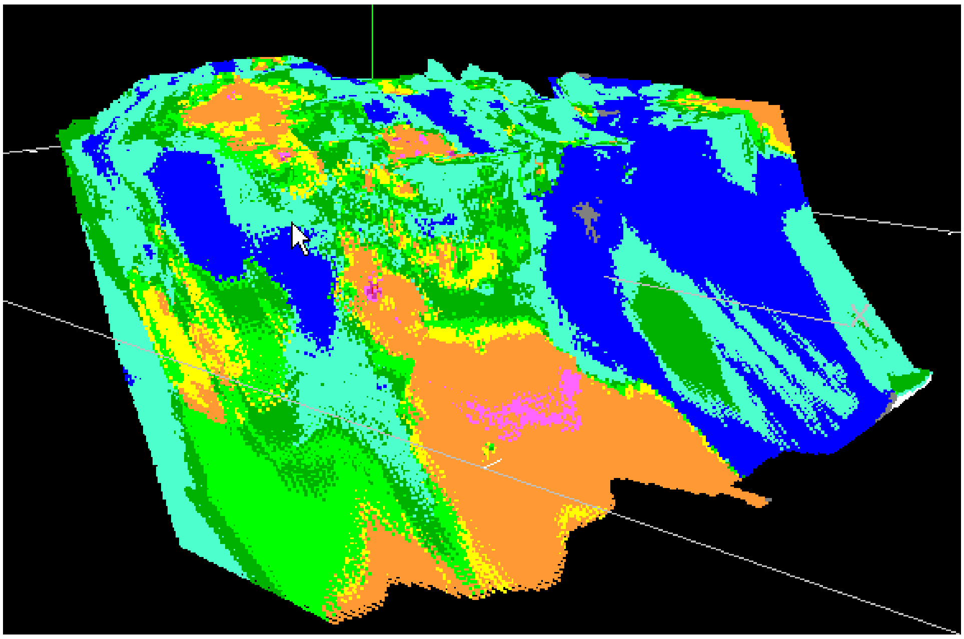
Table 17.5 Global mean comparison – Au g/t

| Declustered Composite | Block Global | Block Indicated |
|---|---|---|
| 0.58 | 0.36 | 0.55 |

The global mean comparisons show that the global block mean is significantly lower than the declustered composite mean. When only the Indicated blocks are examined the block mean is only slightly lower than the declustered composite mean.

Visual inspection of block and composite grades on plans and sections showed good correlation between the input data and output values. No obvious discrepancies were noted. Figure 17.7 is an oblique view of the estimate showing the southerly plunging mineralisation controls. Higher grades are warm colours, lower grades are represented by cooler colours

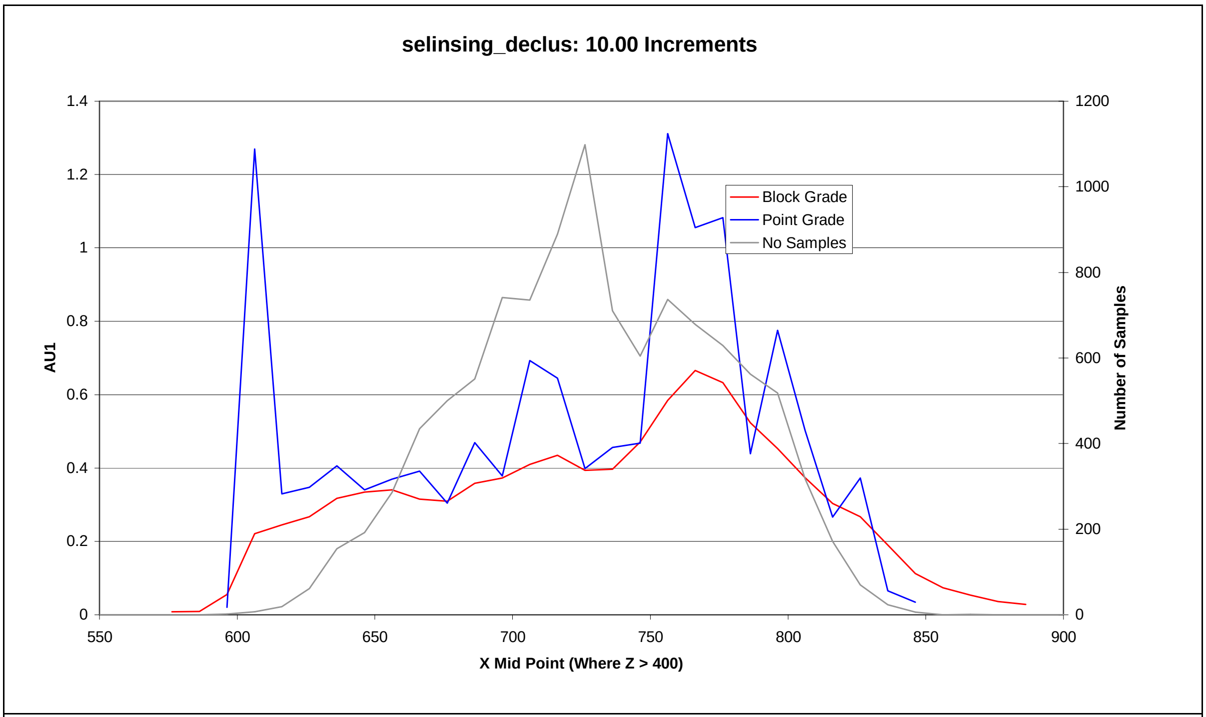
Figure 17.7 Oblique vioew -Au block grades

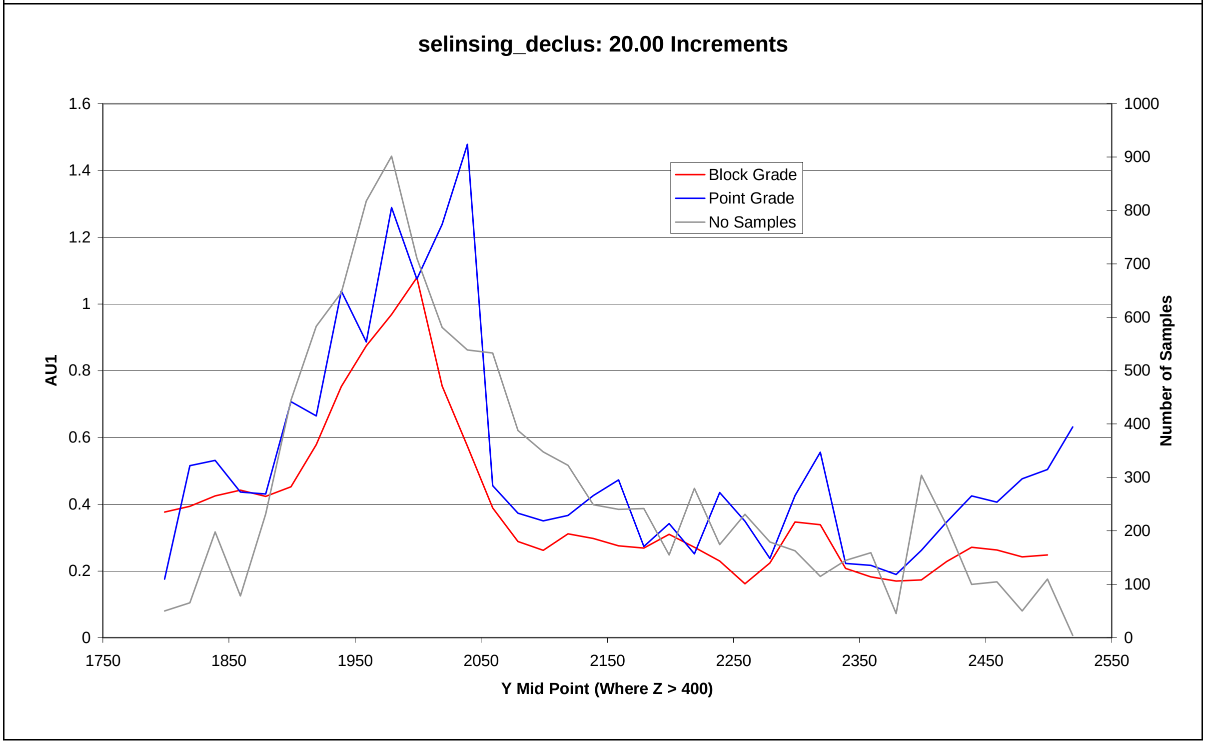


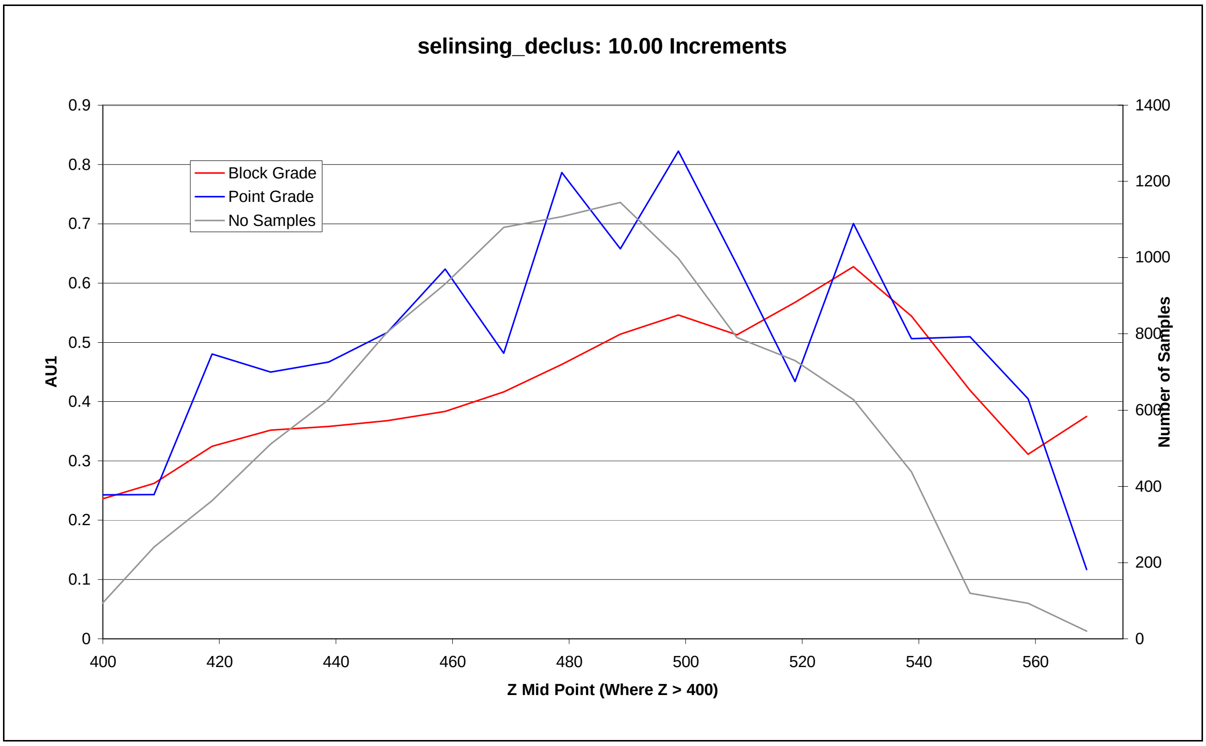
To test the local estimation accuracy, Snowden created validation plots of input-output mean grades for each zone. These plots consist of 10 m, 20 m and 10 m slices generated through the deposit along easting, northing and elevation directions respectively. For each slice the mean declustered grade of the samples (blue trace) is compared to the tonnage weighted mean grade of the blocks (red trace) and the number of samples (grey trace).

Figure 17.8 shows the Au estimate validation plots for material above 400 mRL.

Figure 17.8 Validation plots (>400 mRL)






Relatively good correlation with input composite data is displayed. As shown in the northing plot there is a spike in the grade between 1900 mN and 2050 mN, where the bulk of the high grade mineralisation occurs. Portions of the graphs where the block grades deviate from the composite grades are generally associated with areas of low data, as expected.

## 17.16 Resource report

A Mineral Resource classification scheme consistent with CIM guidelines (CIM 2004) was applied. The estimates have been categorised as Indicated and Inferred mineral resources and have been reported above a grade cut-off that is appropriate for a potentially bulk mineable deposit.

At a cut-off grade of 0.75 g/t Au the currently defined Selinsing Indicated Mineral Resource is 3.63 million tonnes grading 1.76 Au for a total of 205,000 ounces of Au. At the same Au block cut-off grade, the currently defined Inferred Mineral Resource is 7.7 million tonnes grading 1.34 g/t Au for a total of 332,000 ounces of Au.

## 17.17 Cut-off determination

Snowden has elected to use a 0.75 reporting cut-off. Snowden considers the cut-off grade at which the resource will be reported at in the future will change to reflect the results of studies into the economic extraction of the Selinsing resource.

Table 17.6 Selinsing Classified Mineral Resource,as at August 2006

| Cut-off (Au g/t) | Classification | Oxidation | Tonnes (kt) | Grade (Au g/t) | Metal (kOzs) | Classification | Oxidation | Tonnes (kt) | Grade (Au g/t) | Metal (kOzs) |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.75 | | Oxide | 2,100 | 1.78 | 120 | | Oxide | 390 | 1.25 | 10 |
| 0.75 | Indicated | Sulphide | 1,530 | 1.72 | 85 | Inferred | Sulphide | 7,300 | 1.35 | 320 |
| 0.75 | | **Total** | **3,630** | **1.76** | **205** | | **Total** | **7,690** | **1.34** | **330** |

# 18 Other relevant data and information

Snowden is not aware of any other relevant data and information made available by Moncoa since the 2005 Technical Report.

# 19 Interpretation, conclusions and recommendations

The Selinsing Project is at an advanced stage of exploration and has been subject to core and RC drilling programs and surface sampling programs carried out under the supervision of Moncoa geological staff. The author is satisfied that the drill sample database and geological interpretations are sufficient to enable the estimation of Mineral Resources. Accepted estimation methods have been used to generate a 3D block model of gold values.

The estimates have been classified with respect to CIM Guidelines and the resources are Indicated and Inferred status, according to the geological confidence and sample spacings that currently define the deposit.

Should Moncoa elect to do so, the Selinsing Project Resource estimate can be used in a Scoping Study or Preliminary Feasibility study. Feasibility studies that require a component of Measured Resources will necessitate additional programs of infill drilling and/or closer spaced drilling in representative regions of the deposit.

Snowden believes that Moncoa should be able to increase the confidence and size of the Selinsing resource through additional drilling.

Moncoa has successfully completed the drill programme to validate the historic RC data and made the core and sample storage facility secure, recommendations from the referenced technical report. Moncoa has also secured the ownership of the MC1/124 lease

Moncoa has retained Snowden to complete optimisation and mine design studies of the reported resource estimate. Upon completion of the studies, which have commenced, Snowden will separately report reserves for the Selinsing Project.

The author offers the following recommendations:

- Moncoa should incorporate the recommendations made here and previously into its ongoing QA/QC programs.
- Moncoa to continue with the C$900,000 exploration drilling programme as detailed in the referenced technical report.
- Moncoa to implement a commercial database system for data storage as detailed in the referenced technical report.
- Moncoa should undertake a review of regional and near mine exploration targets as Snowden considers the area to be prospective for further discoveries. This programme has not been budgeted.

# 20 References

CIM, 2004. CIM Definition Standards on Mineral Resources and Mineral Reserves. Adopted by CIM Council November 14, 2004.

"Selinsing Gold Mining Project, Malaysia NI43-101 Technical Report" prepared in accordance with NI 43-101 by Michael C. Andrew MAusIMM, BSc. of Snowden Mining Industry Consultants Pty Ltd

# 21 Certificate of Author

Michael C Andrew, B Sc.
87 Colin St
West Perth 6000
WA, Australia
Tel: +61 8 94816690
Fax: +61 8 93222576
Email: mandrew@snowdengroup.com

I, Michael C Andrew, B.Sc., am a Professional Geoscientist employed as a Principal Consultant –Resource Evaluation by Snowden Mining Industry Consultants, 87 Colin Street, West Perth WA Australia.

I graduated with a Bachelor of Science degree in Geology from Australian National University, Canberra ACT, Australia. I completed a Postgraduate Certificate in Geostatistics from Edith Cowan University in 2005. I am a member of the AusIMM. I have worked as a geologist for a total of 22 years since graduating with my bachelor's degree.

I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements of a "qualified person" for the purposes of NI 43-101.

I am responsible for the preparation of the technical report entitled "Addendum to the Technical Report entitled Selinsing Gold Mining Project, Malaysia NI43-101 Technical Report". I have visited the site between the 4th and 7th of April 2006 and between the 13th and 16th June 2006.

I have had prior involvement with the property, having prepared the referenced technical report.

I am not aware of any material fact or material change with respect to the subject matter of this technical report that is not reflected in the report, the omission to disclose which makes this report misleading.

I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.

I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in accordance with that instrument and form.

Dated at Perth, WA, this 21st day of September, 2006.

Michael C Andrew, B.Sc

# 22 Consent of Qualified Person

Michael C Andrew, B Sc.
87 Colin St
West Perth 6000
WA, Australia
Tel: +61 8 94816690
Fax: +61 8 93222576
Email: mandrew@snowdengroup.com

TO: The securities regulatory authorities of each of the provinces and territories of Canada

I, Michael C Andrew, B Sc., do hereby consent to the filing of the report titled "Addendum to the Technical Report entitled Selinsing Gold Mining Project, Malaysia NI43-101 Technical Report", prepared for Moncoa Corporation. and dated September, 2006.

Dated at Perth, WA, this 21st day of September, 2006.

Michael C Andrew, BSc