



Yilgarn hots up as Mindax gets ore search nod



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It was a case of long delayed and much forgotten for Mindax, which received governmental clearance last week to drill for iron ore in the Yilgarn but failed to elicit any cheers from shareholders.

The junior's lightly traded stock ended the week unchanged at 49¢.

Yet the approval should not be underestimated.

Mindax expects to start drilling at Bulga Downs, 150km north-west from the railway at Menzies, in two months' time and become the latest junior to search the Yilgarn for iron ore. In doing so Mindax will add weight to the argument the Yilgarn is too often overlooked in favour of the Pilbara and the Mid-West.

The quality of iron ore in the Yilgarn may not be as high, or the quantities as big. But the infrastructure conundrum is more workable than in the Pilbara and the Mid-West, with a railway network spreading west and north from Kalgoorlie-Boulder and hooked up to Esperance, whose port authority has laid out the welcome mat.

Cliffs Natural Resources paved the way and others are fast following.

Cazaly Resources is eyeing development of its Parker Range project near Koolyanobbing and the Brian Gilbertson-controlled Jupiter

Mines, flush with Posco cash, last week trumpeted high-grade magnetite intercepts from its Mt Ida/Central Yilgarn project.

Mindax is yet to test Bulga Downs with the drill bit but has been talking about conceptual targets of 100 million tonnes of direct-shipping ore to underpin a sizeable operation and justify the necessary infrastructure.

It is still early days — a maiden resource for Bulga Downs won't be known until early next year — but what the increased attention on the Yilgarn has done is spark talk of consolidation in the region.

With the exception of Cazaly's project, the others have infrastructure issues to consider, at the very least a rail spur to Menzies.

Cliffs owns 18.4 per cent of Golden West Resources, whose iron ore project is at Wiluna. Any development there, maybe involving a rail extension from Wiluna to Leonora, could speed up consolidation in the Yilgarn given that scale becomes the key criteria.

And Mr Gilbertson's interests already have a 9 per cent holding in Mindax. Cliffs is also pushing ahead with development of its Mt Jackson project, north of Koolyanobbing and within striking distance of some of the other Yilgarn operators.

- Dioro Exploration's move to place its shares in a trading halt on Friday "pending the release of a significant increase in reserves" at its flagship 49 per cent-owned Frog's Leg project raised eyebrows.

Dioro has to release the upgrade to the sharemarket by tomorrow, or place its stock in suspension.

Tomorrow also marks the deadline for Avoca Resources' hostile takeover bid.

The uncertainty generated by a trading halt pre-positive news could be enough to unnerve some Dioro shareholders who had contemplated accepting Avoca's scrip-swap offer.

Avoca can extend the deadline beyond tomorrow but either way will be poring over Dioro's upgrade to make sure the numbers were worthy of a trading halt.

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Bulga Downs: Drilling program.