

Diatreme, Image to form zircon JV

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Image Resources has moved to join a joint venture between a Chinese party and Diatreme Resources to develop the Cyclone and Cyclone Extended heavy mineral sands deposits in Western Australia.

Diatreme and Image said on Wednesday that they had signed a memorandum of understanding to cooperate at the Cyclone tenements in the Eucla Basin.

The tenements are rich in zircon, which is used in ceramic tiles.

“The parties have indicated their agreement to co-operate with each other with the aim of entering into a joint venture agreement, or similar arrangement, in respect of the two deposits which are contiguous,” Diatreme said in a statement.

“The purpose of the transaction is to initially advance the assets to feasibility and, if warranted, to production.

“Such co-operation may include collective negotiations with third parties who may wish to enter into an agreement or arrangement to invest in or purchase the assets.”

Diatreme last month entered into an MoU with China's largest manufacturer BaoTi Group, which would take a stake in Diatreme and jointly develop the Cyclone project with the Queensland-based company.

BaoTi Group has an 80 per cent share of China's zircon and titanium fabrication market.

Shares in Image jumped to an intra-day high of 44.5¢, up 4.5¢, or 11.25 per cent, before settling back to close at 40.5¢, up half a cent.

Diatreme's shares finished 0.7¢, or 9.33 per cent, higher at 8.2¢.

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