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COMPANIES

Sales cut Base Titanium debt by Sh2.4 billion

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SUMMARY

- The firm, in a quarterly update released yesterday, said increased demand for zircon and improved production of the mineral had seen the firm earn more revenue.
- Base Titanium, however, declined to disclose its revenue or profit in the period.
- Zircon is largely used as additive to materials such as ceramic glazes and milk glasses to make them opaque.



THE TAILING STUCKER SEPARATING SOIL FROM THE MINERALS AT TITANIUM BASE MINING IN KWALE. FILE PHOTO | LABAN WALLONGA | NMG



Australian mining firm Base Titanium has reported a Sh2.4 billion reduction of its debt burden attributed to improved sales of zircon from its Kwale-based mine.

The firm, in a quarterly update released yesterday, said increased demand for zircon and improved production of the mineral had seen the firm earn more revenue.

"The quarter was characterised by continuing improvement in zircon markets, stabilising ilmenite prices and positive outlook for rutile. The continued strong performance has reduced net debt by further USD24 million in the quarter," the firm said in the update to June 2017.

Base Titanium, however, declined to disclose its revenue or profit in the period.

In its 2016 annual report, the firm's parent company, Base Resources, disclosed that its Kenya subsidiary was indebted to the tune of Sh15.1 billion.

Zircon demand, which was said to have exceeded the company's capacity to supply due to lower than anticipated global zircon production for 2017 pushed prices up by \$150 per tonne and is expected to rise further by December 2017.

The Kwale-based mine sold 8,540 tonnes of zircon in the three months to June 2016 up from the 8,069 tonnes in the previous quarter.

Zircon is largely used as additive to materials such as ceramic glazes and milk glasses to make them opaque.

Industrial Minerals, an international mineral intelligence firm, has predicted a possible rise in prices of zircon due to tightening supply and increased demand.

The firm said the prices for zircon premium grade bulk in China currently stands at \$1,050-1,100 per tonne.

The Australian mining firm expressed optimism that its long standing Sh1.9 billion VAT refund backlog with the Kenya Revenue Authority would be processed soon.