



CASE STUDY { SMALL MINER }

SMALL mining explorers yesterday were in no mood to be bought off by Canberra's antidote to the resource super-profits tax — an exploration tax rebate.

Cauldron Energy chief executive Terry Topping said despite the promise of the rebate, junior explorers were hit hard by the market reaction to the tax.

"There is no new money going to come into this market because of the tax, and there will be money leave because of it. Therefore you will see a decrease in exploration in the short term and that is not good for generating ore bodies that will be developed into mines in the future," he said.

"This will have a large effect in the short term and the medium to long term as it means there is less chance for success."

The industry has called on the government to bring forward the date when the rebate kicks in because of concerns exploration will

effectively stop until juniors can access that money.

Cauldron will continue with its already budgeted plans for exploration of uranium in Australia, but its second wave of spending — to be allocated towards the end of the year — is likely to be directed to Argentina instead of locally.

"Realistically, we have to weigh up where we allocate funds for the first six months of next year and we will look to put that into Argentina because there is no uncertainty going forward over there," Mr Topping said.

"There is no doubt exploration (across the industry) will be slowed down in the short term, and whether it picks up after that will be interesting because a lot of companies have options to explore offshore."

Despite the concern about exploration slowing, Campbell Baird, chief executive officer of Focus Minerals, in Western Aus-

tralia's Goldfields, said exploration at the company's Three Mile Hill mine would continue as planned rather than stopping until the rebate kicks in next year.

"The exploration rebate is a very welcome addition, so we'll be taking advantage of that," Mr Baird said.

But he said the new mining tax far outweighed the benefits of the exploration rebate.

Focus Minerals' plant manager Barend Knoetze, who worked in mining in Central Asia and Africa for 20 years before coming to WA, said the new tax was very vague.

"When the government sprung it on the miners, they should have explained exactly what they were taxing," Mr Knoetze said.

Mr Topping also warned that the new tax regime had dramatically increased the hurdles to finding an orebody that is economic.

SARAH-JANE TASKER



Barend Knoetze, plant manager at Focus Minerals in Western Australia's Goldfields