

Resources

R i s i n g S t a r s

Opportunities and insights for resources investors

Alkane's strong copper-gold hit re-ignites interest in NSW's porphyry potential

Spotlight turns to Alkane's highly leveraged neighbours DevEx and Alice Queen

20th September 2019

Barry FitzGerald

Alkane's (ASX:ALK) big porphyry gold-copper hit at its Boda prospect in NSW's central west continues to be the talk of mining investor circles.

The 502m intersection grading 0.48g/t gold and 0.2% copper has seen Alkane's share price climb almost 80% to 67.5c since it was announced on September 9.

Alkane said the drilling results provided "clear evidence of Cadia-style mineralisation and grade over hundreds of metres",

Cadia is of course the 3 billion tonne resource grading 0.36g/t gold and 0.26% copper being mined by Newcrest near Orange, with its gold production costs (after copper credits) coming in at a magical \$US171/oz for the 912,000oz produced in FY2019.

Apart from the well-deserved share price spike for Alkane, the Boda find has served as a reminder that while NSW's porphyry systems have already delivered world-class operations like Cadia and Northparkes (China's CMOC), there could be plenty more to come.

That's why interest in upcoming NSW porphyry drilling programs, particularly among the juniors where leverage to a big porphyry discovery is extreme, has taken off since Alkane released the Boda hit.

DevEx

The increased interest in the NSW porphyry hunt as a result of the Boda discovery is sweetly-timed for DevEx (ASX:DEV), which is trading at all of 7.7c for a market cap of \$10m.

It began working up a NSW porphyry strategy a couple of years back and Alkane's success comes just as it gets to the exciting part of drilling the targets it has generated at its Bogong and Junee projects, with the first holes likely in the December quarter.

In light of Alkane's success, and the credentials of the Bogong and Junee targets, DeVex could be in for some interesting times.

Bogong is an interesting one in that it is kind of already a "discovery" given the presence of high-grade historic copper workings and a drill hole 45 years ago by a long-gone company which returned 54.9m at 1.1% copper from 6.1m and 9.2m at 2% copper from 39.6m. It was not assayed for gold.

Rock chip results from samples collected by DeVex have returned assays of up to 10% copper and 0.47g/t gold associated with a porphyry intrusive.

Taking all of the information together, DeVex reckons it is on to an open-ended copper-gold system which extends for more than 500m of strike with a width of about 100m – one which has never been lit up by modern day geophysics or drilling.

DeVex is out to change all that, with geophysics planned to start this month to define drill targets for the fourth quarter drilling program.

The Junee project, 60km north-west of the Bogong project, was zeroed in on by DeVex after the NSW Geological Survey suggested that rocks within the project area were prospective for large-scale Cadia and Northparkes-type porphyry systems in that it was a southern extension of the Junee-Narromine Volcanic Belt.

The majority of the prospective rocks are masked by transported cover so the project area has missed out on the intense exploration efforts on the belt to the north, though there was some limited drilling 20 years ago.

That suits DeVex fine as there is nothing worse than trying to find a big discovery by having to drill in between myriad holes drilled by others. It has been working up targets where the rocks are exposed and is planning to firm up drill targets with some geophysical work.

It all means that the junior will likely be drilling two porphyry copper-gold targets in NSW at the same time.

ALICE QUEEN

Alice Queen (ASX:AQX) is another to benefit from the interest generated by the Alkane discovery.

That should be no surprise given Alkane's discovery hole lies within 700m of the boundary of the company's Yarindury project tenement.

What's more, Alice Queen reckons that based on magnetic data, the prospective Cadia-age rocks intersected at Boda extend at surface into its Yarindury ground where a trouser leg-shaped part of the tenement runs down from the north.

It said if Alkane's find proves to be a Cadia-scale (7km by 2km) porphyry field, then it is quite possible that significant mineralisation will extend across the boundary into its ground.

"As a priority Alice Queen will be surface mapping and sampling this adjacent area with a view to developing near-term drilling targets," the company said.

Now it has to be said that Alice Queen has not been waiting for the Alkane discovery as it has been working up multiple drill targets under thin cover along its coverage of the northern reaches of the Molong volcanic belt.

With its modest 1.9c share price for a market cap of \$14m, Alice Queen was getting prepared though to bring in a partner with deeper pockets to fund a drilling campaign.

But because of Alkane's success, Alice Queen's phone has been ringing hot with fund manager-types asking if they could be of assistance. So the intention now is to self-fund the work on the ground adjacent to Boda and drill its priority targets to the north.

If any junior other than Alice Queen was making calls on what an adjacent discovery might mean for them, it would likely be dismissed as some nearology nonsense.

But the company's technical adviser is none other than John Holliday, a co-discoverer of the Cadia deposits back in the 1990s when he worked for Newcrest in what was a long career of finding things.

Holliday reckons Alkane has made the best porphyry exploration discovery in NSW's broader Lachlan Fold Belt, away from the three mine centres (Cadia, Cowal and Northparkes), in the last 20 or so years.

He signed off on Alice Queen's NSW exploration update saying that Alkane discovery had "clearly further enhanced the prospectivity" of Alice Queen's tenements which cover the same belt of rocks in areas where they have hardly been explored because of the cover.

In the meantime, St Barbara (ASX:SBM) has started on its \$4m farm-in deal under which it can earn a 70% interest in an exploration joint venture at Alice Queen's Horn Island gold project.

Drilling for a large-scale intrusion related gold system is likely to get going in the new year and like Alice Queen's upcoming drilling back in NSW, will be one to watch.

Importantly, the existing 500,000oz gold resource outlined by Alice Queen is not part of the joint venture, nor is the infrastructure left over from a past gold mining operation on the island.

Author Bio



Barry FitzGerald

Barry FitzGerald has covered the resources industry for 30 years. The inaugural winner of the Diggers & Dealers Media Award in 2003, Barry is a committee member of the Melbourne Mining Club, a non-profit organisation formed to foster industry debate.