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Banking on place in the sun

ALL minerals have their time in the sun and if some of the pundits are right, zinc could be the next iron ore.

One of the less glamorous metals that escaped attention during the mining boom, zinc is mainly used for galvanising steel, to prevent it rusting, and of course for sun protection on the skin.

A recent Credit Suisse report out of Europe painted a bullish future for zinc as steel demand in the developing world rebounds over the next couple of years.

Combined with a depleting zinc supply from mature mines, the report concludes "the structural story for zinc could be as strong as for any metal".

Hugh Bresser certainly hopes they are right, with his Overland Resources sitting on two promising zinc deposits in Canada's Yukon.

On current figures the Andrew and nearby Darcy deposits contain 8.95 million tonnes at 7.5 per cent zinc equivalent, although those numbers have already grown 77 per cent since 2007 with further drilling.

Hugh said the Yukon was relatively underexplored by modern mining methods, and being an English speaking, politically stable country with a supportive culture for mining, it was an ideal area for a small Australian explorer.

"There is a lot of lower-grade zinc ore and we are hopeful that we can process that too," said Hugh, Overland's managing director.

The reason for his confidence is that the metallurgy of the ore carrying the zinc has been very promising — one of the most crucial aspects for a zinc mine.

In laboratory tests 96.1 per cent of zinc was extracted from crushed ore while 98.5 per cent of lead was removed. Flotation tests on lower-grade ore saw 90 per cent of waste successfully removed and a bankable feasibility study has begun.

Some of the smart money likes the story, with Macquarie Bank revealing a 16.1 per cent stake in Overland last week, joining big shareholders Glencore and EIM Capital Management. Overland Resources shares closed steady at 8.5¢.



Bright future: demand for zinc's protective properties is set to grow, says a Credit Suisse report