



Rural

New bid to get at the Kimberley's rare fancy yellow diamond deposits

ABC Rural By [Courtney Fowler](#)

Updated yesterday at 05:32

First posted yesterday at 05:27



[The Ellendale mine once produced 50 per cent of the world's supply of fancy yellow diamonds](#) (Supplied: Kimberley Diamond Company)

The Kimberley is believed to be home to the world's largest deposits of rare, yellow diamonds and some of the biggest mining companies have tried and failed to profit from them.

Now a Perth-based company is about to have another go and thinks there may be a "bonanza of hidden diamonds" waiting to be extracted and sold on the world's diamond markets.

The company is convinced it has what it takes to get at the "fantastic stones" known as fancy yellows which are coveted by wealthy dealers and buyers.

POZ Minerals and the Bunuba Dawangarri Aboriginal Corporation signed a Mining Agreement this week for the Blina diamond project, about 100 kilometres east of Derby.

The project sits near the old Ellendale mine that once produced 50 per cent of the world's yellows and supplied stones to New York's famous Tiffany and Co.



[The Blina diamond mine announcement follows a historic Mining Agreement between POZ Minerals Limited and the Bunuba Dawangarri Aboriginal Corporation.](#) (Supplied: POZ Minerals)

The Ellendale Diamond province has seen many diamond mining ventures, including the embattled miner Kimberley Diamond Company whose project went into administration in 2015.

World's biggest source

However POZ Minerals' executive chairman Jim Richards said he believed his company could succeed.

With the world's biggest source of yellow diamonds potentially still in the ground, he said the right operator could make Ellendale pay where others had failed.

"About \$30 million has been spent on this project over the last 25-odd years by big companies like De Beers, Rio Tinto, Kimberley Diamonds, Blina Diamonds and now we've got that project 100 per cent in our company," Mr Richards said.

"Originally back in 2005-06 Blina Diamonds did some trial mining of their own, they took out 73,000 tonnes and got a significant amount of diamonds out of that.

"But importantly, a significant quantity of those diamonds were fancy yellow diamonds, which the Ellendale mine was famous for and it's those diamonds that we're pursuing.

Positive new era

"Any of the high-end diamond market retailers would be interested because they can brand those diamonds as their fancy yellow diamonds.

"We've got the goods, there's some fantastic stones in there [but] what we need to do is improve on the grades that were found by the previous operator."

Mr Richards described the project as the start of a positive new era for the region's diamond industry.

"It has been a long time between drinks for the diamond industry, so it is good news," he said.



[The Kimberley Diamond Company's Ellendale diamond mine went into administration in 2015.](#) (ABC Rural: Matt Bran)

Mr Richards said contractors, geologists and engineers and others associated with the industry had been struggling to get contracts over the past 20 years.

"I'm hoping this might be the start of a new positive move forward for the diamond industry in the Kimberley," he said.

The Mining Agreement includes new employment and training opportunities, earthmoving contracts, share options in POZ Minerals and profit share arrangements for the Bunuba.

Bonanza of hidden diamonds

Mr Richards said POZ Minerals would start with a trial project of about 15-20 people, using alluvial mining techniques to target high-grade diamond pockets.

"In alluvial river deposits you can get some very high grade pockets of diamonds because they're preferentially sorted by the river," he said.

[So] you have to have some method to try and target that high grade area preferentially and if you can find it, you could actually be stumbling upon a bonanza of hidden diamonds, which could be of very high grade and very profitable."

To achieve that, POZ Minerals will use a technique called "ground penetrating radar" which illuminates the alluvial channel.



[Some of the diamonds recovered from a trial mining site in the region in 2005.](#) (Supplied: POZ Minerals)

However, Perth business analyst Tim Treadgold said he was not convinced POZ Minerals could make the Ellendale diamond province commercially successful.

Mr Treadgold said the diamond market was a tricky business with high operating costs, a reliance on a steady supply of high quality stones and unpredictable retailer demand.

"It has always been a difficult project, ever since Rio Tinto and its predecessor companies discovered it and the fact that they opted to not develop it in the earliest days was an indication that commercially it was marginal," he said.

"And it depends on demand at the time, for particular qualities."

However, Mr Treadgold said starting the project on a small scale, with low staffing and equipment costs would put the project in good stead.

Topics

[Mining \(Rural\)](#) [Diamonds](#) [Derby](#) [Perth](#) [Fitzroy Crossing](#)