



WA is planning to launch a sales process for the Ellendale diamond mine

# Ellendale diamond mine sale on cards

## EXCLUSIVE

PAUL GARVEY  
MINING

The Ellendale mine, once the source of about half the world's "fancy yellow" diamonds, could soon be back on the market.

Western Australia's Department of Mines, Industry Regulation and Safety yesterday confirmed it was preparing an information memorandum on Ellendale ahead of the launch of a formal sales process in the coming months.

The department's executive director of mineral titles, Ivor Roberts, told *The Australian* the department would release a request for expressions of interest in Ellendale either late this year or early 2018.

The move coincides with a mini-revival of interest in the area around Ellendale and WA's broader Kimberley region.

Junior companies Lucapa Diamond and POZ Minerals are both stepping up exploration efforts on the doorstep of Ellendale, while Rio Tinto chief executive Jean-Sebastien Jacques has spoken of his interest in exploring for a diamond deposit to replace its ageing Argyle mine.

Mr Roberts indicated that the path to getting Ellendale back into production could take some time.

"If the EOI process is success-

ful and a new operator is found for Ellendale, DMIRS estimates that it will take at least two years for the new mining lease to be granted from the time the Minister for Mines and Petroleum invites the successful respondent," he said.

Mr Roberts would not be drawn on how the department planned to treat old unmet environmental liabilities linked to the project. A sales process by the department last year failed to elicit a suitable bid, with the \$30 million-plus of environmental liabilities attached to Ellendale a big turn-off for interested parties.

Another complication for any sale will be the fact that most of Ellendale's supporting infrastructure has been removed from site. Much of the plant and equipment at Ellendale, as well as offices and accommodation, is understood to have been sold off for scrap since last year's unsuccessful sale process.

Ellendale has had a chequered history. The mine's heyday came under the Miles Kennedy-led Kimberley Diamond, which was eventually swallowed by London-based Gem Diamonds in 2007 for \$300m.

By 2013, the mine was sold for just \$3.25m to Russian-born investor Alex Alexander.

Mr Alexander relisted the mine on the ASX under the name Kimberley Diamonds, but it ran into trouble and the holding subsidiary was put into administration in 2015.