

## Clancy keeps the faith with Gold Fields

Kate Haycock, [2 February 2010](#)

DESPITE a substantial joint venture with Gold Fields and a strong exploration portfolio in the highly prospective Lachlan fold belt, Clancy Exploration is still flying under the market's radar.

Clancy's early stage exploration work in the region with South African gold major Gold Fields has not attracted the attention that has been lavished on copper-gold explorers in other parts of the world, and it is something that managing director Mark Stewart would like to see rectified.

The company's shares have traded between A10c and 19c since making a break out of single digits early last year, averaging around 16c in the past month.

However, Stewart admitted to *HighGrade* investors like to see the headline hits such as those being returned by Sandfire Resources at its Doolgunna project in Western Australia and as yet Clancy's work has not generated such showstoppers. Instead, Clancy has been focused on "technical success" and by that measure, Stewart is confident "those in the know" regard the company as a good bet.

The Gold Fields deal was inked back in 2007 over three tenements and the spend from the major helped Clancy ride out the worst of the downturn last year while continuing exploration work in New South Wales.

"We didn't suffer as much as most juniors did, we were able to carry on doing the work needed for those JVs," Stewart said.

In April last year Gold Fields took over full management of the JV and opened an office in Orange with a team of half a dozen geologists and support staff.

"The encouragement they were getting from the work they were doing persuaded them that they should be stepping into the region themselves. Really we introduced them to something and they've taken it onboard," Stewart said.

The South African major has thus far earned a full 80% interest on two projects, Wellington North and Cowal East, while at Myall it is earing 51% and has an option over a JV at the Currumburrama project. Gold Fields has also approved further spend of \$A5.4 million to June on these areas, bringing total exploration spending to \$A7.5 million for the next six months including Clancy's own spending on the four JVs and its own, 100%-owned project areas. The Cowal East and Myall projects are the two areas piquing Gold Fields' attention, with aircore drilling returning "pretty good" initial results, Stewart said.

Best hits include 6m at 0.41 grams per tonne gold, 8m at 0.12gpt gold and 0.32% copper and 4m at 0.80gpt gold. These results, while modest, should allow the company to home in to areas where substantial deposits may lie under cover.

"They are pretty big tenements," Stewart said, adding that so far the exploration work has been more about probing under the 30-80m of cover in the area, with the aircore holes are acting more like "geochem", he explained. "You wouldn't expect to get some real assays out of them.

"[Gold Fields] pattern drills, so in many instances they will cover the tenement with aircore and that gives them a vector as to where the more interesting parts are."

One area that Gold Fields is particularly interested in is the Eurowie prospect, where drilling has turned up geology strongly reminiscent of Newcrest Mining's Cadia East project.

A drill-hole intersected "potassic 'black rock' magnetite-biotite-pyrite±chalcopyrite altered diorite and basaltic to andesitic volcanics, overprinted by intense sodic albite-pyrite alteration", Gold Fields said.

From this initial drilling, Gold Fields said the "style, scale and intensity of the alteration observed is characteristic of the alteration facies present in the upper disseminated zone" at Cadia East.

Gold Field's bullish assessment was released last week as part of Clancy's quarterly report and Stewart admitted he was a little disappointed that the market seemed to miss the point of the statement. "We didn't do as well out of that as I thought we might, It's a pretty bullish statement coming from a major," he said.

"Their expenditure has increased quite considerably – they are definitely getting more encouragement."

Despite the Lachlan fold belt hosting world class gold and copper deposits such as Rio Tinto's Northparkes, Newcrest's Cadia and Barrick Gold's Lake Cowal, Stewart said there had not been very much exploration on Clancy's tenements, with much of the area under cover.

The region is also heavily used for agriculture, and landholders could keep explorers off their land in NSW until the mid-1990s. Exploration rights opened up just in time for the gold price collapse of the late 1990s.

Now Clancy is applying new technology such as IP surveys to help the company find potential deposits in the region.

"There are specific structures we look for, and if those structures are present, then we believe there is every chance the porphyry could be forming there," he said. "The exciting thing was when we followed up these targets, we were seeing there were intrusive and porphyry rocks there ... People talk about technical successes and they don't do much for the market, but our targeting seems to be working and I think that's what's encouraged Gold Fields."

Gold Fields has four rigs going at the moment and Stewart said the company had quite a backlog of core, with more results due to come through in the next few months.

A year down the track, he hopes Gold Fields is going to snag something to provide a focus and eventually a more advanced project.

For Clancy, this will provide a lift and will enable it to raise money to pursue its own 100%-owned projects.

The explorer's own tenements include Orange East where Clancy has completed reverse circulation drilling and also returned some good rock chip results from an area that was once an old copper mine.

"We drilled 10 holes to have a look to see if we could pick up where the mineralisation was underneath the old workings," Stewart said. "We got some quite interesting hits but most instances the RC rig didn't work because it was either going into voids under the old workings, or it was deviating to such an extent that it didn't hit the target. So we're going in there with a magnetic survey and we're going to do some 3d [induced polarisation] studies and after that we'll probably go in with a diamond rig and hit the best parts."

Initial exploration results "required" the company to start looking deeper, with grades of 0.9gpt gold and 1% copper coming from rock chips over a large area.

Clancy is also focused on the Trundle project which it picked up from Canadian company Calibre Mining last year.

Stewart described the mineralisation setting of the Trundle project as a sliver of the Macquarie Arc which had drifted off to the West and looking very much like the Northparkes region. And as an "A class" target the company will be working on Trundle over the next few months and testing "obvious drilling targets", with a view to potentially finding something as prospective as Northparkes, Cadia or Lake Cowal.

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