

The "Jewell" in the crown

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PIONEER Resources has its eye on the prize – including plans to mine its flagship project within the next three years. By Samantha Cairns - *RESOURCESTOCKS**

Situated around 50 kilometres north of Kalgoorlie in Western Australia's Goldfields, the Mt Jewell gold project has all the hallmarks of a significant discovery.

So much so that Pioneer Resources – which has \$3.4 million in cash – is funneling 85% of its exploration budget into the project.

"We have made a new gold discovery and it is delivering exciting results, with a pipeline of additional prospects to grow the Mt Jewell project," Pioneer's managing director David Crook said.



Pioneer drilling in the Goldfields

The company is looking to put together a 500,000 ounce-plus inventory, which is capable of underpinning a 75,000oz per annum project with a seven-year mine life.

Pioneer Resources acquired the site from Heron Resources early last decade, but only started exploring its potential for gold when the global financial crisis hit and the prognosis for gold improved.

Crook, who was previously exploration manager with Heron, said he believed Mt Jewell would be a winner.

"While the commodity focus of Pioneer when we listed was nickel sulfide, we've now discovered another attractive option within the tenements – gold at Mt Jewell," he said.

"We followed up some existing soil geochemistry with shallow drilling which immediately generated targets.

"These have now yielded three small deposits."

Those deposits are Tregurtha, Hughes and Hughes West, which continued to return high-grade intersections in drilling completed earlier this year.

In the March 2011 quarter, Pioneer announced drilling results from Tregurtha - which included 20 metres at 4.97 grams per tonne from 45m; 38m at 2.36gpt from 70m; 7m at 4.84gpt from 137m; and 9m at 3.73gpt from 52m.

Hughes and Hughes West have churned up 10m at 3.33gpt from 52m; 9m at 8.60 gpt from 34m; and 15m at 3gpt from 103m.

"The Hughes-Hughes West results are particularly interesting, as two of the most significant results are from the northern and southern extremities – boding well for extensions to the known mineralisation," Crook said.

Drilling will continue in campaigns throughout the year, with the immediate priority to infill and extend mineralisation at Hughes and Tregurtha.

Other priorities will include infilling the 200m of strike length between Hughes and Hughes West.

"We believe there is great potential to increase the mineralisation inventory, with contributions from other nearby prospects," Crook said.

In particular, the first drill hole into the new Airstrip prospect recently returned a spectacular 11m at 6.11gpt from 72m.

So far this year, the company has completed 7000m of reverse circulation drilling at Mt Jewell and expects to complete the maiden resource estimate for the project this month.

"Our confidence in Mt Jewell has been vindicated, as the recent results show, which support our belief that the project has the potential to be our first producing asset," Crook said.

"Ongoing drilling will focus on satellite targets that we believe will contribute to the resource base needed to underpin such a project, including Airstrip, Criterion, Wild Dog and others."

A major plus for the project is its close proximity to established infrastructure.

It is situated close to the mining centre of Kalgoorlie, with sealed roads and access to gas, rail and electricity.

"A number of major gold mines also operate in the area, including Paddington, Kanowna Belle and the Kalgoorlie Super Pit," Crook said.

Looking to the future, Crook said the company had one main aim.

"We need to get the company to a point where it is generating 75,000 ounces per year for at least seven years," he said.

"Initially we will look to discover sufficient resources within our own large tenement portfolio, as we hold more than 1200 square kilometres of tenements within the Kalgoorlie district.

"However, we will maintain dialogue with other independent explorers that operate in our area and some form of cooperative agreement isn't out of the question."

The company also has its finger in other project pies across the Goldfields, including the Acra joint venture, in which Xstrata Nickel Australia has an 80% stake.

Located 65km northeast of Kalgoorlie, recent drilling at Acra returned an intersection of 9.55m at 0.98% of nickel and 362 parts per million copper at the prospect.

Golden Ridge is another nickel sulfide project for Pioneer, in which it has a 56% stake (Australian Mines has the other 44%).

The project is located 30km southeast of Kalgoorlie and has a number of occurrences of known nickel sulphide mineralisation.

This year the joint venture has completed a series of geophysical electromagnetic surveys, testing for conductive bodies that may include lenses of massive nickel sulfides.

"Six prospective areas have been surveyed – including targets where known disseminated nickeliferous sulphides occur," Crook said.

Preliminary data imagery shows a number of conductors have been detected. Comprehensive modelling is being undertaken by Southern Geoscience Consultants.

Selective drilling of conductors with the highest potential for massive nickel sulphides will follow later this year.

Crook admitted there was a long road ahead for the company but he looks forward to the new challenges as the company grows.

"It really is an honour being at the helm of a public company – not many people get the chance," he said.

"It's a real rollercoaster ride, because you have to invest a lot of time and emotion into it and follow this with good technical work.

"But I sleep easy because I firmly believe that we have an impressive land holding, backed by a competent, dedicated and loyal team.

"And they are the fundamental ingredients that will make Pioneer grow."

Crook concluded that Mt Jewell was the first step. "It's the first building block, if you like, and we plan to leverage off that success to substantially grow the business," he said.

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