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| Received Answered | 28 APR 1983 | | | E & IL |
| DEPT. OF MINES | | | | |
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E.L. 42/80 RINGAROOMA BAY
QUARTERLY EXPLORATION PROGRESS REPORT
FOR PERIOD ENDING 20 MARCH, 1983

OPEN FILE

HELLYER MINING & EXPLORATION PTY. LTD.
 March, 1983.

CONTENTS

- 1.0 TENEMENT STATUS
- 2.0 WORK COMPLETED
- 2.1 Reserves Potential
- 2.2 Tin Outlook
- 2.3 Economic Assessment
- 3.0 PROPOSED WORK
- 4.0 EXPENDITURE

1.0 TENEMENT STATUS

Exploration Licence 42/80 (see plan), in the name of Blaxand Seadredge Pty. Ltd., expired on 20 December, 1982. Application for renewal of the licence for a period of twelve months and licence renewal fees have been lodged with the Department of Mines. Renewal is pending consideration by the Department of reports detailing the results of all work undertaken to the end of December, 1982.

2.0 WORK COMPLETED

The results of detailed assessment of the December, 1981 seismic, magnetic and hydrographic surveys, of previous TOEC (1966-67) drilling and of meteorological data have been reported elsewhere (1982 Annual Report). The principal work carried out in the last quarter has involved studies relating to economic evaluation of a dredging operation based upon anticipated reserves in Ringarooma Bay. The main aspects of these investigations were as follows:

2.1 Reserves Potential

The TOEC consortium estimated reserves at 23 million cubic metres grading 150 grams/cubic metre tin metal. Current reserve estimates for essentially the same zone(s) indicate potential for 60 million cubic metres with a maximum realistic (that is, optimistic) grade expectation of 250 grams/cubic metre tin metal, together with minor gold, rutile and zircon.

An additional volume of potentially tin-bearing sediments in excess of 100 million cubic metres can be inferred from the seismic data but no reliable grade expectation can be assigned to this material. A very high risk factor must be attached to any assumption that the untested sediments contain a tin grade any higher than the partly tested zone(s).

2.2 Tin Outlook

There is currently a surplus of tin on the world market and the consensus of opinion is that the market will remain depressed for the next three to four years. Australian export quotas appear likely to remain in force for the foreseeable future and average Australian export (selling) prices are not anticipated to rise above A\$13,000 until at least 1986/87.

In the longer term, tin prices are forecast to increase at a real rate of 0.5% per annum to the year 2000.

2.3 Economic Assessment

Cash flow evaluations indicate that development would not be viable at an after tax discount rate of 15% unless a sustained tin price of A\$16,500 per tonne was realised or unless a recovery rate of at least 335 grams/cubic metre tin metal was achieved at a tin price of A\$12,500 (1983).

These evaluations assumed a small gold recovery (2mg/cubic metre), took into account deduction of exploration expenditures and appropriate capital deductions and also assumed that production quotas would not be in force during the life of the operation.

It was concluded that a viable dredging operation is most unlikely to eventuate in the foreseeable future.

3.0 PROPOSED WORK

In view of the conclusions reached above, the Company has decided to withdraw from the Ringarooma Bay joint venture. Hellyer will thenceforth cease to own any right to earn an interest in E.L. 42/80 and all right, title and interest in the licence will remain with Blaxand Seadredge Pty. Ltd.

4.0 EXPENDITURE

Expenditure for the three months ending 31 March, 1983 and total expenditure on the project by Hellyer since its involvement in the venture began in July, 1981 are as shown overleaf:

| <u>Item</u> | <u>Quarter Ending</u> <u>31 March, 1983</u> | <u>Total Expenditure</u> <u>July, 1981 -</u> <u>March, 1983</u> |
|--|--|---|
| Salaries | 3081 | 9121 |
| On Costs | 924 | 2736 |
| Australian Travel & Accommodation | - | 4454 |
| Professional Services | - | 6451 |
| Labour & Material within Licence Area | - | 198 |
| Insurance | - | 477 |
| Drilling | - | 232 |
| Data Purchase | 65 | 209 |
| Data Reproduction | - | 75 |
| Geophysics | - | 40512 |
| Geological/Geochemical | - | 6188 |
| Contract Services - Other | 35 | 7835 |
| Licence Fees | <u>1005</u> | <u>1005</u> |
| <u>TOTALS</u> | \$ <u>5110</u> | \$ <u>79493</u> |

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HELLYER MINING & EXPLORATION PTY. LTD.
 NORTH EAST TASMANIA
RINGAROOMA BAY PROJECT
 GEOLOGY & TREND OF MINERALIZATION

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