

# Pluton Resources Limited: Cockatoo Island Proposed Acquisition Update and Stage 4 Valuation

22.12.2011 | [ABN Newswire](#)

Perth, Australia - [Pluton Resources Limited](#) (ASX:PLV) is pleased to announce that after the successful completion of due diligence into the Company's potential acquisition of the iron ore assets on Cockatoo Island ('Cockatoo'), Western Australia, it has advised the current owners of Cockatoo Island in writing of the Company's intention to continue with the acquisition.

The conclusion of due diligence follows the ASX announcement on 2nd September, 2011 that Pluton had entered into a binding term sheet with the current owners being Cockatoo Mining, Cliffs Asia Pacific Iron Ore and HWE Cockatoo, in relation to the acquisition of their beneficial interest in mining tenements and certain infrastructure on Cockatoo Island.

Under the terms of the agreement, Pluton will assume full responsibility for the environmental rehabilitation of Cockatoo Island.

Pluton will now progress towards the next stage of the acquisition by reaching definitive agreements between all parties, which is scheduled for completion in January 2012.

The acquisition is subject to receiving regulatory approvals, third party consents and final Board approvals, and is scheduled for completion at the conclusion of the current Stage 3 open pit mining operations on Cockatoo Island in late 2012

Cockatoo Island is part of a group of islands making up the Kimberley Iron Ore hub and includes Koolan Island and Irvine Island, the site of Pluton's flagship iron ore project.

Tony Schoer, Managing Director, Pluton, said: 'Due diligence confirmed our view that Cockatoo Island has the potential to be extremely strategic and complimentary for our Irvine Island project, and also as an ongoing iron ore operation.'

'Cockatoo Island produces high quality iron ore and has complimentary infrastructure, including a town site and airstrip, which removes the need for duplicate infrastructure thereby reducing our capital costs and environmental footprint on Irvine Island.'

'Stage 4 mining is expected to deliver a profitable return on our investment. Valuation studies show mining of Stage 4 will cover the full cost of the acquisition of Cockatoo Island including estimated rehabilitation costs and deliver a positive NPV. The acquisition cost and internally calculated NPV are not being disclosed due to commercial sensitivities, but will be advised after the definitive agreements are executed in January 2012.

The upside for Pluton is significant, and not just in terms of synergies related to infrastructure. Dependant upon metallurgical testing, Cockatoo appears to contain significant quantities of low grade ore that may be processed through the Irvine pre-concentrator plant, as well as low grade ore that could be direct shipped to Timeone's beneficiation plant in Rizhao, China without the need to preconcentrate.

There may also be potential to continue mining of high grade direct shipping ore from an underground operation and a smaller stage 5 extension. Both these areas are considered as exploration targets and will require additional investigation'

'Pluton has secured an Off-take Agreement with our strategic partner, Timeone Holdings, for 100% of Stage 4 production at a significant premium to reflect the quality of the ore. We are currently in discussions with Timeone about funding the acquisition and the capital required for development of Stage 4, and will advise the market the outcome of these discussions when they have concluded.' he said.

Inputs into the valuation model for Stage 4 are given in Table 1 (see link at the bottom of the release).

Cockatoo Island Underground Exploration Target

Based on the surface geometry of the Cockatoo Island ore body, a conceptual underground exploration

target in the range of 60 to 120 million tonnes may exist. This assumes that the width and depth of mineralisation intersected remains constant over the strike length of the Seawall Hematite intersected and mined in Stages 1 to 3 at Cockatoo Island.

Pluton's intention is to investigate the underground exploration target potential in more detail following the completion of requisite steps defined under the terms of the acquisition for Cockatoo Island.

#### Cockatoo Island Surface Exploration Target

In 2007, a suite of twenty three rock chip samples (CKR001 - CKR023) collected from surface at the south-eastern end of Cockatoo Island were submitted to Ammtec Ltd in Perth to test outcropping iron mineralisation within the keel of a plunging fold nose in the central part of the island as potential feed source for a WHIMS beneficiation project.

A summary of the head grade analysis is given in Table 3 (see link at the bottom of the release).

A summary of the twenty-three WHIMS results is given in Table 4 (see link at the bottom of the release). The majority of the samples returned iron assay grades in excess of >60% Fe after the WHIMS test work. It is noted that some samples retained elevated levels of silica after separation, these tended to have high initial levels of silica i.e. over 40 to 50%.

On the basis of the positive WHIMS test work that was completed from the initial program of twenty three rock chip samples, a program of reverse circulation drilling was completed during 2007/2008.

A total of thirty-one reverse circulation drill holes were completed to test iron mineralisation widths and grades within the Magazine Schist based on both interpreted contact positions of outcropping hematite quartzites and encouraging results from initial WHIMS test work within the keel of a plunging fold nose in the central part of the island.

Figure 4 (see link at the bottom of the release) displays the collar locations for the thirty-one reverse circulation drill holes that were completed as part of the program.

For the complete announcement including figures and tables, please view:  
<http://media.abnnewswire.net/media/en/docs/ASX-PLV-367453.pdf>

#### About Pluton Resources Limited:

[Pluton Resources Limited](#) (ASX:PLV) is listed on the Australian Stock Exchange (ASX Code 'PLV'). Pluton has assembled a diversified portfolio of interests in tenements in Western Australia and Tasmania. Tenements in Western Australia are 100% owned by Pluton, which includes the Irvine Island iron ore project. Tenements located in Tasmania are prospective for high grade or bulk tonnage copper, gold and silver. Further details can be found at [www.plutonresources.com](http://www.plutonresources.com)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/116787--Pluton-Resources-Limited--Cockatoo-Island-Proposed-Acquisition-Update-and-Stage-4-Valuation.html>

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