

RARE METALS

MDN plans to list Quebec tantalum project

By: **Matthew Hill**
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TORONTO (miningweekly.com) – MDN Inc. aims to spin off its Crevier niobium and tantalum project in Quebec in a new Toronto listing late this year or early in 2012, CEO **Serge Bureau** said on Wednesday.

First, the company plans on bringing a strategic partner on board to assist in building the mine and financing it, he said. In May, TSX-listed MDN hired PricewaterhouseCoopers Corporate Finance to assist in finding a strategic partner, and Bureau said the process should take around three to four months, unless the potential partners wanted to first see the results of a feasibility study due at the end of the year.

A 2010 scoping study envisaged a \$316-million capital cost for a mine that would produce 1.7-million kilograms of niobium oxide and 178 000 kg of tantalum oxide yearly, with output starting in 2014. Tantalum is used in the electronics industry, while niobium is used to make capacitors, computer screens, camera lenses and cutting tools.

MDN also owns a 30% stake in the producing Tulawaka gold mine in Tanzania, with African Barrick Gold holding the rest, and a 70% ownership of the Ikungu gold project, also in the East African country.

The gold assets would remain in MDN, while Crevier would form the basis of a new company.

“We need to test the market,” said Bureau, when asked how big a stake in the new company MDN would look to sell to the new strategic partner. He added that 30% would be a “reasonable” amount, but this all depended on what the company got offered. Iamgold owns 27.5% of Crevier, but MDN has options to take up 100% in the project eventually.

According to Bureau, MDN is also considering building a refinery at the project at a later stage, which would also create value. He said that Crevier is close to transport infrastructure, but that the mine would need a roughly \$60-million power line to connect it to the grid. For this, he is hoping the Quebec government will step in and assist with financing.

Earlier this year, Quebec premier **Jean Charest** unveiled the province’s Plan Nord, which seeks to encourage industrial development in the northern parts of the province. Crevier was selected as one of the 11 mining companies currently included in the plan.

Bureau was upbeat on the prospects for the mine, given the rising demand for niobium and tantalum. “This project will generate over \$50-million a year in cash flow,” he said. The scoping study used a tantalum price of \$150/kg, while this has been bumped up to \$275/kg for the feasibility study. The company was using the same niobium price in the feasibility study as the scoping report, \$50/kg. Bureau said demand for tantalum was growing strongly. A Roskill study forecast demand growth of 6% to 7% yearly over the next four to five years.

“There is space for us to bring a new mine into production,” noted Bureau.

Edited by: **Liezel Hill**