

Juniors stir on BHP find

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April 6, 2011 - 8:55AM

There is a whisper in Western Australian mining circles that [BHP Billiton](#) might be on to something special in the remote and lightly explored West Musgraves region.

Now BHP does not comment on the progress of its minerals exploration hunt around the world, much less what it might be on to in the West Musgraves, some 800 kilometres north-east of the closest street lights at Leonora.

But it is known that BHP is excited enough to be calling in six drilling rigs to punch in a bunch of holes in to a West Musgraves prospect at a cost of \$20 million.

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Garimpeiro's interest in all this is what rub-off effect a discovery by BHP could have on the juniors operating in the broader Musgrave block that straddles the WA and South Australian borders.

Subject to being corrected, Garimpeiro reckons there are only three of them that could benefit from "nearology" in this case. (Nearology is an ancient art where investors pump up their expectations for companies that hold ground near to a discovery).

The three that could benefit from some nearology are **Traka Resources** ([ASX:TKL](#)) and **Redstone Resources** ([RDS:ASX](#)) in the WA portion of the Musgrave block, and the yet-to-be listed **Musgrave Minerals**, the \$15 million float that combines the SA Musgrave exploration interests of six companies: **Mithril Resources** ([ASX:MTH](#)), **Independence Group** ([ASX:IGO](#)), **Goldsearch** ([ASX:GSE](#)), **Argonaut Resources** ([ASX:ARE](#)), **Integra Mining** ([ASX:IGR](#)) and Canada's mighty **Barrick Gold**.

Those with long memories know that hopes that the Musgrave block could become a major new mining province have been raised in the past, only to wane in subsequent years. So it pays to be careful before getting too excited about the latest exploration push in the region.

Back in 2000, **WMC Resources** - acquired by BHP in 2005 - announced that the drilling of the buried Nebo anomaly returned an impressive 26.55 metres intersection grading 2.45 per cent nickel and 1.78 per cent copper from a depth of 58 metres.

Further drilling there and at the nearby Babel prospect failed to get repeats of the high grade intersection (it was \$US800 a tonne dirt, or 18 grams of gold equivalent). But on a combined basis, Nebo/Babel was nevertheless a big find.

No one is sure whether it is a stock-exchange compliant resource estimate or not but there is plenty of technical literature floating about which refers to a combined Nebo/Babel resource of 392 million tonnes grading 0.31 per cent nickel, 0.3 per cent copper and 0.18 grams a tonne of platinum group elements.

Those figures tell you why Nebo/Babel has never been developed, even if the contained resource of 1.2 million tonnes of nickel and 1.17 million tonnes of copper might suggest otherwise.

It might have been developed if it was hard up against Kalgoorlie. But it's not. Its location is seriously remote. Infrastructure is non-existent. That's why the whispers that BHP might be on to something special has given everyone a lift. The Musgraves' time might just have arrived.

Critically, the whispers about the BHP hunt is that it has been hitting plenty of 0.6 per cent-plus copper which is pretty much the industry norm nowadays for new developments. Then there is the nickel and platinum group elements.

BHP is not helping out when it comes to inquiries as to just where this new exploration push is located in the West Musgraves. The best that Garimpeiro can make of it is that it is possibly 20 kilometres east north east Nebo/Babel.

As far as Garimpeiro can tell, that means that **Traka** holds ground to the north, south and east-north-east. Attempts to run that past **Traka** failed yesterday as the boys were said to be in the (exploration) field. Shares in the lightly capitalised company closed 3 cents higher yesterday at 25 cents a share.

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