



MEMORANDUM

TO: Peter Benjamin
FROM: Tony Weston
DATE: 1 August, 1997
SUBJECT: King Lyell Copper Clays
CC: Hamish Bohannan, Colin Farr, Nick Clarke, Peter Williams

Scope-

To recommend a strategy for further exploration work on the King Lyell copper clay deposit, and other copper clays in general.

The study was intended to briefly examine the potential economics of the King Lyell, without detailed geology, mining or milling plans. High grading was not considered.

Conclusions

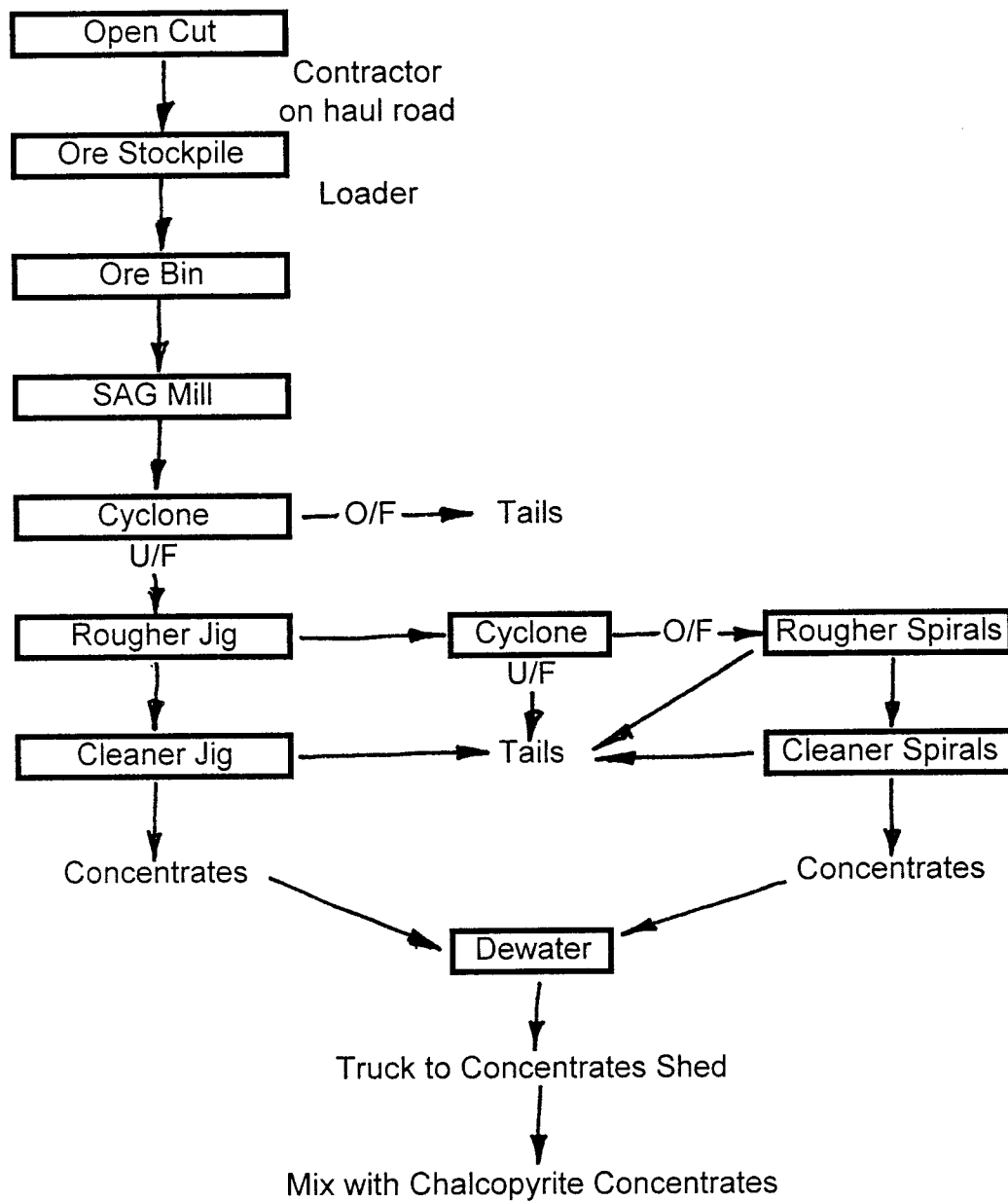
- the current lower grade (full) King Lyell resource has a negative NPV at 250,000 tpa due to the small size of the deposit and the capital cost of setting up a mill
- a conceptual larger resource at a similar grade, mined at 750,000 tpa for ten years would have a positive NPV, but sensitive to changes in operating costs, head grade, stripping ratio and copper price
- environmental and operating strategies for this area of the Linda Valley would need to be well thought through

Recommendations

- check the overall potential resource for the King Lyell and other copper clays
- if this is likely to be in the range from 5 to 10 million tonnes continue with further exploration work
- if less than 5 million tonnes it is unlikely for the copper clays to be attractive

Tony Weston
Senior Mining Engineer

PROPOSED KING LYELL COPPER CLAYS FLOW CHART



O/F - overflow
U/F - underflow