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SPOTLIGHT ON MINERAL SANDS

Important role in global push

BY LAURA GALIC

With ongoing global urbanisation forecast to accelerate, in particular the industrialisation in Asia, the mineral sands industry will play an important role in driving this growth.

According to Iluka Resources' forward-looking statement, medium-term mineral sands demand growth will challenge supply, particularly for zircon, where it has recently forecast a "supply challenge within three years" due to a lack of new projects.

Brisbane-based explorer Diatreme Resources' flagship mineral sands project in Western Australia's Eucla Basin seeks to address this emerging supply gap by offering a new source of high-grade supply.

"The Cyclone Zircon Project is anticipated to come into production by 2018, at a time of rising demand for its key product from Asia and elsewhere," Diatreme Resources CEO Neil McIntyre said.

Mr McIntyre said analysis from China's Beijing Ruidow Info Tech suggested a 4 to 5 per cent annual growth in China's ceramics industry, along with growing demand for rutile and ilmenite, supported by growing urbanisation in China and across Asia.

"According to the World Bank, almost 200 million people moved to urban areas in East Asia in the decade to 2010 and this trend is expected to continue for decades to come, adding to demand for mineral sands such as zircon.

"Mineral sands, such as titanium dioxide, are also being considered for new industries such as 3D printing, where the market for printing powder, including titanium, is expected to reach US\$500 (\$673) million by 2020."

Mr McIntyre said the Cyclone zircon project was one of the highest-grade zircon projects currently under development and had excellent potential as a new source of supply for the global zircon market.

In December last year, the company announced a 47 per cent increase in Cyclone's Ore Reserve to 140 million tonnes at 2.5 per cent heavy minerals (0.71 per cent zircon), containing 3.5 million tonnes of heavy minerals with 1 million tonnes of zircon.

The company has also advanced the project's required regulatory approvals, with the Public Environmental Review currently undergoing assessment by the WA Environmental Protection Authority. Completion of this process is expected to result in a positive recommendation for the project's environmental approval in 2016.

"This would mark the final identified requirement of the project's de-risking process, which has included the securing of a mining lease, an agreement with the traditional owners and the identification of water supplies, along with an expanded Mineral Resource and Ore



Neil McIntyre.



Ian Pringle.

Reserve following the Cyclone Extended acquisition," Mr McIntyre said.

"Diatreme continues to review opportunities to reduce capital and operating cost estimates for the Cyclone mine, which is now targeting the supply of a single heavy mineral concentrate product to Chinese mineral separation plants, where the final zircon and other products would be produced."

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South of Broken Hill in the Murray basin, Broken Hill Prospecting is planning to progress to feasibility and development of its heavy mineral sands deposits, Copi North and Magic.

Broken Hill Prospecting Managing Director Dr Ian Pringle said the company was looking to fill a niche market in the mineral sands industry, where it capitalised on modest-sized, high-grade deposits which have previously been overlooked by the major miners for being too small.

In February, the company announced positive results from a recent scoping study on production of heavy mineral sand concentrates at the Copi North deposit.

"Our Copi North deposit is an excellent one; it was originally an Iluka Resources project but it was found to be too small for the company," Dr Pringle said.

"We picked it up last year and the first thing we did was some infill drilling to confirm the extent of the high grade and the approximate tonnage and it's paying off. The scoping study has at least shown a robust project economically and it has a fairly high grade.

"We're lucky that the Murray Basin is such a huge area and we have a really good footprint on some of the most prospective areas in that basin," he said.

"Like any commodity, when you've got high grade and accessible deposits, there's always going to be a market there and it's always going to be competitive on any scale."

Mineral sands in the downturn

Diatreme Resources has responded to market conditions by refocusing on maximum value projects and divesting greenfield exploration areas, which do not satisfy its rigorous new commercial, geological and geographic review process, according to Mr McIntyre.

"This is shown by the reduction in our project portfolio from 29 exploration properties in 2013, with associated holding costs, to just nine currently, including four mining leases," he said.

"A relentless focus on creating value by minimising overheads and progressing our high-value projects is the best way to respond to the current environment.

"Mining is a cyclical industry and the company remains confident of the medium to longer-term outlook.

"For example, there will be an estimated 1.1 billion more people living in the world's cities by 2030, and with the growth of India and ASEAN we are in an excellent position to benefit from the growth in Asian demand."

For Broken Hill Prospecting, the mining downturn hasn't affected the company's exploration programs; it is just work as usual.

"You pretty well have to in exploration and early development work because it takes several years sometimes to get project approval and development up and running," Dr Pringle said.

"I think if everyone took a pessimistic view on what metal prices were going to be, no work would be done. We have to bite the bullet and assume.

"When you look at the past history of minerals sands, they haven't been stellar performers, but fairly steady. It takes out some of the jerkiness of other metals, like copper and gold for example, where for a couple of months [the price] can be up high or down low.

"Mineral sands is a little different; we have a relatively smaller consumer and off-take arrangements are going to be a lot easier than a copper or gold deposit, where there's a lot more competition and mines trying to supply the market." **NMC**