

Rescuers eye diamond mine

SPINIFEX

Stuart McKinnon



A strong field of bidders is expected this year when expressions of interest are called for the shuttered Ellendale diamond mine in the Kimberley.

The Department of Mines, Industry Regulation and Safety confirmed this week it would use the EOI process to invite a selected applicant to apply for a new mining lease at Ellendale with-

out the onerous \$28 million in rehabilitation obligations left behind by former owner Kimberley Diamonds.

The Alex Alexander-led company collapsed in June 2015, leaving liquidators the task of trying to find a buyer for the mine. The big clean-up bill proved a turn-off for interested buyers.

Instead, the liquidators tried to sell off plant and equipment at the mine, much of which went to scrap.

The department has tapped the Mine Rehabilitation Fund

for \$232,000 to make sure the Ellendale mine site is safe, stable, non-polluting and remains viable for future development.

The new lessee will only be expected to pay standard mining lease application fees.

There will be no upfront rehabilitation costs, although the new lessee will be required to undertake ongoing rehabilitation work as part of the mining process.

Rio Tinto might be running the ruler over the mine, which has historically been the world's biggest producer of rare fancy

yellow diamonds. The mining giant's Argyle mine, which produces 90 per cent of the world's pink diamonds, will close in 2021 because of limited resources.

But boss Jean-Sebastien Jacques indicated on a visit to Perth in August that the company would be keen to develop another diamond mine resource in Australia.

Limited supply of the stones and the challenge of discovering viable new mines made the commodity very attractive, he said.

And Mr Jacques is not the only one who thinks so. POZ Minerals

believes the use of ground-penetrating radar-survey technology will help it unlock the diamonds in alluvial trap sites at its Blina project which abuts Ellendale.

Meanwhile, 40km east of Ellendale, the Miles Kennedy-chaired Lucapa Diamond Company is drilling for the lamproite source of the diamonds recovered from earlier exploration programs at its Brooking project.

Lamproite is the same rock which hosts the fancy yellow diamonds at Ellendale.

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