



Ausgold pointers positive

WHILE gold exploration junior Ausgold has been in the market doghouse for more than four years, there have been a few developments of late that are cause for optimism for long suffering shareholders.

Michael Quinn, 26 Jun 2017

New CEO Dr Matthew Greentree said he joined the company a few months ago from SRK Consulting because he could see the clear potential in an exploration story that has suffered from “investor fatigue” in the years since 2011 when it was a very fashionable market investment – reaching prices of more than A\$1.50 per share versus more recent levels around 2-3c.

Greentree knows Ausgold’s ground near Katanning in Western Australia well having worked on it as a consultant for SRK – where he was principal consultant and geology group manager.

It stands to reason a well-credentialed geologist already familiar with the ground wouldn’t have joined without strong belief in the potential.

A second pointer to the inherent potential was the arrival on Ausgold’s register this month of cashed-up Chalice Gold Mines.

Chalice invested \$1 million in Ausgold (and vended-in a nearby project), such it now holds a 12% stake.

Chalice has been scouring the world for opportunities over the past few years after making a big profit on a gold project in Eritrea that it sold to Chinese interests.

As such fair to suggest Chalice has some idea on what projects with potential look like.

Ausgold has already established resources of over 600,000oz at Katanning, more than 400,000 of which are in the measured and indicated category.

In total the junior holds over 4000 square kilometres of tenure in what is described as relatively under-explored greenstone belt that is prospective for Archean gold deposits.

The well-regarded Bob Pett of Resolute Mining fame was Ausgold’s chairman for much of the period 2009 through to 2015, and back in 2012 he was claiming Ausgold’s ground was “the best looking gold project I’ve come across”.

He gave two reasons.

“One is the Katanning discovery itself ... you’ve got 20km of pretty well continuous gold mineralisation in three different zones (at this stage), and that 20km is open,” Pett said.

“The other side of it is Katanning is a greenstone deposit within a greenstone belt which we’ve identified that surrounds that discovery, and where there’s another 200km of strike too ... the attributes similar to the giant Archean gold camps like we see in Yilgarn, Boulder-Lefroy, Timmins in Canada, the Ashanti/Birimiam belt in West Africa ... these are all on greenstone belts that have both the right sort of geological and structural settings”.

Greentree sees potential with both Ausgold’s established resources and with the regional prospectivity, noting the success Gold Road had with its strategy when it stepped out from the established resources in the Yamarna belt and discovered Gruyere.

However these sorts of ventures are iterative and take time, and fair to say investors have a propensity to grow weary – as they have over the years in the case of Ausgold.

Another third party example that could give the market some cause for Ausgold consideration is the success in nearby wheatbelt country of another junior, Explaurum.

The ASX-listed Explaurum has more than 300,000oz at its flagship Tampia project, with a new resource imminent and a completed feasibility study flagged by the end of the year.

With the caveat that comparing companies and projects is fraught with danger for investors, Explaurum is capitalised at about \$40 million and Ausgold \$10 million.