

Laterite development easy as 1, 2, 3



Iggy Tan

Nickel laterite deposits have a reputation for being difficult, expensive and altogether uninviting to develop, but the lack of high quality sulphide discoveries during the past decade has meant many junior companies are now prepared to tackle these previously unloved projects.

The troubles associated with projects like Murrin Murrin has led to investor support for these capital intensive projects being difficult to gain, forcing many of these juniors to come up with innovative ways of making the projects work.

One of these is Halcyon Group Ltd, which is attempting to make its Canegrass laterite project, 70km north-north-west of Kalgoorlie, a viable project.

Halcyon is planning to use a three-stage development strategy at Canegrass in an effort to avoid the inherent risks involved in bringing a laterite project on stream.

Canegrass makes up part of the former WMC-owned Siberia tenements and was the final piece of an exploration jigsaw that Halcyon started to put together in June, when it acquired 14sq km of tenements from Kalgoorlie-Boulder Resources Ltd.

In August, the company obtained the mineral rights to 13sq km of ground held in the area by Monarch Gold Mining Co Ltd, but it is the Canegrass deal, with private company Wingstar Investments Ltd, which is key to the project's development.

The agreement will allow Halcyon to develop, mine, process and sell a total of 140,000t as laterite nickel, beneficiated laterite nickel or processed nickel.

"It is unique in that it is not the ground, it is the mineral rights. Within those two tenements we have a resource of 28mt @ 0.7% - roughly about 196,000t of nickel metal, enough to satisfy our mineral rights," managing director Iggy Tan said.

Halcyon has access to almost 70,000m of historical drilling data, and having completed an in-fill drilling programme on the Patch and Gulch areas, has optimised the two into a single pit ready for mining.

"Within that we are targeting probable reserves of 1.7mt @ 0.89% nickel. That leaves us 15,000t of nickel metal ready to be mined. We believe this is enough critical mass to build a nickel extraction plant."

The first stage of development will see Halcyon mine and supply ore to one of a number of nearby laterite producers.

"This will allow us to get immediate cash flow and prove up the mining and grades for the heap leach plant."

A feasibility study for the project is under way and both the project team and mining fleet had already been put in place in anticipation of start up. Tan said the product would prove suitable to the local nickel plant at Cawse.

"Due to the grade at Canegrass (0.89%), the ore will represent a 20% increase on ore feed from what the local production is at the moment."

Having established the supply of ore and cash flow, Halcyon will turn to direct shipping of laterite ore.

"As a result of the high nickel prices of the last 18 months, Chinese foundries have found a way to directly smelt laterite nickel ore to produce a nickel pig iron, used in production of low-grade stainless steel.

"This industry has grown 185% in the past 18 months and gives us the opportunity to export upgraded ore to China."

Using a screening plant to upgrade the ore, the product could be trucked to the Port of Esperance in Western Australia's Great Southern region, where it could be direct shipped to China at what Tan said could be a \$10/lb profit.

Halcyon has already started the scoping study on the third stage, which will see a heap or atmospheric leach operation established.

Tan said work completed by WMC in the 1970s had proven the Canegrass ore to be amenable to leaching, but which path would be taken would be decided in the scoping study, due for release in the first quarter of 2008.

"Our preference is to build a smaller size plant with a quicker lead time."

Halcyon was planning to change its name to Nickelore Ltd at the end of November, reflecting what Tan said was the new single commodity focus the company had taken under his stewardship.

"My role is to revive the company and change its direction," he told the conference. "The company has had a chequered history with limited results from exploration.

"It is fine to be a broad-based explorer, but you really need a company maker to drive the company forward. We believe Canegrass is that company maker. Every hour and every dollar we spend will be focused on Canegrass.

- Dominic Piper

New Map for Nickel & Platinum Explorers

To assist the minerals industry, Geoscience Australia will promote a new 1:4,000,000 map 'A Synthesis of Australian Proterozoic Mafic-Ultramafic Magmatic Events.

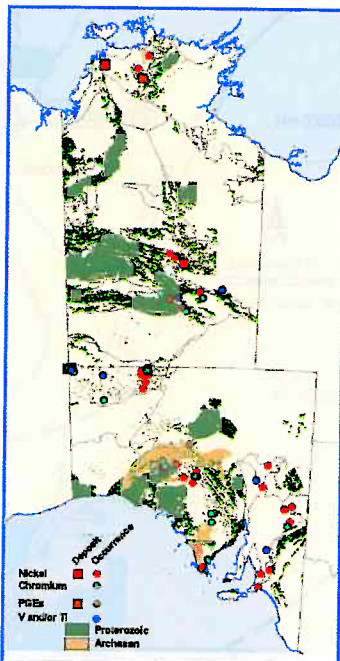
Part 2: Northern Territory and South Australia', at the 2007 Australian Nickel Conference.

The map, for the first time, summarises the major known Proterozoic mafic and ultramafic magmatic events and associated mineral deposits in the Northern Territory and South Australia.

The map can be downloaded free from: www.ga.gov.au/map/index.jsp

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