

GOLD&MINERALS

Louthean Line: WA nickel finds new spark

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By Ross Louthean

There are no real sparks flying in the share market right now, particularly for metals with their price in a trough – uranium, nickel and even gold.

But there is still a strong feeling for nickel, particularly on the exploration front in Western Australia which is a key supplier to the stainless steel world.

So when junior company **Impact Minerals** (IPT) produced a significant drill intersection in mid-November its share price lifted immediately.

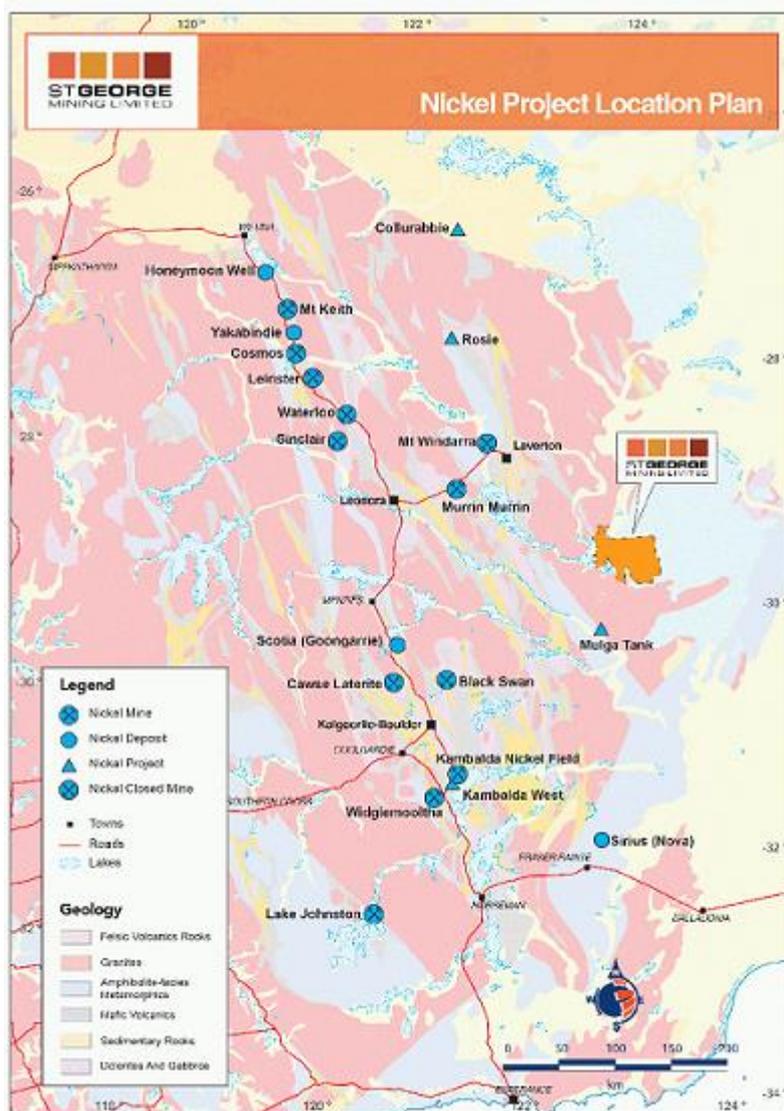
One drill hole doesn't make a mine, but there is no doubt Impact believes it has the right rock suites.

Its neighbour to the north, **St George Mining (SGQ)**, is also buoyed by the result and may itself soon be drilling a target in the same geological environment.

The quest for both these juniors is to find a new nickel province in the North Eastern goldfields which has so far been a happy hunting ground for the metal.

On the Keith Kilkenny fault line there has been the Perseverance (Agnew), Cosmos, Mount Keith, and Rockys Reward discoveries and, to the east between the Celia Lineament and Duketon Shear, is **Poseidon Nickel's (POS)** Mount Windarra mine.

In the greenstone belt to the south, between the Boulder-Lefroy Fault that traverses Kalgoorlie's Golden Mile through to Kambalda-Widgiemooltha and the Emu Shear, are the Silver Swan and related deposits owned by **Norilsk Nickel**.



With perhaps the exception of the big, low grade Mt Keith and nearby Yakabindie disseminated nickel deposits, most of the North Eastern goldfield and also Kambalda nickel mines have exhibited strong grades, something that has helped in recent years as a counter to high operating costs and a low nickel price.

That grade has carried mines like those on the Kambalda and Widiemooltha domes through tough times like the present. Many of those acquired by **Mincor Resources (MCR)**, **Independence Group (IGO)** and **Panoramic Resources (PAN)** from **Western Mining Corporation Resources (WMC)** before it was sold into **BHP Billiton (BHP)** are still thriving.

The same can be said for the old Outokumpu mines in the Forrestania Belt below Southern Cross that were picked up by **Western Areas**

(WSA).

Western Areas has since probed deeper and picked up a new on strike mine, the Spotted Quoll.

The early 1970s produced the nickel boom prompted by the Poseidon discovery at Mt Windarra but it was frenetic and based more on geography than geology.

Its short-lived push did produce Kambalda and the Nepean mine near Coolgardie, the short-lived Scotia mine and the emerging Agnew discoveries by **Selection Trust**, later to pass through several hands before going to WMC.

The post nickel boom crash saw limited exploration but one of the lionhearts was big American miner **AMAX**. Before it pulled back in WA its departing chief Stanley Dempsey told a reception that the North Eastern goldfields would become the best place to find nickel in the world.

Discoveries and mine developments since are testimony to this, particularly when you pit the grades of mines like Cosmos and Rockys Reward against the large, lower grade and tired Sudbury Basin mines that – with Russia – had dominated world supply.

But while grade has been a driver for nickel mining in WA the challenges ahead are the now deeply embedded mining and mine-development costs.

Depressed conditions, where even mining engineers and machine miners are losing their jobs, may soften that issue, but Australia needs new discoveries and the emergence of new mineral provinces.

We have had a good start with **Sirius Resources** (SIR) in the Albany-Fraser Belt and all the hopefuls, including new IPOs, now in a region that would have boasted more crows than people until recently.

There may well be a second new nickel belt south east of Laverton where the two principal players are Impact and St George.

Impact had a share price lift with results from Mulga Tank, located on a lease where it can earn 70% from **Golden Cross Resources** (GCR), one of two permits in a joint venture enveloped by tenements owned 100% by Impact.

Narrow zones of high grade mineralisation with disseminated sulphide zones up to six metres thick have so far returned 0.5-2% nickel and 0.1-0.8% copper from spot readings while remobilised sulphides up to 30 centimetres long and 5 cm wide returned assays of up to 8% Ni and 5% Cu.

This is the first of seven EM conductors to be tested.

Impact managing director Mike Jones, who spent several years working on nickel for WMC, believes one of the attractions of Mulga Tank is that the target appears to contain a relatively flat-lying system compared to most of the sulphide ore bodies in WA, which are more steeply plunging.



The company said the sequence at Mulga Tank bears similarities to the ultramafic units at Rocky's Reward-Venus and at Kambalda. Rocky's Reward, near Agnew, was a great low profile mine for WMC.

Impact recently raised \$3 million to continue exploration. Jones has said that while the share market is tough at the moment, you can raise money "if you have a good story."

At the East Laverton project to the south St George received news a few months ago that would be seen by many as a body blow - the Nickel West division of BHP withdrew from what had been called Project Dragon, despite the fact its technical team was enamoured with the target.

It was another case of BHP slashing projects and burning people because of the grim near-term outlook for metals other than iron ore.

BHP had spent close to \$3 million on Project Dragon for positive early-term results that identified strong targets and also confirmed the presence of sulphur-rich basement rocks.

The ground is now back as 100%-owned by St George which is headed by technical director Tim Hronsky, the youngest member of a family of geologists who have had a strong impact on greenfield exploration in Australia.

Executive Chairman John Prineas was encouraged by the results Impact is getting to the south and said the company now has a formidable data set as a platform for a major discovery at East Laverton.