

Tennant Creek back in fashion

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GOLD has lost some of its shine in recent weeks as speculators turned their attention to oil. But the price dip hasn't dented the confidence of two Perth-based juniors aiming to revive the famous Tennant Creek gold field. *The Metal Detective*, by Stephen Bell



With historical production of around 5.5 million ounces, Tennant Creek, in the middle of the Northern Territory, has a rich pedigree.

The White Devil deposit, for instance, proved to be a company maker for Normandy Mining in the 1990s, producing 740,000oz at 14.4 grams per tonne gold.

In recent times, however, the field's reputation has suffered, mainly because of the problems of Giants Reef, which fell into administration a couple of years ago after shortfalls at its Chariot operation.

Now there are signs the region is on the up again, judged by early exploration successes from Tennant Creek's two major tenants, Emmerson Resources and Westgold Resources.

Both have reported high-grade gold hits from early drilling forays, raising hopes that the grand old province will boom again.
High grade is the key phrase here.

Michael Kiernan's current troubles at Davyhurst are a stark reminder that digging up the yellow stuff is a tough game in the present high cost environment.

Tennant Creek is remote and can be costly, yet its gold often occurs in rich – albeit smallish – pods.

As Normandy discovered, if you find enough high-grade ore, a single underground mine can spin off enormous amounts of cash.

Investors seemed to grasp that concept a couple of weeks ago when shares in Westgold nearly doubled after it unveiled bonanza grades in one of two initial holes at Rover 1.

Aimed at checking 20-year-old drill hits from Geopeko, Westgold's WGR1D002 intersected 65.75m at 11gpt gold from 492m.

Although deep, the chunky hit was proof that the old Geopeko assays were no flukes.

And the mineralisation is sweetened by zones of up to 2% copper, so the gold-equivalent grade for the entire intersection works out to 17.7gpt.

Westgold is now targeting 250 vertical meters of prospective chlorite-ironstone that rises above the initial drill hit.

"We've found a high-grade core and now we're trying to step it up towards the surface to make the economics look better," Westgold managing director Andrew Beckwith said.

The company has one rig going flat out and hopes to have a resource statement by year-end.

Like the separate Explorer 108 lead-zinc deposit (roughly 40km away), most of the tenements containing Rover 1 are subject to a 75% clawback right from original owner AngloGold Ashanti.

The rights kick in if Rover 1 reaches 500,000oz of gold equivalent resources.

"We may have to have a talk to them by the end of the year," Beckwith said.

He regards the clawback as a "win-win" because, if triggered, it means Westgold has discovered a hefty gold deposit.

One person that is pretty happy with Rover is Peter Cook, whose Metals X owns 29% of Westgold.

Metals X bought a large chunk of Westgold shares 18 months ago at 25 cents and topped up its holding in a recent rights issue at 18 cents per share.

With Westgold shares trading at 45c, Cookie – busy this month recommissioning the Renison tin mine in Tasmania – will be cock-a-hoop at his Tennant Creek gold punt.

Former WMC executive Rob Bills is another true believer in Tennant Creek, with his Emmerson Resources having picked up most of the field (and the Warrego mill) from the Giants Reef administrators.

Bills has also enjoyed early exploration success.

In late May, Emmerson reported that its first drill hole at West Gibbet (6km west of Tennant Creek) returned 13m at 66.9gpt from 74m depth including 9m at 95.5gpt.

The shares briefly rallied 20% to a high of 30c but have since faded to 22c.

Bills is unfazed by the lukewarm reaction, explaining that "one drillhole doesn't make a mine".

However, there was plenty of cause for optimism, with the high grades taking Bills by surprise given that he was chasing an old intersection grading around 13gpt.

"It is quite shallow – in the open pitable zone – and the fact that it occurred in oxides was an unexpected bonus," he told *MD*.

There are six further West Gibbet holes awaiting assays, though these were all into the deeper primary zone.

More testing of the oxides will have to wait until early July when a drill rig becomes free.

And with tenure of virtually the entire "historic" Tennant Creek, Emmerson has plenty of other targets to chase in the meantime.

Bills is in no hurry to race into production.

"We don't want to start the mill up until we get the reserves," he said.

With only 7% of the past drilling at Tennant Creek going below 150m depth, there is plenty of scope for virgin ore finds, he reckons.

"We want a brand new Warrego, rather than relying on a hand-to-mouth existence from remnant mining," Bills said.