

ENCORE METALS NL

ANNUAL REVIEW

RETENTION LICENCE RL3/1996

- The Encore owned 450,000 tonne zinc, silver and lead bearing Zeehan slag dumps were acquired by Encore to serve as a platform upon which to establish a regional boutique smelter on the West Coast of Tasmania.
- The Zeehan slags contain in excess of A\$100 million of recoverable metals.
- The proposed facility would recover saleable zinc and possible tin products from the processing of a variety of in-situ and stockpiled zinc and tin bearing mineral resources that individually do not warrant the building of conventional facilities.
- The company has also pursued several alternative options to extract value from the Zeehan materials.

Summary of Activities Completed

- During the period Encore initiated discussions with agents of owners of Asian smelters with a view to a direct sale of parcels of Zeehan slag for campaign blending into existing zinc smelters.
- There was interest from two parties, discussions have been advanced with one particular party and a Heads of Agreement drafted. The potential purchaser is working through some logistical issues, particularly concerning shipping, before executing any agreement.
- Representative grab samples of slag were provided for bench-scale test work to a potential direct purchaser.
- There has also been consideration and discussions with various stakeholders concerning the environmental implications of the removal of the slags.

Proposed Activities

- It is proposed to pursue the option of a direct sale to a smelter.
- The existing pre-feasibility study financial model for the West Coast regional smelter facility will also be updated in the context of improved zinc prices and the current exchange rate.
- Consulting fees and disbursements are expected to be in the order of \$20,000 to \$30,000 plus additional costs are likely if any of the options is suitably progressed.

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