

Micros with majors: NSW's Lachlan Fold Belt is worth its weight in copper and gold

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This junior will share in the spoils if a multi-million exploration campaign by Newmont turns up trumps. Pic: Getty Images

Micros with Majors is Stockhead's column profiling and examining the stories behind micro-cap ASX companies in partnerships with some of Australia's, and the world's, leading organisations.

Over the past two years as much as \$300m has been pledged by majors in NSW's Lachlan Fold Belt for the search of a lookalike of Newmont's massive Cadia gold mine.

Cadia is regularly among the two largest gold producers in Australia and also counts as the country's second largest copper producer.

An estimated >110Moz of gold discoveries have been made in the area around it, with junior explorers quietly buzzing about the desperation of majors to gain a foothold in the famous mining district.

Companies like Legacy Minerals Holdings (ASX:LGM), Waratah Minerals (ASX:WTM), Helix Resources (ASX:HLX) and Kincora Copper (ASX:KCC) are all expediting drilling and exploration campaigns, hoping to hit paydirt.

Newmont itself is also chasing its next big find and has junior goldie Koonenberry Gold (ASX:KNB) along for the ride.

KNB holds a free carry at the Junee joint venture, which could play host to buried intrusive complexes associated with copper-gold mineralisation and where the two entities have recently kicked off drilling.

The deal means KNB won't pay a cent for their share until the project starts production, an ideal outcome – especially if a 'Newmont-sized' discovery is made. And Newmont is only looking for the sort of tier-1 mine where even a small stake could be transformative for its junior partner.

The campaign, planned by Newmont's geologists, will build on past work that defined multiple porphyry systems with the same signatures as known producers.

With its own territory to explore in NSW's northwest, what is the allure of the region for KNB and how can the company take advantage of the JV to advance its own projects?

Big exploration bucks

KNB's managing director Dan Power has only been in his position for a matter of months but has spent half of his career looking for porphyry copper-gold systems including with Newmont as country manager in the Solomon Islands.

"The Lachlan Fold Belt is a world-class geological terrain and Koonenbury holds 1580km² of granted exploration licences in the region, making it one of the most significant landholders in the belt," Power told Stockhead.

"We are of the opinion that Junee is extremely fertile and has a high potential for a copper-gold porphyry discovery.

"Newmont is manager of the JV and has tremendous technical and operational experience as well as large exploration budgets. If a discovery is made Koonenberry shareholders may see tremendous underlying value reflected in the share price."

The vast majority of the world's largest copper mines are bulk, low-grade porphyries endowed with by-products including gold, silver and molybdenum.

These are either mined in large open pits or, like the ~800,000ozpa Cadia mine, as underground block caves.

Another feature of discoveries in the Lachlan Fold Belt is that the first resource is almost always the beginning, not the end.

A mine like Northparkes, also in the area, contains almost 1Bt of copper-rich ore across a swathe of different, nearby deposits.

The Junee asset is situated in an under-explored and often overlooked portion of the Junee-Narromine Belt of the Macquarie Arc on the Gilmore Suture, a major terrain boundary between the eastern and central portions of the Lachlan Fold Belt.

Promising landholding

Handily for KNB, the Junee project has seen a significant amount of work already completed with the definition of about 24 targets, four alkaic porphyry systems and multiple stand out hits including 224m at 0.19% copper, 0.2g/t gold from 172m.

Exploration during the joint venture between Newmont Exploration (a subsidiary of the gold giant) and Gilmore Metals, while Gilmore Metals was manager and operator of the JV, involved 79 reverse circulation and diamond drill holes for 36,822m before KNB acquired its interest in October last year.

“Newmont has spent roughly A\$23.9m at the project to date collecting extensive datasets and completing over 66,000m drilling,” Power added.

“This current round of drilling is also fully funded by Newmont, so they are clearly encouraged by what they are seeing.

“In my opinion, their persistence may pay off big time and Koonenberry shareholders stand to share in that upside.”

An 11,000m (144-hole) aircore drilling campaign got underway earlier this month with plans to target regional-scale geophysical features under shallow cover.

It will also build on previous work that has defined porphyry systems at Kurrajong, Rockley, Cooba East and Three Tree Hil.

These systems share similar rock-types, 440Ma intrusive age dates, alteration, veining and mineralisation to known productive copper-gold porphyry systems in the Lachlan Fold Belt.

The program will first focus on four key prospect areas, specifically: Ant Hill, Kiaree, Kimvale and Cooba North, with results expected to help explain the porphyry pathfinder anomalism in this favourable cross-arc structural setting.

“Results to date have been extremely encouraging with the geology, alteration, veining and intervals of copper-gold mineralisation indicating the potential for discovery of a significant porphyry system,” Power said.

Source: <https://www.theaustralian.com.au/business/stockhead/news/micros-with-majors-nsws-lachlan-fold-belt-is-worth-its-weight-in-copper-and-gold/news-story/063561e0b8d6eea2220948aedd2e5925>

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