

Magnetite an 'opportunity, not a problem'

Richard Roberts, [3 November 2010](#)



Underground at LKAB's Kiruna magnetite mine in northern Sweden.

LKAB technology and business development VP Per-Erik Lindvall's insistence that magnetite is "the answer to all our prayers" at a Swedish-Australian mining seminar in Perth this week would have at least been music to the ears of Scandinavian Resources' Australian executives, who are said to be on the verge of announcing a big land bank expansion near LKAB's famous Kiruna iron rock and pellet factory in Sweden's far north.

This news may or may not excite Australian investors when ASX-listed Scandinavian comes out of its voluntary trading suspension (which it entered on October 19). The company was worth \$A11 million (with more than \$5 million in the bank) when it entered its trading halt at A17c, having listed earlier this year at 20c.

Scandinavian has found the job of selling Swedish magnetite to Australian investors tougher than has LKAB to European steel producers, though Lindvall said of his 30 years in mining he'd "only in the last five years truly enjoyed life" in the industry because iron ore prices had risen to the point where LKAB's long struggle with margins had turned into a period of strong profits and investment.

The state-owned Swedish iron ore (magnetite) producer has made a multi-billion-dollar investment since 2001 to take its iron output from 19.5 million tonnes per annum to the current 28Mtpa.

LKAB once set the world's iron ore prices. In the 1960s it was overtaken as global iron ore pacesetter by the Brazilians and then Australia's haematite producers. LKAB celebrates its 120th anniversary this month and is still Europe's major iron ore company, supplying 90% of the EU's seaborne iron from its Swedish mine, processing and transport network.

The reference to answering prayers was connected to LKAB's "green pellets", which the company claims can be used to make steel with one-seventh of the CO2 emissions of haematite-iron sintering in steel-making.

"You regard it [magnetite] here in WA as a bit of a problem ... we regard it as an opportunity," Lindvall said.

He said LKAB was aiming for production of up to 50Mtpa with not all the output likely to be pelletised. "Parts of our increased production would be sold as fines. Everything would not go into pellets," he said.

The company has started one new openpit mine and has several more in its development pipeline – "all new mines will be opencast", Lindvall said – but due to low prices the company had basically stopped exploration for more than 20 years from 1983 and now had to work hard to build its resource inventories outside the massive Kiruna underground mine and its other underground operations. It also has the not insignificant challenge of shifting the town of Kiruna from above its flagship operation before the subsidence caused by large-scale sub-level caving becomes a very big problem.

"We now believe we are operating in a region with very high potential to find new orebodies," Lindvall said.

"I strongly believe that in just a few years we will find and also start up possibly a fourth and fifth new mine. And I would also like to emphasise that the new operations we'll be starting up will all be opencast operations."

Cue Scandinavian which, with the help of veteran Swedish geoscientist Olof Forslund, has assembled what is said to be the largest exploration landholding around Kiruna. The company has an 'exploration target' on its ground of 125-150Mt grading 33-37% Fe and says metallurgical testing indicates the ore can be beneficiated to produce a 70% Fe concentrate for pelletising (somewhere).

Scandinavian has set itself the bigger goal of outlining 500Mt of magnetite resources at similar insitu grades within two years, with beneficiation boiling that down to about 100Mt of high-grade feed product.

That wouldn't be insignificant in the northern-Swedish scheme of things, even if it wasn't going to turn heads Down Under.

Scandinavian is understood to be pushing ahead with its plans for an Oslo stock exchange listing in the near future.

Meanwhile, a question to Lindvall about LKAB leveraging its pelletising technology and expertise through a Western Australia, or Australian, magnetite connection was met with a smile and a guffaw from the garrulous Swede.

"Where did you get that idea from?" he said.

"No further comments." **HG**

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