

Kalgoorlie Miner

SE WestReg
HD Closure looms large for Otter Juan
BY Jarrod Lucas
WC 524 words
PD 28 March 2014
SN Kalgoorlie Miner
SC KALGOO
ED First
PG 3
LA English
CY (c) 2014 West Australian Newspapers Limited
LP

Kambalda's oldest producing nickel mine will close within days, but Mincor Resources says there could be another chapter for its Otter Juan mine.

The underground mine is a link to nickel's boom days and has been in near-continuous operation since 1970, producing more than 315,000 tonnes of nickel over four decades.

TD

Mincor squeezed out as much life as possible with plans to close in mid-2012, but Otter Juan and the neighbouring McMahon mine received a lifeline last year when they moved to a single shift.

Both will be placed on care and maintenance, with most of the small workforce absorbed by Mincor's flagship Miitel and Mariners **operations**, which have at least another three years' mine life.

"It has been a stalwart performer and has been the source of about one-third of Kambalda's nickel in just that one mine," Mincor managing director David Moore said.

"It is really the granddaddy of them all.

"It has been a fabulous performer for Mincor, but for the last several years it has been a fairly small contributor in terms of overall production."

Debt-free Mincor has spent \$5 **million** on new underground equipment at Mariners and Miitel and is well placed with \$64.6 **million** at December 31 as it embarks on a widespread exploration campaign at Kambalda, including Otter Juan.

"That part of the Kambalda dome has been very prolific and has proved very rich and there are a number of targets at Otter we still want to test from inside the workings," Mr Moore said.

Mincor acquired Otter Juan, McMahon and the Durkin mine in 2007 as part of its \$68.5m takeover of Goldfields Mine Management, the private **company** owned by Kalgoorlie contractors David Williams, Ross Graham, Peter Bowman and Michael Foulds.

By mid-2008, Otter Juan had generated an operating surplus of \$79 **million**.

"That was a humdinger of a deal for us," Mr Moore said.

"We got that back on a cash basis in the first year of **operations**, so it was a great **acquisition**."

The dark days of the global financial crisis have long hovered over WA's nickel sector, but it has seemingly turned a corner this year, with metal prices rising on the back of Indonesia's export ban.

It is expected to squeeze **Chinese** supplies in early 2015, while a changing of the guard could also be on the cards with ongoing speculation about a **sale** of Nickel West, where Mincor has a long-term off-take agreement at BHP Billiton's Kambalda nickel concentrator.

Mr Moore said Mincor was on track to meet its full-year guidance of 8500 tonnes to 9000 tonnes of nickel-in-**ore** after a successful first half yielded 5618 tonnes at cash costs of \$4.46/lb.

He said extensive cost cutting meant Mincor was well placed in a “bullish” nickel market.

“As the price starts to lift, we are very lean and fit and ready to take full advantage of it,” he said.

Mincor shares closed down 2.1 per cent yesterday at 67 cents.

IN	i2114 : Copper Ore/Nickel Ore Mining i211 : Metal Ore Mining ibasicm : Basic Materials/Resources imet : Mining/Quarrying
NS	ccat : Corporate/Industrial News
RE	austr : Australia apacz : Asia Pacific ausnz : Australia/Oceania
PUB	West Australian Newspapers Limited
AN	Document KALGOO0020140327ea3s0000h