



A Pilbara gold rush guide

It's a Melbourne Cup-sized field, but expect scratchings

TIM BOREHAM



When it comes to counting the number of Pilbara gold aspirants, your columnist is running out of fingers and toes.

At least 20 ASX-listed explorers claim to have Witwatersrand-style assets in the vicinity, some with existing tenements and some with hastily acquired ground. With newcomers announcing their plans almost by the day, it won't be long before we get to a Melbourne Cup-sized field, but expect some scratchings as funding costs mount.

Aside from **Artemis Resources (ARV)**, **De Grey Mining (DEG)** is at the front of the field because it had existing Pilbara ground, with management waking up to the potential when Canadian-listed Novo Resources and Artemis pegged nearby. De Grey unearthed 91 impressive "watermelon seed" nuggets at its Loudens Patch project, which hopefully points to a conglomerate-hosted gold mineralisation.

De Grey is backed by the \$US2.7bn Canadian miner Kirkland Gold, which subscribed for \$5m in a recent share issue. De Grey also has an existing resource of 1.2 million ounces, grading an average 1.6 grams a tonne gold.

In a similar vein, **Calidus Resources (CAI)** has a separate JV with Novo, which is earning into a number of its projects. Calidus also has an existing resource, 410,000oz grading 2.2 g/t.

Calidus is also linked with **Haoma Mining (HAO)**, the play-

thing of pollster Gary Morgan that has seven existing tenements covering 650 hectares. Calidus is exploring Haoma's Warrawoona and Klondyke leases and has the option to purchase them. The Pilbara gold rush is rare good news for Haoma, which bats on courtesy of a \$39m loan from Roy Morgan Research Centre.

Other Pilbara participants include **Kalamazoo Resources (KZR)**, **Chalice Gold (CHN)**, **DGO Gold (DGO)**, **Marindi Metals (MZN)** and **Southern Hemisphere Mining (SUH)** and **Kairos Minerals (KAI)**.

Kairos also has Canuck backing, in the guise of billionaire precious metals guru Eric Sprott's Sprott Capital Partners, which subscribed for \$5m of a recent \$7m raising. The fund also owns 9 per cent of Novo.

Like the listed dope plays, a degree of pot luck is also involved.

Impact Minerals 2.1c

Like any self-respecting miner, Mike Jones experienced his Pilbara gold epiphany at the front bar of Kalgoorlie's Palace Hotel late one night during a Diggers & Dealers bash. The Impact managing director had been shown photos of the Pilbara nuggets unearthed by Novo and Artemis, the parties credited with starting the fossicking craze in the district.

"I phoned the office and said take any available ground. We were able to peg 1300 square kilometres of ground in the East Pilbara probably two months before the big rush started," Jones says.

First-mover benefit aside, Impact's other advantage is that Jones has studied South Africa's Witwatersrand, the formation

that has produced half the world's gold (and to which the Pilbara discoveries have been compared). In the early 1990s Jones completed a PhD on gold formation in an age-

equivalent sandstone basin adjoining the Witwatersrand.

The conundrum with the Pilbara is that while the distinctive "watermelon seed" nuggets have been equated with the age-old Witwatersrand, a formation similar to the 7km thick South African basin is yet to be found. Jones says the Pilbara explorers so far have found nuggets transported as fragments from somewhere else.

"But from where and from how far? That's the question no one yet has an answer to."

Some spoilsports claim there's unlikely to be enough source ma-

terial to emulate a Witwatersrand. Jones contends the Pilbara nuggets weren't exactly nuggets in the first place, having been chemically leached from a source vein and turned into nuggets by complex geological forces.

The gold could have been transported into the basin by hot geothermal fluids and dumped into algal "mats", where they were reworked as nuggets. This theory was also a driver for Novo's president Quinton Hennigh. The significance is that with Mother Nature dispersing the gold far and wide in fluids, the nuggets don't necessarily have to come from older veins and this obviates the reliance on a source rock.

"I am quite amused by some of the uninformed opinions I have

seen on the web concerning the source of the nuggets and the limitations this places on the exploration potential," Jones said.

While viable deposits based on dispersed gold are quite possible, it would be nice to find another Witwatersrand. Novo and Artemis continue to drill Purdy's Reward, the nuggety El Dorado that kicked off the excitement. Nova and Artemis have scraped off 932g of nuggets from the top metre of the conglomerate-style structure — a feat beamed live and theatrically to the Denver Gold Forum in late



September. The trouble is, nuggets make for great pics, but they make it hard to determine the amount of gold present for the purpose of determining a resource.

“It’s actually called the Nugget Effect,” Jones says. “The bigger the nugget, the worse the effect.”

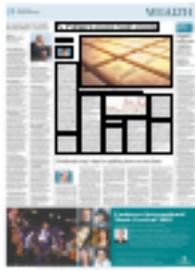
Impact has just completed a \$2.5m placement at 2c, lifting its cash balance to \$5m, to be used in the Pilbara as well as further drilling on the Commonwealth gold, silver and base metals project near Orange in NSW.

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Impact Minerals share price in past six months





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Gold fever has taken hold of explorers in the Pilbara region of Western Australia