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Titanium Find in Paraguay May Be World's Largest

By Elliott Blair Smith, Nathan Crooks and Wing-Gar Cheng

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What are you searching for?

While the material is abundant in the earth's crust, the 2008 financial crisis delayed new ore production, says Gary McMahill, a senior consultant at DuPont Titanium Technologies, the world's largest manufacturer of titanium dioxide pigment. It is a unit of DuPont Co. in Wilmington, Delaware.

"Now what we're seeing is a tightening of supply," McMahill said in an interview.

Economies of Scale

Lowell's claim is in the Alto Parana district in eastern Paraguay near the border with Brazil. The ore he says he has found is known as ilmenite, the type predominately used in China. Some of the world's largest known deposits of ilmenite are in Mozambique, Madagascar and South Africa, according to Ben Coetzee, a TZMI consultant based in Durban, South Africa. Continental Africa accounts for half the world's supply of the material, he said.



“If you find an ilmenite deposit that is rich enough and large enough, that would be interesting to us,” Victor Hugo, general manager for product and technical development at Australia’s Iluka Resources Ltd., said at the conference. Iluka is a Perth-based titanium miner and processor.

Mining ilmenite needs economies of scale because it’s a low-cost input in a range of products, said Trevor Arran, executive general manager for mineral sands and base metals at Exxaro Resources Ltd., a South African producer of titanium, zinc and coal.

The project would require a \$500 million investment to get 5 million metric tons a year of ore, Lowell said.

Price Projection

Two of the world’s largest mining companies, Melbourne, Australia-based BHP Billiton Ltd. and London-based Rio Tinto Group, jointly operate the Richards Bay Minerals titanium dioxide mines in South Africa, among the world’s biggest. Rio Tinto also owns a titanium dioxide operation in Quebec.

Producers include Huntsman Corp., based in Salt Lake City, Kronos Worldwide Inc. in Dallas and National Titanium Dioxide Co., part of Saudi Arabia-based Cristal Global.

Asia-Pacific demand for pigment was expected to grow 30 percent to 2.16 million metric tons between 2008 and 2013, according to a TZMI estimate published earlier this year by Cristal Global.

Paraguay Legislation

In March 1981, Lowell unearthed the Escondida copper deposit, the world’s largest, in Chile’s Atacama Desert. It produced \$6 billion of copper last year, according to majority owner BHP. Two Chinese companies paid a combined \$1.5 billion for two copper discoveries he made earlier this decade in Peru and Ecuador.

In September, the lower house of Paraguay’s congress passed a law to strengthen mineral claims in a country that has no history of large-scale mining. Juan Antonio Denis, head of the mining and energy committee in the Chamber of Deputies, said in an interview that Lowell requested the legislation.

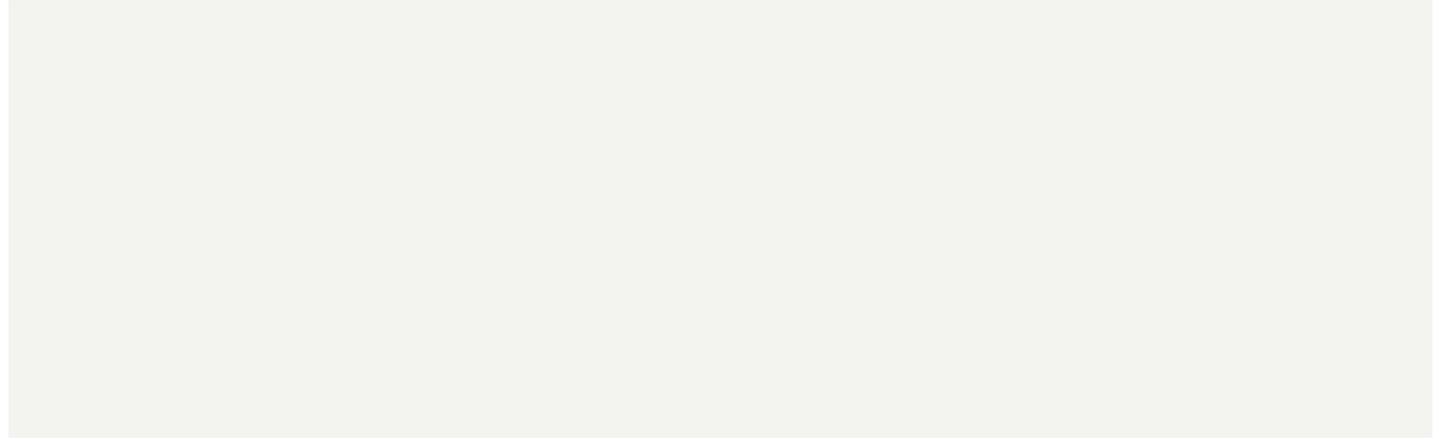
Lowell “told us we had to adjust our legislation to regional standards, and that’s what we set out to do,” Denis said. “We want David Lowell to come work in Paraguay.”

The legislation is now before the senate.

“There will be a time lag inevitably to get the mine constructed, at least three to five years,” said Adams at Artikel. “In a place like Paraguay, they may be into making infrastructure improvements as well.” He described Lowell’s discovery as “huge.”

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