



# DMC at the head of the pack

It may have only secured the exploration rights to the Mayoko iron ore project in the Republic of the Congo in December, but Perth-based DMC Mining thinks it has the jump on Western Australia's Mid-West juniors.

DMC is nothing if not motivated, having already released a scoping study looking at the requirements to transport 11 mtpa DSO hematite and 3 mtpa magnetite from Mayoko, 300km north-east of Point Noire on the iron-rich Massif du Chaillu formation.

Released in late June, the study followed the May announcement of a 33mt @ 55.5% iron inferred resource at Mayoko.

Geological modelling estimates the project has between 110-135mt of hematite – overlying 750-800mt magnetite.

Based on those extrapolations – which DMC intends to start confirming when it begins a 20,000m drilling programme this month – the study envisages DMC initially producing 3 mtpa of DSO hematite, ramping up to 11 mtpa within four years, and following with the construction of a magnetite plant capable of producing nominally 3 mtpa pellets.

The underpinning factor behind the study's optimism is the low-cost, high-revenue projection for Mayoko. It estimated operating costs of just \$22/t for 11 mtpa of DSO, which could see DMC reap US\$1.1 billion pa at current spot prices or \$308 million pa from 3 mtpa DSO.

On DMC's side is mine modelling showing the operation would have a low average strip ratio of 0.51, a high conversion rate with 96% of the resource falling within the optimised pit shell, and no need for pre-stripping.

On the other hand, the deposit's potential remains essentially conceptual and what DMC does know is not blockbuster stuff.

With an average grade of 55.51% iron, DMC admitted that "by international standards the iron ore grade is lower than typical for direct shipped ores and the impurity levels are higher than desired. However, this appears to be more a disadvantage than a project impediment".

DMC said selective mining, blending grades and beneficiation were options to bring the grade up.

But DMC believes what Mayoko lacks in size and grade, it compensates with infrastructure access.

Mayoko is 5km from an operational narrow gauge railway line that runs from Mbinda on the Gabon border in the north to Pointe Noire's port. The study showed DMC can use the line "as is" for the exploration and construction phase of its project and, with a few minor alterations, for carrying 11 mtpa ore.

Meanwhile, the port authority has indicated DMC can use Pointe Noire port for its initial 3 mtpa ore while a new port is built 10km north of the current port. Pointe Noire port is at full capacity and cannot accept Capesize vessels. Managing director David Sumich told **Paydirt** the Government had "nominally reserved" the proposed new port site for DMC.

He said port and rail infrastructure arrangements were expected to be approved within six months, at which time he expected a re-rating of DMC.

DMC will have to build its own new jetty, ship loading and stockyard facility, as well as a wharf and 15km spur line from the existing rail line.

The company is confident the temporary arrangement will give its project an edge over its peers in Western Australia's Mid-West region, with whom it compares itself.

"In contrast, the production for the Mid-West iron ore producers is limited until such time that new rail lines and the new port at Oakajee are constructed," the company reported.

"Whilst there is a sovereign risk that does not exist for junior operators in the Mid-West region, the size of the deposit is comparable and the infrastructure requirements are considerably lower. Whilst a sovereign risk does exist, it is relatively low."

Sumich went further, describing Mayoko as "at least as good if not better than all the other up and coming iron ore players".

He admitted the biggest challenge to Mayoko meeting the success tipped by the scoping study was finding more hematite ore and improving grade, factors that led to the orebody being described in the study as "neutral".

He said those tasks were the focus of pre-feasibility work, to be carried out over 12-18 months starting in August.

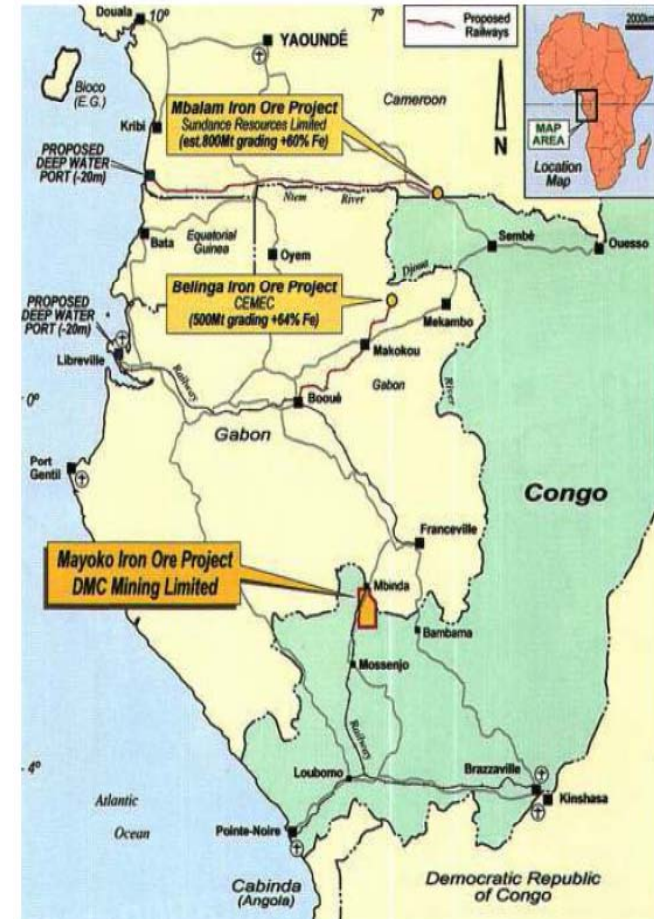
Mayoko has a big magnetite resource but it is the hematite DMC wants to extract first.

"We're drilling predominantly to find more hematite – we've got 15km of strike to cover." Sumich said the magnetite component "would come into play" in the longer term.

Overall, Sumich said DMC was excited to have a bankable project in the Republic of the Congo.

"We believe the West Africa region will become a new iron province. Established provinces – Pilbara and Brazil and the like – can't supply forever. You already have bigger players like BHP and Rio here, and we believe West Africa will grow increasingly in importance as an iron ore region."

– Andrew Pascoe



DMC has secured unofficial Government support to build a shipping wharf 10km north of Pointe Noire's existing port