

**HD Carpentaria Exploration Limited - Independent review endorses Hawsons transport plan**

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Carpentaria Exploration Limited (ASX: CAP) has had its claims of the cost advantages of the Hawsons **iron** Project supported with an independent review finding the **Company**'s preferred **iron** concentrate transport plan offers the lowest capital and operating cost option.

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A review of options by independent infrastructure advisory Balance Resources found Carpentaria's chosen solution 'contains no fatal flaws that will prevent the project moving its product to port, based on the information provided to date'. Balance also said it considered the **Company**'s solution 'efficient and viable' and provides the lowest cost option.

Anticipated transport costs from rail loading at Broken Hill to ship loading offshore at Port Pirie, South Australia have been estimated at approximately \$21 per tonne, an amount Balance said was 'reasonable'.

The findings were based on a transport solution comprising:

1. Construction of a dedicated slurry pipeline from the mine site to a location in Broken Hill;
2. De-watering of product, stockpiling at a location in Broken Hill;
3. Transfer of product onto rail, for transport via the existing Australian Rail Track Corporation (ARTC) track to Port Pirie;
4. Unloading and stockpiling of product at the port;
5. Transfer of product onto barges, for transshipment offshore to Cape-size vessels.

Eastern Australia's biggest magnetite project, Hawsons, is a joint venture (JV) between Carpentaria (60% **stake**) and private resources investor Pure Metals Pty Ltd (40%) and is located 60 kilometres south-west of Broken Hill.

Welcoming the report's findings, Carpentaria's Managing Director, Quentin Hill said: 'This endorsement by independent experts should give added confidence to shareholders and investors in the ultimate development of this major magnetite project. Significantly, the identified transport solution uses existing infrastructure that provides key competitive advantages, including lower capital costs and faster development and permitting timeframes compared to other Australian and offshore **iron** projects.'

He said the joint venture and port operator Flinders Ports were in discussions about additional engineering studies to advance the project and it is the JV's intention to provide the Port Pirie community with a sustainable export solution using the best modern technology that is acceptable to all parties.

Balance's review investigated a number of transport solutions for the project and concluded that Carpentaria's present case is the appropriate solution for a proposed start-up operation of 10 **million** tonnes per annum (Mtpa). Carpentaria believes the deposit has the potential to support higher production and this base case could provide time and cash flow to allow increased scale when appropriate.

Importantly, Balance said that it supports the claim that there would be capacity for 10 Mtpa of magnetite concentrate on the existing ARTC rail track between Broken Hill and Port Pirie, with only minimal capital

investment and that barging and transshipping at Port Pirie offers the most viable short-term solution to allow the export of product from the project.

The favourable review builds on the positive development base-case announced on 19 February 2014, which showed that matching the project's size to the existing 10 Mtpa capacity of existing rail, power and port infrastructure had the potential to deliver robust returns on investment.

Mr. Hill said: 'Now that the development base-case has been set, we look forward to progressing the infrastructure components, including water, rail, power and port studies and the necessary regulatory agreements over the next twelve months.

'This phase of work will seek to increase the certainty of all elements of infrastructure and the joint venture looks forward to achieving further infrastructure-related milestones that will be key to unlocking shareholder value and delivering the bankable feasibility study'.

The recent expansion of the total contained **iron** concentrate in Inferred and Indicated Resources to an estimated 263 **million** tonnes, while maintaining a premium grade of 69.7% Fe and just 2.9% SiO<sub>2</sub>, was another milestone in the development of Hawsons. The joint venture is also progressing an Environmental Impact Statement for the project, which is set for completion in early 2015.

#### About Hawsons **Iron** Project

The Hawsons **Iron** Project is located 60 km southwest of Broken Hill and includes total Inferred and Indicated magnetite Resources of 1.77 **billion** tonnes at a Davis Tube Recovery (DTR) of 14.9% (12% cut off) containing 263 **million** tonnes of high grade (69.7% Fe) concentrate.

The project is exceptionally well located, with existing power, water, rail and port infrastructure available for a 10 Mtpa start-up operation and has a **mining** lease application has been lodged. A bankable feasibility study is underway targeting second quartile cost curve, for costs to land product in **China** (CFR) that will be a significant project buffer to **iron-ore** price fluctuations. The target capital cost of less than \$2 **billion** is also very globally competitive for large-scale **iron-ore mining** projects.

Hawsons soft rock is a very different concept to traditional hard rock magnetite and requires fundamentally different thinking to the typical magnetite **mining** and processing challenges, both technical and cost related. The soft rock enables simple liberation of a premium magnetite product without complex and expensive flow sheets. Carpentaria's Braemar South project south west of Hawsons, in South Australia has similar properties and also has potential as a magnetite producer and is awaiting follow up work.

#### About Balance Resources

Balance Resources is a respected advisory **company** providing specialist support and advice to the resources, infrastructure and construction sectors. The **company** provides tailored solutions and advice in off-site infrastructure regarding rail, port, water and power for bulk commodities in Australia and internationally. For more information, refer to <http://balanceresources.com.au/>

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