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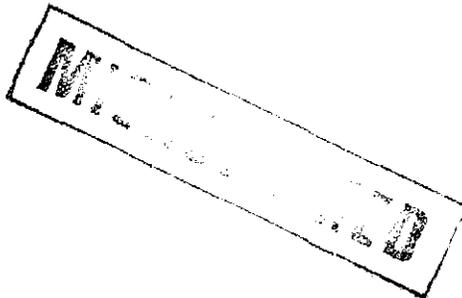
ANNUAL REPORT

EL 41/88

COWPER POINT, KING ISLAND

September, 1991

MINES	
File Ref. E.L. 41/88	
- 1 OCT 1991	
Doc. Ref.	
Action Officer	Initials
REFER	TO
CORRES.	
25.9.91.	
Resubmit to	Date



91-3298.

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

Operator/Manager: Peko Wallsend Operations Ltd.
476 St. Kilda Road.
MELBOURNE VIC 3004

Author: Errol Lovett
Project Manager

Date: 25th September, 1991

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1. TENEMENT INFORMATION

EL 41/88 occupies an area of 30 square km on the east coast of King Island near Cowper Point at the north end of Sea Elephant Bay. It was granted on 28 October, 1989, and is immediately adjacent to EL28/85 also held by Licensee.

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 completed in August, 1989, and based in heavy mineral sands resources on EL41/88 and EL28/85.

Four deposits were identified, including two (Cowper Point East and Cowper Point West) on EL41/88.

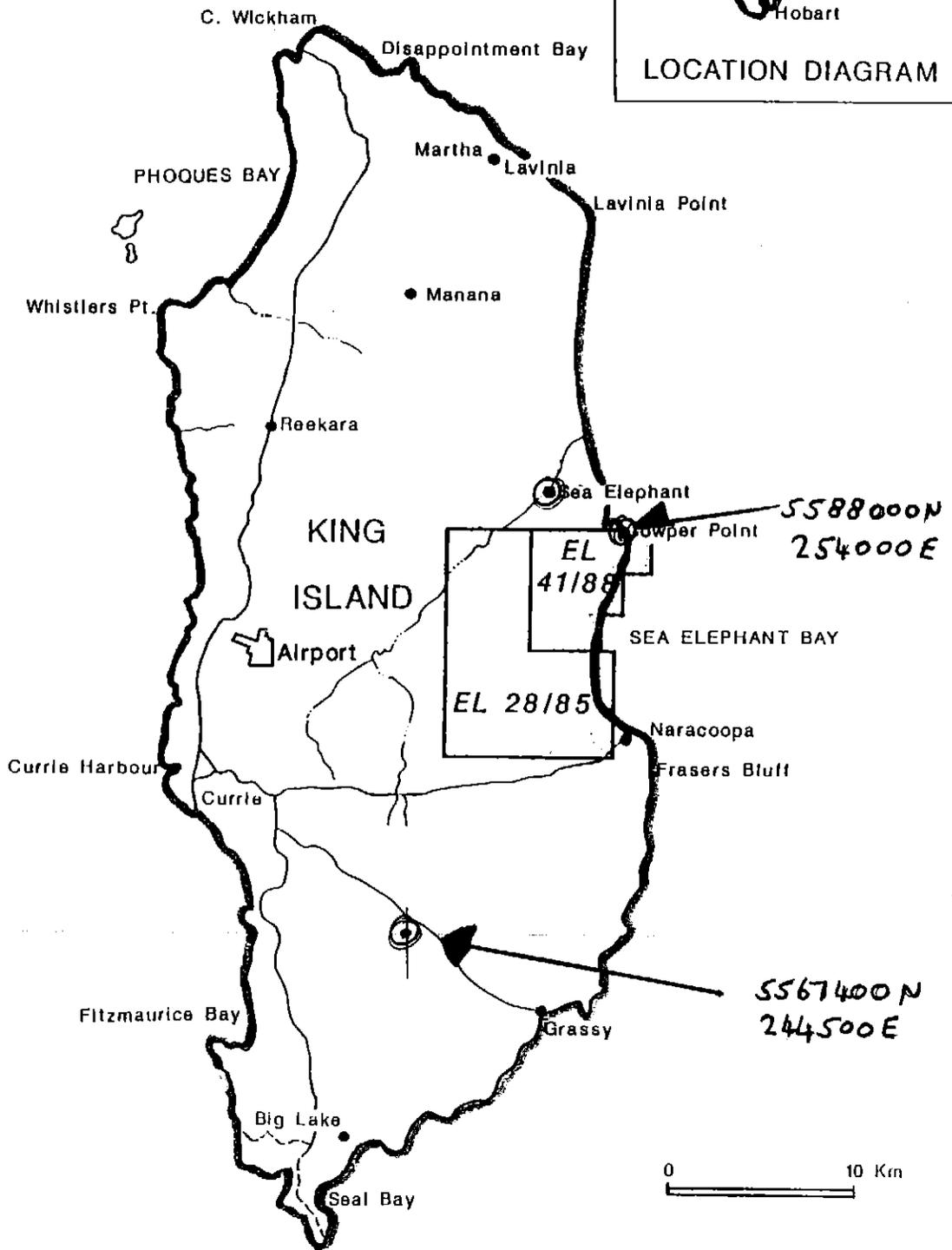
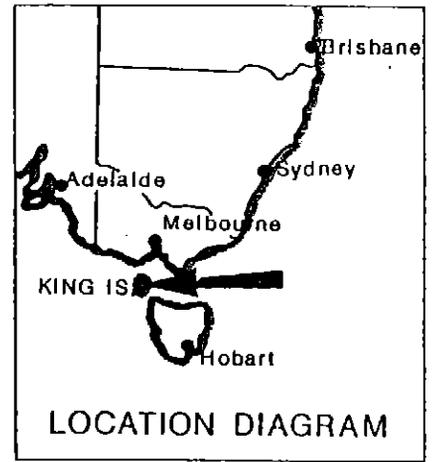
Total probable reserves over the two exploration licence areas were estimated at 16.8mt Sand, containing 1,013,000t Heavy Minerals, including 60,500t Rutile and 75,000t Zircon. Of this total reserve, the two deposits on EL41/88 comprise 11.5mt Sand containing 503,000t Heavy minerals, including 32,000 Rutile, and 43,000t 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.

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144° 00'

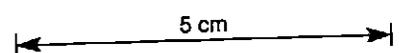


39° 45'

40° 00'

NATIONAL MINERAL SANDS PTY LTD
TENEMENT LOCATION MAP
KING ISLAND

AMG REFERENCE POINTS ADDED



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3. WORK COMPLETED DURING REPORT PERIOD

The Feasibility Study was subject to intensive review during the year, particularly with respect to the possibility of achieving significant savings in capital requirements.

Likewise, the world movements in rutile and zircon pricing were kept under constant review, but are unlikely to recover significantly in the near term.

As a consequence of the ongoing depressed prices for rutile and zircon, further development of the Cowper Point and Naracoopa Licences was deferred, and application was made for exemption from expenditure commitment. (See letter 26 August, 1991, attached).

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FIG. 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	6,200	1,250	342,000	63,000	5,600	5,600		498,100	59,650	4,530	4,790	7,130
Naracoopa West *	3,935,000	452,000	27,000	30,900	17,600	4,645,000	459,000	25,000	28,700		4,667,000	335,800	18,850	21,540	5,190
Surf Mag Tailings	139,000	115,000	4,600	5,000	1,200	139,000	115,000	4,600	5,800		135,000	114,560	4,590	5,600	
SUB TOTAL	6,589,000	668,000	37,910	42,900	20,050	5,326,000	637,000	35,200	40,100		5,300,000	510,000	28,000	32,000	12,320
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	620,000									2,000,000	117,000	8,600	13,800	5,000
Cowper Point East	2,200,000	112,000	8,200	13,000	4,700	1,200,000	87,000	6,000	10,000	3,600					
SUB TOTAL	18,200,000	620,000	40,200	52,000	35,700	10,000,000	447,000	28,000	37,000	24,600	11,500,000	503,000	32,000	43,000	27,900
(Corrected)	21,300,000	710,000													
TOTAL	24,789,000	1,288,000	78,110	94,900	55,750	15,326,000	1,084,000	64,000	77,100	24,800	16,800,000	1,013,000	60,500	75,200	40,400
(Corrected)	27,600,000	1,378,000													

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

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