

TUNGSTEN FOCUS

THE RACE IS ON FOR TUNGSTEN TRAFFIC

As global demand for tungsten continues to grow and with the price forecast to rise over the next 12 months, the race is on for companies to uncover the next major tungsten deposit.

DESPITE THE tungsten price tailing off at the end of 2012 to \$A45/kg for the first time since 2011, it also saw the price peak at \$55/kg for the first time, meaning that the time is nigh for a major breakthrough.

With the tungsten price forecast to increase over the coming months, the managing director of New Zealand-focused tungsten explorer Siburan Resources, Noel Ong, said that whichever company made the next large discovery would reap massive rewards.

Siburan's Kirwan tungsten project in New Zealand has plenty of regional potential, with almost 5km of prospective mineralisation with historical occurrences of both tungsten and gold.

Speaking to *RESOURCESTOCKS* in January, Ong said that rising global demand meant that companies would

be clambering to find that elusive discovery.

"When I was at Mines and Money London in December I met with a lot of German manufacturers and after discussions with them, I reached the conclusion that without a doubt whoever can find the next tungsten deposit that proves to be economical will be laughing all the way to the bank," Ong said.

"Fingers crossed that's us, assuming that we make a discovery or a resource at our Kirwan projects."

Ong said his gut feeling was that because there was no steady mine outside of Russia and China, and China was still an importer of the concentrate, the price of tungsten could only go one way in the coming months and years.

He'll have plenty of competition, though. Emerging developer Wolf Minerals is on the cusp of becoming a world-class tin and tungsten mining operation with its flagship Hemerdon project in the United Kingdom, and

managing director Humphrey Hale forecast a strong year for tungsten.

"With a new China and a new president, people feel more comfortable," Hale told *RESOURCESTOCKS*.

While China supplies around 85% of the world's tungsten, it prohibits the export of tungsten concentrate, but Hemerdon is expected to account for approximately 3.5% of the global tungsten supply when in full production.

Hale said the resources powerhouse was conserving its supply, which in turn placed Western companies under pressure.

"Supply and demand is a problem, as there is no large-scale global supply and China is conserving its supply, which puts pressure on Western companies," Hale said.

"With there being no real source of supply in the world market, the price increases because demand is increasing and the Western companies are looking to supply that."



The tungsten market is becoming increasingly tight and there are a host of companies scrambling to secure an economic deposit, with both Wolf and Siburan among the suitors.

Another company looking to cash in on the increasing global demand is north Queensland-focused tungsten explorer Vital Metals, a company that is expecting a definitive feasibility study, a reserve announcement and the finalisation of capital costs on its Watershed scheelite deposit in the first quarter of 2013.

Watershed is one of the top 10 undeveloped tungsten deposits outside China, and Vital inked an agreement with the Japanese government (JOGMEC) last year, which will be crucial to bringing the project into production.

Managing director Mark Strizek said in December that the price forecasts were pleasing for Vital, as they were tied to the growth in China, which was astronomical but slow by

China's standards.

With process flow designs complete, Vital is in a position where it should have an idea of what the project will cost.

Meanwhile, TSX-listed Woulfe Mining's South Korean Sangdong tungsten and molybdenum project has been buoyed by the signing of two significant financing agreements with the International Metal Working Company and Korea's largest bank, Shinhan.

At its peak, Sangdong was one of the largest mines in South Korea. Following its closure in 1992, Woulfe acquired the mine in 2006.

Woulfe chief executive Brian Wesson forecast 2013 as a watershed year for the company, as it looked towards project development, commissioning and full-scale production by early 2014.

But Wesson told *RESOURCESTOCKS* in December that while the tungsten industry could be "tough to crack", a high-class

project was a pivotal component of success.

Hale and Ong both forecast a rise in specialty metals in 2013, with Ong pointing to the rise of tin as an indicator.

"It had been floating between \$18,000 and \$21,000 per tonne, but around the new year it rose to \$24,000/t, so these things are a clear indication that price rises are a thing of the future," Ong said.

One the major contributing factors to the increased global demand is the rising need for steel and cutting tools as a result of the growth of construction and infrastructure around the world, and Ong expected the price of tungsten to steady by the end of Q1 2013, before rising.

But while other commodities reel from an indifferent 2012, the fortunes of tungsten look quite bright, and the onus is on the explorers to capitalise on what is historically a tight and opaque tungsten market.

Siburan Resources managing director Noel Ong on site at the Kirwan project in New Zealand. He believes that with tungsten prices rising, the discovery of the next large tungsten deposit will prove very important.

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