

Honeymoon continues for Boss

Boss Resources Ltd is about to embark on what new chief executive Duncan Craib has termed the “final technical validation” for the restart of the Honeymoon uranium project in South Australia.

A field leach trial at Honeymoon, 80km north-west of Broken Hill, was due to start at the time of print following the release of a robust PFS which found the project could be restarted for just \$US10 million.

“I view this as the final technical validation of the project,” Craib told **Paydirt**.

“We as a board are very confident that we can produce in that lowest quartile of sub \$US24/lb.”

Undoubtedly the key highlight of the PFS was an estimated low AISC of \$US23.90/lb over the life-of-mine, placing Honeymoon among the lowest-cost uranium producers in the world.

A direct operating cost of \$US15.60/lb at the mine gate was also flagged in the PFS.

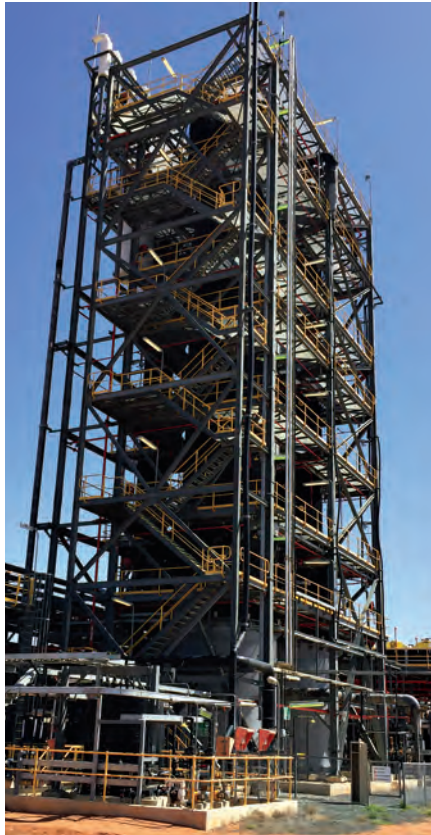
“To achieve an AISC of sub \$US24/lb is a phenomenal result,” Craib said.

“The other highlight is the ability to increase the volume of production. Currently the plant volumetrically can produce 880,000 lbpa. The PFS confirmed that Honeymoon can produce up to 2 mlbpa [by incorporating an ion exchange plant] and then up to 3.2 mlbpa with additional expansion. That makes us quite a sizeable player in the market.”

Capital costs for the addition of the ion exchange plant and the Stage 3 expansion from the potential inclusion of the Gould’s Dam deposit were estimated at \$US58 million and \$US78 million respectively.

Restarting the existing plant at Honeymoon will take up to a year, with payback to occur within 3.6 years of first production. An initial mine life of seven years has been estimated for the project, which hosts a global resource of 43.5mt @ 660 ppm for 63.6 mlb.

Further boosting the company’s confidence in Honeymoon were results of ongoing ion exchange test work, which



A recent PFS found Boss could restart the Honeymoon uranium project for just \$US10 million

recently identified a new resin with over 100% higher loading capacity than previously tested resins, with Craib describing the outcome as a “game changer” for the project.

Preliminary bench-scale leach test work also showed a modified leach liquor helped improve recovery in the Honeymoon ores. Both results were fed into the PFS and will be incorporated into the upcoming field leach trial.

“It’s now about putting these test work results into a real testing environment,” Craib said. “We’ll be doing it live on the ground on the Honeymoon mining licence. We’re confident we can enhance this project significantly.”

Boss has made rapid progress at Honeymoon since picking up the former Uranium One Australia Pty Ltd asset in late 2015, with former Kalahari Minerals chief financial officer Craib joining the company in January.

Craib, who played a key role in developing the Husab uranium mine in Namibia for China Nuclear General Power Group, is looking forward to working on a project he said carried “unfounded” baggage.

Uranium One walked from Honeymoon, one of only four permitted uranium mines in Australia, in 2013 after producing 670,000lb over 18 months during commissioning of the solvent extraction plant.

“We recognise that due to the history of Honeymoon, there may be some uncertainty [among investors] but it’s unfounded,” Craib said.

“At the time [of Uranium One’s exit], this was their 11th project out of a stable of 11 and their core focus was in Kazakhstan. It was viewed that their ‘far-flung’ Australian operation, in a declining uranium price market, was too difficult to manage and not their core focus, so they walked away.”

Boss holds several mining permits and regulatory approvals, including Native Title agreements with the Adnyamathanha and Wilyakali people and export approval for 3.3 mlbpa, which will help fast-track the restart of Honeymoon.

The SA Government and a number of local community groups have also expressed public support for the restart.

“We don’t have to jump over the hurdles some of our competitors do, it’s just a timing issue now for when we get back into production,” Craib said.

Craib, who was lured to Boss through his previous working relationship with chairman Mark Hohnen at Kalahari, has embraced the challenge of restarting Honeymoon during a depressed uranium market.

“We believe the smoke is beginning to clear on the price when you look at Japan bringing its reactors back online, China ramping up its nuclear power, general global power demand growth, carbon fears and of course Kazatomprom’s supply cutbacks,” he said.

“The general consensus in the uranium industry is that prices will rise. It’s difficult to say exactly when – and there’s a lot of literature out there to support a whole bunch of different views – but our approach as a company will really be a bricks-and-mortar approach.

“The way to manage that is by being very cost conscious, with a strong emphasis on managing cash flow and that’s probably where I can utilise my financial capabilities. We have a very lean team and management structure; most of our workers are on a contractual consultancy basis. In fact, I’m the only employee.”

– Michael Washbourne

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