

Julimar story 'far from over'

CHALICE Gold Mines believes the potential of its Julimar discovery, 70km northeast of Perth, is growing by the day.



Chalice GM development (left) and MD Alex Dorsch at Julimar

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Today, the company reported the discovery of three new large electromagnetic anomalies, Hartog, Baudin and Jansz, from an airborne EM (AEM) survey over the entire 155sq.km project area.

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In March, Chalice reported the first hole from Julimar, which returned 19m at 2.59% nickel, 1.04% copper, 8.37 grams per tonne palladium and 1.11gpt platinum from 48m in fresh rock, including a massive sulphide zone of 13m at 3.15% nickel, 1.19% copper, 8.85gpt palladium and 1.08gpt platinum and a matrix/stringer sulphide zone of 6m at 1.39% nickel, 0.72% copper, 7.33gpt palladium and 1.16gpt platinum.

By mid-April, Chalice had the confidence to declare it had made a major discovery when it announced results like 41 m at 2.6gpt palladium, 0.4gpt platinum, 0.5% nickel, 0.4% copper and 0.03% cobalt from 39m, including 31m at 3.3gpt palladium, 0.5gpt platinum, 0.7% nickel, 0.5% copper and 0.04% cobalt.

"This is basically Australia's first major palladium discovery," Chalice managing director Alex Dorsch said during a visit to Julimar last week.

Gonneville, which sits on private land, is modelled as a 1.6km-long by 800m-wide irregular shaped intrusive body (or chonolith), considered a favourable geometry for large-scale magmatic sulphide deposits like Jinchuan in China and Kabanga in Tanzania.

Four zones of mineralisation have been defined to date, all of which remain open.

The mineralisation in each zone varies. The G1 Zone hosts shallow palladium-nickel rich sulphides, while the high-grade G4 Zone features PGE-copper-gold dominant mineralisation.

"There's a bit here for everyone, if you like," Dorsch said.



Different styles of mineralisation have been encountered at Julimar

Wide PGE-nickel-copper mineralisation has been intersected in every hole to date, indicating the potential for a very large deposit.

"It's not out of the realms of top 10 orebodies in the world for scale potential," Dorsch said.

"We're starting to build a pretty significant deposit."

Chalice is already drilling about 12-15 holes a week, with about half of the circa-100 holes drilled still sitting in the lab awaiting assaying.

Four rigs are currently working at site, with a fifth to be added later this month. The aim is to define a maiden resource by mid-2021.

"The pace is increasing significantly," Dorsch said.

"We've got another gear-up to go yet."



Drilling at Julimar, just 70km out of Perth

Macquarie analyst Hayden Bairstow initiated coverage on Chalice earlier this month, calling Julimar one of the "most significant greenfield discoveries in recent years".

"We believe drilling has already defined a deposit that could underpin a circa 270,000 ounce per annum PGE operation with circa 20,000tpa of nickel-copper-cobalt by-products," he said.

The company still has 24km of the Julimar Complex within state forest to explore, pending access.

"We've got the equivalent of Perth to Fremantle yet to be explored," Dorsch said.

"It could be some of the most prospective area on earth in terms of metal endowment potential."

The company said the results of the airborne EM survey only highlighted the district-scale potential of the 26km-long Julimar Complex.

Comparisons are being made to Norilsk Nickel's namesake deposit in Russia, which has a resource of about 1 billion tonnes at 2% nickel.

"These type of discoveries are sort of once every 10 or 15 years," said Dorsch.

"They come around very infrequently and they're pretty special."

Dorsch said the company hadn't actually drilled its top target yet on the western margin.

"While we've put out some great holes, the story is far from over," he said.

"Even though we're six months and about 100 holes in, we've got a lot of work to do,"

The company has identified Conductors X and Y, using SQUID EM.

Conductor X is the top priority and will be drilled shortly with a 600m diamond hole, the deepest at the project to date.

The company has also identified a key target about 10km to the northeast of Gonneville, which could be a potential magmatic feeder zone.

Chalice has been liaising government departments regarding the development of a conservation management plan for non-ground disturbing, reconnaissance exploration activities within the Julimar State Forest.

Dorsch said the company had asked for access to about 10% of the forest, which would likely reduce once discrete targets were identified.

Bairstow said access to the forest presented material upside risk to the exploration potential at Julimar, which was not factored into Macquarie's valuation.

Chalice shares were sitting at 16c before the discovery was announced in March. The stock jumped to a record \$2.22 this morning. Shares were last trading 26% higher at \$2.21, valuing the company at \$682.6 million.

Macquarie has an outperform rating and \$1.80 price target. Using a palladium price of US\$2340 an ounce sees Macquarie's valuation rise to A\$3.37 a share.



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