



Quarterly report

for the period ended 31 December 2008

Agam Iron Sands Project Sumatra

The Agam Iron Sands Project is a joint venture between Coziron Resources Limited and Indonesian registered company PT Galian Endapan Buana. The Project area is located on Sumatra Island. The Project comprises two licences totalling 3,960 hectares. The two licences are situated approximately 100 kms north-west of Padang, the capital city of West Sumatra. Padang is a large well organised port town with all modern amenities and is the closest commercial centre to the Project area.

The licences are located on the coastal plains within a few hundred metres of the shoreline. The northernmost tenement has been the focus for exploration of iron rich sands. The concentrations of heavy mineral sands, principally magnetite, occur as distinct bands of varying thicknesses within a sequence of silt, sand and gravel beds at depths of 1 to 2m below surface.

Coziron had previously dug 20 exploration test pits down to 4m below surface in the main prospect area of the northern licence. Each pit was sampled according to the geology and assayed for iron using a hand held XRF analyser, a total of 67 samples were collected and analysed, see Figure 1 showing pit locations within the licence area. The weighted average analysis for the mineralised zones using the hand held XRF was approximately 22% Fe and the results indicate that the magnetite mineralisation extends over a minimum area of one square kilometre.

These samples were transported to Nagrom in Perth for metallurgical test work and assay. A group of these samples was selected as representing typical mineralisation and these were assayed by Ultratrace in Perth. The results were compared with the assays obtained using the hand held XRF, the results are shown below in Table 1;

Ultratrace assays through Nagrom

Table 1

Test pit No	Fe %	SiO ₂ %	TiO ₂ %	P %	S %	V ₂ O ₅ %	Fe/TiO ₂ ratio	Hand held XRF Fe%
Coziron E	23.10	41.64	3.89	0.067	0.009	0.177	5.94	30.0
Coziron J	27.57	38.45	4.86	0.067	0.013	0.231	5.67	21.7
Coziron S	26.26	39.00	4.26	0.064	0.011	0.193	6.16	20.0
Coziron T	20.79	45.42	3.93	0.052	0.013	0.172	5.29	22.5
Coziron U	24.68	40.49	4.41	0.066	0.011	0.198	5.60	27.5
Averages	24.48	41.00	4.27	0.063	0.011	0.194	5.73	24.3

A composite sample was made up from the individual pit samples and a sieve analysis was completed by Nagrom, see Table 2 below;

Nagrom sieve analysis on composite from Agam test pit samples.

Table 2

Sieve size microns	Weight gms	Fe %	SiO ₂ %	TiO ₂ %	P %	S %	V ₂ O ₅ %	LOI %
>1000	23.24	3.98	65.12	0.70	0.047	0.031	0.026	3.45
850-1000	16.45	3.99	66.90	0.59	0.038	0.018	0.023	1.79
500-850	117.81	7.40	63.43	1.08	0.046	0.014	0.039	0.92
300-500	647.00	12.70	55.80	1.70	0.054	0.011	0.059	0.04
212-300	745.00	20.07	44.81	3.58	0.059	0.010	0.135	-0.49
150-212	574.40	36.44	25.22	7.18	0.075	0.010	0.301	-1.41
75-150	438.84	48.40	12.24	9.66	0.072	0.012	0.432	-2.04
Total	2562.74	25.90	38.80	4.79	0.063	0.011	0.198	-0.71

The head grade was 25.90% Fe and 4.79% TiO₂. This sieve analysis confirmed the highest grades were in the finest fractions so that the –150 micron fraction assayed 48.40%Fe and contained 32% of the total iron.

Davis Tube Recovery (DTR) test work was carried out by Nagrom at 3 strength settings, 3,000, 1,000 and 500 gauss, on 3 separate splits of the composite sample. A sieve analysis was then carried on the material recovered; the results are as follows in Table 3 below;

Nagrom DTR test work

Table 3

Gauss setting	Size fraction	Weight gms	Fe %	SiO ₂ %	TiO ₂ %	P %	S %	V ₂ O ₅ %
3000 gauss	>500	5.540	22.84	42.13	4.08	0.098	0.011	0.141
	300-500	6.530	28.34	35.78	5.76	0.096	0.009	0.195
	212-300	9.400	43.46	17.74	9.73	0.096	0.011	0.375
	150-212	17.860	54.24	5.98	11.20	0.096	0.010	0.487
	75-150	23.770	56.65	3.03	11.20	0.070	0.013	0.528
Total		63.100	48.10	12.88	9.79	0.086	0.011	0.425
1000 gauss	>500	1.790	29.59	34.71	5.44	0.098	0.011	0.201
	300-500	4.480	33.24	30.18	6.95	0.102	0.009	0.251
	212-300	8.730	45.50	15.21	10.00	0.101	0.009	0.401
	150-212	17.440	53.58	6.78	11.00	0.094	0.011	0.479
	75-150	23.950	56.89	3.22	11.10	0.071	0.012	0.529
Total		56.390	51.36	9.32	10.39	0.086	0.011	0.461
500 gauss	>500	0.930	33.45	29.85	6.82	0.108	0.008	0.236
	300-500	1.330	35.88	26.93	7.61	0.103	0.009	0.281
	212-300	3.840	45.38	15.93	9.82	0.100	0.009	0.400
	150-212	14.770	51.72	8.58	10.50	0.092	0.011	0.460
	75-150	19.500	57.14	3.10	11.10	0.700	0.012	0.532
Total		40.370	52.79	7.73	10.55	0.083	0.011	0.478

The best grades in each case reported to the fine fraction or <150 micron. At 3,000 gauss the <150 micron grade was 56.65% Fe and 11.20% TiO₂ and Fe recovery was 44.36%. At 1,000 gauss the <150 micron grade was 56.89% Fe and 11.10% TiO₂ and Fe recovery was 47.05%. At 500 gauss the <150 micron grade was 57.14% Fe and 11.10 TiO₂ and Fe recovery was 48.30%.

It was decided that in order to improve the grade Nagrom should try 'attritioning'. 'Attritioning' is a process of strongly agitating the sample to break the constituent grains down and cause separation of clay/waste particles. Table 4 below is a summary of the results from this work;

Nagrom attritioned sample sieve analysis and DTR test work

Table 4

Head sample	Sieve size microns	weight gms	Fe %	SiO ₂ %	TiO ₂ %
	>1000	16.88	3.69	66.70	0.61
	850-1000	10.36	3.44	67.66	0.55
	500-850	136.00	7.11	64.49	0.99
	300-500	555.20	12.95	55.83	1.71
	212-300	583.00	19.49	46.01	3.40
	150-212	646.20	40.86	21.09	8.06
	75-150	367.56	48.76	11.99	9.54
Total		2315.20	27.62	37.34	5.10
3000 gauss	Feed	62.17	47.68	13.62	9.71
	<150 micron	23.70	57.12	3.25	11.2
1,000 gauss	Feed	57.89	51.06	9.80	10.41
	<150 micron	23.49	56.98	3.38	11.1
500 gauss	Feed	36.47	52.05	8.63	10.52
	<150 micron	15.36	56.61	3.88	11.00

‘Attritioning’ did not improve the best grades in the <150 micron fraction and did not improve the recovery over that in the non-attritioned DTR test work, see comparison in Table 5 below;

Comparison of attritioned and non attritioned DTR

Table 5

	Attritioned	Non attritioned
3,000 gauss		
Feed Fe%	47.68	48.10
<150 Fe%	57.12	56.65
Rec %	45.70	44.36
1,000 gauss		
Feed Fe%	51.06	51.36
<150 Fe%	56.98	56.89
Rec %	45.30	47.05
500 gauss		
Feed Fe%	52.05	52.79
<150 Fe%	56.61	57.14
Rec %	45.80	48.30

Grinding in a ball mill to better liberate the magnetite grains from the unwanted gangue was tested. The sieve analysis and DTR results of grinding for 15 minutes are shown below in Table 6.

DTR results from grinding in ball mill for 15 minutes

Table 6

Size fraction	Weight gms	Fe %	SiO2 %	TiO2 %	P %	S %	V2O5 %
>300 micron	3.80						
212-300	68.40	27.50	37.83	4.34	0.073	0.012	0.171
150-212	324.80	43.79	17.40	10.30	0.088	0.011	0.372
75-150	729.60	55.84	4.32	11.80	0.071	0.012	0.507
<75 micron	216.40	57.79	2.53	11.20	0.061	0.012	0.561
Total	1343.00	55.86	4.62	11.60	0.068	0.012	0.524
DTR feed assays		25.46	40.06	4.61	0.008	0.054	0.197

There was a significant improvement of the overall grade to 55.86%Fe and the average grade for <150 micron fraction was 56.29%Fe, the recovery to this fraction is significantly improved to 71.0%.

An off take agreement has been signed for a 5 year period for high titanium magnetite concentrate at a rate of 30,000 tonnes per month and pilot process plant has been ordered with capacity of 10,000 tonnes per month.

Yours faithfully,



Norman Miu
Director

The information in this report that relates to exploration results is based on information compiled by Stuart Hall who is Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a competent person as defined in the 2004 Edition of the Australian Code for reporting Exploration Results, Mineral Resources and Ore Reserves. Stuart Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

