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HOUSE OF REPRESENTATIVES
 STANDING COMMITTEE ON INDUSTRY,
 SCIENCE AND RESOURCES

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House of Representatives Standing Committee
 on Industry and Resources

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Secretary: *B. Forbes*

Mr Fred Cook
 Principal Researcher
 House of Representatives
 Standing Committee on Industry & Resources
 Parliament House
 CANBERRA ACT 2600

Dear Fred,

Southern Cross Resources Australia Pty Ltd is the fully owned subsidiary of the Toronto listed Southern Cross Resources Inc. (SXR). SXR has been developing the Honeymoon Uranium Project since its formation in April 1997. The history of the project is given in the attached paper and on our website www.southerncrossres.com

In summary, SXR has:

- a) Expended more than \$30m (including more than AUD\$30m in Australia) on progressing the project to its present approved pre commitment status.
- b) Operated a field leach demonstration for 28 months up to August 2000 and employing 24 people plus contractors during that period.
- c) Carried out extensive exploration, geophysical and drilling work on a local and regional ("green and brown fields") in the Curnamona region of South Australia.
- d) Progressed its EIS and Government approvals through to Federal and State approval including grant of mining lease and export approval.
- e) Agreed 2 Native Title Mining Agreements, with the Kuyani and Adnyamathanha groups for the project.

In addressing the impediments into resource exploration, we would assume that the committee interprets exploration to mean all activities up to formal commitment to the project. We believe that this is reasonable given the desired end result of exploration in the exploration of the resource to produce economic benefit to the parties and the community at large.

From the SXR experience, the major hurdles and/or areas which have cost time and money are:

- the political uncertainty, and consequent investor confidence/access to risk capital, inherent in uranium projects and exploration in Australia. This is primarily due to the policy of the ALP towards new mine development at Federal level and the variable administrative regimes at State level.
- the protracted native title mining agreement process in South Australia and the effective veto situation for a single named claimant where there are multiple claimants
- the protracted EIS process which in our case took some 4.5 years

There are a number of areas that would improve the attractiveness of the junior mining/exploration area to investors in Australia. These would include:

- 1) The ability to use exploration and development expenditure on a number of areas/projects against developed project's cash flow in an accelerated manner.
- 2) A clear positive long term policy stance in favour of uranium mining by the ALP at State and Federal level.
- 3) Reduced compliance costs for dual listing junior mining companies as an encouragement to access both Australian and overseas funds.
- 4) A clearly defined EIS process which is streamlined compared to the present system. The lack of clear criteria for ISL mining techniques has been a cause of considerable uncertainty and frustration in the process. Conversely the present overlap between Federal and State jurisdictions for the uranium industry EIS process did not prove to be a problem during the Honeymoon EIS process mainly due to the goodwill and professionalism of all involved.
- 5) The continued and expanded geoscientific information gathering by the public sector and its expensive, early access by the industry. In our case, the geological information needed relates to saline palaeochannels and our recent work indicates that aerial geophysical techniques are now available that allows accurate and relatively inexpensive mapping. This is one area amongst others, that pro-active government action would reap long term benefit.

We appreciate the opportunity to be able to contribute and are available for further details if required. We would also congratulate the committee upon taking the time to consider these matters.

Yours faithfully,



Tom Hunter
Project Executive Officer