

# Resources giant retains its faith in prospective WA base metals play

The Emu Lake nickel property in Western Australia continues to excite junior Emu Nickel NL, particularly as its joint venture partner Xstrata Plc is showing no signs of diminishing its involvement.

A further 10 holes to 500 metres depth have just been drilled in the project area by the mining giant.

They were designed to test a new channel facies zone of significant potential which has the size to be an Xstrata-style target. Work also targeted a surface conductor in Area C of the Emu Lake holding.

The project area is located 70 kilometres from Kalgoorlie-Boulder and only 30 km from the Silver Swan nickel mine.

## Funds provided

According to Emu Nickel managing director George Sakalidis, the Swiss miner has spent its \$3.25 million commitment to earn a 66% interest in the undertaking.

“We are happy with the schedule and are looking to start contributions to the JV soon,” Sakalidis explained.

“The program is seeking to build on the 13 high grade intersections we have identified varying between 3% and 10% nickel – grades very similar to Silver Swan.”

What really turned the project on its head was a change to Xstrata’s geological interpretation, which blew open its potential size.

The holes drilled to date seem to support the miner’s interpretation that the system is plunging to the north rather than (as previously thought) to the south.

The target size was big enough to compel Xstrata to drill the latest additional holes.

Some of the results returned from this activity included 0.28m at 5.35% nickel and 0.4% copper from 292.72m depth as well as 1.58m at 3.70% nickel and 1.33% copper from 320.56m (including 0.98m at 5.40% nickel and 1.44% copper).

One of the holes was 300m south of previous drilling, potentially opening the Binti target zone by 1 km in size.

In addition, the contact – based on magnetic and geochemistry – continued for another 9 km to the south.

With \$7.3 million in the bank,

Sakalidis said the junior was well placed to meet its future expenditure requirements on the property.

The group acquired up to a 100% interest in six nickel properties last year under a JV with Image Resources NL – Emu Lake, Kambalda West, Koolyanobbing, Dingo Dam, Beetle Lake and Bronzite.

However, during the year it struck another venture involving the Windy Knob project, in which Emu Nickel could earn a 51% interest, by spending \$450,000 within three years, from Windy Knob Resources Ltd.

The copper-zinc-gold project is located about 55 km south of Meekatharra in WA and the tenements span 273 square km of ground. They are strategically located around and, in part, along strike from a volcanogenic massive sulphide (VMS) discovery at the nearby Austin prospect.

The JV is also considered to have potential for uranium mineralisation and possible iron ore.

## Encouraging signs

The Austin discovery by Silver Swan Group Ltd reported significant massive sulphide drill intersections associated with highly altered footwall felsic volcanic rocks and hanging wall banded iron formations, as well as amphibolites with a sulphide assemblage similar to the Golden Grove base metal mine in WA.

It was also reported that the Austin mineralisation was closely associated with a discrete magnetic anomaly and was probably related to chlorite-magnetite alteration.

Significantly, the prospective felsic volcanic sequence is interpreted to pass through the JV tenements in an area of poor outcrop. In addition, several discrete magnetic anomalies have been identified from a recent airborne magnetic survey which have not been tested. A review of historical information on the JV tenements also identified strongly anomalous zinc values from an old aircore drill hole on one of Emu’s target areas. Drill hole QAC21, completed 12 years ago, intersected 30m at 0.25% zinc from 36m to the end of hole, including 4m at 0.45% zinc within ferruginous saprolite.

This hole formed part of a single traverse of five wide-spaced holes (about



George Sakalidis

100m apart) across a distinct linear aeromagnetic feature interpreted by Emu to be prospective for VMS mineralisation.

## Further promise

An adjacent drill hole some 120m to the east intersected elevated copper values ranging from 186 parts per million to 735 ppm over a 30m interval from 36m to end of hole.

Importantly, Silver Swan recently announced a significant drill intersection at the Austin discovery near the JV tenement boundary of 61m at 1.9% copper, together with zinc, gold and silver values from a down hole depth of 58m.

“We are just waiting for Silver Swan to complete their last round of drill holes and that will give us a better location as to where to drill on our boundary,” Sakalidis explained.

“In the meantime, we have been drilling these other magnetic targets which we think are prospective VMS deposits and we have an attractive looking number of intersections and a zone which is 80m wide and anomalous in zinc and copper – generally above 500 ppm copper and zinc.”

Sakalidis said the ground was also prospective for calcrete-hosted uranium.

Outside of Windy Knob, the West Kambalda project is held under JV with Mincor Resources NL.

Here, the nickel miner is earning up to 70% by spending \$1.5 million. Nine conductors are to be drilled with 100 RAB holes now that environmental approvals have been obtained.

Sakalidis said Mincor was required to spend another \$500,000 before Emu Nickel had to start contributing.

By Tania Winter