

Chatter aplenty over potential FMG copper-gold monster find

Early results at Vulcan project show promise, but we've been here before. Plus, junior Inca set to drill big copper target of its own in Peru and Battery Minerals prepares for first holes in Victoria's gold-rich Stawell corridor.



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Has Andrew Forrest's iron ore money printing machine Fortescue cracked the code and made a big discovery at the Vulcan iron oxide-copper-gold prospect in the backyard of the daddy of IOCG's, BHP's Olympic Dam in South Australia? Too early to know, but it's fair to say there was lots of interest in interim results from two deep holes on the Vulcan North anomaly reported by Fortescue's (FMG) junior partner in the Vulcan joint venture, Tasman Resources (TAS).

Tasman has been having a crack at Vulcan for more than 10 years and at one stage had Rio Tinto come in and fund a big drilling program that yielded interesting results but no cigar.

Now it has Fortescue funding the search in a joint venture under which Fortescue can earn a 51% interest under a 2019 farm-in deal covering Vulcan, all of 30km to the north of Olympic Dam.

A two-hole deep diamond drilling program was recently completed, with Tasman reporting on Thursday that the program had returned substantial downhole widths of hematite breccia, just the type of rocks you want to be hitting if you are looking for another Olympic Dam, or the Prominent Hill and Carrapateena IOCG's of OZ Minerals (OZL), also in SA.

Tasman added that the copper mineral chalcopyrite and pyrite were visible in both holes but that their presence and variability was complex, so no estimate of their abundance has been provided at this stage.

That means it is all the more important for punters to wait for assay results i.e. show me the copper because as stated earlier, the targets at Vulcan have generated interest previously but with no cigar to finish things off.

The best historical drilling results when RIO was involved were from holes 3 and 15 and it seems Fortescue has gone back and targeted extensions to the hits, the copper and gold grades of which were a bit low to be economic at the depths involved.

Fortescue's drilling might well have delivered similar results - very interesting but not economic. Still, there is a huge amount of "room" in the Vulcan complex for better grade zones to exist.

Having said that, Tasman shares took off on the results, sans assay results. It soared 4.6c or 85% to 10c for a \$61m market cap before sensibly going into a trading pause, and later a trading halt, pending a further announcement.

At this stage all that can be said is that the drilling by the joint venture has encountered everything they would want to see in the hunt for a big IOCG. Now the wait for assay results.

Still, the initial market response was great news for Tasman which, apart from its bagful of IOCG targets in SA, also owns a 30% stake worth \$22m in ASX-listed Eden Innovations (EDE), the carbon-strengthened concrete additive group.

And as for Fortescue, given there is no love lost between it and BHP and Rio in the Pilbara, it would a wonderful irony if Vulcan does turn out to be something special in BHP's backyard, and after being worked over by Rio.

Inca Minerals:

The amped up response in Tasman's share price to the news on Vulcan – it will take good assay results to move the dial for the \$70 billion Fortescue – was as clear an example as there is as to how there is always an appetite for potential game-changing exploration results from juniors, no matter what the broader market is doing.

The problem from a broader perspective is that much of the recent exploration effort, and the flood of IPOs, has been about kicking rocks around old gold mines, something not so interesting now because of the back pedalling in the gold price.

The bigger picture stuff where potential Tier 1 targets like that sought at Vulcan by the Fortescue/Tasman joint venture has suffered as a result. But there are juniors out there focussed on finding a Tier 1 deposit rather than the next small gold mine.

Inca Minerals (ICG, trading at 9.5c for a market cap of \$35m), is an example. Its flagship Riqueza project in Peru is a large scale epithermal/porphyry/skarn complex in a part of the country which has also attracted Tier 1 hunters BHP and Anglo American.

It is drill-ready thanks, in a big way, to South 32 (S32). Over three years under an option agreement and then earn-in phase, South32 spent \$3.8m on all the things needed to be done to define drill targets, only to walk away from the joint venture in May last year when things got a bit hard exploring in South America because of COVID-19.

It is what big companies like South32 do. The good news in all that for Inca is that Riqueza reverted to 100% Inca ownership, with South32 having funded the work required to identify 28 high quality copper/gold/silver targets.

Inca is preparing to drill the first of the targets in coming months, and while South32 has retreated back to Perth, you can bet that any number of major miners, along with Inca shareholders, will be watching what the drilling comes up with.

It is high-risk/high-reward stuff that would have been interesting enough to watch for the \$13.7b-market cap South32, let alone the \$35m Inca.

Having said that, the company has also lined up a second leg to its "Tier1" hunt by taking up a big ground position in the new and emerging East Tennant Creek IOCG/SEDEX hunting ground in the Northern Territory.

Its flagship there is the Frewena East project, immediately adjacent to the recent Crosswinds copper carbonate discovery by Middle Island (MDI) in part of what it calls its Barkly copper-gold Super project.

Initial soil sampling by Inca has identified a 5km diameter target it has called Roadhouse, with Crosswinds 800m to the west and thought to be on Roadhouse's western margin. Early-stage stuff but interesting nevertheless in what is a frontier area.

