

Australia the 'lucky country' in the silica sand race

By **Robin Bromby** - July 29, 2021



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Silica sands is rapidly become the "now" mineral commodity with demand from Asia growing fast – and the price along with it.

In a new client note on this commodity, analyst J-Francois Bertincourt of Sydney-based Evolution Capital Advisors declared: "Australia, again the lucky country"

"Australia has several quality silica sand projects that are either in production or progressing through the exploration and development process," he continued.

The one in production is Japanese owned, but all other projects are controlled by ASX-listed companies.

The report noted that market research firm Imarc Group has estimated the global silica sand market could grow from US\$7 billion in 2018 to US\$20 billion in 2024.

Another forecast earlier this year was that the global demand could reach US\$60 billion in value by 2030.

Silica sand is in heavy demand due to two factors: one, the growing number of industrial and technology products that require it, and the growing resistance by Asian governments to dredging rivers and beaches to mine sand.



One of the most mined commodities

Silica sand is a bulk commodity and one of the most mined commodities in the world.

Its secret is the existent of angular particles.

These can interlock and provide much greater strength for products like concrete, which require the basic silica supply.

Glass making is its most popular use – all types of glass require it.

It is also needed in foundries, kitchen taps, ceramics, cosmetics, paint and coatings, metallurgy, chemicals production, oil and gas recovery, water filtration and sand for construction.

There is silica sand in your mobile phone and silicon chips. And in lithium-ion batteries, as well as photovoltaic cells.

It has been calculated that 1km of highway requires 30,000t of silica sand.

Major projects now under way

Australia has six major silica sand projects well advanced, with none possessing the potential environmental concerns that threaten projects in other countries.

Australian Silica Quartz Group (ASX: ASQ) has several projects in various stages of development in Western Australia, as well as prospective nickel-copper-platinum group elements ground along strike from the now famed Julimar discovery of 2020.

Its market capitalization is \$24 million.

Diatreme Resources (ASX: DRX), which has the advanced Galalar silica sand project in far north Queensland, is valued at \$62 million.

Metallica Minerals (ASX: MLM) is capitalised at \$22m million and explores for bauxite, copper, gold, graphite and limestone as well as having the Cape Flattery silica project covering 56sq km in far north Queensland.

With a \$60 million market cap, **Perpetual Resources (ASX: PEC)** is described by Evolution as an emerging silica sand producer with three projects prospective for high-purity silica and construction sand projects.

As well as a kaolin project, **Suvo Strategic Metals (ASX: SUV)** has silica sand near Eneabba in Western Australia. Its market cap is \$66 million.

And **VRX Silica (ASX: VRX)** has three projects in Western Australia: Arrowsmith North, Arrowsmith Central and Muchea, that have a confirmed mine life of 25 years – and the potential of being in production for about 100 years.

At present VRX's have a combined 1.056 million tonnes of resource at grades of between 99.6% and 99.9% silicon dioxide (or silica), with low iron impurities.

All the projects are located between Geraldton and Perth.



VRX has a market cap of \$143 million.

As well as these six more advanced explorers, [Carbine Resources \(ASX: CRB\)](#) — with a market valuation of \$12 million — has acquired the Muchea West silica sand project in Western Australia (close to VRX's Muchea ground).

Australia well placed to supply key Asia markets

Analyst Mr Bertincourt noted that Mitsubishi currently produces sand at Cape Flattery in Queensland.

Both Diatreme and Metallica have exploration tenure adjacent to Mitsubishi's operations and have delineated high-purity silica sands comparable to those being mined by the Japanese company.

In Western Australia, Australian Silica Quartz has three projects, located near Albany, Esperance and Gingin.

Suvo Strategic is working towards delineating a maiden mineral resource at its Nova project.

Deemed by Evolution to be the closest to begin delivering products to market are VRX and Perpetual.

Australia is well placed to supply the fastest growing market, led by China, India and Vietnam.

The Asia Pacific region accounts for 47% of global demand for silica sand — and Asia is running out of domestic supplies.

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Robin has worked in journalism for 58 years, with 32 of those involving covering resource companies. Previously a reporter for The Australian, Robin has authored countless newspaper columns on mining and oil juniors and has published many books about mining and investing.

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