

# Torian sets up Zuleika camp

The 'Midnight Ninjas' at Torian Resources (and connected Cascade Resources) have been working in the shadows of rising Australian gold heavyweights, Northern Star Resources and Evolution Mining, west of Kalgoorlie. But that could all change in the coming months as its drills bang away furiously in what one veteran industry analyst has called the "most exciting goldfield in Australia today".



*New signs of life ... resources and production growing 'exponentially' in Zuleika Corridor.*

*Image: Rand Mining*

Torian chairman Andrew Sparke says the small-cap company (ASX: TNR) has been trying to keep a fairly low profile while building its ground position in the Zuleika Shear Corridor, described by Paradigm Securities' Barry Dawes as a district that's "revitalising Kalgoorlie as a global gold centre".

But Torian hasn't been overly successful because its zealous pegging activities around Kalgoorlie have attracted headlines (albeit local ones), the company received strong backing

for its recent A\$3.5 million capital raising, and the high-profile neighbours have spent buckets of money on acquisitions and exploration in what they, too, see as a premier, high-grade gold 'camp'.

Those big names, Northern Star and Evolution, justifiably dominated proceedings at this month's Diggers & Dealers 2016 forum in Kalgoorlie. Site visits to their nearby operations were highlights, and Bill Beament and Jake Klein gave what were akin to keynote presentations.

But a bus trip out through the middle of what is already a different looking gold field to a few years ago – courtesy of Northern Star's big Pegasus and Millennium finds, and the development going on around them, and at least four other significant recent discoveries – provided glimpses at what makes Torian such an intriguing leverage-bet on new Zuleika gold finds.

On the bus were Sparke, Torian managing director Matt Sullivan, the company's general manager exploration Lyndal Money, and a group of analysts and backers.

We passed Evolution's Mungari mill, picked up in its a\$440 million acquisition of La Mancha's Australian operations; Northern Star's new high-grade Millennium Centenary pit; and the company's half-owned East Kundana sites, including the fabulous Pegasus (1.2 million ounces at plus-11gpt) find, which yielded more than 40% of Northern Star's profits in the June quarter – from 51%-owned assets – with average mined grades around 7gpt. The average mined grade for the whole Australian gold sector is about 1.6gpt.

Beament said at Diggers the pendulum was swinging back to underground mine production after the explosion in openpit output from the 1980s on. The balance was now 56% underground ore versus 44% surface. He said production centres capable of producing more than 200,000ozpa, with significant exploration potential, were "increasingly valuable".

"The Zuleika camp is currently the fifth largest gold camp in Australia," says Sparke. "It's [resources and production] growing exponentially.

"It's not a mature field."

Dawes observes: “The very clear growth in Zuleika Shear gold production is impressive rising 250% from about 100,000ozpa around 2005 to some 360,000ozpa in 2016, and could be expected to grow steadily for the next decade.

“The rapid growth of resources over the past decade from just one million ounces in 2000 to more than 9Moz in 2016 attests to the exploration success and probable potential.

“[This] resources growth ... is possibly unequalled in WA’s history. Moreover, the work by key participants Northern Star and Evolution is likely to further grow the resources over the next five years, notwithstanding more conservative numbers likely after Evolution’s 2015 Phoenix acquisition.”

Sparke says close to A\$1 billion has been spent in the past three years by Evolution, Northern Star and China’s Zijin, consolidating ownership in the district. Torian’s market cap at the end of last week was less than A\$20 million.

Sullivan, involved in the Kanowna Belle (6Moz) and East Kundana (5Moz) discoveries in the 1980s and 90s, has worked literally around the clock over the past 18 months to piece together a 220-square-kilometre landholding – nearly doubling the ground held in that time. He and his team have also managed to compile what Sullivan describes as the most comprehensive database on public drill information along the Zuleika Corridor yet assembled, including results from more than 35,000 drill holes completed over three decades.

He says two things matter in the prospecting game. “One, the security of your ground; and two, what you know about your ground.”

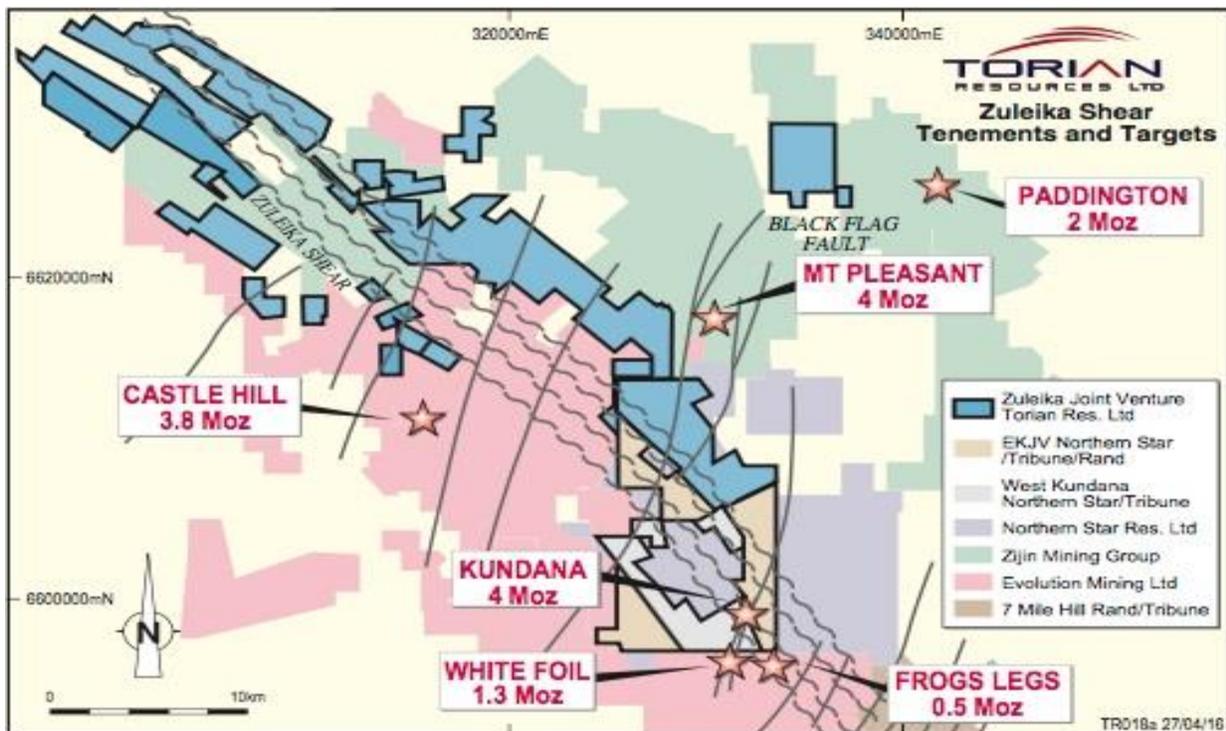
Torian has given geologist Sullivan and corporate financier Sparke a public vehicle for the Zuleika interests, and a couple of other promising gold assets. They include the Mt Stirling project with its inferred resource (31,727oz) near Leonora that is being earmarked for early production and cash flow.

But it’s been Sullivan’s extensive network of local contacts and relationships that has been integral to Cascade/Torian’s ability to assemble such a significant Zuleika ground-holding under the noses of others. The under-the-radar outfit has basically been more agile and nimble than others, he says, earning comparisons in some instances with goldfields midnight peggers of the past.

“It’s business as usual for the ninja crew,” Sullivan said in a recent newspaper report after some nocturnal antics. “So much ground is being turned over this year.”

As well as buying, trading and picking up ground, Torian has drilled more than 35,000m of rotary-air-blast holes with the main aim of defining geology and structure along a line of partly outcropping mineralised black shales and quartz-veined formations seen as being key to unlocking further high-grade deposits. Money said RAB drilling was used to test for geochemistry, typically penetrating up to 60m of alluvium/colluvium cover and maybe 1-3m of underlying bedrock. “We’re looking for structure and we’re looking for the right rocks,” she said. “Exploring with RAB is the right approach because it’s quite systematic [and] it’s putting geology first.”

Dawes noted: “TNR’s [Torian’s] tenements include a cumulative 25km of strike of the black Centenary Shale within the K2 and Strzelecki structures that host the most important high-grade deposits in the Zuleika Corridor Gold Camp.” The deposits included the Northern Star EKJV’s (with Rand Mining) Hornet, Rubicon and Pegasus, Millennium, Carbine and Ambition, and Evolution’s Frog’s Legs, White Foil and Johnson’s Rest. At the moment, Torian is said to have the second largest exposure to the black shale line of strike.



“We’ve tested about 5km of our 25km of strike length, of the black shale,” Sparke said.

“That’s been at about 400m [line] spacings ... because a lot of the pits and deposits further south fit within that sort of range. Obviously we’d like to infill that because you can get one of these high-grade things within that 400m. So we’ve still got a lot of that strike length to test.

“We’ve got a lot of high-priority targets we want to drill in this next round.”

Torian’s planned 55,000m RC and RAB drilling campaign in FY17 includes 5,000-10,000m at Mt Stirling, and the balance at Zuleika.

“The 400m spacing might sound like a lot, but we’ve got such a large landholding here we have to run the coarse sieve over things first and understand what we’ve got and then we can come back and do whatever precision detailed work we need to do,” Sullivan said.

“Because we’ve got so many targets we really want to scope them all out quickly like this first before we start rolling in the bigger rigs and start burning money at a faster rate.

“We don’t know yet where our best spot is, and we don’t want to race in there and start banging away and spend \$1 million on something that turns out to be the second best spot. The approach needs to be methodical and deliberate. We’re not the Commonwealth Bank; we’re not BHP.

“We’ve just got to take what dollars these guys [investors] have put on the table and use it as best we can.”

In any case Dawes believes geological understanding of the occurrence of gold in the district is now occurring at a faster pace. Better insights had been gained into shear zone structures, the lithological contacts between rock types, and the importance of the carbonaceous shales.

“Almost all of these deposits are high grade and have focus on the Strzelecki Shear K2 narrow high-grade veins in hard magmatics and metamorphics,” he says.

“In many cases the Centenary Shales have been present.

“Torian Resources’ ... access to more than 200sq.km of key tenements in the Coolgardie Domain along the highly productive and high-grade Zuleika Shear Corridor near Kundana, just 40km west of Kalgoorlie, gives it an excellent position in Australia’s most exciting goldfield.”

The Coolgardie Domain including the ‘Zuleika Corridor’ west of Kalgoorlie – within the Kalgoorlie Terrain and wider Yilgarn Craton – is some 75km along strike and up to 10km wide and is bound by the Zuleika Shear and Kunanalling Shear. The Zuleika Shear extends 250km in total from Norseman in the south-east to Leonora to the north.

“Surprisingly, the Yilgarn around Kalgoorlie missed out on much of the 2000-2011 gold stock boom,” Dawes says.

“The main beneficiaries were participants in the Australian gold industry’s offshore activities and remarkably the Kalgoorlie region’s own gold production declined almost 50% despite the rising USD and AUD gold price.

“The historic [Zuleika exploration] results are impressive but those of the past few years have been very good and even more recent exploration has still been delivering outstanding outcomes as the understanding of the geology improves.

“[But] it is clear that this region, despite being in a world-ranking geological gold province and being so close to Australia’s biggest gold field, is still remarkably underexplored.”

The ‘gold camp’ label is based on the district-scale gold endowment in multiple lodes, underpinning rising production.

“The Kundana Gold Camp has become Australia’s first true multi-mine, multi-company operating gold camp probably since those established in the 19th century such as at Bendigo, Ballarat and Charters Towers,” Dawes says.

“Most operations in WA, including Kalgoorlie, have been separate deposits mines at different times by different companies and would not fit this gold camp concept.

“The outstanding potential of the Zuleika Corridor in the Kundana Gold Camp is finally becoming obvious to the market place through the exploration and operational results from Northern Star and the exploration and acquisition activities of Evolution.

“[But] the growth in gold resources and gold production along this 75km corridor of riches are setting Kundana into a league of its own.”