

Going undercover

A FEW weeks ago, AIM-listed Greatland Gold reported drilling results from its farm-in partner, Newcrest Mining with what were described as “further excellent drill results” included 45m at 7.1 grams per tonne gold and 0.08% copper — but the mineralisation was intercepted from 1077m

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The results, which coincided with Newcrest meeting the minimum spend of US\$5 million ahead of the deadline, came from Greatland's Havieron project in Western Australia's Paterson Province.

The discovery hole had hit mineralisation at 450m down hole — and the assumption beforehand had been that at least 400m of drilling would be needed to penetrate the cover and reach mineralisation.

Antipa Minerals has the nearby Citadel project which required drilling through cover to hit gold and copper at 194m down hole. This junior made the point in a presentation this week that its Calibre discovery is in an area that remains largely unexplored with only limited modern exploration. All made possible by modern geophysical techniques that can "see through" cover.

Expect more such exploration.

Deep projects are now seemingly being dusted off.

Just over 10 years ago, the-then Gold Aura reported that as of September 30, 2009, it had just A\$27,000 left in the bank.

Gold Aura tried to raise cash but a non-renounceable rights issue targeting \$1.39 million had pulled in just \$153,386 (although a few shareholders whose nerves had clearly not been shredded put their hands up for another \$154,000 of the shortfall).

Gold Aura did have money promised for its gold project in Papua New Guinea, which was its priority, but there was no way that in 2009 it could do anything meaningful about its potentially large Croydon zinc-tin-silver-copper target near the North Queensland outback town of that name.

This was some considerable time after the junior had announced (on January 10, 2007) what it called a significant zinc and silver discovery north of Croydon. It had then been able to do some drilling of the basement rocks under 115m of younger cover sediments. Mineralisation began at approximately 134m.

These holes turned up 3m at 94gpt silver and 133m at 1.11% zinc, with some copper and lead.

Well, Croydon is on again. This week the junior — now flying under the flag of Crater Gold Mining — reported it will drill three holes at Croydon, each going down to a depth of up to 450m.

The announcement was received the market with extreme "underwhelment", if we may invent a word for the occasion. No trades went through on Monday, the day of the release, nor on Wednesday. Tuesday saw trading amounting to the sum of \$795.

Clearly, it's going to take some time for the investors in mining stocks to get their heads around the fact that most of the low-hanging (as in shallow) fruit has gone.

It's been a long between drinks at Croydon. No significant gold has been mined there since 1923. It was a short-lived boom town in 1887 when the head count reached 6500 and the town boasted banks, hotels and schools. The mining warden moved out in 1926.

It will be a long haul for Crater. But that is going to be a challenge increasingly faced by exploration companies.

While Outcrop's eye was caught by that 2009 report about Gold Aura, it also noted that some of the gold stocks were still languishing at that same post-GFC time, well down from their highs.

Among those noted were Dominion Mining, Allied Gold, Avoca Resources, and Lihir Gold. Now, all have disappeared into other entities. New players have sprung up to take their places, but they still face challenges.

Gold explorers, too, will be affected by the need to look for deposits until now obscured by cover. The main alternative is to revisit old workings, and extract what could not be mined in earlier decades.

One example this week: Great Western Exploration has been drilling its Harris Find project at its Yandal West ground. Harris Find was mined in the 1920s for gold and silver at an average grade of 17gpt gold. The shaft went down only 20m. That shaft was re-examined in 1988 and samples turned up some good assays.

But 1988 saw a 15.7% fall in the gold price, so it would seem that it was hard to arouse anyone's interest in new projects.

Assays from the drilling will be in by mid-December at the latest.

Disclaimer: The writer does not own shares in any company mentioned and no investment advice is implied or intended.