

## HELIX SCOPING STUDY REPORTS POSITIVE RESULTS FOR YALLEEN IRON ORE PROJECT

### CORPORATE DETAILS

#### Directors

##### Greg J Wheeler

FCA; SF Fin; GAICD

*Executive Chairman*

##### Michael Wilson

B Ec; B Sc (Hons); MAusMM

*Executive Technical Director*

##### Gordon Dunbar

B Sc (Hons); M Sc; FAusIMM; FAIG

*Non-executive Director*

##### John den Dryver

B E (Mining); M Sc; FAusIMM

*Non-executive Director*

#### Assets

Cash **\$3.4 Million**

#### Yalleen Iron Ore JV (30%)

84.3Mt @ 57.2% Fe

#### Tunkillia Gold JV (48%)

800,000 oz Au

#### Company Information:

ASX Codes HLX/HLXOA

Shares FPO 131.9M

Options – Listed 53M  
(5 cents expiring 31/05/2011)

Options – Unlisted 17.6M  
(53 cents expiring 31/10/2011)

Share Price 7 cents

Market Capitalisation \$9 Million

#### Contact Details:

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### EXECUTIVE SUMMARY

- Helix prepared Scoping Study reports positive results for Yalleen Iron Ore Project
- Yalleen Iron Ore JV interests are API 70% of the iron ore rights and Helix own the tenements 100%
- Preliminary economic evaluation of the Project demonstrates that robust financial returns could be achievable. To assist readers, the financial model indicates a post tax value range NPV<sub>12%</sub> of \$1,100M and NPV<sub>16%</sub> of \$900M based on the following:-
  - Capital expenditure range of \$150M to \$200M including haul road to access proposed rail infrastructure 70km W, screening plant to upgrade ore, camp construction and pre-strip costs, including allowances for EPCM and 25% Contingency;
  - Operating costs including royalties of ±\$48/t based on access to proposed rail and port infrastructure on acceptable commercial terms;
  - Life of Mine [LOM] revenue estimate of ±\$109/t
- Scoping study indicates 2 potential infrastructure solutions for transporting the ore to customers
- The Project economic evaluation involves assumptions as to future events which are not capable of independent substantiation. Whilst sensitivity analysis has been conducted, readers should refer to the assumptions and Disclaimer included in this report and form their own views. The economic evaluation findings should not be used as a basis for investment decisions about shares in Helix
- API has advised it is working on an evaluation of the Yalleen Project which is expected to influence the proposed detailed studies & budget for 2010/2011 which is conditional on JV Participant approval and relevant statutory approvals (including infrastructure access related approvals)

The Helix strategy is:

- acquire large tenement holdings in prospective exploration regions
- use of leading edge exploration methodologies and techniques under the guidance of a skilled Board and Management team
- create shareholder wealth whilst managing risks



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**SCOPING STUDY**

Helix Resources Ltd [ASX:HLX] has completed a Scoping Study in conjunction with an independent transport and logistics assessment commissioned by API for the Yalleen Iron Ore Project in the Pilbara region, located 50kms E SE of Pannawonica.

A Scoping study involves a preliminary assessment and evaluation of a Project based on assumptions and factors including measured, indicated, or inferred mineral resources, or a combination of any of these; disclosure of forecast mine production rates; and estimates based on limited data and testwork of capital costs to develop and sustain the mining operation, operating costs, and projected cash flows.

A study of this level is considered appropriate to determine whether a project is worth pursuing and assist with identifying technical issues that will require additional examination or testwork.

The Scoping Study indicates technical and financial viability.

Financial Evaluation

In completing the Yalleen Project financial evaluation the following assumptions and factors were considered and/or used.

- Publicly Information contained in ASX releases by Aquila Resources Ltd [ASX code: AQA] regarding the API WPIOP, and other Pilbara explorers and producers in general;
- Revenues outlined below, discounted in the financial model by 1.75% to reflect marketing costs:-

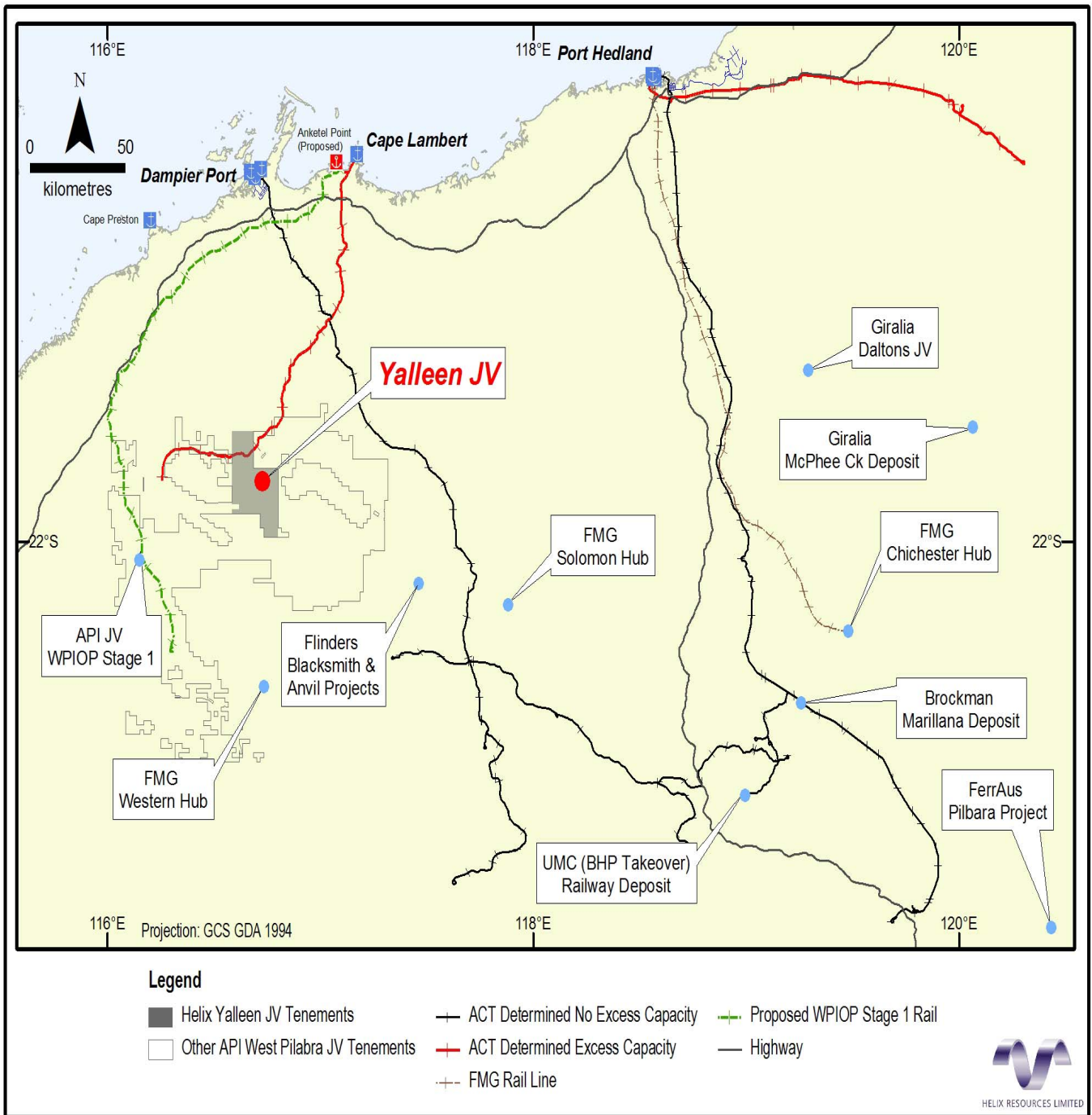
Year Ending 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020+
Nominal FOB Price (US\$/dmu)	142.1	190.7	211.8	220.1	210.5	179.8	156.6	163.3	178.5	168.6	142.7
Exchange Rate (US\$/A\$)	0.88	0.89	0.92	0.90	0.85	0.82	0.80	0.81	0.82	0.81	0.79

Source: Aquila ASX release 5 July 2010

- total operating costs for mining, processing, road & rail haulage and port operations, of ±A\$48 per tonne including royalties and general/administration costs;
- 5Mtpa road haulage option to access proposed rail infrastructure 70kms West and port facilities for 12 years. This assumption is based entirely on an assessment of the potential to convert existing Inferred Resources and Indicated Resources to Probable Ore Reserves which will support the 5Mtpa production assumption. Helix is of the opinion that some of the Inferred and Indicated Resources at Kumina Creek and Robe Exit have reasonable prospects for eventual economic extraction (this is the level of confidence that is required to estimate a mineral resource as opposed to an ore reserve. An ore reserve is the economically minable part of an indicated or measured mineral resource under reasonable financial and technical assumptions as of the date of reporting the ore reserve). In the absence of Proved and Probable Ore Reserves there remains insufficient certainty with respect to economically mineable mineralization to reliably estimate future production and as such the Financial Evaluation should not be used as a basis for investment decisions about shares in Helix.
- Capital expenditure range of \$150M to \$200M including haul road to access proposed rail infrastructure 70km W, screening plant to upgrade ore, camp construction and pre-strip costs, including allowances for EPCM and 25% Contingency;
- Draft transport and logistics study findings;
- Assumptions regarding borrowing costs, interest rates and debt/equity funding levels;

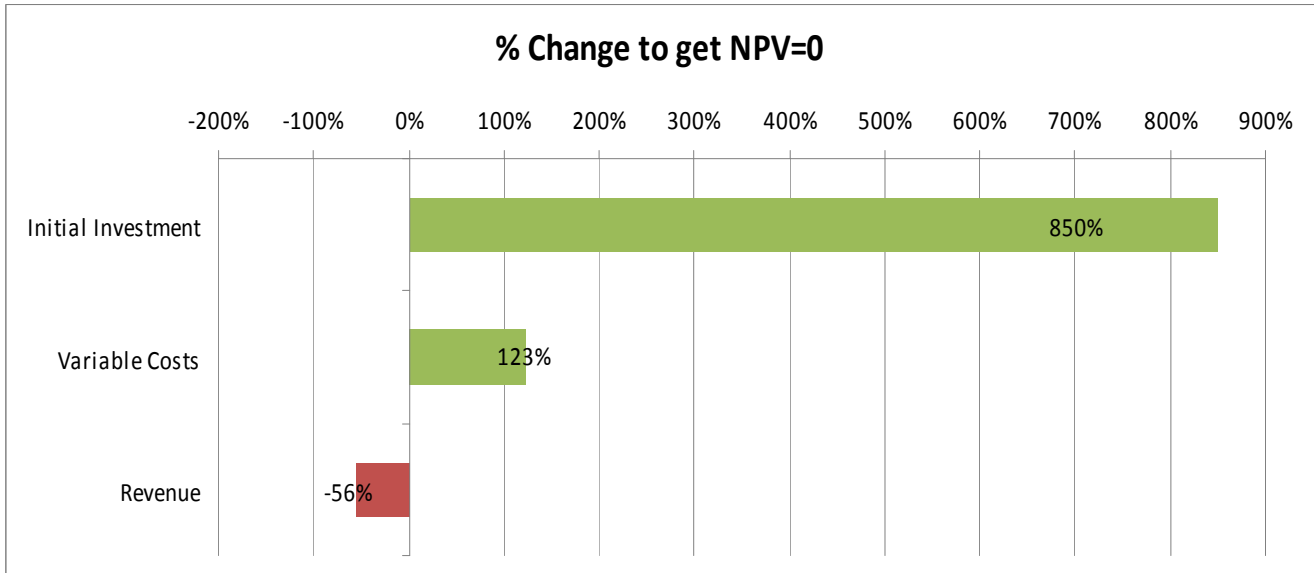
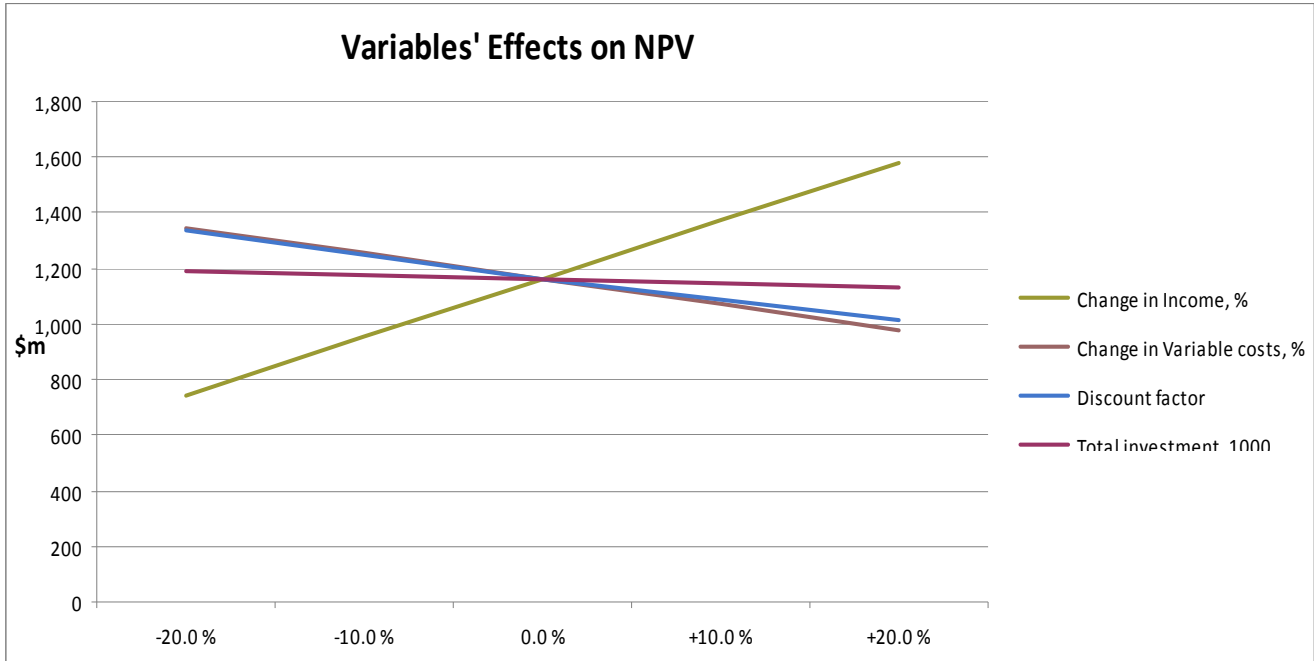
The Scoping Study conclusions should be read in conjunction with the Disclaimer included in the report.

PROJECT LOCATION MAP



**SENSITIVITY ANALYSIS OF FINANCIAL EVALUATION**

Given the inherent uncertainty in predicting future events, a number of underlying assumptions which affects the financial evaluation have been varied as follows:-



The chart above shows the percentage by which each of the items would need to change in order to reduce the NPV of the project to zero.

Consistent with the previous chart, this shows that a fall in revenue would have the greatest impact on the project, followed by variable costs, and a substantial increase in the initial investment.

Note that the impact of each variable has analysed in isolation. The effect of changing two or more variables concurrently has not been analysed above.

The Mineral Resources Rent Tax has not been included as its impact has yet to be determined.

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"Initial development scenarios contemplate a single process plant near the Kumina Creek area, and ore from Robe Exit will be trucked some 15 km to this plant to combine with Kumina Creek ore. The size of the ore bodies in close proximity should allow for efficient capital and operating cost scenarios," Managing Director, Greg Wheeler, said.

"A range of life of mine production scenarios is being considered with rail transport or road haulage options to either the Rio Robe Pannawonica railroad 12kms N, or the proposed rail infrastructure 70kms W and access to port facilities".

"We expect the JV will continue with exploration programs on the tenements to identify additional resources to extend the initial Project life".

"API has advised it is working on an evaluation of the Yalleen Project which is expected to influence the proposed detailed studies & budget for 2010/2011 which is conditional on JV Participant approval and relevant statutory approvals (including infrastructure access related approvals). Based on nothing untoward emerging, we see 2011 being a defining year for Helix as it considers the move from explorer towards iron ore producer" Mr. Wheeler said.

## RESOURCE ESTIMATE SUMMARY – DETERMINED BY API AND RELEASED TO ASX 24 APRIL 2009

**Table 1: Resource Estimate Summary**

West Pilbara Iron Ore Project Resource Estimate – YALLEEN JOINT VENTURE CHANNEL IRON DEPOSITS									
Resource Classification	Tonnes Mt	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %	Mn %	MgO %
<b><i>Kumina Creek Deposit</i></b>									
Measured	-	-	-	-	-	-	-	-	-
Indicated	34.96	57.53	5.18	3.70	0.060	0.015	8.24	0.06	0.11
Inferred	23.61	57.53	5.19	3.77	0.060	0.015	8.15	0.07	0.11
<b>TOTAL</b>	<b>58.57</b>	<b>57.53</b>	<b>5.18</b>	<b>3.73</b>	<b>0.060</b>	<b>0.015</b>	<b>8.20</b>	<b>0.06</b>	<b>0.11</b>
<b><i>Robe Exit Deposit</i></b>									
Measured	-	-	-	-	-	-	-	-	-
Indicated	12.91	56.50	5.52	3.74	0.053	0.018	9.41	0.05	0.14
Inferred	12.82	56.32	5.45	3.89	0.064	0.016	9.31	0.03	0.11
<b>TOTAL</b>	<b>25.73</b>	<b>56.41</b>	<b>5.49</b>	<b>3.81</b>	<b>0.058</b>	<b>0.017</b>	<b>9.36</b>	<b>0.04</b>	<b>0.12</b>
<b><i>Total Resource – CID</i></b>									
Measured	-	-	-	-	-	-	-	-	-
Indicated	47.87	57.25	5.27	3.71	0.058	0.016	8.56	0.06	0.12
Inferred	36.43	57.10	5.28	3.81	0.061	0.015	8.56	0.06	0.11
<b>TOTAL</b>	<b>84.30</b>	<b>57.19</b>	<b>5.28</b>	<b>3.75</b>	<b>0.060</b>	<b>0.016</b>	<b>8.56</b>	<b>0.06</b>	<b>0.11</b>

Cut off 54% Fe

The API Resource estimation on 24 April 2009 was 11 months after Helix commissioned and released 3 June 2008 an independent Resource estimation to ensure shareholders were informed.

### FURTHER STUDIES ASSESSING PROJECT

Given the detailed information available from numerous other Pilbara based iron ore companies, the results of Helix's Scoping Study and other information held by API regarding work completed to date on their WPIOP, Helix considers the JV should be in a position to complete further core activities to advance the Project by 30 June 2011 and move closer to feasibility assessment.

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The core activities will include in-fill drilling to increase the level of indicated and measured resources, metallurgical and sinter test work, hydrological assessment and modeling, engineering design, environmental studies, mine and process flow design, regulatory approvals and iron ore product marketing.

#### **YALLEEN JV AGREEMENT**

The JV agreement continues to be negotiated between Helix and API since November 2007. The draft agreement currently provides for, amongst other things, the following:-

- Each Participant will be subject to pre-emptive rights when dealing in their JV interests
- Helix will have access to API infrastructure on commercial terms
- Helix has the right on the JV Decision to Mine to sell their interest to API at fair market value

#### **API COMMENT ON THE SCOPING STUDY**

API provides no comment on the Helix prepared Scoping Study. API is in the process of completing a Scoping Study and will release information to JV Participants at the appropriate time.

#### **DISCLAIMER**

This scoping study contains forward-looking statements which are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Helix Resources Ltd. Actual values, results or events may be materially different to those expressed or implied and hence given these uncertainties, recipients are cautioned when placing any reliance on such forward looking statements. Assumptions inherent in the scoping study include, without limitation:-

- Estimates of resources and the conversion to mineable reserves in a saleable product form;
- Estimates of future earnings and cashflows, and the sensitivity of earnings and cashflows to movements in the underlying assumptions;
- Estimates of future operating and capital costs; production and recovery rates; sales;
- political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

For further information:

<p>Mr Greg J Wheeler          Managing Director          Helix Resources Ltd          Tel: + 61 8 9321 2644</p>	<p><u>Media</u>          Karen Oswald          Professional Public Relations          Tel: +61 8 9388 0944</p>
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**About Helix Resources Limited**

Helix Resources Limited was listed on the Australian Stock Exchange in 1986 and is focused on acquiring and developing assets within the bulk commodities, base metals and precious metals sectors in Australia.

The Helix strategy is:

- Acquire large tenement holdings in the prospective exploration regions
- Use of leading edge exploration methodologies and techniques under the guidance of a skilled Board and Management team
- Create shareholder wealth whilst managing risks

Helix's most significant development asset is the Yalleen Iron Ore Project joint ventured with API Management Pty Ltd (50% Aquila Resources, 50% AMCI) situated in the Robe Valley in the West Pilbara region of Western Australia. The project has an inferred and indicated resource estimate of 84.3Mt channel iron ore with exploration upside. Helix is contributing 30% of funding and recognises the benefits of the arrangement with API, a well funded and focused project manager to advance this project.

Helix also has exposure to 0.8 Million oz of gold at the Tunkillia JV in South Australia, being managed and funded by Minotaur Exploration.

During 2009 the Company has accumulated significant landholdings in the Cobar/Girilambone region of NSW and the Eastern succession of the Mt Isa region in QLD. Both areas are prospective for gold and copper with operating mines and nearby infrastructure. Copper and gold targets in the Cobar/Girilambone region will be the Company's main exploration focus in 2010.

Details on the JORC resource estimation process is outlined at [www.helix.net.au](http://www.helix.net.au).

**Competent Persons Statements**

*The information contained in Table 1 in this report that relates to the Yalleen JV Mineral Resources is based on information compiled by Mr Stuart H Tuckey. Mr Tuckey is full-time employee of the API Management Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey is not the author of and does not endorse any financial information in this report.*

*The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves on all other projects is based on information compiled by Mr M Wilson who is a full time employee of Helix Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr M Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr M Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**List of Abbreviations**

M: Million  
Mt: Million tonnes  
Mtpa: Million tonnes per annum  
Fe: iron  
WPIOP: West Pilbara Iron Ore Project  
EPCM: Engineering, procurement, construction management