Hawsons on track for mining lease with NSW ‘significant project’ status

Highlights

- NSW Department of Planning and Environment reconfirms Hawsons Iron Project as ‘State Significant Development’
- Defines regulatory pathway for development, provides environmental assessment requirements and demonstrates NSW Government support for major new mine for Broken Hill
- Carpentaria well advanced in completing Environmental Impact Statement (EIS), with lodgement in support of Mining Lease possible before year-end
- Carpentaria continuing new prefeasibility study targeting 10 million tonnes per annum operation

Emerging iron producer Carpentaria Exploration (ASX: CAP) announced today the New South Wales Department of Planning and Environment has reconfirmed the Company’s Hawsons Iron Project as a ‘State Significant Development’ (SSD), confirming the regulatory pathway towards a major new Broken Hill mine.

The designation of SSD and the provision of revised environmental assessment requirements for the project by the NSW government is in response to Carpentaria’s delivery of revised project description to government that aligns with the current prefeasibility production scenario.

SSD status is given to projects considered having State significance due to their size, economic value or potential impacts and was first awarded to the Company’s flagship project in 2012.

Carpentaria’s Managing Director, Quentin Hill, said the designation was a significant step in the development pathway for a potentially decades-long mining operation, located just 60 kilometres south-west of the historic mining city.

“The NSW Government and related local governments have continued to show strong support for our Hawsons project, which has the potential to generate new jobs and wealth for the Broken Hill region. Subject to funding, an EIS supporting the award of a Mining Lease could be lodged as early as this year, helping to ‘de-risk’ the project for potential new investors,” Mr Hill said.

Carpentaria has been progressing its Environmental Impact Statement (EIS) based on earlier assessment requirements and has now largely completed the long lead items of ecological and cultural heritage surveys for the mine site area infrastructure corridors, as well as studies on the proposed high-yield saline water source meaning a large component of the EIS work has been completed.
“The new environmental assessment requirements are largely in line with earlier drafts. However, they acknowledge and incorporate extensive survey work done to date with respect to ecology, water and cultural heritage. This survey work has so far provided the expected results with no unusual issues, and we look forward to working with all stakeholders to meet community expectations and achieve development approval as soon as possible,” Mr Hill added.

The regulatory boost follows the Company’s 27 February announcement of a significant upgrade to the Hawsons resource, which has supported plans for a new prefeasibility study (PFS) targeting a 10 million tonnes per annum operation.

The PFS is currently being undertaken independently by engineering company GHD and is on track for completion before the end of June 2017.

Mr Hill added: “The designation also reflects our development plans and those being studied in the PFS, which are based on using existing infrastructure, such as the currently existing rail, road, port and power infrastructure. This is another significant advantage for our project, which will also have access to the existing skilled mining workforce at Broken Hill and the benefits of its unique Hawsons Supergrade® product.”

The Hawsons project has been shown capable of producing the highest-quality product currently available on the seaborne market, meeting the exacting specifications required by direct reduction-grade and high-grade blast furnace pellet feed markets. Already, around 80% of initial planned production from the project has been assigned to blue-chip buyers from Asia and the Middle East, boosting confidence in the project’s ability to attract further investment.

“Amid projections of constraints to pellet feed supply in Asia and direct reduction feed globally due to increasing demand and a typically high cost of production for new projects, Hawsons is targeted to be one of the few high grade pellet feed projects that is competitive at long term iron ore prices. Hawsons is well placed to be first in the queue for development as steel makers from Asia and the Middle East seek new sources of supply and we look forward to delivering for all our stakeholders,” Mr Hill said.

The Company is currently seeking quotes to complete the requirements for the EIS.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (Carpentaria 64%, Pure Metals P/L 36%) is currently undertaking development studies based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate to a growing premium iron market, including the direct reduction (DR) market.

The project has a clear technical and permitting pathway. It is located 60km south-west of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a conceptual 10 Mtpa start-up operation. A mining lease application has been lodged.

The project’s soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive processing methods.

The Company is targeting the growing premium high-grade product market, both pellets and pellet feed, which is separate to the bulk fines and believes its targeted cost structure is very profitable at consensus long-term price.
forecasts for this sector. It has secured offtake intent from blue chip companies Bahrain Steel, Emirates Steel, Formosa Plastics, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

The project is underpinned by Indicated and Inferred Resources totaling 2.38 billion tonnes at 14.1% mass recovery for 336 million tonnes of concentrate grading at 69.7% Fe. The Company confirms that it is not aware of any new data that materially affects this resource statement since the first public announcement and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported (refer ASX announcement 27 February 2017).

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Table 1: JORC compliant resources - Hawsons Iron Project

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The information in this report that relates to Exploration Results, Exploration Targets and Resources is based on information evaluated by Mr Q.S. Hill who is a member of the Australian Institute of Geoscientists (MAIG) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). Mr Hill is a Director of Carpentaria Exploration Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.