

# Highland still tops for Phosphate Australia

Phosphate Australia Ltd has further confirmed its position as a true multi-commodity player on the ASX with the acquisition of a diamond project.

The Blina project in West Australia's Elendale precinct was snapped up cheaply in October and with more than \$20 million spent on it already, Phosphate Australia has high hopes, both for the project and that diamonds may be the shining light in a gloomy resources sector.

"In 1993/94 there was a terrible recession then and diamonds actually led the way out of the mire. There was a massive diamond boom then and it was the only thing that boomed so maybe it will be the same this time. We have some diamond expertise on the board and within the company and I have spent many years of diamond exploration and mining as well," Phosphate Australia executive chairman Jim Richards told **Paydirt**.

"With the diamond prices for the fancy yellows that you get up there reportedly worth up to \$5,000/ct, it could very well be the time to give it another look and dust off some of the economics on the alluvial paleochannel,"

Immediate work at Blina will include data mining and permitting and once the latter is in place, Richards said the task of setting up a modest alluvial operation for a low capex would become easier.

"Once you have permitting in place, you may very well be able to attract partners from the retail diamond sector interested in the very high-quality diamonds that will presumably come out of the Terrace 5 gravels," Richards said.

While it gets a feel for Blina, the company is clear on its strategy at the Laverton gold project.

"This quarter we intend to drill the Laverton gold project. We have permitting for it and it is still our intention. It will be a maiden reconnaissance programme, but it has been noted we are one of the few companies getting into greenfields stuff, so we will give it a go and potentially make a big discovery," Richards said.

The Laverton project is 2.2km east of Granny Smith, however, there are no records of any previous drilling, Richards said.

"I think it is a great opportunity to spend a modest amount of money and have access to enormous upside. The Granny Smith mill is very underutilised at the moment, so if we did have a discovery we're in business," he said.

While the company is bullish on Blina and Laverton, top billing



Phosphate Australia is shopping around for a JV partner to help develop the Highland Plains phosphate project in the Northern Territory

in Phosphate Australia's portfolio still belongs to its Highland Plains phosphate project in the Northern Territory.

"We are actively promoting the phosphate project. It is clearly a big project and needs a big partner, so we are in JV mode. We are actively seeking a JV partner and we have had a number of discussions ongoing during the course of the year and they remain ongoing. That would be a company-making deal for us if we manage to put that project to bed and it would have enormous upside for the company," Richards said.

Highland Plains, hosting an inferred resource of 53mt @ 16% phosphate, is 68km west of the Century zinc mine in North Queensland.

Resources have been exhausted at Century, however, infrastructure remains in place.

"There is mains power, beneficiation plant and slurry pipeline to the coast and we can try and utilise that infrastructure one way or another," Richards said.

Phosphate Australia has spent about \$8 million developing Highland Plains and is conscious of spending too much more in the current market environment.

Therefore, being able to potentially access existing infrastructure at Century, plus some of the Federal Government's \$5 billion Northern Australia Infrastructure Facility, means Highland Plains is well positioned for development.

"We will be in line for that Northern Australia Infrastructure Facility for a slurry pipeline, roads, power line, etc and it may well be the catalyst for

us getting the project up," Richards said.

A scoping study has been initiated with the outcome of an assessment of using existing infrastructure at Century seen as a potential driver for further capital investment. MMG Ltd used a slurry pipeline to transport product from Century to Port Karumba, Queensland, where all necessary facilities are in place.

Positive results could be game-changing and warrant more attention for Phosphate Australia.

Earlier this year, the company was subject to an on-market takeover from the Sir Ron Brierley-led Mercantile Investment Company Ltd.

The bid failed, with Phosphate Australia declaring the attempt "opportunistic and undervalued".

Richards said the company had forged a reputation as a good dealmaker, evidenced by its relevance in a glum resources sector.

"Sir Ron Brierley has a formidable reputation and it was a great feather in the cap from the team that I led that we were able to knock it back, without them buying a single share in our company and I suspect that is the first time it has happened to them. Definitely, I think Ron saw value there but he wasn't willing to pay value," Richards said.

Richards said Phosphate Australia would extract maximum value out of Highland Plains and the rest of its portfolio for shareholders and continue with its strategy of self-funding ground acquisitions and exploration programmes with its \$3 million cash.

– Mark Andrews

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Jim Richards