

# Interest remains strong in KNP

Although it has yet to find another partner for its large Kalgoorlie nickel laterite play in Western Australia, Heron Resources Ltd is still targeting first production of the base metal by 2017.

The company has appointed KPMG's Perth branch and Macquarie Investments of Shanghai to assist with the search for a fellow developer and is hoping to finalise a deal within the next few months.

Heron managing director Mathew Longworth said he had been pleasantly surprised by the amount of interest already generated both from within Australia and overseas by the ambitious Kalgoorlie Nickel Project (KNP).

He also acknowledged that any potential partner would need to have a funding mechanism as part of the package to bankroll the development.

In other words, the junior was looking to nickel users or traders rather than traditional mining companies.

Vale Inco Ltd walked away from the project in May this year after spending \$34 million on a prefeasibility study, an exercise which saw it complete 90,000 metres of RC and diamond drilling as well as conduct metallurgical sampling.

Resources for KNP total 989 million tonnes of mineralisation at a nickel grade of 0.73%. The Vale Inco PFS estimated a mine life of 34 years and production peaking at 36,000t of the base metal in a mixed hydroxide intermediate product.

The predicted production profile will peak early in the operation's life at 36,000t per

annum before dropping off to 23,000 tpa.

"We are currently going through and optimising that work and believe we can squeeze some more out of the project," Longworth explained during the recent Mining 2009 Resources Convention in Queensland.

The Vale Inco PFS was based on a pressure acid lead process working on beneficiated ore and resulted in low acid consumption of around 280 kilogram/t of ore.

"Beneficiation is the key part of the flow sheet and it means that the leaching grade of the resource is somewhere north of 1% – typically around 1.2-1.3% nickel – and, in the early years, grades in excess of 1.5%," Longworth noted.

## Progress made

Vale only looked at four of the 14 deposits which comprise the Kalgoorlie nickel property, and had undertaken a vast number of studies.

Long lead time environmental studies to determine base line date are also progressing.

"If they were end to end, the deposits would cover 90 kilometres in strike length," Longworth observed.

Outside of its Kalgoorlie play, Heron has done a deal with Chinese group Ningbo Shanshan Company Ltd to investigate development of its wholly owned Yerilla nickel-cobalt project, which is also located in WA.

Shanshan can earn a 70% interest in Yerilla by completing all studies and commissioning a plant on site that is capable of achieving 50% nameplate capacity (as determined by a feasibility study).

The process will produce a concentrate of ferro nickel cobalt alloy at Yerilla for further



The junior is hoping the time will come when its mining project will become a part of the Kalgoorlie-Boulder landscape.

processing in China for Shanshan's battery business.

"We are currently undertaking piloting in China and that will then feed into a feasibility study during the course of next year," Longworth said.

"They have a very big task in front of them, but we are working well on that and are targeting around 10-12% contained nickel in the alloy to be produced – a much higher quality than any of the nickel-rich pig irons – and it is totally benign."

As for nickel sulphides, Heron has intersected more than 2m of stringers containing the base metal at its Avoca Downs project, located 80 km east of Kalgoorlie-Boulder. It is currently awaiting assays.

The junior also has the Kalpini property, which sits 4 km south of Emu Nickel Ltd's/Xstrata Plc's Emu nickel project, where diamond drilling is targeting an EM conductor.



Mathew Longworth

By Tania Winter