

BUILDING UP A BEAST IN EASTERN GOLDFIELDS

A difficult stock market is providing opportunities for Cascade Resources as the unlisted junior builds up its resources in the Eastern Goldfields. **Anthony Barich** reports

BY THE TIME CASCADE Resources emerges as a publicly listed entity, it is likely to be an entirely different beast - and a gorgeous one at that - if the geology of its tenements is anything to go by.

Cascade's board has elected to postpone its ASX listing and they believe it has already proved to be fruitful. The drop in gold price and subsequent bear market has engulfed investors and the board believes that an ASX listing at this time would not have maximised value for its shareholders.

The board's two geologists have about 50 years' experience between them - most of which has been in the Eastern Goldfields - and have spent the best part of two years scouring the region for the best ground using a detailed methodology and a process of elimination.

These geologists - managing director Matthew Sullivan and non-executive director Shaun Richardson - extensively modelled the region to understand the geology and structural positioning of large-scale deposits such as the Kalgoorlie Superpit, Sons

of Gwalia, St Ives, Paddington, Mt Pleasant and New Celebration.

Their regional study found that these major deposits were structurally controlled. The Eastern Goldfields region has produced approximately 136 million ounces of gold up until 2011. Not surprisingly, the region is rife with majors such as BHP Billiton, St Barbara, Xstrata, Barrick Gold and Goldfields.

Tellingly, Sullivan is one of a small number of geologists in Australia to have found more than 3Moz twice, including Kanowna Belle (6Moz) and East Kundana (3.5Moz). Richardson, meanwhile, has held senior positions with BHP and WMC Resources, who have also been active in the area.

After a process of elimination, each tenement they selected had previous gold discoveries and numerous old workings but limited drilling. In most cases, Cascade's ground was previously held by prospectors who did not have the resources to "really have a crack at something substantial", Sullivan said.

"We deliberately targeted geological structures that had similarities to other large gold deposits" he told *RESOURCESTOCKS*.

"The really big deposits don't generally sit on big structures. They sit on associated structures or cross structures. That isn't to say they're that predictable, but it's a very good starting point. We used geology, old underground mines and historic drilling results as a guide, even if it's decades old, that tells us something of the dimensions."

The proof is in the pudding. The principle at Cascade's flagship project Taurus is that, based on previous metallurgical work, about 70% of the gold there is greater than 1mm. At most

other gold mines it's unusual to get so much coarse gold, Sullivan noted.

"It's an area that has multiple zones and a very strong hint of 'stacking', the hallmark of all giant deposits throughout the world - Golden Mile, Broken Hill, Mt Isa," Sullivan said.

As the nuggetty style of mineralisation at Taurus presents some challenges geologically to define the resource, Sullivan has kept a lot of the resources in the inferred category while they build it up.

"We've been busy on the project front," Sullivan said. "WA's Department of Mines and Petroleum (DMP) recently released some previous reports on our projects, and one of those areas contained a lot more drilling data. This has led to a 15,000oz resource upgrade on Mt Stirling."

As a result, Mt Stirling Well - the prospect Cascade hopes to get into production relatively quickly, has initial JORC inferred resources of about 40,000 tonnes, running at an impressive 8.5 grams per tonne. Cascade's strategy at Mt Stirling is to provide cash flow and certainty for investors leading up to a listing.

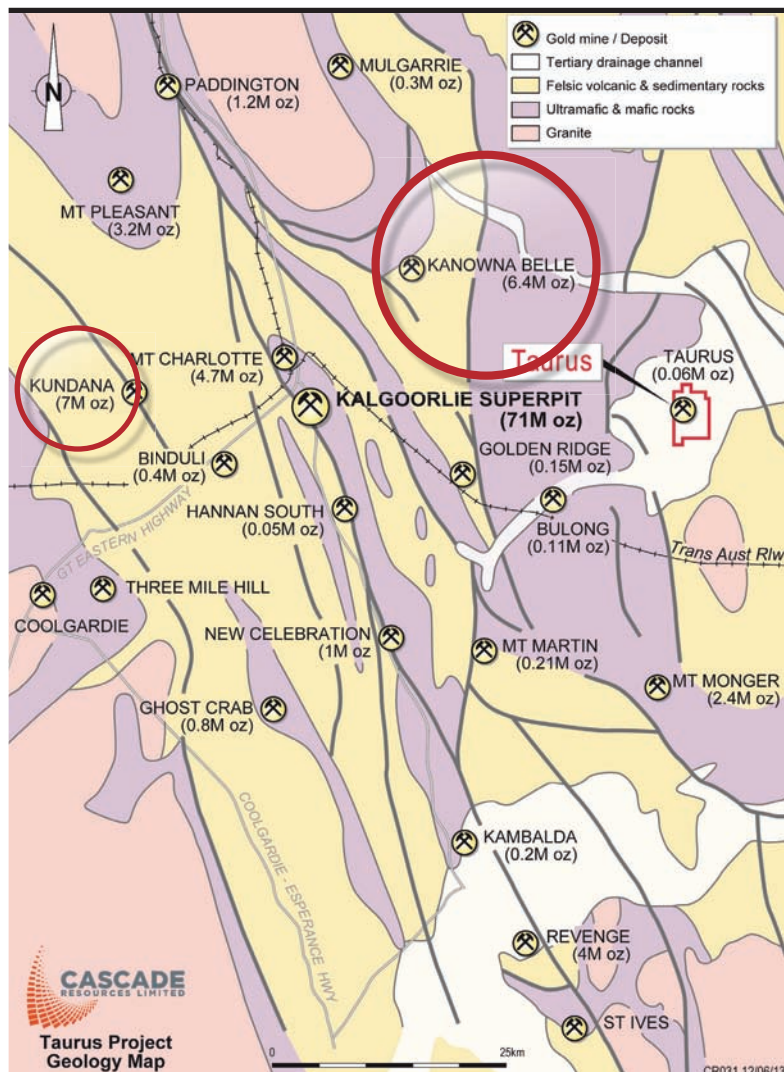
Some of the numbers at Mt Stirling are stunning - 2m at 48gpt from 106m and 2m at 26gpt from 27m.

The first drilling program will test two open pit targets that are expected to be shallow.

Taurus, meanwhile, has also benefited from the new DMP data, with more drill hole results being returned that have boosted its potential. Highlights include 1m at 290gpt from 8m, 2m at 146.38gpt from 8m and 9m at 43.42gpt from 129m at the Taurus Central prospect alone, to say nothing of the impressive numbers at the Bennett Dam and

Gold nuggets found at surface at the Taurus project.





“We deliberately targeted geological structures that had similarities to other large gold deposits.”

MATTHEW SULLIVAN
CASCADE RESOURCES

A regional map of the Taurus project highlighting the experience of Cascade's board. Matthew Sullivan found Kundana and Kanownna Belle.

Fridge prospects. Cascade executive director Andrew Sparke said all this proved that it was better to remain unlisted for now.

“We’ve now got the chance to develop our projects, add more value and hopefully increase the JORC resource,” he said. “Then, when the market is conducive for an IPO, we can go to a listing as a completely different beast. At the very least you’d hope for a lot stronger valuation, maybe even be in production by that time.

“So all of a sudden the whole offering changes – you’re a serious business generating cash flow and you’re away. This is why we’ve had a lot of support for our story, particularly in Asia, because they can see a defined path to production and the track record of resources growth in this region.

“The great thing is, this isn’t greenfields exploration with drill targets that are essentially circles on a map. We have JORC resources on every project, our projects are close to infrastructure and have all had small-scale production. We have 20 drill targets that have been defined by known gold mineralisation or drill intersections.”

Two ASX-listed gold producers have already made strategic

investments in Cascade and have shown interest in future raisings, while several institutional investors based in Hong Kong, Singapore, London and Australia are also on the register.

A trip by Sullivan and Sparke to Asia in June netted some very promising news: a high net worth Asian family is “very keen” on what Cascade is doing and looks likely to become a cornerstone investor.

“Asian investors are very concerned about the reported cost of gold production in Australia,” Sullivan said.

“Companies announce and disclose costs in different ways. The problem is it’s very difficult to make an overall assessment of what companies’ costs actually are; but it’s clear that a number of companies are struggling.

Sparke said the investment community was increasingly looking for robust business models and high-quality resources. “We need to be more innovative in this market and look for high grade deposits and strong economics.”

“So it comes down to grade, which is why our story has been so well received. That’s helped us get our message across when there is a real concern about costs,” he said. **RS**

CASCADE RESOURCES AT A GLANCE

HEAD OFFICE

104 Colin Street
West Perth WA 6005
Australia
Ph: +61 8 9420 8222
Email:
andrew@cascaderesourcesltd.com.au
Web:
www.cascaderesourcesltd.com.au

DIRECTORS

Matthew Sullivan, Andrew Sparke,
Shaun Richardson, Ian Hansen