

STOCKHEAD



Mining

Barry FitzGerald: Does DevEx Resources have a modern day Coronation Hill on its hands?

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A lot of metal was locked away forever when the Hawke Labor government banned mining at the Coronation Hill deposit on aboriginal and environmental grounds by including it inside Kakadu national park.

The 1991 ban locked away 1.4 million oz of gold, 300,000 oz of platinum group metals, and some 340,000 tonnes of uranium.

BHP had wanted to develop the deposit – named in honour of the Queen’s 1953 coronation when government geologists first discovered the uranium with their geiger counters near the headwaters of South Alligator river.

But when the deposit was parked inside BHP’s listed gold spinoff, which merged with Newmont Australia, the development plan was picked up by the then newly created Newcrest.

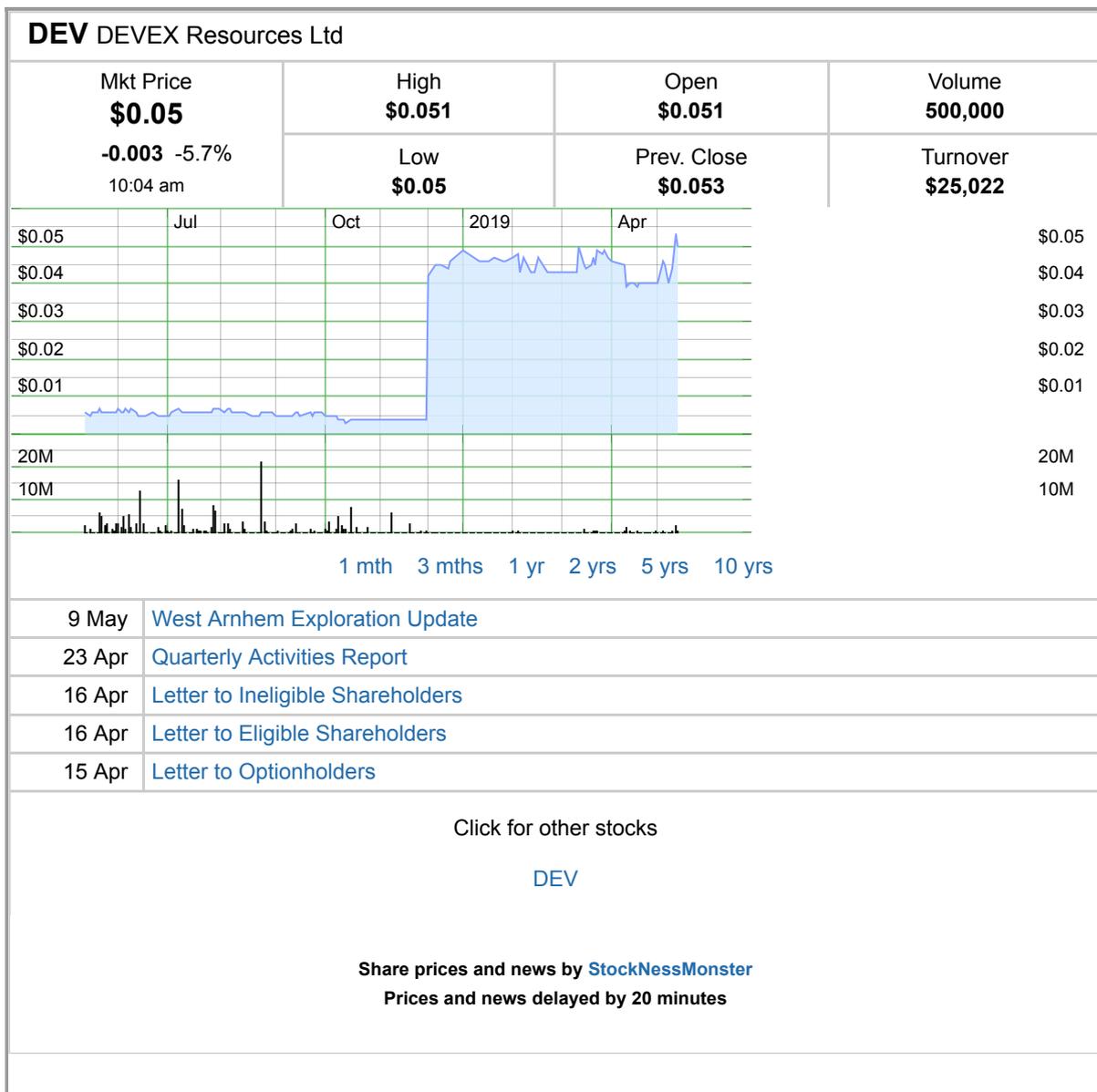
It was a big and controversial issue in the day and as Hawke pre-empted a cabinet decision on Coronation Hill’s future, it became a key factor in his loss of the prime ministership to Paul Keating late in 1991.

So much for today’s history lesson.

The good news is that while Coronation Hill is locked away, a little thing called DevEx Resources (**ASX: DEV**) reckons it could have a lookalike some 200km to the northeast, and well outside of Kakadu.

Coronation streak?

There is a bit of excitement building in the stock which last traded at 5.3c. That is its highest since October last year and comes as it prepares to get going with an exploration drilling program at its Northern Territory uranium-gold-platinum properties.



Even with the recent price rise, DevEx remains highly leveraged to exploration upside thanks to its modest \$6m market value.

Apart from its Coronation Hill lookalike called the U40 Prospect, DevEx will also be drilling next month beneath the old and nearby Nabarlek uranium mine.

Nabarlek was a small orebody but was high grade. It was mined out in the space of four months in 1979 by its long gone owner, Pioneer of concrete fame, with close to 11,000t of uranium produced in the following years.

While the Nabarlek hunt for new ore positions will in itself be worth watching given DevEx's light market value, it is the potential for U40 to shape up in to a Coronation Hill-type orebody that has piqued interest in the stock.

DevEx told the ASX last week that a technical review of historical drill intercepts at U40 had shown them to be of "similar mineralisation age, alteration, metal content and fault control geometry as that at Coronation Hill."

The historical drill intercepts in question identified a pod of high-grade uranium-copper-gold-platinum-palladium mineralisation, including 6.3m grading 7.23% uranium, 1.9% copper and 0.66 grams a tonne gold.

“The company interprets that the previously announced isolated pod of high-grade mineralisation at the U40 prospect to also be part of a similar fault-controlled mineralising event of the same age as that at Coronation Hill,” DevEx said.

“In light of this, the company believes there is excellent potential to locate additional mineralisation at depth.”

“Age dating of the uranium mineralisation at Coronation Hill is consistent with ages recorded for uranium mineralisation at both Nabarlek and Jabiluka (now owned by Rio Tinto’s listed subsidiary Energy Resources of Australia but requiring aboriginal consent to be developed),” DevEx said.

“Given U40’s proximity to Nabarlek, the age relationship between U40 and Coronation Hill is interpreted by the company as part of the same regional mineralising event.”

DevEx said that importantly, the fault-hosted Coronation Hill deposit had significant vertical depth extent, with multiple stacked high-grade mineralisation lodes extending to depths of more than 470m below surface.

Like all lookalike theories in the exploration game, DevEx now needs to put its theory to the test with the drill bit.

Along with drilling at Nabarlek, it makes for interesting times ahead for the rebadged DevEx (formerly Uranium Equities).

