



Beralt make-over - the refurbishment of the Portuguese tungsten mine

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LONDON (Metal-Pages) 22-Mar-06. It's just over a year since private investment company Almonty LLC of Delaware, bought out Avocet's share in tungsten producer Primary PLC. But Primary has come a long way in this relatively short space of time. Primary's wholly-owned subsidiary Beralt Tin & Wolfram (Portugal) SA is the owner and operator of the Panasqueira tungsten mine in Portugal, which was battling for survival just a short time ago. The Portuguese government was considering numerous proposals to sustain the local mining community, including turning the mine and plant into a theme park. But fate took a hand and the price of APT tungsten has risen steady since the deal went through, from \$91-93/mtu in January last year to \$283-291/mtu today, pulling the plant up with it.

Metal-Pages took a tour of Beralt to gauge its progress so far.

Almonty is owned by partners Daniel D'Amato and Lewis Black, two ex bankers who have a portfolio of natural resources assets. They are keen to expand their interests in Portugal and are looking at other metals interests, including tin. Black, who sits on the Primary board, has moved to Portugal to take charge of the Portuguese operation, including ploughing back a chunk of Primary's profits into Beralt to make it even more efficient and "saleable". So far, Black told Metal-Pages, €6 million has been invested, with the focus on the underground operation. There are plans to invest another \$6 million this year and \$4 million in 2007 - "just to play catch up". A total of €35 million will be spent over the next five years renovating the mine and plant.

With the price of tungsten ore now around \$200/mtu and the plant's costs, around \$95-100/mtu, Beralt is now not only self-financing but profitable. But the aim is to increase production so that the mine can cut costs further. Black is also well aware of the cyclical nature of the metals business. Although the short to medium term prognosis for tungsten looks pretty positive, Black wants to adapt the works so that it can operate on a "dimmer light" basis - ramping up and down according to demand. At the moment the plant is selling its entire production to Osram Sylvania, the major US consumer. The aim is to increase output to around 200 tpm.

The plant has been fully-operational since August last year, but it is still struggling with run-down equipment, which is currently being refurbished and replaced. "We were fighting fires before," admits Black, who is turning his attention to the plant after overseeing considerable changes and investment underground. "The mine is now working more efficiently, but the plant can't handle it yet," says Black, "It will be all hands to the deck in the next four months."

The plant looks like it has seen better times. The iron work is rusting and there are neglected spare parts and pipes lying around. Black picks out the faults as he tours the works, keen to spruce up its image and build morale within the ranks of the 294 workers. For example, he plans to sandblast the rusting infrastructure and paint it industrial yellow. He is also buying in new Beralt logo'd polo shirts for the workers and office staff. If not quite the Gordon Ramsey or Alan Sugar of the metals world, Black is doing his best to give this mine a make-over. But what he is doing is considerably better than the alternative - leaving the mine and its community, to the mercy of the tourist industry and theme park purgatory.

This becomes apparent when you see the sad shed which houses the remnants of a by-gone day, all earmarked for posterity and then enter the very heart of the operation - the underground mine which lives deep within this Portuguese mountain village.

Alfredo Pereira, mine director, led the expedition underground and strides along the muddy tunnels as if they are avenues in a country village. New equipment is boring into the underbelly of the mountain, preparing the ore veins for blasting, while a truck scoops the ore up and dumps it in the ore pits for crushing. It's a simple, repetitive operation, but one which is being made easier by the addition of three €250,000 low profile (LHD) trucks (another has been ordered) and three €350,000 boomers.

Black has had lights installed all along the tunnels - it's hard to believe they weren't there before - and is obsessional about safety. Most of the miners know the mine like the back of their hands, but to an outsider, these issues count. Primary has also taken another uncharted step - development of Panasqueira Deep/Level 2. The ore body was written off as depleted back in 1958, but, based on recent drill results, new rich veins have been discovered and Black considers it the area with the greatest prospects.

By developing and planning Beralt can now be selective about when it mines, rather than picking up what happens to be available "We were drilling blind before," admits Pereira, "Now we can be selective."

Other improvements include rebuilding the shaft - "the heartbeat of the mine" - and increasing the amount of wagons from 340 to 700.

Much will depend upon the price of tungsten and the overall global economy, but Primary and the Beralt team, headed up by mine manager Fernando Vitorino are working hard to exploit the current bull run and prepare the plant for the leaner times.

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