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A step forward for silica sand mining

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The emergence of a strong show of Chinese customer support has buoyed Diatreme Resources' plan to become a silica sand producer from its Galalar silica project in Far North Queensland.

Diatreme Chief Executive Officer Neil McIntyre says that the memorandum of understanding (MOU) signed with China's Fengsha Group in mid July was 'extremely significant'.

Under the MOU, Galalar could potentially supply the privately owned Fengsha Group with 500,000 tonnes per annum of photovoltaic-grade silica sand – used to make solar panels.

Fengsha is China's biggest processor and supplier of photovoltaic and specialty high-end silica sand, which is used in the manufacturing of photoelectric glass, thin-film transistor (TFT) glass and high-end automotive paints.

McIntyre says that the MOU also covered the potential for an additional 250,000 tonnes per annum of silica product, subject to confirmation that chemical processing of Galalar product in China can achieve particularly pure specifications (less than 50 parts per million and 30 parts per million iron oxide).

McIntyre says that it was important to note that the MOU terms included technical support on product development, market access and logistics. It also covers the potential for direct investment in Galalar by Fengsha.

'The agreement is a major step forward for a potential new silica sand mine in north Queensland, supplying premium-quality silica to Asia's fast-growing solar panel market,' McIntyre says.

Somewhat uniquely in the Australian mining industry, the traditional landowner group, Hopevale Congress, has a 12.5 per cent free carried interest in the Galalar project.

'They've been fantastic with us and in our dealings with government. They are really keen to see something happen on the ground,' McIntyre says.

Diatreme's tenements in the broader region surround the world's biggest operating silica mine, Mitsubishi Corporation's 2.5-million-tonnes-per-annum Cape Flattery mine.

The MOU with Fengsha, which is currently non-binding and has a 12-



Helicopter survey of Diatreme's Galalar silica sand project in Far North Queensland

month term, comes as Diatreme has been working on completing a scoping study for the development.

'We can move quickly as it is a relatively simple project in mining terms. It is a homogenous resource through the dunes, and the market is screaming out for the very particular product we are looking at producing,' McIntyre says.

The progress at Galalar comes as Diatreme works on concluding the previously announced sale or partnering process for its zircon-rich Cyclone mineral sands project in Western Australia's Eucla Basin.

Mineral sands is a very different business to silica sand. Zircon's main use is in ceramics (tiles and sanitary ware) and in casting/foundry applications.

A definitive feasibility study for Cyclone's development was released in November last year. It found that a \$135-million development would enjoy a capital payback period of 2.7 years.

'It is an unusual project in that it is fully permitted and ready to go. It is in a market that has an appetite, in particular, for zircon,' McIntyre says.

With Cyclone one of a handful of zircon-rich discoveries in the past decade, Diatreme is confident of unlocking value from the project amid constrained supply and growing demand. And with Galalar picking up speed, the Brisbane-based miner is suddenly painting an extremely bright outlook. **ARRI**