

Equatorial Resources Ltd.: Mayoko-Moussondji Development Plan Submitted to Government

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Perth, Australia (ABN Newswire) - [Equatorial Resources Limited](#) (ASX:EQX) is pleased to announce that it is has submitted its Development Plan for its 100% owned Mayoko-Moussondji Iron Project ('Mayoko-Moussondji' or 'the Project') to the government of the Republic of Congo ('ROC').

Equatorial's Managing Director and CEO, Mr John Welborn, said: 'It is very pleasing to continue to receive strong support from the Government of the Republic of Congo and the related government authorities for our proposed development plans for Mayoko-Moussondji. The Development Plan demonstrates the Project's ability to rapidly commence production of a premium iron ore product using existing transport infrastructure with relatively modest initial capital investment. These significant project advantages have allowed our project management team to focus on the delivery of a staged development designed to maximise shareholder value. Following the announcement of our maiden resource in February the progress being made on the Scoping Study is very encouraging.'

REPUBLIC OF CONGO GOVERNMENT MEETINGS

During March 2013 Equatorial's Managing Director and CEO Mr John Welborn conducted a series of meetings in Brazzaville and Pointe-Noire with senior officials from the ROC government to present the Company's Development Plan for Mayoko-Moussondji. These meetings followed the results of the Company's preliminary rail and port feasibility studies and the commencement of formal negotiations for commercial rail and port agreements (see ASX announcement dated 12th November 2012). As part of these negotiations the ROC government requested the Company provide a Development Plan for Mayoko-Moussondji which outlined the Company's potential requirements for rail and port facilities.

The Development Plan details the proposed staged development of the Project based on incremental investment and the Company's current assumptions on potential rail and port operations.

The following meetings were held with senior government officials:

- Minister of Mines & Geology Mr Pierre Oba: Equatorial presented the Project Development Plan from pit to port. The meeting was conducted as part of a site visit by Mr Oba to Mayoko-Moussondji where he reviewed Equatorial's development progress and provided his support for the Company's on-going development plans.
- Minister for Transport, Mr Rodolphe Adada: Presentation of Equatorial's plans to utilise the existing rail and port transport infrastructure with a focus on the requirements for, and timing of, initial Stage 1 production. Mr Adada confirmed the validity of Equatorial's existing agreements with the state owned transport authorities and the Transport Ministries support for framework agreements that provide third party access to the government owned infrastructure.
- State owned rail company, Chemin de Fer Congo Ocean ('CFCO'): Meeting with the Director General of the CFCO, Mr Vincent Morel and a technical panel of CFCO staff to deliver the final rail feasibility study for Mayoko-Moussondji. Included in the completed study were the technical specifications of the locomotives, wagons, and other railway equipment which Equatorial has issued for tender.
- State owned port authority, Port Autonome de Pointe-Noire ('PAPN'): Meeting with senior officials to review Equatorial's preferred port solution. The PAPN have accepted the plan and are assisting the Company with lease negotiations for available space within the existing port of Pointe-Noire which will be used for Stage 1 and Stage 2 export operations.

DEVELOPMENT PLAN

Equatorial's strategy for Mayoko-Moussondji is to deliver premium iron ore products to global markets in the near term using existing transport infrastructure. In February 2013 Equatorial published a maiden Hematite Resource at Mayoko-Moussondji of 102 million tonnes at 40.6% Fe. The Hematite Resource forms part of the Total MRE of 767 million tonnes at 31.9% Fe. Metallurgical test work demonstrates the potential for the Hematite Resource to deliver premium iron ore products grading above 63% Fe with low impurities using

simple beneficiation techniques and with high overall mass recoveries.

Equatorial has appointed a project management team of highly experienced industry experts to complete feasibility studies and supervise the Project's development. The Company has investigated the potential for a staged approach to production in order to accelerate initial production timelines and minimise initial capital expenditure. This approach has identified a fast track to initial low volume production utilising the available existing rail and port infrastructure. Production will then be ramped up in stages as the transport infrastructure is upgraded and capacity is expanded.

The Development Plan submitted to the ROC government modelled a staged approach to production as follows:

- Stage 1: Initial production of 300,000 tonnes per annum (hematite only) with one train set operating along the existing railway and with export facilities at the existing port of Pointe-Noire;
- Stage 2: Ramp up production to 2 million tonnes per annum over a 3 year period from first production (hematite only) by adding further train sets and investing to increase capacity on existing rail and port infrastructure; and
- Stage 3: Production of 5-10 million tonnes per annum (hematite and magnetite) utilising new transport infrastructure including new port facilities at Pointe-Indienne.

The Company is currently completing a Scoping Study which is expected to be finalised and published by mid 2013.

The staged approach described above has been based on the assessment and feasibility work conducted by Equatorial as part of the Scoping Study. The Development Plan is a presentation of Equatorial's potential requirements for rail and port capacity as required by the ROC government and is based on a number of assumptions with regard to possible production. As such, the Development Plan does not represent a production target or forecast and should not be relied upon by investors as a prediction when making investment decisions. Further evaluation work and appropriate studies are required to establish that the assumptions therein are valid and to determine appropriate production targets for the Project. At this stage there is no certainty the Company will determine any production targets or forecasts for Mayoko-Moussondji or if any production target, if determined, will be in line with the Development Plan as provided to the ROC government and outlined in this announcement.

FINAL RAIL FEASIBILITY STUDY

Mayoko-Moussondji is serviced by an existing railway line that links the project directly to the deep water port of Pointe-Noire along 465km of rail track. The ROC railway system is under the control of the CFCO, a state owned and operated railway company, administered by the ROC Ministry of Transport.

During 2011, the Company, with the assistance and cooperation of the CFCO, appointed independent engineering experts to conduct a railway engineering study. Upon completion of this study Equatorial commissioned R&H Railway Consultants (Pty) Ltd ('R&H') from South Africa to conduct a critical review of the study and to design an operations blueprint outlining key parameters for commercial bulk commodity transport from Mayoko to Pointe-Noire. This work formed the base for Equatorial's Rail Studies Manager, Mr John Dorotich, to prepare a detailed Railway Feasibility Study as contemplated within the agreements signed between Equatorial and the CFCO. Mr Dorotich has considerable experience in bulk commodity railways having served previously as head of rail at Fortescue Metals Group Ltd and at African Minerals PLC.

The various studies completed by Equatorial have identified that the refurbishment and upgrading of the rail line required to increase capacity is best achieved by a staged approach involving incremental development. This approach is in line with Equatorial's own staged approach to production from Mayoko-Moussondji and greatly reduces the requirement for initial capital expenditure. The ability for the key regional mining companies to work together with the government and the CFCO will be critical to the development of an efficient and effective rail network from the mines through to the port of Pointe-Noire and in the future through to Port-Indienne.

The Final Railway Feasibility Study was completed in December 2012 and is based on the phased ramp up of rail operations servicing Mayoko-Moussondji. The scope of the study included the following:

- Conditional assessment of the line, proposed refurbishment program and resulting capacity assumptions;
- Targeted production rates and capacity augmentation over time;
- Train configuration, train movements and rolling stock specifications;
- Presentation of tenders for rolling stock and harbour cranes; and
- Capital and operating cost estimates.

The study and associated appendices have now been submitted to the CFCO for analysis and will form the basis for the on-going negotiations over a commercial contract between Equatorial and CFCO for the use of the railway line for Mayoko-Moussondji. The commercial contract is expected to include a per tonne tariff charge as well as outline the responsibility of the parties in relation to operations, maintenance and investment in the above and below rail infrastructure.

PORT SOLUTION

The PAPN operates the port of Pointe-Noire, one of Africa's largest deep water ports and a major transport hub for Central and West Africa. The existing port was developed and used by COMILOG, the French manganese producer who constructed the Mayoko railway system, to transport up to 3Mtpa of ore between 1962 and 1991.

Under an MOU between Equatorial and the PAPN signed in February 2011, the parties have been cooperating on feasibility studies for the use of the port for the export of iron ore. A team of engineers from Murray & Roberts in conjunction with materials handling specialists Demcotech Engineering, both from South Africa, completed Equatorial's Port Feasibility Study which identified six potential port solutions at the existing port of Pointe-Noire as well as longer term, larger scale solutions at Pointe-Indienne.

Equatorial's project management team have recently completed further studies including:

- A detailed wave study;
- Completion of a transshipment study to assess various options of barging, onshore and offshore storage, reclaiming and ship loading;
- Redrafting of proposed port layouts; and
- An assessment of port development costs.

In a series of meetings in October 2012 Equatorial presented the results of the completed studies to the PAPN, focusing on the opportunity to develop small scale mobile iron ore export facilities at either of two of the six sites previously identified by Murray & Roberts within the existing port of Pointe-Noire. The PAPN subsequently requested further information in relation to the layout and equipment of the proposed facilities which was submitted to the PAPN in the meetings in March 2013.

The PAPN has confirmed that the Stage 1 and 2 transport operations presented in Equatorial's Development Plan are acceptable solutions and are now assisting Equatorial in negotiations to obtain access to the port space required. It is expected that Stage 3 will require new port facilities to be developed at Pointe Indienne located some 10km to the north of Pointe-Noire.

POTENTIAL FOR COLLABORATION

Equatorial is seeking opportunities to cooperate and collaborate with other mining companies in the ROC over the development of shared transport infrastructure solutions. The Company sees considerable benefit in sharing development costs and operating control with other companies looking to build new or utilise existing rail and port infrastructure.

Equatorial is in dialogue with a number of mining companies operating in the ROC to agree frameworks for cooperation, joint study timelines and financing. A particular focus of such partnership opportunities is in relation to the development of long term port facilities at the proposed new minerals port of Pointe-Indienne to service later phases of development from Mayoko-Moussondji.

Equatorial has also commenced discussions with potential third party financiers of rail and port infrastructure.

SCOPING STUDY

Equatorial's feasibility studies for Mayoko-Moussondji are being conducted under the supervision of the Company's Project Manager for Mayoko-Moussondji, Mr Rainer Dreier and through the engagement of Camco Dreico Industrial Services (Pty) Ltd ('CDIS'). Mr Dreier and CDIS have a strong track record in the management of all aspects of mine-to ship feasibility. CDIS and its engineers were previously involved in managing the construction of major facilities of Fortescue Metals Group Limited's Cloudbreak plant as well as the feasibility studies for Royal Resources Limited's Razorkback Iron Project in Australia, AUROX's (now Forge Resources) Balla Balla Iron Project in Australia and Ferrum Crescent Moonlight Magnetite Project in South Africa.

Equatorial's Development Plan, Final Rail Feasibility Study, and Port Solution are components of the

Company's Scoping Study for Mayoko-Moussondji. The Scoping Study is based on the maiden inferred and indicated MRE and will assess the various development opportunities investigated by the Company including the preferred staged development plan and will detail the expected timeline, capital expenditure requirements, operating costs and financial outcomes of the Project.

All components of the Scoping Study are expected to be finalised and published by mid-2013.

To view full release, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-EQX-629159.pdf>

About Equatorial Resources Limited:

[Equatorial Resources Limited](#) (ASX:EQX), is focused on the exploration and development of two 100% owned potentially large-scale iron ore projects located in the politically stable and investment friendly Republic of Congo ("ROC") in the emerging global iron ore province of Central West Africa.

The Mayoko-Moussondji Iron Project, located in the southwest region of the ROC, currently has a Hematite Resource of 102 million tonnes at 40.6% Fe as part of initial total Indicated and Inferred Resources of 767 million tonnes at 31.9% Fe. Overall the project has an estimated global exploration target of between 2.3 and 3.9 billion tonnes¹ of iron mineralisation at a grade of 30% to 65% Fe. The project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's administrative office is located.

The Badondo Iron Project, in the northwest region of ROC, has an estimated global exploration target of between 1.3 and 2.2 billion tonnes¹ of iron mineralisation at a grade of 30% to 65% Fe. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam and Nabeba projects.

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