East Hill however overburden thickness increases abruptly to the north and northwest and considering that the N-S fault along the western edge of East Hill involves very small vertical displacement, the main limiting factor to the extent of this deposit would be overburden.

5/. Costing Study

As a means of assessing whether the Langloh coal deposits "East Hill" and "West Hill" would be conducive to viable mining operations, the Adelaide based engineering company Kinhill Stearns have been employed to conduct a costing study on an open cut mine and treatment plant at West Hill. West Hill is clearly the better of the two prospects in terms of overburden to coal ratio and ease of mining. This study will produce a cost per tonne which incluces; mine establishment costs, running costs over the life of the mine and rehabilitation costs. To this cost must be added the cost of compensation to the landowners and the total will represent the cost of coal production at the mine gate. As transport costs to various potential customers can easily be obtained it will than be a simple matter to determine whether the West Hill prospect represents a viable deposit.

The results of this costing study, together with the limit to the East Hill reserves, based on the cost of overburden stripping, will be available in the next quarter.

STATEMENT OF EXPENSE FOR THE QUARTER

Total expenditure for the quarter ending 16/7/1983 was $21,511.10.

WORK PROGRAM FOR THE QUARTER ENDING 16/10/1983

The emphasis will continue on assessing the viability of the Langloh prospect. Some field reconnaissance work will be conducted to select areas of the EL for relinquishment. An outline of the major work components anticipated at Langloh follows:-

1/. Cost assessment of West Hill by Kinhill Stearns.

2/. Determine proven reserves for East Hill

3/. Negotiate with landowners at Langloh

4/. Apply for Mining Leases on relevant areas

5/. On-going discussions with potential coal buyers

6/. Commence environmental impact study.