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Mining & Resources

Moho kicks off hunt for highly sought-after nickel sulphides right next to Poseidon

March 13, 2019 | **Special Report**

Special Report: Moho Resources has a project in a pretty sweet spot — right next to a nickel operation being restarted by a company that last year found itself the object of a suitor's affection.

Moho (ASX:MOH) has now started drilling targets located just 2.2km from **Poseidon Nickel's (ASX:POS)** Silver Swan and Black Swan mines and 2.2-million-tonne-per-annum processing plant.

This is Moho's first drilling program at its Silver Swan North project, and it has the potential to be an early cash generator for the company if it yields a promising discovery.

"Realistically, if we do hit something there of significance, it could be quite a big uplift for the company given the proximity to Poseidon's Silver Swan mine," commercial director Ralph Winter told Stockhead.

A significant mineral discovery at Silver Swan North would give Moho optionality and may even make potential suitors, possibly even Poseidon, sit up and take notice.

In August last year, Poseidon found itself the target of a takeover play by Texas-based Black Mountain Metals, which is interested in getting its hands on good nickel sulphide projects.

The takeover bid was unsuccessful, mainly due to resistance put up by Poseidon's other major shareholder, Andrew Forrest's Squadron Resources.

"There's a lot of companies that have been sniffing around," Mr Winter said.

"There's definitely other companies out there that would be interested if we found something significant enough."





Drilling program at Moho's Silver Swan North project – Supplied

Sulphide is superior

Nickel is usually found in two main ore types – sulphide or laterite.

Sulphides are much cheaper and easier to turn into battery grade nickel sulphate than nickel laterites and fetch a higher price.

Supply of nickel sulphides is also declining because of a lack of new discoveries at the same time that demand continues to climb.

In 2017, about 50,000 tonnes of nickel was used in batteries and only 15,000 tonnes of that went into electric vehicle batteries.

But demand predictions out to 2030 indicate there is going to be a big step change in demand for nickel used in batteries – driven by a global push by battery makers to use less cobalt and more nickel.

Roskill forecasts total, primary use of nickel in batteries will increase 10-fold by 2030.

UBS predicts that by 2025 the amount of nickel going into batteries will be about 700,000 tonnes.

More options

There is also the option for Moho to possibly strike a deal to process its gold ore through Poseidon's plant down the track.

In January this year Moho announced a number of high grade hits from its maiden drill program for gold at its nearby mining lease, with grades up to 42 g/t Au.

“Poseidon has been talking about turning the Poseidon plant into a dual stream nickel and gold processing plant,” Mr Winter said.

“At the very least we'd be able to get the nickel through and that's assuming that there isn't potentially a takeover play for that particular asset right next door.”

Proven success

Moho is chaired by Terry Streeter, who has a record of success in the WA nickel sector with companies such as Jubilee Mines and Western Areas.

In 2001 Mr Streeter founded Western Areas, which has successfully developed two high-grade nickel sulphide mines and is still one of Australia's top nickel producers today.

He was also a major shareholder in Jubilee Mines, which was eventually swallowed up by Xstrata in a \$3.1 billion deal in 2007.

Mr Streeter is supported by a strong and experienced board, with geoscientist Shane Sadleir in the role of managing director, Mr Winter as commercial director and Adrian Larking, ex-WMC lawyer and geologist, as non-executive director.

The technical team is headed up by Exploration Manager Bob Affleck and Principal geologist Max Nind, and supported by a number of consultants including world-renowned geologist Dr Jon Hronsky, geophysicist Kim Frankcombe and geochemist Richard Carver.

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Empress Springs – Tip of the iceberg?

Besides its Silver Swan North project, Moho also recently announced a highly promising gold discovery in north Queensland called “Empress Springs” where it is farming in to earn 70 per cent interest from **Independence Group (ASX:IGO)**.

It is located near the very productive Croydon goldfield that historically produced 1.2 million ounces of gold.

One of the zones that has been identified in Moho's landholding runs down from the Croydon goldfield and all of the gold and tin deposits that have been discovered in the region are either located on that structure or just next to it.

By using geophysical techniques such as airborne magnetics, gravity and seismic, Moho has been able to successfully “see through” the shallow cover into the basement rocks and target their RC and aircore drilling program and follow-up land acquisition.

Moho Resources take their name from the Mohorovicic Discontinuity – a term often abbreviated by geophysicists to describe the boundary separating the crust and the mantle of the earth across which seismic waves change velocities.

Using seismic data Moho has identified major structures in the Croydon area extending down to over 40km through the Moho Layer.

These structures are thought to provide potential pathways for mineral-rich fluids to move up into rocks close to the surface.

One of these structures runs through the more exposed Croydon goldfield and most of the gold and tin deposits that have been discovered in the region are either located on that structure or just next to it.

“We’ve essentially cornered every piece of available land over both the A and B zones,” Mr Winter said. “The more significant A zone is under cover and hosts our new gold and base metal discoveries. It extends our mineralised strike potential from 40km to over 110km of strike which what we’re now focusing on.”

There are several explorers that have followed Moho into this relatively unexplored area.

Mr Winter says **Metallica Minerals (ASX:MLM)** and **Sipa Resources (ASX:SRI)** both pegged additional ground nearby right after Moho did.

“There’s a lot of renewed interest in the area,” he said.

Majors **AngloGold Ashanti (ASX:AGG)** and **South32 (ASX:S32)** also have projects in the region.

“We’ve drilled 87 holes on an area of 773 sq km and we actually managed to hit something,” Mr Winter said.

“It’s quite literally a needle in a haystack. We weren’t really expecting to hit the kind of mineralisation we did hit at that point. So it’s very encouraging from our point of view.

“It shows we could be sitting on a very large mineralising system here, which is why pegged as much additional ground as we could to basically consolidate that target area.”

Moho is farming in to their Burracoppin gold project to earn 70 per cent interest from **Independence Group (ASX:IGO)**, just 10km west of the producing Edna May mine owned by **Ramelius Resources (ASX:RMS)**.

Ramelius just completed a takeover of **Explaurum (ASX:EXU)** because it wanted the company’s Tampia Hill project located 100km to the south.

Moho’s Burracoppin project sits on the same structural corridor that runs through Tampia Hill.

“We’ve got gravity high targets on our ground, some of which are associated with gold soil anomalies, which is very similar to what Explaurum had,” Mr Winter said.

“Explaurum are 100km to the south of Edna May, whereas we’re only 10km to the west of Edna May.

“So if they’re looking for additional feed, which we believe they are still even though they’ve taken out Explaurum, there could be potential for us there to either toll it through Edna May, or possibly

another takeover bid or buyout of our Burracoppin project.”

This story was developed in collaboration with Moho Resources, a Stockhead advertiser at the time of publishing.

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