

PHOSPHATE

Phosphate legend in the making

A major brownfields DSO phosphate project in the Georgina Basin, directed by one of the Australian gold industry's big names, will aim to return some morale to the embattled Mt Isa region when it begins shipments this year.

Traded on the OTC Bulletin Board, Legend International Holdings Ltd planned to begin phosphate rock shipments to its partner – Indian Farmers Fertiliser Co-operative Ltd (IFFCO) – by the end of 2009 and ramp-up to full production of 30-34% phosphate @ 5 mtpa by 2012.

Legend's lightning shift from explorer to producer – given at the time of writing it didn't have an inferred resource for the deposit it hoped to be mining within a few months – is all the more striking for the fact it only pegged the project in October 2007.

Chief executive Joseph Gutnick – who oversaw the discovery, development and operation of the Bronzewing, Plutonic and Jundee gold mines – described the acquisition as “serendipity”.

But the truth is Legend was two steps off other Australian explorers who divvied up exploration ground in the Georgina Basin when phosphate prices shot up a few months later.

The Lady Annie and Lady Jane projects Legend acquired would have been hot property had it stayed on the market any longer. Drilled out extensively by miner Broken Hill South in the 1970s, the deposits have a historic resource of around 486mt. The historic resource for the total landholding is 1.35bt.

Legend is confident enough in the assets to have formed a deal which will see it producing for decades, despite the fact Lady Annie and Lady Jane are still not cleared for exploration.

Approval is expected in the third quarter of this year. So eager is Legend to begin shipments of rock phosphate to IFFCO, it acquired the remaining part of the D-Tree project near Lady Annie it didn't already own.

Forming an 80/20 JV with Mt Isa Mines Ltd (which owned tenements covering part of D-Tree) in October, Legend jumped straight into a 476-hole, 12,520m RC drilling programme.

It planned to deliver a maiden inferred resource for D-Tree, 125km from Mt Isa, by the end of the first quarter. Legend will target high-grade ore capable of being exported without being beneficiated.

Through that model, it will begin exporting 0.5-1mt of rock phosphate to IFFCO's Paradeep plant by the end of this year.

When it has gained access to the higher grade Lady Annie and Lady Jane deposits, and validated the historical resource, it will bump production up to 2-3mt by 2010-11, before ramping up to 5mt by 2011-12. Later it plans to produce its own fertiliser products.

The super-aggressive timeline is to a large degree due to Legend's faith in the ore quality and historical resource data at Lady Annie and Lady Jane.

Not only do the deposits host phosphate which grades 35-36% and offers recoveries of 80-90%, but historical records also spell out



A sample of the rock phosphate from Legend Holdings' Lady Annie project in the Georgina Basin



Joseph Gutnick (left) at the D Tree prospect, also in the Georgina Basin

where the highest grade deposits are.

Gutnick said having a partner which would “buy all the phosphate rock we could produce” at the market price was good insurance against the changing tides of the market.

“It also makes it easy for us to know what quality is needed, based on the specifications of their plant. It would be a nightmare trying to adapt your ore to different plants.”

Accordingly, Legend has conducted metallurgical work on the D-Tree material and will attempt to tailor it to the Paradeep plant's unique requirements.

With treatment arrangements in place, transport looms as the biggest project cost. From Lady Annie it is 1,000km by rail to the Townsville Port.

Gutnick said Legend was in discussions to develop a new berth at Townsville, and in discussions with ARG and Queensland Rail about capacity and length upgrades.

Building a slurry pipe for transport to Karum-

ba Port, in the south-east corner of the Gulf of Carpentaria, was considered but the port was deemed incapable of handling full production shipments.

Legend is sitting fairly pretty after raising \$US105 million in June through private placements, and is debt-free.

Gutnick said it planned to keep it that way – hence it wouldn't be developing beneficiation infrastructure until it had developed cash flow.

With a mine life predicted to be in the order of 30 years, at a production rate that would potentially increase Australian phosphate exports to India by 20%, Legend would return some good news to Mt Isa, according to Gutnick.

“This will be one of the major successful projects to be developed in the north-west region. (India) is viewing us as a strategic ally, and our product as quite an important part of the industry.”

– Andrew Pascoe

