

HEATHGATE RESOURCES PTY. LTD.

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Tuesday, 22 June 1999

Thank you for your letter dated 28 May 1999 concerning the inquiry into increasing valueadding to Australia's raw materials and your request for information as to how Australia compares internationally.

Heathgate Resources Pty Ltd is the owner and developer of the Beverley uranium mine in South Australia. The company's Project Profile (copy attached) gives details of the location and nature of the development of Australia's first in situ leach uranium mine. Heathgate Resources' only business in Australia is the Beverley mine; we are therefore unable to comment from experience in value-adding in other industries.

All uranium mined in Australia is exported as raw material (yellowcake). The nuclear fuel cycle enables value-adding at the conversion, enrichment and fuel fabrication stages before use as fuel in nuclear power generation. At present, there are no such facilities in Australia, although these industries have been the subject of specific government inquiries in the past.

Heathgate Resources is an affiliate of General Atomics. In the USA, General Atomics or its affiliates, holds uranium resources, markets uranium oxide and uranium hexafluoride to domestic and international utilities and, through Converdyn, a joint venture between affiliates of General Atomics and Allied Signal Inc. markets uranium hexafluoride conversion services to nuclear power plants worldwide. Clearly, these businesses add value to the basic raw material and are important sectors of General Atomics' business.

Detailed evaluation of value-adding within the nuclear industries would require substantial government and industry input and involve consideration of major policy issues, probably beyond the scope of the inquiry at this time.

Charles Foldenauer
Senior Vice President