

## EXPLORATION

### Blackthorn by BHPB's side

Michael Quinn, [28 September 2009](#)

DISCRETION being the better part of valour means Blackthorn Resources' managing director Scott Lowe is very cautious about saying too much regarding the Mumbwa joint venture with BHP Billiton in Zambia. But it is, to be sure, very much big picture exploration.

The three geophysical anomalies that are being targeted in by drilling funded by BHPB total some 20km in strike length, which, as pointed out by Lowe, is much larger than the Olympic Dam anomalies.

The three Mumbwa anomalies are called Kitumba, Mutoya and Mushingashi, and with enough drilling done on the 1km Kitumba anomaly, a JORC study for a resource estimate is underway and expected to be complete by the end of October. Blackthorn holds a 60% stake in the project and BHP the balance.

"BHPB are funding and carrying out the current drill program and made early election to do so," Lowe told *HighGrade*. "Their other option was to opt out of the project. BHPB authorised the release of the following comment on the potential of Mumbwa from the project's independent geologists: 'Further exploration stands a very good chance of greatly expanding or extending this discovery ... the geophysical anomaly (is) comparable in strength to, but much larger than, the geophysical anomaly found over the super-giant Olympic Dam IOCG deposit in Australia.'"

Blackthorn was capitalised this week at about \$A38 million, with the company having cash at the start of the September quarter of \$A18 million.

The company is exploring for gold in Burkina Faso, and owns the undeveloped Perkoa zinc project, also located in Burkina Faso.

## MINING IT

### acQuire to grow faster

Richard Roberts, [28 September 2009](#)



WANT a job in exploration or mining that will still be there when your company cuts its profit from \$3 zillion to only \$2 zillion? Then you might consider joining a technology and services company such as the Australian firm, acQuire. After a year of "downsizing" and "workforce streamlining" – artful euphemisms that hide the depth of mining industry job cuts, which in many cases have seen many experienced, skilled people axed – it is clear mining companies still too often count high workforce turnover as just another by-product of the business they're in.

Recruitment and training to boost retention, and more importantly productivity, are nice concepts but they don't excite shareholders, apparently.

Unless they are stakeholders in a private business counting on the 'externalisation' of more and more mining activities and professional services to grow. Such a business is acQuire, the Perth-based exploration and mining software firm now generating a significant proportion of its revenues from geoscientific information management system (GIMS) services.

It still sells plenty of GIMS software. At last count there were nearly 400 acQuire sites around the world. Components of the acQuire product suite include field logging devices and software, field-based GIMS software, and the complementary head-office GIMS software. The company, formerly Metech Pty Ltd, started the "acQuire" project in 1996 to "solve the problem of geoscientific observation and measurement management". It now has more than 100 employees, offices in seven locations around the world, and reportedly generated 2008-09 revenues of more than \$A13 million.

"The objective of acQuire is to deliver a solution for the capture, management and delivery of geoscientific observations and measurements in a range of industries and commodities," the company says. These industries now include the civil construction sector after finalisation of an agreement with leading consulting firm Golder Associates to roll out across Australia a customised acQuire system.

acQuire managing director and founder Bill Withers said the company had also established itself in the oil sands and coal-seam methane industries.

Earlier this year it announced the first deployment of its QBox drilling program management system, to BHP Billiton in Western Australia, for a multi-rig exploration drilling campaign. QBox is an "integrated field-based data capture and campaign management solution [providing] hardware, and workflow and communications infrastructure ... [that] improves the accuracy and consistency of in-field data collection".

It also "enhances data security in the field and ... reporting to corporate centres. It is a managed service, provided on a rental basis, is rapidly deployable and takes the pain out of data capture".

What the sales brochure doesn't emphasise is the team of GIMS specialists hired and trained by acQuire to support its software implementations. A company that competes in a narrow space in what is, overall, a niche IT market segment, acQuire sees its investment in people, and in specialised product deployment and support, as being a key differentiator.

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"If you think about the problem we're trying to solve it's more analogous to what the enterprise resource planning systems do in the financial reporting space," Withers said.

"We do that in the geoscientific space with geoscientific data. Our function is very much to think about the business problem and think about all the business processes that make up that data contribution layer [and] those very important observations and measurements that subsequently get used for bankable feasibilities, and then on into mining.

"You might be sending results from a 10km diamond drilling program in Burkina Faso to the corporate office in Toronto and it's costing you \$US200 a metre for the drilling but at the end of it what you've got are these observations and measurements, and the meta-data associated with them – the QAQC methodology used, the field duplicate methodology and standards, which laboratories the samples were sent to and what methods were used in the laboratory, and it goes on and on. There's an enormous amount of meta-data associated with each piece of primary data that gets used by the resource geologist.

"And that's what is going to be used in every financial statement you make subsequently.

"So our focus is not just on how we build the technology, but on training of our implementation personnel so that they understand workflow and problem solving for the

customer. The people who go and do the implementations for us, when we employ them, do 120 days of accredited training which costs us \$50,000 per student. So it's serious stuff. You can't muck around with this."

Withers pointed out the exploration GIM sales and work represented only part of acQuire's business today, with mine grade control, geotechnical activities, and geometallurgy other expanding areas of work.

"In our model we provide GIM solutions to all three phases of the mining value chain – asset discovery, asset development (pre-feasibility/feasibility) and asset mining," he said.

"QBox is particularly suited to the later stages of asset discovery and asset development. In this area, we believe it will totally change our business and assuming the appetite for project development increases so will QBox deployments.

"In the last 12 months the number of projects that have been put on hold or not pursued is very high. Given this the QBox model has not accelerated as fast as we had originally planned. However, we are match fit and in a very good position to deploy when the rigs start turning.

"QBox is not a model that we see being attractive to the asset mining phase. Our traditional model will still prevail in this area. Given that asset mining is a very large component of our revenue stream we see QBox being very important, but it still has to be viewed as one arrow in the quiver."

Owned by about a dozen employees since last year, the company increased revenues by 30-40% a year from 2000 – the year Withers extended his home mortgage to meet acQuire's payroll commitments – including extremely flat periods of mining industry exploration activity earlier this decade, to 2007-08. It has also consistently invested about 30% of annual outgoing expenditure on research and development – all focused on GIM.

"All we think about is how we can improve GIM," Withers said.

"It's not all about knocking out a piece of technology, it's about service delivery. So what we've done is spend a lot of time thinking about how we provide a model to get high quality service delivery, and we've worked out the only way to do it is extensive training of our own staff.

"If you implement a technology and put it in the walls of another company, and all the staff and everybody you're involved with on that implementation aren't there 18 months later, you have to start again. People say, that's fine, you get revenue from training and you start again, but to be honest with you, that's an awful business. It's frustrating and I don't find that rewarding. I'd rather see innovation.

"For us one thing that we can guarantee if we do a managed service solution is the outcome. We can actually warranty the outcome."

Withers said his aim was to maintain private ownership of acQuire.

"Our intention is to be an employee owned company," he said. "It's just amazing what we can achieve compared to what a public company has to do because the shareholders are outside the organisation. They have access to far more funding of course and that's a great benefit, but when it comes to really building a sustainable culture I think the public companies are always going to be on a hiding to nothing because of the dislocation of shareholders from the function of the company."

While profits had "taken a hit" in the 12 months to June 30 this year, "we still expanded 20% last year ... and we didn't retrench anyone", Withers said.

"We didn't have to modify our salaries or do any of the things that other people have had to do," he said.

"Last year we opened offices in Belo Horizonte and South Africa. And we still hired 14 people last year.

"I've been in the mining industry since 1980 and I've been through a lot of ups and downs. In our hiring policies we actually have some concepts that lend themselves to the boom-bust nature of the industry [and] when we're recruiting people we say to a lot of them you have to take a lower salary to work for us – we can't compete with Rio and BHP Billiton in a boom – but we make the guarantee that we've never retrenched anybody, and that's true to this day. It's not an easy thing to do but I believe you just have to be very strategic.

"I keep making that point to people within our organisation – just how strategic you have to be in businesses like ours. We've been broadening our revenue streams. We're agnostic when it comes to the general mine planning vendors.

"We really did target a specific problem in the industry that to be honest with you is still substantial and that's why we've been able to grow."

## C O N T R A C T I N G

### Time to get back on Boart: Macquarie

Staff reporter, [28 September 2009](#)

WHILE they are being far from effusive in their assessment of the prospects for Boart Longyear, analysts from the same investment bank that was exiting the company near the top of market back in 2007 (with the driller's IPO), believe there is some upside to now be seen after a very lean 2009.

Macquarie said this week it was upgrading its target price (to \$A0.42/share – with the company trading at 30c), following the \$US585 million capital raising that has repaired the driller's balance sheet, and the emergence out of the exploration downturn being reflected by juniors undertaking equity capital raisings.

But Macquarie didn't exactly go overboard with the praise.

"Traditional investment theory dictates buying into cyclical when things seem unable to get any worse and when there are signs of improvement on the horizon. We are at this point for Boart and valuation multiples are undemanding, relative to peers. It is logical to expect some indigestion, given the size of the capital raising. However, we believe focus will turn to the extent of the exploration recovery and Boart's earnings pick-up in fiscal 2011.

"Boart is a deep cyclical stock that does have significant leverage to an eventual improvement in exploration spend from current depressed levels, which is down about 40–50% from the peak.

"Earnings (EBITDA) are forecast to total \$US127.5 million in fiscal 2009, rising to \$US191 in 2010 and \$US243 million in 2011."

On Macquarie's modeling, Boart is being oversold by the market.