Update of the resource model
Of the LabMag iron ore deposit
Blocks A, B and C
Newfoundland and Labrador

LabMag Services Ltd

Respectfully submitted to:
LabMag Services Inc.

Date: July 13, 2007

By:
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Foreword

This study was requested by Mr. Moulaye Melainine, eng. on behalf of LabMag Services Inc. on May 23rd 2007.

This work follows an initial study carried out in 2005 done by the undersigned. The initial resource model is described in the report titled "***Resource estimation of the LabMag iron ore deposit, LabMag Services Ltd.*** Dated May 12, 2005 and revised on January 31st, 2006.

It also follows an update of the **Block A** resource model done earlier in 2006, described in the report titled "***Resource estimation of the LabMag iron ore deposit, LabMag Services Ltd.*** Dated March 16, 2006, revised March 20, 2006.

It also follows an update of the Block A and B resource model done in April 2006, described in the report titled "***Update of the Resource model of the LabMag iron ore deposit, Blocks A and B, LabMag Services Ltd.*** Dated April 20, 2006, revised May 14, 2006.

The undersigned, Mr. Robert de l'Etoile, eng. was assigned principal consultant for this study.

This report reflects the extent of the work carried out during this study and the author declares that no information in his possession was intentionally omitted.

Prepared in, Blainville,
Date: July 13, 2007

("signed")
Robert de l'Etoile, eng.
Consultant
Geostat Systems International Inc.

Executive Summary

- The Labmag iron ore deposit has been discovered in the 1960's. It has been explored between 1966 and 1980 by Iron Ore Company of Canada. In 2004 New Millenium Capital Corporation started a new exploration campaign and drilled new holes on the property.
- In this current study, Geostat was requested to update its resource model using the data from the 2006 drilling campaign and expand the resource model to cover Block C, located between Blocks A and B.
- In 2006, 38 new holes were drilles to better characterize the Block C and to increase the drilling density in Block A in the Indicated and Inferred category areas. Note that for the 2006 drill hole data, only the 4 major assay elements (DTWR, Fe in head, Fe in conc., SiO2 in conc.) were available for this study. The total number of drill holes on the Labmag property is now 271.
- The LabMag deposit is composed of a series of strata or seams slightly dipping (6°) to the north-east. The seams lie flat, without significant deformation. For the purpose of resource modelling, each seam is modelled separately. The surface contacts between the seams are constructed from the lithological information available in the drill holes. In each hole, the elevation of each lithological contact is derived from the geological interpretation. In each cross-section and for each seam, the contact points are linked together to form contact lines. These lines are further extrapolated at both ends of the section at an angle of 6° to cover the lateral extent of the resource model.
- The following layers are considered mineralized: LC, JUIF, GC, URC, PGC, LRC, LRGC. Hence, the MS and LIF layers are considered barren and no resources come from them.
- The original samples vary in length. In order to carry out statistical analyses, it is important to regularize the sample lengths so that each sample has an equivalent representativity. This process is called compositing. We have composited the assays into composites **3 meters** in length. Regular down-the-hole compositing was used.
- The deposit's resources are estimated using a block modelling method. In this update, a new block has been added – Block C. Following the conclusions of the earlier studies, it was decided that the entire Labmag deposit (Blocks A, B and C) would be interpolated using the Inverse Distance method.
- This current resource estimation includes a new area not previously modelled in the Labmag deposit. Block C (or Central Block) has been drilled in 2006 to a level sufficient to estimate resources. Block C effectively links Block A and Block B. The resource model in this present study groups all three blocks into one large model.

- Below are the Labmag deposit updated resources:

Block	Cut-off 18% DTWR	Tonnage (Millions)	DTWR %	%Fe Head	%Fe Conc	%SiO2 Conc
A	**Measured**	2,088	26.52	29.60	69.62	2.51
	Indicated	56	24.14	28.54	69.90	1.74
	Measured + Indicated	**2,144**	**26.46**	**29.57**	**69.63**	**2.49**
	Inferred	529	25.49	29.56	69.29	2.12
B	**Measured**	1,680	25.66	29.50	70.34	1.83
	Indicated	71	23.41	27.70	70.49	1.66
	Measured + Indicated	1,751	25.56	29.42	70.35	1.82
	Inferred	**390**	**25.61**	**29.23**	**70.34**	**1.76**
C	**Measured**	0	--	--	--	--
	Indicated	695	25.16	29.16	70.15	1.92
	Measured + Indicated	695	25.16	29.16	70.15	1.92
	Inferred	**233**	**26.50**	**28.94**	**69.84**	**1.94**
Total	**Measured**	3,768	26.13	29.55	69.94	2.20
	Indicated	822	24.94	28.99	70.17	1.89
	Measured + Indicated	**4,590**	**25.92**	**29.45**	**69.98**	**2.15**
	Inferred	1,151	25.73	29.32	69.76	1.96

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1- Introduction

The Labmag iron ore deposit has been discovered in the 1960's. It has been explored between 1966 and 1980 by Iron Ore Company of Canada. In 2004 New Millenium Capital Corporation started a new exploration campaign and drilled new holes on the property.

In 2005, Geostat Systems International Inc. (Geostat) was retained by LabMag Services Inc. (LabMag) to carry out a resource estimation of the deposit and provide estimates of classified resources. At that time only the Block A portion of the deposit was studied.

In 2006, Geostat was requested to update its resource model using the data from the 2005 drilling campaign and expand the resource model to cover Block B.

In this current study, Geostat was requested to update its resource model using the data from the 2006 drilling campaign and expand the resource model to cover Block C, located between Blocks A and B.

All of the data and information was provided to Geostat by LabMag. Geostat did not verify the data supplied. It is assumed that the data used is correct and free of errors.

2- Data received

2.1 Drill hole data

The drill hole data used to model the resources of the LabMag deposit consists in diamond drill holes drilled in basically 4 campaigns. The original campaign, done by Iron Ore Company took place between 1968 and 1979. A total of 55 holes were drilled.

In 2004, LabMag Services drilled 72 new drill holes on the property and, in 2005, following Geostat's recommendation to densify the drilling grid in order to increase the quality of the resources to the measured category; Labmag drilled 106 holes bringing the total of holes to 233. In 2006, 38 new holes were drilles to better characterize the Block C and to increase the drilling density in Block A in the Indicated and Inferred category areas. Note that for the 2006 drill hole data, only the 4 major assay elements (DTWR, Fe in head, Fe in conc., SiO2 in conc.) were available for this study. The total number of drill holes on the Labmag property is now 271. Below is the breakdown of holes per campaign per block.

Campaign	Block A	Block B	Block C	Total
IOCC	38	13	4	55
2004	59	13		72
2005	64	42		106
2006	21	2	15	38
Total	**177**	**70**	**24**	**271**

Table 1: Count of drill holes per campaign per block

The Figure below presents the layout of the drill holes available for this study (Block A, B and C), coloured by year.

The database content is summarized below.

Collar information:
Northing, Easting and Elevation coordinates, Hole length
All holes drilled vertically, no deviation tests available.

Assay information:
Assays limits (From-To)
Fe in head
Silica in head
Davis Tube Weight Recovery (DTWR)
Fe in concentrate
SiO2 in concentrate
Satmagan in head (Saturation Magnetization Analyzer)
Satmagan in concentrate (Saturation Magnetization Analyzer)
Phosphorus in head
Phosphorus in concentrate
Manganese in head
Manganese in concentrate
Al2O3 in head
Al2O3 in concentrate
Original mesh size

Fe++
Total oxide in head
Total oxide in concentrate
CaO, MgO, TiO2, Na2O, K2O

A portion of those assays, the IOCC drill hole assays, were processed with a 200 mesh screen to calculate the DTWR, Fe (conc.) and Si (conc.), while the remaining assays were processed with a 325 mesh screen. The 200 mesh assays were converted into a 325mesh equivalent. This process is described in earlier reports.

Lithological information:
Limits (From-To)
Lithological code

The lithological code represents the seam or strata intersected by the hole. A total of 10 strata are intersected:

Strata	Lithology	Code
1	**Overburden, Rubble**	**OBR**
2	**Menihek Slate**	**MS**
3	**Lean Cherty**	**LC**
4	**Jasper Upper Iron Formation**	**JUIF**
5	**Green Cherty**	**GC**
6	**Upper Red Cherty**	**URC**
7	**Pink, Grey Cherty**	**PGC**
8	**Lower Red Cherty**	**LRC**
9	**Lower Red Green Cherty**	**LRGC**
10	**Lower Iron Formation**	**LIF**

Table 2: Lithological codes used in LabMag deposit

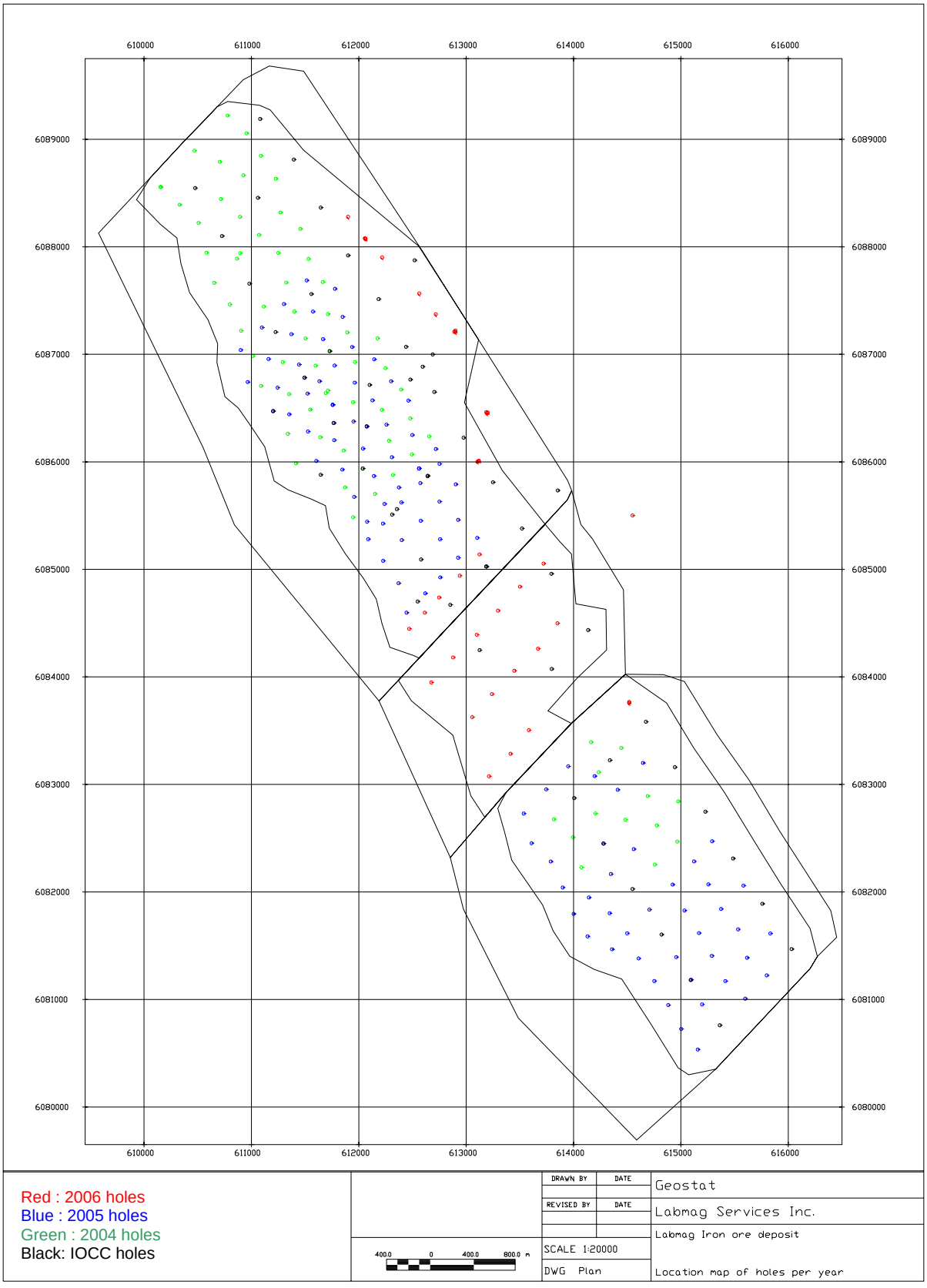


Figure 1: Drill hole location per year

The following figure presents a typical stratigraphic column.

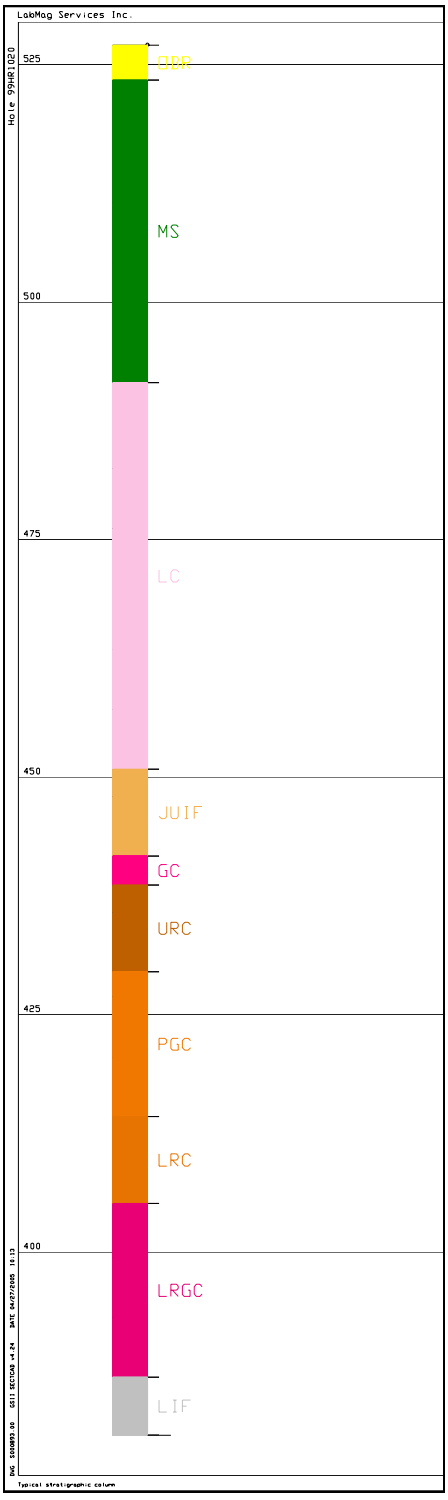


Figure 2: Typical stratigraphic column (hole 99HR1020)

2.3 Basic statistics of sample data, per seam per cut-off

Following are 3 tables presenting the basic sample statistics per seam, per cut-off for Block A, B and for Block C.

Cut-off	DTWR			Fe (head)			Fe (conc)			Si (conc)				
%DTWR	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Count	seam
	0.31	62.60	25.78	0.00	42.20	28.56	26.30	71.35	68.22	0.41	18.00	3.08	618	LC
	5.79	51.60	26.71	17.50	47.90	30.86	65.38	71.60	69.74	0.54	7.88	2.54	478	JUIF
	0.31	60.77	21.62	0.00	42.00	25.67	26.30	72.28	67.29	0.66	16.60	2.48	165	GC
0	1.59	50.00	27.94	10.40	45.90	34.80	26.30	71.62	69.78	0.54	11.55	2.61	300	URC
	4.88	65.50	30.08	0.00	56.58	29.80	26.30	71.58	69.32	0.16	19.00	3.11	703	PGC
	0.31	80.13	25.77	13.20	36.14	28.77	26.30	71.54	69.60	0.48	7.90	2.06	260	LRC
	0.31	50.50	22.99	4.60	39.99	28.10	26.30	72.00	69.98	0.30	9.00	1.83	996	LRGC
	10.00	62.60	27.87	12.60	42.20	29.03	61.10	71.35	69.61	0.41	18.00	2.94	562	LC
	10.00	51.60	26.98	17.50	47.90	30.92	65.38	71.60	69.73	0.54	7.88	2.55	471	JUIF
	10.35	60.77	24.43	13.35	42.00	27.60	26.30	71.00	69.10	0.66	6.10	2.40	141	GC
10	10.35	50.00	28.69	22.20	45.90	34.98	63.43	71.62	69.93	0.54	11.55	2.62	290	URC
	10.00	65.50	30.37	0.00	56.58	29.80	26.30	71.58	69.30	0.16	19.00	3.13	694	PGC
	12.18	80.13	26.07	13.20	36.14	28.85	26.30	71.54	69.77	0.48	7.90	2.05	256	LRC
	10.00	50.50	23.59	16.08	39.99	28.28	31.39	72.00	70.10	0.30	9.00	1.81	960	LRGC
	15.00	62.60	29.16	17.30	42.20	29.22	61.80	71.35	69.72	0.41	18.00	2.84	519	LC
	15.00	51.60	27.83	21.10	47.90	31.02	65.68	71.60	69.77	0.54	7.86	2.52	445	JUIF
	15.10	60.77	25.45	15.59	42.00	28.13	26.30	71.00	69.05	0.90	6.10	2.41	130	GC
15	15.00	50.00	29.82	22.20	45.90	35.15	63.43	71.62	69.94	0.54	11.55	2.59	271	URC
	15.07	65.50	31.13	18.20	56.58	29.96	26.30	71.58	69.29	0.16	19.00	3.15	666	PGC
	15.00	80.13	26.56	13.20	36.14	28.97	26.30	71.54	69.75	0.48	7.90	2.07	246	LRC
	15.00	50.50	24.80	16.08	39.99	28.63	31.39	71.80	70.12	0.30	9.00	1.78	865	LRGC
	17.00	62.60	29.71	17.30	42.20	29.27	61.80	71.35	69.77	0.41	18.00	2.81	498	LC
	17.00	51.60	28.41	21.10	47.90	31.05	65.90	71.60	69.79	0.54	7.80	2.51	424	JUIF
	17.00	60.77	26.80	15.60	42.00	29.05	26.30	71.00	69.30	0.90	6.10	2.44	114	GC
17	17.11	50.00	30.47	22.20	45.90	35.27	63.43	71.62	69.95	0.54	11.55	2.58	259	URC
	17.00	65.50	31.60	18.20	56.58	30.04	26.30	71.58	69.28	0.16	19.00	3.14	646	PGC
	17.57	80.13	27.10	18.10	36.14	29.12	26.30	71.54	69.73	0.48	7.90	2.07	234	LRC
	17.00	50.50	25.38	16.08	39.99	28.82	31.39	71.80	70.13	0.30	9.00	1.77	812	LRGC
	18.00	62.60	29.96	17.30	42.20	29.28	61.80	71.35	69.78	0.41	18.00	2.80	488	LC
	18.00	51.60	28.57	21.10	47.90	31.05	65.90	71.60	69.80	0.54	7.80	2.50	418	JUIF
	18.00	60.77	27.43	16.50	42.00	29.54	26.30	71.00	69.30	0.90	6.10	2.46	107	GC
18	18.50	50.00	30.62	22.20	45.90	35.27	63.43	71.62	69.95	0.54	11.55	2.60	256	URC
	18.00	65.50	31.86	18.20	56.58	30.09	26.30	71.58	69.27	0.16	19.00	3.14	634	PGC
	18.03	80.13	27.30	18.10	36.14	29.18	26.30	71.54	69.72	0.48	7.90	2.08	229	LRC
	18.00	50.50	25.72	16.08	39.99	28.89	65.39	71.80	70.18	0.30	9.00	1.77	779	LRGC
	20.00	62.60	30.52	18.50	42.20	29.34	61.80	71.35	69.79	0.41	18.00	2.78	464	LC
	20.00	51.60	29.24	21.10	47.90	31.10	65.90	71.60	69.78	0.54	7.80	2.52	391	JUIF
	20.00	60.77	29.39	19.40	42.00	31.06	26.30	70.89	69.22	0.90	6.10	2.51	87	GC
20	20.00	50.00	31.18	23.10	45.90	35.50	63.43	71.62	69.94	0.54	11.55	2.60	244	URC
	20.00	65.50	32.58	18.20	56.58	30.23	26.30	71.58	69.26	0.16	19.00	3.13	601	PGC
	20.00	80.13	27.93	20.40	36.14	29.35	26.30	71.54	69.70	0.48	7.90	2.07	213	LRC
	20.00	50.50	26.73	16.08	39.99	29.07	65.39	71.80	70.17	0.30	9.00	1.77	677	LRGC
	25.00	62.60	32.20	21.80	42.20	29.65	61.80	71.35	69.88	0.41	18.00	2.69	384	LC
	25.00	51.60	31.93	21.73	47.90	31.12	65.90	71.60	69.84	0.54	7.10	2.45	279	JUIF
	25.30	60.77	33.33	19.40	42.00	32.70	26.30	70.89	69.00	0.90	6.10	2.44	55	GC
25	25.00	50.00	33.07	23.10	45.90	35.66	63.43	71.62	69.90	0.83	11.55	2.60	199	URC
	25.00	65.50	34.67	18.20	56.58	30.66	26.30	71.58	69.29	0.16	16.97	3.14	497	PGC
	25.00	80.13	30.65	20.40	36.14	30.17	66.64	71.54	69.90	0.48	7.90	2.13	143	LRC
	25.00	50.50	29.89	20.44	39.99	29.70	65.95	71.78	70.13	0.37	7.07	1.79	391	LRGC
	30.00	62.60	34.52	21.80	42.20	30.62	61.80	71.29	69.84	0.41	18.00	2.70	255	LC
	30.00	51.60	34.72	21.80	47.90	31.44	66.41	71.60	69.89	0.54	7.05	2.35	173	JUIF
	30.00	60.77	36.93	19.40	42.00	34.04	66.60	70.89	69.91	0.90	5.39	2.33	35	GC
30	30.00	50.00	35.34	23.10	45.90	35.68	63.43	71.62	69.93	0.83	11.55	2.60	142	URC
	30.00	65.50	36.49	21.20	40.32	31.13	26.30	71.58	69.24	0.16	11.98	3.17	395	PGC
	30.00	80.13	34.47	21.00	36.14	31.24	67.26	70.90	69.91	0.60	7.30	2.13	67	LRC
	30.00	50.50	33.52	22.00	39.99	30.51	65.95	71.70	70.03	0.37	7.07	1.86	166	LRGC
	35.00	62.60	37.57	23.00	42.20	32.08	61.80	71.26	69.83	1.10	18.00	2.80	103	LC
	35.00	51.60	38.56	23.85	47.90	32.72	66.41	71.17	69.87	0.54	7.05	2.27	73	JUIF
	35.00	60.77	39.58	19.40	42.00	34.78	66.60	70.86	69.91	0.90	5.39	2.29	22	GC
35	35.00	50.00	38.67	27.30	45.90	36.01	65.28	71.23	69.94	0.83	7.08	2.56	68	URC
	35.00	65.50	39.21	21.20	40.32	32.11	26.30	71.58	69.13	0.90	11.98	3.27	240	PGC
	35.00	80.13	40.46	21.00	36.14	31.99	67.26	70.86	69.66	1.00	7.30	2.48	19	LRC
	35.00	50.50	38.06	25.82	39.99	31.61	65.95	71.41	69.61	0.80	7.07	2.36	46	LRGC

Table 3: basic statistics of sample data per seam in Block A

Cut-off	DTWR			Fe (head)			Fe (conc)			SiO2 (conc)				
%DTWR	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Count	seam
	0.05	50.54	27.84	14.10	50.40	29.00	56.66	71.85	69.82	0.50	21.61	2.44	231	LC
	5.00	42.50	25.43	11.90	45.20	30.47	67.30	71.88	70.39	0.10	4.35	1.75	405	JUIF
	0.50	53.09	16.14	5.44	45.80	21.19	26.30	71.14	68.16	1.41	6.28	2.40	66	GC
0	12.18	46.88	26.40	14.50	48.35	35.74	68.19	71.42	70.44	0.61	4.47	1.69	153	URC
	1.50	52.36	34.49	19.65	43.10	31.55	66.85	71.47	70.24	0.50	5.74	1.98	169	PGC
	8.53	43.23	25.62	18.10	37.30	28.67	68.87	71.41	70.54	0.50	3.21	1.39	102	LRC
	0.50	40.50	21.71	12.60	36.70	27.34	65.60	71.60	70.49	0.50	8.32	1.57	637	LRGC
	10.35	50.54	29.08	14.50	50.40	29.37	59.25	71.85	69.99	0.50	21.61	2.38	220	LC
	10.34	42.50	25.56	11.90	45.20	30.53	67.30	71.88	70.40	0.10	4.35	1.75	402	JUIF
	10.00	53.09	23.99	13.66	45.80	26.13	65.99	70.85	69.63	1.41	6.28	2.32	40	GC
10	12.18	46.88	26.40	14.50	48.35	35.74	68.19	71.42	70.44	0.61	4.47	1.69	153	URC
	13.00	52.36	34.69	19.65	43.10	31.57	66.85	71.47	70.24	0.50	5.74	1.98	168	PGC
	12.18	43.23	25.95	18.10	37.30	28.76	68.87	71.41	70.54	0.50	2.79	1.37	100	LRC
	10.00	40.50	22.07	15.90	36.70	27.47	65.60	71.60	70.49	0.50	8.32	1.57	621	LRGC
	15.00	50.54	29.32	14.50	50.40	29.46	59.25	71.85	70.00	0.50	21.61	2.37	217	LC
	15.82	42.50	26.22	11.90	45.20	30.64	67.30	71.88	70.41	0.10	4.35	1.74	382	JUIF
	15.50	53.09	26.97	17.82	45.80	28.47	65.99	70.85	69.55	1.41	6.28	2.41	32	GC
15	15.83	46.88	26.68	20.90	48.35	36.02	68.19	71.42	70.46	0.61	3.52	1.67	150	URC
	16.20	52.36	35.20	19.65	43.10	31.64	66.85	71.47	70.25	0.50	5.74	1.99	164	PGC
	15.82	43.23	27.04	23.00	37.30	29.29	68.87	71.41	70.55	0.50	2.79	1.40	92	LRC
	15.00	40.50	23.19	15.90	36.70	27.83	65.60	71.60	70.50	0.50	8.32	1.57	554	LRGC
	17.00	50.54	29.77	20.70	50.40	29.67	59.25	71.85	70.04	0.50	21.61	2.34	210	LC
	17.50	42.50	26.55	11.90	45.20	30.63	67.64	71.88	70.44	0.10	4.35	1.71	370	JUIF
	17.50	53.09	29.00	17.82	45.80	29.50	68.06	70.85	69.64	1.41	4.50	2.27	27	GC
17	17.66	46.88	27.03	20.90	48.35	36.11	68.19	71.42	70.45	0.61	3.52	1.69	145	URC
	17.50	52.36	35.54	19.65	43.10	31.77	66.85	71.47	70.25	0.50	5.74	2.00	161	PGC
	17.50	43.23	27.67	23.00	37.30	29.47	68.87	71.41	70.57	0.50	2.79	1.40	87	LRC
	17.00	40.50	24.29	16.25	36.70	28.17	65.60	71.60	70.52	0.50	8.32	1.57	481	LRGC
	19.00	50.54	30.07	20.70	50.40	29.79	59.25	71.85	70.06	0.50	21.61	2.30	205	LC
	18.00	42.50	26.80	11.90	45.20	30.65	67.64	71.88	70.44	0.10	4.35	1.71	360	JUIF
	18.00	53.09	31.00	22.65	45.80	30.88	68.06	70.85	69.57	1.41	4.50	2.39	23	GC
18	18.50	46.88	27.16	20.90	48.35	36.09	68.19	71.42	70.45	0.61	3.52	1.69	143	URC
	18.39	52.36	35.66	19.65	43.10	31.78	66.85	71.47	70.25	0.50	5.74	2.01	160	PGC
	18.39	43.23	28.15	23.00	37.30	29.64	68.87	71.41	70.57	0.50	2.79	1.41	83	LRC
	18.00	40.50	24.73	16.25	36.70	28.33	65.60	71.60	70.51	0.50	8.32	1.57	452	LRGC
	20.58	50.54	30.45	20.70	50.40	29.89	59.25	71.85	70.16	0.50	21.61	2.17	198	LC
	20.00	42.50	27.70	11.90	45.20	30.62	67.64	71.88	70.46	0.10	4.35	1.67	322	JUIF
	21.00	53.09	32.18	22.65	45.80	31.33	68.06	70.85	69.60	1.41	4.50	2.30	21	GC
20	20.00	46.88	27.51	20.90	48.35	36.18	68.19	71.42	70.45	0.61	3.52	1.70	137	URC
	20.58	52.36	35.87	19.65	43.10	31.85	66.85	71.47	70.24	0.61	5.74	2.02	158	PGC
	20.00	43.23	28.73	23.00	37.30	29.85	68.87	71.41	70.55	0.50	2.79	1.42	78	LRC
	20.00	40.50	26.03	16.25	36.70	28.70	65.60	71.60	70.53	0.50	8.32	1.58	367	LRGC
	25.00	50.54	31.96	23.40	50.40	30.44	59.25	71.85	70.27	0.50	21.61	2.04	164	LC
	25.00	42.50	30.14	23.20	45.20	30.77	67.64	71.88	70.47	0.10	4.35	1.67	214	JUIF
	25.50	53.09	35.06	23.45	45.80	32.51	68.06	70.85	69.66	1.51	4.50	2.34	16	GC
25	25.50	46.88	30.04	26.20	48.35	36.76	68.19	71.42	70.43	0.61	3.52	1.67	86	URC
	25.50	52.36	36.96	19.65	43.10	32.40	66.85	71.47	70.21	0.61	5.74	2.08	145	PGC
	25.50	43.23	31.07	25.40	37.30	30.44	68.87	71.41	70.54	0.69	2.79	1.47	55	LRC
	25.00	40.50	30.61	17.90	36.70	29.72	68.56	71.52	70.53	0.69	3.73	1.63	163	LRGC
	30.00	50.54	34.27	25.29	50.40	31.78	59.25	71.57	70.30	0.69	21.61	2.06	106	LC
	30.00	42.50	33.08	25.58	45.20	30.90	68.00	71.88	70.47	0.61	3.86	1.64	105	JUIF
	30.50	53.09	36.90	23.45	45.80	33.48	68.06	70.85	69.61	1.51	4.50	2.38	13	GC
30	30.00	46.88	34.14	26.20	48.35	36.99	68.19	71.41	70.33	0.90	3.52	1.80	34	URC
	30.00	52.36	38.96	19.65	43.10	32.99	66.85	71.30	70.14	0.61	5.74	2.22	119	PGC
	30.00	43.23	33.82	25.80	37.30	31.21	68.87	71.32	70.46	0.80	2.79	1.53	32	LRC
	30.00	40.50	34.10	17.90	36.70	30.31	68.81	71.52	70.57	0.90	3.73	1.71	81	LRGC
	35.00	50.54	38.91	29.10	50.40	35.07	68.12	71.40	70.40	0.90	4.39	1.93	31	LC
	35.00	42.50	37.23	28.44	39.90	32.87	68.44	71.18	70.46	0.61	3.50	1.59	24	JUIF
	35.93	53.09	41.22	23.45	45.80	34.61	69.36	70.85	69.95	1.51	2.20	1.71	7	GC
35	35.00	46.88	39.09	31.80	48.35	37.49	68.19	71.41	70.24	1.01	3.52	1.66	12	URC
	35.00	52.36	41.31	19.65	43.10	33.89	66.85	71.29	70.10	1.17	5.74	2.37	88	PGC
	35.16	43.23	38.20	32.30	37.30	33.89	68.87	71.16	70.34	0.80	2.79	1.67	8	LRC
	35.00	40.50	37.40	21.00	36.70	31.18	68.81	71.52	70.52	1.09	3.21	1.77	32	LRGC

Table 4: basic statistics of sample data per seam in Block B

Cut-off	DTWR			Fe (head)			Fe (conc)			SiO2 (conc)				
%DTWR	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	Count	seam
0	0.50	44.80	28.70	5.56	38.50	28.52	62.50	71.80	69.86	1.10	9.00	2.54	107	LC
	11.45	45.20	25.28	23.60	39.50	31.06	66.18	72.30	70.46	0.10	3.19	1.60	68	JUIF
	0.31	66.00	21.79	14.40	57.00	26.67	26.30	71.30	63.68	0.90	3.90	2.14	15	GC
	12.36	34.00	21.73	17.90	41.70	34.57	69.30	71.50	70.50	1.25	3.50	1.98	32	URC
	12.00	44.00	25.79	22.10	38.23	30.32	66.50	71.50	69.94	1.20	6.30	2.49	41	PGC
	14.00	37.75	23.93	22.90	37.00	29.89	69.93	70.92	70.41	0.80	2.70	1.56	16	LRC
	8.00	44.00	25.63	6.60	35.30	27.01	66.50	71.85	70.08	0.72	5.30	1.82	132	LRGC
10	10.50	44.80	29.42	19.00	38.50	28.85	62.50	71.80	69.90	1.10	9.00	2.52	104	LC
	11.45	45.20	25.28	23.60	39.50	31.06	66.18	72.30	70.46	0.10	3.19	1.60	68	JUIF
	10.00	66.00	30.60	14.40	57.00	30.49	68.00	71.30	69.76	0.90	3.90	2.05	10	GC
	12.36	34.00	21.73	17.90	41.70	34.57	69.30	71.50	70.50	1.25	3.50	1.98	32	URC
	12.00	44.00	25.79	22.10	38.23	30.32	66.50	71.50	69.94	1.20	6.30	2.49	41	PGC
	14.00	37.75	23.93	22.90	37.00	29.89	69.93	70.92	70.41	0.80	2.70	1.56	16	LRC
	10.00	44.00	25.89	6.60	35.30	27.13	66.50	71.85	70.08	0.72	5.30	1.83	130	LRGC
15	16.00	44.80	29.95	19.00	38.50	28.95	62.50	71.80	69.90	1.10	9.00	2.53	101	LC
	15.00	45.20	25.69	23.60	39.50	31.09	66.18	72.30	70.47	0.10	3.19	1.59	66	JUIF
	21.50	66.00	35.40	19.85	57.00	33.27	69.18	71.30	70.07	0.90	3.90	1.96	8	GC
	16.00	34.00	22.64	17.90	41.70	35.00	69.30	71.50	70.50	1.25	3.50	2.01	29	URC
	16.66	44.00	26.78	22.10	38.23	30.41	66.50	71.50	69.92	1.32	6.30	2.52	38	PGC
	16.20	37.75	24.59	22.90	37.00	30.05	69.93	70.92	70.39	0.80	2.70	1.58	15	LRC
	15.10	44.00	26.40	6.60	35.30	27.22	66.50	71.85	70.08	0.73	5.30	1.85	125	LRGC
17	17.00	44.80	30.37	19.00	38.50	29.04	65.80	71.80	69.97	1.10	8.09	2.44	98	LC
	17.00	45.20	27.05	23.90	39.50	31.39	66.18	72.30	70.50	0.10	3.19	1.55	58	JUIF
	21.50	66.00	35.40	19.85	57.00	33.27	69.18	71.30	70.07	0.90	3.90	1.96	8	GC
	17.00	34.00	24.26	25.40	41.70	35.93	69.30	71.50	70.51	1.25	3.50	2.00	23	URC
	17.66	44.00	27.34	22.10	38.23	30.75	66.50	71.50	69.90	1.32	6.30	2.52	36	PGC
	19.12	37.75	25.82	25.87	37.00	30.79	69.93	70.92	70.36	0.80	2.70	1.62	13	LRC
	17.00	44.00	27.42	17.53	35.30	27.60	66.50	71.85	70.11	0.73	5.30	1.85	114	LRGC
18	18.00	44.80	30.93	19.00	38.50	28.99	65.80	71.80	69.99	1.10	8.09	2.41	94	LC
	18.00	45.20	27.40	23.90	39.50	31.30	66.18	72.30	70.51	0.10	3.19	1.54	56	JUIF
	21.50	66.00	35.40	19.85	57.00	33.27	69.18	71.30	70.07	0.90	3.90	1.96	8	GC
	18.00	34.00	24.94	31.58	41.70	36.54	69.30	71.50	70.50	1.25	3.50	2.02	21	URC
	18.76	44.00	27.61	22.10	38.23	30.83	66.50	71.50	69.90	1.32	6.30	2.55	35	PGC
	19.12	37.75	25.82	25.87	37.00	30.79	69.93	70.92	70.36	0.80	2.70	1.62	13	LRC
	18.00	44.00	27.89	18.35	35.30	27.65	66.50	71.80	70.07	0.79	5.30	1.89	109	LRGC
20	20.00	44.80	31.47	19.00	38.50	29.14	65.80	71.80	70.04	1.10	8.09	2.35	90	LC
	20.00	45.20	28.57	23.90	39.50	31.06	66.18	72.30	70.57	0.10	2.68	1.48	49	JUIF
	21.50	66.00	35.40	19.85	57.00	33.27	69.18	71.30	70.07	0.90	3.90	1.96	8	GC
	20.50	34.00	27.29	32.80	41.70	36.70	69.30	71.10	70.35	1.34	3.30	2.13	15	URC
	20.00	44.00	28.41	22.10	38.23	30.97	66.50	71.50	69.89	1.32	6.30	2.53	32	PGC
	20.22	37.75	26.38	25.87	37.00	30.79	69.93	70.92	70.37	0.80	2.70	1.66	12	LRC
	20.00	44.00	29.12	18.35	35.30	27.74	66.50	71.80	70.01	0.79	5.30	1.94	96	LRGC
25	25.00	44.80	33.35	21.50	38.50	29.78	65.80	71.80	70.19	1.10	6.50	2.26	74	LC
	25.50	45.20	33.21	23.90	39.50	31.86	66.50	72.30	70.61	0.10	2.68	1.50	28	JUIF
	25.00	66.00	39.79	28.10	57.00	36.93	69.18	71.30	69.88	0.90	3.90	2.03	6	GC
	26.00	34.00	29.99	32.80	41.70	37.01	69.30	71.10	70.19	1.34	3.30	2.15	10	URC
	25.00	44.00	31.35	23.60	38.23	31.22	66.60	71.35	69.76	1.32	6.30	2.69	22	PGC
	25.50	37.75	29.37	25.87	37.00	31.26	70.11	70.69	70.32	0.80	2.70	1.79	7	LRC
	25.00	44.00	31.21	20.70	35.30	27.84	66.50	71.35	69.82	1.00	5.30	2.08	74	LRGC
30	30.17	44.80	35.05	26.20	38.50	30.56	65.80	71.80	70.33	1.10	5.70	2.10	56	LC
	31.20	45.20	37.00	26.70	39.50	32.71	66.50	72.30	70.42	0.10	2.58	1.59	17	JUIF
	33.74	66.00	42.74	29.30	57.00	38.70	69.18	71.30	69.93	0.90	3.90	1.94	5	GC
	31.20	34.00	32.78	33.90	41.70	38.14	69.90	71.10	70.55	1.34	2.30	1.89	4	URC
	30.50	44.00	34.52	24.90	38.23	32.22	67.70	71.35	70.02	1.44	4.70	2.40	13	PGC
	30.08	37.75	33.37	32.90	37.00	34.63	70.11	70.36	70.19	0.80	2.70	1.80	3	LRC
	30.00	44.00	33.75	22.90	35.30	28.73	67.54	71.12	69.69	1.00	5.30	2.15	44	LRGC
35	35.00	44.80	37.89	26.44	38.50	31.67	67.70	71.80	70.47	1.10	5.00	1.91	27	LC
	35.20	45.20	39.71	29.90	39.50	33.62	66.50	72.30	70.25	1.00	2.40	1.67	11	JUIF
	36.66	66.00	48.66	32.70	57.00	43.10	69.18	70.00	69.62	1.00	3.90	2.40	3	GC
														URC
	35.00	44.00	38.60	29.31	38.23	33.44	68.30	70.79	70.05	1.44	4.54	2.26	5	PGC
	37.75	37.75	37.75	34.00	34.00	34.00	70.11	70.11	70.11	2.70	2.70	2.70	1	LRC
	35.01	44.00	37.16	25.10	35.30	29.84	68.00	70.79	69.69	1.20	5.30	2.48	14	LRGC

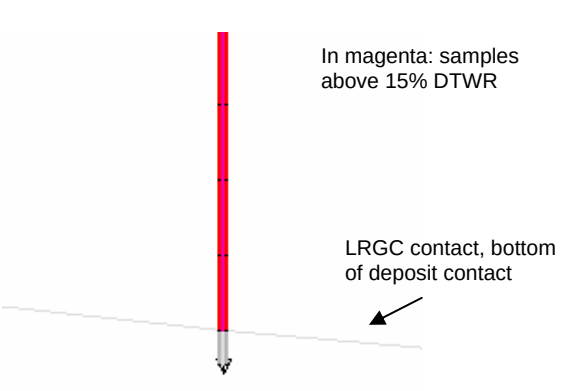
Table 5: basic statistics of sample data per seam in Block C

3- Geological interpretation

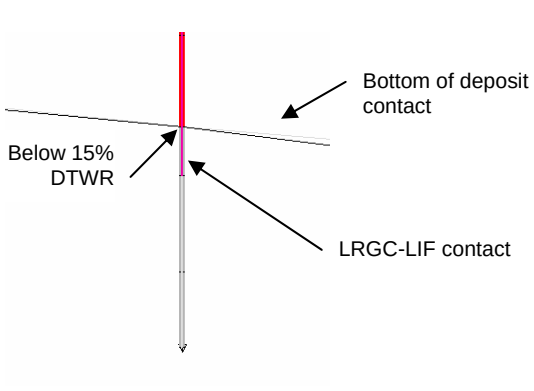
The LabMag deposit is composed of a series of strata or seams slightly dipping (6°) to the north-east. The seams lie flat, without significant deformation. For the purpose of resource modelling, each seam is modelled separately. The surface contacts between the seams are constructed from the lithological information available in the drill holes. In each hole, the elevation of each lithological contact is derived from the geological interpretation. In each cross-section and for each seam, the contact points are linked together to form contact lines. These lines are further extrapolated at both ends of the section at an angle of 6° to cover the lateral extent of the resource model. The contact lines from all the interpreted cross-sections are then combined together into a triangulated surface, one for each seam contact. The following figures present the two-step procedure; geological interpretation on cross-sections and; resulting triangulated surfaces.

The following layers are considered mineralized: LC, JUIF, GC, URC, PGC, LRC, LRGC. Hence, the MS and LIF layers are considered barren and no resources come from them. We have hence limited the depth of the deposit to the contact between LRGC and LIF. However, the presence of short holes that do not intersect this contact, the fact that twin holes tend to disagree on the position of this particular contact and the fact that samples with good weight recovery appear in the LIF and conversely, the fact that poor weight recovery samples appear in LRGC, makes the interpretation of the contact uncertain.

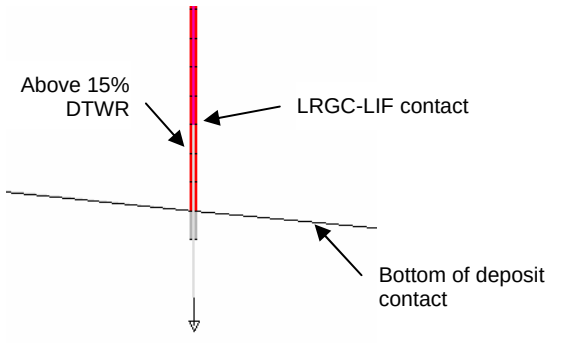
To establish the bottom of deposit contact we have reinterpreted the LRGC-LIF contact and used the DTWR assay values in addition to the lithological interpretation to define it. We have adjusted the contact by raising or lowering the lithological contact slightly to agree with a 15% DTWR cut-off on samples. In cases where twin holes disagree, we have established the contact at the point where both holes stop being in agreement with respect to the 15% DTWR cut-off. The following figures illustrate the typical adjustments made.



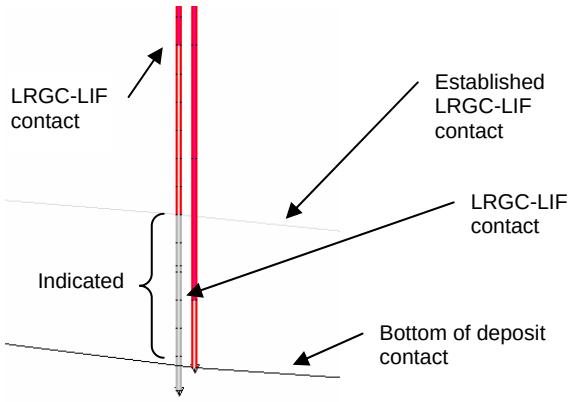
Hole 05HR1167D: normal situation, LRGC-LIF contact coincides with the 15% DTWR cut-off



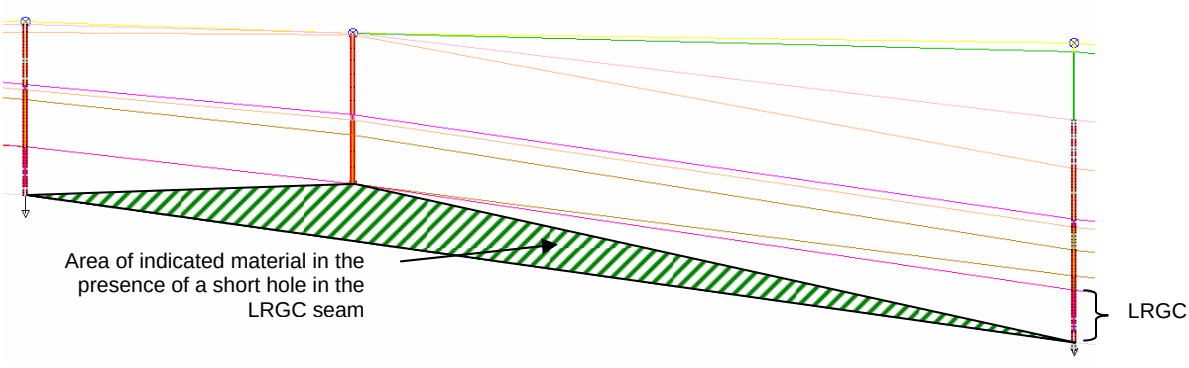
Hole 04HR1080D: bottom of deposit contact is raised from the lithological LRGC-LIF contact because the last LRGC sample is below 15% DTWR



99HR1016D: bottom of deposit contact is lowered from the lithological LRGC-LIF contact because the top LIF samples are above 15% DTWR



Left: 99HR1003D, right: 04HR1080A
Bottom of deposit lowered to the bottom of 04HR1080A. However, The low grade section of observed in 99HR1003D is downgraded to Indicated category.



Case of a short hole. An area of indicated resource is created in the triangle joining the short hole to the 2 full length holes.

Figure 3: Typical adjustments made to the bottom of ore contact

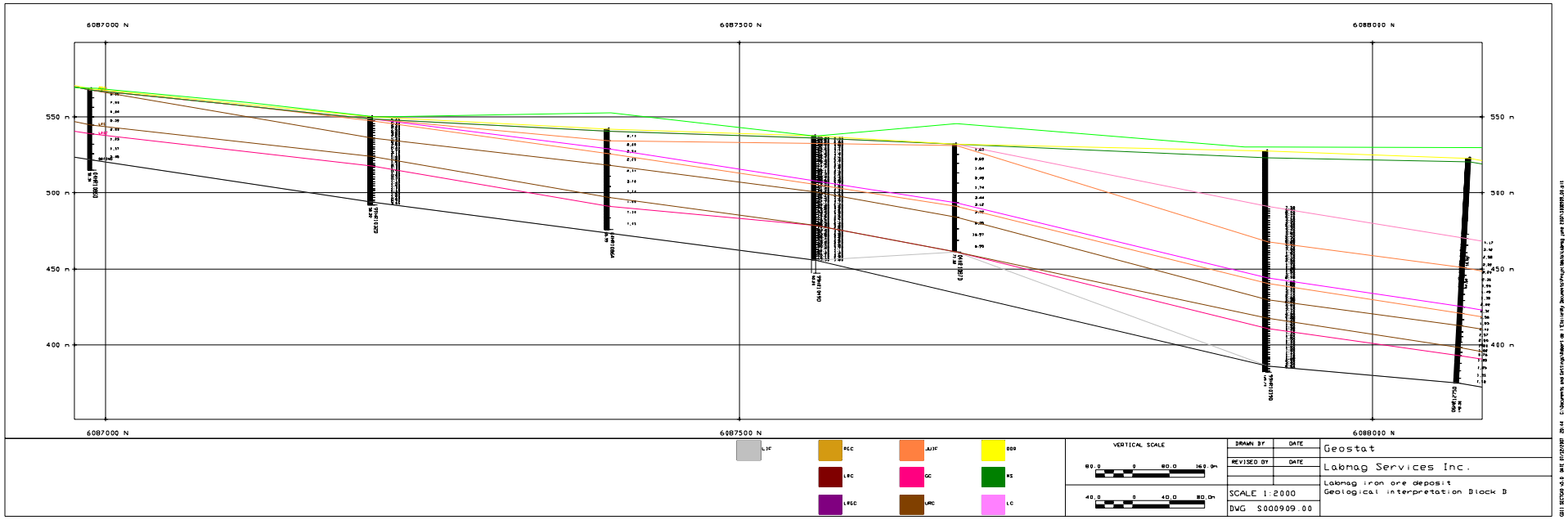


Figure 4: Geological interpretation of the seams on cross-section; Section 909 Block A (vertically exaggerated)

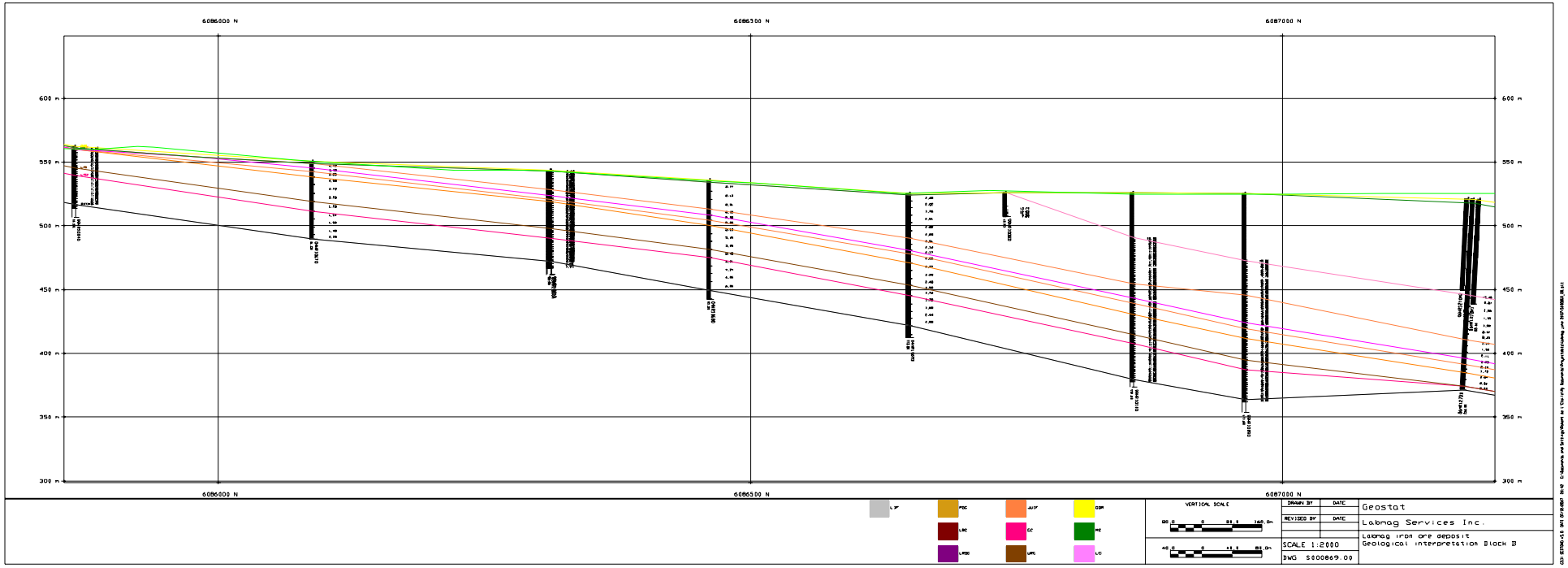


Figure 5: Geological interpretation of the seams on cross-section; Section 869 Block A (vertically exaggerated)

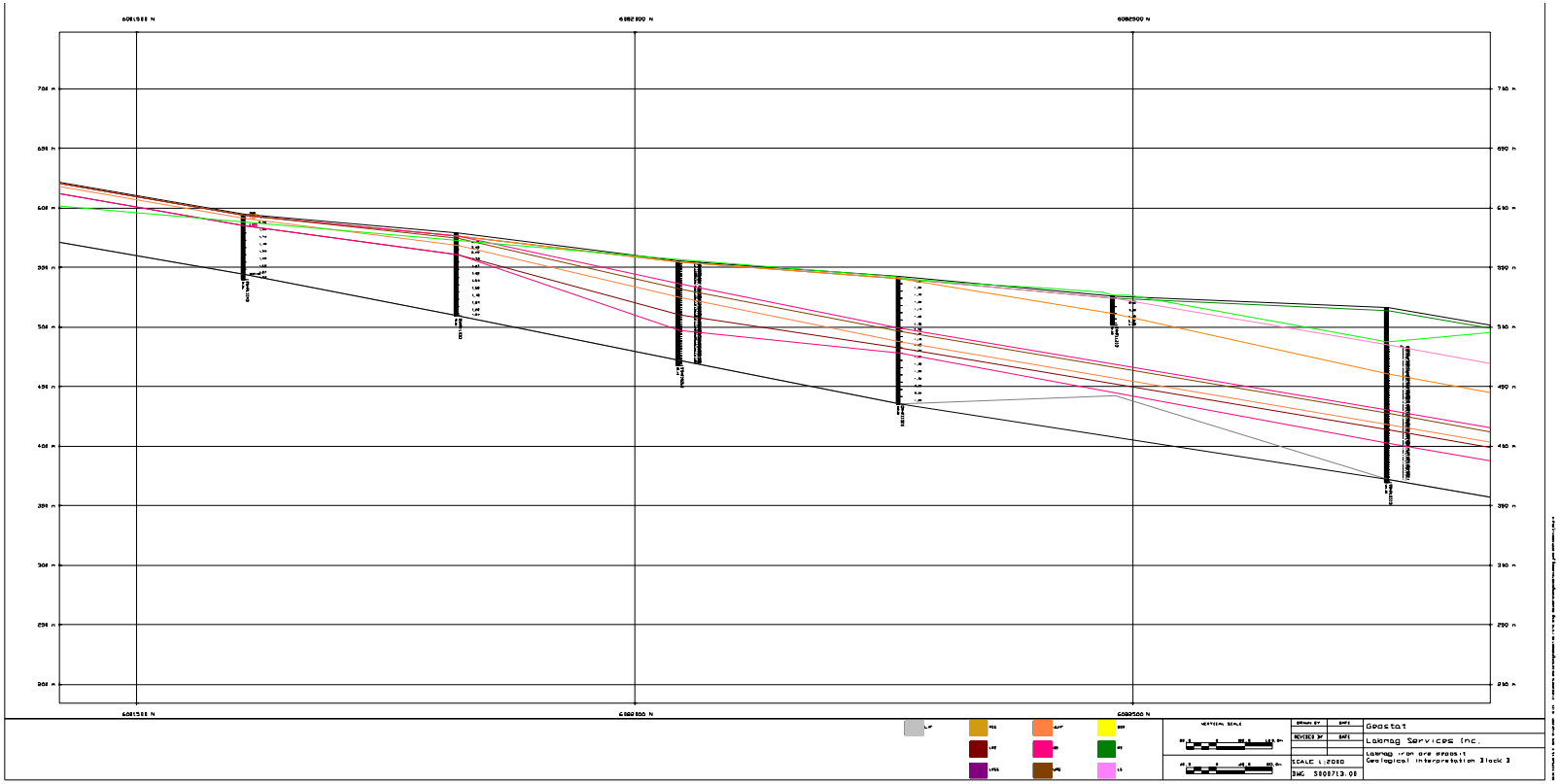


Figure 6: Geological interpretation of the seams on cross-section; Section 713 Block B (vertically exaggerated)

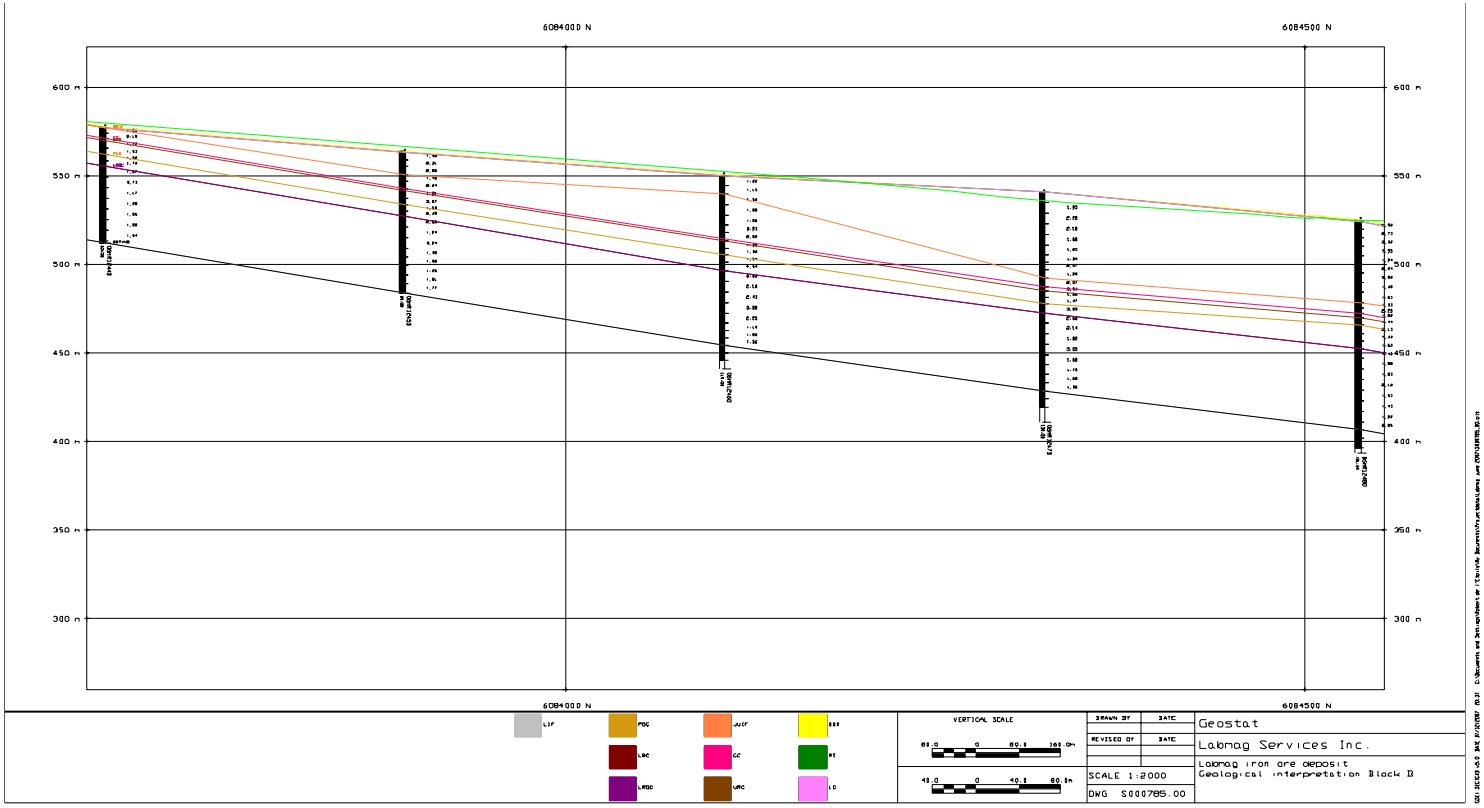


Figure 7: Geological interpretation of the seams on cross-section; Section 785 Block C (vertically exaggerated)

In order to cover the totality of the lateral extent of the Block outlines, we have extrapolated the geological interpretation of the first and last cross-sections (at the north-west and the south-east ends) in both blocks. In fact we have duplicated these cross-sections at a distance of 250 meters at both ends.

In addition to the vertical limits of the deposits imposed by the seam layouts, LabMag has decided to limit the lateral extent of the deposit within the property. LabMag has outlined 3 principal areas named Block A, Block B and Block C. The following figure presents the outline of the blocks as used in this resource model.

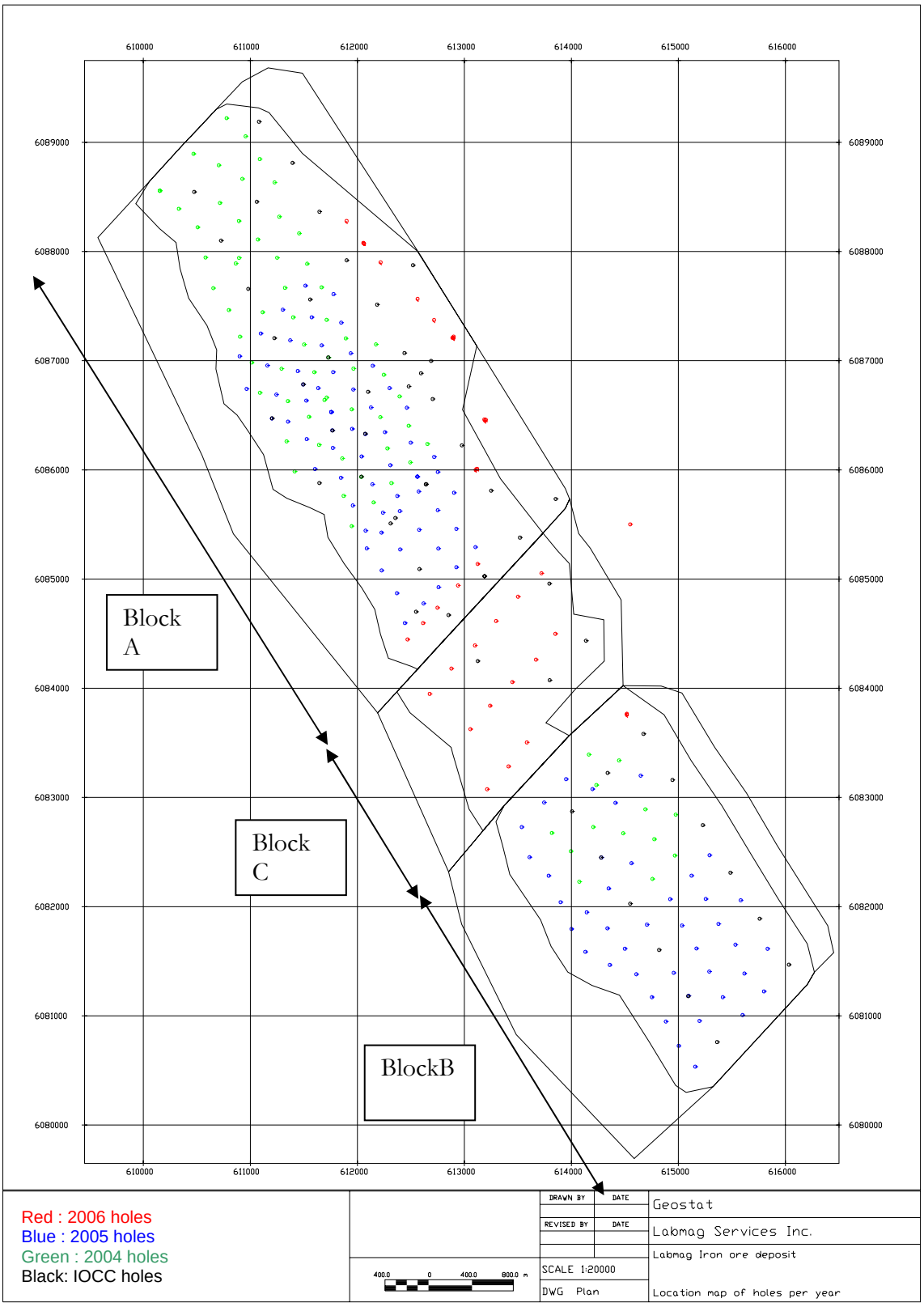


Figure 8: Location of Blocks A, B and C as used in this study

4- Statistical analysis of the data

4.1 Compositing

The original samples vary in length. In order to carry out statistical analyses, it is important to regularize the sample lengths so that each sample has an equivalent representativity. This process is called compositing. We have composited the assays into composites **3 meters** in length. Regular down-the-hole compositing was used. Moreover, during this process, no blending between seams occurred. In fact, we have composited the samples, seam per seam. Obviously, the last seam composite never reaches 3 meters in length. As a rule, we discarded all composites that did not contain at least 1.5m of assays to preserve a relative constant representativity.

4.2 Basic statistics of the 3m composites

Basic statistics have been calculated for each element and for each seam in both Block A, B and C separately. Following are tables presenting the statistics of the 3m composites in each block.

Note that in the 2006 drilling campaign, at the time of writing this report, only the 4 major elements (DTWR, Fe in head, Fe in conc., SiO2 in conc.) were available. Please refer to the previous report for statistics of minor elements in the composites.

Table 6: Basic statistics of 3m composites in Block A

DTWR				
Number	Minimum	Maximum	Average	Seam
644	0.31	40	26.19	LC
500	7.98	41.5	26.23	JUIF
153	8.53	41.24	24.26	GC
298	2.49	50.97	27.96	URC
832	7.81	52.02	31.19	PGC
256	13.48	42.2	25.93	LRC
1351	1.22	42.9	23.87	LRGC

Fe in head				
Number	Minimum	Maximum	Average	Seam
644	14.18	36.35	28.54	LC
500	20.56	40.05	30.47	JUIF
153	16.82	38.64	28.94	GC
298	19.18	41.25	34.28	URC
832	14.62	51.27	30.35	PGC
256	18.26	35.15	28.57	LRC
1351	10.26	34.59	28.32	LRGC

Fe in conc.				
Number	Minimum	Maximum	Average	Seam
640	26.3	71.26	68.89	LC
500	57.15	71.28	69.68	JUIF
153	27.19	71.14	68.53	GC
298	50.41	71.56	69.83	URC
832	47.16	71.38	69.27	PGC
256	66.69	71.09	69.92	LRC
1350	26.3	71.84	69.96	LRGC

SiO2 in conc.				
Number	Minimum	Maximum	Average	Seam
621	0.41	15.87	2.88	LC
494	0.75	7.88	2.57	JUIF
147	0.8	6.4	2.56	GC
292	0.69	11.67	2.54	URC
827	0.16	16.97	3.19	PGC
255	0.63	5.93	2.11	LRC
1342	0.43	7.07	1.88	LRGC

Table 7: Basic statistics of 3m composites in Block B

DTWR				
Number	Minimum	Maximum	Average	Seam
265	0.05	44.87	27.43	LC
421	5	38.05	25.78	JUIF
48	4.36	34.26	20.16	GC
158	9.1	43.24	26.57	URC
181	4.96	48.08	34.72	PGC
95	11.15	35.83	25.03	LRC
763	8.45	40.5	22.26	LRGC

Fe in head				
Number	Minimum	Maximum	Average	Seam
265	14.1	44.67	28.49	LC
421	16.3	38.86	30.19	JUIF
48	16.43	35.64	26.26	GC
158	14.51	40.54	34.89	URC
181	19.65	38.52	32.18	PGC
95	22.18	33.26	28.64	LRC
761	15.9	33.11	27.58	LRGC

Fe in conc.				
Number	Minimum	Maximum	Average	Seam
253	56.66	71.57	69.79	LC
420	67.52	71.88	70.45	JUIF
46	47.85	70.84	68.95	GC
158	59.56	71.42	70.23	URC
181	66.85	71.28	70.13	PGC
95	69.21	71.5	70.61	LRC
763	65.6	71.52	70.55	LRGC

SiO2 in conc.				
Number	Minimum	Maximum	Average	Seam
250	0.67	14.94	2.38	LC
420	0.27	4.5	1.77	JUIF
43	1.33	4.01	2.20	GC
158	0.66	5.51	1.91	URC
179	0.73	5.61	2.21	PGC
95	0.56	2.57	1.49	LRC
762	0.69	8.32	1.59	LRGC

Table 8: Basic statistics of 3m composites in Block C

DTWR				
Number	Minimum	Maximum	Average	Seam
101	0.5	40.75	27.78	LC
65	12.1	34.72	22.90	JUIF
6	21.9	35.01	27.98	GC
39	5.9	32.77	20.61	URC
42	13.58	44	27.17	PGC
6	15.08	25.5	21.69	LRC
193	7.63	38.64	24.32	LRGC

Fe in head				
Number	Minimum	Maximum	Average	Seam
101	5.56	32.7	28.25	LC
65	21.26	37.25	30.73	JUIF
6	27.34	34.61	31.02	GC
39	19.88	39.59	33.54	URC
42	22.23	38.23	31.70	PGC
6	24.83	31.24	27.77	LRC
193	13.9	34.55	27.32	LRGC

Fe in conc.				
Number	Minimum	Maximum	Average	Seam
96	65.83	71.91	69.94	LC
65	66.18	71.81	70.17	JUIF
6	68.97	70.28	69.85	GC
39	40.66	71.5	69.68	URC
42	66.98	71.52	70.35	PGC
6	70.21	70.8	70.45	LRC
193	66.91	71.85	70.23	LRGC

SiO2 in conc.				
Number	Minimum	Maximum	Average	Seam
96	0.19	8.09	2.43	LC
65	0.86	3.19	1.76	JUIF
6	1.98	3.35	2.38	GC
38	1.25	3.82	1.88	URC
42	1.27	5.34	2.16	PGC
6	1.12	2.5	1.88	LRC
193	0.72	4.66	1.71	LRGC

5- Block model construction

The deposit's resources are estimated using a block modelling method. Basically, this method consists in filling the space within the seams with rectangular blocks disposed on a regular grid oriented along the principal axis of the deposit. Each block is assigned grades by interpolating the grades from the surrounding composites.

In this update, a new block has been added – Block C. Following the conclusions of the earlier studies, it was decided that the entire Labmag deposit (Blocks A, B and C) would be interpolated using the Inverse Distance method. Hence, Kriging was abandoned for Block A.

5.1 Block model geometry

The block grid has been established to cover the entire deposit. It exceeds by far the block A to the south to eventually cover block B in a future study.
The deposit lies oblique to the UTM coordinate system used. We have defined a local grid system so that the grid north is oriented along the seams strike direction.

Origin of the local grid system: 6,085,808.207 N, 611,803.346 E
Local grid orientation: Azimuth 314°. The local grid north is oriented along UTM azimuth 314°.

This origin has been chosen in order to coincide with the cross-sections numbering. For example, in the local grid system, 893N coincides with geological cross-section 893N.

Block size: 25m across strike, 50m along strike, 13m vertical

In the local coordinate system, the block grid parameters are as follows:

		Local East	Local North	Z
Origin		-2600	-7000	625
Block A	Min. extent	-1200	-1650	300
	Max. extent	2600	3300	625
Block B	Min. extent	-2600	-7000	300
	Max. extent	2600	-3000	625
Block C	Min. extent	-1800	-3000	300
	Max. extent	1500	-1650	625
Block size		25	50	13

Note: the coordinates above refer to block centroids

Table 9 : block grid geometry parameters

Note that in the vertical direction, the origin is located at the top of the grid and level numbers increase downward. The block grid origin coincide with the center of block (1,1,1).

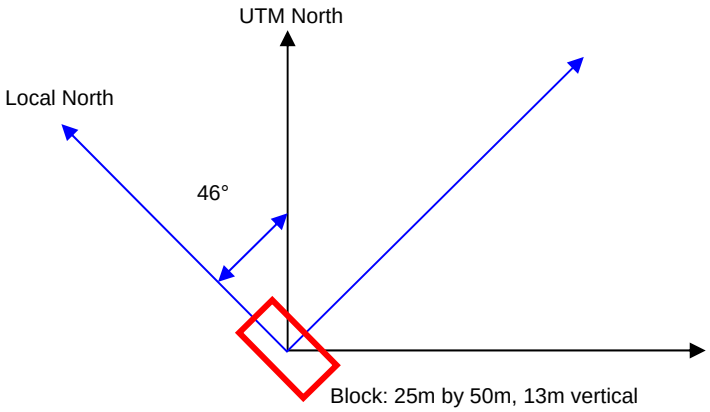


Figure 9: Block grid geometry and orientation

5.2 Interpolation parameters

Each block of the block grid is interpolated from the surrounding composites. A search ellipse method is used to define the neighbourhood within which the composites are selected to interpolate a block. A single search ellipse has been used for all the variables in all the seams. The search ellipse used is as follows:

Ellipse: 700m by 700m dipping 6° toward the local east (or to the UTM north-east).

Search restrictions:

In addition to the search ellipse, we impose a series of restriction to the composite selection to optimize the interpolation. We limit the number of composites inside the ellipse to 12. Only the 12 composites closest to the block center are used. A block is interpolated if a minimum of 1 composite is found in the ellipse. Moreover, a maximum of 4 composites per drill hole is used. Also, an octant search method is applied to the ellipse. We limit the number of composites in any one octant to 4. No restriction is applied to the minimum number of octants with at least 1 composite.

Block A, B and C were interpolated using the same parameters.

The block model has been interpolated by Inverse Distance method. All elements have been interpolated with a power of 1 applied to distance weighting. Moreover, the distance used is distorted by the search ellipse axis ratios. Each seam is interpolated independently from one another. To interpolate a seam, only the composites belonging to that seam are used.

6- Resource estimation

The resources of the Labmag deposit have been estimated entirely using the Inverse Distance (ID) method. Geostat elected to stop using Kriging in Block A (previous estimates) to uniformize the modelling methodology across the entire deposit. The resources are simply the accumulation of those block volumes and tonnes with their corresponding average grades.

This current resource estimation includes a new area not previously modelled in the Labmag deposit. Block C (or Central Block) has been drilled in 2006 to a level sufficient to estimate resources. Block C effectively links Block A and Block B. The resource model in this present study groups all three blocks into one large model. Resources are still be reported by Block.

6.1 Specific gravity used

The following specific gravity data was used:

Seam	Block A & B Previous study	Block A, B, C Current study	Difference
LC	3.31	3.30	-0.3%
JUIF	3.44	3.44	0.0%
GC	3.33	3.32	-0.3%
URC	3.62	3.59	-0.8%
PGC	3.42	3.42	0.0%
LRC	3.37	3.37	0.0%
LRGC	3.35	3.35	0.0%

Table 10: Specific gravity used in Labmag, per seam

Labmag supplied Geostat with the specific gravity data to use. Geostat has not verified them. In conjunction with Labmag Geostat has grouped the specific gravity data from both blocks and assign a unique value for each seam in both blocks. It was concluded that the accuracy of specific gravity data available did not allow for a distinction between blocks A, B and C.

6.2 Resource classification

The resource classification is an exercise by which the resources are assigned a relative quality. One can intuitively assume that in an orebody, the resources are not equally estimated. There are areas where the uncertainty is greater than in others. It is most of the time intimately related to the drilling density. Areas densely drilled are usually better known than areas with sparse drilling.

In 2006 a drilling program took place to fill in the drilling grid in Block A and convert indicated resources into measured resources. We have applied the knowledge gained in Blocks A and B to Block C. As a result, Block C is classified as Indicated resources with fringes of inferred material up-dip and down-dip just like Blocks A and B.

Geostat uses the terminology enforced by the National Instrument 43-101 as prescribed by the Canadian Institute of Mining and Metallurgy. Here are the descriptions of Measured, Indicated and Inferred resources:

Measured Mineral Resource

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated Mineral Resource

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

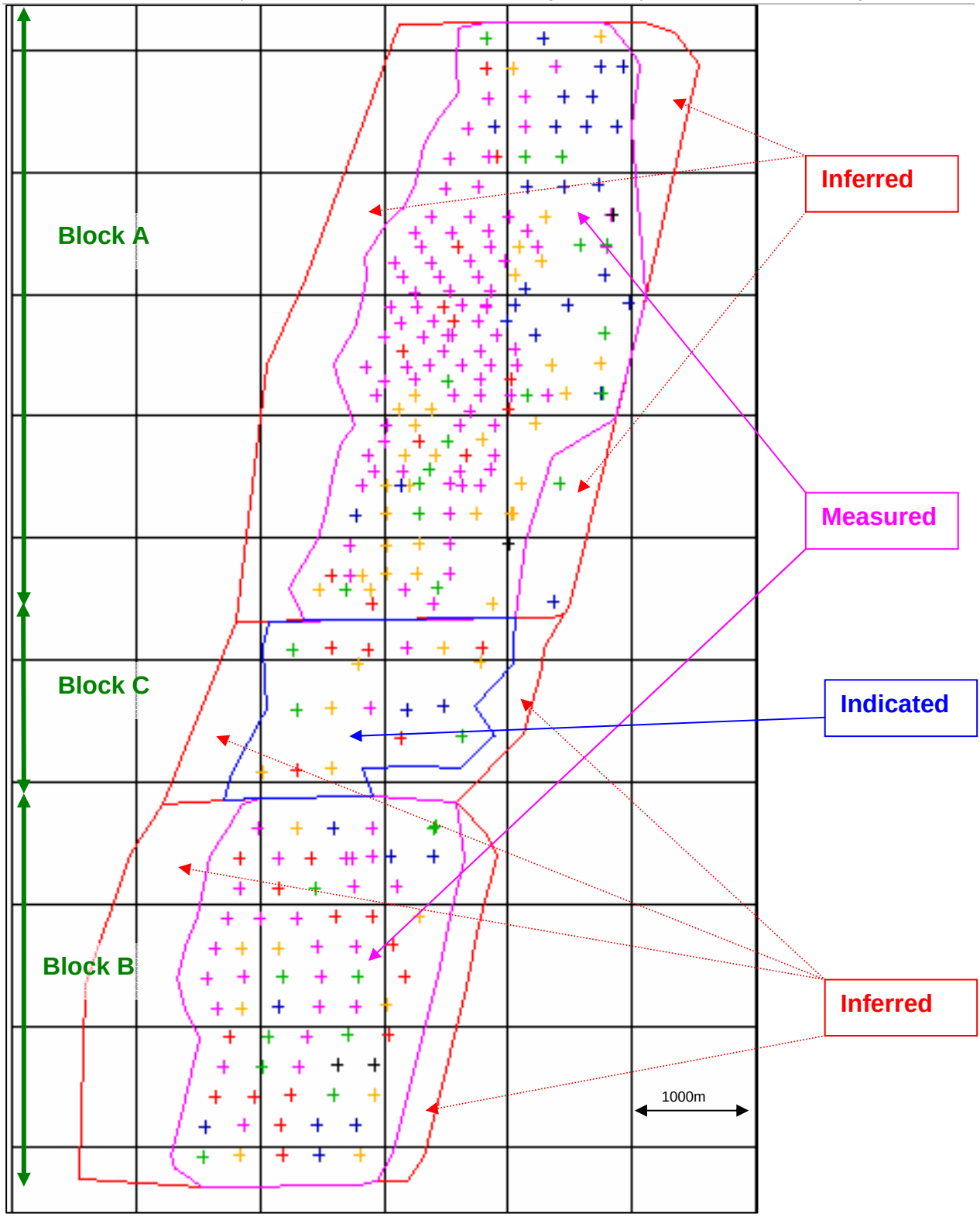


Figure 10: Resource classification outlines of the Labmag deposit

7- Classified resources

We present here the resources from the Labmag resource model for a variety of DTWR cut-off grades. A grade-tonnage curve is also presented, derived from the addition of the measured and indicated resources. No dilution is taken into account.

BLOCK	COG	MEASURED					INDICATED					INFERRED					MEASURED + INDICATED				
		Tonnage (Mt)	DTWR%	%Fe Head	%Fe Conc	%SiO2 Conc	Tonnage (Mt)	DTWR%	%Fe Head	%Fe Conc	%SiO2 Conc	Tonnage (Mt)	DTWR%	%Fe Head	%Fe Conc	%SiO2 Conc	Tonnage (Mt)	DTWR%	%Fe Head	%Fe Conc	%SiO2 Conc
	0	2,264	25.62	29.46	69.52	2.51	62	23.31	28.35	69.87	1.77	590	24.44	29.63	69.20	2.12	2,326	25.56	29.43	69.53	2.49
	10	2,252	25.73	29.47	69.55	2.51	62	23.31	28.35	69.87	1.77	587	24.53	29.60	69.21	2.12	2,314	25.66	29.44	69.56	2.49
	15	2,199	26.03	29.50	69.58	2.51	61	23.49	28.36	69.89	1.76	572	24.84	29.54	69.22	2.13	2,260	25.96	29.47	69.59	2.49
	17	2,142	26.29	29.55	69.60	2.50	58	23.94	28.50	69.89	1.75	550	25.18	29.52	69.24	2.13	2,200	26.23	29.52	69.61	2.49
A	18	2,088	26.52	29.60	69.62	2.51	56	24.14	28.54	69.90	1.74	529	25.49	29.56	69.29	2.12	2,144	26.46	29.57	69.63	2.49
	20	1,942	27.08	29.76	69.65	2.52	50	24.76	28.75	69.97	1.73	483	26.12	29.70	69.47	2.08	1,991	27.03	29.73	69.66	2.50
	25	1,321	29.09	30.12	69.63	2.60	22	27.26	29.16	70.00	1.78	297	28.24	29.90	69.85	2.13	1,343	29.06	30.10	69.64	2.58
	30	428	32.54	30.69	69.54	2.84	2	31.13	30.89	69.40	1.77	40	32.01	30.43	70.01	2.31	430	32.53	30.69	69.54	2.83
	35	62	36.36	31.48	69.19	3.46						3	36.12	31.64	70.31	2.30	62	36.36	31.48	69.19	3.46
	0	1,750	25.31	29.35	70.35	1.81	78	22.77	27.52	70.48	1.66	417	25.07	28.92	70.36	1.73	1,828	25.20	29.27	70.36	1.81
	10	1,750	25.31	29.35	70.35	1.81	78	22.77	27.52	70.48	1.66	417	25.07	28.92	70.36	1.73	1,828	25.20	29.27	70.36	1.81
	15	1,743	25.35	29.36	70.35	1.82	76	22.99	27.58	70.47	1.67	417	25.07	28.92	70.36	1.73	1,820	25.25	29.29	70.35	1.81
	17	1,724	25.45	29.41	70.35	1.82	74	23.22	27.64	70.49	1.65	407	25.27	29.05	70.35	1.75	1,798	25.36	29.34	70.35	1.81
B	18	1,680	25.66	29.50	70.34	1.83	71	23.41	27.70	70.49	1.66	390	25.61	29.23	70.34	1.76	1,751	25.56	29.42	70.35	1.82
	20	1,537	26.27	29.73	70.32	1.85	60	24.17	27.97	70.46	1.70	353	26.34	29.50	70.32	1.80	1,597	26.19	29.66	70.32	1.84
	25	920	28.67	30.42	70.30	1.92	26	26.99	28.42	70.50	1.77	221	28.57	30.21	70.29	1.93	945	28.62	30.37	70.30	1.91
	30	233	32.02	31.15	70.14	2.19	0	30.16	27.95	69.33	2.96	42	32.18	31.19	70.08	2.26	233	32.02	31.14	70.14	2.19
	35	24	36.66	32.14	69.39	3.00						5	37.14	31.66	69.21	3.14	24	36.66	32.14	69.39	3.00
	0						704	25.07	29.15	70.16	1.92	240	26.22	28.93	69.88	1.91	704	25.07	29.15	70.16	1.92
	10						704	25.07	29.15	70.16	1.92	240	26.22	28.93	69.88	1.91	704	25.07	29.15	70.16	1.92
	15						704	25.07	29.15	70.16	1.92	240	26.22	28.93	69.88	1.91	704	25.07	29.15	70.16	1.92
	17						701	25.10	29.15	70.16	1.92	239	26.25	28.93	69.88	1.91	701	25.10	29.15	70.16	1.92
C	18						695	25.16	29.16	70.15	1.92	233	26.50	28.94	69.84	1.94	695	25.16	29.16	70.15	1.92
	20						677	25.33	29.15	70.15	1.92	225	26.76	28.93	69.81	1.96	677	25.33	29.15	70.15	1.92
	25						311	28.82	29.01	69.96	2.11	138	29.16	28.57	69.90	2.15	311	28.82	29.01	69.96	2.11
	30						112	31.53	28.61	69.90	2.26	55	31.47	27.08	69.81	2.30	112	31.53	28.61	69.90	2.26
	35						0	35.25	29.64	70.51	1.87	0	35.23	29.38	70.55	1.85	0	35.25	29.64	70.51	1.87
	0	4,014	25.48	29.41	69.88	2.21	844	24.73	28.94	70.17	1.88	1,246	24.99	29.25	69.72	1.95	4,858	25.35	29.33	69.93	2.15
	10	4,001	25.54	29.42	69.90	2.20	844	24.73	28.94	70.17	1.88	1,243	25.04	29.24	69.72	1.95	4,846	25.40	29.33	69.95	2.15
	15	3,942	25.73	29.44	69.92	2.20	841	24.77	28.95	70.17	1.88	1,228	25.19	29.21	69.74	1.95	4,783	25.56	29.35	69.96	2.14
	17	3,866	25.92	29.48	69.93	2.20	832	24.86	28.97	70.17	1.88	1,196	25.42	29.24	69.74	1.96	4,698	25.73	29.39	69.98	2.14
A+B+C	18	3,768	26.13	29.55	69.94	2.20	822	24.94	28.99	70.17	1.89	1,151	25.73	29.32	69.76	1.96	4,590	25.92	29.45	69.98	2.15
	20	3,478	26.72	29.74	69.94	2.22	787	25.20	29.03	70.16	1.89	1,061	26.33	29.47	69.83	1.96	4,265	26.44	29.61	69.98	2.16
	25	2,241	28.92	30.24	69.91	2.32	359	28.59	28.97	70.00	2.07	655	28.55	29.73	70.01	2.07	2,600	28.87	30.07	69.92	2.28
	30	660	32.35	30.85	69.75	2.61	115	31.52	28.65	69.89	2.26	137	31.84	29.31	69.95	2.29	775	32.23	30.53	69.77	2.56
	35	85	36.44	31.67	69.24	3.33	0	35.25	29.64	70.51	1.87	8	36.69	31.61	69.68	2.78	85	36.44	31.66	69.24	3.33

Table 11 : Classified resources of the labmag deposit

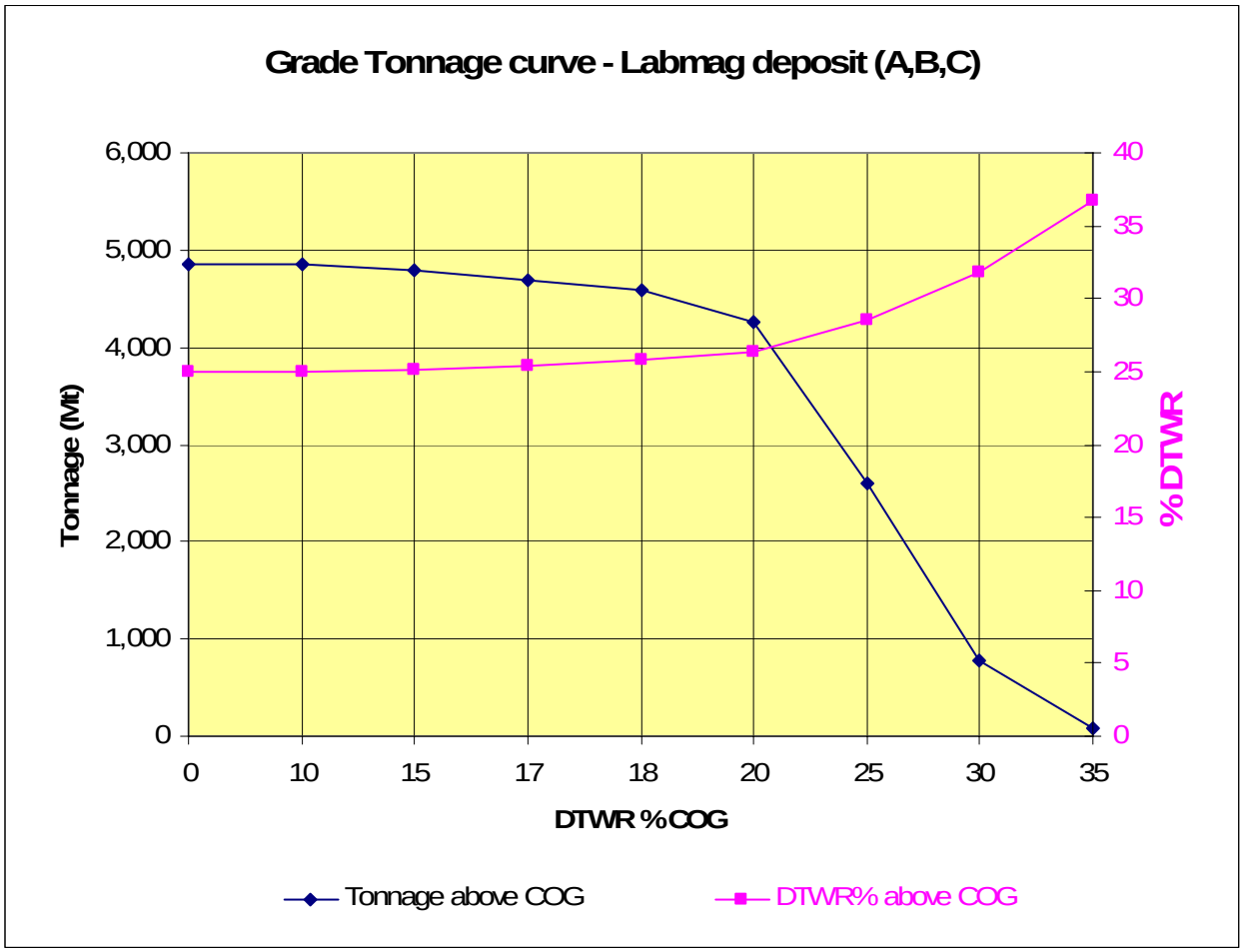


Figure 11: Labmag resource Grade-Tonnage curve (Measured & Indicated only)

7.1 Resource Statement

Geostat has elected to use the **ID model in Blocks A, B and C** to provide Labmag with a resource statement. Also, as decided by Labmag, the current design cut-off is established at 18% DTWR. Below are the Labmag deposit resources:

Block	Cut-off 18% DTWR	Tonnage (Millions)	DTWR %	%Fe Head	%Fe Conc	%SiO2 Conc
A	Measured	2,088	26.52	29.60	69.62	2.51
	Indicated	56	24.14	28.54	69.90	1.74
	Measured + Indicated	**2,144**	**26.46**	**29.57**	**69.63**	**2.49**
	Inferred	529	25.49	29.56	69.29	2.12
B	Measured	1,680	25.66	29.50	70.34	1.83
	Indicated	71	23.41	27.70	70.49	1.66
	Measured + Indicated	1,751	25.56	29.42	70.35	1.82
	Inferred	**390**	**25.61**	**29.23**	**70.34**	**1.76**
C	Measured	0	--	--	--	--
	Indicated	695	25.16	29.16	70.15	1.92
	Measured + Indicated	695	25.16	29.16	70.15	1.92
	Inferred	**233**	**26.50**	**28.94**	**69.84**	**1.94**
Total	Measured	3,768	26.13	29.55	69.94	2.20
	Indicated	822	24.94	28.99	70.17	1.89
	Measured + Indicated	**4,590**	**25.92**	**29.45**	**69.98**	**2.15**
	Inferred	1,151	25.73	29.32	69.76	1.96

Table 12: Labmag total resources at 18% DTWR cut-off

Note that no dilution is applied to these resources.

7.1.1 Resource statement per seam

It is important to stress here that the seams are kept separate in the calculation of this resource statement. For example, if a block is intersected by several seams, each portion of the block is checked against the cut-off as if the block could be mined selectively by seam. The cut-off is not applied to the global block DTWR average value.

The resources below are presented at the 18% DTWR cut-off grade.

7.1.1.1 LC Seam

Block	Category	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured	353	26.70	28.68	69.19	2.91
A	Indicated	0	0.00	0.00	0.00	0.00
A	**M+I**	**353**	**26.70**	**28.68**	**69.19**	**2.91**
A	Inferred	127	24.62	27.96	67.04	2.64
B	Measured	253	27.79	28.65	69.85	2.36
B	Indicated	0	0.00	0.00	0.00	0.00
B	**M+I**	**253**	**27.79**	**28.65**	**69.85**	**2.36**
B	Inferred	79	28.74	29.75	70.13	2.31
C	Measured	0	0.00	0.00	0.00	0.00
C	Indicated	123	28.36	28.64	69.95	2.44
C	**M+I**	**123**	**28.36**	**28.64**	**69.95**	**2.44**
C	Inferred	45	29.59	28.80	69.05	2.21
Total	Measured	606	27.16	28.66	69.46	2.68
Total	Indicated	123	28.36	28.64	69.95	2.44
Total	**M+I**	**729**	**27.36**	**28.66**	**69.54**	**2.64**
Total	Inferred	252	26.81	28.68	68.38	2.46

7.1.1.2 JUIF Seam

Block	Category	cutoff	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured		259	26.67	30.24	69.74	2.56
A	Indicated		0	0.00	0.00	0.00	0.00
A	**M+I**		**259**	**26.67**	**30.24**	**69.74**	**2.56**
A	Inferred		52	26.67	30.57	70.17	1.94
B	Measured		390	26.16	30.10	70.51	1.70
B	Indicated		0	0.00	0.00	0.00	0.00
B	**M+I**		**390**	**26.16**	**30.10**	**70.51**	**1.70**
B	Inferred		64	26.76	30.25	70.56	1.46
C	Measured		0	0.00	0.00	0.00	0.00
C	Indicated		98	22.77	30.39	70.24	1.73
C	**M+I**		**98**	**22.77**	**30.39**	**70.24**	**1.73**
C	Inferred		35	25.00	30.24	70.40	1.68
Total	Measured		649	26.37	30.15	70.20	2.04
Total	Indicated		98	22.77	30.39	70.24	1.73
Total	**M+I**		**748**	**25.89**	**30.19**	**70.21**	**2.00**
Total	Inferred		151	26.33	30.36	70.39	1.68

7.1.1.3 GC Seam

Block	Category	cutoff	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured		75	24.38	29.09	67.97	2.62
A	Indicated		0	0.00	0.00	0.00	0.00
A	**M+I**		**75**	**24.38**	**29.09**	**67.97**	**2.62**
A	Inferred		12	24.56	28.37	65.41	2.60
B	Measured		27	21.94	27.37	69.44	2.23
B	Indicated		0	0.00	0.00	0.00	0.00
B	**M+I**		**27**	**21.94**	**27.37**	**69.44**	**2.23**
B	Inferred		1	22.48	26.10	70.04	1.53
C	Measured		0	0.00	0.00	0.00	0.00
C	Indicated		12	27.24	30.68	69.63	2.43
C	**M+I**		**12**	**27.24**	**30.68**	**69.63**	**2.43**
C	Inferred		5	27.91	30.06	68.55	2.39
Total	Measured		102	23.73	28.64	68.36	2.52
Total	Indicated		12	27.24	30.68	69.63	2.43
Total	**M+I**		**115**	**24.11**	**28.86**	**68.50**	**2.51**
Total	Inferred		19	25.35	28.68	66.64	2.46

7.1.1.4 URC Seam

Block	Category	cutoff	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured		164	27.86	34.03	69.84	2.57
A	Indicated		0	0.00	0.00	0.00	0.00
A	**M+I**		**164**	**27.86**	**34.03**	**69.84**	**2.57**
A	Inferred		24	26.35	34.38	69.87	2.41
B	Measured		155	26.26	34.86	70.30	1.87
B	Indicated		0	0.00	0.00	0.00	0.00
B	**M+I**		**155**	**26.26**	**34.86**	**70.30**	**1.87**
B	Inferred		27	26.79	35.27	70.55	1.63
C	Measured		0	0.00	0.00	0.00	0.00
C	Indicated		59	21.55	33.62	69.81	1.95
C	**M+I**		**59**	**21.55**	**33.62**	**69.81**	**1.95**
C	Inferred		14	23.98	34.17	68.39	2.14
Total	Measured		319	27.08	34.43	70.06	2.23
Total	Indicated		59	21.55	33.62	69.81	1.95
Total	**M+I**		**378**	**26.21**	**34.31**	**70.02**	**2.18**
Total	Inferred		66	26.01	34.70	69.83	2.03

7.1.1.5 PGC Seam

Block	Category	cutoff	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured		438	30.05	30.31	69.38	3.18
A	Indicated		0	29.20	29.35	67.92	5.00
A	**M+I**		**438**	**30.05**	**30.31**	**69.38**	**3.19**
A	Inferred		56	26.49	30.49	70.19	2.27
B	Measured		167	34.71	32.18	70.12	2.22
B	Indicated		0	24.70	32.92	70.10	1.88
B	**M+I**		**167**	**34.70**	**32.19**	**70.12**	**2.22**
B	Inferred		33	34.44	31.93	70.02	2.23
C	Measured		0	0.00	0.00	0.00	0.00
C	Indicated		69	27.69	31.51	70.29	2.22
C	**M+I**		**69**	**27.69**	**31.51**	**70.29**	**2.22**
C	Inferred		19	26.89	29.92	69.82	2.47
Total	Measured		604	31.34	30.83	69.59	2.92
Total	Indicated		69	27.68	31.50	70.28	2.23
Total	**M+I**		**674**	**30.96**	**30.90**	**69.66**	**2.85**
Total	Inferred		108	28.96	30.82	70.08	2.30

7.1.1.6 LRC Seam

Block	Category	cutoff	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured		133	25.81	28.44	69.89	2.13
A	Indicated		0	28.30	30.89	70.32	1.54
A	**M+I**		**133**	**25.82**	**28.45**	**69.89**	**2.13**
A	Inferred		31	26.88	29.95	70.12	1.82
B	Measured		73	25.41	28.80	70.66	1.49
B	Indicated		0	24.66	28.55	70.63	1.54
B	**M+I**		**73**	**25.40**	**28.80**	**70.66**	**1.49**
B	Inferred		11	26.62	28.59	70.68	1.46
C	Measured		0	0.00	0.00	0.00	0.00
C	Indicated		12	24.33	28.25	70.14	2.00
C	**M+I**		**12**	**24.33**	**28.25**	**70.14**	**2.00**
C	Inferred		4	24.66	29.61	70.31	1.50
Total	Measured		206	25.67	28.57	70.16	1.91
Total	Indicated		13	24.47	28.35	70.16	1.97
Total	**M+I**		**218**	**25.60**	**28.56**	**70.16**	**1.91**
Total	Inferred		45	26.63	29.60	70.27	1.71

7.1.1.7 LRGC Seam

Block	Category	cutoff	Tonnage (Mt)	%DTWR	%Fe in head	%Fe in conc	%SiO2 in conc
A	Measured		645	24.42	28.57	70.08	1.85
A	Indicated		55	24.10	28.52	69.92	1.72
A	**M+I**		**700**	**24.39**	**28.57**	**70.06**	**1.84**
A	Inferred		224	25.38	29.46	70.14	1.82
B	Measured		587	22.31	27.69	70.58	1.58
B	Indicated		71	23.40	27.67	70.49	1.66
B	**M+I**		**658**	**22.42**	**27.69**	**70.57**	**1.59**
B	Inferred		166	22.21	27.44	70.49	1.57
C	Measured		0	0.00	0.00	0.00	0.00
C	Indicated		319	24.84	27.65	70.27	1.69
C	**M+I**		**319**	**24.84**	**27.65**	**70.27**	**1.69**
C	Inferred		109	26.01	27.64	70.23	1.78
Total	Measured		1,232	23.41	28.15	70.31	1.72
Total	Indicated		445	24.52	27.76	70.26	1.69
Total	**M+I**		**1,677**	**23.70**	**28.05**	**70.30**	**1.71**
Total	Inferred		499	24.46	28.39	70.28	1.73

7.2 Summary of minor element averages, per seam

The minor elements averages presented below do not include those of the 2006 drilling campaign, which were not available at the time of writing this report.

Below are the average values of the block model resources per seam in Block A, B and C, regardless of categories. The values are averaged at a DTWR cut-off of 18%.

Seam	%Al2O3 in conc	%Al2O3 in head	%Mn in conc	%Mn in head	%P in conc	%P in head	%SiO2 in head	%CaO in conc	%MgO in conc	%TiO2 in conc	%Na2O in conc	%K2O in conc
LC	0.06	0.34	0.09	0.70	0.00	0.01	46.96	0.26	0.11	0.02	0.01	0.01
JUIF	0.06	0.35	0.15	1.59	0.00	0.01	43.29	0.22	0.11	0.01	0.02	0.00
GC	0.05	0.57	0.31	2.23	0.00	0.01	44.04	0.22	0.14	0.01	0.01	0.00
URC	0.05	0.26	0.15	1.20	0.00	0.01	40.69	0.15	0.11	0.01	0.01	0.00
PGC	0.06	0.22	0.06	0.61	0.00	0.01	41.70	0.32	0.07	0.00	0.01	0.00
LRC	0.07	0.24	0.06	0.85	0.01	0.01	41.11	0.43	0.08	0.01	0.02	0.00
LRGC	0.07	0.31	0.07	0.64	0.00	0.02	43.27	0.28	0.14	0.02	0.01	0.00

Table 13: Summary of minor element averages per seam in resource model, Block A

Seam	%Al2O3 in conc	%Al2O3 in head	%Mn in conc	%Mn in head	%P in conc	%P in head	%SiO2 in head	%CaO in conc	%MgO in conc	%TiO2 in conc	%Na2O in conc	%K2O in conc
LC	0.12	0.58	0.07	0.69	0.01	0.01	45.94	0.18	0.15	0.05	0.02	0.04
JUIF	0.08	0.28	0.17	1.37	0.00	0.01	45.13	0.11	0.12	0.00	0.00	0.00
GC	0.07	0.33	0.32	2.39	0.00	0.00	47.48	0.17	0.17	0.02	0.00	0.00
URC	0.05	0.23	0.14	1.61	0.00	0.01	39.67	0.10	0.11	0.00	0.00	0.00
PGC	0.06	0.18	0.06	0.72	0.00	0.01	41.19	0.15	0.07	0.00	0.00	0.00
LRC	0.06	0.18	0.04	0.85	0.00	0.01	43.82	0.23	0.08	0.00	0.00	0.00
LRGC	0.06	0.22	0.04	0.45	0.00	0.01	45.60	0.11	0.13	0.08	0.00	0.00

Table 14: Summary of minor element averages per seam in resource model, Block B

Seam	%Al2O3 in conc	%Al2O3 in head	%Mn in conc	%Mn in head	%P in conc	%P in head	%SiO2 in head	%CaO in conc	%MgO in conc	%TiO2 in conc	%Na2O in conc	%K2O in conc
LC	0.08	0.36	0.08	0.57	0.00	0.01	47.58	0.17	0.11	0.02	0.00	0.00
JUIF	0.06	0.33	0.16	1.47	0.00	0.01	44.67	0.14	0.07	0.00	0.01	0.00
GC	0.04	0.39	0.29	1.54	0.00	0.01	43.30	0.11	0.11	0.01	0.00	0.00
URC	0.04	0.35	0.14	0.94	0.00	0.01	42.40	0.10	0.08	0.00	0.01	0.00
PGC	0.04	0.34	0.06	0.65	0.00	0.03	40.24	0.24	0.04	0.00	0.01	0.00
LRC	0.04	0.24	0.06	1.27	0.00	0.02	41.81	0.28	0.11	0.01	0.21	0.01
LRGC	0.05	0.39	0.06	0.44	0.00	0.03	43.98	0.52	0.07	0.01	0.01	0.00

Table 15: Summary of minor element averages per seam in resource model, Block C