

NARACOOPA MINERAL SANDS PTY LTD

EXPLORATION LICENCE 25/2007

ANNUAL REPORT 2015 - 2016



11 July 2016

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1. STATEMENT BY OPERATOR

This Annual Report 2015-16 for EL 25/2007 has been prepared by Van Diemen Consulting Pty Ltd on behalf of Naracoopa Mineral Sands Pty Ltd (NMS).

Naracoopa Mineral Sands Pty Ltd acknowledge the contents of this Report are true and correct to the best of their knowledge.

Name.....Susantha Gunasek..... Date..... 12/07/16.....

Position.....Geologist.....

Signature..........

2. INTRODUCTION

2.1 LOCATION OF EXPLORATION LICENCE

The exploration licence (EL 25/2007) extends between the existing Naracoopa Sand Mine Northern and Southern Deposit mining leases, and also overlaps a large area of Sea Elephant Bay. The EL area is 77 square kilometres / blocks, of which approximately 50 km² overlaps the seabed in the bay (refer to Figures 1 and 2).

The land portion of the EL is predominantly zoned *Rural Resource* under the *King Island Interim Planning Scheme 2013*. There is a small proportion of the southern-most area and Fraser Beach zoned *Open Space*. The coastal zone, Lavinia State Reserves and other reserves in the area are zoned *Environmental Management*.

The northern-most tip of the exploration licence includes a portion of the Lavinia State Reserve, which is a listed Ramsar wetland. The Lavinia Point-Cowper Point dune system also overlaps the northern extent of the EL. This dune system is an important coastal landform/relic. The Sea Elephant Conservation Area overlaps these two areas as well as the northern portion of the EL. The Eldorado Conservation Area overlaps the central portion of the EL; the Naracoopa Blowhole Geoconservation Area and the coastline along the bay is a Public Reserve.

Some of the land proposed for land based drilling is owned by the Crown, and some is privately owned. Contact has been made with the landowners to ensure they are aware of the proposed exploration program scope, timing and locations.

The sea-based EL starts at Fraser Bluff, extending northward past Naracoopa towards (but not including) Cowper Point and Councillor Island, and extends 3 nautical miles (within State waters) off the coast of King Island, from Fraser Beach and over Sea Elephant Bay.

2.2 EXPLORATION LICENCE HOLDER

The holder of the Exploration Licence is –

NARACOOPA MINERAL SANDS PTY LTD (ACN 129 964 343)
LEVEL 14, 140 WILLIAM STREET
MELBOURNE VIC 3000

GDA94 is the datum used in this report.

2.3 REPORTING PERIOD

The reporting period is 1 July 2015 to 30 June 2016.

3. REVIEW OF PREVIOUS WORK

There have been some magnetic-based assessments of mineral composition conducted by Mineral Resources Tasmania. There has also been some broad-scale sampling conducted by Australian Titanium Minerals Ltd which is the company that originally held Mining Lease 1673.

There have been no on-ground exploration works in EL25/2007 by the current tenement holder.

4. EXPLORATION COMPLETED DURING THE REPORTING PERIOD

There have been no on-ground or desktop-based exploration works in EL25/2007 by the current tenement holder.

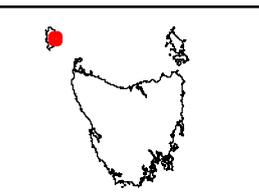
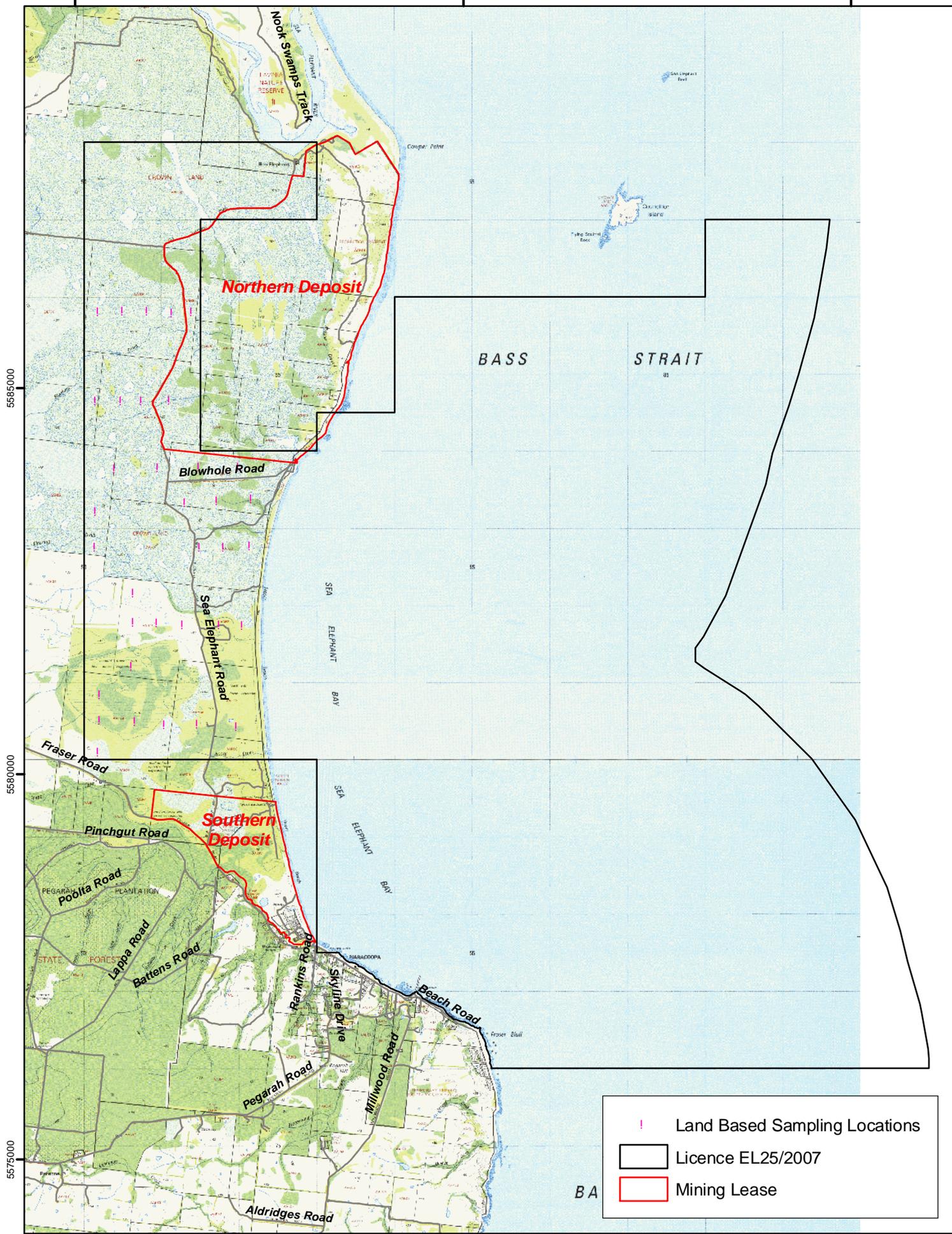
5. DISCUSSION

There are no points to discuss as there has not been any on-ground or desktop-based exploration works in EL25/2007 by the current tenement.

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Naracoopa Mineral Sands Mine

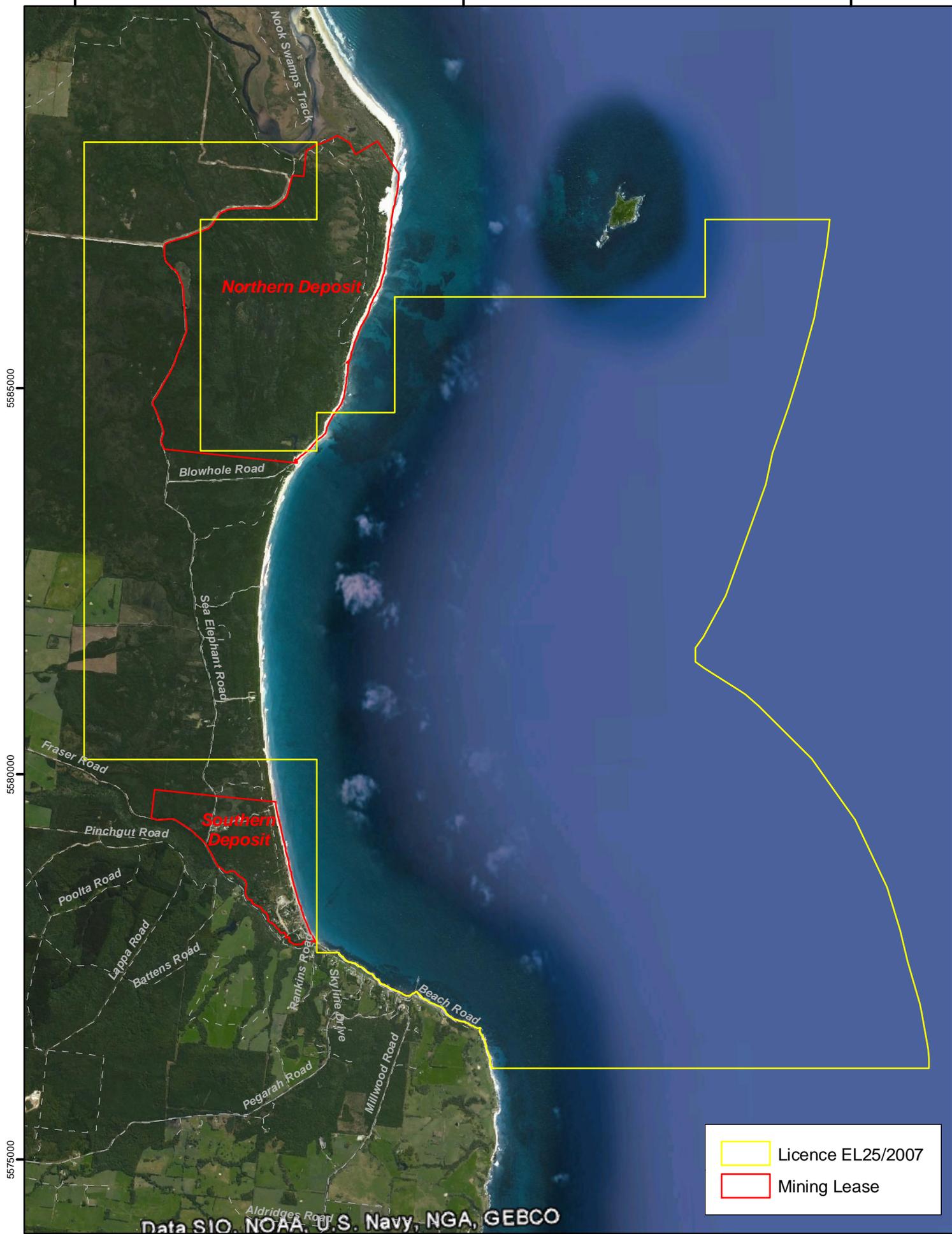
Figure 1: Exploration Licence Location



Base data by TASMAR. © State of Tasmania
Base image by TASMAR. © State of Tasmania

Datum: GDA94 Grid: MGA Zone 55
Date: 20th July 2012
Prepared by: SEMF Pty Ltd
TasMap: Sea Elephant
Naracoopa
Project: 2290.005
Client: A.J. Bond &
Associates Pty Ltd

0 750 1,500
Meters



Licence EL25/2007
 Mining Lease



Naracoopa Mineral Sands Mine

Figure 2: Exploration Licence Location (over Aerial Photo)



ENVIROPAC
Base data by TASMAR. © State of Tasmania
 Base image © Google Earth

Datum: GDA94 Grid: MGA Zone 55
 Date: 20th July 2012
 Prepared by: SEMF Pty Ltd
 TasMap: Sea Elephant
 Naracoopa
 Project: 2290.005
 Client: A.J. Bond & Associates Pty Ltd
 0 750 1,500
 Meters

6. CONCLUSIONS

There have been no on-ground or desktop-based exploration works in EL25/2007 by the current tenement.

Exploration works will commence in 2016 and cover land based activities at this stage, with sea-based activities to follow in about 2017 and 2018.

6.1 LAND-BASED EXPLORATION PROGRAM

There are two types of land-based exploration works -

1. Geophysical Program; and
2. Drilling Program.

The use of a geophysical program, which is land-based, and is easily transported by hand and backpacks into the field can assist with more area being covered by the exploration at a relatively low cost. The drilling program will be enacted once the geophysical studies have determined which areas warrant more detailed investigation – drilling is expensive, time consuming, and potentially damaging to the environment so it is preferential to limit the amount of drilling works to those areas where the resource warrants such works.

6.2 SEA-BASED EXPLORATION PROGRAM

Seabed exploration will include taking up to 1,500 grab samples of surface and near-surface material on the seabed. Samples will be collected on a 200 x 200 metre grid. The samples will be collected by a diver operating from a boat. Samples will be obtained via a grab sampler, and via a hand corer which may reach to 1 – 1.5m depth. 10-20 kg samples will be collected and will be tested for up to 49 minerals.

7. ENVIRONMENT

There have been several studies/surveys conducted of proposed tracks and cut-lines to establish to perform the land-based EL works program. These will be refined once the location of cut-lines have been identified through the use of the low-impact geophysical sampling method.

Further details are provided in the Exploration Program for 2016-17.

8. EXPENDITURE

There has only been incidental expenditure on the management and renewal of EL25/2007 by the current tenement holder. This will change in the 2016-17 financial year when extensive ground-based works are proposed to occur.