Bulk upgrade puts Hawsons on top

Carpentaria Exploration Ltd's flagship Hawsons iron project has emerged as a potential new independent supplier to the direct reduction and blast furnace markets in Asia and the Middle East. Bulk upgrade test work completed last month showed Hawsons, about 60km south-west of Broken Hill in New South Wales, was capable of producing a product with above 70% iron and less than 2% silica.

According to research data from LFJ Consulting, the Hawsons product will be the highest-graded ore to be traded on the market. Carpentaria also believes its “super-grade” magnetite concentrate can be mined and processed at low costs.

“Some magnetite projects, because of the nature of their geology, can never get that sort of grade, so we are very lucky with the deposit we have and these results will serve us well for the programmes to come,” Hill told Paydirt.

“We have the highest quality magnetite concentrate in Australia, without question, and we will have the highest grade ore to be traded on the seaborne market. This has led into our current marketing programmes very nicely.”

A 500kg bulk concentrate was produced at the ALS Iron Ore Centre in Perth to demonstrate how the project can produce direct reduction feed on a commercial scale using gravity and magnets instead of chemicals. Carpentaria has sent a bulk sample of the current forecast shipping ore, comprising 70.3% iron and 1.99% silica, to the China Iron and Steel Research Institute for a series of pelletising and steelmaking performance tests. Results are not expected until early 2018.

Hawsons was discovered in 2009 – two years after Carpentaria listed on the ASX – and the company has been 100% focused on the project since 2013, despite the falling iron ore price.

Carpentaria is targeting a 10 mtpa pellet feed operation at Hawsons with a potential mine life of beyond 25 years. Detailed project economics have yet to be released to the market.

Central to the company’s business strategy is the fact magnetite is often favoured over hematite for pelletising because productivity is higher and requires less energy and fewer emissions. Magnetite is typically $10/t cheaper or pelletise than hematite ore.

Carpentaria has all engineering aspects of the Hawsons project at a PFS level and is planning an upgrade of the inferred resource, which stands at 1.77Mt @ 14.9% magnetite for contained 263mt grading 69.7% iron and 2.9% silica.

“Now that we have great confidence in the quality of the material able to be produced at a commercial scale, we can reasonably engage significant off-takers and cornerstone investors to support the project through to completion of the BFS and beyond,” Hill said.

“We’ve commenced our product marketing campaign with the first phase of discussions with interested steel mills and end-users. While agreements take time, the initial feedback has been very, very positive for our super-grade product.”

In another sign Carpentaria will continue to put all of its efforts into Hawsons, the company recently signed a conditional term sheet with Faraday Resources Pty Ltd to divest up to 90% of its interest in two gold exploration licences on the Lachlan Fold Belt.

Faraday must spend $200,000, including $100,000 within six months of agreement, over a 12-month period to acquire a 90% stake in the Combining and Barellan licences. Carpentaria will then have the option to contribute to the expenditure or convert to a 1% NSR.

Carpentaria has about $2.5 million in the bank despite not going back to the market for exploration funds for more than two years. Timely R&D rebates and contributions from JV partner Pure Metals Pty Ltd (32% owner of Hawsons) have helped offset the challenge of raising money in the current investment climate, especially for an iron ore junior.