Indian connection opens up Legend's phosphate aspirations

Joseph Gutnick is known to most Australians for his big adventures in diamond and gold exploration and while he has not departed from his dream of developing a diamond mine, phosphate is on his agenda these days.

In the tough days of the global financial crisis it was a time for the tough to get going and being the seasoned corporate operator he is, Gutnick saw years ago that phosphate was evident and that it was a commodity going nowhere in Australia because of the poor price for the commodity.

He was able to pick up major and unloved phosphate deposits in north west Queensland, including Lady Annie and Lady Jane, as well as targets in the Northern Territory, in part identified during earlier diamond exploration.

All the properties are now in the OTC (over-the-counter) traded Legend International Holdings Inc of which Gutnick is both president and chief executive. It has a board with some faces familiar to other Gutnick companies, namely, Allan Trench and David Tyrwhitt.

This month, Legend announced it plans to begin phosphate production and sales operations from the Paradise deposits and that a shareholder option agreement had been struck with IFFCO, the large Indian large phosphate and agricultural marketing company.

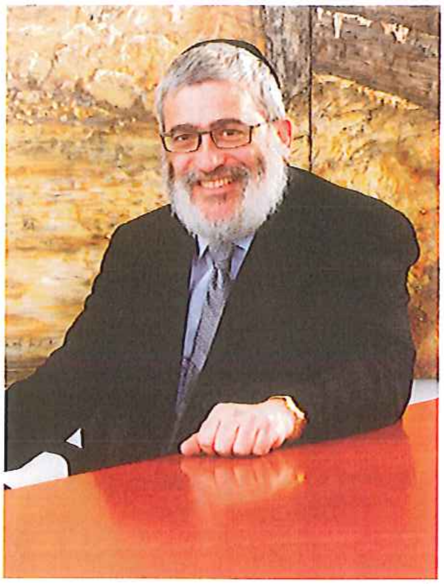
IFFCO wants to secure direct shipping ore (DSO) for its large and growing Indian market, which dovetails with Legend's plan to walk before it runs in the global phosphate and super phosphate market.

By opening up its Paradise project to DSO ore first, Legend takes the quickest route to cash flow and also requires considerably less capital outlay for a mining-to-shipping route.

Legend could be in production within 12 months, using high-grade ore from Paradise North, which has 7.3 million tonnes grading 28.1% P_2O_5 and the initial production rate could be 1 million tonnes per annum.

Meanwhile, the company plans to advance its proposal for a 1 Mtpa beneficiation plant and infrastructure for the Paradise South deposits (including Lady Annie) and this could see a 32-34% P205 phosphate rock concentrate produced.

The expansion target will be to establish complete infrastructure to produce MAP (mono-ammonium phosphate) and DAP (diammonium phosphate) quality for which the cost of the processing and infrastructure complex could top $800 million. It is an investment or project partnership that could interest either a Chinese group – to satisfy massive Chinese demand – or one of the food bowl countries of Asia.



Legend International's Joseph Gutnick.

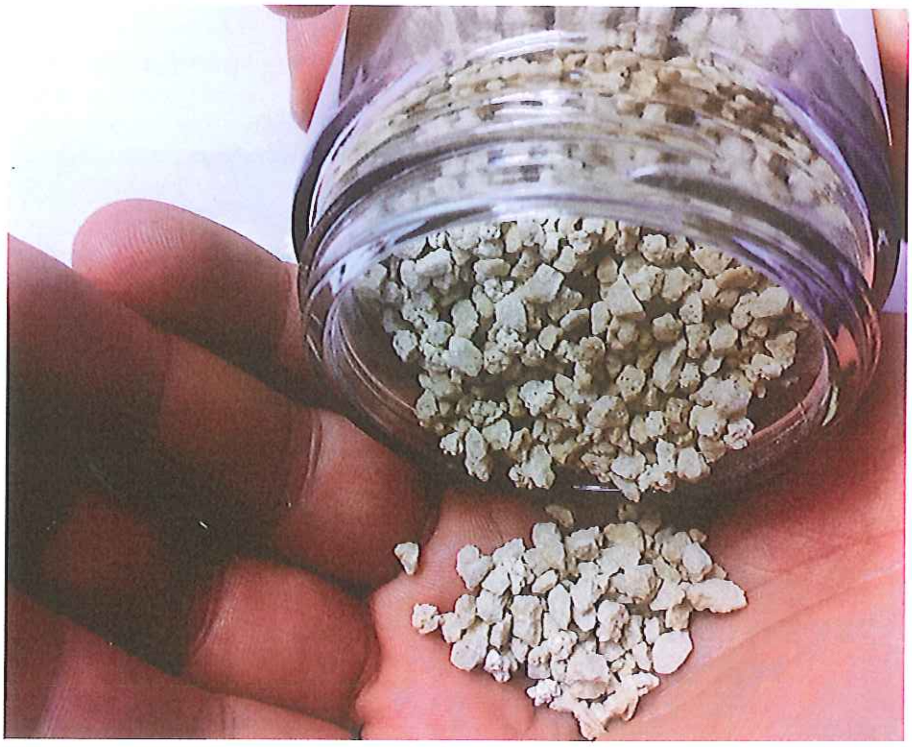
The Development application for Paradise has had strong Queensland Government support which has deemed it a priority project.

The blueprint would be to begin producing from Paradise North from 2013 and Paradise South two years later and for product to go south east to a Mt Isa fertiliser complex and then be shipped out of Townsville.

Gutnick told *Gold & Minerals Gazette* there was an obvious growing domestic market for phosphate and superphoshate and with a strong price like the present then Legend could supplant up to 50% of the more expensive supply of phosphate from Morocco and elsewhere.

Legend also sees a market for aluminium fluoride (AIF3) as it could be producing between 15,000-30,000 tonnes per annum of this product. Most AIF3 is currently made from depleting resources of fluorspar.

The substantial but less advanced phosphate deposits in the NT are mainly in the far east, close to the Queensland border, so proximity may be a virtue for their development.



Mapdap phosphate from testwork at Paradise.

Ross Louthean