



Hazell Bros Group Pty Ltd
ABN 27 088 345 804
14 Farley St Derwent Park TAS 7009
PO Box 430 Moonah TAS 7009
P 03 6277 7888 F 03 6273 4160

30th April 2014

Mr Ashley McQueen
Mineral Resources Tasmania
PO Box 56,
Rosny Park, TAS 7018

Dear Ashley,

Reference: Mount George Exploration Lease No. EL2/2012 Market Review

The below market analysis is an extract from a more comprehensive report and is the basis for Hazell Bros Group Pty Ltd decision not to proceed with Exploration Licence EL2/2012.

1. Quarry Materials Market Analyses

Competitive and licensed level 2a & 2b activity quarry operators delivering specified product within the region are:

- 1.1 Boral Construction Materials Group – Remount Road - Dolerite
- 1.2 Boral Construction Materials Group – Flowery Gully – Quartzite
- 1.3 Beams Bros – Flowery Gully Calcium Carbonate - Limestone
- 1.4 Nabowla Quarries – Nabowla - Sedimentary rock
- 1.5 Bardenhagen Quarries – Gundagai Road, Tunnel - Mudstone
- 1.6 BIS – Western Junction - Basalt
- 1.7 Stornoway Quarries – Western Junction - Basalt

The intent is to compare the above noted DIER compliant Competitors products versus the proposed Mount George EL2/2012 and/or TasPorts Bell Bay Dolerites specifically comparing against DIER' specified R40 & G6 certified pavement materials and established suppliers. For this exercise Hazell Bros nominated DIER' R40, 37mm sub-base 1 as a base line product, which would be the likely targeted saleable product most easily produced from the EL2/2012 and TasPorts sites and have assumed the noted competitor quarry operators deliver their product into Bell Bay Port, say berth 5. This provides Hazell Bros with a direct competitive analysis and provides an indication of these sites current and future viability i.e. EL2/2012 and TasPorts Bell Bay.

Quarry Operator	Product type	Certified R40 & G6 Compliance Yes / No	Ex-bin \$	Transport to Bell Bay facility	Total delivered \$ per tonne
Boral – Remount Road	37mm sub-base 1	Yes	\$19.00	\$5.83	\$24.83
Boral – Flowery Gully	37mm sub-base 1	Yes	\$13.52	\$5.00	\$18.52
Beams Bros	37mm sub-base 1	No	-	-	-
Nabowla Quarries	37mm sub-base 1	Yes	\$13.00	\$7.88	\$20.88
Bardenhagen Quarries	37mm sub-base 1	Yes	\$10.20	\$7.88	\$17.98
BIS – Western Junction	37mm sub-base 1	Yes	\$14.29	\$7.88	\$22.17
Stornoway – Western Junction	37mm sub-base 1	Yes	\$13.50	\$7.88	\$21.38
Hazell Bros EL2/2012	37mm sub-base 1	Potential	\$21.44	\$1.80	\$23.24
TasPorts – Bell Bay facility	37mm sub-base 1	Potential	\$21.44	\$1.80	\$23.24

As is identified, the additional production expense foreseen at both Hazell Bros proposed new sites and in particular the forecast lack of volume sales across the region clearly indicates that neither of these sites will be presently or in the foreseeable future be commercially viable. Hence it is the Writers opinion at present not to proceed with either of the TasPorts Bell Bay Quarry and Exploration Licence EL2/2012 Mount George opportunities. Armed with this assessment Hazell Bros did not progress any field studies or geological exploration across the EL2/2012 site.

I look forward to receiving your feedback and thoughts in the near future. As always I'm contactable 24/7 on my mobile 0488-672-522 or via email peter.bennett@hazellbros.com.au

Yours sincerely,

Peter Bennett

