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MINERAL RESOURCES SUMMARY REPORT

Constance Range - Deposit A

Queensland

Prepared for: CBH Resources Limited

February 2007

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1 Summary

CSA Australia Pty Ltd (CSA) was commissioned by CBH Resources Limited (CBH) to undertake a Mineral Resource estimation for the iron ore deposit at Deposit A at the Constance Range project in North Eastern Queensland.

CSA estimated a total inferred Mineral Resource for Deposit A of **236,367,000 Tonnes @ 53.2% Fe using a 49% cut-off grade.** The distribution and deleterious element grades for the Mineral Resource estimates are summarised in Table 1 below. Included in the global resource is a smaller resource with direct ship ore (DSO) potential. This resource comprises higher grade near surface mineralisation at the western end of the deposit

***Table 1**: Summary of CSA Inferred Resource Estimate for Constance Range February 2008 (The figures do not include any mineralisation that falls within the National park boundary).*

Category	Fe % cut-off	Tonnes	Fe %	SiO2 %	P %	Al2O3 %	LOI %
Inferrred (Potential DSO)	54	11,380,000	57.2	10.9	0.03	1.0	6.1
Inferred (incl. Potential DSO)	49	236,370,000	53.2	10.3	0.02	1.6	11.2
Total	**49**	**236,370,000**	**53.2**	**10.3**	**0.02**	**1.6**	**11.2**

Note: The CSA Mineral Resource was estimated within a constraining wireframe based upon a lower cut-off grade of 49% Fe. The resource is quoted from blocks > 49% Fe. Differences may occur due to rounding errors.

The team of Competent Persons involved in the preparation of the Mineral Resource are as follows:

Mr David Williams, MAusIMM (CSA) was responsible for the overall Mineral Resource report. The estimate was completed under the overall supervision and direction of Mr Williams who is a Competent Person as defined by the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code, 2004 Edition) and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mr Daniel Wholley MAIG (CSA) was responsible for the geological interpretation and analyses of QAQC. Mr Wholley is a Competent Person as defined by the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code, 2004 Edition) and who consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mr Alex Hewlett, GAusIMM (CSA) was responsible for the resource estimation.

2 Resource Summary

The Deposit A resource estimate is reported as a total iron resource for the Deposit A region at Constance Range. Included within the total resource is a smaller resource with the potential for direct shipping (DSO). The DSO resource comprises near surface material with the potential to be shipped without beneficiation. The DSO resource was estimated within the northing, easting and RL limits as outlined in Table 2.

The resource quoted in Table 1 excludes mineralisation located within the National Park. CSA believes that material within the National Park boundary does not have the potential for economic extraction and therefore cannot be quoted according to the JORC guidelines. Figure 1 demonstrates the location of the National Park with respect to the Constance Range resource. Figure 2 demonstrates the National Park location with respect to the DSO resource.

Table 2: *x and y parameters for each resource models.*

Deposit	Easting Limits	Northing Limits	Elevation Limits
Potential DSO>54%Fe and >100m RL	<198,000 >194,500	<940,500 >938,000	Not restricted by RL
Entire Deposit>49%	<202,000 >194,500	<946,000 >938,000	Not restricted by RL

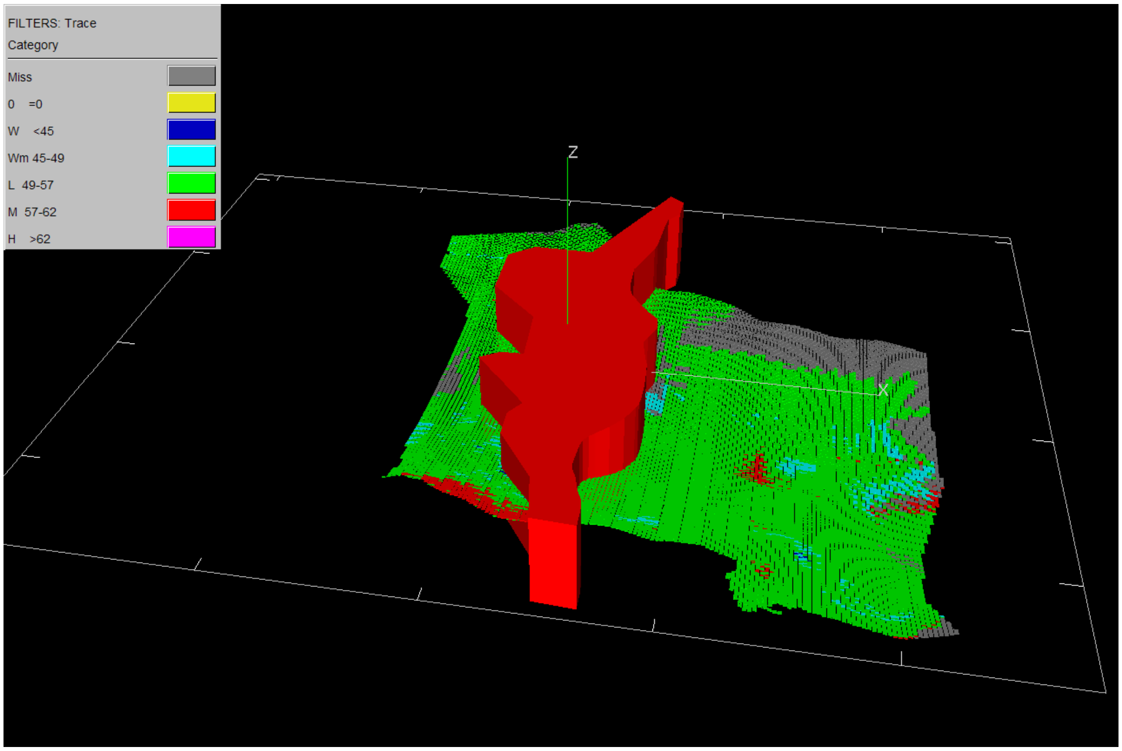

Figure 1: *Constance Range resource model (green blocks >49% Fe, red blocks > 54% Fe) overprinted by the National Park (solid red shape).*

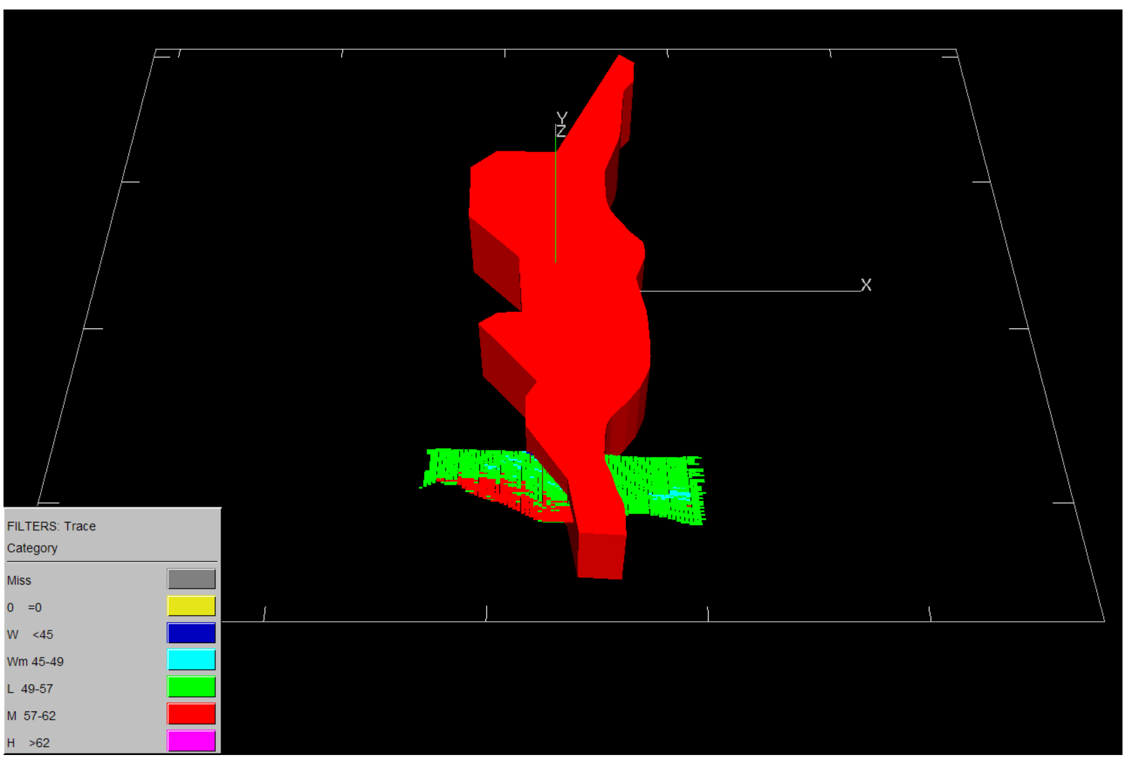

Figure 2: *Constance Range DSO resource model (green blocks >49% Fe, red blocks > 54% Fe) overprinted by the National Park (solid red shape).*

3 Drilling

All drilling in Deposit A was conducted using diamond drilling techniques with variable drill spacing ranging from 200m x 200m to 1.5km x 1.5km. The drill holes were not drilled on regular grid and were all drilled vertically. To construct the model a series of cross-sectional views were made trending north-south with 200m to 300m spacing. Drilling spacing along section varied greatly from 100m in the potential DSO areas of the southern limb, to 1.5km in the north east.

Table 3 summarises the drilling undertaken at Deposit A, as used in this resource estimate.

Table 3: *Summary of drilling within Deposit A.*

Company	Drilling Date	# of Holes	Total Metres	Drilling method
BHP	Pre 1963	108	16,256.51m	BQ Diamond Core
CBH Resources Ltd	2007	14	1,275.5m	HQ Diamond Core

4 QA - QC

The QA –QC procedures used during exploration conducted by BHP have not been documented. All drilling and sampling conducted by CBH adhered to QA-QC procedures to ensure high quality data, these are outlined below.

To reduce errors during the metallurgical and geochemical sampling each sample was collected into a calico bag as it was cut, and reconciled with sampling sheet every 25 samples. The sampling data was entered into the computer at the end of each day and validated to ensure accurate data was incorporated into the database.

To ensure that representative samples were taken the core was fitted together and a reference cutting line marked along the apex of bedding. The core was very competent and had excellent recoveries allowing very accurate matching of the individual pieces. During sampling, the core was halved and the left half was sampled for metallurgical test work the remaining half was cut to a quarter core and the left quarter was collected for XRF analyses. The same sampling method was used for each sample ensuring that a consistent and representative sample was collected.

To assess the accuracy of the analyses completed by the ALS, certified standards were submitted as every twentieth sample. Two standards were used, GIOP-3 and GIOP-4, which were suitable for the comparison of moderate and high iron grades respectively. All analyses of the standards are within three standard deviations of the certified mean, this suggests an acceptable degree of accuracy for the ALS results.

The results of the GIOP-3 analyses lack precision when compared to GIOP-4 results (see Figures 3 and 4). The GIOP-3 results display a weak bias low for both SiO_2 and P and weak Bias high for Al_2O_3, however these are not considered significant. Except for the P analyses, the GIOP-4 results show excellent precision and accuracy. The P results for GIOP-4 show a moderate bias low similar to that in the GIOP-3 analyses.

Pulp residue from the ALS analyses were collected at a rate of one in twenty and sent to Ultratrace Laboratories for check analyses. The results of these analyses show excellent correlation with the ALS results indicating a high degree of accuracy for the ALS assay results. The results of the pulp check sample analyses are presented graphically in Figure 5. .

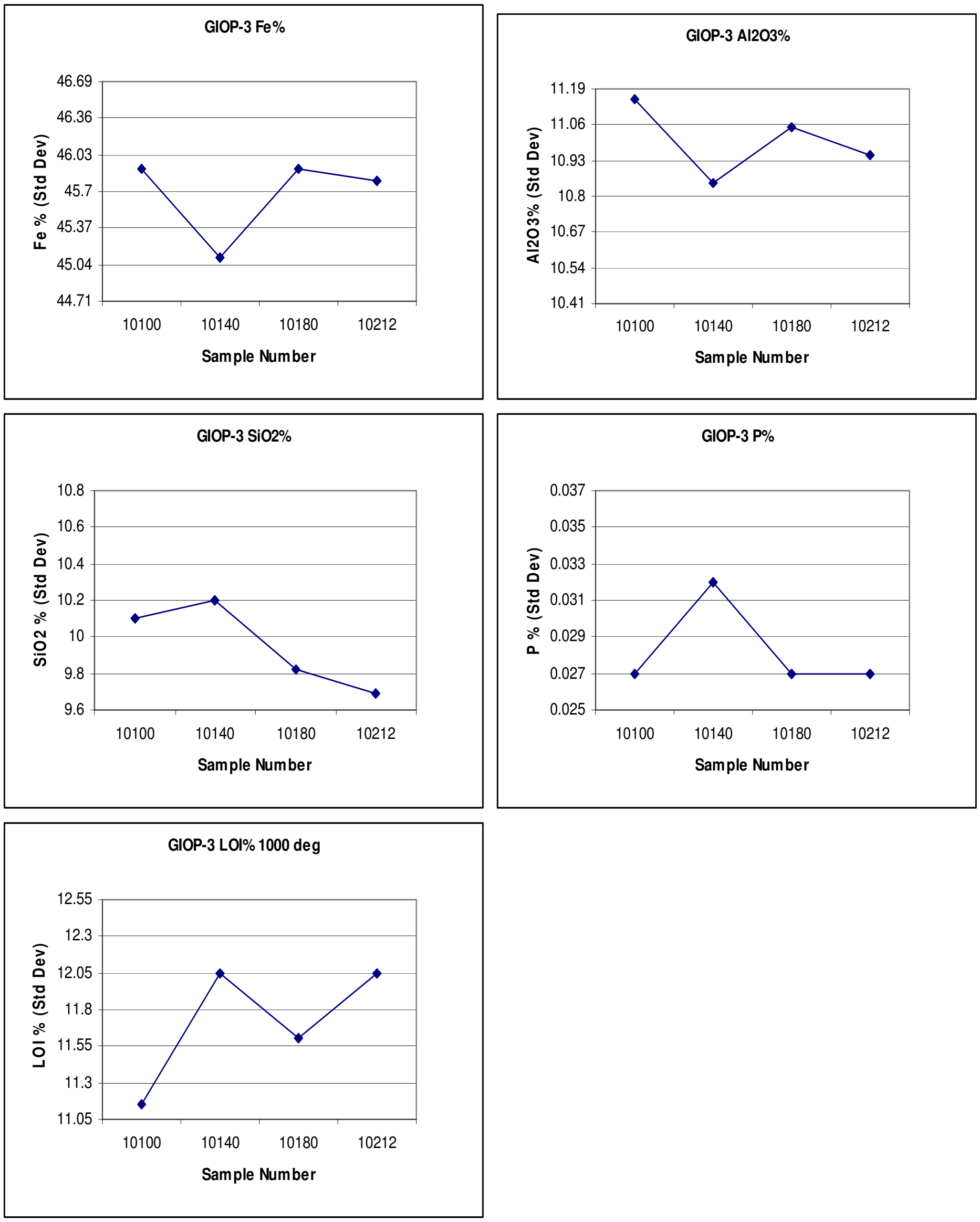

***Figure 3**: Performance of reference standards used in the 2007 drilling of Deposit A*

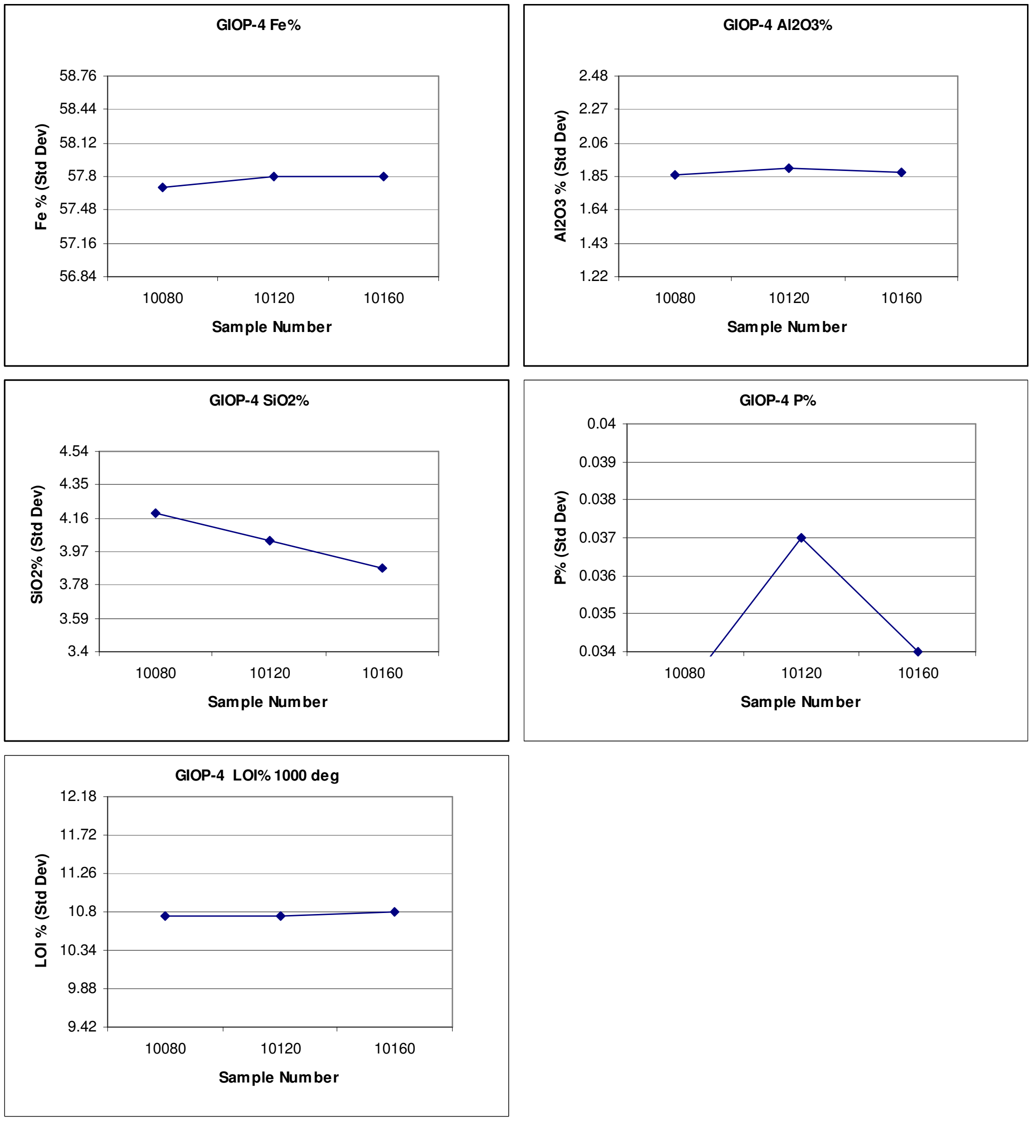

Figure 4: Standard Analyses for GIOP-4

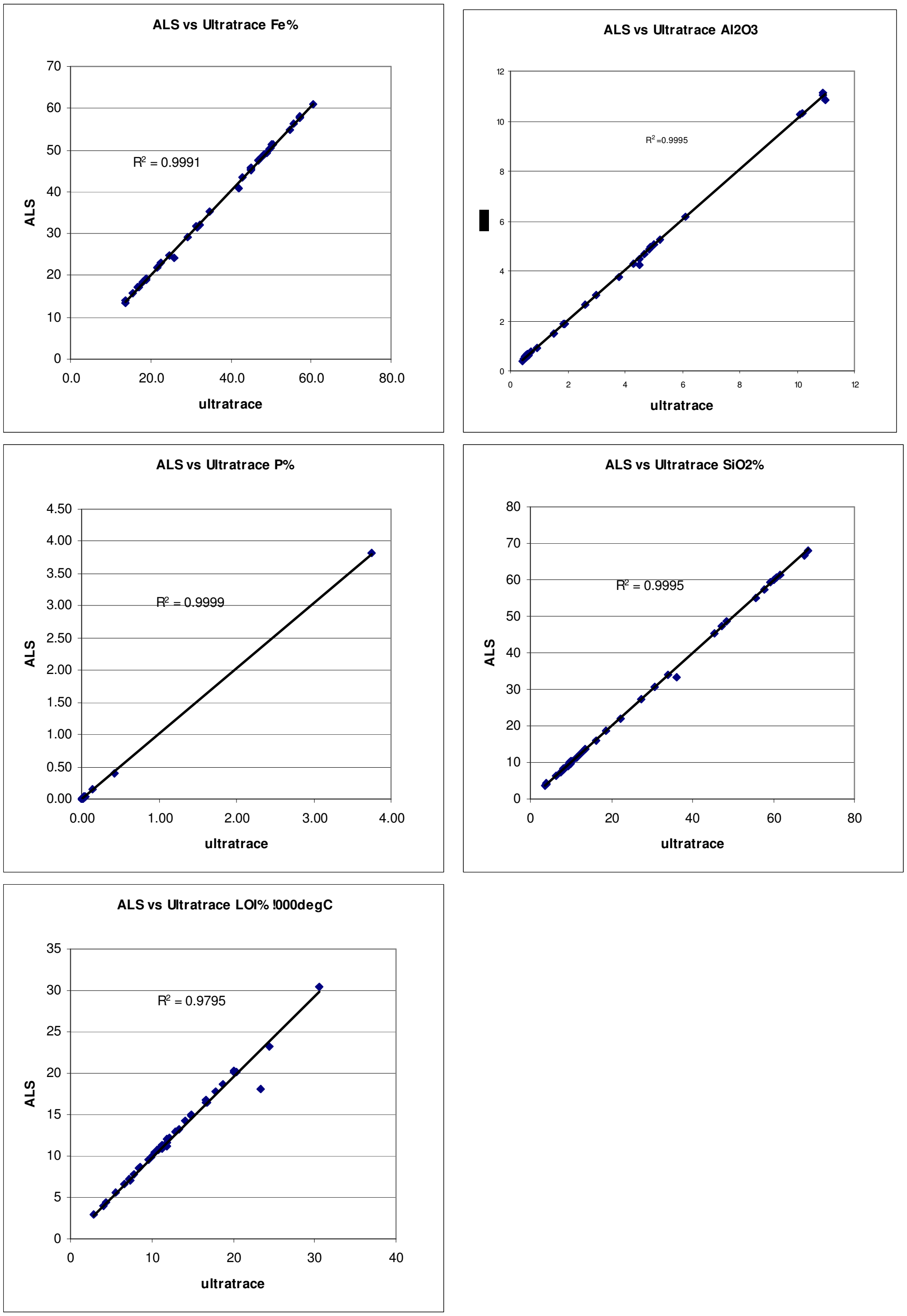

Figure 5: *Pulp Check analyses ALS vs Ultratrace*

5 Top Cuts

Top cuts were applied to the block model, based on review of the assay data in Geo Access. A summary of top cuts applied is presented in Table 4. The cuts were selected to ensure that small lenses of low grade material within the model did not exert undue influence during the interpolation. With the current drilling density it is not possible to quantify the extent of the low-grade lenses. However, with additional drilling it may be possible to model these zones separately.

A bottom cut was used to cut the iron data. A bottom cut works the opposite way to a top cut, whereby the lower grade material is increased in grade to a predefined value. This prevents smearing of very low grades.

Table 4: *Top Cuts applied prior to grade estimation.*

Element	Top Cut Applied
SiO_2	25%
Al_2O_3	5%
LOI 1000	25%
P	0.1%
Fe (Bottom Cut)	35%

6 Wireframing

Using the north-south cross-sections as a base for interpretation, a wireframe of the +49% Fe mineralisation was built in Micromine and then this was converted to Datamine for further refinement of the model.

The wireframe was was not extended to the east or west past the limits of drilling. This was deemed appropriate as the grades on these end sections were marginal and drill holes on adjacent sections were very low grade. The depth to mineralisation on the eastern section (in excess of 900m in depth) was another factor as the possibility for economic extraction at this depth is unlikely. The southern limit of the deposit terminates where it outcropped at surface, and the north terminates where drilling intensity becomes low, coupled with a significant drop in grade.

All drilling was composited to 2m intervals. Samples that fell within the wireframe were flagged for downstream statistical analyses and grade estimation.

7 Volume Block Model

A block model was constructed using the parent block and sub cell sizes outlined in Table 5. The parent block sizes were chosen to represent approximately half the sectional spacing. Sub-block sizes were selected to allow for optimal filling of the mineralisation wireframe with blocks.

Table 5: *Block Model cell sizes*

Cell Type	X size	Y Size	Z Size
Parent Cell	200m	100m	2m
Sub Cell	40m	20m	0.5m

An SG of 3.54 t/m^3 was applied to the model based on a series of measurements made on diamond core samples collected during the 2007 drilling program. The measurements were taken from wax coated mineralised core using the weight in air / weight in water method.

It is recommended that additional SG measurements are made prior to any further resource estimations being completed.

8 Grade Estimation Parameters

The resource was estimated using the Inverse Distance Squared (IDS) method. Parent blocks falling within the mineralised (Fe> 49%) wireframe were estimated using samples flagged as falling within the same wireframe.

Due to the synformal nature of the ore body, three separate search ellipses were used that represented the strike and dip of the local mineralised areas. These ellipses acted as 'soft boundary' estimation runs whereby blocks within one search domain could 'see' samples in an adjacent search domain.

Block estimation required a minimum of six samples and a maximum of 24 samples per block estimate. If a block could not be estimated due to insufficient samples, then the ellipse was doubled in size. A maximum of six samples per drill hole were permitted for any one block estimate, thereby forcing at least two holes to be sourced per block estimate.

The data supplied in Table 6 defines the search ellipse used for each area of the deposit.

Table 6: *Search Ellipse Parameters*

Limb	**Strike Radius (X)**	**Cross Strike Radius (Y)**	**Perpendicular to Plane Radius (Z)**	**Rotation Around Z**	**Rotation Around Y**	**Rotation Around X**	**Factor for Pass 2**	**Factor for Pass 3**
North	500	500	10	0	-4	10	2	3
Hinge of Fold	500	500	10	0	-4	0	2	3
Southern	500	500	10	0	-4	-6	2	3

9 Results and Classification

The Deposit A mineral resource has been classified Inferred. The classification is based upon the wide spaced drilling and large amount of drilling data (pre 2006) for which no QA/QC data is available.

The results of the Mineral Resource estimate are outlined in Table 7. All results have been rounded to reflect the levels of uncertainty that exist in the model. The "Buffer Zone" is a 1km zone surrounding the National Park boundary. Table 8 lists the potential DSO resource.

Table 7: *Mineral Resource Estimate, Deposit A, Constance Range*

MATERIAL	PARK	TONNES	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %
ORE	Buffer Zone	131,950,000	53.1	0.02	10.51	2.09	11.11
	Outside Buffer Zone	104,410,000	53.4	0.02	10.09	1.02	11.23
	National Park	59,590,000	52.7	0.02	10.58	1.64	11.28
	Total Mineralisation	295,960,000	53.1	0.02	10.38	1.63	11.19
Grand Total	**Excluding National Park**	**236,370,000**	**53.2**	**0.02**	**10.33**	**1.62**	**11.16**

Note: The CSA Mineral Resource was estimated within a constraining wireframe based upon a lower cut-off grade of 49% Fe. The resource is quoted from blocks > 49% Fe. Differences may occur due to rounding errors.

Table 8: *An estimate of potential DSO mineralisation within Deposit A*

MATERIAL	PARK	TONNES	Fe %	P %	SiO_2 %	Al_2O_3 %	LOI %
ORE	Buffer Zone	11,200,000	57.2	0.03	10.93	1.02	6.12
	Outside Buffer Zone	180,000	56.0	0.03	10.30	0.87	7.60
		11,380,000	57.2	0.03	10.92	1.02	6.14
Grand Total		11,380,000	57.2	0.03	10.92	1.02	6.14

Note: The CSA Mineral Resource was estimated within a constraining wireframe based upon a lower cut-off grade of 49% Fe. The resource is quoted from blocks > 54% Fe. Differences may occur due to rounding errors.

10 Conclusions and Recommendations

CSA completed a mineral resource estimate on Deposit A within the Constance Range project in northeastern Queensland on behalf of CBH Resources Ltd. The results of the estimation suggest an Inferred Mineral Resource of **236,370,000 Tonnes @ 53.2% Fe using a 49% cut-off grade** is present within EPM 14479.

Within the Deposit A resource there is a small area with direct ship ore (DSO) potential. This area is estimated to contain an inferred resource of **11,380,000 Tonnes @57.2%Fe, using a 54% Fe cut-off grade.** This resource very nearly complies with indicated status as defined under the JORC Code. The main reason for resource not having indicated status is the drill spacing is too irregular. At the current spacing the continuity of high grade mineralisation cannot be assured between sections.

There are large areas in the keel of the syncline and on the northern limb of the resource where the drill spacing is greater than one kilometre. The geological continuity is assumed in these but has not been confirmed by drilling. In other areas of the resource with a tighter drill spacing it has been demonstrated grade continuity exists over distances in excess of one kilometre.

For this resource to gain a higher JORC status there are several additional programs required, including:

- Infill drilling programs throughout the deposit especially in the central and northern limb areas;
- An evaluation drilling program to assess the quality of historic data throughout the deposit;
- A thorough study of the bulk densities for all lithologies present in the resource area;
- A higher degree of accuracy for survey control for the historic drill holes (all located holes currently positioned with hand held GPS); and
- If possible some assay quality control checks on historic core.

The information in this Report is based on information compiled by Daniel Wholley and David Williams of CSA Australia. David Williams takes overall responsibility for the Report. He is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). David Williams consents to the inclusion of such information in this Report in the form and context in which it appears.