

# Mediaportal Report

## Press

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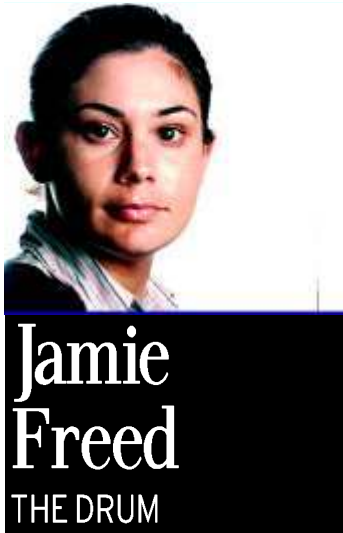
- ▶ **Spending up big**  
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## Spending up big

Given its orebody is believed to be an extension of the one being mined by Minara across the road, it's not surprising **GME Resources** has closely followed the development of its rival's heap leach plans. GME is studying the feasibility of a \$1.1 billion heap leach project, which would produce 35,000 tonnes of nickel a year.

"We think it's the best undeveloped laterite project in

Australia in terms of resource quality," the managing director, David Varcoe, said.

As a small company, GME's prospects of financing the NiWest laterite project by itself would appear doubtful.

Mr Varcoe admitted financing was the key issue and said GME would consider taking on a partner after it completes the feasibility study. GME has held talks with Minara about possible

deals in the past, but realised the best way to create value for shareholders would be to progress its own project.

GME plans to spend \$7 million to trial leaching 4000 tonnes of ore and expects to recover about 70 to 80 per cent of the contained nickel within 120 days. GME expects to raise some more cash this year, possibly through a rights issue in the third quarter.



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## Ravensthorpe's nickel project opening offers laterite hope



**PETER KLINGER**

WA's laterite nickel industry received a much-needed confidence boost on Friday when the world's biggest miner, BHP Billiton, formally closed the curtain on the construction phase of its much-delayed, and even more expensive \$US2.2 billion (\$2.29 billion) Ravensthorpe project.

Not only that, but BHP's stainless steel materials boss, Jimmy Wilson, expressed confidence the mine's ramp-up to 50,000 tonnes a year by 2010 was on track and should happen without major incident.

In other words, Mr Wilson reckons his team has learnt lessons from the problems that have dogged the WA industry's pioneers — Murrin Murrin,

Cawse and Bulong.

The proof, of course, will be in the eating. But with nickel pricing still at levels around \$US25,000 a tonne, compared to \$US15,000/t when BHP approved Ravensthorpe in early 2004, the potential of 50,000t of annual nickel production is understandably sufficiently juicy to make Mr Wilson's mouth water — assuming his faith in a smooth ramp-up is repaid.

Murrin Murrin owner Minara Resources did not manage to iron out design problems that had dogged its nine-year dream of reaching name-plate production capacity of 40,000 tonnes a year until the end of last year.

The problem with WA's laterite mines is that their metal extraction relies on technically complicated pressure acid leaching in giant

autoclaves.

Not surprisingly, Minara has since tried its hand at more conventional heap leaching, which is slower but a

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**BHP: Expects to produce 50,000tpa.**

## Ravensthorpe opening buoys GME

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lot less risky and much cheaper.

It is also perfect for low-grade ore, and two months ago Minara extended its three-year-old heap-leach project from about 2000tpa to up to 10,000tpa at a cost of \$300 million.

Minara's decision came as a fillip for its neighbour, GME Resources, which is sitting on more than one billion tonnes of resource surrounding Murrin Murrin.

If this was China or Russia, the government would have ordered GME's NiWest project to be folded into Minara.

Unless Minara offers at lot more

than 46¢, GME's last share price, and takes over the Perth junior, NiWest will head down the path of developing its own life, utilising some of the Murrin Murrin-sparked infrastructure in the area.

GME managing director David Varcoe and his team have just kicked off a feasibility study and spent the past week marketing their story to Eastern States investors.

The core of Varcoe's message is that a 4000t heap leach trial is being targeted for later this year to try to prove that GME's strategy is viable. The junior expects to recover 70 to 80 per cent of the in-ore nickel during the 120-day leaching cycle.

If the feasibility study, incorporating the trial, is as successful as GME expects, NiWest could become a 35,000tpa producer with a 20-year mine life, making it one of Australia's biggest nickel mines, based on leaching up to 4.5 million tonnes of ore a year.

The likely capital cost is not insignificant — about \$1.1 billion — but if Minara's own heap-leach experiment gathers momentum, and if BHP's Jimmy Wilson's rosy outlook for nickel prices holds true, GME could enter next year — and the start of NiWest financing negotiations — with a heightened sense of optimism.

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