

Big company lessons for a junior explorer

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When former Inco vice-president for exploration Nick Sheard returned to Australia in 2007, he could have been excused for putting his feet up.

After managing a 250-strong exploration team for one of the world's largest nickel miners in Canada – and before that heading MIM's team as general manager of worldwide exploration and chief geophysicist – Welsh-born Sheard could have spent more of his time focusing on two keen interests, curling and rugby.

Instead, he turned his attention to under-explored regions of NSW and Queensland through Carpentaria Exploration.

With Sheard at the helm, Carpentaria acquired a suite of exploration properties, many previously held by Giralda Resources, and listed on the Australian Stock Exchange in late 2007 after raising \$7.5 million.

Carpentaria was suddenly a team of three in Brisbane with an annual exploration budget of about \$2.3 million – a long way from Sheard's 250-strong team at Inco and later Vale, which took over Inco in 2006.

But it's been a smooth transition for Sheard, who's enjoying the independence of a small team (now of six) at Carpentaria, named after MIM's former exploration arm.

"Strangely, you would think going from big budgets down to small budgets it would be difficult, but in fact you're just reducing the number of projects," Sheard says. "You're still having to do them properly, you're still ensuring people are doing everything within an economic framework. And strangely, you still have [human resources] issues, even in a small group.

"But the excitement is, you can really add very rapid value in a small company. When a big company discovery is added to the inventory, it is not seen as quite as exciting."

As chief executive, rather than exploration manager, Sheard is now in charge of the whole business – a challenge he's become accustomed to.

"There are a few different things," he says. "One, you're obviously more involved in the whole detail of the company. As an exploration manager for a major company, you really are focused on one aspect of the company. Here, you're involved in every detail, which is quite exciting."

Under Sheard's leadership, Inco made a number of world class discoveries, including the high-grade Reid Brook nickel sulphide deposit in Labrador, Canada. At MIM, which was taken over by Swiss giant Xstrata in 2003, he helped develop the MIMDAS (MIM Distributed Acquisition) electrical survey system, used commercially in mineral exploration.

Sheard is now applying his experience at MIM and Inco at Carpentaria, but said his approach to exploration differs to that of other geophysicists.

"I was lucky enough at Inco and MIM to have good management back me. I learnt an awful lot through that and using those lessons learnt, even though they are big company lessons, they are easy to put in small company perspective," he says.

"One creed I follow is that you have to turn over quality projects rapidly, you have to have an economic framework and you have to be willing to walk away from projects that seemingly look interesting but they're never going to come good. You've got to cut and run rapidly.

"It's a simple philosophy, because it means you are going to be testing a lot more targets. And the more you test, the likelihood is you're going to get one."

Sheard's approach has been successful so far, with Carpentaria's promising Euriowie tin discovery, 60 kilometres north of Broken Hill while exploration drilling at the Hawson's iron project has returned encouraging magnetite intersections, raising the prospect of a magnetite operation 60 kilometrese south of the famous mining town.



'Cut and run rapidly' ... CEO Nick Sheard's creed of rapid, quality turnover has worked well for Carpentaria.

Boosting the likelihood of a development is Carpentaria's relatively deep pockets. The company is cashed up after last month receiving the final stage one payment of \$2 million from Bonython Metals Group as part of its \$81 million Hawsons joint venture with the privately-owned company.

Carpentaria also announced a full take-up of options that fell due on June 30, realising \$6.2 million, lifting's Carpentaria's cash reserves to \$20.1 million.

Carpentaria has so far received \$13 million from Bonython, comprising \$5 million in cash and the remainder funding exploration and pre-feasibility work aimed at defining a 1 billion-tonne inferred resource.

Assuming a positive pre-feasibility outcome, which is anticipated early next year, the project will move to stage two, requiring Bonython to pay Carpentaria another \$25 million to vest 51 per cent of the project.

Carpentaria will ultimately retain a 20 per cent free carried interest up to the project's targeted production of 20 million tonnes a year of iron ore concentrate.

Not surprisingly, the prospect of a new mining operation has been well received in Broken Hill, one of Australia's oldest mining towns, famous for lead, zinc and silver.

"The community is pretty keen, obviously they are looking for a long-term new mine and Hawsons has a possibility of doing that and it is close enough to Broken Hill that we can get our work force from there," Sheard says.

"They are very keen and very supportive. We hope not to disappoint them."

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