

Cyclone project leads charge for WA zircon sector

🕒 November 15, 2018 📁 News 👤 Ewen Hosie

Diatreme Resources has released a definitive feasibility study (DFS) for the Cyclone zircon project in Western Australia that forecasts it will cost \$135.7 million to develop.

The Cyclone project is the largest undeveloped zircon project in the mineral sands-rich Eucla Basin, which straddles the border between South Australia and Western Australia.

One of the largest zircon projects operating in the region is Iluka Resources' Jacinth-Ambrosia mineral sands mine in South Australia. The Jacinth and Ambrosia deposits have a combined zircon capacity of 300,000 tonnes a year.

The Jacinth-Ambrosia operation was suspended from April 2016 until December 2017. In Iluka's latest quarterly report, the mine saw a 27.7 per cent year-on-year zircon production boost to 240,900 tonnes for the period ended September 2018.

Located just 25 kilometres from the South Australia border, the Cyclone deposit is considered similar to the Jacinth-Ambrosia mine in terms of product, being at the tail end of the Eucla Basin trend.

The DFS was carried out by China Minmetals company ENFI, which lowered the project's previous capex estimate of \$161 million to \$135.7 million and estimated a net present value (NPV) of \$113.3 million based on a base price of \$1500/tonne.

The project's average annual revenue is \$130.1 million with annual costs of \$75.5 million.

The capex reduction includes lowered costs for processing equipment, plant construction, haul road construction and transport containers. Flinders Ports provided shipping and handling costs for the project, including the cost of these containers.

Diatreme chairman Gregory Starr said the results confirmed Cyclone's sound economics and that the project was capable of attracting investment.

"In a market where zircon is entering a period of constrained supply, the development opportunity for Diatreme is immediately apparent," he said.



Image: Diatreme Resources

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The Asia-Pacific region is the largest global market for zircon (around half of the world's zircon is purchased by China), followed by North America. It is particularly sought for its ceramics applications by the building and construction industries.

Australia is the world's largest producer of zircon, led by Iluka Resources.

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