

Elf warning as greenfields drilling shelved

MITCHELL Services CEO Andrew Elf says big miners on established, long-life projects are driving exploration spend in Australia, however, junior explorers chasing discoveries are still doing it tough, with the economic fallout of COVID-19 on world markets not helping.



Drillers from Mitchell Services

Future Of Mining Exploration investment was up 15% in 2019 to a seven-year high of \$2.55 billion according to S&P Global Market Intelligence, with increased rig utilisation and productivity for drillers as miners diversified their operations across different commodities and geographies.

> Exploration

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Elf said the overall outlook was positive for drilling in 2020 as major producers continued to focus on maximising existing operations in gold, copper and metallurgical coal.

According to the Australian Bureau of Statistics, September quarterly exploration expenditure was up 5% on the previous quarter and 26.4% compared to December 2018.

Exploration on new deposits rose slightly by 0.5% compared to an 8.1% rise for existing deposits, with metres drilled on brownfield projects up 8.7%.

However, metres drilled on greenfield projects dropped 18%.

Elf said early stage explorers were well-supported by government initiatives such as the junior mineral exploration incentive and investments in pre-competitive geoscience, however, they continued to struggle for funding and were taking a more cautious approach as a result.

"Economic headwinds have made it hard for junior explorers and the effect coronavirus is having on equity markets won't help the situation," he said.

"The major producers will look at smaller deposits but only if the value proposition stacks up in the current low capital, low risk environment."

Elf said Mitchell's pipeline remained strong as demand driven by big multi-nationals continued to grow.



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