



PURE SPECULATION

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Some Australian companies are positioning themselves as early movers

IF we say the words "shale gas", do you roll your eyes and/or stifle a yawn? Well, think again.

Shale gas is one of the new buzz phrases in the energy world — not here, yet, but coming soon to an

investor chat room near you. A report from Fortis Bank Nederland and Virtual Minerals in London says shale gas is now provoking a global rethink in gas markets and posing a serious threat to traditional gas suppliers.

"One after another, big energy players are trying to climb on board the shale gas train," the report adds.

And a few companies here have positioned themselves as early movers.

Shale gas has been known about for years, particularly in the US, but has typically been regarded as too expensive to extract, the shale being a very fine-grained rock whose fractures have absorbed the gas. But horizontal drilling and the ability to fracture shale seams to release gas have changed all that. Already the US has 32.8 trillion cubic feet of proven reserves of shale gas. And the work has just begun.

One 8800sq km area of shale deposits in Louisiana is estimated to contain up to 245 trillion cubic feet of gas — that would meet all US energy needs for 12 years.

Now one company is planning a shale gas development in northern England and, says Fortis, about 40 operators are hunting for shale gas opportunities in Europe. You can bet that the Europeans will do everything they can to encourage these companies — their

success means an end to Russia's stranglehold on Europe's gas market.

Among the early starters here is **Beach Energy (BPT)**, which has tied up with a Canadian energy group to explore the shale gas potential of the Cooper Basin. Beach has also formed an alliance with **Sundance Energy (SEA)** to target shale plays in Australasia. SEA has had shale experience in North America.

AWE (AWE), when it acquired the former Arc Energy, picked up a good deal of potential unconventional gas plays in the onshore Perth basin and is now drilling there. The company is very excited: it believes the shale quality to be as good as in the US shale fields and sees the West Australian market as very attractive in terms of both demand and pricing.

Then there's junior **New Standard Energy (NSE)**, which has the 37,000sq km Goldwyer shale gas play inland from Broome.

And in Canada, **Molopo Energy (MPO)** has its Quebec shale gas project.

Resolute's gold play

BACK in early 1996, a little company called Resolute Samantha decided to move into West Africa by merging with another Australian junior, Associated Gold Fields, which owned a gold project

in Ghana called Obotan. The rest is history, as they say.

Resolute Samantha was part of the early Australian rush into Ghana gold, joining such pioneers as the then Ranger Minerals, which was swallowed by **Perilya (PEM)** in 2002, Golden Shamrock Mines (taken out by the then Ashanti Goldfields in late 1996) and **Takoradi Gold** — now just plain old **Takoradi (TKG)** — and chasing copper and molybdenum in South America.

Fourteen years later and Resolute Samantha is still going strong in Africa — although known these days as **Resolute Mining (RSG)**, one of Australia's biggest players in Africa. In the December quarter it produced 96,050oz of gold from its Golden Pride mine in Tanzania and Syama in Mali, along with its Ravenswood operation in Queensland.

While much investor focus in recent years has been on its Syama mine, Resolute has a large exploration program in Africa around its two existing mines. It is planning a pit at the Maji deposit just south of Golden Pride and has reported an indicated resource of 545,000oz at Nyakafuru, 160km away.

Early work is also being done at its Ivory Coast tenements.

The one area not mentioned in the latest quarterly is Resolute's ground in Ghana.

But you will soon be hearing more about that with the company planning to set up a new Ghana play through an initial public offering for **Viking Ashanti**. The plan is to raise \$8m with Resolute retaining a third of the new company.

Viking Ashanti will come to market with a 500,000oz inferred resource at the Akoase deposit, with plans to get that up to 1 million ounces quick smart. It has other projects with near-surface targets, with the average drill hole depth expected to be about 120m.

Pure Speculation has tended to be a bit sniffy about spin-offs, but the point is that Resolute just does not have deep enough pockets to do the necessary work in Ghana. Given all the excitement about West African gold plays, you would have to expect this IPO to get away on schedule.

Tassie's riches

A BIG week for Tasmania, which is well on its way from shedding its image as a resources wallflower. Once thought of in terms of old (and mainly closed) tin and zinc mines, the island is at last unveiling the riches that lie beneath.

Kuth Energy (KEN) reported it had an inferred 101,000 petajoules of geothermal resource at its Nicholas Fingal project, which is in addition to an inferred

260,000PJ resource further south at Charlton Lamont. If only 3 per cent of the resources was harnessed, it would be possible to generate 1150 megawatts of electricity, equivalent to Tasmania's entire power demand.

The Bass Link cable was laid to allow Tasmania to export power to the mainland, but the island has had, instead, to import electricity. It has a 600MW capacity, and Kuth sees Tasmania using all that capacity to send power to Victoria once geothermal gets up and running.

The recently listed **Australian Bauxite (ABZ)** has a lodged eight licence applications to explore for bauxite. One is west of the port of Burnie while others straddle the island's two main railway lines.

And **Venture Minerals (VMS)** keeps working up its Mt Lindsay tin-tungsten deposit. Latest test-work produced high-grade tungsten concentrates, the company said. Tungsten is now selling at about \$US18,000/tonne. brombyr@theaustralian.com.au

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