



Greenland mine viable at \$2.6bn cost

1-February-10 by Rebecca Lawson

West Perth-based Greenland Minerals and Energy says its Kvanefjeld project could rival the world's largest rare earths mine in China after a prefeasibility study estimated capital costs at \$US2.3 billion (\$A2.6 billion).

Results from the study indicated the proposed output at Kvanefjeld of 43,729 tonnes of rare earths each year could challenge that of China's Bayan Ebo mine, which produces about 40 per cent of current world production.

Greenland managing director Roderick Mcillree said China has indicated its desire to cease the export of certain rare earths, therefore boosting Kvanefjeld's role in alleviating any shortfall.

The study estimated a project life of 23 years with a processing rate of 10.8 million tonnes that will also produce 3,895t of uranium oxide.

Un-g geared capital costs are pegged at \$US2.31 billion with a pre-tax internal rate of return of 24 per cent and a cash payback period of just more than five years, using long-term prices of \$US13 per kilogram of rare earths carbonate and \$US80 per pound of uranium oxide.

The project is estimated to have a free cash flow of \$US8.9 billion over its mine life and is estimated to have a net present value of the project is \$US2.18 billion.

Kvanefjeld has a resource estimate of 4.9mt of rare earth oxides and 120,000t of uranium oxide.

Construction is anticipated to begin in 2013 and first production is scheduled for 2015.

Greenland holds 61 per cent of the Kvanefjeld, and has options to move to 90 per cent and then 100 per cent ownership through two payments of \$A10 million and \$50 million respectively.

Shares in Greenland shed nine cents to 57c at 13:13 AEDT.

Article tags: [billion](#), [earths](#), [estimated](#), [greenland](#), [greenland minerals and energy](#), [kvanefjeld](#), [rare](#)