

Moore touts tungsten play

BY CRAIG WESTCOTT

When Don Moore claims he was born in a Red Lake mining shack, you get a hint that you're dealing with a mining promoter.

Moore, president of Kermod Resources and a director with Playfair Mining, has been active in Newfoundland the last several years thanks to a handful of gold prospective properties pointed out to him by veteran geologist Charlie Dearn.

But the thing that has Moore excited these days is a tungsten deposit on Newfoundland's south coast, near the tiny outpost of Grey River.

Though it's relatively small by world standards, the 520,000 tons grading nearly one per cent wolframite, which contains tungsten, is the largest of its kind in Canada.

Moore is aiming to mine it.

"We ended up acquiring this not through smart fortitude, but good luck," Moore told a roomful of investors, analysts and junior mining company executives at the second annual Resource Investors Forum held at Humber Valley Resort last month.

"We had actually picked up this ground as the result of some very interesting gold projects and we ended up owning Canada's largest wolframite deposit."

The deposit was originally held by Asarco, operators of the Buchans mine. Asarco staked it in 1956 and worked the property until 1970. According to Moore, Asarco had plans to mine it but then the bottom fell out of the tungsten market. He added that in today's dollars, Asarco spent about \$15 million exploring Grey River and he is confident in the numbers produced.

"China is the largest producer and the largest consumer of tungsten," explained Moore. "China has controlled the tungsten market since the 1970s, and this project we're talking about was shelved as a result of the tungsten market collapse, because China was supplying 85 per cent of the world's tungsten. The tungsten reserves in China are now being depleted. They can now see where they're going to run out of tungsten, so they're starting to put levies on exports. And that is having a dramatic impact on the world markets."

Moore said tungsten prices have risen



Craig Westcott photo

Playfair Mining director Don Moore telling delegates at an investors forum last month about the company's tungsten project near Grey River. "We want to advance this project towards production," says Moore.

from \$100 a tonne (U.S.) five years ago to \$320 last year. The mineral is trading at about \$220 a tonne lately.

And with tungsten being used in everything from incandescent light bulbs to drill bits, specialty steels and even jewelry, Moore figures demand for it is going to keep growing.

"So we want to advance this project towards production, we want to take the work that Asarco has done in the past and bring it up to a 43-101 compliant reserve," Moore said. "We believe the work Asarco did on this project is exemplary and a credit to all guys in the mining game. We're committed now to our high grade tungsten deposit and I emphasize high grade because any rock that is worth \$220 a tonne in my books is high grade. The reason I say \$220 rock is that most people don't know anything about tungsten, but they do understand dollars."

Moore said Playfair is digging 40 channel samples across the vein's surface to compare assay results with Asarco's numbers. Playfair has also shipped a 1,000 pound bulk sample to Vancouver for processing to get an idea of what the tungsten recovery rate will be. An engineer has also been hired to do a scoping study on the deposit to give Playfair an idea of what its mining options are and what the costs will look like.

Early indications are that mining and milling costs may run to about \$125 a tonne, Moore said.

"Capital costs are going to be relatively low. We figure we can get away with about \$6 million in capital, plus the debt required to put this property into production."

Moore was quick to add that the reserves indicated from Asarco's work focused only on one vein and there are more on the property and a lot of other ground to be explored.

"This could be the tip of some kind of an iceberg representing a copper, tungsten opportunity at depth," Moore said.

"Our focus however is going to be to put this relatively small deposit into production as quick as we can considering the window of opportunity in the financial markets due to the increase in the price of tungsten," said Moore. "We don't know how long this opportunity is going to last. The last time tungsten prices ran, they were up for over five years. We're quite confident that we've got three to five years to get this into production. And based on the general world consumption of tungsten, we think that opportunity could stretch much farther."

Playfair has \$350,000 in working capital in the bank and has plans to raise another \$600,000, he added, most of it earmarked to advance the tungsten project. Work on the gold projects will also continue.

"When I look at Newfoundland, I think it's the new found land of opportunity," Moore said.

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