

## **HiTec making its move**

**News:** 5-June-08 by Rebecca Lawson

After years of frustration, processing technology developer HiTec Energy Ltd is on the verge of making the leap from technical innovator to producer.

The West Perth-based company has taken a firm step towards its long-held goal of developing a special manganese processing plant at the Boodarie Industrial Estate at Port Hedland, after signing an agreement with Perth company Auvex Metals Ltd.

"We went through a period where for years we've disappointed our shareholders," HiTec chief executive Alan Scott said.

"They put more money in and we disappoint them again, disappoint them in terms of not being able to get the big project at Boodarie under way."

Over the years, the company has sought opportunities to demonstrate its patented technologies of secondary manganese production on a full commercial scale. HiTec's products include electrolytic manganese dioxide (EMD), used in the manufacture of alkaline and lithium-ion batteries, and granulated manganese sulfate (GMS) which is a fertiliser ingredient.

Ms Scott said Auvex came along at the right time in the company's growth, when funds were tight and heading to the market to raise more capital for a GMS plant at Boodarie was an option he was not keen to take.

The agreement with Auvex is a farm in and joint venture over HiTec's Ant Hill and Sunday Hill manganese projects in the Pilbara, where both companies aim to be in production by mid 2009.

Under the arrangement, Auvex has agreed to pay the first \$7.25 million of the JV costs to earn a 50 per cent interest.

HiTec is keen for early cashflow from the mining of manganese lump ore, which will initially be mined at Ant Hill, and plans to use funds to finance the development of a 25,000tpa GMS plant, which is estimated to cost under \$20 million.

"Manganese sulfate is the first step in producing EMD, which is what we really want, but as always the cost of the plant is quite significant. However we can do the first step and sell the interim product very profitably at the moment," Mr Scott said.

Once the company had a steady income stream, he said, the GMS plant could either be expanded or converted to EMD production, where annual consumption of EMD in alkaline batteries had grown steadily over recent years and reached an estimated 325,000t in 2007.