

Infrastructure, location give Tri Origin helping hand

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NEW South Wales-focused zinc play Tri Origin Minerals is positioned to take advantage of its location and infrastructure upside in bringing Woodlawn mine back to life, which the company believes will give it an edge in an industry struggling with rising capital costs and labour issues. Report by Kate Haycock.

With its key Woodlawn zinc re-development project in the final stages of a pre-feasibility study, Tri Origin managing director Bruce Robertson is keen to emphasise the upsides of the project.

What makes Tri Origin's key project stand out, Robertson told *MiningNews.Net*, is not only its 10 million tonne resource with an overall zinc-equivalent grade of 16.9%, but also the position of the Woodlawn mine itself, an advantage that he thinks will give the company an edge in an industry struggling with supply, labour and infrastructure issues.

"The unique characteristics of this project are that it has some key advantages in terms of the project's setting," Robertson said. "[That] gives us significant competitive advantages over other projects entering into the zinc market at this stage."

The fact that Woodlawn was a productive mine as recently as 1998 and sits on an existing mining lease are key advantages, and while these are obviously big ticks for the project, they're not the only ones, according to Robertson.

For a start, the land around the mining lease is owned by waste-management company Veolia (formerly Collex). While mining and waste seem like an unlikely partnership, Robertson said Tri Origin has the company's support.

"They currently own the land around the mining lease – they're the only landowner that we're dealing with onsite. They also acquired all the infrastructure, like the buildings and the like, from the administrators of Deanhurst. We have their support as a landowner and joint tenant," Robertson explained.

The mine shut down in 1998 due to low zinc prices and administrative problems for the original owner, and Veolia has been using the site as part of its waste management services operation since it acquired the area in 2000.

"The beauty of [Veolia's presence] is that their operation has preserved a lot of the infrastructure that exists there today. Normally when a mine shuts down, everything is sold off and scrapped. But because of their presence on the site, everything has been maintained and a lot of the infrastructure and services are in pristine condition."

Robertson also explained that the company's waste management facilities at the site include a bioreactor, which will generate power in the near future. "[It] has been producing methane gas for quite a while, and they're shortly commissioning a powerhouse which will feed power into the grid."

While he was quick to point out that having the bioreactor sitting in the pit right above the underground mine won't necessarily mean free electricity for Tri Origin, Robertson said there is scope for Veolia and Tri Origin to work together in some way in future.

"We believe there are complementary opportunities between us and Veolia in the future, but first we need to define the scope of our project through the pre-feasibility study," he said.

Other infrastructure advantages to the Woodlawn project have much to do with its location at the Lachlan Fold belt of New South Wales, about 200km from Sydney and near the regional centre of Goulburn.

"We've got a bitumen road to the front gate of the mine, we're near a railway line that connects us to three ports on the east coast of NSW, and it also connects us to the rest of the Lachlan fold belt in NSW, which is a highly mineralised geological environment," Robertson said.

"The other thing is that we've got powerline capacity to the site – we don't need to put in any powerlines to put in grid electricity to the site and there's a bore field established near the mine that's provided water for the mine in the past," he said, adding that this meant Tri Origin would have power for its operations at a fraction of the cost of companies operating in remote areas, which have to rely on diesel generators.

Woodlawn is also very close to Goulburn, a regional centre of around 22,000 people, which Robertson said means the company should have lower costs when it comes to hiring and retaining a workforce.

"We're in an environment where we believe we can attract a very good workforce. It's not fly-in, fly out, we don't need to build any housing onsite, so therefore with this setting we believe there are significant capital advantages over any other development that's occurring at this point in time," Robertson explained.

And then there's the zinc price, which Robertson also cast as an upside for the company. Unsurprisingly, he agrees with those who think China's boom will be good news for zinc in the short, medium and long term.

"I'm a firm believer and supporter of [the] view that zinc has a great future, given that China will follow the US pathway into being a significant economy.

"If you look at the next 10 years, the per capita GDP in China is expected to increase from \$US2000 to \$US5000. Importantly though, the population with disposable incomes is expected to increase from around \$100 million to \$300 million in the next 10 years. So when you look at China, the penetration rate of cars in China is about 1.3% of the population own cars. Now when we compare that to the USA, that's where the USA was in 1913.

"We would expect to achieve approval for development in the first half for next year, given that the project we've got has an approved mining lease and it's a mature site ...

we'll have production in 2009," he said.

The results of Tri Origin's pre-feasibility study will be announced to the market in the next few weeks, Robertson said.