

Circum Minerals' Danakil project

World-class potash operation in the making

Sitting on the world's largest, undeveloped potash deposit, privately-owned junior company **Circum Minerals** is working through the last stage necessary – fund raising – to move its 100% owned Ethiopia-based Danakil project into construction. And while the plan to build the operation will occur in four phases, the final operation will be a significantly sized operation – substantially larger than any of its African-focused potash peers, writes **LAURA CORNISH**.

IN SHORT

A world-class potash project looks set to move into construction in 2019.

Situated in Ethiopia's Afar region, Circum Minerals has been quietly advancing its project. With a mining licence in hand (awarded in April 2017), it has spent the last year optimising its definitive feasibility study which has seen it increase its potash production targets.

The original plan entailed producing 2 Mtpa of MOP (muriate of potash, KCl) and 750 000 tpa of SOP (sulphate of potash, K₂SO₄), explains COO Duncan Bowker. On the back of its optimised study, completed by African engineering expert SENET, the company is now looking to produce an additional 750 000 tpa, delivering 3.5 Mtpa potash in total.

These production volumes are significant and Circum Minerals is considering a phased approach to the project's construction in order to de-risk implementation and reduce capital requirements.

"Our focus at present is to secure the necessary funding to move into construction, with the objective to raise the capital through a combination of debt and equity.

"With the money secured we will start construction in 2019 – which entails a two-year build period followed by a two-year ramp up to full production. According to this schedule, we will produce our first SOP towards the end of 2021," Bowker outlines. The remaining phases will subsequently be constructed and funded out of cash flow.

A magnificent potash ore body

Not only does the Danakil ore body reside within one of the largest undeveloped potash deposits in the world, it also supports production of both MOP and SOP – giving Circum Minerals the flexibility to adapt its product generation according to market conditions. For now, the SOP market is highly lucrative and is the focus.

With a known resource of 4.9 Bnt, it makes sense to develop a larger-scale operation – "which is in essence a bulk commodity that requires heavy-duty logistics with significant economies of scale." Bowker however does mention in passing

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