South Boulder Mines delivers 1.1Bt maiden ore reserve for Colluli

South Boulder Mines (ASX:STB) now has a globally significant maiden ore reserve of 1.1 billion tonnes at 10% K2O equivalent at the Colluli Potash Project in Eritrea.

With over 85% of Measured and Indicated Resource included in ore reserve estimate, this provides a very high confidence level that it can be mined while de-risking the project.

The shallow mineralisation of the potassium bearing salts in combination with highly favourable ambient conditions, allows open cut mining of the resource, giving high resource recovery.

The Ore Reserve estimate is based on JORC 2012 Resource and comprises a 287 million tonne Proved Ore Reserve, and a 820 million tonne Probable Ore Reserve.

Paul Donaldson, managing director, commented: “This is an outstanding result and reaffirms the significance of the Colluli resource.

“The shallow mineralisation of the potassium bearing salts in combination with highly favourable ambient conditions, allows open cut mining of the resource, giving high resource recovery.”

The resource has more than a 200 year mine life at modelled sulphate of potash (SOP) production rates.

The project is strategically located 75 kilometres from the coast making it one of the most accessible potash deposits globally.

Colluli is a 50:50 joint venture between the Eritrean National Mining Company (ENAMCO) and South Boulder.

Importance of the Danakil basin

Colluli is located in the Danakil basin which hosts a world class potash resource, with major fertiliser producers now working on projects in the region.

Donaldson added that the unique mineralogical composition of the Danakil evaporite deposit allows the production of a diverse range of potash products including sulphate of potash (SOP), potassium magnesium sulphate (SOP-M) and potassium chloride (MOP).

“The very large Resource and associated Ore Reserve estimate allows the project substantial growth and product diversification over time.

“Once the definitive feasibility study for the two phase production of SOP has been completed, work will commence on the logical pipeline of projects that will grow the project to its full potential.”

Analysis

South Boulder Mines now has a globally significant maiden ore reserve of 1.1 billion tonnes at 10% K2O equivalent at
the Colluli Potash Project in Eritrea.

The Colluli Ore Reserve estimate dwarfs many planned and current large scale operations.

Colluli has the lowest capital intensity of all advanced greenfield sulphate of potash projects globally, with study results predicting bottom quartile operating costs.

The project also has potash product diversification not matched by any other potash basin in the world.

It also has close proximity to the Red Sea coast and the most favourable access to market.

Potential of the Danakil basin has recognised by major fertiliser players, including Yara (Market Cap US$14.5B) and ICL (Market Cap US$9B).

In the Danakil region over 9 billion tonnes of measured and indicated potassium bearing salts have been identified, and seismic data indicates potentially an additional 7 to 9 billion tonnes.

The company is well-funded with $8 million in cash.