

Kalgoorlie Miner

SE Miner
HD Hills alive with iron ore potential
WC 788 words
PD 6 March 2014
SN Kalgoorlie Miner
SC KALGOO
ED First
PG 13
LA English
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A chain of iron ore-rich hills in remote bushland in the Northern Goldfields shapes as the most likely pathway to realising the untapped potential of the emerging Yilgarn province.

That is the view of Shire of Menzies president Greg Dwyer, who says the neighbouring Mt Mason, Mt Bevan and Mt Forrest have the potential to generate crucial investment in infrastructure for WA's third iron ore province.

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The three projects north-west of Menzies are in the same neighbourhood where Fortescue subsidiary FMG Resources staked out vast tracts of the minerals-rich, but largely undeveloped, Yilgarn last October.

Mt Mason is being developed by Brian Gilbertson's Jupiter Mines.

India's State-run NMDC is the biggest shareholder in the Perth explorer drilling at Mt Bevan and Mindax has put a \$177 million price tag on Mt Forrest, where it hopes to begin mining in mid-2015.

Mr Dwyer described Jupiter and Mindax, along with TSX-listed Macarthur Minerals which priced its Ullaring project at \$226 million in January, as the "major players" with the best chance to succeed by sharing infrastructure.

"It's not so much the dream scenario but I do think it is the most likely scenario," Mr Dwyer said.

Mining in the Yilgarn has the potential to make Menzies a regional rail hub and triple the town's population from about 110, according to Mr Dwyer. "It's a major change for the town, it's a major challenge for our infrastructure and services – and services don't happen overnight," he said.

The major stumbling block has been the long-awaited Esperance Port upgrade, with the successful bidder for the promised multi-user iron ore facility expected to be confirmed this month.

But there are concerns from some quarters that Treasurer Troy Buswell's decision to take three weeks' personal leave during the lead-up to the State Budget may delay an announcement. "We would expect there would be no delay in the completion date," Yilgarn Iron Producers Association chief executive David Utting said.

"It is a very simple case of two highly-qualified proponents and it's not rocket science to get this decision made on time by late March." Junior miners have been lining up for the facility, with cashed-up Jupiter expecting to receive approval for its mining proposal from the Department of Mines and Petroleum in April.

Jupiter, which delisted from the ASX in January, had \$48m cash at the end of the December quarter and has linked with Mindax over areas of common interest, including a shared haul and rail siding option.

Cazaly Resources would argue it has the most advanced project for the Esperance expansion with the only published definitive feasibility study among those jostling for a new berth. Its Parker Range project, 40km south of Southern Cross, has had environmental approvals in place for almost two years, with plans to export 4.2m tonnes per annum of direct shipping ore.

“Small miners just can’t sit around and wait,” Mr Dwyer said of frustrating delays for the port upgrade. On the funding front, NMDC claims to be the world’s eighth-largest iron ore producer and props up Mt Bevan with a 48 per cent stake in Perth-based Legacy Iron Ore. Legacy boss Sharon Heng says Mt Bevan – a 60:40 joint venture with Hawthorn Resources – is a “potentially world-class commercial deposit” and the explorer is stepping up drilling this month.

Mindax would appear to be the frontrunner after last year inking a \$52.3m deal with Hong Kong’s Perpetual Mining to ramp up Mt Forrest.

Not everyone is as lucky. Cash-strapped Cashmere Iron talks up an initial eight-year DSO mine at its Cashmere Downs deposit, but has gone virtually nowhere for two years.

In a letter to shareholders last week, Cashmere chairman Derek La Ferla said access to infrastructure – its nearest railhead is 180km south-east at Menzies – and a clear pathway to port continued to hamper the company.

He said recent talks with Chinese investors had broken down but the company “continues to have discussions with a major Korean entity and others”.

Mr Dwyer has faith in Cashmere Downs, which neighbours Mt Forrest, and said it would be a “great spot” for a rail spur.

“There is more than one company, it is a large area and might be well serviced by a spur in future years,” he said. According to a DMP map listing WA resources projects, the Yilgarn had 14 iron ore projects operating or under development in 2013 with actual or anticipated value of annual production of greater than \$10m.

This compared with at least 76 in the Pilbara.

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