

# 100 Jobs at Cairn Hill

Nearly 80 locals were at the IAMC for the proposed Goldstream Cairn Hill iron ore, copper/gold mine forum presented by Goldstream Managing Director Duncan McBain.

The mine, 100% owned by Goldstream, is expected to generate 100 new jobs, with a 9-year initial life. It is located 16 km east of the Stuart Highway, 55 km south of Coober Pedy. The Mining Lease Application lodged in February is expected to be passed by the government in August, with mining on a trial pit starting in September.

The trial mine would employ 20 people for a month

There are two reasons for doing a trial pit:

- all analytical work so far by potential customers on the magnetite ore has been done in the laboratory. They need bulk tonnage samples to see how the ore will go when put through their processing plant.

- for safety - to test the slope stability of the 10 to 30 metres of unconsolidated sand and gravel overburden.

Generally Fe content is around 30% but the Cairn Hill ore is around 50%.

Ore will be crushed on site and a magnet used for dry separation.

Monty Watts' MCC Mining has entered a joint venture with JMS, a national Civil Construction company, to be the preferred mining contractor.

The preferred trucking contractor is KBD Haulage from Kalgoorlie.

They have about ten trucks to do the initial hauling. The trucks haul 178 tonnes in three trailers. They will be looking to train local drivers for the haul trucks and the 50-tonne dump trucks. The dedicated dirt haul road will go under the highway and a further 50 km to the rail line.

The ore will be railed to either Whyalla or Port Pirie, then barged to a ship offshore in Spencer Gulf.

Trains will be loaded by the trucking company, loading 5000 tones in 3 hours. The magnetite is very dense - 1 cubic metre of ore weighs 5 tonnes. A train set of wagons is about 100 wagons and is a kilometre long. One train would carry 1.4 metric tonnes in a year. An increase of capacity would have to double that amount.

The long lead time for Australian built wagons is 12 months, but only 3 to 6 months from China.

Water for the mining operation comes from two bores near the mine site, yielding 2 and 6 megalitres per day. It is fairly salty and will be used for road consolidation and dust suppression. To the east of the highway it would be better to get water from another bore to save water carting costs.

Duncan McBain has spent much of the last six months in China, to engage a Chinese partner in the operation. "Chinese don't do business quickly," he said.

He will go again in a week for another two weeks. To get a



Joe Holub, JMS Engineering Manager (Mining) and Monty Watts, MCC Mining, joint venture preferred mining contractors.

Chinese investment partner would mean they would have a greater commitment to the project. If that were not possible the alternative would be to raise capital by issuing more shares in Australia, but that would dilute the share value for the 3000 shareholders.

In another two weeks drilling will be completed to get an upgraded resource estimate of the Eastern Pit Extension next to the initial pit.

Mining will go on 24 hours a day. Shifts will be 4 days on, 3 days off.

The rail line down to Tarcoola can handle 1.4 metric tonnes per year, but the line south of that may need to be upgraded.

The ore should be able to be sold for US\$60 per tonne. Although shipping to China from Darwin would be cheaper

than from Spencer Gulf, the longer rail haul would be \$10 to \$15 a tonne dearer.

A Port Bonython (near Whyalla) development would lower the freight costs because the ore could be loaded directly onto a ship and there would not be a need to barge the ore out into the Spencer Gulf to the bulk ore carrying ship. But there is no rail link to Port Bonython.

Power needed for the crusher at the Cairn Hill site is 1 to 1.5 megawatts and it would be too expensive to bring it 90 km from Prominent Hill.

If Altona gets their power generating station running that would be a help. Goldstream works quite a lot with Western Plains, a similar size company.

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The government is a major key - the granting of the Mining Lease Application. The Chinese side should be in place by the end of June.

Accommodation for out of town workers would be in Coober Pedy, not at Cairn Hill, but what form of accommodation that would be hasn't been finalised yet.

The Chinese processed magnetite, copper and gold product will be sold to the Chinese.

Goldstream shares should start ris-

ing when a Chinese partner is engaged. The Chinese will hold a 45% ownership. Their share is limited by the Department of Defence - Cairn Hill is on their land.

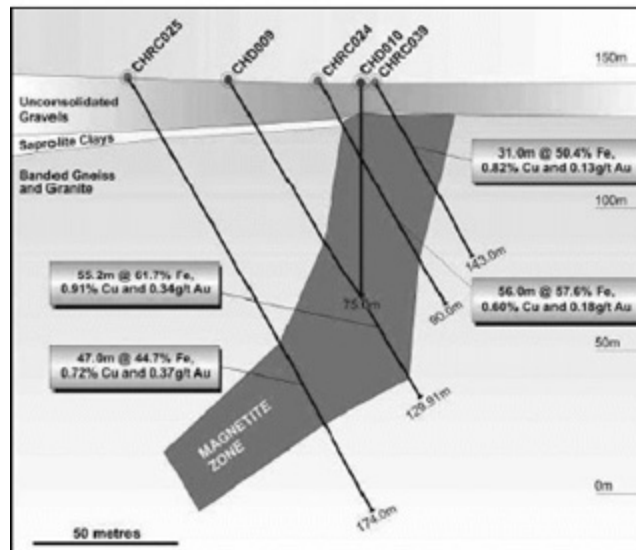
There is no opal at Cairn Hill.

Coober Pedy located workers will go daily by bus - about 45 - 50 minutes to Cairn Hill once the haul road is done. Goldstream doesn't have a bus and doesn't want to buy one.

Cost of a rail spur from Cairn Hill to the Adelaide/Darwin rail line is \$1M per km, so it is not economic.



The initial pit will be about 1 km by 800 metres.



Cairn Hill Northern Lode cross section.