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Long-life mine project could be EP job creator

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CAMERON ENGLAND BUSINESS EDITOR

A PROPOSED kaolin mine on the Eyre Peninsula's west coast could produce for 26 years and generate pre-tax cashflow of almost \$2 billion over that time, its proponents say.

The Poochera halloysite-kaolin project, owned by Adelaide companies Andromeda Metals and Minotaur Exploration, would cost an initial \$13 million to build, plus \$15 million in working capital.

That start-up cost would enable a project to export ore for processing overseas, but the prefeasibility study released recently also envisages spending another \$56 million

on a processing plant in the second year of operation.

That would enable the export of a higher-value form of the product, which is used in industries such as ceramics.

The mine, 130km southeast of Ceduna, would employ 30-40 people on an ongoing basis, with Andromeda saying it expected it would run a bus service from Streaky Bay for mine employees.

Andromeda has been earning its interest in the project from Minotaur by expanding the mineral resource in recent years and spending on the PFS, and will move to a 75 per cent interest once it has spent \$6 million, which it intends to do.

The company said in an ASX release it would now turn its focus to the regulatory aspects of the project.

"The anticipated timeline for the project development is to conduct environmental impact assessments over the balance of the 2020 calendar year and prepare a mining lease application targeted to be lodged in early 2021," Andromeda said.

"Subject to satisfactory progress negotiating agreements with key stakeholders, obtaining of all necessary regulatory approvals and completion of a DFS, commencement of site activities is now targeted for early 2022 with first product sales possible in mid 2022."

The company said the fundamental underpinnings of the kaolin market were strong.

"Market demand for this type of mineral is extremely high and growing because global production is reducing with the closure of several significant high-quality sources," the PFS says.

"The company considers the 26-year supply life identified in the PFS makes Poochera halloysite-kaolin a valuable long-life strategic source to customers which is not currently available to them and has given rise to the extremely high and growing level of market interest."

There was also work being done to diversify the product's market.

"Interest has been high with numerous requests for material being received from potential customers in several countries," Andromeda said. "Testing has also been expand-

ed to new applications to reduce dependence on the ceramic industry and investigate potentially higher value business in Australia and overseas."

Andromeda said it had enough cash on hand to undertake the next stages of planned work and applications, and there were also \$7.8 million worth of 1.2c options in the money which could supply further working capital.

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STRONG POTENTIAL: Andromeda Metals has high hopes for its Poochera kaolin project on the Eyre Peninsula.