



Metallica rocking into bauxite production

An initial supply shortfall of low temperature bauxite is expected this year, which is good news for Metallica Minerals Ltd in Queensland.

Metallica is preparing the Urquhart bauxite project, near Weipa, on the Cape York Peninsula for production early next year.

"We believe bauxite, specifically low temperature bauxite, is in a good place from a macro perspective and we have a nice little project that fits a junior, so we are trying to bring that into production as quick as we can," Metallica chief executive Simon Slesarewich said.

"It won't be a massive project. We are looking at about 1.5 mtpa of saleable product going into the market. We think it is a product that will be saleable every day, but for a company of our size I guess it is significant for us. It wouldn't be significant for a Rio [Tinto Ltd], for example."

Urquhart is not primed to be a world-beater, but from a 1.5-2 mtpa truck-barge-ship operation, Metallica expects to generate sustainable free cash flow early on considering development capital outlay will be kept to a minimum.

"From our side of things it will be a very low capital start-up, we will be utilising contractors and the logistics solution which we will announce soon will mean that there will be no capital involved," Slesarewich said.

He said the company was currently focusing on community engagement as it awaits approval of a mining lease.

Metallica expects to receive a mining lease approval by the end of the year. The company has been through the process before, with a mining lease already granted for the Urquhart Point HMS project.

While the company is confident it will have its bauxite credentials in hand, it is focusing on community and government engagement and logistical solutions.

In-house studies on logistics and load-out options have been completed, with Metallica looking to de-risk the project by negotiating a binding agreement to utilise infrastructure and access at Hey Point.

"Bauxite being a bulk commodity is all about logistics, so we will work on that and we should have some announce-



The inferred resource at Urquhart is 7.5mt @ 51% aluminium oxide and 16.3% silicon dioxide

ments out on that pretty soon," Slesarewich said.

Despite only planning on delivering a small portion of the estimated shortfall of bauxite demand, Metallica is confident its product will be highly sought after.

The forecast is for 68 mtpa shortfall in supply of low temperature bauxite by 2040, while immediate concerns in the industry centre on Indonesia's ban on raw exports, which has stripped 40 mtpa bauxite from the global market.

Malaysia's three-month ban on ex-

ports to rectify environmental issues and growing calls in India for bauxite to be reserved for domestic use are also contributing factors.

"When you think about bauxite, it is a metal that is part of everyday consumption rather than infrastructure build out. We use it every day, more than what you would do steel, so as the world grows we should see aluminium consumption go up and on the back of that we will see bauxite consumption go up," Slesarewich said.

China alone needs more than 65 mtpa bauxite to be imported, rising to 75 mtpa in the next five years to support its aluminium industry.

With Urquhart being on the tip of Queensland, Metallica is ideally positioned to feed into China and India.

Metallica almost has its ducks in line for its bauxite play in Queensland, while its interest in commodity of the moment, graphite, appears to be shaping up nicely as well.

The Esmeralda project has the company excited by intersections such as 95m @ 6.5% graphite from 71m and 29.1m @ 7.8% graphite from 71.9m, including 7.1m @ 12.9% graphite.

A drilling programme was completed on Esmeralda last year and Metallica was set to release metallurgical test results at the time of print.

Slesarewich likened Esmeralda to the Albany graphite project in Canada, which has the potential to produce very high purity graphite.

"That is what we are aiming to do there," he said.

"It is a unique deposit, it is a hydrothermal deposit. That means that the graphite has come out of the magma source of an old volcano rather than a metamorphic that has been heated up and pushed around. We are spending so much time on the test work to understand the geology and the minerals involved so we can get a better idea because it is not a typical [graphite] project."

- Mark Andrews



Metallica expects to receive a mining lease for Urquhart by the end of the year