

BOTSWANA MINING

Explorer to publish first resource statement on iron-ore project

ILAN SOLOMONS | WRITER

Diamond, base and precious metals exploration company Tsodilo Resources aims to publish a first resource statement for its Xaudum Iron Formation (XIF) iron-ore project by mid-year, says Tsodilo Resources president and COO Dr Mike de Wit.

“This will be the first step towards applying for mining rights at the site,” he tells *Mining Weekly*, adding that the company also plans to complete a preliminary assessment of

two kimberlites in the Nxau Nxau area, in northern Ngamiland.

“We are evaluating the XIF project while our other base metals and diamond projects are in the exploration stages. The metals exploration (excluding iron) is managed by the company’s JV partner, First Quantum Minerals,” De Wit states.

During the last 18 months, the company has focused its exploratory drilling using its own drill rigs in the northern section of the

XIF project. This was in preparation for a National Instrument 43-101 technical report, a Canadian mineral resource classification scheme used to disclose information about mineral properties to define the resource of the project.

Tsodilo estimates there is between five-billion and seven-billion tons of exploitable iron-ore resources at the XIF project and that, if mined, it could last up to 100 years, says De Wit.

As the XIF project is in the exploration phase, there is no current turnover. De Wit notes, however, that Tsodilo “has invested many millions of dollars in the project”, which it hopes to recoup quickly once mining operations have been established.

About the XIF Project

The XIF project is a Neoproterozoic banded magnetite iron-ore prospect in the northern portion of the Ngamiland region, in the North-West District of Botswana.

The project is located within two base metals prospecting licences, PL386/2008 and PL387/2008, collectively covering 1534.9 km².

Tsodilo states that the Neoproterozoic rocks on its projects’ sites are overlain by a sedimentary cover that varies in thickness from 30 m to 40 m, but can be up to 60 m in isolated areas.

The Kalahari cover predominantly comprises loose, unconsolidated sand and some calcrete.

“This cover makes exploration in the area difficult, owing to the lack of outcrop. It requires required geophysical drilling that can access the bedrock below,” emphasises Tsodilo. Tsodilo regards the XIF project as a major expansion project that will provide many growth opportunities for the Southern African region and particularly for Botswana.

“The XIF project has the spinoff potential to develop into a steel industry, as Botswana also processes substantial coal reserves required to convert the magnetite into pig iron or even steel,” he says.

Industry Overview

Meanwhile, De Wit notes that, while the mining industry in Botswana has been largely

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AMBITIOUS OBJECTIVES

Tsodilo Resources plans to complete a first-pass evaluation of the Nxau Nxau general area, in northern Ngamiland, for kimberlite deposits in 2014

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"We therefore look forward to an exciting couple of months as we further our work programme and drill out the target," Bouquet says.

Further, Teeling highlights that, while other exploration companies are struggling to secure funding for new projects, owing to the global financial downturn, BOD has sourced sufficient funding to the value of £600 000 through its JV with Alrosa, which is the largest diamond company in the world.

"We also have multiple licence applications with the Botswana Department of Mines, which we hope will be approved... this year," he states.

Mitigating Challenges

Apart from securing funding, Teeling says accessing the right ground to explore

remains a significant challenge for the BOD.

"The process is painfully slow at the Botswana Department of Mines, in Gaborone, and, despite having lodged 25 separate prospecting licence applications, we have had limited success until now," he tells *Mining Weekly*.

Teeling stresses that exploration is at the bottom of the mining industry's food chain in terms of finance, hence, greenfield exploration projects were affected first when the 2008 financial crisis struck.

"Investors prefer more near-term returns, which is why exploration suffers," he laments.

Other Exploration Activities

Teeling says that, while Alrosa was primarily focused on the Orapa region last year, it also analysed the Gope area of Botswana, located in the Kalahari Game Reserve, which

means that environmental considerations are paramount.

"The area is highly prospective. London-listed diamond producer Gem Diamonds' Ghagoo underground diamond mine, about 45 km from the eastern border of the Kalahari Game Reserve, is expected to come on stream later this year," he notes.

As a JV partner with the relevant licence holders, BOD can potentially earn a 51% interest in the Gope block through its \$940 000 contribution to the project, if substantial diamond and kimberlite discoveries are made in the licence areas.

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When you are sorrowful, look again in your heart, and you will see that, in truth, you are weeping for that which has been your delight.

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focused on diamonds since the first discovery of diamonds in the country in the late 1960s, in the last five years, the Botswana government has realised that diamond mining alone cannot sustain the country's economy forever.

"Government is therefore trying to stimulate interest in other commodities," he says.

Base metals, such as copper, lead, zinc, tin and nickel can be found in the Kalahari Copperbelt, which stretches discontinuously for 800 km from central Namibia to northern Botswana. Other commodities such as coal and uranium, in central Botswana, have been targeted by the Botswana government as areas of potential diversification for the country's minerals industry, explains de Wit.

"The greatest challenge facing these potential new mining operations is the chronic lack of infrastructure to export these commodities to the global markets. There have been talks about railway lines to Namibia and Mozambique, but progress is slow and several exploration companies have left Botswana for this reason," he states.

Challenges

De Wit says logistics in north-west Botswana are challenging in terms of ground access for

the company's drill exploration teams. "These logistical challenges have resulted in Tsodilo having to create access roads to drill sites in the dry season. Further, the restructuring of Botswana's Department of Mines has led to some delays in processing prospecting licences. Through regular interaction with the Ministry, Tsodilo is trying to resolve these challenges."

De Wit adds that getting work permits approved for certain critical positions has also been challenging.

He states that, as the company's main operation is drilling, it applies the standard safety measures around its drill sites. As a result, Tsodilo suffered only one lost-time injury in 2013.

De Wit further mentions that the State has generally been "helpful and supportive of Tsodilo's operations in the country".

"Tsodilo makes a point of holding regular community meetings, which keep the local authorities and communities informed about our projects progress," he states.

To date, the company has created 38 jobs and is stimulating the mining services sector in north-west Botswana.

Additionally, the company is assisting a local school by providing it with five computers.

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