

Pilbara lures explorer with promise of metal riches



Float Watch

www.wise-owl.com

Company Name: Legacy Iron Ore Ltd

Security code: LCY

Issue price: 25c per ordinary share

Shares on offer: 32 million

Expected offer close date: June 17

Recommendation: None

THE Pilbara region of Western Australia is well known among the resource fraternity to be highly valuable, especially for iron ore producers.

Big names such as Rio Tinto and Fortescue mine in that region, which also boasts a large amount of infrastructure.

Wise-owl.com analyst Imran Valibhoy says: "The potential of this region, coupled with high prices for iron ore and gold, creates an attractive investment case for Legacy Iron Ore (LCY), who are looking to float in the near future."

LCY's tenements are situated in the Pilbara, the Hamersley iron province, the Kimberley region and the Peak Hill goldfield. Just like the Pilbara region, the gold projects are all set in areas with impressive histories of continuous gold production.

As a priority, LCY will look to undertake an assessment of the iron ore tenements and establish their potential, with preference being given to the Robertson Range and Hamersley Basin projects. LCY's planned exploration budget will be \$5.2 million for the first two years.

"As well, airborne geophysical and remote-sensing techniques will be employed to identify priority objectives for the initial ground surveys," Valibhoy says. "It is still early days for these tenements. However, the infrastructure that is in close proximity to these areas means that the company will not have to spend a significant

portion of their capital on factors such as road, water or electricity.

"This means the company can then focus the major bulk of their time and efforts on exploring the ground." The Kimberley iron ore project tenements, for example, are in the Halls Creek area, 347km south of Kununurra, and are readily accessible via the sealed Kununurra-Halls Creek Highway. The individual tenements are accessible by graded gravel roads and station tracks east and west of Halls Creek.

With such significant potential, as with any other junior explorer, there is a significant amount of risk. "Any negative announcements could have a severe impact on the share price, especially with the market still on tenterhooks," Valibhoy says. "Weak drilling results, operations going over budget, scheduling delays, metal prices and decisions on native title grants are significant factors that will impact the share price."

