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**Tittel**

Mineralresource estimation for the Nordli Molybdenum Deposit, Norway

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| Malm/metall | Mo |

**Sammendrag, innholdsfortegnelse eller innholdsbeskrivelse**

Rapporten er på engelsk og er utført på oppdrag for Crew Minerals ASA (før Crew omorganiserte til Intex Resources ASA).
Det gjøres en gjennomgang av basis data (lokalisering, historikk osv), videre går en gjennom geologien med vekt på forholdet til Oslo-feltet, på den prospektering som er gjort og kvaliteten på data, deretter gåtr en inn i de forskjellige geostatistiske metoder og benytter disse til å komme fram til et estimat på malmresursen.
Gjennom å benytte "Invers Distance Squared Weighting"-metoden kommer en fram til at en har en råstoffreserve på 210 mill tonn med 0,13 $MoS_2$ over en cut-off på 0,07 $MoS_2$.
Avslutningsvis uttrykker rapporten trygghet på at det er en rimelig mulighet for å oppnå en økonomisk drift, samtidig som det foreslås enkelte videre undersøkelser.

09/00084-1

# MINERAL RESOURCE ESTIMATION FOR THE NORDLI MOLYBDENUM DEPOSIT, NORWAY

Report Prepared for:

**Crew Minerals ASA**

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MAY 2007

SRK Version 06/01

# Mineral Resource Estimation for the Nordli Molybdenum Deposit, Norway

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MAY 2007

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# Executive Summary

The Nordli deposit is located approximately 90km north of Oslo, in the municipality of Hurdal. The municipality covers approximately 284 $km^2$ and has a resident population of 2,600 people. Figure 3.1 demonstrates the geographical location of the Nordli project area in relation to Oslo and Oslo Gardermoen International Airport.

The Nordli molybdenum deposit is located in the north of the Oslo Palaeorift, and is thought to be associated with the late batholith stage of the Palaeorift, which took place during the Late Carboniferous to the Early Triassic. The Nordli molybdenum deposit is classified as a batholith related epigenetic deposit, with a regional structural control on the mineralisation. The molybdenum mineralisation is associated with the emplacement of an alkali granitic intrusion, namely the Nordli Stock.

Surface mapping, geophysical surveys and approximately 14 km of drilling have defined a roughly cylindrical area of molybdenum mineralisation. The mineralisation is independent of lithological control, and as such has been modelled as a grade shell.

A Mineral Resource has been produced using the core drilling assays and an interpretation of the local geology. Inverse Distance Squared Weighting estimation was used to populate a block model of the Nordli deposit, and a check calculation was made using Ordinary Kriging with an omnidirectional variogram, which resulted in almost identical figures. An Inferred Mineral Resource of 210 Mt at 0.13% $MoS_2$ above a cut-off grade of 0.07% $MoS_2$ is reported in accordance with the guidelines set out by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). The details are shown in Table 1.

**Table 1. Nordli Mineral Resource Statement, 1st May 2007**

| | Inferred Mineral Resources | |
|---|---|---|
| Domain | Tonnes (Mt) | Grade ($MoS_2$ %) |
| **Nordli** | **210** | **0.13** |

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## Appendices


**Appendix 1 – West-East Cross Sections through the Nordli Deposit**

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# Mineral Resource Estimation for the Nordli Molybdenum Deposit, Norway

## 1 INTRODUCTION AND TERMS OF REFERENCE

SRK Consulting (UK) Ltd ("SRK") was requested by Crew Gold Ltd ("Crew") to produce an Independent Mineral Resource Estimate for the Nordli deposit, near Hurdal, in Norway. A geological model and a Mineral Resource Estimate were subsequently produced.

This report summarises the work carried out at Nordli by Crew and also describes the methodology employed by SRK to produce an independent Mineral Resource Estimate for the Nordli deposit.

### 1.1 Terms of Reference

The terms of reference (ToR) for the work were discussed and agreed by Steffen Schmidt of SRK and Jette Blomsterberg of Crew. The ToR required SRK to:

- Review the quality and quantity of data available for production of a Mineral Resource estimate.
- Produce appropriate geological models based on available geological drill logs, geological mapping results and assay results from drill samples.
- Carry out statistical and geostatistical modelling of the deposits in order to determine appropriate grade interpolation parameters.
- Produce a block resource model and apply appropriate classification categories to individual blocks.
- Report a Mineral Resource from the block model using the appropriate classification categories in line with standards set out by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).
- Undertake a desktop evaluation of principal economic factors for the exploitation of the deposit, in order to assure that the deposit has "reasonable prospects for eventual economic extraction".

## 1.2 Basis of the Resource Report

In summary, this resource report is based on:

- Inspection visits to the exploration facilities, surface structures, core storage facilities and associated infrastructure at the Nordli deposit from the 16th to the 19th of April 2007 by Dr Lucy Roberts;
- Access to key personnel at the Nordli site and the Crew office in the UK, for discussion and enquiry;
- A review of Crew's data collection procedures and protocols, including the methodologies applied by Crew in determining such assays and measurements that were subsequently used by SRK in the grade estimate; and
- A dataset provided by Crew containing drill hole information, sample grades, core logging and other geological information, and access to historical and current reports about the area.

Dr. Alwyn Annels, Associate Principal Mining Geologist, was SRK's internal reviewer.

## 1.3 General Background

Norway is in the western portion of Scandinavia, and is bordered by Sweden, Finland and Russia. Approximately 4.5 million people inhabit the country with an area of approximately 400,000 km$^2$. The capital and largest city is Oslo, with a population of approximately 600,000 people.

The official language is Norwegian, and the governmental system is a constitutional monarchy. The head of state in Norway is King Harald V, and the current elected Prime Minister is Jens Stoltenberg. The Norwegian parliament currently has 169 members, who are elected under a system of proportional representation. Norway is not a member of the European Union (EU), having voted twice (in 1972 and 1994) to remain outside the EU. However, Norway participates in the EU's single market via the European Economic Area agreement.

Norway possesses the second highest GDP per capita in the world, with a cost of living approximately 30% higher than the USA and 25% higher than the UK. The economic activity within Norway is mixed, with a high proportion of the revenue sourced from natural resources such as petroleum, hydropower, fishing, forestry and to a lesser extent, mining. Tourism also a major industry, particularly in the Oslo area.

## 1.4 Exchange Rates

The local currency is the Norwegian Kroner (NOK). The current exchange rate as at 26 April 2007 was NOK 8.14 = 1 Euro, NOK 11.96 = 1 Pound Sterling, NOK 5.34 = 1 Canadian Dollar (CAD), and NOK 5.98 = 1 US dollar (USD).

## 1.5 Qualifications and Field Involvement of Consultant

The SRK Group comprises over 600 staff, offering expertise in a wide range of resource and engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgment issues. The SRK Group has a demonstrated track record in undertaking independent assessments of Mineral Resources and Mineral Reserves, project evaluations and audits, Independent Engineers Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs.

This technical report has been prepared based on a technical and economic review by a team of consultants sourced from the SRK Group's United Kingdom office. These consultants are specialists in the fields of geology, Mineral Resource and Mineral Reserve estimation and classification, underground and open pit mining, infrastructure, and mineral economics.

Neither SRK nor any of its employees and associates employed in the preparation of this report has any beneficial interest in Crew or in the assets of Crew. SRK will be paid a fee for this work in accordance with normal professional consulting practice.

The following SRK professional, acting as a Qualified Person, oversaw the project during the periods December 2006 to January 2007 and April to May 2007:

**Steffen Schmidt** is a **Principal Mining Geologist** with the SRK Group and has over 15 years of experience in the international mining industry, spanning a wide range of commodities and deposit styles. Prior to joining SRK, Steffen worked his way up to Chief Geologist in medium-sized mining operations under Canadian and Australian ownership. He has hands-on experience to follow mining projects through from Feasibility stage, construction, production to closure. He was first site geologist during start-up of an underground lead-zinc and a combined underground and open-pit gold mine in the North African – Middle East area and responsible for training of local staff, implementation of grade control procedures and resource/reserve modelling using various software packages. He was also involved in international project assessment, tailings management, environmental and infrastructure tasks.

A field visit was made on behalf of this Qualified Person by **Dr Lucy Roberts**, a **Resource Geologist** with SRK. Lucy joined SRK in 2006 following completing a PhD in resource geology of Achaean organic gold deposits at James Cook University, Australia. Her thesis focused on the application of geostatistical techniques to Archaean Orogenic gold-deposits in Western Australia. Her project comprised four topics, covering the application of three-dimensional fractal techniques, sampling and resource evaluation optimisation and geological risk analysis. Key skills include extensive knowledge of Isatis geostatistical software and Gemcom geological/mine modelling software, as well as the integration of geological models into the resource evaluation process. Since joining SRK Lucy's responsibilities have included 3D geological modelling using specialised mining software, geostatistical and statistical analysis and resource block modelling.

### 1.6 Verification, Validation and Reliance

SRK's opinion contained herein and effective as of May 2007, is based on information provided to SRK by Crew throughout the course of SRK's investigations as described in Section 1.2, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time.

This report includes technical information, which requires subsequent calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or affiliate of Crew, and neither SRK nor any affiliate has acted as advisor to Crew or its affiliates in connection with the Nordli Deposit. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

While SRK reviewed a limited amount of pertinent maps and agreements to assess the validity and ownership of the mining concessions, SRK has not conducted an in-depth review of mineral title and ownership.

## 2 PROPERTY DESCRIPTION AND LOCATION

### 2.1 Location and Access

The Nordli deposit is located approximately 90km north of Oslo, in the municipality of Hurdal. The municipality covers approximately 284 $km^2$ and has a resident population of 2,600 people. Figure 2.1 demonstrates the geographical location of the Nordli project area in relation to Oslo and Oslo Gardermoen International Airport.

The area is located near the town of Hurdal Verk, and therefore is easily accessible by road. Oslo Gardermoen International Airport is approximately 1 hours drive to the south, with Oslo being approximately 1.5 hours drive. All roads around the site are surfaced and therefore offer all year round accessibility.

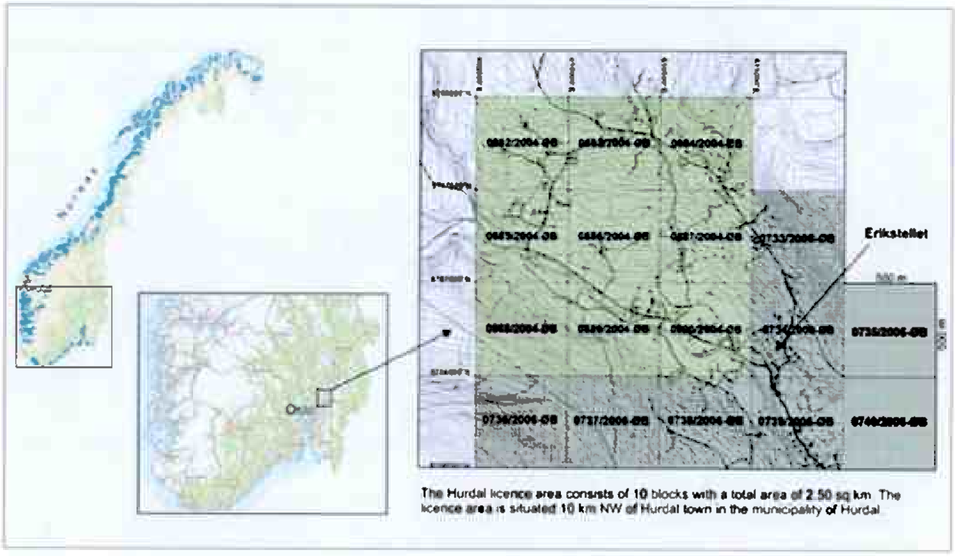


**Figure 2-1 Location of the Nordli Deposit** and licence boundaries

## 2.2 Mineral Rights and Interest in the Property

The licence currently held by Crew is located 10 km from Hurdal Verk, and consists of 10 separate blocks of 0.5 km$^2$. The initial nine blocks were granted to Crew in 2004, with the tenth being applied for and granted in 2006. The licences were granted under the terms and conditions administered by the Norwegian Direcotrate of Mining, after the Mining Act (1972).

The licences held by Crew for the Nordli area are termed pre-claim (mutning) licences, which can be held for 7 years. These licences can then be upgraded to claim (utmål) licences, which can be held for 10 years, with a possibility of a 10 year renewal. Currently, the Hurdal licence area is a pre-claim licence, with the original 9 blocks due to expire in 2011, and the tenth block in 2013.

The licence boundaries are included in Figure 2.1.

## 2.3 Environmental Liabilities and Royalties

The Hurdal licence areas are not currently subject to any known environmental liabilities or royalties.

## 2.4 Location of Other Mineralised Zones

SRK is unaware of other mineralised zones within the Hurdal area. There is also no evidence of historical mining in the Hurdal area, and as a consequence, to previous mining infrastructure is present within the licence area.

## 2.5 Additional Permits

No additional permits are required to conduct the exploration work proposed for the property. The current licences meet the requirements for the current and proposed work on the property. SRK has not conducted a full survey into the legality of the licence.

# 3 CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

## 3.1 Climate

The region is located at approximately 60°N latitude but despite this northerly location, it has a relatively mild climate. The summer temperatures average approximately 20°C, and average winter temperatures of between 0.7 and -4°C. Snow cover is expected throughout the winter months.

## 3.2 Infrastructure and Local Resources

With the project currently at the exploration stage, there is little mine infrastructure in place. Factors such as the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, and potential processing plant sites have yet to be addressed.

Basic exploration supplies, fuel and other equipment are readily available in the district. The site is located close to Oslo, and has a well developed infrastructure, with a good road network and the international airport located approximately 30km from the site.

## 3.3 Topography, Elevation, and Vegetation

Terrain in the Hurdal area is hilly, with topographic highs of approximately 800m above sea level, and valley floors at 200 m. The hilly areas are often covered by thick forestation. Fauna in Norway is dominated by the forest habitat. The largest animals are moose, which are quire abundant in this area, but also foxes and red deer are seen sporadically. Game birds, primarily ptarmigans are found in the highland areas. The valley areas in the Hurdal region are open, and are often cultivated and covered in grasslands. Lakes are also frequent in the valley floors and highland plateaus.

# 4 PREVIOUS WORK

## 4.1 Historical Exploration (1978 / 1983 Norsk Hydro A/S)

The Nordli site was first explored between 1978 and 1983 by Norsk Hydro A/S. This programme consisted of surface mapping, soil sampling, Induced polarisation (IP), resitivitity and magnetic surveys over the Nordli area. These surveys identified one major anomaly and several smaller, isolated anomalies.

The major anomalies were drilled by Norsk Hydro A/S between 1980 and 1983. Drill targets were focused on the low magnetic anomaly in the centre of the licence area, and several smaller locations to the south east and south west. In total 25 holes were drilled with the drill hole collars being surveyed. Down hole surveying was not undertaken at the time, despite the length of some of the drill holes (up to 880m). The drill cores are stored at the NGU facility in Lokken.

After completion of the drilling programme, in 1983, Norsk Hydro engaged Fluor Mining to undertake modelling and resource estimation of the deposit. Fluor reported an unclassified resource of approximately 200 Mt, at an average grade of 0.14% $MoS_2$, at a cut-off grade of 0.05% $MoS_2$.

## 4.2 Historical Production

There has been no commercial scale molybdenum production from the Nordli project area, and no previous mining activity is visible.

# 5 GEOLOGICAL SETTING

## 5.1 Regional Geology

The Nordli molybdenum deposit is located in the north of the Oslo Palaeorift, and is thought to be associated with the late batholith stage of the Palaeorift, which took place during the Late Carboniferous to the Early Triassic. Initial rifting of the Oslo Palaeorift is thought to have been controlled by pre-existing fault lines in the Late-Precambrian basin, caused by northwest-southeast Precambrian shear zone, and later, Permian north-south faulting.

The evolution of the Oslo Palaeorift is split into 6 stages:

- Initial rifting – Intrusion of syenite sills, deposition of non-marine clastic sediments and early volcano-clastics
- Initial fissure eruption stage – Magmatism of varying compositions, followed by the
- Main fissure eruption stage – extrusive magmatism with the development of normal faulting and two half-grabens
- Central volcano-caldera stage – decrease in tensional stress, leading to the development of circular tectonics, and the eruption of basaltic, basaltic-trachytic and trachytic lava cones. The eruptions brought to an end by caldera collapse, and the intrusion of syenite and granitic ring dykes. This was followed by the intrusion of alkali stocks into the central part of the caldera.

- Batholith stage – Emplacement of major batholiths. In the southern region of the Palaeorift, the batholiths were monzonitic in composition, and in the north, alkali syenitic.

- Terminal Stage – After emplacement of the batholiths, the area stabilised and cooled

The Nordli deposit is thought to be associated with the fifth stage of the Palaeorift evolution, namely the Batholith Stage.

## 5.2 Deposit Geology

The local geological model of the Nordli deposit has been compiled from Crew's work, incorporating field observations, drilling results and geophysical interpretations.

The Nordli molybdenum deposit is classified as a batholith related epigenetic deposit, with a regional structural control on the mineralisation. The molybdenum mineralisation is associated with the emplacement of an alkali granitic intrusion, namely the Nordli Stock.

### *5.2.1 Lithology*

The geology of the Nordli area consists of both intrusive and extrusive lithologies, and 16 main lithologies were encountered by Crew during core logging. Lithological boundaries trend in a roughly circular pattern around the Nordli Stock, with cross cutting late dykes.

The oldest lithologies in the Nordli area are monzonites, (related to the so called Larvikites of the Oslo province), located to the west, and as minor units to the south and east. The rock types in the area are considered to be a highly differentiated, having evolved from a hornblende-biotite syenite to a biotite granite, porphyritic aplogranite, alkali quartz syenite, alkali granite porphyry, and alkali granite and finally, a late stage of the differentiated granite was intruded as the Nordli Stock, consisting of granophyre, then aplogranite and finally a micro-granite phase.

A review of the grade distribution within the different rock types indicated little lithological control, and consequently a mineralisation wireframe was modelled based on the $MoS_2$ grade, without taking different lithologies into account. This is illustrated by Table 5.1.

**Table 5-1 Evaluation of sample data by lithology**

| Lithology | Count | >= 0.05% $MoS_2$ | >=0.05% $MoS_2$ (%) | Mean ($MoS_2$ %) | Minimum ($MoS_2$ %) | Maximum ($MoS_2$ %) | Standard Deviation ($MoS_2$ %) |
|---|---|---|---|---|---|---|---|
| K Feldspar-quartz pegmatite with coarse Mo | 1 | 1 | 100 | 0.846 | 0.846 | 0.846 | - |
| Quartz-eye granite | 211 | 146 | 69 | 0.117 | 0.005 | 0.523 | 0.092 |
| Porphyry / Quartz porphyry | 353 | 239 | 68 | 0.086 | 0.005 | 0.765 | 0.071 |
| Porphyritic biotite syenite | 65 | 39 | 60 | 0.073 | 0.003 | 0.317 | 0.064 |
| Aplogranite | 799 | 437 | 55 | 0.083 | 0.003 | 0.461 | 0.071 |
| Intrusive Breccia | 366 | 175 | 48 | 0.058 | 0.005 | 0.565 | 0.057 |
| Granophyre | 149 | 71 | 48 | 0.059 | 0.005 | 0.186 | 0.044 |
| Microgranite | 21 | 7 | 33 | 0.046 | 0.005 | 0.219 | 0.050 |
| Late Dyke | 52 | 15 | 29 | 0.051 | 0.001 | 0.362 | 0.076 |
| Feldspar porhyritic biotite granite | 220 | 56 | 25 | 0.046 | 0.004 | 0.308 | 0.051 |
| Syenite porphyry | 26 | 1 | 4 | 0.014 | 0.003 | 0.085 | 0.017 |
| Tuff | 34 | 1 | 3 | 0.009 | 0.004 | 0.062 | 0.011 |
| Crystal Ignimbrite | 13 | 0 | - | 0.008 | 0.005 | 0.012 | 0.003 |
| Alkali granite | 7 | 0 | - | 0.007 | 0.003 | 0.012 | 0.004 |
| **Total:** | **2317** | **1188** | **51** | **0.074** | **0.001** | **0.846** | **0.072** |

### 5.2.2 *Structure*

Structural analysis of the region indicates that the area is dominated by both local and regional structures, formed during the evolution of the Oslo Paleorift. Both circular and linear features are observed, with the linear structures having four major trends. The dominant linear trend is approximately 160°, with lineaments in this direction being traced for up to 25km. Other dominant directions include 115°, 060° and 020°. Molybdenum mineralisation is occasionally controlled by these faults.

The molybdenum mineralisation, therefore, maybe associated with other factors, such as the strong differentiation of the Nordli Stock, which may be related to a deeper lying granitic magma. However, the molybdenum mineralisation at Nordli does exhibit a strong affinity with the regional stress pattern.

The area is cross cut by faults, which follow the regional lineaments discussed above. Molybdenum mineralisation is associated with faults in the 160° direction, which has also been affected by secondary north-south wrench faulting.

### 5.2.3 Mineralisation

The molybdenum is associated with veinlets and dissemination throughout the Nordli area. This suggests multistage molybdenum mineralisation in a variety of situations:

- Molybdenite coated joint faces
- Ribbon veinlets, predominantly quartz-molybdenite
- Quartz-calcite-molybdenite in vughs
- Quartz veins with disseminated molybdenite
- Quartz-potassium-feldspar pegmatite with coarse grained molybdenite dissemination
- Disseminated molybdenite

A geological model of the mineralisation at Nordli has been developed by SRK. The mineralisation envelope forms a vertical, roughly cylindrical shape, with a channel like zone through the centre representing an area of lower grade. More detailed information on the mineralisation envelope is included in Section 9.2.

### 5.2.4 Alteration

There is a complex alteration halo surrounding the Nordli stock, which is thought to have been derived from the circulation of meteroric and magmatic hydrothermal fluids after the emplacement of the Nordli Stock. This halo extends up to 1,900m from the Stock.

Three dominant types of potassium alteration are associated with the mineralisation at Nordli:

- Total alkali feldspar replacement of the parent magamtic rocks
- Cross cutting alkali rich feldspar veins
- Secondary biotite and/or biotite carrying fissures

The only other alteration types observed at Nordli are minor hydrothermal alteration halos, represented by sericite, quartz-sericite, and argillic alteration, bounded by veins. Sercite alteration has also been identified at surface surrounding the Nordli Stock. There are also occurrences of clay alteration of feldspars, particularly plagioclase phenocrysts close to mineralised veinlets. Clay alteration is also associated with tectonic zones.

# 6 EXPLORATION

## 6.1 Nature and Extent of Crew Exploration (2005 to present)

Between 2005 and 2006, Crew drilled 4 inclined holes (DH 02, DH, 03, DH 04, DH 05/05B), using the external contractor Drillcon Core AB from Sweden. Drillhole DH 05B was wedged from DH 05 at a depth of 318.70m. The drillholes were spaced approximately 200 m apart, and were drilled at azimuths ranging from 210 to 227, and dips from -59.6° to 84°. Core recovery during the Crew campaign was excellent, between 99 and 100% for all holes. No records were taken during the initial campaign: inspection of the remaining (half-) core by SRK showed that recovery was generally also high, as would be expected given the competent nature of the mineralised rock.

The distribution of drillholes across the Nordli deposit is illustrated in Figure 6-1 and Figure 6-2. The Crew holes are marked by blue collar symbols and the Norsk Hydro holes by red collar symbols.

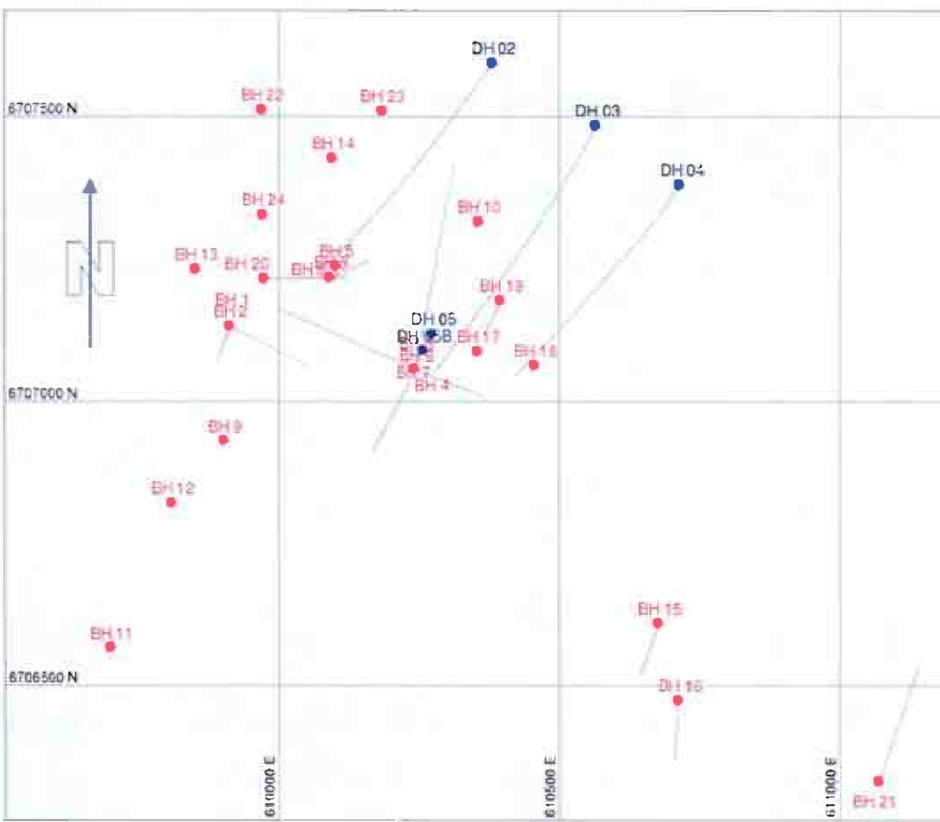


**Figure 6-1 Drillhole location plan, gridline spacing = 500m (blue = Crew holes, red = Norsk Hydro holes)**

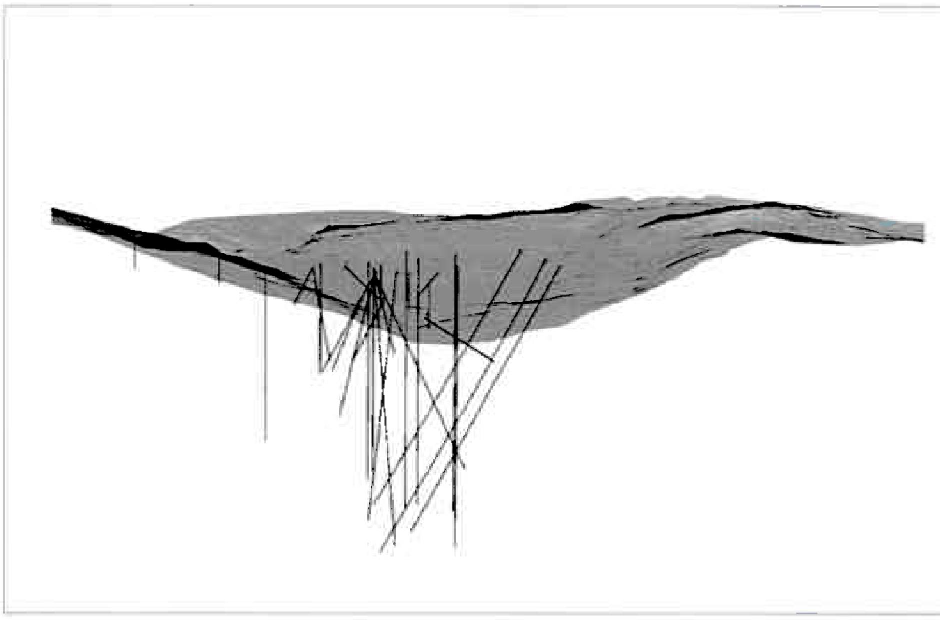

**Figure 6-2 Three dimensional view of drilling (looking northeast)**

The total meterage used by SRK to develop the Mineral Resource Estimate is given in Table 6-1. West-East sections in 50 m-spacing are provided in Appendix 1.

**Table 6-1 Total meterage used in the Mineral Resource Estimate for the two drilling campaigns**

| Drill Campaign | Date | Total Length (m) |
|---|---|---|
| Crew | 2005-2006 | 3769.3 |
| Norsk Hydro | 1980- 1983 | 10206.2 |
| Total | | 13975.5 |

# 7 QUANTITY AND QUALITY OF SAMPLING DATA

Crew has undertaken its own drilling programme (Section 6.1), and has also conducted a programme of re-sampling the Norsk Hydro cores. The sample collection, preparation and analysis of these cores are discussed below. All core from the Nordli site is stored at the Norwegian Geological Survey (NGU) core archive at Løkken.

## 7.1 Crew Core Samples

Sampling from the Crew holes was carried out on site by the Crew geologists. Care is taken at both the drill sites and the purpose built core logging area to ensure that representative samples are taken in clean contaminant free environments.

Before splitting the Crew core, approximately 2-4cm or core, at intervals of 10-15 m were sampled for heat flow measurements. Additionally, 15 cm core sections were sampled from differing lithologies for density analysis. The core was then split using a diamond saw. The core was sampled over 5 m lengths, with the retained core being stored in wooden core boxes.

The core samples were crushed using a jaw crusher to approximately 70% passing 2 mm by the Crew geologists, using the on-site crushing facility. A 250 g split is taken using a riffle splitter, and for every 10th sample, two additional splits are taken for field duplicates and external assaying. All sample splits are shipped to the ALS Chemex laboratory in Pitea, Sweden for pulverisation and assaying. The sample pulps are returned to Crew after assaying for storage at Løkken.

## 7.2 Re-sampling of Norsk Hydro Core

During the re-logging of the Norsk Hydro cores, un-assayed interval of the Norsk Hydro core were identified, and sampled. The core samples were taken over 5 m lengths using a diamond saw. In the case of intervals of lower core recovery or broken core, approximately half of the present fragments were taken by hand. A portion of the assayed Hole BH-14 was also re-assayed. The remaining half-core of hole BH-14 was sampled and re-assayed.

As Crew was unable to obtain the QA/QC information for the Norsk core sampling programme, re-sampling of selected holes was carried out. A total of 473 samples, over a total length of 2365 m from 6 individual drillholes were taken.

The core samples are placed into plastic bags and sealed with tape before being shipped to ALS Chemex laboratory in Pitea, Sweden.

## 7.3 Security of Samples and Assaying Procedures

For the pre-sampled Norsk core, the entire remaining core sample was shipped to the laboratory. ALS Chemex then prepared, crushed, pulverised and assayed these samples at the laboratory. In the case of the Crew core samples, they were shipped after crushing, and were therefore subject to pulverisation and assaying only. All coarse and fine rejects were returned to Crew for storage at the Lokken facility.

The Norsk core samples were weighed and dried on arrival at the laboratory, and the entire sample was crushed to 70% passing 2 mm. A split of 250 g was taken using a riffle splitter.

Both the Crew and Norsk 250 g samples were then pulverised to 85% passing 75 µm. A sub-sample was taken with a scoop and shipped to ALS Chemex in Vancouver for assaying. Two extra sub-samples were taken every 10th sample are taken for duplicate and external assaying.

The crusher and pulveriser were both cleaned between samples using compressed air. After each 33 sample batch, barren material was passed through both the crusher and pulveriser.

All samples were assayed by ALS Chemex in Vancouver using inductively coupled plasma – mass spectrometry (ICP-MS) and inductively coupled plasma – atomic emission spectrometry (ICP-AES). The prepared sample was digested with a combination of perchloric, nitric and hydrofluoric acids. Any residue was further digested with hydrochloric acid. The solution was then made up to a volume of 12.5 ml with 11% hydrochloric acid, homogenised and analysed using ICP-AES. After analysis, the results were reviewed for high concentrations of bismuth, mercury, molybdenum, silver and tungsten, and if high, were analysed using ICP-MS.

## 7.4 Quality Control/ Quality Assurance (QA/QC) Measures

The QA/QC measures currently utilised by Crew are based on blanks, barren cleaners, certified standards, field duplicates, and check assaying at an external laboratory. The number of blanks, cleaners, duplicates and standards is the same for both the Crew and Norsk cores. For every 33 samples sent to the laboratory, 2 laboratory standards, 2 certified standards, 1 blank, 2 barren cleaners and 3 duplicates were included.

### *7.4.1 Field Duplicates*

During the Nordli assaying programme, 90 field duplicate samples were assayed by ALS Chemex. A scatter plot of the original assay result verses the duplicate is illustrated in Figure 7-1.

Both the Crew and Norsk Hydro datasets show excellent correlation, with correlation coefficients of 0.987 and 0.999 respectively. The correlation coefficient for the combined dataset is 0.997. The reproducibility of the assay results indicates that there is no significant bias or other serious issues with the small scale variation within the Nordli samples.

### *7.4.2 External Duplicates*

In total, 81 duplicate samples were sent to ACME Analytical Laboratory in Vancouver. The duplicates were sourced from the prepared pulps returned to Crew by ALS Chemex. A scatter plot of the duplicate assay results versus the original values is included as Figure 7-2.

As with the field duplicates, both the Crew and Norsk Hydro samples demonstrated excellent correlation between the original and duplicate values. The correlation coefficient for the Crew and Hydro cores are 0.991 and 0.995 respectively, and the combined dataset has a correlation coefficient of 0.994.

### 7.4.3 *Blanks*

The blank material utilised by Crew throughout the Nordli sampling programme was larvikite, which was first analysed independently to determine the amount of molybdenum present. The larvikite source was consistent throughout the sampling programme. In total, 16 uncontaminated larvikite samples were analysed at ALS Chemex, and demonstrated a mean molybdenum grade of 8.12 ppm and varied in grade from 6.25 ppm to 15.45 ppm.

In total, 44 larvikite samples were analysed, with 26 samples being crushed by ALS Chemex as part of the Norsk Hydro re-assaying, and 18 samples crushed by Crew on-site. The scatter plot in Figure 7-3 demonstrates the assay results for the two sampling programmes.

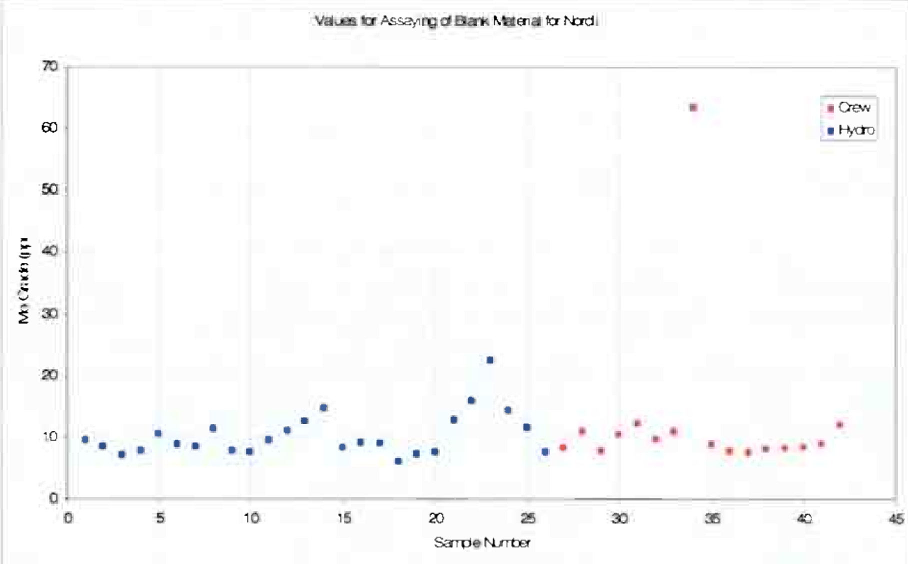


**Figure 7-3 Blank control values assayed at ALS Chemex from drilling at Nordli**

The Hydro cores were all crushed and prepared by ALS Chemex, and a noticeable improvement was made when the samples were crushed by Crew on site. There is a single sample which was crushed by Crew which has a very high grade (63.5 ppm Mo), which may be attributed to on-site contamination. SRK considers that switching crushing the samples from ALS Chemex to the on-site laboratory has improved the quality of the assaying. The performance of the blank materials indicates that there is little smearing or mishandling present at either the ALS Chemex laboratory, or on site.

### 7.4.4 *Certified and Laboratory Standards*

Two international standards are sent by Crew to the laboratory, and the laboratory includes one standard as pat of its QA/QC system. The HV-2 standard is a copper-molybdenum standard, with mean grades of 480 ppm Mo and 5700 ppm Cu. The second standard is multi-element, with mean grades of 4.9 ppm Ag, 2450 ppm Bi, 2810 ppm Mo, 430 ppm Sn and 6500 ppm. The analytical performance of the two standard materials is shown in Figures 7-4 and 7-5.

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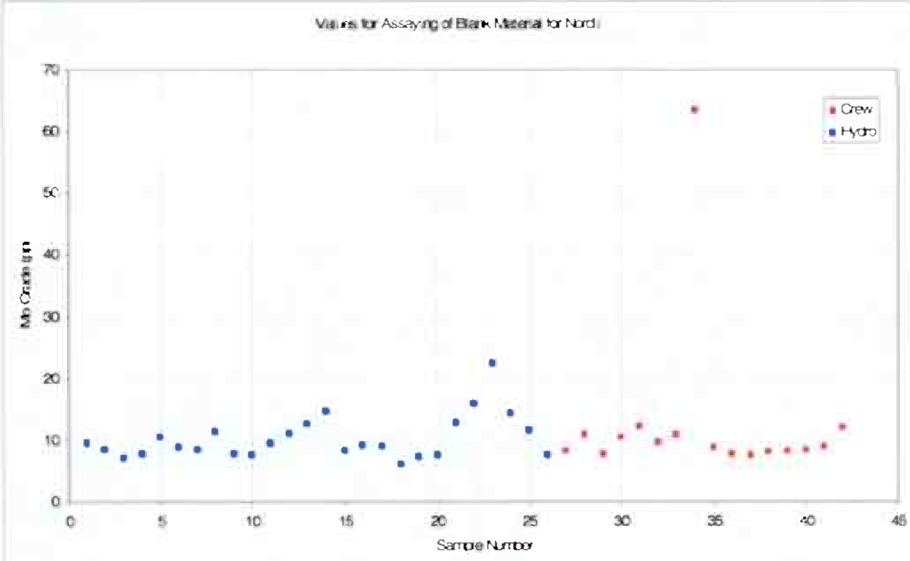


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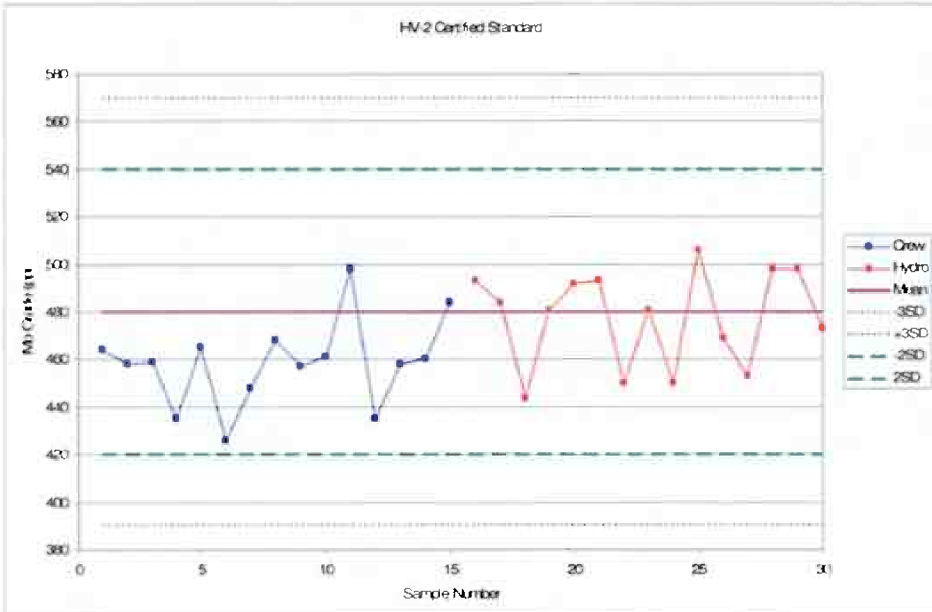



**Figure 7-4 Certified standard (HV-2) performance assayed at ALS Chemex from drilling at Nordli**

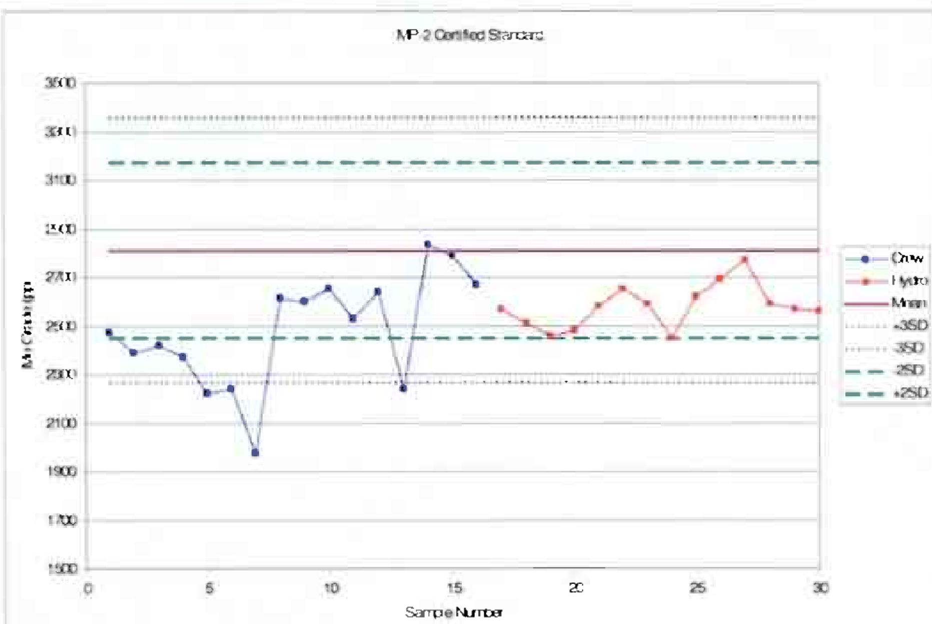



**Figure 7-5 Certified standard (MP-2) performance assayed at ALS Chemex from drilling at Nordli**

The assayed results for standard HV-2 show a fluctuation around the mean grade. There are no obvious differences between the Crew and Norsk Hydro cores. In the case of MP-2, the assayed values are consistently lower than the actual value, with the Crew data having generally lower grades than the Norsk Hydro grades. Four of the standards from the Crew samples fall outside of the 3 standard deviations.

The bias demonstrated by the assaying of the high grade standard (MP-2) could indicate that the chosen standard is not being assayed correctly at the laboratory. MP-2 is a multi-element standard, and the bias could be caused by factors in the laboratory such as poor acid digestion.

In general, SRK considers that while the poor performance of the higher-grade certified standards need to be reviewed and overall results could possibly be on the conservative side, given the early stage of the programme, assay accuracy is adequate.

### 7.4.5 *Re-assaying of Drillhole BH-14*

Re-sampling of the remaining core from BH-14 was undertaken after the 2005 to 2006 drilling campaign. In total, 33 samples were collected in the intervals between 100 and 140m and 580 to 705m. The repeat samples were analysed at ALS Chemex as per the rest of the sampling programme. The results are shown in Figures 7-6 and 7-7.

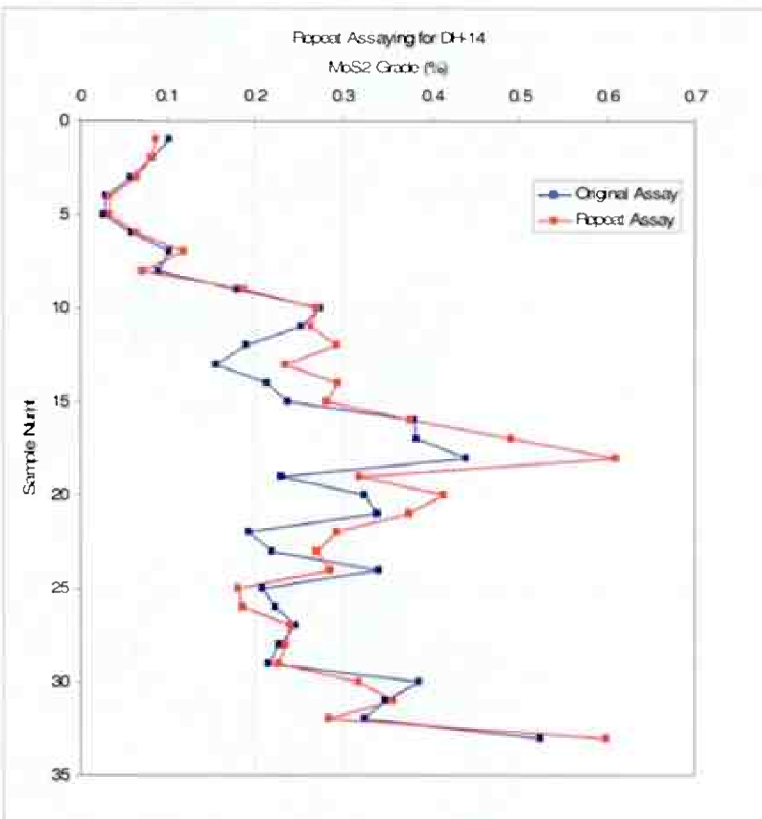



**Figure 7-6 Repeat assaying of Hole BH-14**

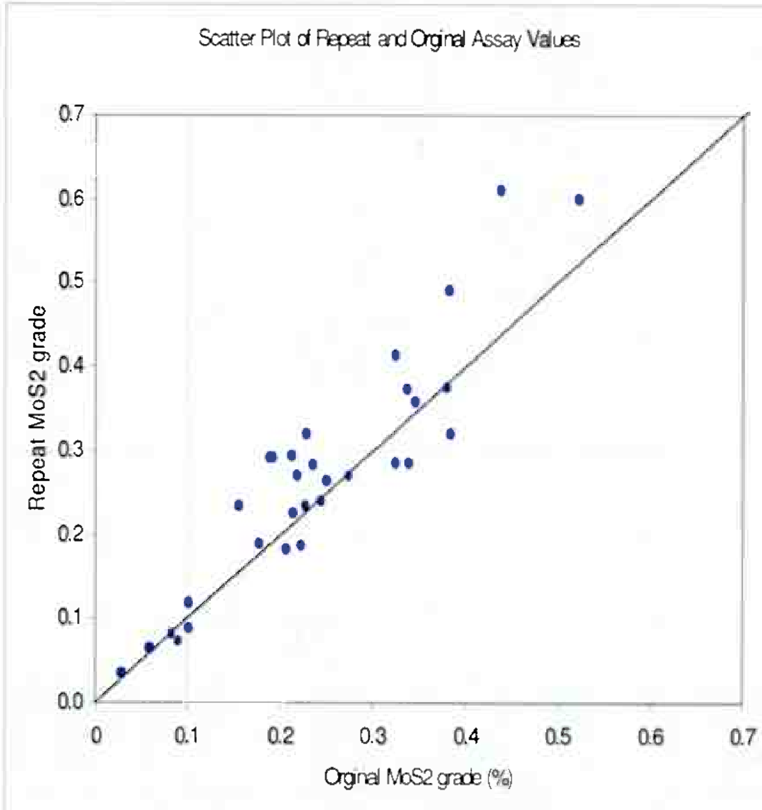



**Figure 7-7 Scatter plot of repeat assaying pairs from Hole BH-14**

Repeat assaying of BH-14 illustrates no significant differences between the two datasets. The correlation coefficient between the original and repeat assays (Figure 7-7) is 0.933. The repeat assays demonstrate a similar overall trend to the original dataset.

## 7.5 SRK Check Assaying Programme

SRK has undertaken a limited check assaying programme at the Nordli project. In total, 3 quarter core samples and 3 prepared samples were assayed. The locations of these samples, the original grades and the repeat assay grades are illustrated in Table 7-1.

The quarter core samples were taken over a length of 5 m, with the existing core being cut with a diamond saw, at the Løkken site. The samples were then placed into plastic bags and sealed with tape. The prepared sample pulps were split using a riffle splitter, which was cleaned between uses with a vacuum cleaner. All samples were sent to the OMAC laboratory in Ireland.

**Table 7-1 Results from SRK Check Assaying**

| Drillhole Number | Sample Type | Sample Location: From | Sample Location: To | Original Assay Value ($MoS_2$ %) | Repeat Assay Value ($MoS_2$ %) |
|---|---|---|---|---|---|
| D002 | Crew Core | 410 | 415 | 0.221 | 0.229 |
| BH14 | Norsk Core | 330 | 335 | 0.188 | 0.193 |
| BH8-1 | Norsk Core | 615 | 620 | 0.231 | 0.319 |
| D22 | Prepared Pulp | 795 | 800 | 0.084 | 0.123 |
| D23 | Prepared Pulp | 245 | 250 | 0.108 | 0.094 |
| D24 | Prepared Pulp | 510 | 515 | 0.152 | 0.156 |

SRK considers the results of the check assaying programme to demonstrate that there is good repeatability between duplicate assays. The results are also included in Figure X as a pair by pair comparison.

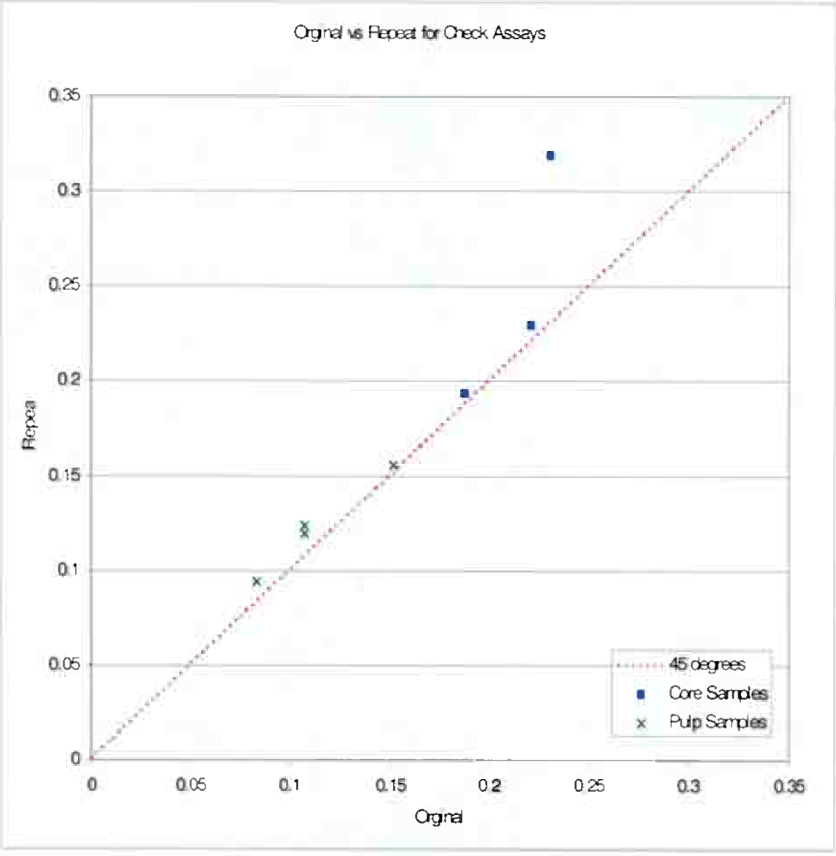



**Figure 7-8 SRK check assay comparison with original assays**

### 7.6 Conclusions from Sample Preparation Analysis and Security

In summary, SRK considers the sample preparation, security and assay methodology utilised by Crew at the Nordli site to be adequate for an operation such as this. The QAQC procedures in place at the Nordli project are considered to be sufficient for the level of work at the licence. Both the blank and duplicate samples have performed well giving confidence in the precision, potential contamination and potential for mislabelling errors at site and the ALS Chemex laboratory.

Accuracy, as tested by the insertion of the certified samples, has also been shown to be positive, with the exception of four of the Crew standards, and the negative bias demonstrated by the Crew assays and particularly the high grade standard.

Check assays of the Norsk Hydro cores also show positive results, with good repeatability between the original and repeat assay datasets.

## 8 MINERAL RESOURCE ESTIMATES

Mineral Resource estimates have been produced and classified using the guidelines approved by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) in November 2004. SRK's Steffen Schmidt managed the Mineral Resource estimation. Steffen Schmidt is a Qualified Person (QP) under the guidelines set out by the CIM.

### 8.1 Database Construction and Validation

Raw assay data was collated by Crew personnel on site, and stored in a Gemcom (GEMS) database. Separate tables were complied for drillhole locations, survey information, lithology data and assay values. In addition, geotechnical data, magnetic susceptibility and density data were collated. SRK has received all of the data collected by Crew up to August 2006 when the Crew drilling programme was completed.

The data was provided to SRK by Crew in a GEMS project and SRK validated the data using GEMS, and observed only a few insignificant errors within the database.

SRK notes that there is no down hole survey data for the Norsk Hydro drillholes, despite significant hole depths (up to 880m). Given that the Crew holes demonstrated only slight deviations, and the massive granitic lithologies, deviations in the Norsk Hydro drillholes are considered to be small, and this not considered being a material issue at the current stage.

### 8.2 Geological Modelling

Prior to geological modelling, a series of cross sections were defined across the Nordli drilling pattern. Due to the lack of lithological control on the molybdenum grade, as demonstrated by Table 6.1, the Nordli deposit was modelled on a grade shell. A cut-off grade of 0.05% $MoS_2$ was used to define a three dimensional mineralisation wireframe. The mineralisation wireframe produced is of a fairly compact shape, and excludes a channel like low-grade zone in the centre of the deposit. The wireframe encompasses 91% of the sampled intervals with a grade of greater than 0.05% $MoS_2$. No "shell" structure as typical in molybdenum porphyries is visible, but continuity of the disseminated mineralisation between drill holes can be reasonably assumed.

It was assumed that there was no significant change in weathering with depth, except for some intense surface weathering; therefore oxidisation horizons were not modelled. A three-dimensional image of the modelled wireframe is included in Figure 8-1 and a typical cross section in Figure 8-2. Further cross sections are included in Appendix 1.

The deposit was modelled as single domain.

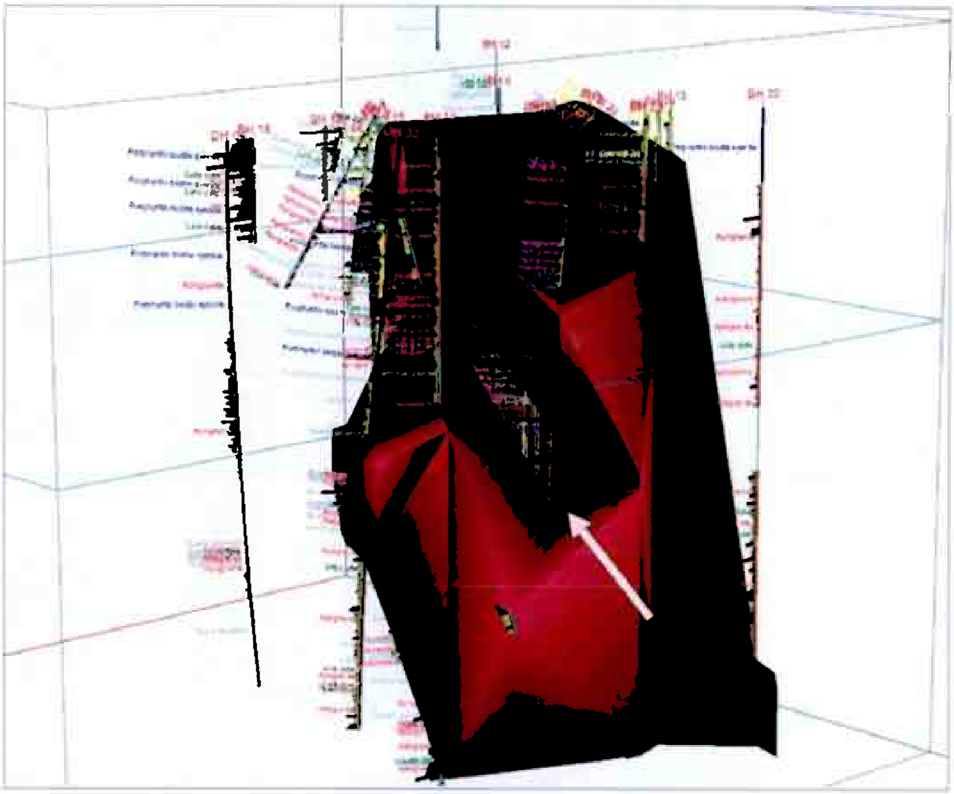


**Figure 8-1 Three dimensional view of modelled wireframe for Nordli. The arrow marks the "sub-grade" channel in the centre of the deposit area.**

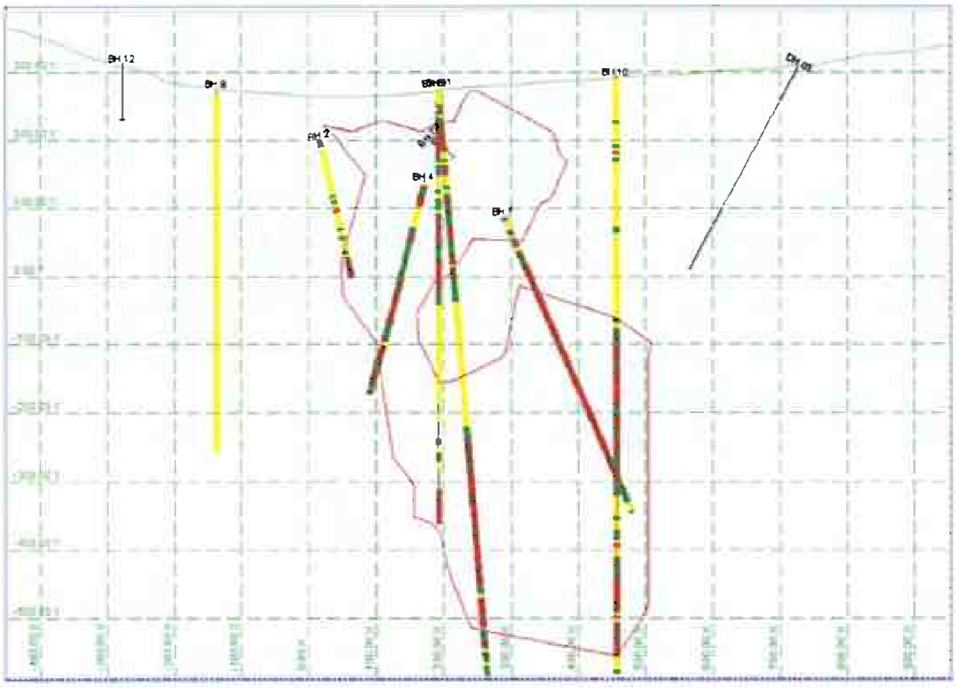


**Figure 8-2 Typical cross section through the Nordli deposit**

## 8.3 Density Data

Density data has been collected from sampling the whole Crew drill core, and cover all representative lithologies observed in the Crew drillholes. In total, 24 samples were collected, and analysed at ALS Chemex for specific gravity. The density data collected is summarised in Table 8-1.

**Table 8-1 Density Summary Table for Representative Lithologies at Nordli**

| Rock Type | Number of samples | Average Density (g/cm$^3$) |
|---|---|---|
| Porphyritic biotite syenite | 4 | 2.62 |
| Syenite porphyry | 1 | 2.53 |
| Quartz porphyry | 2 | 2.59 |
| Porphyritic biotite granite | 2 | 2.63 |
| Late dyke | 3 | 2.65 |
| Quartz-eye granite | 1 | 2.57 |
| Felsite / Aphanitic rock | 3 | 2.59 |
| Aplogranite | 4 | 2.60 |
| Granophyre | 1 | 2.57 |
| Intrusive breccia | 3 | 2.56 |

The specific gravity varies between 2.49 and 2.76 g/cm$^3$, with an average density of 2.60 g/cm$^3$. A value of 2.60 g/cm$^3$ was applied by SRK.

## 8.4 Statistical Evaluation of Sample Assays

The raw assay data was composited to 5 m length within the mineralisation wireframe as described previously. Table 8-2 and Figure 8-3 summarises the basic population statistics of the composited sample assays. The statistics presented here are based on all drilling data that intersect the wireframe. The statistical distribution is approximately lognormal.

**Table 8-2 Basic Statistics for 5m Composites within the SRK modelled Wireframe**

| Variable | Value |
|---|---|
| Count | 1280 |
| Mean | 0.110 |
| Minimum | 0.001 |
| Maximum | 0.846 |
| Standard Deviation | 0.075 |

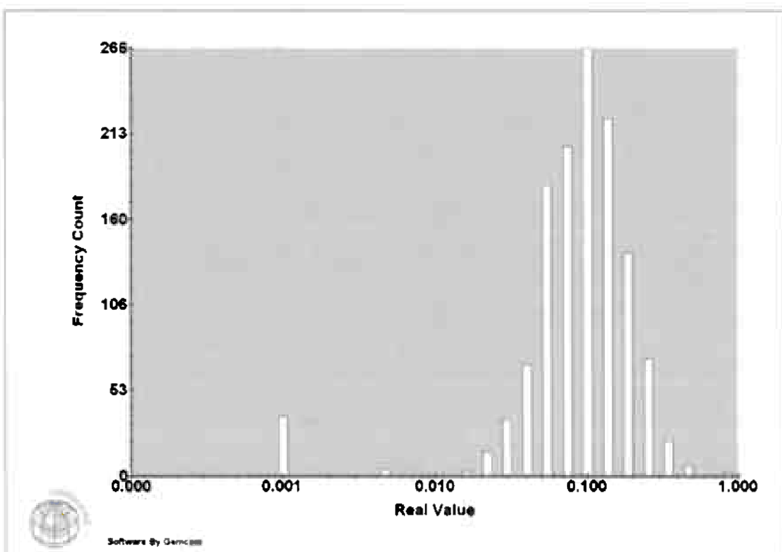



**Figure 8-3 Log histogram of the 5m composites within the Nordli wireframe**

## 8.5 High Grade Cutting

Statistical analyses of the 5 m composites within the mineralisation wireframe revealed no obvious high grade outliers in the histograms and probability plots, and no high grade cutting was applied in this case.

## 8.6 Variographic Analysis

Omnidirectional variograms were produced for all of the 5 m composites within the modelled wireframe. The omnidirectional variogram was estimated with a lag distance of 10 m, over 30 lags. The omnidirectional variogram is shown in Figure 8-4, and the modelled parameters are included in Table 8-3.

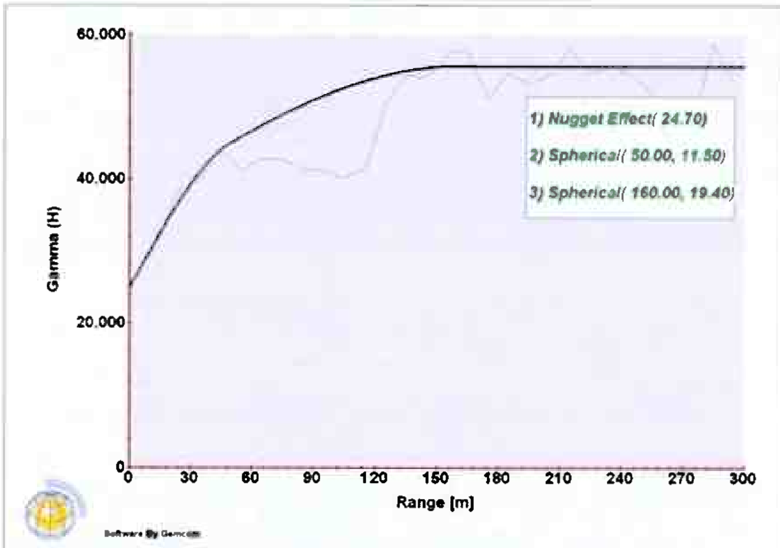



**Figure 8-4 Modelled Omnidirectional Variogram for Nordli**

**Table 8-3 Variogram Parameters for Nordli**

| Variogram Parameters | Value |
|---|---|
| Co | 24.70 |
| $C_1$ | 11.50 |
| $C_2$ | 19.40 |
| $a_1$ | 50m |
| $a_2$ | 160m |
| Nugget Effect (%) | 44.4% |

## 8.7 Block Model Grade Interpolation

A single block model was produced for the whole Nordli project. The block model was not rotated, and block sizes were chosen to reflect half of the drill spacing, resulting in 50 m blocks in the X and Y directions, and 25 m in the Z direction.

Grade data was interpolated into the block model using Inverse Distance Weighting, with a power of 2 ($IDW^2$) and Ordinary Kriging (OK). The block model parameters are included in Table 8-4, and the search parameters are included in Table 8-5. The searches implemented were spherical, with the first radius (150m) chosen to reflect the variogram range, and then increased to 300m to infill the blocks. Blocks were only filled if at least two drillholes were encountered within the search ellipsoid. More than 90% of the blocks were estimated using the first pass search strategy.

The reported Inferred Resources are based on the model using $IDW^2$, with OK used as check calculation, which returned almost identical results..

**Table 8-4 Block Model Parameters**

| Coordinate | Value | No. of Blocks | Block Size |
|---|---|---|---|
| X | 609600 | 20 | 50 |
| Y | 6706800 | 20 | 50 |
| Z | 300 | 36 | 25 |
| Rotation: | 0 | | |

**Table 8-5 Block Model Search Parameters**

| Direction | Search 1 | Search 2 |
|---|---|---|
| X | 150 | 300 |
| Y | 150 | 300 |
| Z | 150 | 300 |
| Rotation: | 0 | |

## 8.8 Mineral Resource Statement

The mineral Resource statement for the Nordli project comprises all of the estimated blocks within the geological wireframe above an appropriate cut-off grade. Blocks have been classified as Inferred Mineral Resources only.

### *8.8.1 Mineral Resource Classification*

Classification has been carried out using a combination of drill hole spacing, geological and wireframe confidence. The whole modelled wireframe is classified as Inferred Resources due to a reduced level of confidence in geological and grade continuity between the widely spaced drilling. This classification is based on the fact that the geostatistical range is less than the average drill hole spacing of 200m.

SRK has undertaken a high-level desktop evaluation of principal economic factors for the exploitation of the deposit, in order to assure that the deposit has "reasonable prospects for eventual economic extraction", which is a requirement for reporting a mineralisation as Mineral Resource. SRK undertook high-level conceptual mine and process planning, which has been used to develop the related capital and operating costs. The study was purely a desktop estimation exercise with no site investigation or research into real costs of mining, geological, geotechnical, metallurgical, smelting, environmental and social aspects.

The desk study indicates that the economics of the project as it stands now are marginal. However, given the preliminary stage of the investigation and the expected accuracy of ±30-

50%, there is room for improvement, and SRK considers that the economic criterion for reporting of Inferred Mineral Resources, namely that the resource has "reasonable prospect of economic extraction" is fulfilled.

### 8.8.2 *Cut-off Grade Derivation*

The Mineral Resource statement given in Table 8-6 is given above a 0.07% $MoS_2$. At this level, the deposit has reasonable continuity and this is considered a reasonable cut-off grade for a Mineral Resource of this type. A grade tonnage curve for the Nordli project is included in Figure 8-5.

**Table 8-6 Nordli Mineral Resource Statement, 1st May 2007**

| | Inferred Mineral Resources | |
|---|---|---|
| Domain | Tonnes (Mt) | Grade ($MoS_2$ %) |
| **Nordli** | **210** | **0.13** |

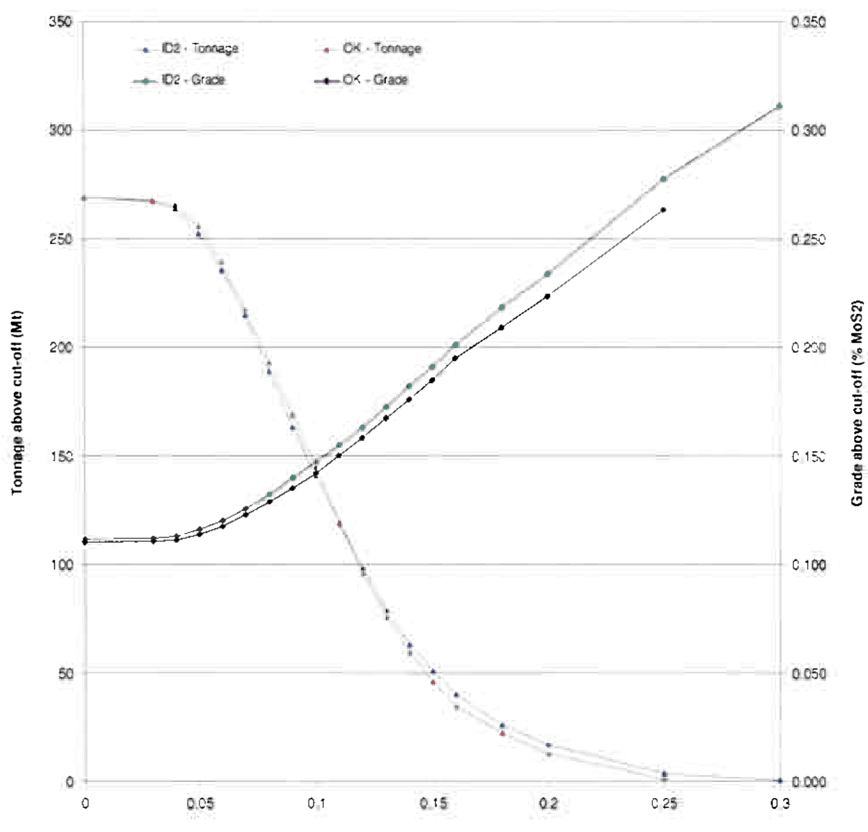



**Figure 8-5 Grade Tonnage Curves for the Nordli deposit**

# 9 CONCLUSIONS AND RECOMMENDATIONS

SRK has derived an Inferred Mineral Resource for the Nordli project of 210 Mt, with a mean grade of 0.13% $MoS_2$, above a cut-off grade of 0.07% $MoS_2$. SRK is confident that this Mineral Resource can be described as having "reasonable prospect of economic extraction" and that it is supported by sufficient data of adequate quality to enable it to be classified in this manner.

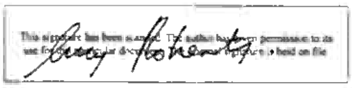
Recommendations by SRK for additional work include the following:

- additional drilling to increase the confidence into the Mineral Resource estimate;
- an attempt to downhole-survey the phase-1 holes – given the competent rock mass, these may still be open and accessible,
- audit of the sampling procedures taken the specific behaviour of molybdenite in account;
- a review of the economic parameter to define a suitable target size in line with Company strategy.

Overall, SRK is confident that ongoing exploration at Nordli, and in the Hurdal area should delineate further Mineral Resources and improve confidence in the existing Mineral Resource estimate given here.

**For and on behalf of SRK Consulting (UK) Ltd**

**Dr Lucy Roberts**



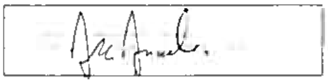
Resource Geologist,
SRK Consulting (UK) Ltd.

**Steffen Schmidt**

Principal Mining Geologist,
SRK Consulting (UK) Ltd.

**Reviewed by**

**Dr Alwyn E Annels**



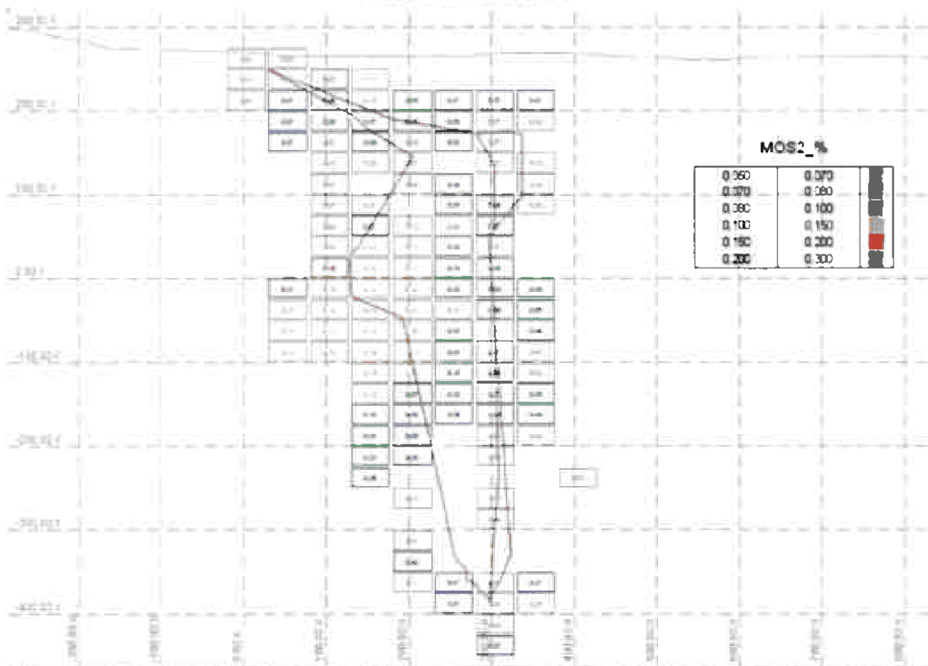
Associate Principal Mining Geologist

# Appendix 1:

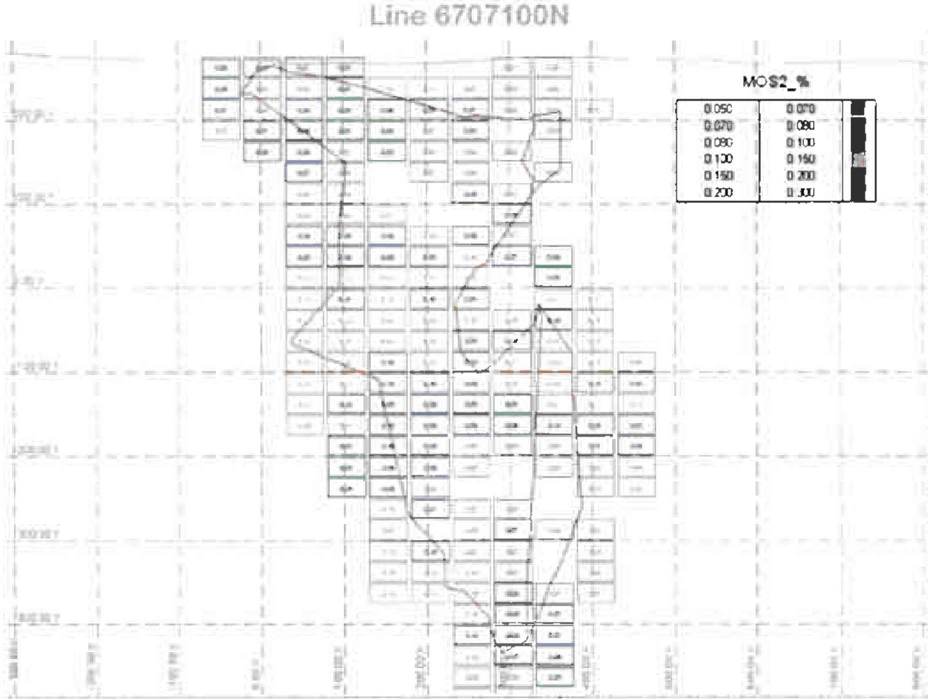
# West-East Cross Sections through the Hurdal Deposit

(showing the SRK block model, gridline spacing = 100m)

Line 6707050N




Line 6707100N



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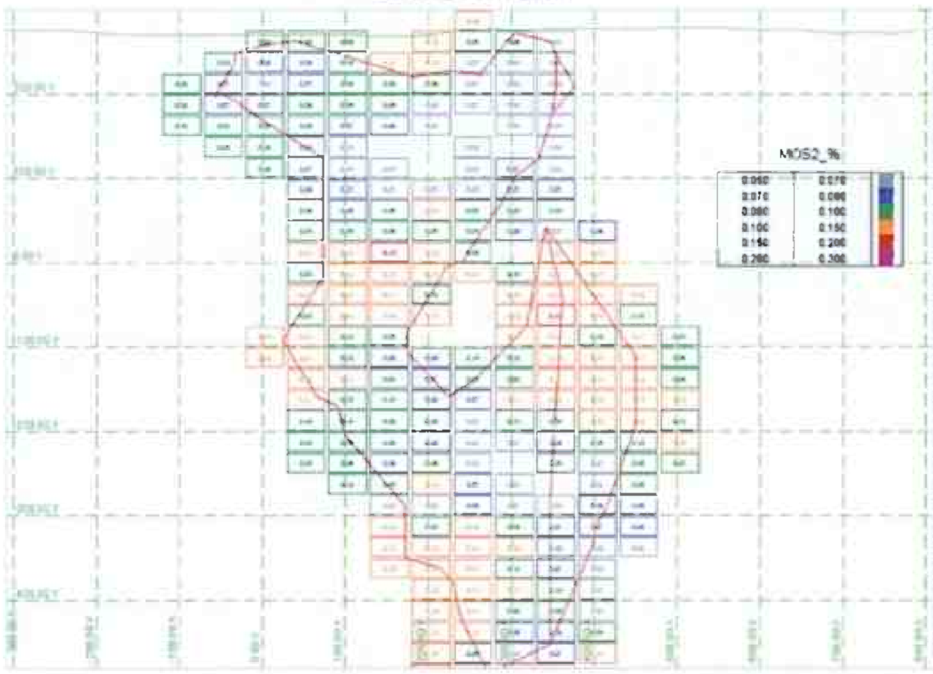


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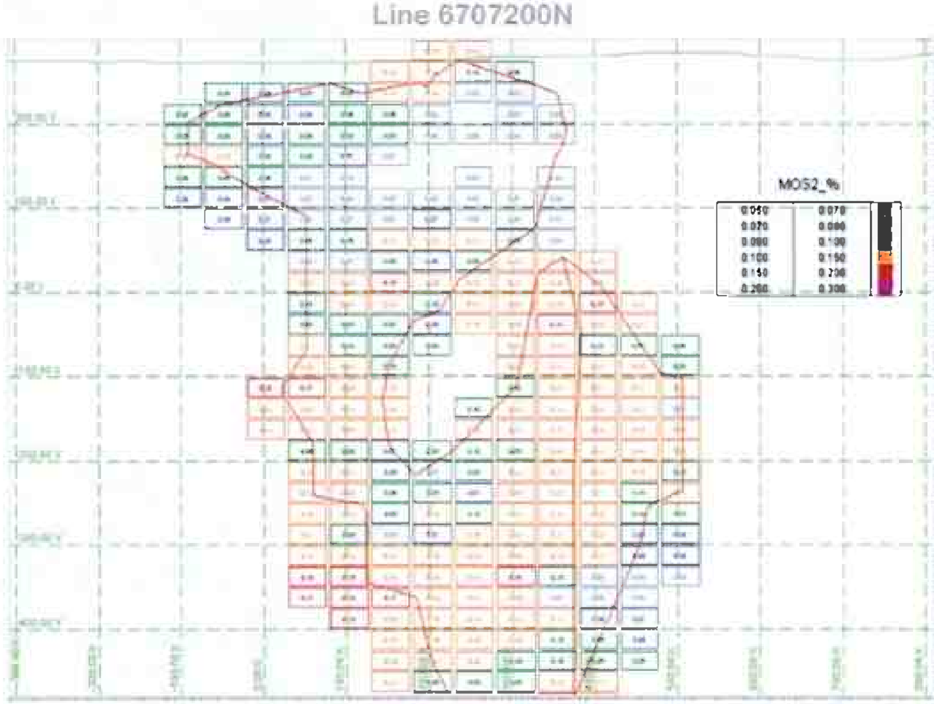

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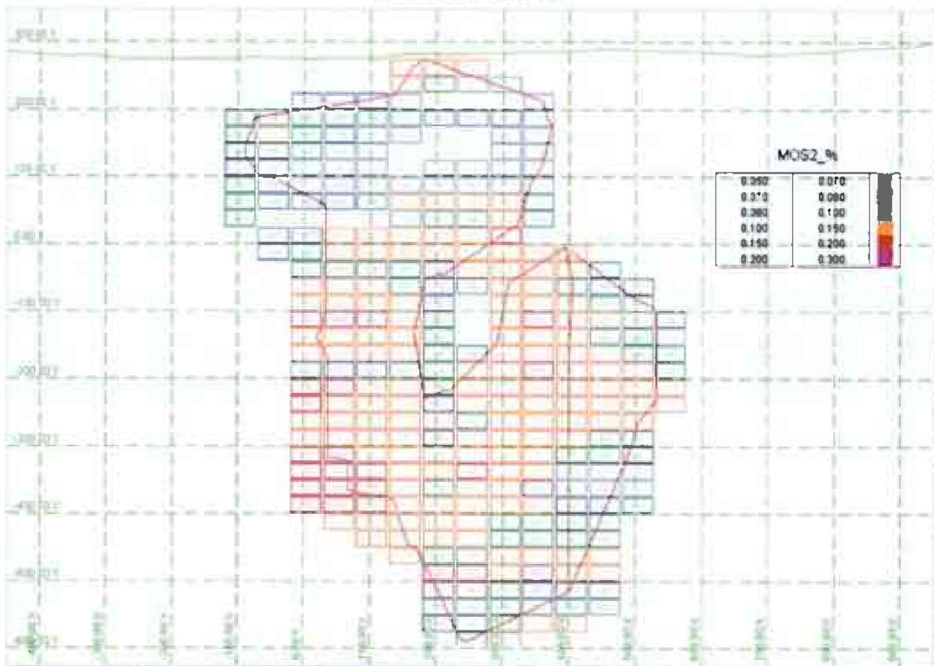


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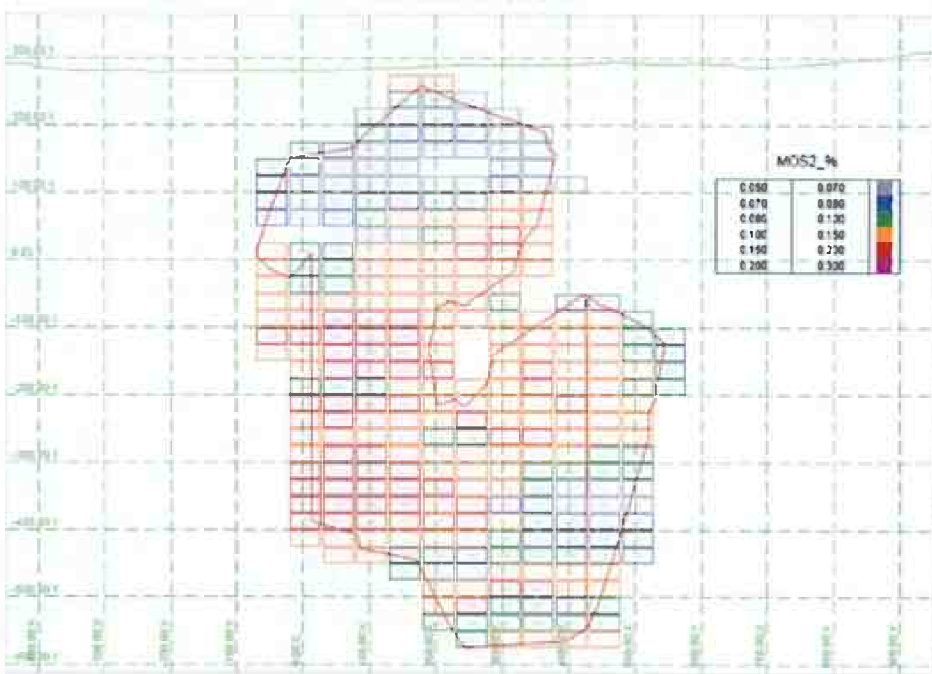

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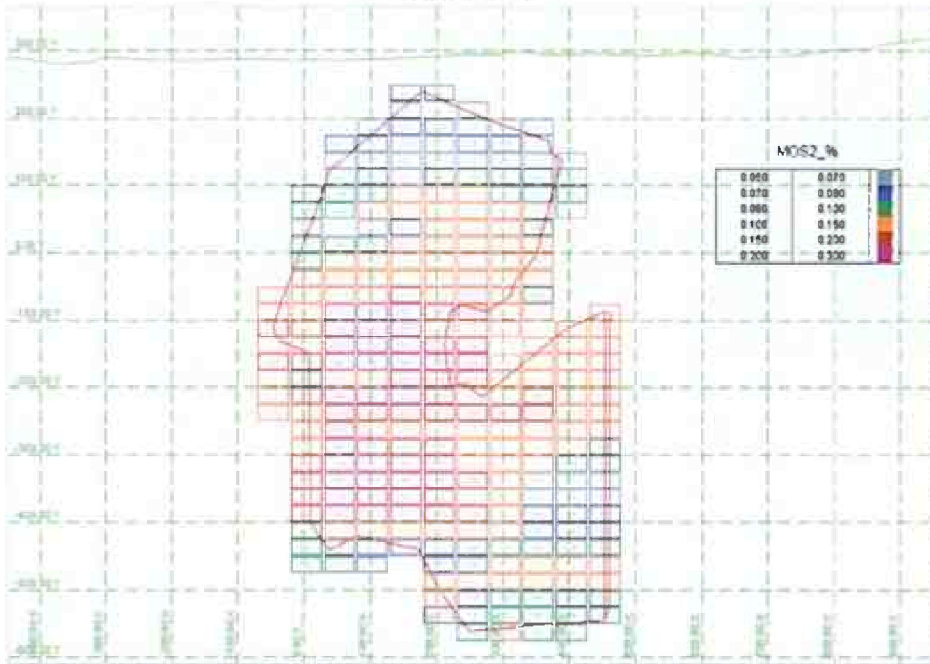


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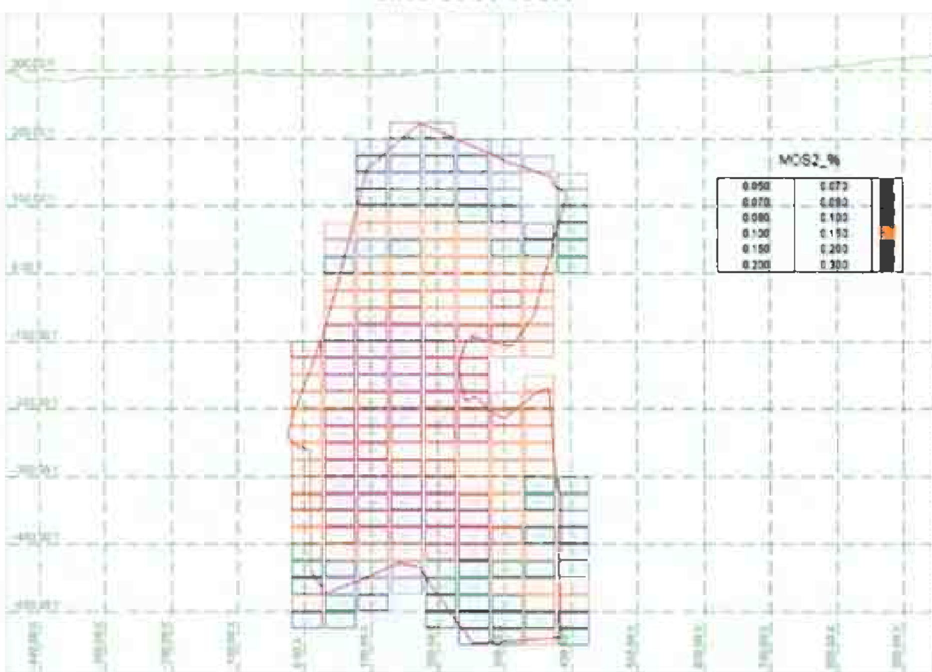

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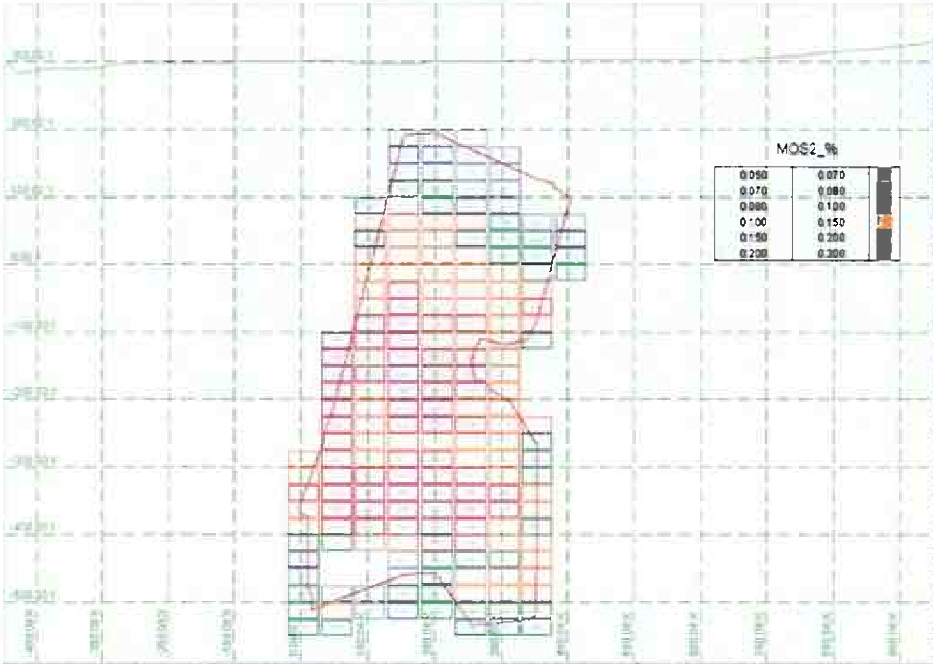

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