

Bass Metals Revives Hellyer

By Our Man In Oz

Size, contrary to what some men think, is not everything. In Tasmania, a sometimes forgotten island off the south coast of Australia, there is even a mineralised example illustrating the point that good things can come in small packages, especially in a mining boom. Two companies, Bass Metals and Intec Ltd, are the entry points to discovering a remarkable story of revival and potential future growth in a State where orebodies can be small, but remarkably rich. Between them, Bass and Intec are breathing new life into the once mothballed Hellyer base metals treatment facility, and setting about exploring for additional ore to expand a business which was once a major source of zinc and lead. In terms of “symbiotic” relationships, where each side leans on the other, this is perhaps one of the better examples anywhere in the mining world.

If all goes to plan, Bass has the potential to become a substantial producer of zinc and lead, with the added bonus of gold and nickel in the future. Intec, which is essentially a technology-development business, will be able to show the world that its patented chlorine-leach process is a money-spinner. So far, investors have been cautious as to how they treat a rather complex technology development and exploration situation, especially given the history of Hellyer. Bass, so far, has been the favoured partner in the deal with a share price that is close to a 12-month high at A42 cents, capitalising the company at A\$30 million. Intec is the bigger business, valued at A\$106 million, but with a more sluggish share price which has eased from a high of A31 cents late last year to recent trades at A18 cents.

To understand what's happening a potted history is essential. The Hellyer mine and processing plant, located near the hamlet of Tullah in western Tasmania, were once the pride and joy of a famous Australian miner, Aberfoyle. It disappeared inside Western Metals in 1998 after a hotly-disputed takeover. Western Metals, in turn, collapsed in mid-2003, triggering the mothballing of the Hellyer mine and plant. Late in 2003, Intec bought Hellyer at a bargain-basement price of A\$1.59 million (yes, A\$1.59 million, or about £670,000). The plant replacement cost today is estimated to be A\$100 million. Intec's plan is to use Hellyer as a life-sized demonstration of its chlorine-leach process, starting with high-grade tailings near the mine, and then by bringing in fresh feed from mines, such as remnant ore from the old Que River project, and from remnants in the Hellyer mine itself. Because it is a technology business Intec sponsored the creation of Bass in 2005 as an explorer and miner, retaining a 23 per cent share and board seat.

Roll forward two years, factor in much higher metal prices, and the re-birth is almost complete. Tailings are moving through the Hellyer mill, with at least five years of work ahead. Bass has also delivered to the mill its first trial of fresh ore from a re-worked “lens” of near-surface ore from Que River. Intec's plant operators are busy twiddling knobs to blend tails and fresh ore, a process providing its own challenges. As the ramp-up at Hellyer accelerates, Bass is busy working up a mine plan, which sees a series of development stages at Que River, then on to the old Hellyer mine, and then (fingers crossed) from exploration targets such as those around the old Farrell, Magnet and Oonah mines.

Stage one of mining at Que River is small. The total resource and reserve is estimated to be just 124,000 tonnes, but with a grade of 8 per cent zinc and 4 per cent lead, plus copper, gold and silver credits – with the gold component assaying a respectable 2 grams a tonne. A glimpse into the quality of the original Que River orebody can be gauged by remnant pillars in the mine which include assays as ripe as 19.4 metres at 25 % zinc, 9 % lead, 343 g/t silver and 11 g/t gold. Good enough to eat.

But, the big prize for Bass (and Intec) is a major new discovery which would be far more rewarding than rooting around in old and difficult mines. "We're in elephant country, hunting elephants," is a phrase given a thorough work out by Bass chief executive, Mike Rosenstreich, while showing Minesite's Man in Oz around the plant and exploration sites. His aim is to find a mine similar in size to Hellyer, or the nearby Rosebery base metals mine still being mined by Zinifex. "This whole north-west corner of Tasmania is intensely mineralised, with the potential to throw up world class mines such as Mt Lyell, Rosebery and Hellyer." Rosenstreich is right. But it's equally true to point out that Tasmania has been home to a multitude of small, but rich, mines, and in a boom even a couple of those will prove juicy morsels – especially when you have a processing mill at your disposal, and within easy trucking distance. Nothing's far away in Tasmania.

"We expect to be able to generate a profit of somewhere between A\$8-to-A\$12 million from our work at Que River," Rosenstreich said. "That represents a substantial cash injection which we'll apply to our exploration effort." In terms of time, work at Que River is likely to last between three-and-five years, with development divided into four stages. After that, remnant mining is likely to start in the Hellyer mine, as well as possibly stepping out into identified extensions of the original, but mined out, orebody. As the cash flows in, Bass will accelerate exploration.

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Bass hunts for Tasmanian elephants

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WHEN contemplating a safari, northwest Tasmania would have to be one of the least likely spots to consider but for emerging minerals explorer Bass Metals, this is precisely the region the company is scoping for its diverse operational portfolio. Report by Charlotte Dudley.

With significant interests in the Mount Read Volcanic belt of northwest Tasmania, including its Que River and Hellyer projects, Bass Metals has high hopes for the region.

Managing director Mike Rosenstreich said the Perth-based Tasmania-focused explorer was "hunting elephants in elephant country".

"We're in the right neighbourhood," Rosenstreich told *MiningNews.net's* sister publication *Australia's Mining Monthly*.

"[The region has] several very large-scale, dare I say, world-class sized ore deposits ...This district really does host some big deposits in what really is a very small area."

With the region already home to various major deposits and operational mines, including Zinifex's Rosebery operation and Barrick Gold's Henty gold mine, Rosenstreich expressed confidence that further hidden treasures were present and that Bass' exploration strategy would do its utmost to unlock it.

Rosenstreich said the first step in the process was the recommencement of mining at the Que River and Hellyer projects.

Previously mined by Aberfoyle Resources, by 2000 both mines had shut up shop.

Now, thanks to the new commodity price environment, improvements to geological exploration techniques and an open-minded approach to mineral targets, Bass plans to reboot both operations and use the cash flow to develop its other regional prospects.

The explorer said it had identified modest-sized but high value deposits of zinc, lead, silver, gold and copper at the Que River site and has entered an alliance with contractor Mancala for a four-stage development of the mine.

Rosenstreich said the first of the mine's stages was pipped for a production rate of "about 130,000 tonnes of ore", a figure Bass hopes to build on in the later stages.

Nearby, the old Hellyer mine holds another production key for Bass.

While a full study has yet to be completed, new data has indicated high-grade copper, lead and zinc targets.

Pushing ahead with the development of its base metals inventory, Bass said it was aiming for a "near to medium term" production profile at Hellyer.

Meanwhile, processing trials of Bass ore are underway at the nearby Hellyer mill, a joint venture operation between technology company Intec and mining services company Polymetals.

Bass also holds a host of other regional projects including Farrell, Magnet, Mt Selina and North Rosebery, projects that allow the company to pursue its aggressive exploration campaign.

Rosenstreich said production at Que River could begin as soon as process trials and an offtake agreement had been finalised.

Meanwhile, the Bass pith helmets remain firmly strapped on, as the explorer continues the hunt for that "elephant deposit".