

# THE AUSTRALIAN MINING REVIEW

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## MINING IN VICTORIA: GOOD AS GOLD

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Image: Chalice Gold.

**BY ELIZABETH FABRI**

**RECENT success at Kirkland Lake's Fosterville gold mine has sparked a new wave of activity in regional Victoria. But it's not just gold; zinc-copper, battery metals, and mineral sands projects are also accelerating toward development.**

Victoria's mining sector, which has flown under the radar for years, has been reinvigorated.

News the Fosterville gold project will be ramping up production to 400,000 ounces per annum by 2020, after mine resources were upgraded from 1moz to 1.7moz earlier this year has caused a buzz.

Just ask Melbourne Mining Club chairman Richard Morrow.

The industry advocate told *The Australian Mining Review* the Fosterville update had opened up new opportunities for Victorian miners, and the buzz around the region was palpable.

"The success of Kirkland Lake Gold at Fosterville has really lifted the profile of Victoria as a place to find gold, especially high-grade, underground mineable gold," Mr Morrow said.

"WA has held centre stage for many decades but Victoria is fighting back.

*"The old saying 'the best place to find gold is in the shadow of the headframe of an old mine'; that's certainly happening in Victoria."*

Victorian Resources minister Tim Pallas said Fosterville's success had drawn attention from global investors who were looking at Victoria as an international investment destination.

"Recent success at Fosterville and the under-utilisation to date of Geoscience data means there is plenty of upside for gold mining in Victoria," Mr Pallas said.

But the buzz wasn't just over Fosterville; the mining town Stawell also had cause for celebration.

In December 2016, the town's namesake mine was placed into care and maintenance by former owner Kirkland Lake, due to declining profitability.

But last December, Melbourne-based Arete Capital came to the rescue and acquired the mine, with the intention of returning it to production.

Mr Pallas said since buying the mine back in December, Stawell's new owners had been actively exploring.

"[They] have been drilling on the east flank of the deposit where there has been some recent underground mineral exploration success," Mr Pallas said.

"There are commercial decisions to be made and further regulatory steps to be taken but the news is positive.

"The gold mining industry in Victoria is looking healthy and a number of explorers and operators, including those at Stawell, are positive about the future."

In the East Gippsland region, CopperChem was also looking to invest \$200 million in a new mine development at its newly acquired Stockman zinc-copper project.

The project is set to create 300 jobs during construction and an additional 250 jobs in later stages of the development.



#### **Juniors on the Rise**

Recent success by the majors has ignited interest in junior miners to find repeat-style deposits, particularly those which hold tenements near the Fosterville and Stawell operations.

Advanced geoscience work by Geological Survey of Victoria has identified that the area around Bendigo and Fosterville alone could hold up to 32moz of gold.

"Nothing stimulates investment in exploration like a drill success," Mr Morrow said.

"The secret is to use the modern exploration techniques such as gravity, IP and EM to better target potential gold bearing lodes.

"Much of the gold potential is under thin cover of the Murray Basin sediments.

"Modern techniques can see through this cover so you don't have to go exploring with the drill bit these days."

#### *Chalice Gold*

Chalice Gold was one junior ramping up activity near Fosterville.

The company owns the Pyramid Hill gold project less than 30km north-east of Fosterville, where it is searching for similar-style deposits.

Chalice chief executive Alex Dorsch said the company was encouraged by a consistent flow of "great results" coming from the Bendigo area recently, but the region was still poorly explored under cover.

"Our focus is now about applying modern exploration techniques to effectively explore," Mr Dorsch said.

He said the Chalice team would focus on two modern techniques; regional geochemical sampling for trace amounts of gold and pathfinder elements in soils; and detailed ground gravity geophysical surveys to define structures in the underlying Bendigo Zone geology, which host the typical lode gold deposits of the Bendigo region.

"We expect both techniques to be complimentary as detailed gravity helps to pin point regional structures which tend to have large strike lengths but relatively narrow footprints, and these areas can then be followed-up with geochemical sampling to see through the younger Murray Basin cover," he said.

"The results of these surveys will then determine which areas we will look to drill, initially to sample both the base of cover (potential alluvial gold setting) and basement, then with follow-up drilling to test the deeper potential of any identified mineralised structures."

The miner was granted an exploration license in May, and the next four tenements are expected to be approved in the coming months.

#### *Nagambie Resources*

Nagambie Resources has also been inspired by the recent success at Fosterville.

The junior has commenced exploration for high-grade sulphide-gold underground deposits, and in April identified four strong underground sulphide targets in a cluster over 2.7km at its Nagambie mine.

The four targets included Nagambie, Nagambie North, Cahill and Racecourse.

The company is now completing further exploration around the tenements to test whether the cluster could extend further north.

### **Navarre Minerals**

Another explorer raising its profile was Navarre Minerals, which owns the St Arnaud gold project, Western Victoria Copper project and Stawell Corridor gold project in Western Victoria, and the Tandarra project in central Victoria.

At St Arnaud, recent drilling results testing for a high-grade gold system similar in style to Fosterville confirmed strong potential for economic gold mineralisation.

"The drilling has provided an important insight into the geometry and structure of the gold mineralised zones that have remained hidden below Murray Basin cover and delivered compelling new exploration targets that we intend to further assess in the coming months," Navarre managing director Geoff McDermott said.

"The latest find caps-off an exciting period of mineral discoveries for Navarre, including Resolution and Adventure lodes at the Irvine Gold Project and an interpreted epithermal gold-silver system at Glenlyle."

### *Catalyst Metals*

In June, Catalyst Metals' subsidiary Kite Operations entered a deal to earn a 51 per cent interest in Navarre's Tandarra project, to further extend its footprint in the region.

Tandarra is situated along the Whitelaw Fault Corridor, which is considered to be a major structural control of gold mineralisation north of Bendigo.

Catalyst manages the entire Whitelaw Gold Belt and has interests in eight exploration licences which extend for 75 kilometres along the Whitelaw and Tandarra Faults.

These include the Raydarra, Four Eagles, Macorna Bore and Sebastian projects, which have shown promising exploration results to date.

### *Hill End Gold*

Battery metals focussed companies such as Hill End Gold were also picking up pace.

On 20 June, Hill End announced it would sell its NSW gold assets, to focus solely on its High Purity Alumina (HPA) Yendon project, near Ballarat, Victoria.

The project, acquired in July 2017, contains rich kaolin deposits which can be processed into the highly lucrative HPA, which is currently fetching prices as high as \$US40,000 per tonne.

A recently completed pre-feasibility study confirmed Yendon would generate outstanding financial returns with low production costs, if developed.

"Production costs are expected to be extremely competitive at just \$7668 a tonne," Hill End stated.

"This will ensure Yendon enjoys robust margins, approaching 70 per cent, based on a conservative sale price of \$25,200/L."

The company hoped to secure project funding by early 2020, and commission the project in late 2022.

### *Kalbar Resources*

Then there's Kalbar Resources, which is advancing its Fingerboards mineral sands project at Glenaladale, in East Gippsland.

The project is currently awaiting approval by the Victorian Government, and if developed, would produce products such as zircon, titanium and rare earths.

However, in recent months Fingerboards has received significant backlash from nearby farming communities. Minister Pallas said this was a common challenge.

"Victoria has a higher population density than the other larger mining states and faces some challenges with so much of our land used for homes, high value agriculture or parkland," Mr Pallas said.

"It is important in this context that all projects build a social licence within local communities to proceed.

"We are also looking across the board in government to improve links between regulators and make the decisions effectively and efficiently."

### **Brown Coal**

Opportunities were also opening up in the brown coal space.

AGL's Loy Yang brown coal power station in the Latrobe Valley will soon become a test site for a world-first coal-to-hydrogen clean energy pilot.

The Hydrogen Energy Supply Chain (HESC) Pilot Project aims to transport the liquefied hydrogen to Japan for use in electric vehicles and power generation.

The project will be developed by Japanese energy and infrastructure companies led by Kawasaki Heavy Industries – with the full support of the Victorian, Commonwealth and Japanese Governments.

Mr Pallas said the opportunity to produce hydrogen from brown coal was exciting.

"It could be a long-term game changer for the Latrobe Valley and Gippsland," Mr Pallas said.

"The HESC is an important project that has the potential to utilise the skills base within Gippsland.

"The project will have little impact on Victoria's substantial brown coal resources, and coal production for the project is consistent with the recent mining licence decisions."

Should the HESC project proceed to commercialisation (scheduled to occur in the late 2020s or early 2030s) it would create a significant number of jobs and deliver substantial economic benefit to south-east Victoria.

It also presents an opportunity to establish a domestic hydrogen industry within Victoria, with continued utilisation of the State's brown coal resource in a low-emissions context.

In June, the Government approved license extensions to EnergyAustralia's Yallourn coal mine, and AGL's Loy Yang mine.

Mr Pallas said the mining license extensions for Victoria's two remaining brown coal mines increased the provision for rehabilitation.

"This extension does not allow for the mining of coal beyond the 2032 (Yallourn) and 2048 (LoyYang) deadlines already in place by the respective companies," he said.

"It does provide for a minimum of 17 years rehabilitation."

### **A Bright Outlook**

Minister Pallas said new geoscience research and data showed Victoria may have further deposits of copper, gold and other metals that could be the catalyst for a new wave of exploration and jobs.

On 22 June, the Government released additional tenders for exploration in the Stavely precinct with low impact minerals exploration activity, such as sampling, surveys, mapping and analysis expected to start next year.

Minerals exploration could occur across up to 11 pre-defined blocks, spanning 9500sqkm. The tender would also include grant co-funding from the Government's \$15 million TARGET Minerals Exploration Initiative.

*"We're attracting minerals explorers with strong social values to invest in western Victoria and provide long-term, high-quality jobs in towns like Ararat and Stawell," Mr Pallas said.*

The Victorian mining industry was also eager to host the 2018 International Mining and Resources Conference (IMARC) in Melbourne in October.

This year, the IMARC event will also coincide with the International Council on Mining and Metals (ICMM) bi-annual Council meeting, being held in Melbourne at the same time.

Mr Pallas said this was the first time the ICMM had held its council meeting outside London.

"Bringing IMARC and ICMM together will create an unprecedented gathering of the most influential decision makers in mining and resources," he said.

"So much so, that this year we're expecting over 5000 mining and resources professionals from over 90 countries.

"We're cementing Melbourne's reputation as a global resource and mining leader, showcasing everything the state has to offer.

"It's clear that Victoria is the place to do business, whether it's in resources and infrastructure, in the regions or in the city."

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