

12 Aug 2011 by Metal-Pages

### **Windimurra to start ferro-vanadium production next month**

LONDON (Metal-Pages) 12-Aug-11. The Windimurra vanadium project in Western Australia is on track to start ferro-vanadium production in late September, owner Atlantic Ltd told Metal-Pages.

Company executives and Atlantic's agent [Element Commodities](#) will set off on a roadshow next month to meet with potential customers.

The Windimurra ore processing and smelting complex, which is currently being commissioned, will have nameplate capacity to produce 6,300 tpy of ferro-vanadium (80% V).

"The ramp up to full capacity is expected to take 18 months with completion in the first quarter of 2013, but we expect to reach the majority of capacity very very quickly - it is the last few percent to full 10% capacity that take most time. We should be able to reach 80% within a few months," Atlantic's spokesman Glen Zurcher told Metal-Pages.

The entire ferro-vanadium production is committed under [offtake agreement](#) to Hong Kong-based Element, a company was set up by Gregor Theiser, a former trader at Windimurra's past investor Noble Resources. Element, which is backed by China's Wengfu Group, recently set up an office in Zug, Switzerland to co-ordinate its European sales, Theiser told Metal-Pages. The company has also hired Terry Perles, former head of ferro-vanadium sales at Evraz, to focus on sales in North America out of an office currently being established in Pittsburgh.

The main markets are expected to be North America and Europe, with some sales expected in Latin America. Atlantic reported enquiries from a number of ferro-vanadium customers, including for vanadium pentoxide - which it could start producing at a later stage.

According to Atlantic, 65% of the 6,300 tpy ferro-vanadium offtake agreement with Element will be priced on a long-term "cap and collar" basis, within a set price range, and the remaining 35% will be sold on spot basis. Windimurra's production costs for ferro-vanadium are estimated at \$15/kg V.

### **Potential V2O5 production**

Under the current process, ferro-vanadium will be smelted from an intermediary product in the new plant's two electric arc furnaces from an intermediary product, and there will be no other vanadium product available for sale.

However, Atlantic is looking at refurbishing the old vanadium pentoxide circuit built and operated at Windimurra by the project's erstwhile owner Xstrata, and has begun preliminary design work. "We are looking at refurbishing that circuit so that we can serve two markets depending on what the prices are, over the next twelve months, and we may then be able to allocate some of the production to vanadium pentoxide," Zurcher said.

There is still potential to expand resources at Windimurra, with drilling programme undertaken earlier

this year confirming southerly extensions to the deposit. During last quarter Atlantic announced a 30% in JORC-reserve estimate for Windimurra to 128 million tonnes at 0.47% V<sub>2</sub>O<sub>5</sub>. The current 6,300 tpy projected capacity is an increase on previously estimated 5,700 tpy as a result of a revised mine plan which is based on higher ore head grades being fed into the processing circuits.

### **Progress update**

Over the past quarter, Atlantic has built a stockpile of ore and focused on commissioning the front-end crushing, beneficiation and milling (CMB) plant, which is currently about 85% complete. The wet commissioning of the primary, secondary and tertiary crushers of the CMB circuit produced some 42,000 tonnes of the ore that was stockpiled for the next step commissioning of the grinding and magnetic separators. This will be followed by the commissioning of a 100-metre long rotary kiln, and then the leach vats and de-silication and precipitation circuits. At the same time work continues on the back-end metallurgical plant in preparation for commissioning next month.

Since taking over Windimurra, which went into receivership two years ago, Atlantic has financed the project through A\$55 million equity fundraising. In February, Atlantic raised US\$335 million from a bond issue, \$78 million of which has been allocated to funding completion of the plant. The remainder is reserved to be used, in particular, towards repaying Midwest Vanadium's outstanding debts over the next 18 months. At the end of the second quarter Atlantic reported having approximately \$118.2 million in cash.

Separately from its vanadium business, Atlantic is marketing stockpiled and by-product iron ore from Windimurra, with an initial agreement reached recently for 30,000 tonnes of iron ore fines to a Chinese customer, subject to successful tests of trial shipment. The company is also studying the viability of producing high grade iron and titanium concentrates from Windimurra's titano-magnetite ore - which will be tested by the Changsha Research Institute of Mining and Metallurgy in China.