

Tassie treat makes its mark

The largest landholding in Tasmania's prolific Mt Read Volcanics forms the centrepiece of this recent float put together by Don Boyer and Mike Rosenstreich.

By Paul Garvey

Mother Nature had a whole lot of fun putting Tasmania together. First there's the island's rugged wilderness of mountain ranges and forests, and then there's its unique wildlife. Then there is geology.

The mineral richness of Tasmania belies the state's size. Up in its north-west, in a stretch of rocks called the Mount Read Volcanics, there are copious quantities of commodities from every colour of the mineral rainbow.

There is a multitude of lead-zinc-silver mines, including the massive, multi-million tonne Rosebery and Hellyer deposits. There are the big copper deposits (such as Mt Lyell, comprising 311 million tonnes grading 1% copper). Renison is the largest ever tin mine, and there are some imposingly high-grade gold occurrences (such as the 12.5 grams per tonne, million-ounce Henty gold mine). Even nickel is being added to the region's suite of minerals, courtesy of the Auebury mine under development.

The term "world class" is hideously overused in the mining industry, but few could argue that the north-west of Tassie is anything but a world-class region.

Against that backdrop of large-tonnage, high-grade multi-commodity mineralisation is the recent float of Resource Finance and Investments (RFI), which raised \$3.5 million in its oversubscribed initial public offering and debuted on the ASX on October 20. Its IPO attracted the attention of global commodities trading house Sempra Metals, a subsidiary of New York-based Fortune 500 company Sempra Energy.

The reason for Sempra's attraction to RFI comes from the fact the company boasts the largest ground position in the Mount Read Volcanics — and more importantly, the business plan to exploit it. RFI's Tasmanian tactics are centred on the Hellyer project, which hosts excellent infrastructure and two advanced deposits, and a series of alliances engineered to ensure the big regional landholding receives the attention it deserves.

Hellyer will be familiar to many followers of the Australian mining industry. The substantial deposit became an underground operation that made millions of dollars for Aberfoyle before it was swallowed by the now-deceased Western Metals. Processing technology pioneer Intec picked up the project, including its modern infrastructure, from the receivers of Western Metals with the view of using its patented processing technology on the project's considerable tailings.

With Intec's focus directed wholeheartedly towards the tailings play, RFI stepped into the fold to target the project's more conventional upside potential. Now, Intec is RFI's major shareholder, and Hellyer is RFI's trump card — not only does the project contain no fewer than two advanced deposits that could yield near-term cash flow, it also gives the company access to the project's modern 1.5 million tonne per annum processing plant.

Crucially, that plant access means even modestly sized discoveries yielded from the company's regional exploration endeavours can be processed by RFI cheaply and quickly.

Further, the company has already forged three key joint ventures and alliances that RFI managing director Mike Rosenstreich hopes will maximise its resources and depth of projects.

The first and foremost matters for RFI's attention are those two advanced deposits within the Hellyer project, which are little more than a couple of drilling programs away from development decisions.

Drill rigs are already in operation at both the S-Lens and Mt Charter projects, which represent the two most advanced targets within RFI's portfolio.

S-Lens, which was previously mined by Aberfoyle, sits within the granted Que River mining lease just 3km south of the Hellyer infrastructure.

At present, the deposit is home to a shallow resource of 370,000t grading



The drill rigs are already in action within RFI's Tasmanian portfolio, at both S-Lens (pictured) and Mt Charter.

1.7% copper, 64 gpt silver, 0.3 gpt gold and 4.2% zinc — equivalent, says RFI, to about 4% copper mineralisation.

The current campaign of drilling will aim to upgrade the existing resource and test for extensions to the south, where the southernmost hole from previous drilling returned an intercept yielding a horizontal width of 5.8m grading 3.2% copper and 27 gpt silver.

Also in line for a date with the drill rig is a large unexplained EM anomaly consistent with a massive sulphide body beneath the existing S-Lens resource. Detected in a down-hole EM survey, the anomaly has been identified as a potential deeper copper-rich feeder zone.

The expectation of Rosenstreich is that RFI will have reached a development decision at and possibly started production from S-Lens by this time next year.

The Mt Charter gold deposit is the second mineralised system within Hellyer that RFI believes can be rapidly brought into production. Rock chip sampling and trenching of Mt Charter's outcrop, plus some healthy drilling efforts, have delineated a large, shallow gold-silver system.

Trenching of the outcrop returned 50m grading 2.1 gpt gold and 70 gpt silver and 70m at 1.4 gpt gold and 63 gpt silver, while drilling at the targets has returned broad intercepts of gold-silver mineralisation including 58m at 1.8 gpt gold and 32 gpt silver. However, the

preoccupation of the previous owners with all things base metals has meant that Mt Charter has never been systematically evaluated as a gold target. The drilling at Mt Charter was really focussed on base metal mineralisation.

Elsewhere within Hellyer, RFI is working in joint venture with Zinifex in the search for new high-grade zinc deposits. Zinifex, which owns the nearby Rosebery mine, is going dollar-for-dollar with RFI over \$2 million worth of zinc exploration, in return for the right to cherry-pick three zinc targets for further evaluation.

Zinifex will then have to sole-fund each of the targets through to bankable feasibility study in order to earn a 70% interest.

In addition, RFI has an agreement with TSX-listed exploration specialist Geoinformatics under which Geoinformatics' 24-strong team of geologists will scour RFI's 1000 square kilometres of regional tenements for exploration targets, in return for equity in RFI commensurate with the contribution they make to increasing RFI's resource inventory.

The alliance with Geoinformatics allows RFI to avoid the common pitfall of junior explorers with substantial landholdings, in which the junior either spreads its

resources too thinly across the ground position, or neglects the bulk of the ground's potential as it focuses exclusively on one or two advanced targets.

Geoinformatics is working with RFI on a fixed price, at-cost basis on identifying new mineralised positions at both a regional and mine scale such as Hellyer and Que river extensions.

"This is not a consulting arrangement," Rosenstreich said. "There are incentives through an equity reward for discoveries and they are a joint venture partner having a 25% interest in nine of our regional tenements.

Among the regional targets already identified by RFI are the Magnet prospect, in the Mt Bischoff region; Leven River, northwest of Hellyer; and Oonah Western, to Hellyer's south-west.

Magnet was until the 1930s a lead-zinc-silver operation with low-tonnage but high grades. The original ore body that yielded historic production of 630,000t at 7.3% zinc, 427 gpt silver, and 5.7% lead is open and untested in all directions.

RFI's access to the Hellyer facilities means a repetition of the original modest Magnet deposit could be easily exploited and processed through the central infrastructure.

"If we had no infrastructure, the prospect of finding another 600,000t of ore would not be that exciting. But given our access to Hellyer, to find another one [Magnet deposit] at similar grades to the original, that's high value material," Rosenstreich said.

"The metal value of those grades at Magnet is roughly \$340 per tonne."

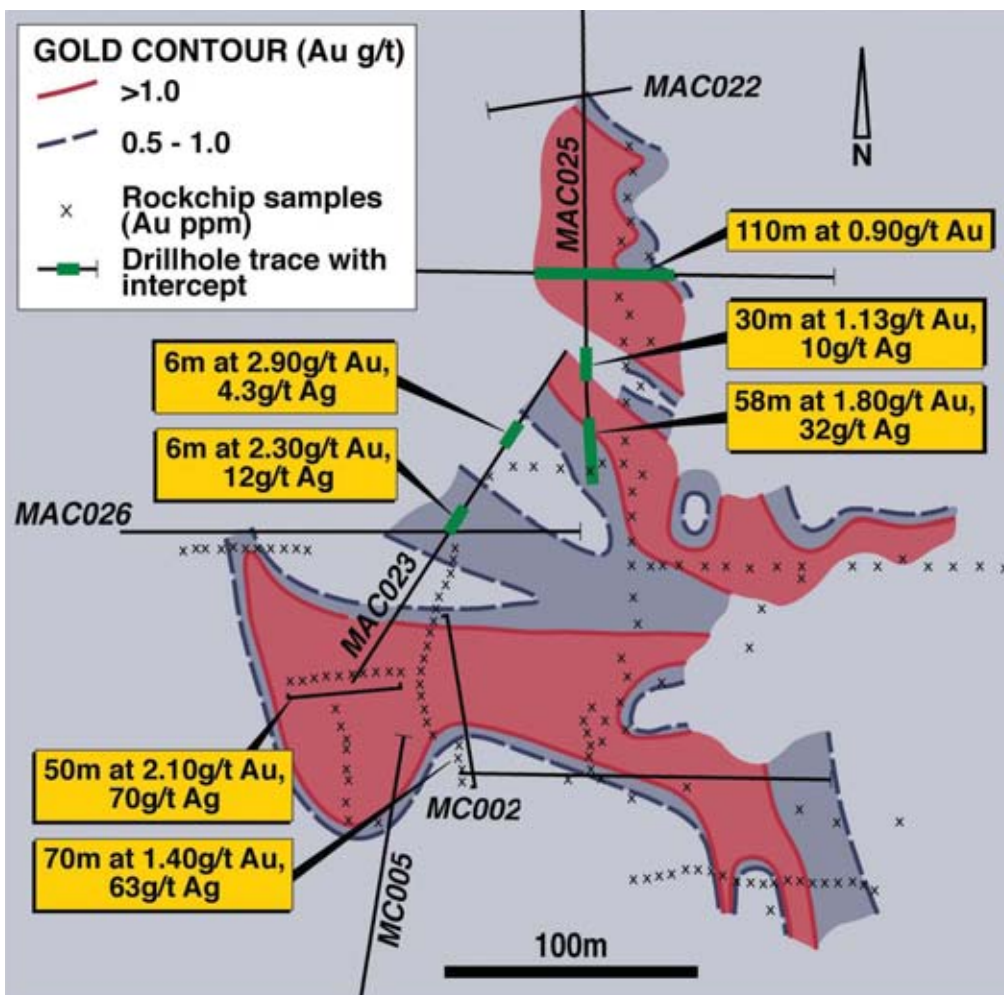
Leven River, meanwhile, hosts two untested EM anomalies that could be rapidly advanced to drill-ready status, while Placer Dome's drilling of the old Oonah Western mine in the 1980s produced solid intercepts of multi-commodity mineralisation not exactly of huge interest to a North American gold giant, but of huge interest to a nimble junior with nearby processing options.

It all adds up to a lot of options and a lot of work for Rosenstreich and his fellow RFI board members Don Boyer, Craig McGown and Kieran Rodgers.

Boyer is a man who needs little introduction, having served on the boards of many resources companies including Gilt-Edged Mining, Western Areas and Midas Resources.

McGown is better known as the executive chairman of DJ Carmichael, the brokerage that sponsored the RFI float, while Rodgers, a mining engineer, is the CFO and business development manager of Intec. Rosenstreich is a geologist and ex-Rothschild resource finance executive. Mark Derriman, a former Normandy/Newmont and Mincor geologist, is the Company's newly appointed exploration manager and will be based in Tasmania to lead the search effort.

The strong financial background of the company's board may be one reason why RFI's moniker sounds more like an investment bank than an explorer. But don't get too attached to the name — Rosenstreich says a title more suited to an emerging producer will be adopted at the company's next AGM. **RS**



Despite having thrown up numerous gold occurrences under previous owners, Mt Charter has never been evaluated as a gold target.

resource finance investment ... at a glance

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DIRECTORS

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MARKET CAPITALISATION

\$7.3 million (at listing)

MAJOR SHAREHOLDERS

Intec 22%
Sempra Metals 4.8%