

Montezuma looks beyond its golden domain

While Montezuma Mining's focus remains on reviving historic Peak Hill's golden age, a new manganese project is also rapidly taking shape. By **Mark Mentiplay**

Montezuma Mining is looking to breathe new life into Western Australia's old Peak Hill gold region by bringing a 500,000 to 1 million ounce gold resource into production within three years.

It is also moving quickly to capitalise on a rising manganese price, which has nearly doubled since mid-2007, by bringing its Mt Paddy project in WA to market around mid-year.

Excellent recent results from the Mt Paddy manganese play have intensified discussions with several other parties to consolidate the potential within the project area and regionally, with a view to spinning off a specialist exploration and development company that could be in production by mid-year, depending on the currently volatile share and capital markets.

The focus however, remains firmly on Montezuma's 100%-owned flagship

Peak Hill gold project, 120km north of Meekatharra.

Undeterred by a wounded market, at the time of writing Montezuma was seeking to raise up to \$3 million to fund an accelerated exploration program at Peak Hill.

The funds raised, together with existing cash reserves, will follow up previous work and be used to drill four priority zones where the company is targeting extensions to known resources. A drilling rig will begin work as soon as the capital raising is completed.

Montezuma managing director Justin Brown told *RESOURCESTOCKS* the strategy is to build the existing 200,000oz-plus resource base to between 500,000oz to 1 million oz to support a stand-alone operation at Peak Hill fed by a number of satellite underground and open pit operations in trucking distance.

An early cashflow option is the 1.2

million tonnes a year Fortnum plant, 60km away, owned by Eagle Gold Mines, in which PepinNini Minerals recently took a 51% stake for \$5.5million.

The Peak Hill region has a successful history involving such companies as Grants Patch Mining, GeoPeko, Forsayth, Plutonic, Homestake, Barrick Gold and Rio Tinto.

Montezuma bought the project – which includes the existing Jubilee, Harmony, Main Pit-Fiveways and Enigma mines, all within a few kilometres of each other – from Barrick and Rio in late 2007 after Homestake (later acquired by Barrick) shut down its Peak Hill operations in the mid-1990s. Barrick and Rio decided Peak Hill was just not big enough for them, jointly and individually.

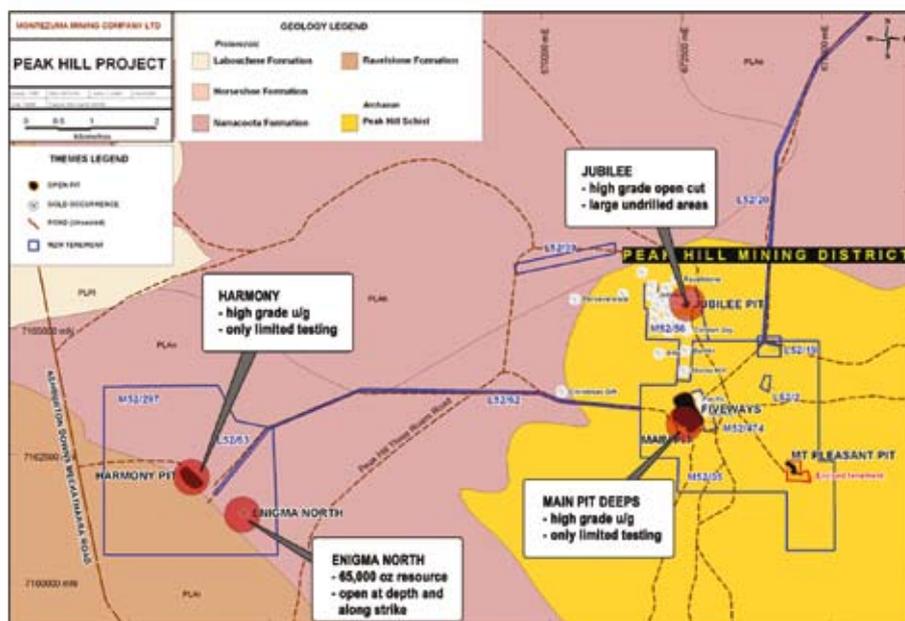
"It might have been different if smaller companies had continued to operate the deposits. The project still has 200,000 ounces plus of resources, which were compliant when originally reported, along with numerous nearby targets that have been under-explored or not at all," Brown said.

He described the acquisition as "a simple, clean entry for us at under \$10 per resource ounce into a gold system that has historically produced over 900,000 ounces of gold from only shallow levels".

Montezuma's first 20-hole, 2511-metre reverse circulation drill program targeted depth extensions along two clear mineralised zones north and south of the shallow 30m deep Jubilee pit, which produced 6,500oz at 4 grams of gold per tonne.

Results from the program included 6m at 16.4gpt from 116m, 7m at 4.14gpt from 142m to the bottom of the hole and 8m at 9.35gpt from 86m, with the first two representing a new mineralised zone beneath the limit of previous drilling.

Previous drilling had averaged only 50m depth, but one earlier hole beneath the pit



Montezuma targets map.



Montezuma Jubilee pit.

yielded 201.74gpt over 5m from 60m.

About 2km south, the 150m deep Main Pit produced more than 400,000oz from high-grade mineralisation, which included an intersection of 22m at 158gpt, with another of 124.22gpt over 8m near the bottom of the pit, pointing to the likely deep potential.

Brown sees the likely ore supply scenario as being from a high-grade underground operation at Main Pit-Fiveways Deeps, supplemented by open cut ore from Jubilee, Enigma and Harmony, both just a few kilometres to the west.

He points out that the previous mining at Main Pit-Fiveways was curtailed by infrastructure limitations, not a lack of mineralisation – the hanging wall ended up right on the plant and the operators switched their attention to Harmony.

This was done with some reason it would seem, as the 100m deep Harmony open cut went on to produce 220,000oz at 3.24gpt.

Again Brown sees the remaining potential at depth via an extended open pit or underground production, with only shallow halo exploration drilling ever being carried out.

The neighbouring Enigma North resource contains about 65,000oz, is open at depth and down plunge to the north, with Brown seeing excellent potential to add to the current resources, which include inferred resources of 33,441oz and indicated resources of 34,437oz.

At the rapidly emerging Mt Padbury manganese project, 30km west of Peak Hill, where Montezuma is earning 90% from Independence Group, high-grade manganese rock chip samples up to 55.8% have been recovered from reconnaissance rock chip sampling of two zones of mineralisation, adding to the known gold potential of the project.

Brown says the latest results, which

included 48.8%, 40.8%, 31.9% and 30.8% manganese, are a clear indication that the area has potential for significant tonnages of high-grade mineralisation.

The samples were collected just south of the previously producing and excised Mt Padbury manganese mine, and occur as secondary replacement and enrichment with volcanic metasediments of the Padbury Group.

Previous manganese production in the region in the 1940s to 1960s was carried out by Broken Hill Pty Ltd and Westralian Ores, and there has been little manganese activity in the region since then as the iron content was considered too high.

Brown said that prevailing strong manganese prices and modern extraction and processing methods give the project and surrounding areas good potential to yield economic shipping manganese concentrate of 40%, worth between \$US300-400 a tonne.

“We are having discussions with several parties to consolidate the manganese potential within the Mt Padbury project and regionally, that may lead to a spin-off exploration and development company,” he said.

Brown concedes much will depend on the state of the market at the time, but says the ore is of a sufficient grade and on or near surface to be able to reduce production time to a couple of months of the go ahead being given.

Also on the horizon is the company’s Callawa copper project, about 150km east of Port Hedland, where recent rock chip sampling has yielded grades up to 29% copper, with gold and silver traces indicating a hydrothermal signature.

The Robinson Range uranium project, near Peak Hill and 70% owned with Greater Pacific Gold, has so far yielded grades up to 0.5% uranium.

Montezuma also has an impressive array

of well-known and respected talent among its board of directors.

Veteran WA prospector and chairman Denis O’Meara has spent his entire working life in the mining, exploration and corporate sector, and was the Association of Mining and Exploration Companies (AMEC) Prospector of the Year in 2004.

Geologist Terry Grammer is another AMEC Prospector of the Year Award winner, taking the honour in 2000 for the discovery of Jubilee Mines’ Cosmos nickel deposit. With more than 30 years in international mining and mineral exploration, he was a co-founder and promoter in 1999 of successful nickel explorer Western Areas.

Ian “Inky” Cornelius has in excess of 40 years experience in the minerals and petroleum industries, holding senior executive positions in a number of public exploration and mining companies.

Geologist Justin Brown has extensive experience in minerals exploration in Australia and New Zealand, from grassroots target generation to resource mining and mine production, and he previously managed exploration for a large multinational company in the Leonora, Edjudina and Marvel Loch regions of WA.

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montezuma mining at a glance



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Directors

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Market Capitalisation

\$5.1 million (at press time)

Major Shareholders

South Boulder Mines 11.24%

Duketon Consolidated 8.8%

Avania Nominees 3.25%

Mandies Meats 2.98%