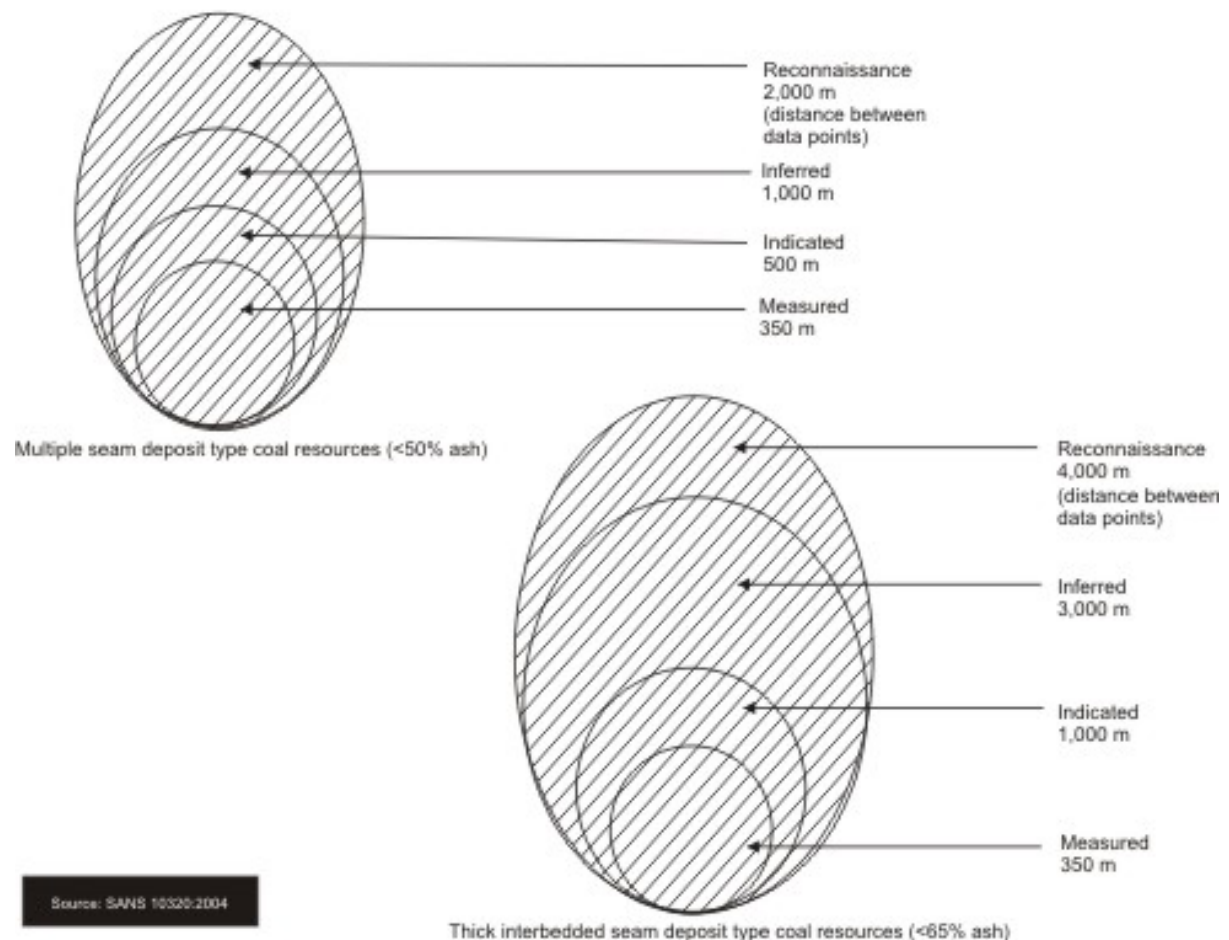


PROPOSED AMENDMENTS TO COAL RESOURCE CLASSIFICATION

By Catherine Telfer

The South African National Standard – South African guide to the systematic evaluation of coal resources and coal reserves (SANS 10320:2004) is an excellent guideline for the classification of resources and reserves, and as such, is embodied in the SAMREC Code. The code specifies the borehole densities required for the classification of coal resources into Measured, Indicated and Inferred. This is succinctly illustrated in the figure below.



The recent focus on exploration in the Waterberg Coalfield has highlighted two issues which may need to be considered as possible amendments with respect to the content of SANS 10320:2004.

The first issue was discussed in Venmyn's newsletter issued on 7th July 2009. This issue relates to the application of a preliminary de-stoning wash to the Gross Tonnes in situ to remove the extensive amount of mudstones/shales found interlaminated with the coal within the Waterberg coal zones. Click here to view Coal Resource Calculation newsletter.

The second issue relates to the requirement of SANS 10320:2004 that the boreholes used in the classification process must have quality data. Due to the cost implications, there has been a significant increase in the use of wireline logging of percussion boreholes within the Waterberg coalfield. The wireline logs produce an excellent density measurement (and thus quality indication). These logs have also produced highly successful correlation results between the boreholes within the field. Therefore, Venmyn is proposing that the standard be modified so that wirelined holes are also acceptable for use in coal resource classification. It is suggested, however, that they be combined with holes with quality data and not be used exclusively.

Venmyn is inviting support with respect to these two issues before taking them up with Standards South Africa. Please contact Catherine@venmyn.com