
FerrAus joins junior miner merger hunt

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The Australian reported that FerrAus has added its name to the growing list of juniors targeting consolidation in the sector to unlock infrastructure and provide an alternative source for China.

As per report, FerrAus announced that it was restarting iron ore exploration, adding that its objective was to promote the consolidation of the junior sector in the Eastern Pilbara.

Mr John Nvytl chairman of FerrAus agreed further consolidation in the sector was needed to create a sufficient resource base to underwrite the construction of connecting infrastructure. He added that "That infrastructure, which would be rail, could logically connect to one of the existing rail lines in the region."

Mr Nvytl said that the cost of a rail build could be around USD 500 million, which would require a resource of more than 500 million tonnes to support that expenditure. He added that "Working together is a faster way to target that tonnage."

The announcement by FerrAus comes less than a week after neighboring juniors Warwick Resources and Hannans Reward merged their iron ore tenements.

Warwick, which is 20.88% owned by Atlas Iron, purchased Hannans Reward's East Pilbara iron ore tenements for USD 5.25 million in a move tipped to extend Atlas's reach across the sector. Both Warwick and Hannans said further consolidation in the region was expected because most juniors would struggle to access infrastructure without adding tonnages to their projected output.

(Sourced from www.theaustralian.news.com.au)

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