

Gold glistens amid WA exploration comeback

ABC Goldfields By Jarrod Lucas

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Gold exploration in Western Australia hit a new four-year high in the December quarter.

Exploration is considered the lifeblood of the resources sector and the key to finding new mines.

But WA's drilling sector has been on its knees since the end of the decade-long mining boom with exploration budgets typically first to go when companies cut costs.

In the eight years between 2007 and 2014, there was \$11.39 billion spent on exploration in WA, before the subsequent bust saw the industry shed jobs and grind to a snail's pace.

Finally, however, there appears to be some light at the end of the tunnel for WA drillers with a freefall in exploration investment coming to an end.

Figures released by the Australian Bureau of Statistics show \$927.6 million was spent on exploration in WA last year, up from \$843.7 million in 2015.

The rise of 9.94 per cent represented the first increase in expenditure since 2012 when \$2.05 billion was sunk into the ground.



PHOTO: Gold exploration in WA was up 38.70 per cent last year, hitting a new four-year high in the December quarter. (Supplied: Perth Mint)

MAP: Kalgoorlie 6430



Mining exploration expenditure in WA (\$ billion)

2006	0.69
2007	1.04
2008	1.4
2009	1.12
2010	1.4
2011	1.83
2012	2.05
2013	1.51
2014	1.05
2015	0.84
2016	0.93

Figures released February 27, 2017, show 9.94 per cent rise y/y, the first increase in expenditure since 2012.

Source: Australian Bureau of Statistics
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EMBED: Mining exploration expenditure in WA (\$ billion)

Association of Mining and Exploration Companies chief executive Simon Bennison said the key statistic was a 22 per cent rise in greenfields drilling.

Greenfields is defined as the search for new mineral deposits or provinces, compared with brownfields exploration close to existing deposits and operations.

"To find the mines of tomorrow, Australia needs to boost its greenfields exploration," Mr Bennison said.

"The good news is that the statistics show Australia's greenfield mineral exploration increased."

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Most of the money being spent in the December quarter was gambled on gold.

A weaker Australian dollar combined with the election of US President Donald Trump and the Brexit vote to renew investor interest in the Australian gold space last year and the benefits flowed into the ground.

More drilling shows confidence in gold

Gold exploration in WA increased 38.70 per cent last year and hit a fresh four-year high in the December quarter.

The precious metal accounted for more than half — \$132.6 million — out of a total exploration spend of \$263.5 million in WA in the three months to December 31.

Some of that cash went into drilling the Boorara and Feysville projects in the WA Goldfields.

Clearly the owners believe where there is smoke, there is fire as both projects fall within 14 kilometres of Kalgoorlie-Boulder's Super Pit, also known as the Golden Mile which has produced about 60 million ounces of gold since 1893.

Less than a fortnight ago, ASX-listed company MacPhersons Resources announced a spectacular intercept of 163 metres at 1.94 grams per tonne gold at Boorara, which could potentially form the basis of a new underground mine.

Shares in MacPhersons — up from 9.5 cents to 24 cents since its February 14 announcement — were placed in a trading halt yesterday pending the release of further drilling results which will be watched closely.



PHOTO: Goldfields mining identity John Jones oversees drilling at the Feysville gold project near Kalgoorlie-Boulder. (ABC Goldfields-Esperance: Jarrod Lucas)

Metres of drilling show the way ahead

The story at Feysville is not as advanced as Boorara but investors have taken a keen interest because of the involvement of Goldfields mining identity John Jones, who chairs ASX-listed Anglo Australian Resources.

Mr Jones, who made a fortune with gold miner Troy Resources, has already secured \$100,000 worth of funding from the State Government to drill three deep holes at Feysville.

The exploration game is no less of a gamble for other commodities.

Iron ore was the second-biggest exploration spender in WA in the December quarter with \$71.4 million.

There was \$21.8 million invested in the search for "other" minerals, including lithium which is in hot demand for its use in new generation batteries.

The total number of metres drilled across Australia is another indicator of the industry's health, with 1.84 million metres completed in the December quarter.

That compares with 1.68 million metres drilling during the same period a year earlier.

The all-time record of 3.72 million metres was set in the June 1997 quarter when dollars stretched further than during the mining boom — a period where companies paid exorbitant rates and waited months for access to a drill rig.

These days, drilling companies are just happy to be working and more willing to take on risk, as underlined by one of Australia's biggest mining services companies Ausdrill which has regularly accepted shares in exchange for its services.

Recent deals of note have included \$1 million equity in cash-strapped NTM Gold, which owns the Redcliffe project in the northern Goldfields.

Ausdrill has also agreed to complete 30,000 metres of drilling with explorer Primary Gold at its WA and Northern Territory projects in exchange for \$3 million in shares.

Times have certainly changed from when drillers were able to dictate the terms, and it shows they are doubling down after the boom by betting they will find something in Australia's golden outback.

Topics: mining-industry, mining-rural, gold, iron-ore, kalgoorlie-6430, wa

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