

Bauxite takes its turn on investors' screens



PETER KLINGER

The unprecedented resources boom that is threatening to turn WA into one giant open-pit mine has prompted investors to focus their attention on virtually every element of the periodic table.

Uranium and iron ore have jostled for top position on a list of desirable metals that includes copper, nickel, manganese, molybdenum and gold and has prompted many a company to ditch long-held strategies in favour of the metal flavour of the moment.

What better example but Flinders Diamonds which, after a fruitless search for diamonds on its Pilbara property, turned to iron ore and proclaimed last week to have identified a big potential resource. Its shares soared 790 per cent.

But among the rush to find ingredients to feed China's insatiable economic kitchen, one key mineral has been conspicuous by its absence — bauxite.

Because of the huge investment required to turn bauxite into alumi-

um, it has oft been ignored by explorers. All that has changed this month, however, with two juniors signalling their intent to be taken seriously and place bauxite firmly on the Perth mining community's radar screen.

First cab off the rank was United Minerals Corp, whose board includes Phil Crabb and Mal Randall. UMC has tenements covering 6830sqkm in the Kimberley and since May has been negotiating with Norway's Norsk Hydro over the terms of a joint venture.

The formal agreement was inked in Oslo two weeks ago and will see Norsk offshoot Hydro Aluminium take a 75 per cent stake in the joint venture and fund the majority of a \$US7.4 million (\$8.5 million) exploration drilling program through to the end of 2009.

Hydro, one of the world's biggest integrated aluminium companies, already owns the 170,000 tonne-a-year Kurri Kurri smelter and a 12.4 per cent stake in the 500,000tpa aluminium project in NSW.

The venture with UMC hopes to define enough bauxite to justify the construction of an alumina refinery. Soaring energy prices and the WA government's domestic gas reservation policy have now given UMC-Norsk impetus.

With both Inpex and Woodside Petroleum considering the Kimberley coastline as potential onshore locations for their Browse Basin gasfields, and the WA Government insisting new LNG projects allocate some of their gas for the domestic market, UMC and Norsk believe now is the time to progress their aluminium ambitions.

One of UMC's neighbours in the Kimberley is the aptly named Bauxite Resources, which has a 5459sqkm tenement portfolio across the Darling Ranges, site of Alcoa's Huntly bauxite mine, the world's biggest, and the Kimberley.

It is hoping a drilling program next year will define a bauxite resource to underpin an export operation.



Power play: Turning bauxite into alumina requires huge amounts of power.