



# Roper Bar delivers for NT outfit

The last 18 months have been something of a long haul for Adelaide-based explorer Western Desert Resources Ltd.

The iron ore hopeful has struggled to get traction since it listed in July 2008, mostly due to unfortunate timing.

The day the company listed on the ASX was the day the first stories broke about the Opes Prime share scandal and just as wary investors decided it was safe to speculate on the odd explorer or two, the GFC came along and scared them off again.

That may all be about to change if managing director Norm Gardner's hopes for the company's Roper Bar JV and Mountain Creek iron ore projects in the Territory come to fruition.

Roper Bar, in particular, is starting to take on a very promising shape and Gardner is confident the turnaround in Western Desert's fortunes will gather momentum quite quickly.

"It has been a bit of an uphill battle. It has been 18 months of pretty hard times and while things have turned around a little bit recently there is still a lot of work to do, but we think we are going to change from an exploration to an operational footing in the next 12 to 18 months," he said.

Gardner's confidence is based on the preliminary exploration work at Roper Bar – about 1,000km from Darwin – and the project's location just 50km from the Gulf of Carpentaria coast.

Four months of drilling by a single rig on sections of three of Roper Bar's six ELs last year was enough to generate a resource of 116mt low contaminant hematite iron ore.

According to Gardner, the company will know a lot more about the size of the project after this year's drilling programme, but he said there was no doubt that there would be substantial increases in the resource base.

"This year we think we will add pretty significantly to the resource because we know a lot more about the project now.

"It has been a big learning curve, but we have now got our eye in and we will be looking to lift the resources pretty substantially."

"We think a realistic exploration target for us is to prove up a resource of 350mt-400mt this year. One of the most significant things about the project is that there are significant areas of outcropping mineralisation, or under very shallow cover, so we have probably barely touched it in the last drilling season."

While that is still a target, not a resource in the back pocket, even its present resource puts Western Desert in a much better position than it was in not so long ago when it had 100% of Roper Bar, but little money in the bank to pour into exploration.

A Northern Territory Government-sponsored delegation of mining company representatives to China and Japan proved to be the turning point in the company's fortunes.

Gardner said that two weeks after the delegation returned, representatives of Japanese



Western Desert Resources managing director Norm Gardner with a sample of Roper Bar iron ore

conglomerate Itochu made contact and seven months of negotiations began.

The end result of those negotiations is that Itochu will spend another \$15 million over the next two years to earn a 51% stake in the Roper Bar project.

Gardner said that while it was a blow to give up a controlling stake in the Roper Bar project, Western Desert was comfortable with its position, especially in light of the exploration targets being generated.

"Basically, Roper Bar will be fully funded for the next two years (via Itochu's \$15 million spend).

"Retrospectively it would have been nice to retain 100% of the project, but two years ago when the world looked like it was going to end we were thrown a pretty good lifeline and at the time the market saw it as a great deal.

"We think Roper Bar has the potential to ultimately realise more than 1bt and by the time Itochu has committed its \$15 million we may well be looking at up to 600mt – that is a target, not a guarantee – and Western Desert will still own 49% of that.

"That 49% ownership is going to have some pretty drastic implications for our market cap and the size of the company going forward."

While proving up a resource is one thing, getting a mine into operation is something else again and on the face of it, an 18-month

time frame to move into development – with a production targeted for 2013 – seems perhaps a bridge too far, especially when there is essentially no infrastructure in place at Roper Bar.

There is a small fishing village at the mouth of the Roper River, but Gardner said it was likely any barge port would be constructed away from that area. There is also no power grid nearby, so all of the operation's power needs will have to be self-generated.

While Gardner agreed that there is much to be done, he said it was a realistic timetable given that the resource to date contains about 7mt (@ 59% iron) of direct shipping ore (DSO) and a simple barge port could be built fewer than 50km away.

"From a capex point of view obviously with DSO it is fairly low, depending on how close you are to the coast, but for us it could be as simple as a haul road, a conveying system to the coast, then barging to deepwater vessels. You are talking about maybe \$1.50/t to get it from mine to port – maybe \$10/t to have it on board ship.

"The size of the project will drive the infrastructure development. We are in the process of doing a scoping study (due by September this year) which will give us a much better handle on optimum yearly production.

With the majority of the Roper Bar ore re-

  
back



**More rigs are expected to hit the ground at Roper Bar as the company gears up its drilling programme this year**

quiring beneficiation, it is obvious that more infrastructure will be needed. Gardner said the JV would assess all of the possible options before making a commitment.

"This would be a 100-year project and while there is no doubt it could evolve we want to make sure we get the best initial set up we can."

While Roper Bar is the most advanced of the company's two projects, Gardner said

he had high hopes for the adjacent Mountain Creek project.

"The important thing about Mountain Creek is that the structural fault hosting the high grade ore, the Hells Gate Hingeline, in Area F on Roper Bar continues for about 20km through Mountain Creek.

"We have mapped sections of it and confirmed the presence of the Sherwin Ironstone Formation. We've done the mapping, we've

got some good grades, so this year we will be putting together a programme to have a rig in there for six months. We will be looking to add significant tonnes out of this project."

Gardner said the company had already started preliminary work on obtaining necessary environmental approvals for an operation at Roper Bar.

**- Jason Alexander**