

Victorian goldfields stage resurgence as explorers flock on Fosterville nearology

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Victoria is experiencing a modern day gold rush as explorers seek to emulate the success of Kirkland Lake Gold's Fosterville mine.

A spike of gold activity in western Victoria has recently put the district back on the map, leading some industry punters to suggest the local gold sector is on the cusp of a major re-birth.

The Victorian town of Ballarat first put the state on the map for its large gold endowment back in 1850s during the gold rush era.

While New South Wales and Western Australia have since emerged as the modern-day prolific gold mining states, it appears the spotlight has recently shone back on to Victoria.

According to Earth Resources Regulation, gold production in Victoria over 2017-18 was the highest in the last six years at 364,225 ounces.

Mineral exploration activity has also staged a comeback, with data from the Australian Bureau of Statistics revealing an increase of 81.1% to \$73.3 million in Victorian exploration expenditure in 2017-18 compared to 2016-17.

The Stavelly mineral province of Western Victoria is currently a hotbed of activity following on from the success of dual-listed gold miner [Kirkland Lake Gold \(ASX: KLA\)](#).

Fosterville gold mine

Canadian-based Kirkland already operates one of Australia's premier gold mines – the Fosterville underground mine not far from Bendigo.

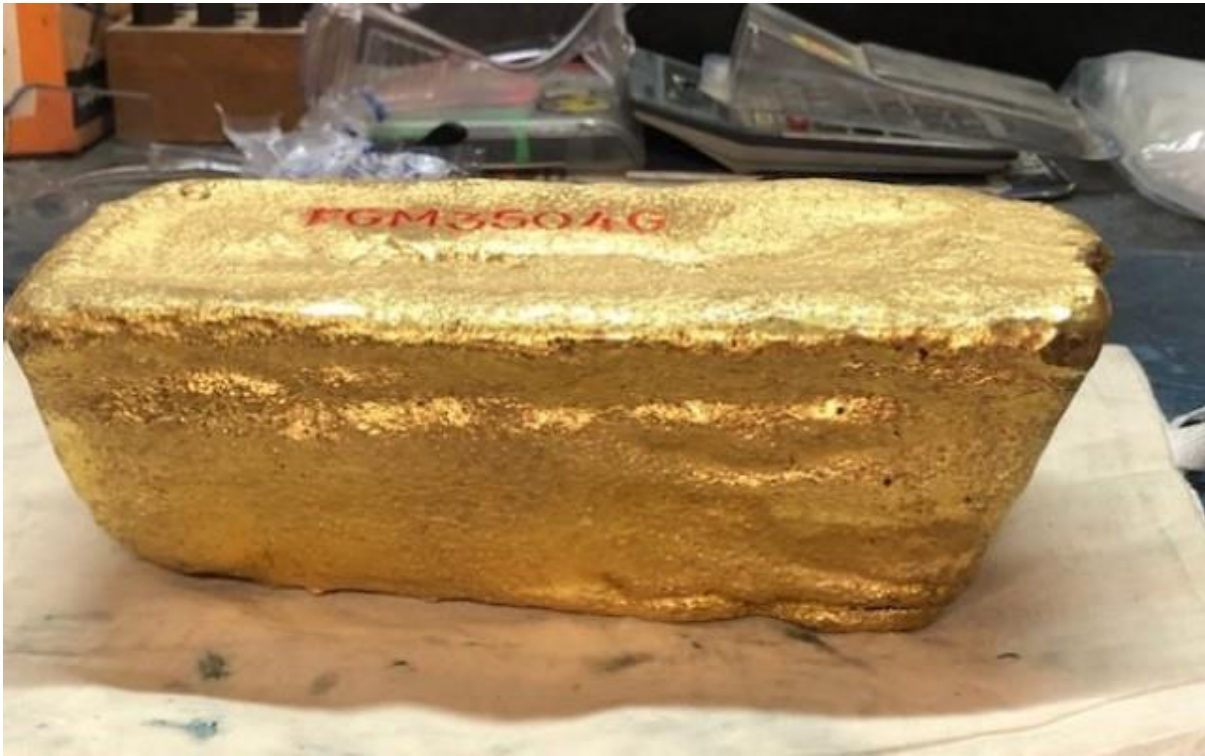
In addition, the company holds significant exploration properties across the region and once owned the Stawell mine.

The company has essentially transformed the historic Fosterville mine into "one of the world's highest-grade, most profitable gold mines" after drilling to greater depths resulted in the discovery of multiple high-grade zones.

The company recently increased Fosterville's mineral reserves by 60% to 2.7 million ounces grading 31 grams per tonne gold and expects to produce 550,000-610,000oz of gold at the mine this year.

As a high-grade, low-cost underground mine, Fosterville is currently the largest gold producer in Victoria.

Operating costs remain extremely low by industry standards, with the company recently revising its 2019 operating cash costs per ounce guidance to \$300-\$320 while operating costs per ounce sold guidance sits at \$170-\$190.



Gold poured from Kirkland Lake's Fosterville mine.

With low production costs and continued exploration success at Fosterville, there has been a fresh injection of activity in western Victoria of late as companies take a punt on testing whether the region could become another Kalgoorlie.

Kirkland Lake's impressive Fosterville turnaround story has captured global attention, with the region attracting interest from gold major, Newmont Mining. The company recently joined the hunt for the next Fosterville after pegging a large exploration licence between Fosterville and Nagambie.

Former stockbroker and Lakes Oil chief executive officer, Bob Annells, whose private company Encounter Minerals has ground in the area, told *Small Cap* the spectacular success of Kirkland could just be the tip of the iceberg for the broader region.

"Very little modern work has been undertaken until now as the Canadians have introduced new thinking and new technology," he said.

"So, whether it's in another six weeks or six months, it's only a matter of time now until someone else hits something big."

Encounter Minerals' holdings in western Victoria recently attracted the interest of investment house [Authorised Investment Fund \(ASX: AIY\)](#).

Earlier this month, the company announced it had started making formal conditional offers to acquire a 30% interest in Precious Minerals, which in turn

holds a beneficial interest of 12.36% interest in Encounter. Due diligence investigations remain ongoing.



Gold price finding support in recent years and recommencing uptrend.

With consolidation in the gold space gathering apace, Mr Annells said he wouldn't be surprised if other major gold miners were casting an eye over prospective ground in western Victoria.

"I think we're in the very early days of a major re-birth of the gold industry in western Victoria," he said.

"It will only take one more strike and all hell will break loose."

ASX-listed gold companies in western Victoria

So, who are some of the other listed gold players in the area seeking to emulate Kirkland Lake's success?

Chalice Gold Mines (ASX: CHN)

[Chalice Gold](#) is aiming to address the decline in tier one discoveries worldwide. The company is a dominant player in the largely underexplored Bendigo zone of Victoria, boasting a 4,500 square kilometre land holding near Fosterville and Bendigo.

The company's Pyramid Hill gold project is located less than 30km north-east of Fosterville, with Chalice Gold receiving encouraging early anomalous gold results from recent exploration.

Chalice Gold managing director Alex Dorsch said that excitement was continuing to build in Victoria and at its Pyramid Hill project.

"Intersecting highly anomalous gold and pathfinder mineralisation in the very first phase of our drilling is an exciting development, and we are looking forward to assay results for the next two-thirds of the initial drilling programme," he remarked in January.

Petratherm (ASX: PTR)

[Petratherm](#) has historically operated as a geothermal and oil and gas company with tenement interests in Spain, South Australia and Tasmania. After re-listing on the ASX in 2018, the company is now actively involved in mineral exploration across Australia, having recently set its sights on ground close to the operating Fosterville and Costerfield gold mines after applying for an exploration licence.

Petratherm highlighted the fact the area contained several historic gold and other mineral prospects in areas of outcrop.

"Younger cover sediment however masks much of the prospective host rock and these regions have only been very lightly explored," the company said earlier this month.

Petratherm is currently reviewing previous exploration results and processing geological and geophysical data ahead of commencing field work once the tenement is granted.

Nagambie Resources (ASX: NAG)

As a serious gold explorer, [Nagambie Resources](#) has ambitions of discovering and developing shallow, open-pit and heap leachable gold deposits.

It controls a range of tenements in historic Victorian goldfields at Nagambie, Clonbinane, Redcastle and Rushworth.

Currently, exploration for Fosterville-style, high-grade sulphide-gold underground deposits is being methodically carried out using geophysical targeting techniques and oriented diamond drilling.

Last year, company identified numerous sulphide targets at its Nagambie asset, located just 60km east of Fosterville. The company is continuing to advance its exploration activities into 2019, with Nagambie Resources labelling 2019 a “big year”

Catalyst Metals (ASX: CYL)

[Catalyst Metals](#) has been actively exploring in Victoria since 2015, predominately focusing on the Four Eagles joint venture gold project in regional Victoria. Catalyst holds a 50% stake in the project with Gold Exploration Victoria, a wholly-owned subsidiary of Gina Rinehart’s Hancock Prospecting.

All the company’s tenements are situated along the 100km-long Whitelaw Fault which is considered important in the genesis of gold deposits that have formed adjacent to the structure.

Gravity data suggests this large fault structure controlled the formation of the Bendigo gold deposits, as well as gold mineralisation at Four Eagles.

Earlier this week, the company recorded the [highest-ever assay result](#) at the project within the Boyd’s Dam zone, intercepting 1,380g/t over a 1m interval during drilling.

Navarre Minerals (ASX: NML)

[Navarre Minerals](#) is another explorer heavily invested in Victoria. It owns the Tandarra, Stawell Corridor and St Arnaud gold project in western Victoria in addition to a cooper asset.

Recent aircore drilling undertaken at its St Arnaud gold project in Victoria has identified a zone of mineralisation with similar structural characteristics to the Fosterville underground mine located 130km to the east.

The best gold result came from the South Reef, returning 6m at 2.5g/t gold from 80m, including 1m at 5.4g/t gold within a broader interval of 25m at 0.9g/t gold starting from 63m.

Navarre said drilling in the area had delivered compelling new exploration targets, which it will assess in coming months.

Stavely Minerals (ASX: SVY)

Junior explorer [Stavely Minerals](#) is focused on uncovering large porphyry copper and gold mineralisation at its Thursday's Gossan project in Western Victoria.

While company has been chasing world-class copper-gold grades at its flagship asset for some years, the company only recently encountered some of the thickest and highest-grade intervals at the project, retrieving an impressive intercept of 952m at 0.23% copper.

Further upside potential remains at the project considering the company hasn't yet delved into the target porphyry.

"It is important to note we are not yet into the target porphyry, but these results do represent a very significant step forward in that these structurally-controlled copper lodes are recognised as potentially proximal to a porphyry source similar to Magma and Resolution," the company said this week.