

## Carpentaria eyes 1bn tonnes at Hawsons

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The Hawsons project lies tantalisingly close to major infrastructure, including rail.

### Yvonne Ball

The next few weeks are shaping up as the most significant in Carpentaria Exploration's three-year history.

Executive chairman Nick Sheard and his team hope to unveil a 1 billion-tonne maiden resource at the company's flagship Hawsons Iron project near Broken Hill in mid-December.

The milestone will come as a Christmas bonus for Carpentaria shareholders, who have already been rewarded with a fourfold increase in the company's share price since the start of the year amid growing interest in the magnetite project.

"We're in that lovely process now where we've got all our drilling data to date in with Hellman and Schofield, an independent geology group and they're calculating the resource as we speak," Sheard told Resources Daily.

"The nice thing is the data base is all cleaned up, they're doing all the work now so they can just add the next few holes in. So we're very confident we'll get a resource up in mid-December."

Hawsons is only 60 kilometres south-west of Broken Hill near the South Australian border and is already generating excitement within the historic mining town, famous for its production of lead and zinc, as the potential for a major new industry moves closer to reality.

Carpentaria is already fielding approaches by parties, mostly in Asia, interested in buying the steel-making ingredient.

"We're starting to get approaches from third parties," Sheard says. "It is starting to gain some traction in the market. People are interested and they are starting to come to us.

"Whether we do an offtake or not is another thing. It's actually quite pleasant that people are talking to us."

Sheard, the former vice-president of exploration at Canadian nickel giant Inco, has assembled a diverse portfolio of projects for Brisbane-based Carpentaria, including tin and copper, also around Broken Hill, coal in the Galilee Basin and gold in NSW's Lachlan Ford Belt. But it is the Hawsons discovery that is capturing the imagination of investors after rock chip sampling in early 2009 generated iron assays of 45 per cent to more than 50 per cent.

The results boosted interest in the prospect which, unlike many stranded iron projects in Western Australia, lies tantalisingly close to major infrastructure, including rail. Sheard launched a drilling program in July last year and

subsequent intersections of thick of magnetite bearing iron formation exceeded even Carpentaria's expectations.

A month later, Davis Tube Recovery (laboratory tests that determine the magnetic mineral content of a sample) and assays results confirmed a significant magnetite-iron discovery, which Sheard claimed had the potential to become the largest iron project in NSW.

Sheard's upbeat view was backed up by Hellman and Schofield, which suggested Hawsons could contain 2.5 billion to 4.5 billion tonnes. Sheard was even more optimistic, pointing out that the tonnage could be even larger given the number of potential targets not included in the report.

Carpentaria's confidence in the project's magnetite potential was given a further boost in October 2009 after the discovery of a misplaced historical drill-core, drilled by Placer Exploration more than 10 years ago, which added another 1 billion to 1.5 billion tonnes to the estimated exploration target.

Carpentaria's success at Hawson's did not go unnoticed, with the project attracting the attention of privately owned Asian and Australian-backed Bonython Metals Group, the company's joint venture partner at its South Dam iron project in South Australia.

The two groups signed an \$81 million joint venture in April, which has the potential to transform Carpentaria from a junior explorer into a iron ore miner. The deal will leave the company with a 20 per cent free carried interest in the project to the production of 20 million tonnes of iron ore concentrate.

Staged payments have already seen Carpentaria pocket \$13 million from BMG, comprising \$5 million cash and the funding of exploration and pre-feasibility work aimed at proving up the 1 billion-tonne resource.

While heavy rain around Broken Hill has affected Carpentaria's exploration in recent months, an initial drilling campaign has been completed and phase two is close to completion.

"All the work we are doing at the moment, is very consistent, the product would be consistently high grade, 69 per cent iron," Sheard says.

The results will be included in a pre-feasibility study that Carpentaria hopes to release in March. There's no doubt the company's major shareholder Baotao Anchang Trading Company, which has about 15 per cent of Carpentaria, will be paying close attention. Baotao is major provider of coking coal and iron ore to Chinese steel makers BaoSteel and Ansteel.

"When we put out our resource it is going to be big, so it is going to give people a bit of a shock I think," Sheard says.

The Australian Financial Review

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