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Codan detects mine bonanza

Codan business unit Minetec is not uncovering A\$250,000 gold nuggets like its metal-detector arm, but the division is starting to repay the investment and faith of management after several years of toil laying foundations for growth.



Minetec's new A\$1 million (US\$760,000) deal with Australian contractor PYBAR Mining Services for delivery of underground tracking, visualisation and operations management technology at OZ Mineral's Carrapateena copper-gold project in South Australia is the latest sign of the potential windfall gains from the ASX-listed group's investment in mine communications R&D.

Codan continues to grow the footprint of its mine-technology business (*see map below*). Its more famous metal detectors – used by defence forces around the world and also recently to uncover a 145oz gold nugget in central Victoria – and surface communications products remain its dominant revenue generators.

But the latest mine order comes after a A\$1.7 million contract in Western Australia and continues worldwide growth in enquiry and deal flow.

Minetec and its CSIRO-developed WASP high-precision tracking technology were acquired by Codan five years ago when the METS (mining equipment, technology and services) sector was alive with opportunities. But competition in the relatively niche underground communications market and severe cuts in spending by miners and contractors saw prospects dry up.

Codan has become more aggressively commercial in its efforts to generate returns on its Minetec investment and says this fiscal year it expects to see the business return a small profit.

Its main focus is on “underground hard-rock gold, copper and diamond mines in Australia and South Africa” and it is exploring complementary routes to market, including “collaboration with major OEMs”.

Longer term it wants to assist the mining industry’s transition to autonomous mining.

PYBAR is using Minetec’s task-management system, SMARTS, and WASP tracking to manage development of a 7.5km decline and associated infrastructure at Carrapateena.



“This contract further validates Minetec’s strategy of targeting underground hard-rock mines with a unique technology platform providing enhanced tracking, safety and productivity,” a Codan spokesperson said.

“The revenue will be realised during FY17.”