

### STATE OF THE MARKET

| VRX      | SUV     | DRX     | ASQ     | PEC     |
|----------|---------|---------|---------|---------|
| \$166.5m | \$84.9m | \$54.1m | \$23.3m | \$41.8m |

ASX Market Capitalisations as at 25.03.2021 06:00am WST

**OVER 50 YEARS OF SILICA IN AUSTRALIA.  
SUPPLYING HIGH PURITY GRADES TO THE WORLD SINCE 1968.**

**25 MARCH 2021**



Image: [www.c fsm .com .au](http://www.c fsm .com .au)

### Not a Recent Phenomenon at All

Whilst interest in silica sand may seem like a very recent introduction into the psyche of investors for the Australian-based industry, it is not the case at all.

Cape Flattery Silica Mine (CFSM) have been at this for over 50 years and have forged a positive pathway to supply this important and valuable resource. Today we look at the experience of Mitsubishi Corporation (MC) and its Australian operations.

- Cape Flattery is situated approximately 220km north of Cairns in Queensland.
- It is home to one of the world's largest silica mines.
- MC started importing silica sand from the mine into Japan in 1968, then in 1977 they purchased CFSM. During the 1980's the business was further expanded by the building of a wharf and shipping facilities.
- Since that time, MC has developed an integrated supply chain covering all operations from mining and processing to export and sales. Today, roughly three million tons of silica sand are exported from CFSM every year – bound mainly for Japan, but to other parts of Asia as well.

The CEO of CFSM, Taro Nakatani, was interviewed recently as part of an ongoing series of features about the Company.

He was appointed President and CEO of CFSM in May 2019 after working with MC for twenty years, but acknowledged that he came to the silica industry as a complete newcomer having had no past experience with this particular commodity. However, he said he was “mesmerised by the sheer scale of the business, and that his initial apprehensions were quickly replaced by excitement and a determination to succeed”. He went on to say, that “as a raw material for glass manufacturing, silica sand is indispensable – we use it every day”.

Providing the world with stable supplies of silica sand remains the highest priority for MC.

Cape Flattery Silica Mines is known for producing a particularly high grade of silica sand, and in terms of the stability of global supply, the company leads the way. Developing a long-term strategic production plan to increase future output, gaining the appropriate environmental approvals from authorities, and investment in new equipment that will drive productivity forward are Mr Nakatani's key objectives.

## Learning the Important Lessons

Allup is keen to learn from the experiences of other successful operators, and two important issues stand out for us to take on board.

### 1. The importance of developing a culture of inclusiveness for the company's workforce.

When the feedback and opinions of frontline workers are not listened to, the company is not working to its fullest potential or capacity because the motivation and involvement in the workplace is reduced. It is important therefore that appropriate human resource systems are incorporated to drive this reform, because "the rewards for the company are huge".

### 2. The importance of mining in ways that preserves both community and the natural environment.

The harmonious co-existence with local communities is something that the company takes extremely seriously. Obviously, the strict environmental standards must be met, but by implementing proactive steps, such as the reuse/recycling of water, as well as embracing low carbon initiatives are all important ways the company can demonstrate its commitment. Providing recruiting and employment opportunities for local residents, including Indigenous Australians who may have a connection to the area, and by donating to programs for vocational training for the industry are all initiatives that are accepted by the local communities. The rehabilitation of areas for greater community use also forms part of this thinking, because co-existing with local communities and the environment has proved beneficial over the past 40 years.



Image: [www.cfsm.com.au](http://www.cfsm.com.au)



Image: [www.mitsubishicorp.com](http://www.mitsubishicorp.com)



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## Starting as We Mean to Go On...

Allup seeks to implement the right policy frameworks from the very outset of its exploration operations, and to this end it has recently adopted several policy documents that relate to health, safety, environment and communities.

Allup's Managing Director, Andrew Haythorpe said at the time, "Allup values the core principles of respectful relationships, personal integrity and accountability, and particularly so as they relate to all of these areas. These core values will underpin the way in which we do business, and they will be present from the very start of our operations, from exploration through to mining, processing and the delivery of our product to market".

The Allup Team believe this to be not only the right thing to do, but critical if trust in our operations is to be maintained, with our social license to operate continually strengthened.

Rewritten with material sourced from <https://www.mitsubishicorp.com/jp/en/createthenext/200327/>



**ALLUP SILICA**  
The BRIGHT Force in Silica

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