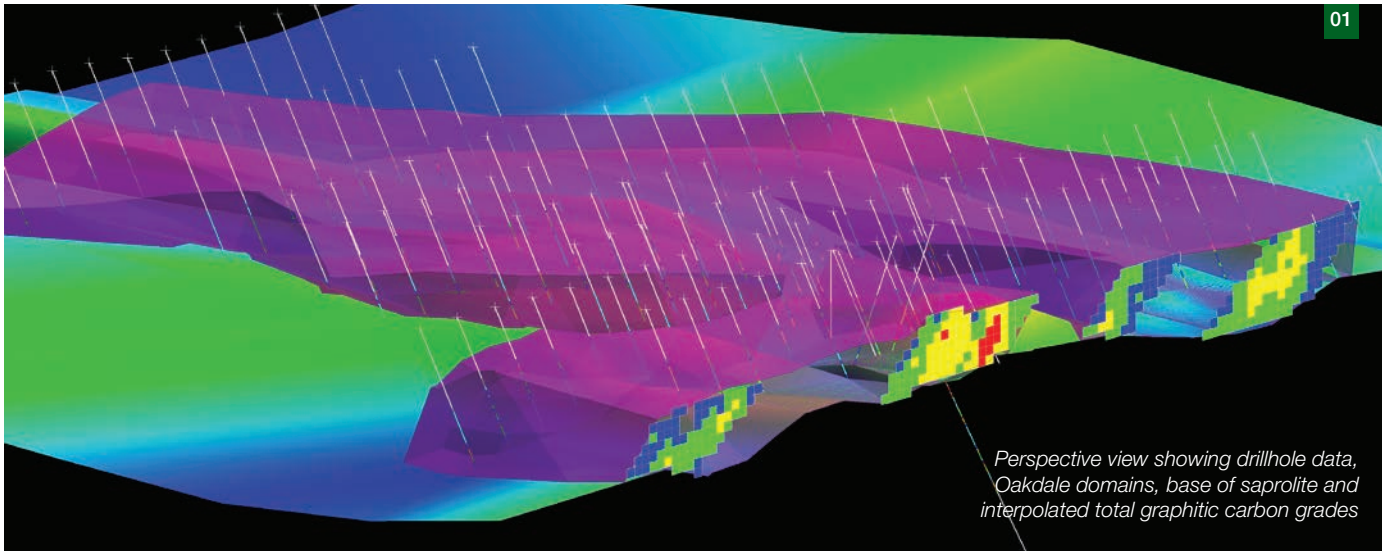
Oakdale Resources graphite project

A maiden resource study on the Oakdale graphite deposit in South Australia has provided a thorough understanding of the geology and prospects for mining.



Perspective view showing drillhole data, Oakdale domains, base of saprolite and interpolated total graphitic carbon grades

The Oakdale Resources Ltd project on South Australia's Eyre Peninsula comprises two graphite deposits - Oakdale and Oakdale East. The coarse flake graphite occurs within Archean rocks which have been metamorphosed to a high grade granulite facies.

Maptek™ Vulcan™ was used to model the Oakdale geology for the resource report. Only graphite above the base of saprolitic weathering was considered.

Oakdale drill samples and bulk density measurements provided the input data. A Vulcan database was built from .csv files containing drill collar, downhole survey, lithological and analytical data.

Validation and cross checking of the imported data was performed and any discrepancies remedied. Selection files were established to include or exclude drillholes for use in estimation based on the level of confidence in the drill collar survey or downhole sample intervals.

> Confidence in the geological data resulted from the drilling and logging of 330 air core and 11 diamond drillholes.

There is no surface expression of the orebody so drill data was extrapolated to define geological boundaries.

Core samples showing soft saprolitic graphite rich clays

Viewing cross-sections perpendicular to the interpreted strike direction of the graphite mineralisation in Vulcan enabled interpretations on each section to define hanging wall and footwall contacts of significant mineralised intervals.

Where there was no defined geological boundary, such as a fault, vein or stratigraphic contact which constrained mineralisation, a nominal cut-off of 1% total graphitic carbon was used to delineate the resource domains.

Section data was reviewed in 3D, as well as long section, to determine the correlation of hanging wall and footwall boundaries.

Three dimensional domains were created as triangulated solids by identifying graphite mineralisation that could be traced through several drilled sections. Parameters used to join mineralisation between sections included consistent orientation along strike and dip, host lithology, and the presence of constraining or cross-cutting structures. The correlations were compared with 2D plan interpolations direct from drilling data.

The resulting Oakdale graphite deposit is 1500m long by 500m wide to a maximum depth of 55m. Oakdale East is 300m by 130m to a maximum depth of 45m. The 2.5km region between the two deposits has not been explored.

The Oakdale deposit was subdivided into 6 domains and Oakdale East into 2 domains for resource estimation.

These geological domains were used to control interpolation of graphite grades within the resource block models. Only individual samples within each domain were used for estimation of blocks located within that domain.

Graphite grades were estimated into a block model for each deposit using both inverse distance squared and ordinary kriging methods in Vulcan. Only total graphitic carbon was estimated.

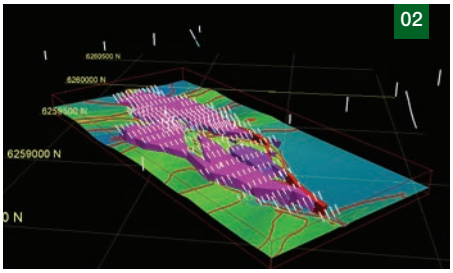
Variography was completed for Oakdale to determine an appropriate search orientation dimension and directions for samples to apply to grade interpolation using ordinary kriging. Slope of regression and kriging efficiency were calculated within each interpolated block.

Bulk density data was segregated into dry and wet sample types. Only dry samples were used so that the resultant model could report tonnages on a dry basis. Bulk density was estimated into the resource block model based on resource domain.

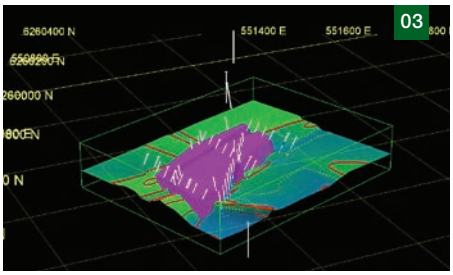
The Oakdale block model was created using a parent cell size of approximately half to a quarter of the nominal drill spacing. Block model extents for the Oakdale model can be seen in *Figure 2*.

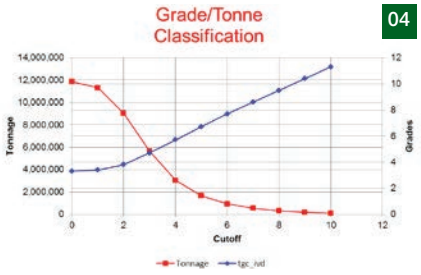
The Oakdale East block model (*Figure 3*) was constructed with sufficient extents to contain all drilled graphite mineralisation, which is open in both strike directions.

The density of drill data at Oakdale East was insufficient to warrant the use of sub-blocks.

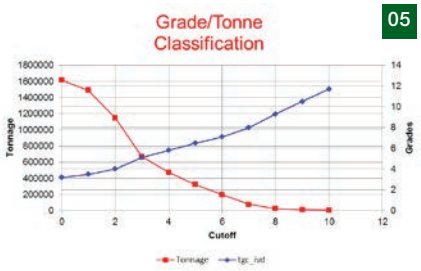


Perspective views showing drillhole data, domains, base of saprolite and block model extents for Oakdale (above) and Oakdale East (below)





Tonnage-grade curves for total graphitic carbon for Oakdale (above) and Oakdale East (below)



Block grades for both deposits were compared with drillhole assay values on cross-sections, plans and long sections (*Figure 1*).

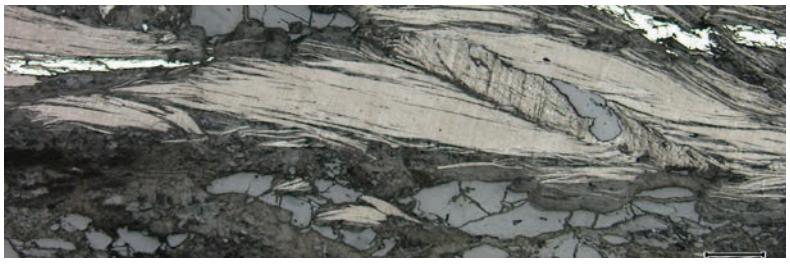
Swath plots were generated on nominated easting, northing and elevation slices, comparing original sample grades with interpolated block grades.

This review found that global interpolated block grades were comparable to the weighted averages of the raw drill sample grades within the resource domain boundaries.

The distribution of mineralised tonnage at various graphite cut-off grades for the Oakdale and Oakdale East deposits were charted in Vulcan for clear visualisation of economic impacts (*Figures 4, 5*).

The mineral resource study provides Oakdale Resources with the confidence to proceed with a scoping study into potential development of its flake graphite discovery.

Thanks to John Lynch,
Managing Director, Oakdale Resources Ltd



	Total graphitic carbon content (3% cut-off)	Total mass (tonnes)
Oakdale Indicated	4.7%	2,686,000
Oakdale Inferred	4.7%	2,964,000
Oakdale East Inferred	5.1%	670,000
Total Indicated & Inferred	**4.8%**	**6,220,000**