

Andromeda Metals Ltd.: Significant Cobalt in Moonta Copper Gold Deposits

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Adelaide - [Andromeda Metals Ltd.](#) (ASX:ADN) holds the 819km² Moonta copper project on South Australia's Yorke Peninsula (see Figure 1 in the link below). A review of the assay results of Company and historical drill holes on the Moonta copper project has confirmed the presence of significant cobalt at a number of prospects, with the most substantial results at Willamulka and Alford West.

Moonta Copper Gold (100% owned), South Australia

Summary

Driven by rapidly growing demand for electronic energy storage applications, the price of cobalt has more than doubled in the last 12 months to its current price of around A\$74,400 per tonne.

The Willamulka deposit includes a number of cobalt bearing lodes generally coincident with the copper mineralised zone. The cobalt lodes are steeply dipping, traceable for over 800 metres of strike and are open at depth and along strike. Drill intersections include:

- 5m at 0.32% Co from 45m downhole in WAC0133
- 6m at 0.19% Co from 15m downhole in WAC0098
- 9m at 0.09% Co from 47m downhole in WAC0069

At Alford West significant cobalt is present in the Larwood zone, often in association with high grade copper. Drill hits include:

- 4m at 0.25% Co from 76m downhole in MALD-3
- 9m at 0.13% Co from 55m downhole in MALRC-3
- 5m at 0.13% Co from 152m downhole in AWRC002

The recognition of cobalt mineralisation in addition to the proven copper prospectivity of a tenement already well serviced by existing infrastructure enhances the project's potential, and may prompt Andromeda Metals to reconsider the future of the Moonta asset.

The Andromeda Metals non-renounceable Rights Issue (announced 13 April 2017) remains open until 16 May 2017.

Introduction

Global cobalt demand is undergoing rapid growth due to the metal's increasing application in rechargeable electronic batteries used in handheld electronic devices, electric vehicles and home solar and grid storage units.

The increased demand has seen the price of cobalt more than double from around A\$32,000 per tonne in May 2016 to levels around A\$74,400 per tonne at present. By comparison, copper is currently trading around A\$7,480 per tonne.

Andromeda Metals holds the 819km² Moonta copper project on South Australia's Yorke Peninsula (see Figure 1 in the link below). Geologically, the deposits in the Moonta district are of Iron Oxide Copper Gold (IOCG) style. Economically, copper and gold are generally the most significant metals in an IOCG deposit, however a large range of other metals, including cobalt, can also be present.

A review of exploration data from the Moonta project confirms that cobalt is present in significant concentration, with the most significant results from the Willamulka and Alford West prospects.

Based on prevailing market prices for copper and cobalt, and assuming both metals are recoverable, a mineralisation grade of 0.10% cobalt is approximately equivalent in metal value to a grade of 1% copper.

The mineralogy and recovery of the cobalt bearing mineral phases at both Willamulka and Alford West

remains to be determined.

The Willamulka deposit

The Willamulka deposit is located in the north east of the Moonta Project (see Figure 1 in the link below).

The Company discovered significant copper and gold mineralisation at Willamulka in 2010, with systematic drilling subsequently delineating a coherent copper-gold deposit extending for over 1,200 metres of strike and remaining open both at depth and along strike to the northeast and southwest.

Significant historical copper-gold drill intersections at Willamulka include:

23 metres at 1.02% Cu and 0.93g/t Au;
35 metres at 1.14% Cu and 0.72g/t Au; and
17 metres at 1.07% Cu and 2.62g/t Au.

During the drilling campaigns at Willamulka, drill samples were assayed not just for copper and gold, but for a wide range of metals, including cobalt.

A review of the Willamulka drillhole assay database confirms the presence of cobalt mineralisation at grades considered to be of potential economic significance, particularly as the cobalt is often coincident with copper and gold mineralisation.

Table 1 (see page 5 of the report in the link below) presents a list of cobalt intersections, with standout results including:

5 metres at 0.32% Co,
6 metres at 0.19% Co, and
9 metres at 0.09% Co.

In cross section (see Figure 2 in the link below) cobalt is interpreted to occur in sub-vertical lodes generally internal to the copper-gold mineralised zone.

The cobalt-bearing lodes at Willamulka can be traced along strike for a distance of 800 metres, with the lodes remaining open at depth and to the southwest.

A preliminary 3-dimensional interpretation of the cobalt lodes, super-imposed on the broader copper-gold deposit, is shown in Figure 3 (see the link below).

The Alford West deposit

Alford West is located 12 kilometres west of Willamulka (see Figure 1 in the link below). In 2013 the Company reported high grade copper-gold drill results from Alford West, leading to the delineation of a deposit extending for a strike length of 1,350 metres and open at depth.

Significant copper-gold drill intersections at Alford West include:

20 metres at 4.20% Cu and 0.27g/t Au;
45 metres at 1.56% Cu and 1.83g/t Au; and
16 metres at 2.38% Cu and 0.18g/t Au

The deposit comprises the eastern Larwood zone and western Bruce zone, with the highest grade cobalt results present in holes drilled at Larwood. Intersections are listed in Table 1 on page 5 of this report (see the link below) and include:

4 metres at 0.25% Co,
9 metres at 0.13% Co, and
5 metres at 0.13% Co.

At Larwood, significant cobalt intersections extend across 500 metres of strike and, like the copper and gold zones, remain open at depth. As at Willamulka, cobalt at Alford West is generally closely associated with copper and gold mineralisation, often of high grade, as detailed in Table 1 (see the link below).

Summary

Andromeda Metals has been pursuing the partial or full sale of the Moonta copper project with the intention

of directing the proceeds largely to its Wudinna Gold Camp endeavours.

As previously advised, a party with whom the Company had been negotiating a Heads of Agreement for some time failed to meet various deadlines for reasons not related to the project, and discussions with this party were discontinued in early 2017.

Negotiations with a second group interested in the project are currently underway, however no binding agreement has been reached at this stage.

The recognition of cobalt mineralisation at the Willamulka and Alford West deposits, in addition to the significant copper and gold prospectivity, enhances the potential value of a project already well serviced by existing infrastructure.

To view tables and figures, please visit:
<http://abnnewswire.net/lnk/881C67UD>

About Andromeda Metals Ltd:

[Andromeda Metals Ltd.](#) (ASX:ADN) is an Australian Securities Exchange listed company focusing on mineral exploration for gold, copper and lithium deposits. The company has built a highly prospective exploration portfolio of projects covering 7,969 sq kms within 21 exploration licences located in South Australia, Queensland, Western Australia and the Northern Territory. Andromeda Metals was incorporated on 23 December 1993 and subsequently listed on the ASX on 11 September 1996. The company's head office is in Adelaide, South Australia.

Andromeda Metals' vision is to be a sustainable minerals exploration company providing shareholders with risk managed discovery, development and mining opportunities.

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