



Dam collapse boost for magnetite

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SA

BRAZIL'S spate of iron ore mine and tailings dam calamities is proving a game-changer for global iron ore pellet feed markets, according to the developer of a proposed new US\$1.5 billion magnetite iron ore pellet project near Broken Hill.

Addressing the Paydirt 2019 Conference, Carpentaria Resources managing director Quentin Hill said the Brazilian mine dam collapse, and resultant forced shutdown of some of that country's iron ore mines, had caused a major seaborne supply squeeze across all of the commodity's types.

"Before the Brazil factor, there was already an increasing supply gap in the pellet feed market and shortages in the Middle East particularly but this has been amplified by the Brazilian iron ore sector disasters," Mr Hill said.

"The global pellet feed market was already in need of new pellet feed mines but the Brazilian impacts have disrupted the overall iron ore seaborne market.

"This will favour the development of our Hawsons magnetite pellet project, 60 kilometres southwest of Broken Hill on the SA border and at a time we are looking to finalise remaining funding to complete the project's Bankable Feasibility Study (BFS)."

Japan's Mitsui has already committed to fund 20 per cent of Hawsons' BFS. Mr Hill says negotiations for the remaining 80pc of the BFS cost are well advanced with multiple potential Tier 1 parties, around equity and non-dilutive offtake linked arrangements to also include part of the mine construction cost.

"The market pull for Hawsons to be developed is very strong. We are highly confident of successful completion of the remaining BFS funding of around US\$20 million," Mr Hill said.

Wood Mackenzie has rated Hawsons as the leading project of its type in the world, a rating Mr Hill says can only be enhanced

by the severe and likely prolonged supply disruptions out of Brazil.

Hawsons boasts a 70pc Fe grade over a 330Mt resource, of which 111Mt is in the Probable Reserve category. The project site is close to major rail export infrastructure west to Port Pirie or Whyalla, with some 10Mtpa of output to be sent by slurry pipeline 55kms direct to Broken Hill.

Mining and processing will be conducted on site. Final project costs will depend on whether Carpentaria selects Port Pirie or Whyalla as the final export outlet.

Hawsons has attracted Major Project Status from the Federal Government. Production is expected to commence within three years of financing.

Studies have estimated a robust early payback of under 2.5 to four years for a high margin project that is cash flow positive at under US\$30 a tonne.



Image: Kevin Skinner.

Carpentaria Resources managing director Quentin Hill speaks at the conference.