
Control of Pilbara iron ore explorer United Minerals about to change

Tuesday, 13 Oct, 2009

Proactive Investors reported that Pilbara iron ore explorer United Minerals Corporation has followed a 2 day trading halt with a request for a suspension from trading, amid a statement from the company that control of the company could be about to change.

At its Railway Creek deposit iron ore Deposit in the Pilbara in Western Australia, UMC has carved out a resource of 158 million tonnes iron at 58.03%Fe including indicated and inferred. As well as a Direct Shipping Ore bedded Marra Mamba ore resource of 100.7 million tonnes at 60.3%Fe in the indicated category.

This would likely support a 3 million tonne per annum mining operation commencing in 2011 to 2012. Recently, UMC entered into a conditional placement agreement with one of China's top steel buyers China Railway Materials Commercial Corporation.

Under the terms of the deal, UMC agreed to an AUD 27.2 million placement to CRM with one of the key conditions to the placement being the finalization of a 10 year 3.0 million tonnes per annum off take agreement agreed between UMC and CRM by December 7th 2009.

However, the larger upside would likely be a larger 10 million tonne per annum open cut operation at Railway Creek; however, this is likely to have much longer timeframe possibly 2014 to 2015.

The deposit is located close to Rio Tinto's railway line and 25 kilometers from BHP Billiton's railway line, however there is no current agreement to use either of those lines. Another option could involve trucking UMC ore 165 kilometers by road transport to the Fortescue Metal Group's rail line using existing roads.

Current major shareholder of UMC, Thundelarra Exploration is supportive of UMC but is likely to be a seller at the right price. Despite the growing high grade resource UMC has not been afforded the valuation of some of its peers as we have contended. A potential change of control transaction would certainly change that.

(Sourced from Proactiveinvestors.com)

For more news visit at www.steelguru.com