Intermin Resources Making Gold While Vanadium Shines

The Inside Story /by Wally Graham

THE INSIDE STORY: Intermin Resources (ASX: IRC) is a gold exploration and mining company focussed in the Kalgoorlie area of Western Australia with a lot more happening on the sidelines.

Intermin Resources is developing a mining pipeline of projects to generate cash and self-fund aggressive exploration, mine developments and further acquisitions.

The company currently has the Teal gold mine in production where it commenced open pit mining in 2016 with ore processed at the Paddington mill of Norton Gold Fields Limited and the Lakewood toll milling facility.

The company commenced mining of an eastern cutback (Teal Stage 2) in September 2017, concurrently with Stage 1 to recover approximately 22,000 ounces at plus-three grams per tonne gold from oxide and transitional ore.

This was completed at the end of March 2018.

Intermin's aim is to grow the current Teal JORC 2012-compliant Mineral Resource Estimate of 1.49 million tonnes at 2.18g/t gold for approximately 104,000 ounces of gold (above 1g/t gold lower grade cut-off and below a 20g/t gold upper grade cut-off).

"The project needs to be self-funded," Intermin Resources managing director Jon Price told The Resources Roadhouse.

"The mining we completed at the Teal gold mine was very successful in meeting all its Feasibility Study parameters, resulting us sitting on a bank balance of around $10 million.

"That allows us to go and spend $4 million on a drilling program of 55,000 metres, a program that is huge for a company our size."

Intermin spent a good deal of time and effort throughout 2017 compiling and reviewing a large geological database comprising geochemical, geophysical and historic drilling datasets to prioritise targets for drill testing.

Field reconnaissance investigations were undertaken during the year to confirm these targets and finalise the design of the 2018 drill program.

The company recently released a maiden JORC 2012 Mineral Resource Estimate for its Anthill project of 1.42 million tonnes at 1.72g/t gold for 78,000 ounces with 75 per cent sitting in the Indicated Category and mineralisation open in all directions.

The Resources took Intermin's Total Mineral Resource to 6.36 million tonnes at 2.12g/t gold for 434,000 ounces.

“We have a number of mantras that we follow, and one of those is that you have to grow the Resource beyond one million ounces,” Price explained.

“That’s what this year is all about.

“The drilling program is split 50 per cent looking for new discoveries and fifty per cent growing the Resource over the one million ounce mark.

“For us that converts to around 400,0000 ounces in Reserves providing four years producing 100,000 ounces per year, which in turn triggers the ability to commission a mill, either bought or built, and operating as a standalone producer.”

In addition to the Teal and Anthill drilling, Intermin will commence testing Blister Dam, a project that sits on the Zuleika Shear that hasn’t been drilled since the 1990s.

“We have done all the preparation work, we have identified the targets, now it’s the drillbit’s turn to tell us what is there,” Price said.

As it focuses on its self-proclaimed specialty of gold, Intermin has several joint ventures in place across

multiple commodities and regions of Australia providing exposure to vanadium, copper, PGE’s,

and nickel/cobalt.

“The business model has always been based around gold, because that is our core competency – we stick to our knitting, so to speak,” Price continued.

“Having a main gold focus has resulted in us Joint Venturing the other commodity projects we have to some high-quality specialists in those respective fields.

“Our business model remains pretty simple – to grow into being a mid-tier gold producer, then if we get taken over on the way and all our shareholders make money, so be it, that’s all well and good and we’ll go out and do it all over again.

“The recent industry vanadium interest has raised the profile of our Joint Venture – suddenly everybody wants to know what we have and how we can bring it to commercial production.”

Intermin’s Richmond vanadium/molybdenum project is in Queensland and is a Joint Venture with AXF –Vanadium, a company that lends plenty of technical expertise to the project as well as extensive business relationships throughout one of the world’s strongest vanadium markets in Southeast Asia.

An update to the Mineral Resource for the Richmond project has moved it into the ‘world class’ category standing at 2,579 million tonnes at 0.32 per cent vanadium pentoxide (V2O5) at a 0.29 per cent lower cut-off grade.

“It’s a monster Resource and we have Chinese backing in our Joint Venture partners who can deal with taking it to that commercial level and all the offtakers that come with that, because they know them – they have a complete network already in place,” Price said.

China is the logical step for a company with such a vanadium Resource as the Chinese government considers ways of replacing its current coal-fired energy generation while closing steel mills to ease pollution and consolidate environmental controls.

“There’s an enormous gap and supply crunch now, let alone in the future with the growth in vanadium redox flow batteries self-evident,” Price continued.

“We want a seat at that table, we have one of the largest vanadium Resources in the world and it sits just five metres below the surface.”

According to international research house, Roskill, vanadium demand growth is expected across most applications.

Vanadium consumption for steel manufacture will depend on use and growth in steel demand.

Just one area this will play out is in the manufacture of reinforcing bars (rebar), used primarily in the construction industry.

Higher-strength rebar contains more vanadium and, therefore, the more high-grade rebar used globally, the more vanadium is needed.

"This means that construction regulations, such as those introduced recently in China, which mandate the use of certain rebar for key applications can considerably impact vanadium demand," Roskill observed.

Roskill also noted the rise in interest in the potential of vanadium redox batteries (VRBs).

"As of 2016, Roskill estimates that demand from VRBs accounted for less than 500 tonnes of vanadium pentoxide consumption," the research house said.

"VRBs will likely achieve commercial success in specific energy storage applications such as load levelling, which will support an increase in market share and in vanadium demand."

Intermin prides itself as being a gold company, however, it has developed several Joint Ventures across the commodity spectrum, incorporating commodities that are enjoying current success as the electronic revolution buoys the exploration sector.

"That provides the opportunity for our shareholders to have us focus on our gold project without distraction," Price said.

"We are good at gold, and we don't pretend to be good at anything else, so we let experts handle the other commodities.

"Our shareholders benefit by having exposure to all those other commodities, in different areas through the percentages of retained ownership.

"We want to participate in those JVs as they progress to commercial reality and we need to be able to fund that, which is where our gold business comes into play.

"We are a small junior gold business, but we have exposure to all those commodities.

"One or two of them may come to fruition, and the others may not, but when one of them does we want to be there maximising our opportunities."

Intermin Resources Limited (ASX: IRC) …The Short Story

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