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MICROFILMED

ANNUAL REPORT

EL 28/85

OPEN FILE

NARACOOKA, KING ISLAND

December, 1990

91-3209

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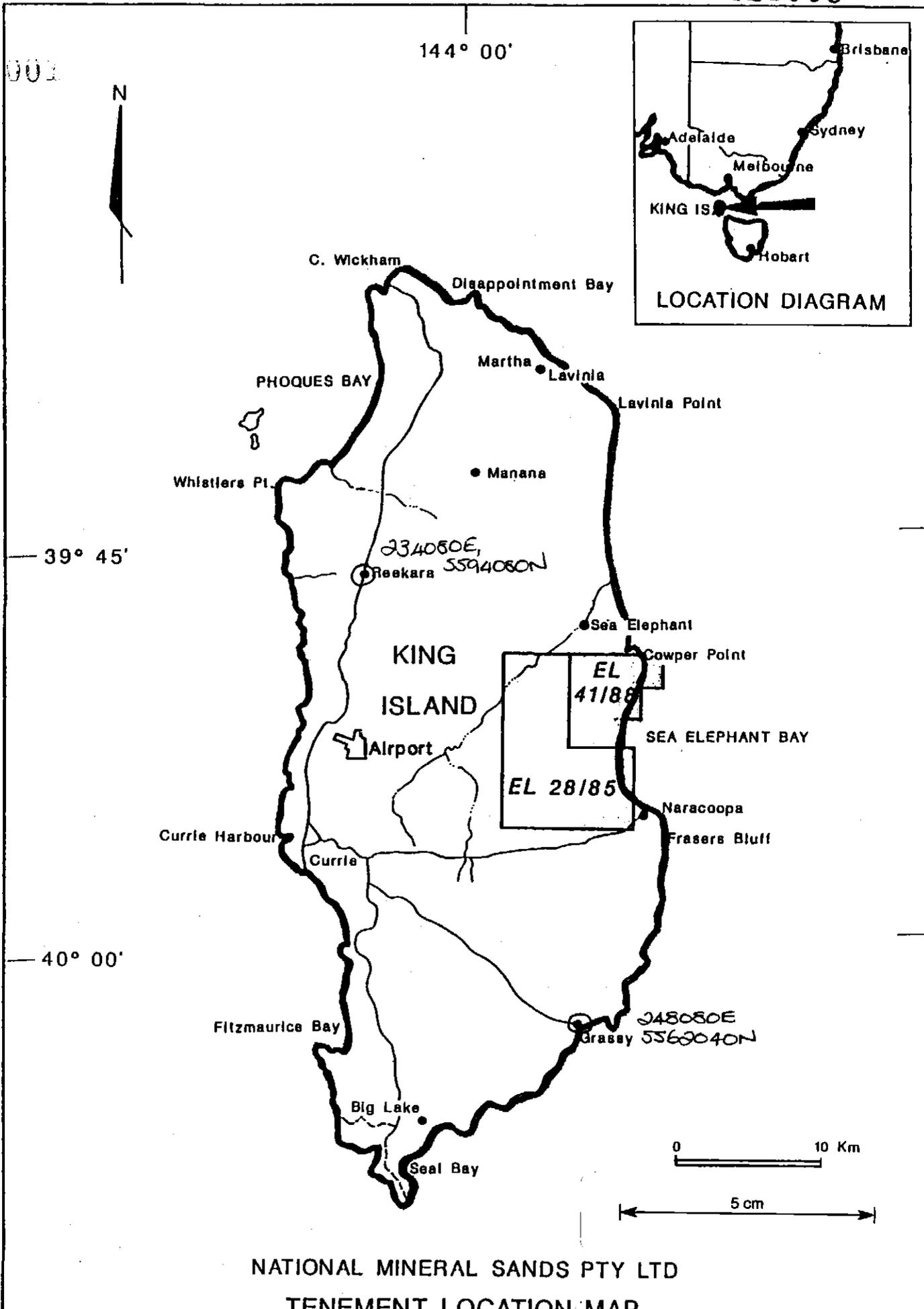
Licensees: National Mineral Sands Pty. Ltd.
Peko Wallsend Operations Ltd.

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Melbourne Vic 3004

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Date: 20th December, 1990



NATIONAL MINERAL SANDS PTY LTD
 TENEMENT LOCATION MAP
 KING ISLAND

1. Tenement Information

EL 28/85 occupies an area of 78 square km on the east coast of King Island near Naracoopa at the south end of Sea Elephant Bay. It was granted on 31 January, 1987, and is immediately adjacent to EL 41/88 also held by the licensees.

2. Previous Exploration

The Naracoopa/Cowper Point area has been the target of a major exploration and project evaluation study, culminating in a Feasibility Study in August, 1989 and based on heavy mineral sands resources on EL 41/88 and EL 28/85.

Four deposits were identified, including two (Naracoopa East and Naracoopa West) on EL 28/85.

Total probable reserves over the two exploration licence areas were estimated at 16.8Mt Sand, containing 1 013 000t Heavy Minerals, including 60 500t Rutile and 75 000t Zircon. Of this total reserve the two deposits on EL 28/85 comprise 5.3mt Sand containing 510 000t Heavy Minerals, including 28 000t Rutile, and 32 000t Zircon.

Further details of the reserve estimates are provided in the attached tabulation.

Metallurgical testwork confirmed that marketable grades of Rutile and Zircon products could be produced, but that significant quantities of Ilmenite contained in the resource were not marketable due to high levels of included chromium.

3. Work Completed During Report Period

The Feasibility Study was subject to intensive review and re-evaluation during the year culminating in the purchase of National Mineral Sands Pty. Ltd., by Peko Wallsend Operations Ltd., and a decision by the latter company to prepare applications and seek mining licences over the four deposits.

Discussions with the Department of Mines have resulted in a plan for marking out, involving 15 lease applications. Current owners of land in the proposed applications areas have been largely identified, and a draft compensation agreement prepared.

Criteria and scope for a Development Proposal and a draft Environment Management Plan have been prepared.

During the later part of the period a Consultant was retained to investigate and advise on a programme for obtaining the statutory and community approvals for the Naracoopa Mineral Sands Project including the securing of mining leases. Initial indications are that support for project development will be obtained from the relevant statutory authorities regarding leases, environment, road, port facilities and export permits. Further planning is in progress with a view to implementing this programme.

4. Future Work

Activities will be concerned with:-

- . further review of the feasibility study
- . marking out and submission of Mining Lease Applications
- . negotiations with landowners
- . finalisation and submission of the Development Proposal and draft EMP
- . preparation and submission of Planning Permit Applications

Site activities will be limited to marking out the areas for the Mining Lease Applications.

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FIGURE 1.5
SUMMARY
RESOURCES AND PROBABLE RESERVES

DEPOSIT	MINERAL RESOURCES @ 1.5% H.M. COG					MINERAL RESOURCES @ 2.5% H.M. COG					PROBABLE RESERVES				
	SAND	HM	R	Z	L	SAND	HM	R	Z	L	SAND	HM	R	Z	L
Naracoopa East	515,000	71,000	6,310	6,280	1,250	342,000	63,000	5,600	5,600		498,100	59,650	4,530	4,790	7,130
Naracoopa West *	5,935,000	482,000	27,000	30,900	17,600	4,845,000	459,000	25,000	28,700		4,667,000	335,800	18,880	21,540	5,190
Surf Mag Tailings	139,000	115,000	4,600	5,800	1,200	139,000	115,000	4,600	5,800		135,000	114,560	4,590	5,670	
Sub TOTAL	6,589,000	668,000	37,910	42,980	20,050	5,326,000	637,000	35,200	40,100		5,300,000	510,000	28,000	32,000	12,300
Cowper Point East	16,000,000	510,000	32,000	39,000	31,000	8,800,000	360,000	22,000	27,000	21,000	9,500,000	386,000	23,900	29,200	22,900
{Corrected} #	19,100,000	600,000													
Cowper Point East	2,200,000	110,000	8,200	13,000	4,700	1,200,000	87,000	6,800	10,000	3,800	2,000,000	117,000	8,600	13,800	5,000
Sub TOTAL (Corrected)	18,200,000 21,300,000	620,000 710,000	40,200	52,000	35,700	10,000,000	447,000	28,800	37,000	24,800	11,500,000	503,000	32,000	43,000	27,900
TOTAL (Corrected)	24,789,000 27,889,000	1,288,000 1,378,000	78,110	94,980	55,750	15,326,000	1,084,000	64,000	77,100	24,800	16,800,000	1,013,000	60,500	75,000	40,400

NOTES: * Includes buried magnetic tailings.
Corrected for topography; includes "Inferred" Resources.

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