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Pioneer Spirit, Building On Solid Base

By Wally Graham of Resources Roadhouse

There is no doubt, especially in this current market, that if embarking on a rebuilding phase, acompany requires two important components.



Pioneer cranks up the drill rigs

The first is a clear idea of its current situation and a precise plan of what it wants to achieve. The second, and some may say the most important, is a bank balance healthy enough to support its aspirations.

Pioneer Resources began its journey of renewal last year when it commenced the sale of its Mt Jewell project to Carrick Gold. “We knew the Mt Jewell to Carrick Gold transaction made sense from late last year, so during the first six months of this year we looked for new targets and we looked at some acquisition opportunities,” Pioneer Resources managing director David Crook told Resources Roadhouse.

“The sale of our Mt Jewell project to Carrick Gold was for \$8 million cash. We have already received \$4.5 million on the fall of the hammer with the remaining \$3.5 million to be paid in instalments over the next three years.”

Cash in the bank breeds confidence and armed with a good deal of both, Pioneer quickly moved to generate new targets and acquisitions to fill the gap left by the sale of Mt Jewell.

The company's initial focus centred on its large landholding, situated within a 75 kilometre radius of Kalgoorlie in Western Australia. This included the buyout of its partner's share of the Golden Ridge gold and nickel project. "Buying out our partner at Golden Ridge took us from owning 56 per cent of the nickel to delivering a 100 per cent outright interest in commodities, including gold, plus the old Blair nickel mine," Crook explained.

"The crucial part of the Golden Ridge deal was that it delivered some very exciting gold targets originally identified by WMC. Under the nickel joint venture we didn't have access to them."

The advanced exploration targets at Golden Ridge include the Flying Squirrel, Gold Star and Duplex Hill South gold prospects, and the Norton, Anomaly 11 and Duplex Hill priority nickel targets.

Pioneer recently commenced its first 10,000 metre RAB drilling program targeting gold at the Gold Star prospect.

"WMC was very successful undertaking geochemistry and RAB drilling programs to identify gold, but just outgrew the project," Crook said. "As a consequence there are some great gold drilling intercepts that haven't been followed up since the 1990s. We have now started that process."

Pioneer's commitment to exploration, despite the uncertain financial times, is well demonstrated by the \$3 million it spent during the 2011-2012 year. This included successful target generation work undertaken at its Gindalbie and Juglah Dome gold projects.

"One of the original aspects that drew our attention to Juglah Dome was its proximity to the Majestic gold discovery of Integra Mining," Crook said. "Local Kalgoorlie prospectors were coming into town with nuggets indicating the existence of gold in a number of places around the Juglah Dome tenement. As well, there is evidence of a structural corridor running between Juglah Dome and the Majestic deposit."

Throughout 2011 and 2012, Pioneer completed programs of soil geochemistry, RAB drilling and geophysics at its core projects, which included 15,000 soil geochemistry samples from the Gindalbie, Juglah Dome and Golden Ridge projects; 490 square kilometres of gravity geophysics at the Gindalbie project; 33.5 line kilometres EM geophysics at the Golden Ridge project; and 18,500 metres of RAB drilling at Gindalbie, Juglah Dome and Golden Ridge projects.

Pioneer continued to demonstrate its acquisition acumen by entering an agreement with private exploration play, National Minerals to acquire 75 per cent interest in the Fairwater project, located in the Albany-Fraser mineral province of Western Australia.

“The Board has always wanted a project situated in real, high-risk but high reward, elephant country,” Crook said. “The discovery of the world-class Tropicana gold deposit and the Nova nickel deposit has shown that the Fraser Orogenic Belt falls into that category. We like to think there could be some more elephants out there.”

The Fairwater acquisition delivers Pioneer a 75 per cent interest on all commodities within the 338 square kilometre project.

“We were approached by a group of highly-competent people who had targeted and pegged the project two and half years ago - not as a reaction to the current hubbub that is going on in the region,” Crook said. “They recently completed their research and targeting for the project and were looking at a mechanism to get it into the public arena, and were happy for us to do that for them. The project has a low entry cost; we have a lot of work to do, however if the project does blossom they will make some money and our company will become a different beast altogether.”

It’s no secret there has been much excitement in recent times in the Fraser Range region, due in no small way to the recent discovery of the Nova nickel-copper deposit by Sirius Resources.

Of particular interest are a couple of targets Pioneer has identified adjacent to major structural zones, which it considers may be capable of acting as conduits for a mineralising event. Soil sampling carried out on the project by Pan Australian Resources in 1998 identified two nickel anomalies, each with a strike length over four kilometres, as well as a six kilometre long gold anomaly.

“The Fairwater promoters drew geological analogies to both the Tropicana gold project and Sirius’ Nova nickel discovery,” Crook said.

“That is a big statement to make I know, but the project does have a four kilometre long gold anomaly, in rocks believed to be of an equivalent age and structural regime as Tropicana. And as far as nickel prospectivity goes, earlier explorers had the area looked over in some detail, which provided an interpretive geology map showing a mafic complex, bounded by a major crustal suture and, most importantly, a series of soil geochemistry anomalies with elevated coincident nickel, copper and chrome values.

“These geological and geochemical elements are the first things a mineral explorer looks for when hunting for a nickel deposit. So we consider we may have the first indications of a nickel deposit there. The first thing we are doing is to bring the soil sample data base up to date, and we have samplers on the ground now. If we get some encouraging nickel and copper numbers from that, which we expect we should, we will be able to move straight in with an EM survey to see if there is an elephant sitting there waiting for us.”

The Fairwater acquisition is a shrewd strategic move by Pioneer as it provides the company early entry into the emerging Albany-Fraser province. This is a significant move for a junior exploration play as the region is rapidly becoming an important Western Australian mineral belt.

As significant as the move may be, Crook also hinted at the possibility of further news to come in regard to additional acquisitions closer to the company’s spiritual base of Kalgoorlie.

“Fairwater may have taken us out of our general 75 kilometre radius from Kalgoorlie,” he said. “However, there are a few projects within that realm attracting our interest and we hope to have some more news on that front in the not-too-distant future.”