

ANNUAL REPORT - TASMANITE PROJECT

RETENTION LICENCE NO. 8805 - RAILTON/LATROBE - LATE EL 4/74

FOR PERIOD ENDED 14 OCTOBER 1989

OPEN FILE

89-3021_R

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| MINES 89-302(R) | |
| File Ref. RL 8805 | |
| 26 SEP 1989 | |
| Doc. Ref. | |
| Action Officer | Initials |
| LETTER | |
| 20.9.89 | |
| LATE EL 4/74 | |
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For Period ended 14 October 1989

RETENTION LICENCE NO.8805

Retention Licence No.8805 held by Endeavour Resources Limited was issued by the Tasmanian Department of Mines for a period of five years. The Licence remains in force until the 14th day of October, 1993, subject to certain conditions as outlined in the licence document issued under the Tasmanian Mining Act of 1929.

The licence area comprises ground previously forming part of the Late EL 4/74 held by Endeavour Resources limited and now consists of two discrete areas which contain the more significant oil shale localities.

DEVELOPMENT

The position with respect to the project's development remains unchanged since the Summary Report was lodged with the initial application for the Retention Licence and since the last Quarterly Report submission to the Mines Department (December 1988, as Late EL 4/74).

The Retention Licence was applied for on the grounds that no progress in the utilisation of the shale oil resource could be expected until (a) the price of crude oil increases sufficiently to make the production of substitute fuels economically attractive, or (b) new uses for kerogen and its associated derivatives could be found.

At this stage it seems unlikely that the production of fuel derivatives from this resource will become cost competitive until well into the 21st century.

Similarly, the possibility of producing useful and marketable chemical intermediates seems unlikely until new low cost techniques are developed for processing the resource.

MICROFILMED

The company will continue to monitor the relevant technological developments in this field of research and will investigate their possible applications to the current project in an effort to bring about the development of an oil shale industry in Tasmania.

EXPENDITURE

Expenditure for the past 12 month period is given as follows:-

| | \$ |
|--|-------------|
| Monitoring and administration expenses | 4,750 |
| Annual rental to October 1990 | 3,800 |
| Report compilations | 1,500 |
| | <hr/> |
| Total | \$10,050 |
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