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EUREKA! STRIKING GOLD IN AUSTRALIA

WHILE THE PRICE OF GOLD WAVERED FROM ITS USUAL STEADINESS AT THE END OF 2016 AUSTRALIA HAS CONTINUED TO EXPLORE AND DEVELOP GOLD OPERATIONS INTO THE NEW YEAR. **SHARON MASIGE** WRITES.

Gold is often considered one of the most stable commodities and in the first half of 2016, it rallied 25 per cent.

During the US presidential election last year, the precious metal was tipped to rise even further with the possibility of Donald Trump taking office and in December, economists predicted a \$200 an ounce price hike. But this forecast was shot down, with gold sinking to \$US1122.35 an ounce later that month - the lowest level it had been in 10 months.

This slight turbulence in the gold price however, has not hindered the spirit of gold explorers, who continue to pursue more opportunities for the metal.

Traprock Mining to list

One of these companies is Traprock Mining, which recently launched a \$6.5 million initial public offering (IPO) as it prepares to list on the Australian Securities Exchange (ASX).

The Brisbane-based company plans to use the funds for exploration and the development of its Queensland copper-gold asset portfolio, which includes the Mount Chalmers gold-copper project near Rockhampton; the Waroo copper-gold project near Stanthorpe; the Herries Range gold project near Warwick; and the Kunguna copper-gold project near Gympie.

The Mount Chalmers project is the company's flagship operation - holding high gold mineralisation - with its tenement covering the former Mount

Chalmers gold-copper historical mine.

Traprock Mining chairman Tony Fawdon told *Australian Mining* that the mine's previous owners, Mount Morgan, finished mining at the site when commodity prices fell in 1982.

"They mined 1.1 million tonnes," Fawdon said.

"The grade was about 3.6 grams per tonne gold, three per cent copper and 20 grams silver, and they only mined about a quarter of the ore body.

"So it is our intention that once we get up and listed - get the funds in the door - we will redrill the whole of our resource and by about Easter time we will have a full-fledged (joint ore reserves committee) JORC2012 resource."

Next to Mount Chalmers is another substantial gold resource, Wood Shaft,

with mineralisation up to 90 metres deep.

"There's drilling between Wood Shaft and Mount Chalmers, which contain gold that has never been followed up on," Fawdon added.

Upon defining the resource, the company will then determine the next steps to take with the project.

"Once we have established the resources...once we get that resource up and running, then we'll be starting a definitive feasibility study," Fawdon said.

Fawdon added that the company had several options to consider once it starts mining. One of them is to potentially open Wood Shaft and immediately begin operations, as the mineralisation is right on the surface.



The company is also considering options for treatment facilities, possibly using Carbine Resources' neighbouring treatment plant.

However, if this does not go to plan, Traprock also has the option of concentrating the ore, putting it on containers to Gladstone, and shipping it off to Korea, Japan or China.

There is also the possibility of Traprock establishing its own plant, if given the green light through the feasibility study.

Once these steps are finalised, the company can then begin to look at employing workers.

"We've got a lot of options in front of us to then start employing people, for example, in two years time," Fawdon said.

Once the project becomes operational Fawdon estimates it will take between 80-120 people to develop the plant and around 80 people to run it.

Drill, drill and drill some more

Traprock is also focussed on areas in the region that have scarcely been drilled, particularly to the south of Mount Chalmers.

"Besides Mount Chalmers, we've got something like about 70-80 historic mines and there's been no drilling in the region," Fawdon said, adding that some of the areas may contain large low-grade gold systems.

"Now we're throwing our money into that because we believe the gold price will eventually go upwards."

Fawdon also explained another one of the company's resources, Herries Range, which may contain high gold mineralisation.

Traprock has completed a small amount of drilling in the area and is planning to undertake more in the future.

Copper anyone?

Apart from gold, Fawdon is also optimistic about the copper price.

"The [copper] price started to fall about four years ago," Fawdon said. "It started a steady decline... but the position was that no one was looking for copper and there was no point because the price was falling."

"Yes there were plenty of large mines around the place that could take up the supply, but what's happening is that people like Rio are saying they are now going to start looking for further resources because

there's going to be a shortage of supply around about 2020.

"We've already seen the Australian price of copper in the last month go up by a thousand dollars a tonne, so I think that copper is in for a good run."

Fawdon also expected there to be a lot of resources mergers and acquisitions this year.

Impact Minerals

Another gold company that has continued to hold strong is Impact Minerals, which celebrated its 10th anniversary in November last year.

Over the years, the company has advanced projects in Australia, as well as Botswana and Turkey.

Impact Minerals managing director Mike Jones said shortly after the company listed it maintained its Australian gold and nickel assets, but also expanded into Botswana.

"We were quite active in Botswana for three or four years for uranium exploration, and also nickel exploration," Jones said. "We then got caught up in the global financial crisis like everyone else... but we managed to get through that."

Following the tragic Fukushima nuclear incident in 2011, the company decided to look at developing projects elsewhere, settling on Turkey.

"Unfortunately Fukushima happened and so that was really the end of the uranium exploration boom at that time, and so we had to look around for projects," Jones said.

"We were in Turkey for a couple of years, which has great potential but proved to be politically a difficult place to work so we pulled out of there."

The company then decided to focus more on developing its Australian assets and formed three flagship projects: one in Western Australia for nickel and gold, one in Broken Hill for platinum group metals (PGM) and the third, Commonwealth gold mine, near Dubbo in New South Wales, where it is currently drilling.

The Commonwealth project produced positive results, with the discovery of significant high-grade gold and silver. It has been a known historic site since the 1900s and still houses old mine shafts.

"They produced about 6000 tonnes of ore back in the early 1900s, which wasn't probably very much but it was high-grade ore," Jones said.

"And the high-grade gold and silver and zinc was what was attractive for the area."

Jones added that Impact also found good results at the Silica Hill prospects - part of Commonwealth

- with high gold mineralisation potential.

"We're very excited because the initial results have given us thick widths and good grades so it's a very good start to an exploration project."

The next step for the company is to continue drilling and extend the results obtained from the drill holes dug before Christmas and in early 2017.

"We hope that we can extend the depth, and we're going to try and scope out how big this thing might be and then based on that we can then look to actually define a deposit," Jones said.

Looking further into 2017, Jones remained optimistic but unsure of the unravelling gold market.

"Gold's had a very good run over the last couple of years and that's been reflected in the share prices," he said.

"Recently, only the last month or so, gold has been hit sort of (by a) major turn down, sort of this year [2016], and that again has knocked a bit of the confidence out of the gold market."

"I think 2017, one thing that's clear to me is that the world is becoming a more uncertain place."

With Trump now in power, uncertainty may continue to remain the theme for the resources industry. ■

