

Kalgoorlie Miner

SE News
HD **Turbulent year for all players big and small**
WC 1,630 words
PD 22 December 2016
SN Kalgoorlie Miner
SC KALGOO
ED First
PG 10
LA English
CY (c) 2016 West Australian Newspapers Limited
LP

Josh Chiat takes a look back at the year that was in the resources industry.

January

TD

Nickel's decline hit the Goldfields and particularly Kambalda hard at the start of 2016, after 30 jobs were shaved from Independence Group's Long Nickel Mine.

Prices hit 13-year lows of about \$US7600 a tonne in February, with Nickel West's Kambalda concentrator throughput sliding to just 25 per cent of capacity, and Mincor and Panoramic fully mothballed.

But there were green shoots starting to poke through by the end of the year, with prices hitting \$5 a pound for a sustained period and low cost producers such as Western Areas and Independence Group, which opened the \$443 million Nova Nickel-Copper Mine in December, thriving.

Kambalda's nickel decline hit every aspect of the town, although many of the miners have found some solace, reincarnated as gold operations.

Diversified miner Metals-X also went the splinter route, reforming Westgold Resources to take on its gold assets, including its South Kalgoorlie and Higginsville operations.

February

Speaking of the Fraser Range, while Independence Group pushed forward in leaps and bounds, others have not been so fortunate.

As Kalgoorlie Miner analysis in February showed, a procession of juniors have marched through the virgin mining ground north of the Eyre Highway with nothing to show for it since Sirius Resources made the Nova hit in July, 2012.

Rumours continue to swirl in West Perth about what legendary prospector Mark Creasy, the major shareholder in a number of Fraser Range miners including Independence Group, may have found on his exploration tenements near Nova. Just rumours mind you.

March

With the gold price on the turn, a number of mothballed operations and recapitalised companies looked to bring old projects back online.

One that generated sustained interest was the long delayed revival of Davyhurst by Michael Fotios' Eastern Goldfields.

The company raised \$27.5 million earlier this year to recapitalise the shell of Swan Gold Mining and bring its 1.2mtpa processing plant and associated gold resources north of Kalgoorlie-Boulder back into action.

But the company remained bogged down in debt and impositions from the Department of Mines and Petroleum.

Other miners in that region have also seen struggles, including Excelsior Gold, which spilled its board after losing big on poor grade control from its Kalgoorlie North project.

But there have been successes, none more so than Northern Star Resources and Evolution Mining, which hit record production.

April

One of the longest running sagas in West Australian politics came to a head when a parliamentary committee effectively killed changes to the State Government's Mining Act.

The turmoil, brought to the fore by sometimes friendly prospecting groups Goldfields First and the Amalgamated Prospectors' and Leaseholders' Association, claimed the head of Mines Minister Bill Marmion, who was shuffled out and replaced by newcomer Sean L'Estrange.

The parliamentary committee eventually highlighted 26 issues with the proposed changes.

May

BHP Billiton's Nickel West appeared down and out in 2015, but after failing to find a buyer for its struggling division it revitalised and returned with a plan for survival.

After announcing the refurbishment of the Kalgoorlie Nickel Smelter last year it outlined a path to keep its Mt Keith operations near the Northern Goldfields town of Leinster around until 2032.

By the end of the year it had added more than 300,000 tonnes of reserves at the low grade Yakabindie pit, hoping its use as a satellite pit for Mt Keith coupled with underground development near Leinster could keep it running until 2038.

It wasn't the only struggling nickel giant to charter a course to higher ground, with the rumoured mothballing of First Quantum's Ravensthorpe operations failing to come to fruition. It applied for environmental approval to extend its nickel laterite mine in September, bought on the cheap from BHP during the Global Financial Crisis after the iron giant spent a whopping \$3 billion bringing it to production.

Iron ore's shock price recovery also meant the Yilgarn's iron producers had a rethink on winding down their operations.

Cliffs Natural Resources and Mineral Resources — which is still keen to cut costs by utilising the Cliffs shipping route through Esperance — applied for extensions on their Koolyanobbing and Carina operations respectively, with Cliffs pegging its first new exploration ground in nine years.

June

Gold hit an Aussie dollar record of over \$1830 an ounce on June 25 after Britain's shock vote to exit the European Union.

Gold bullion's status as a safe haven for investors was magnified as the world economy stuttered.

After the precious metal's largest single day loss in October, it spiked again the next month on the news that Donald Trump had upset Hillary Clinton to claim the US presidential election.

But that didn't last long, as strong US market gains amid an improving economy in the last days of the Obama administration saw gold plummet again.

What had been a bullish investment market with the promise of high-priced mergers and acquisition activity softened.

Emerging gold play Gold Road Resources got in just early enough, moving a half-stake in its \$507m, 6.2Moz Gruyere Project east of Laverton to South African giant Gold Fields for \$350m.

While gold has been topsy-turvy next gen metals are on the up, with investors betting big on the lithium ion long-life battery market championed by Tesla owner Elon Musk.

NeoMetals and MinRes moved higher on the development, with Chinese lithium company Ganfeng, of their Mt Marion Lithium mine south of Kalgoorlie.

Galaxy Resources reopened its Mt Cattlin Lithium Mine near Ravensthorpe, parachuting into WA's top-20 listed companies on the back of the move.

Gold and nickel players have moved into the lithium space as well, with warring Kidman Resources and Marindi Metals finding huge hits at Mt Holland and Forrestania respectively.

Zinc, cobalt, tin, copper and potentially nickel are among the base metals that have followed the lithium train into the stratosphere.

July

Barrick Gold ended a long saga by putting its half of the Super Pit up for sale in late July in a bid to shift non-core assets to pay down debts.

Early estimates put a sale price of its half-stake, picked up in its takeover of Homestake Mining in 2001, at between \$US500m and \$US1.4b.

The Super Pit remained in a neck and neck battle with Boddington as Australia's top producing gold mine. Boddington took the title off the Fimiston Pit for the first time at the end of the 2016 financial year.

Former Kalgoorlie stockbroker David Reed continued his hail Mary bid to find gold underneath Kalgoorlie-Boulder, setting up a drill rig on an unused lot on Wilson Street. Reed's private syndicate, which has spent upwards of \$2m on six campaigns to find gold under Kalgoorlie-Boulder, was rumoured to have made a gold hit on KCGM's side of its tenement boundary in 2015.

August

A brighter mood was on display at the 25th showing of the Diggers and Dealers Mining Forum in Kalgoorlie-Boulder but it was the ghosts of the forum's past that haunted it after.

In the wake of the exhibition, which welcomed 1400 mining delegates from around Australia, criticisms of Kalgoorlie's skimpy culture dominated the discussion.

D&D managing director John Langford and Palace Hotel owner Ashok Parekh took aim at the criticism, saying it was antiquated and focused on the pubs around Kalgoorlie rather than the forum itself.

With IGO's takeover of Windward Resources and Vanessa Guthrie's retirement as chief executive of Toro Energy, no major West Australian mining company has a female head.

September

With market conditions in the toilet WA's uranium miners continued to plough ahead with plans to bring the region's three yellow cake plays to approval before the 2017 State Election.

Canadian giant Cameco Australia has been the least successful, hitting a brick wall time and time again at its massive Yeelirrie deposit near Wiluna because of the presence of unique stygofauna on the site.

More lucky have been Wiluna-focused Toro Energy, which received an indication in September that the Environment Minister would endorse its expansion.

The most recent project to have a win was Andrew Forrest-backed Vimy Resources, which received conditional approval from the minister this week at its 1360 tonnes-a-year Mulga Rock project near Cundeelee, 240km north-east of Kalgoorlie-Boulder.

October

City of Kalgoorlie-Boulder mayor John Bowler lamented his inability to make fly-in fly-out workforces a key issue in the 2016 Federal Election.

It came to the fore again in October, when the Shire of Wiluna raised its fees for charter planes landing at its local airstrip.

The council was concerned it would lose a day on its RPT service if Blackham Resources, which returned the 100,000ozpa Wiluna Gold Project to production this year, utilised charter planes for its FIFO workforce.

It's been a fine rebuild though.

November

Chinese minnow Minjar Gold shocked the world with a \$US1.3b bid for Barrick's half-stake in the Super Pit.

Minjar's bid was believed to be about \$US400m more than the next highest but the deal is yet to be announced and clouds remain over Minjar's ability to secure finance for the acquisition.

December

The push into brownfields exploration has paid dividends for a slew of Goldfields mining ventures.

None were more successful than AngloGold Ashanti and Independence Group's December update at the multi-million ounce Tropicana gold mine.

The JV partners now believe the 320,000ozpa mine could expand to 490,000ozpa and remain mining until 2030.

CO	wsgld : Westgold Resources Limited
IN	i211 : Metal Ore Mining ibasicm : Basic Materials/Resources imet : Mining/Quarrying
NS	ccat : Corporate/Industrial News
RE	austr : Australia waustr : Western Australia apacz : Asia Pacific ausnz : Australia/Oceania
PUB	West Australian Newspapers Limited
AN	Document KALGOO0020161221eccm00008