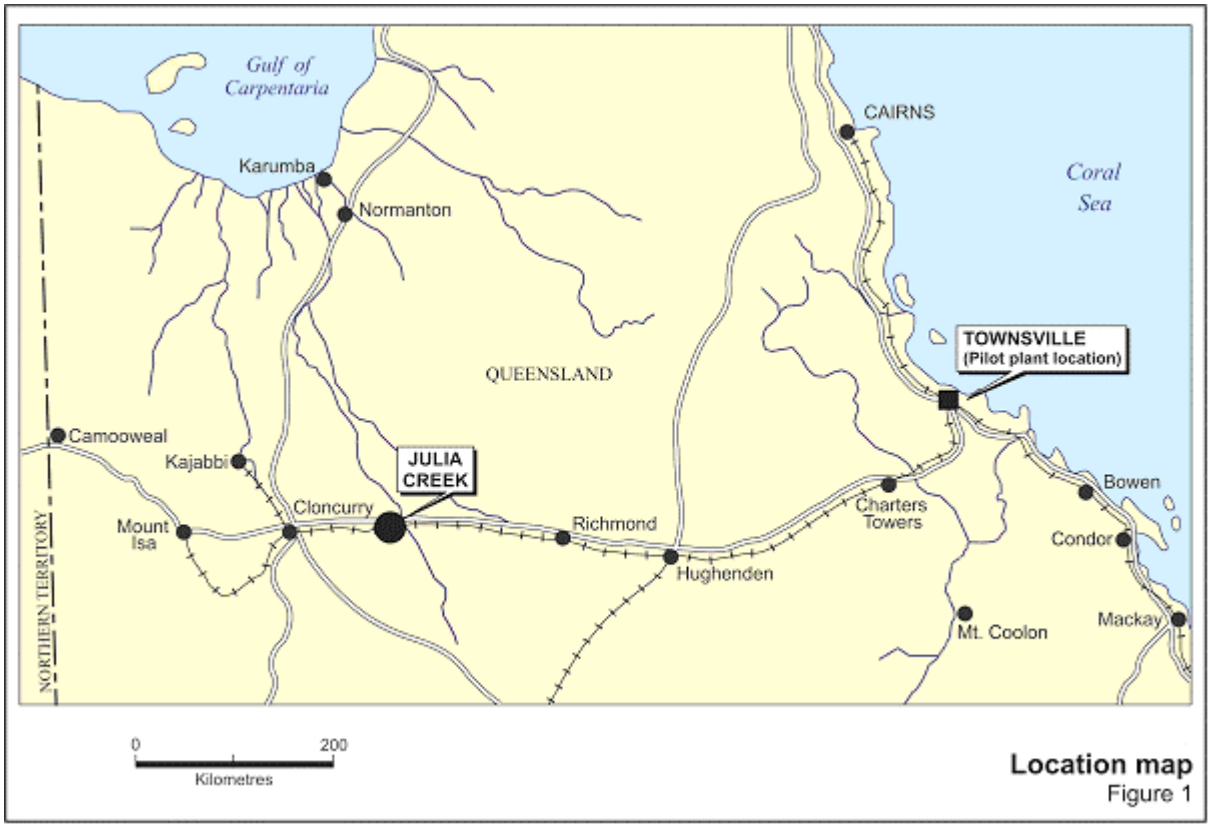
1.0 Descriptive overview of the tenements

1.1 LOCATION – JULIA CREEK

Julia Creek is approximately 650 km west of the Queensland coastal city of Townsville, and 255 km east of Mt Isa, a major base metals mining centre (**Figure 1**). The Julia Creek township lies on the heavy duty railway line and the Flinders Highway, and is served by a small airport 5 km to the southwest. With a population of approximately 500, it is the administrative centre of McKinlay Shire, in which the dominant economic activity is cattle grazing.

With a latitude of 20° 40' south, the climate of the Julia Creek district is typical of tropical, semi-arid savannah. There is a pronounced wet season, generally between November and May, during which daytime temperatures regularly exceed 40°C. During this period, occasional heavy rainfalls due to cyclonic depressions may hinder exploration drilling, but will not significantly affect open cut mining operations. The climate for the remainder of the year is dry and more temperate.



Location map
Figure 1

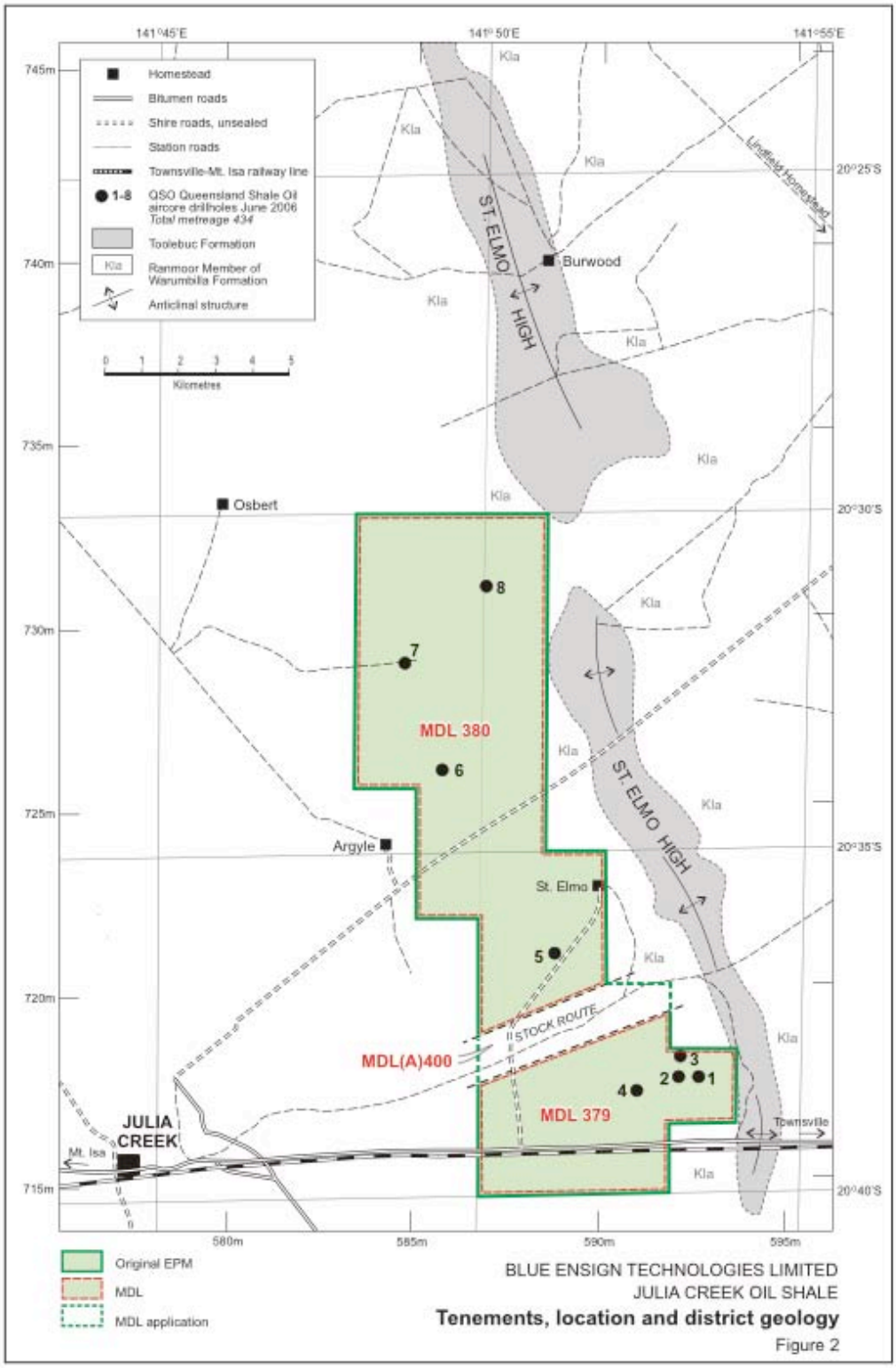
1.2 KEY FEATURES OF THE TENEMENT

Blue Ensign, through its wholly-owned subsidiary QSO, holds title to three Mineral Development Licences ("***MDLs***"), MDL 379, 380 and MDL(A) 400, which is in the final stages of being formally granted The area of the three MDLs is 93. The three tenements are centred 12 km northeast of the township of Julia Creek (**Figure 2**).

Topographically, the tenements cover flat, open grassland, infested by the introduced prickly acacia tree. Major regional drainage is to the Flinders River, a system of braided channels 20 km to the east which drains northwards to the Gulf of Carpentaria. The area of the tenements is not prone to seasonal flooding. They lie immediately to the west of the 10 m rise of the St Elmo Anticline.

The MDLs were previously covered by EPM 12863, which was originally granted to QSO (under its previous name of Fiva Resource Corporation Pty Limited) in February 2000, covering an initial area of nearly 494 km^2 and included the main part of the Julia Creek oil shale deposit previously identified as prospective for open cut mining on the western flank of the St Elmo Anticline. By 2004, the boundaries of EPM 12863 had been reduced by successive statutory relinquishments to an area of 93 km^2 encompassing the greater part of the near surface higher grade oil shale resources amenable to open cut mining.

1.0 Descriptive overview of the tenements …… continued

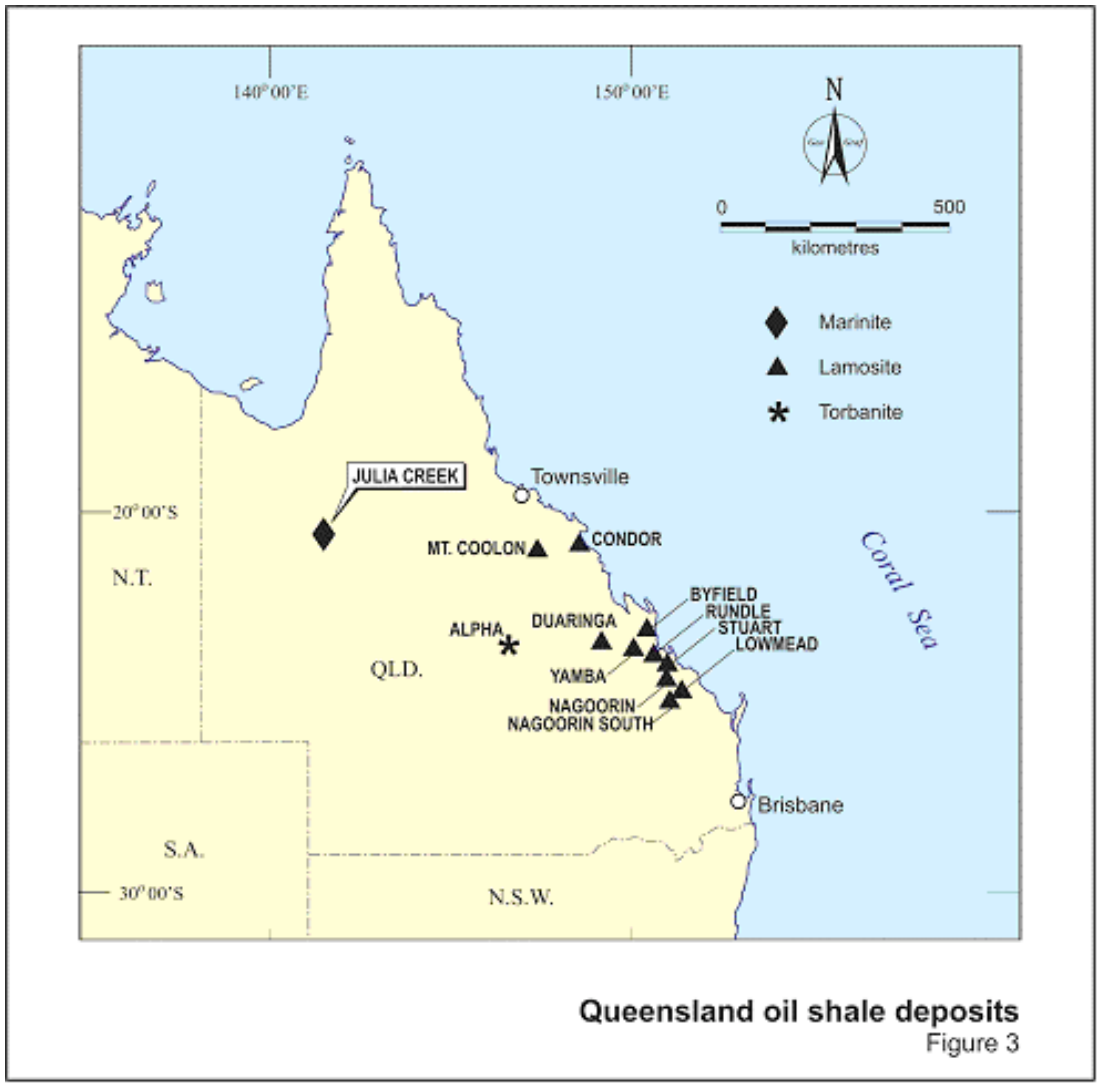


In April 2008, the Minister for Mines and Energy granted the addition to the EPM of the stock route of 6 km^2 that was previously excised from the EPM. In June 2008, the areas north and south of the stock route were converted to MDL 379 and MDL 380 respectively, and an application to convert the remainder of EPM 12863 to an MDL was submitted and acknowledged as MDL(A) 400. This application has been approved and the company is awaiting the formal grant of MDL 400. (**Figure 2**).

1.0 Descriptive overview of the tenements …… continued

1.3 GEOLOGY

Queensland's oil shale deposits (**Figure 3**) are classified into three different types, the Cretaceous age marine Julia Creek oil shale as a marinite, the lacustrine coastal deposits (e.g. Stuart, Rundle) as lamosites and the Alpha deposit as a torbanite, reflecting its algal-rich kerogen source.



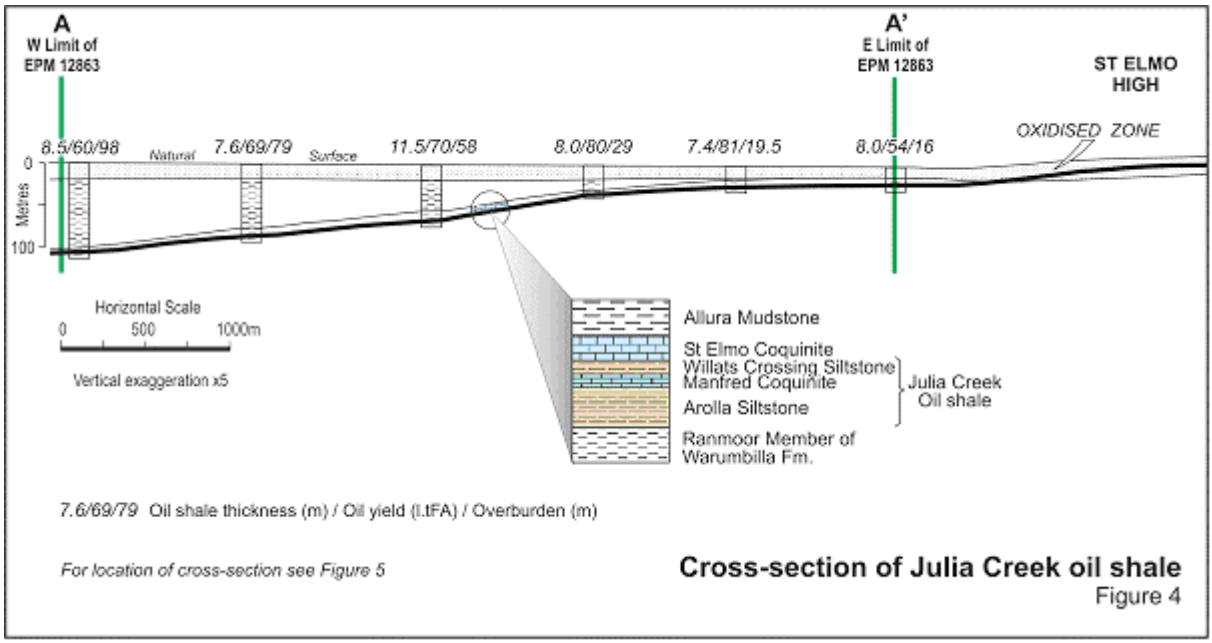
Queensland oil shale deposits
Figure 3

The Julia Creek deposit of marine origin oil shale extends over a very wide area east and west of the St Elmo Anticline. The kerogen content ranges between about 5% and 20% of the shale by weight, with typical yields of 40-90 litres of oil per tonne of shale as measured by Fischer Assay.

The Julia Creek oil shale beds are part of the Toolebuc Formation, which is within the Lower Cretaceous age section of the Eromanga Basin. The Toolebuc Formation has been easily traced in the Eromanga Basin due to a anomaly of a 20 cm to 60 cm fish scale band in the oil shale section of the Formation.

The Toolebuc Formation has been uplifted to the surface in the St Elmo anticlinal structure of the Julia Creek district uniquely in the northern central part of the Eromanga Basin, with the oil shale section consequently occurring at a shallow depth (**Figure 4**).

1.0 Descriptive overview of the tenements …… continued



Cross-section of Julia Creek oil shale
Figure 4

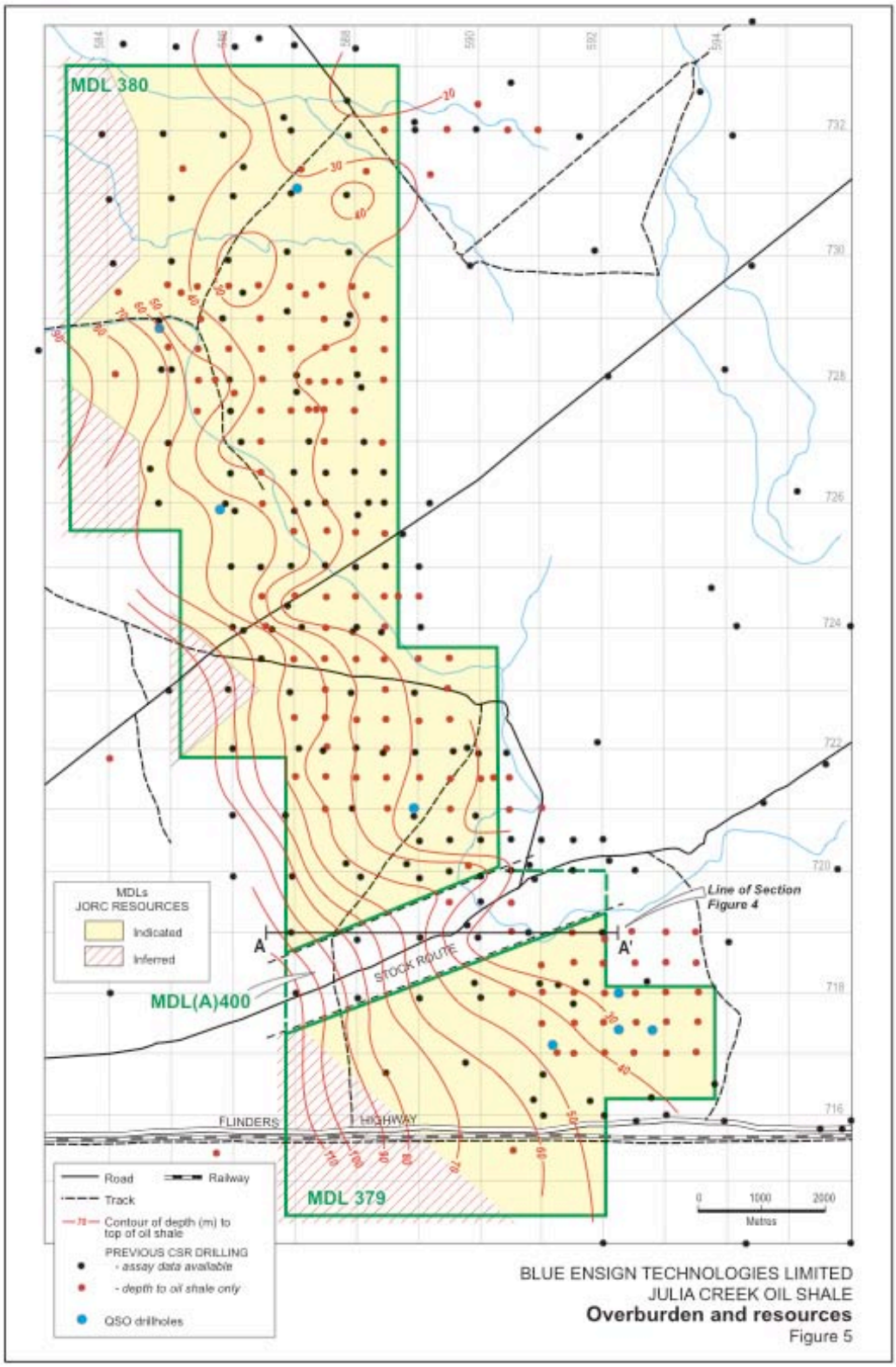
The well defined stratigraphy of the Julia Creek district is tabulated below.

Allura Mudstone	Blue-grey shale; some basal shells – grades into St Elmo Coquinite
Toolebuc Formation	St Elmo Coquinite – up to 8 m of shell limestone
[Julia [Creek [oil shale [[[	Willats Crossing Limestone – up to 4 m of bituminous siltstone Manfred Coquinite – up to 2-3 m of shell limestone, with interbeds of bituminous siltstone Arolla Siltstone – up to 12 m of bituminous siltstone
Ranmoor Member of the Warumbilla Formation	Grey shale

East-west cross sections of the oil shale deposit primarily within the MDLs show a shallow westerly dip off the St Elmo structure which steepens in the western half of the tenement, where the oil shale is encountered in places at depths of below 100 m (**Figure 5**). Wire line logs show a consistent pattern of various geophysical parameters for all these stratigraphic units, confirming the lateral continuity of the oil shale horizon over the Julia Creek district.

Extensive drilling in the tenement area has identified minor faulting with inferred displacement of up to several metres. An initial structural study by Blue Ensign suggests a mainly compressive regime of NE trending, right lateral, en echelon fault zones. These faults cause the sub-division of the outcrop of the Toolebuc Formation on the St Elmo anticlinal structure (**Figure 2**). The original depositional environment of the Toolebuc is interpreted to have been on an irregular sea floor giving rise to small scale local variations in the stratigraphy.

1.0 Descriptive overview of the tenements …… continued



2.0 Past exploration

2.1 DISCOVERY

The Julia Creek oil shale deposit was discovered by Australian Aquitaine Petroleum Limited ("***Aquitaine***") in 1965 in the course of a uranium exploration program, based on widespread radiometric logging anomalies encountered in oil exploration of the northern parts of the Eromanga Basin.

Field exploration drilling programs and related technical and feasibility studies directed to the recovery of oil from the shale were carried out largely over two decades between 1967 and 1988 by CSR at a total cost exceeding $16 million (money of the day).

.2.2 DRILLING

Aquitaine selected the Julia Creek district for its initial drilling program after a regional survey of radiometric logging of 318 water bores. Between 1967 and 1969, the company drilled 63 holes in the Julia Creek district to depths between 63 m and more than 200 m, drilling a total of more than 9,000 m. This drilling program established the detailed stratigraphy of the oil shales in the Toolebuc Limestone formation of the Julia Creek district, and demonstrated their uniform continuity over an area of 1,600 km^2.

In 1969-1970, Aquitaine formed a tripartite joint venture with the USA company, The Oil Shale Corporation, Inc. ("***TOSCO***"), and CSR. Doubts about the viability of underground mining of the high grade shale area west of Julia Creek led to exploration drilling in a 500 km^2 area northeast of the town, to locate shale resources amenable to open cut mining. In 1970, 18 widely spaced holes were drilled, and a further six holes to depths between 150 m and 273 m were drilled in 1971-1972.

In 1974, a larger drilling program of 47 holes was completed by CSR in the St Elmo area northeast of Julia Creek (an area substantially larger than, but including, the current MDL 379. MDL 380 and EPM 12863), with follow up programs of 36 drill holes (totalling 1,814 m) in 1975 and 36 holes in 1976. Further drilling programs on the southwest flanks of the St Elmo structure over the area of MDL 379, MDL 380 and EPM 12863 were carried in 1979. The initial program consisted of 18 holes, totalling 1,115 m, including 213 m of diamond coring of the oil shale in 15 holes. In late 1979, a further 179 holes were completed in a program of 6,474 m of open hole drilling and 2,314 m of diamond coring, covering both sides of the St Elmo structure.

This drilling provided data for the first significant resource estimates, with oil grades based on Fischer Assays of cored shale intersections determined by ALS Laboratories in Brisbane. In addition, 21 engineering holes were completed to provide data for mining studies. Using a cut off Fischer Assay grade of 40 l/t, geological resources over an area of 245.9 km^2 were estimated to amount to 4.252 billion tonnes of oil shale at an average grade of 62.78 l/t Fischer Assay, equivalent to 1.67 billion barrels of oil, with an overburden to shale ratio of 1.74 m^3/t. In 1982, CSR estimated total resources for the whole area drilled in the Julia Creek district at 19 billion tonnes of shale, capable of yielding some 7.65 billion barrels of oil by retorting methods.

Resource appraisal drilling in the broad St Elmo area continued in 1980, with a further 161 holes completed (7,725 m open hole; 355.8 m cored). This infill drilling program on 500 m centres provided additional information on overburden depths. It also confirmed the presence of faulting without resolving either the style or the extent. In 1981, a bulk sample was acquired by drilling eight open holes with a diameter of 308 mm on the current eastern boundary of MDL 379, MDL 380 and EPM 12863; six exploration holes (116.2 m open; 28.2 m cored) were drilled north of Blue Ensign's tenement. In 1985 CSR extracted a 7.5 tonne bulk sample by drilling 11 large diameter drill holes at the 1981 bulk sample location.

The other company exploration program of significance in the Julia Creek region in the 1970s was by Shell Development (Australia) Pty Limited ("***Shell***"), starting in 1974-1975. Shell undertook a regional oil shale survey over the northern Eromanga Basin, with a 25 cored drill hole program which identified an area 25 km southwest of Julia Creek as justifying further work. In 1976, it drilled 10 cored holes in this district, intersecting 5 m to more than 13 m of oil shale, at depths of 150-185 m, with Fischer Assay grades of 63 l/t to 75 l/t. The oil yields were considered uneconomic at that time, and Shell relinquished the area.

In 1980, this district was explored again by Esso Exploration and Production Australia, Inc. with tenements covering 789 km^2.

In 1991-1993, CRA Exploration Pty Limited acquired title to more than 6,000 km^2 of the Julia Creek district. It undertook a significant review of all previous exploration, including compilation of an invaluable consolidated database of drilling and assay information. In addition, it drilled six widely spaced holes (262.02m aircore; 120.07m HQ diamond core); three of these holes were located within the current boundaries of the three tenements held by Blue Ensign.

In 1998, Fiva (now QSO), then a wholly owned subsidiary of Fimiston Mining NL, entered into an agreement to acquire tenements covering the Julia Creek oil shale deposits. In the following six years to 2004, Fiva focussed on exploration and potential development of the near surface oxidised oil shale resources (to a depth of 15 m) containing higher grade vanadium values.

Other than for vanadium, detailed trace element analytical data of oil shale core within the tenements is limited to a Commonwealth Scientific and Industrial Research Organisation ("***CSIRO***") study of one drill hole and data from three other drill holes. This work showed geochemically enhanced values for a number of elements. Composite shale values from the CSIRO study reported 2,000 ppm for vanadium, together with zinc (800 ppm), arsenic (50 ppm), molybdenum (270 ppm), cadmium (25 ppm), selenium (30 ppm), and uranium (30 ppm).

2.3 RESEARCH AND DEVELOPMENT STUDIES

Research and development started in 1969 when TOSCO undertook an underground mining study and planned a shaft sinking program for the high grade oil shale area about 130-160m deep defined by Aquitaine, 5 km west of Julia Creek township. The mining study indicated that underground extraction was likely to be costly as a consequence of the incompetent roof of coquina limestone. At this time, Ralph M. Parsons, Inc. of Los Angeles was engaged to establish preliminary design and cost estimates for retorting and oil upgrading facilities. In addition, TOSCO investigated vanadium processing and economics.

In 1970, CSR established a small retort rated at 0.5 t/day of oil shale at its research laboratories in Sydney, to investigate both shale oil and vanadium recoveries.

Between 1970 and 1973, the major focus on investigations by both CSR and TOSCO in the USA was on vanadium recovery and marketing, although some research work was undertaken on molybdenum extraction. In addition, preliminary economic studies of oil yields based on the pilot scale retort work were carried out, and comparative feasibility studies for underground and open cut mining to produce both oil and vanadium were completed in early 1974.

Engineering cost studies for open cut mining and shale oil refining were undertaken in 1975, along with marketing studies for vanadium. M. W. Kellogg Company, Inc. was commissioned to estimate the capital cost of an oil refinery at Julia Creek, based on a daily production of 17,200 barrels of crude shale oil, the products being fuel oil and bitumen. Also, an economic study was initiated to investigate the viability of a small scale open cut oil shale project rated at 6,300 barrels per day of shale oil and 10,000 tonnes per annum of V_2O_5.

In 1981, CSR completed a preliminary feasibility study of a commercial project at Julia Creek, producing a 17 volume report at a cost of $1 million; this report was subsequently updated in 1982.

Technical studies continued throughout 1982 on waste water treatment, combustion of spent shale and hydrotreatment of shale oil. A collaborative research program on retorting by CSR and the CSIRO led to a patent application for a continuous fluid bed retorting process, claiming full use of waste heat, improved oil output and reduced pollutants in retort effluent. In November 1982, a second government sponsored research program entitled *Marketable Transport Fuels from Toolebuc Shale Oil* was approved and commenced in early 1983.

Fluid bed combustion trials were carried out in 1983 at the CSIRO's Division of Mineral Engineering; in mid-year, a pilot hydrotreater was commissioned in CSR's Sydney laboratories. Hydrotreating tests on the shale oil demonstrated reduction of specific gravity of raw oil from 0.96 to 0.82 (approximately 40°API), with about 50% in the gasoline boiling range, 15% in the kerosene-jet fuel range and 35% in the distillate (diesel fuel) range. Off-gas from retorting of the oil shale was considered sufficient to provide all the hydrogen needed for upgrading the raw shale oil.

The major joint CSIRO/CSR research projects on marketable transport fuels and the new retorting process continued until 1987, when final reports were issued. In 1988, a final review of these projects concluded that, at the oil prices and under Australia's economic circumstances then prevailing, the possibility of a significant synfuels industry in Australia appeared unlikely before the turn of the century, and the project was abandoned.

5.3 Drilling and testing by Blue Ensign

3.1 DECEMBER 2005 TESTING PROGRAM

Immediately following ATS's acquisition of Fiva and the Julia Creek tenement in August 2005, a high priority objective was to determine the prospective oil yield by processing the Julia Creek oil shale using the Rendall Process as distinct from the use of any conventional retorting process. Accordingly, as described in section 2.3, Blue Ensign developed the Tetralin Assay procedure based on extraction of shale oil by the hydrogen donor solvent, tetralin, which also serves as the heat transfer medium for heating oil shale samples in small laboratory autoclaves to the requisite pyrolysis temperature.

HRL was commissioned to carry out preliminary assays of Julia Creek drill core sample material. As none of the core material from exploration within the area of MDL 379, MDL 380 and MDL(A) 400 by past explorers of the tenement had survived and having determined that core material from drilling in an area some 25 km to the southwest of Blue Ensign's tenements was of similar stratigraphy and grade to that within Blue Ensign's tenements, about 5 kg of cores from these holes were sent to HRL for analysis in December 2005. Triplicate Fischer Assays were carried out on a composite sample to obtain an indication of the potential shale oil yield from Julia Creek oil shale by a conventional retorting process and triplicate Tetralin Assays were carried out to provide a preliminary indication of yield by the Rendall Process.

Because of technical limitations to the equipment used, the Tetralin Assays were not carried out under optimum conditions; however, an increase in oil yield to 183% Fischer Assay was obtained. Importantly, the product oil also showed substantial reductions of both sulphur and nitrogen values to less than 0.1%, notwithstanding the relatively high sulphur content of more than 2% of the Julia Creek oil shale sample.

3.2 JUNE 2006 DRILLING AND TESTING PROGRAM

A short aircore drilling program was undertaken by QSO in June 2006 to provide sample material for an extended laboratory test program. The drilling program consisted of six holes totalling 434 m (**Figure 5**), at locations largely mirroring previous drilling by CSR; these locations were chosen to provide preliminary comparative Fischer Assay and tetralin yield data for correlation with CSR's Fischer Assay determinations.

In addition, holes were drilled in the southeast of the tenement in an area with very limited Fischer Assay data from previous drilling but which by virtue of its proximity to the Flinders Highway and railway line is considered to be a suitable site for bulk sampling for the demonstration plant.

Selected samples were sent to HRL for testing in its laboratories using both Tetralin Assay and Fischer Assay to determine the likely shale oil yield which would be achieved using the Rendall Process compared with a conventional retort.

The first assay results showed that, for a 20 m intersection (10 x 2 m assay splits) in drill hole #6 (**Figure 2**) in the centre of the permit, Tetralin Assays averaged 195% Fischer Assay with a range of 142% to 248%. A significant lowering of the cut off grade in drill hole #6 to 20 l/t Fischer Assay (equivalent to a Tetralin Assay cut off of approximately 40 l/t) would increase the resource intersection thickness by 25% and the product of grade by thickness by 4.6%.

A second fully assayed section of oil shale in drill hole #2 provided a 10m intersection with five Tetralin Assays ranging from 162% to 221%, with an average of 192%, of the equivalent Fischer Assays.

4.0 Current oil shale resource estimate based on Fischer Assay

Blue Ensign has a large exploration database of Fischer Assay results derived from 78 holes on a 1 km grid, with diamond cored intersections of the oil shale sequence largely drilled in the period 1977 to 1979, although the geological logs are no longer in existence. The overburden cover was defined by a further 159 holes drilled in 1980 (**Figure 5**), for which geological logs do exist.

In November 2007, Blue Ensign retained Simon Coxhell of CoxsRocks Pty Ltd, who has relevant experience to qualify as a Competent Person under the Australian Code for Reporting of Mineral Resources and Ore Reserves, December 2004 (the "***JORC Code***"), to prepare an independent geologist's report on the Company's Julia Creek tenement (then EPM 12863 which excluded the stock route) and its oil shale resources in compliance with the JORC Code (the "***Report***"). The Report was included in the Blue Ensign prospectus which was issued and released by Blue Ensign to the market on 27 November 2007. Simon Coxhell is a Member of the Australian Institute of Mining and Metallurgy and has in excess of 20 years experience in mineral exploration and evaluation with 5 years experience specifically in regards to the Julia Creek district of Queensland. Simon Coxhell is not a full time employee of the Company.

The resource estimate presented in this Information Memorandum is contained in the Report. The information in sections 5.4 and 5.5 is based on information compiled by Simon Coxhell and contained in the Report.

The resource estimate reported in the Report is as follows:

Category	Area	Thickness	ISBD	Oil shale resources	Oil yield	Shale oil resources
	km^2	m	*	million tonnes	(LTOM)	million barrels (Fischer Assay)
Measured						
Indicated	87	12	1.85	1,930	70	850
Inferred	6	11	1.85	120	60	45
Total	93		1.85	2,050		895

ISBD: In situ Bulk Density
One barrel of oil is equal to 159 litres
LTOM: Litres per tonne at zero moisture
NOTE: Barrels of Oil at this stage are not recoverable

The JORC Code compliant resource statement is necessarily based on Fischer Assay for determining cut-off grades for the time being. Fischer Assay reflect oil yields expected by conventional retorting processes, while the Tetralin Assay developed by Blue Ensign is intended to project the higher yields expected to be achieved by the Rendall Process. However, no cores have been preserved from the drilling carried out in the 1970s and 1980 referred to above and, although Blue Ensign conducted a limited drilling program in 2006, the available core material is as yet insufficient to carry out any further analytical work including sufficient Tetralin Assays required to quantify the oil shale resource in terms of the expected shale oil production using the Rendall Process in accordance with internationally accepted petroleum reporting standards as discussed below.

Under the ASX Listing Rules, all reporting of mineral resources and reserves must be prepared in accordance with the JORC Code. The JORC Code, however, applies only to solid minerals (including oil shale), but not to the shale oil produced from the oil shale.

On 20 June 2007, the ASX released an Exposure Draft setting out proposed amendments to the ASX Listing Rules, including changes to Rules 5.6A and 12.12 covering oil and gas reserve and resource reporting.

Under these proposed amendments, all reports relating to hydrocarbon reserves or reports must include a statement identifying the standard or methodology that has been applied in preparing the report. The preferred standards are stated to be either the Petroleum Resources Management System ("***PRMS***") endorsed by the Society of Petroleum Engineers ("***SPE***"), World Petroleum Council, American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers; the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information as approved by the board of the SPE, or alternatively, those required by the Securities and Exchange Commission in the USA. Of these, the PRMS is generally accepted as being the most appropriate standard for use outside North America.
In the present context of estimating the potential oil resource from Julia Creek, it is therefore necessary for Blue Ensign to determine first the oil shale resources in accordance with the JORC Code, and then separately to estimate the oil resource in accordance with the PRMS, by reference to the expected yields using the Rendall Process.

4.0 Current oil shale resource estimate based on Fischer Assay …… continued

Under the PRMS, petroleum resources and reserves are classified as shown in the following figure.

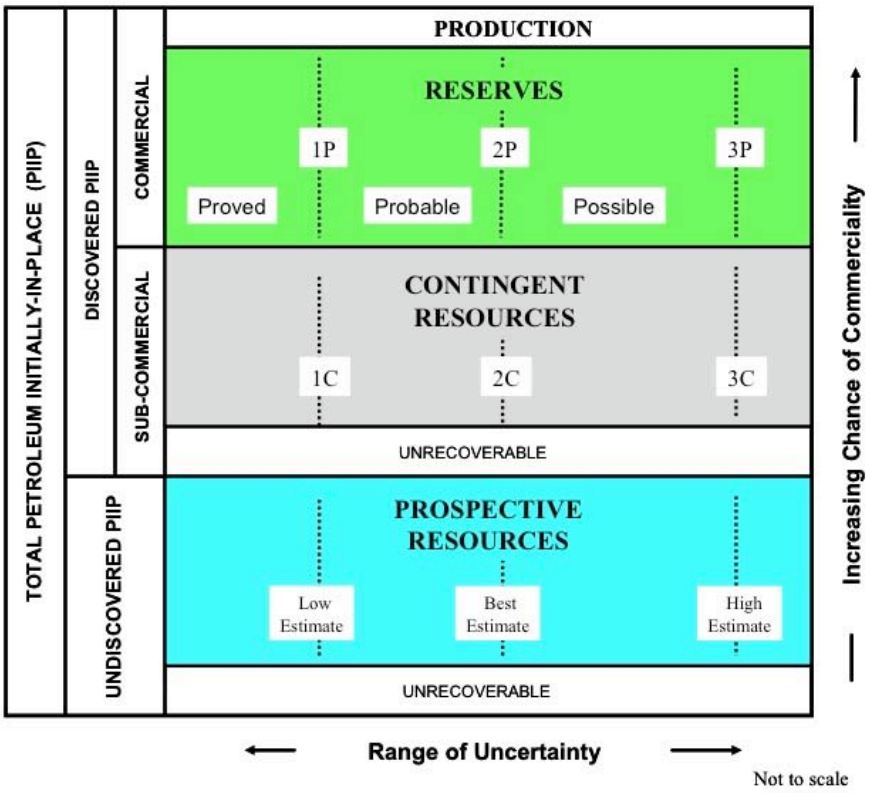


Figure 1-1: Resources Classification Framework.

In accordance with this system, the potential oil resource within MDL 379, MDL 380 and EPM 12863 would be currently classified as a Contingent Resource, in accordance with the following definition.

*"**CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, **or where commercial recovery is dependent on technology under development**, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status."*

Thus, in the case of oil shales, the Contingent Resource would be subdivided into 1C, 2C and 3C, according to whether the relevant oil shale resource was classified under the JORC Code as Measured, Indicated or Inferred. Once the contingent element under the definition is resolved (in this case, by the proving of the technology), the 1C, 2C and 3C Contingent Resources automatically convert to 1P, 2P and 3P Reserves respectively.

The oil Contingent Resource presently identified within MDL 379, MDL 380 and EPM 12863 is therefore comprised of 850 million barrels in the 2C category, corresponding to the Indicated Resource of oil shale, with an additional 45 million barrels in the 3C category, corresponding to the Inferred Resource of oil shale. These figures may be subject to future revision based on further resource drilling and the results of processing oil shale in the proposed demonstration plant (see section 6.1).

If a commercial plant is subsequently built and successfully commissioned, the Contingent Resource will become a Proven Reserve as set out above, which is subject to further resource drilling.

5.0 Potential for increased shale oil resource utilising the Rendall Process

The results of this work has confirmed the potential of the Rendall Process to transform the economics of oil production from Julia Creek oil shales. However, it will not be possible to develop rigorous estimates of the quantity of oil producible from the tenement by the Rendall Process until QSO has carried out a comprehensive new program of drilling, sampling, analysis and testing. In the meantime, three factors in particular indicate the potential for significant increases in producible oil resource estimates:

First, the Rendall Process is characterised by substantial increases in efficiency of kerogen conversion to liquid oils, compared with conventional retorting processes on which CSR's estimates were based. To illustrate, an increase in conversion efficiency by 186%, as indicated by comparative tetralin and Fischer assay results, would increase the oil resource estimate range from 790-895 MMBO to 1,470-1,660 MMBO.

Secondly, repeated hydrogenation of recycled heavier oils, would reduce the specific gravity of the oil product, with a corresponding increase in volume of some 10-20%.

Thirdly, although not quantifiable at this stage, increases in resource estimates would result from any reduction in economic mining cut-off grades for oil shale ore below the conventional figure of 40 l/t (Fischer Assay) as assumed by CSR..

In summary, BLE is confident that the Contingent Resource of recoverable oil within its tenements, based on use of the Rendall Process, is likely to be confirmed to lie in the range of 1.5 to 2 billion barrels of high-quality synthetic crude oil.

This provisional estimate is made in accordance with the Petroleum Resources Management System published in 2007 by the Society of Petroleum Engineers (SPE), the World Petroleum Congress (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

6.0 Planned further drilling, testing and resource delineation

6.1 EXPLORATION

The exploratory work to be undertaken as part of the demonstration plant program will be directed to delineation of faulting in the oil shale strata of within the Company's MDLs, preparatory to a final program of resource appraisal drilling.

Blue Ensign anticipates that the principal survey method will be a shallow seismic survey as used routinely in coal exploration. Some drilling and wireline logging will be required to verify seismic interpretations.

6.2 RESOURCE DRILLING

The objective of exploration drilling as part of the demonstration plant program is to upgrade the JORC Code compliant category of the oil shale resources from Indicated and Inferred status to Measured status, using Tetralin Assays as the basis for determining cut-off grades. When completed, this will be sufficient for mine planning studies for the initial 10 years of operation of the first commercial scale Rendall Process plant proposed. The drilling program will also allow for acquisition of data for the geotechnical studies required for mine planning.

It is intended that the drilling program will comprise 40-50 additional drill holes, totalling 1,000 m of core and 1,200 m of reverse circulation drilling.

A substantial increase in analytical data using both Fischer Assay and Tetralin Assays of grade will enable correlations between results from the two analytical methods, and will permit a conversion factor to be applied to the large Fischer Assay database accumulated by CSR. This will lead to oil resource estimates based on oil shale grades projecting oil yields by the Rendall Process.

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