

The Empire Strikes Gold

Smart exploration and good timing combined with a little bit of luck allowed Empire Resources to announce a new gold find the same month it listed on the ASX. By **Nick Evans**



Empire Resources managing director David Sargeant.

When Empire Resources listed on the Australian Securities Exchange in February this year, its prospectus said that drilling was ready to go at the company's Penny's Find project – within days of the float the drilling rig rolled in, and less than a month later the company was able to announce the first successful results.

It's the location, as much as the resource, that excites Empire Resources managing director David Sargeant, with the site only 50km from Kalgoorlie.

"It's very close to Kalgoorlie, so the infrastructure is very different. We don't

have to have a stand-alone operation of half to a million ounces; we can be looking at something much smaller. We won't have to build our own camp, for example – people can trip out every day. There are several mills within very close proximity for toll treatment, if that's the way we decide to go," Sargeant told *RESOURCESTOCKS*.

"At this stage it's small but it's growing, and there's lots of room for expansion.

"The thing about Penny's is that the grade is between four and five grams of gold, and it's well known that 2.5g is mineable, so to have that so close to Kalgoorlie is great, and having good metallurgy is better."

Penny's Find is 50km northeast of Kalgoorlie, 30km east of the Kanowna Belle gold mine and covers a total area of approximately 34 square kilometres. The tenements are prospective for Archaean-lode style gold mineralisation and ultramafic-hosted nickel mineralisation within sediments.

A recent research report on the company from RM Research said that the project has a high probability of returning an initial resource in the order of 30,000 ounces of gold following the completion of the current drill program. Processing options for the openpit resource are being assessed which may include toll treatment or possibly a stand-alone plant.

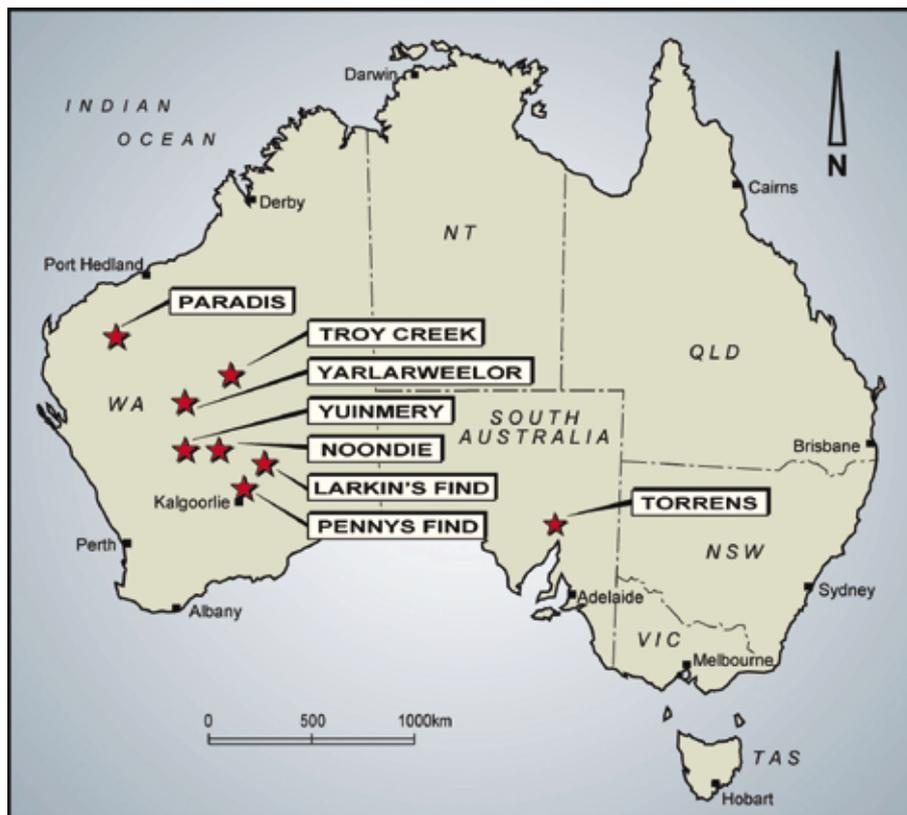
While Penny's Find is not a company making discovery in itself, it was a find that played perfectly into the company's long-term strategy.

The reverse circulation (RC) drilling program carried out by Empire at Penny's Find in April recorded excellent drilling results and intercepts, including 19m @ 9.36gpt gold from 19m; 17m @ 6.88gpt gold from 41m; and 6m @ 12.20gpt gold from 55m.

These results followed others reported in February of 23m @ 10.02gpt gold from 33m and 5m @ 9.60gpt gold from 46m.

Sargeant said the area has progressed well since the initial drilling.

"We've highlighted targets away from the



Empire Resources' project locations.

main area, so while the area's small at the moment we expect it to grow," he said.

A new drill program, scheduled to drill another 6000m looking for new zones of mineralisation around the main site, was due to begin as this edition was going to press.

While Penny's Find is not a company making discovery in itself, it was a find that played perfectly into the company's long-term strategy.

"We're a diversified explorer with a very clear strategy – we've got cash flow projects and we've got company making projects. We were looking for early cash flow, and that should come with the Penny's Find discovery as it moves towards mining," Sargeant said.

There was almost 80 years of mining experience in the room when *RESOURCESTOCKS* visited Empire Resources' office to have a chat – and only two of the three directors were in the office. If company chairman Adrian Griffin had been there, the total experience in the room would have easily topped 100 years.

Sargeant said the diversity of the company's experience makes a difference.

"We've got a range of experience in exploring and mining in a diversity of commodities. I was the first chief geologist at Telfer, back in the seventies when gold was unloved," he continued.

"We're explorers and developers – when we make a discovery like Penny's Find we're not afraid to go ahead and develop it, and we think we've got the experience to know the best way to go about doing that."

Sargeant has a long history as a senior geologist. In addition to Telfer, he has been the senior geologist with Newmont; senior supervisory geologist with Esso Australia at the time of the Harbour Lights Gold Mine discovery and development; exploration manager for Adelaide Petroleum NL and its group of companies; and manager (resources development) for Sabminco. Sargeant was also the technical director of Western Reefs during its transformation from an exploration company to a successful gold producer through the Dalgarna Gold Project.

Executive director Adrian Jessup matches Sargeant's long experience in the industry, with nearly 40 years continuous experience in mineral exploration, ore deposit evaluation and mining as a geologist, company director and consultant. A founding director of Sylvania Resources, Jessup was also the managing director of Giralia Resources and was the senior geologist and regional manager for American company AMAX Exploration, for that company's mineral exploration in Western Australia.

Non-executive chairman Adrian Griffin's management experience is broad, encompassing exploration, financing, development, commissioning and the production of a wide range of mineral commodities. In particular, he has contributed substantially to the development of the laterite mineral industry in Western Australia, and he pioneered hydrometallurgical extraction processes for platinum group metals from oxides, silicates and sulfides.

Griffin helped develop mine planning, grade control and exploration methods in iron ore with BHP, and has served as the operations manager with a number of public companies involved in the mining and production of gold and base metals throughout Australia and South-East Asia.

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That's a lot of experience for a company that prides itself on being lean and hungry – but it's an important asset, especially for a company that has the range and diversity of prospects that Empire does.

The company floated with six projects on the go, with a focus on copper and gold.

In addition to the cash flow prospect of Penny's Find, the company is also focusing its attention on a potentially company making project in South Australia, on the southeastern margin of Lake Torrens. It's around 100km northeast of Port Augusta, 170km southeast of the Olympic Dam mine and 70km southeast of the Carrapateena copper-gold discovery.

The company is confident the tenements are highly prospective for large iron oxide-copper-gold-uranium (IOCGU) style deposits. The tenement consists of two granted exploration licences covering an area of 794sq.km within the Torrens Hinge Zone on the eastern margin of the Gawler Craton.

Gawler Craton is a recognised world-class IOCGU province that includes the Prominent Hill deposit and the Olympic Dam copper-uranium-gold mine.

Exploration data purchased with the tenement includes a detailed aeromagnetic and ground-based gravity survey. Interpretation of these surveys indicates a large part of the project area has shallow

basement rocks at a depth of 100–400m. The company is currently sourcing a drill rig and is expected to test targets in the last quarter of 2007.

The project has well-defined gravity anomalies in proximity to magnetic highs in a setting analogous to the Olympic Dam mine, Prominent Hill or Carrapateena projects.

The area is ready to go, and the company is only waiting on a drill rig to become available before work in the area begins.

"We've just signed the Aboriginal land clearance agreement, it's been cleared by an anthropologist before now, so we're just waiting for a drill rig to become available," Sargeant said.

"We did an extensive gravity survey – we had four really good targets that had been highlighted before we did the new survey, but since then we've got many more to go after."

Sargeant said he hoped that the company would be in a position to make a decision on how to progress the cash flow projects at Penny's Find by September, and with drilling equipment expected to become available at the Torrens project shortly, it's going to be a busy few months for the team at Empire Resources. **RS**

empire resources at a glance



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Market Capitalisation

\$13.97 million (at press time)

Major Shareholders

Kirkdale Holdings PL 6.70%
Suharitocheong Sukhon 4.8%
Birkner Arthur 2.5%