

Debate continues over whether tungsten mine would be profitable

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The company that wants to build a tungsten mine and create hundreds of jobs in economically depressed Central New Brunswick says it's confident the project will go ahead - despite lingering questions over Chinese control of the market for the heavy metal.

Northcliff Resources says with the price of the heavy metal tungsten on the rise over the last two years, the time is right for a Canadian mine to enter the market that's been dominated by China for a couple of decades.

"Global need for this essential metal is forecast to increase," said company spokesman Greg Davidson in an email to Brunswick News. "The Chinese have historically been a leading producer of tungsten but do not export all of its products which is why there is always need for non-Chinese production sources."

The U.S. Geological Survey told Brunswick News no tungsten mines have been in operation in North America since 2015, when the Andrew Mine in California and the Cantung Mine in Canada's Northwest Territories were both closed, due to oversupply and weak demand. It says in 2016, China mined 82 per cent of the world's tungsten supply and still controlled more than half of the known reserves.

One popular American mining analyst says he doubts the Chinese will give up their stranglehold on the tungsten market.

Mickey Fulp, who has 62,000 followers on his Twitter feed and writes an industry blog called mercenarygeologist.com, said he's read through Northcliff's feasibility study and would not recommend investing in the development about 60 kilometres northwest of Fredericton.

"There are red flags all over this thing," he said from his home in New Mexico. "I would not put my money into any project like that."

David Robinson, an economist at Laurentian University in Sudbury, Ont., disagrees.

He said with the tungsten price trending up to what he called its historic norm, his best guess is it will move toward what he called "stable to high demand."

For years, the company that wants to create an open-pit mine worth more than half a billion dollars has talked about the main strategic heavy metal it wants to dig up and sell.

The Sisson Brook area holds one of the world's biggest known reserves of the precious rock outside China, 22 million metric tonnes. Tungsten's considered strategically important because it's used for components in military defence systems and drill bits for the oil, gas and mining industries, along with a slew of other purposes.

The company has been trying to attract investors for the mine and buyers for its tungsten to make the project a go, stating in a recent release it was having parallel discussions with both groups.

But China's dominance of the market is also one of the reasons Fulp says the Sisson Partnership is doomed to fail.

"The Chinese will continue to do what the Chinese do," the analyst said, arguing any competition in the tungsten field would convince the Asian superpower to ramp up production and flood the market. "They will force a company in a non-command economy out of business."

Robinson sees the situation differently. The Chinese, he said, were trying to develop consumer markets and high-end exports, and not that interested in flooding the market.

"There's a big debate about this," he said. "It depends if you think the Chinese government is wholly evil or has some environmental concerns. A fairly large number of mines they have are environmentally destructive and dangerous - Chinese mines kill more people than anywhere else in the world - but you just can't deny they've been raising the standard of life for most of their people, including safety standards. So it makes a lot of sense that some of these marginal mines will be closed down."

While Northcliff's shares are publicly traded, it also needs tungsten buyers to make the project a go.

Fulp views Canadian government regulations as an obstacle. Although Ottawa and the province have talked about the mine helping nearby communities such as Stanley and Juniper, which have been starved of good-paying jobs for decades, the mining analyst doesn't believe the Liberal governments are truly pro-development.

But Davidson says the initial green light from Ottawa and the province last year - approving an environmental impact assessment after a four-year process - was a great signal.

"The success in the approvals reflects our commitment to creating a project that will bring economic benefits to New Brunswick while protecting the environment."

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