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Scoping study paints bright picture for silica project



A scoping study for the Galalar silica project has shown its potential as a significant near-term, low-cost and premium-quality silica producer for fast growing Asian markets, Diatreme Resources says.

The new Cape York mine, 200km north of Cairns, would cost \$24.4 million to bring online and has a projected life of 15 years.

Diatreme says it would be developed in partnership with the traditional owners Hopevale Congress, with a 12.5 per cent project interest.

It is expected to create 30 to 40 jobs in the construction phase and about 60 (employees and contractors) in production.

Diatreme chief executive officer Neil McIntyre said the study results demonstrated Galalar's genuine potential to make a major contribution to Far North Queensland's economic future.

"These results are tremendous, highlighting the opportunity that exists at Galalar to create a long-lasting silica sand mine that creates new jobs and other economic benefits for the whole community, in partnership with the traditional owners," he said.

"Having recently signed an [MOU for offtake](#) from the project, there is already significant market interest in the product given the demand growth from Asia's rapidly expanding solar PV market.

"With added opportunities to enhance these already excellent financial outcomes, we look forward to advancing this project towards near-term development and creating an environmentally friendly and sustainable operation."

Diatreme says the scoping study's financial analysis demonstrates Galalar has the potential to be a highly profitable operation, with an estimated pre-tax nominal NPV of \$231 million, an IRR of 150 per cent and estimated capital payback within a year (eight months).

The company has identified potential improvements that offer further enhancements to project economics, including developing a purpose-built barge ramp closer to the mine site at a location called Nob Point (subject to various Queensland Government approvals).

A further improvement could come from developing as a secondary silica product stream, an "ultra-low iron" silica sand product.

Diatreme cautions that further exploration and evaluation work and appropriate studies are still required before it will be in a position to complete a feasibility study, to estimate an ore reserve or provide any assurance of a final economic development case.

Click [HERE](#) to read to full report.

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