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Gem might find legs in width

It's natural to get excited about new discoveries – and China Yunnan Copper Australia Ltd managing director Jason Beckton is no different.

Drill results from the company's Gem target at the Cloncurry North project has Beckton comparing the prospect with the 100,000 tpa copper Ernest Henry mine 38km north-east of Cloncurry in Queensland.

In May, five RC drillholes for 670m were completed and best results came from hole three – 38m @ 1.25% copper and 0.20 g/t gold from 33m, including 22m @ 1.96% copper and 0.29 g/t gold from 45m.

Beckton is encouraged by the widths, adding that it was a "classic IOCG grade for the district.

"They're certainly the best intercepts we've had in our 16 months in operation as a company," he said.

Beckton described the find as a "commercial hit", as it is a shallow discovery in "a robust zone that is skewered by sheet wash and thin cover.

"We have to be careful about what we say about size, though, because it is one hole and we still have to scope it out. But certainly the grade, alteration and what we see from drill cuttings suggests to us that its not a flash in the pan oxide number at shallow levels, this is a legitimate sulphide breccia at depth."

Regardless of results from the four peripheral holes, China Yunnan planned a diamond and RC drilling programme for hole three to start by mid-June.

Costs for the initial five-hole drill programme totalled \$50,000 which will be doubled in the next term of drilling. With \$2 million in the bank, the company may explore the option of an EM survey of the central zone.

When the company settles on its preferred second-round drill campaign, it estimates expenditure to be around \$200,000 a month, with

the expectation of more money coming into the company during the year.

Mapping of the site is under way and early indications suggest mineralisation consists of a series of sub-parallel mineralised lenses trending north-west.

The company, which was listed on the ASX in late 2007, inherited a package of tenements at Cloncurry which had no field exploration work for 13 years.

Beckton, who has worked in Kalgoorlie for the past five years, referred to the result at Cloncurry as a "virgin hit" because the site is isolated and not associated with any nearby open pit or resource.

Gem was subject to a ranking procedure, like many of China Yunnan's undrilled prospects in its package, and strong indications of mineralisation at the site instigated mapping, geochemical sampling and magnetic surveys.

The company was led to the area by Government datasets.

"Unlike Kalgoorlie, a lot of the mineralised showings have not been drilled. I think it's a different style to where I've worked in Kalgoorlie and Latin America.

"This is an IOCG Ernest Henry, Olympic Dam-style of mineralisation that we saw throughout Mt Isa. Usually when you get something like this it's the tip of the iceberg."

Beckton said the company wanted to graduate quickly from greenfield discoverers to generating a resource with further drilling.

Cloncurry has become the company's priority and most corporate attention would be focused on the Gem prospect. Work would, however, continue at the company's other north Queensland ground at Mt Isa and Charters Towers.

"If it does have legs, there are some obvious commercial implications because of its width and depth."

Mark Andrews