Monday
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Carpentaria grows Hawsons NPV to $3.2B

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IN-PIT crushing and conveying instead of conventional truck haulage has grown the estimated net present value of Carpentaria Exploration's flagship Hawsons iron project in New South Wales to $A3.2 billion.

The news seems to have hit the right chord with investors with shares in the company already up nearly 37% in morning trade.

Drilling at Hawsons in South Australia.

The modelling work, undertaken by GHD, was part of a recent mining option study for Hawsons, which increased its NPV by 14% compared to estimates in the original prefeasibility study.

The PFS evaluated a 20 million tonne per annum concentrate option with a three year, 5Mtpa start-up period. It delivered a $2.8 billion capital cost based on a NPV of $2.8 billion, internal rate of return of 21%, with project payback in 6.5 years based on average annual gross profits of $688 million.

The project is operated under a joint venture with Bonython Metals Group under which Carpentaria is not required to contribute any expenditure during the proposed mine life, but will receive 20% of total output .

For Bonython to continue in the JV, it must contribute $25 million in cash to Carpentaria and start a definitive feasibility study by May 15 next year.

If it elects to withdraw, Carpentaria can, if approached by a third party with a bona fide offer to acquire all of Bonython's shares in the project, sell the latter's percentage for the same value as its contributions to the project.

The update from the GHD option study delivered a $2.9 billion capital cost, an IRR of 23% and project payback in 6.3 years based on annual average gross profits of $735 million.

A slurry pipeline was used by GHD in its calculations. This would replace trucking for transporting the product the 60km to Broken Hill.

Mining cost estimates of $15.04 per tonne of concentrate in the recent study was down 23% over the PFS. This contributes to a 5% fall in operating costs to $33.97/t of concentrate at the mine gate and an improvement in the internal rate of return to 23%.

"This builds on an already robust financial model and development concept and shows the benefits of a very large and simple deposit," Carpentaria executive chairman Nick Sheard said in a statement.

"In-pit crushing and conveying is an established mining method and well suited to the Hawsons deposit, importantly it has not yet been optimised and further cost reductions are possible."

In addition to this mining cost saving, Carpentaria is working on processing cost savings, including capital costs, to maximise the benefits of the soft ore that already exhibits excellent magnetite liberation.

Hawsons itself hosts an inferred magnetite resource of 1.4 billion tonnes at a Davis Tube Recovery grade of 15.5% (12% cut-off grade) and an exploration target of 6-11Bt at 14-17% DTR, including up to 1.9Bt of high-grade magnetite concentrate.

Shares in Carpentaria were up 36.11% or 6.5c in morning trade to 24.5c.

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