

Module 4: Reading Drill Result Announcements

Why this matters

Drill result announcements are where companies most actively shape perception. The headlines are often technically accurate but designed to obscure what an experienced reader would immediately spot.

Learning to read drill results properly is the single highest-leverage skill in junior mining investing. Get this right and you avoid 80% of the traps.

The standard format

A drill result announcement typically headlines an intercept like this:

“PRG02 returned 24m @ 3.5 g/t Au from 85m, including 6m @ 11.2 g/t Au from 92m”

You need to decode every part of that:

- **PRG02** — hole identifier
- **24m** — down-hole length of the intercept
- **3.5 g/t Au** — length-weighted average grade across that 24m
- **from 85m** — depth at which the intercept starts
- **including** — a sub-interval within the parent intercept (almost always the high-grade core)
- **6m @ 11.2 g/t Au from 92m** — that high-grade core

What's *not* in the headline:

- True width

- Hole orientation and dip
- Rock type / mineralisation style
- Whether top-cut was applied
- Recovery / RQD (rock quality)
- Assay method

These are usually in the JORC Table 1 appendix, which retail rarely reads. Read it.

Length-weighted vs grade-weighted

Headline grade is **length-weighted**:

$$\text{weighted grade} = \Sigma(\text{interval}_i \times \text{grade}_i) / \Sigma(\text{interval}_i)$$

Example: 24m intercept made of:

- 18m @ 1.0 g/t (low-grade halo)
- 6m @ 11.0 g/t (high-grade core)

$$\text{Length-weighted} = (18 \times 1.0 + 6 \times 11.0) / 24 = (18 + 66) / 24 = \mathbf{3.5 \text{ g/t}}$$

Looks like a uniform 24m of 3.5 g/t mineralisation. Reality: 6m of bonanza surrounded by marginal halo. Whether you can mine that depends entirely on geometry, mining method, and selectivity.

Always read the "including" sub-intervals to see what's really there.

Down-hole length vs true width

Drilling is often angled to intersect mineralisation perpendicular (or as close as possible). The reported intercept is **down-hole length** — the actual length of drilled core.

True width is the actual thickness of the mineralised body measured perpendicular to its strike and dip.

If the hole is drilled at an angle to the mineralisation:

- Hole drilled exactly perpendicular: true width = down-hole length

- Hole drilled at 45° to mineralisation: true width $\approx$ down-hole length $\times$ 0.7
- Hole drilled subparallel (worst case): down-hole length wildly exaggerates true width

Companies are required to disclose true width or state it cannot be determined. When you see "true width estimated at $\sim$ 70% of reported length", apply that mentally to all intercepts.

When the announcement says nothing about true width, check the long-section diagram (if provided) and figure it out yourself.

Gram-metres (g·m) — the universal currency

Professional analysts rank holes by **gram-metres** (or %·m for base metals):

$$\text{g}\cdot\text{m} = \text{grade} \times \text{down-hole length}$$

So 24m @ 3.5 g/t = **84 g·m**

This single number lets you compare holes across different deposits, different widths, different grades.

Rough benchmarks for gold drill holes:

- <20 g·m = barely interesting
- 20–50 g·m = solid intercept
- 50–100 g·m = strong hole
- 100–500 g·m = exceptional
- 500+ g·m = world-class / company-making

For copper porphyry: %·m equivalent (e.g., 200m @ 0.6% Cu = 120 %·m).

Use g·m to cut through the marketing. A "100m @ 0.5 g/t" intercept (50 g·m) is being sold as more impressive than "5m @ 12 g/t" (60 g·m), but the latter is actually a better hit — and far easier to mine.

Drilling-type taxonomy — what kind of hole are you looking at?

Not all drill holes have the same purpose, and the same intercept means very different things depending on what kind of drilling produced it. This is the most under-appreciated part of reading announcements properly.

Grade control drilling

- **Purpose:** confirm the grade and geometry of ore *immediately about to be mined* — typically 1–6 months ahead of mining
- **Spacing:** very tight, often 5–10m
- **Where you see it:** producers (Stage 10) and projects in late commissioning (Stage 9)
- **What it tells the market:** very little new about the deposit. The ore was already in the reserve. Grade control just confirms the model.
- **Headline grade is usually high** because the drilling is happening inside high-grade ore that's already classified as Indicated/Measured. That's by design — they're not going to grade-control drill barren rock.
- **Read:** unless the grade control results materially differ (positively or negatively) from the reserve model, this is a routine operational update, not a discovery event.

Infill drilling

- **Purpose:** raise the geological confidence of an existing resource — typically converting Inferred to Indicated, or Indicated to Measured
- **Spacing:** moderate, 25–50m typically
- **Where you see it:** Stage 4–7 (resource definition through DFS)
- **What it tells the market:** confirms the deposit. Strike rate is typically very high (you're drilling inside known mineralisation).
- **Headline is usually a high hit rate** — "12 of 12 holes intersected mineralisation" is normal for infill, not exceptional
- **Read:** valuable for resource confidence and converting categories, but doesn't grow the deposit. The catalyst is the resource update that follows, not the individual hole results.

Step-out drilling (sometimes called "extension drilling")

- **Purpose:** test whether mineralisation continues *beyond* the known boundary of the resource — along strike, at depth, or in a parallel structure
- **Spacing:** wider, 50–200m typically, depending on the deposit type
- **Where you see it:** Stage 3–4 (discovery through resource definition)
- **What it tells the market:** real new information. A successful step-out grows the deposit. A failed step-out defines the edge.
- **Strike rate is much lower** — geology pinches, faults intervene, grade falls off — so successful step-outs deserve attention
- **Read:** the most informative single category of drilling. A 50 g·m step-out hole 200m beyond the known boundary is more valuable than a 100 g·m infill hole inside the known zone.

Exploration drilling (greenfield / regional)

- **Purpose:** test a new prospect that isn't part of an existing resource — geophysical anomaly, surface geochemistry, structural target, satellite deposit
- **Spacing:** very wide, often 100–500m
- **Where you see it:** Stage 1–3 (concept through discovery), and around producing operations seeking new ore
- **Strike rate:** low. Most exploration holes return nothing.
- **Read:** when an exploration hole hits, the asymmetric return is enormous. A discovery hole on a greenfield target is the biggest single catalyst in mining (Stage 3 from Module 1). When it misses, the SP can decay fast as the prospect is de-risked downward.

Why the distinction matters

The same announcement reading "drill program returns 30m @ 4 g/t Au" tells you completely different things depending on which type of drilling produced it:

- **Grade control:** routine, no SP impact (already in the reserve)
- **Infill:** confirms the model, modest SP impact (resource confidence improvement priced separately)
- **Step-out:** material SP impact (deposit is bigger than the prior boundary)
- **Exploration:** potentially huge SP impact (new discovery)

The announcement headline rarely tells you which kind of drilling produced the intercept. The body and the supporting plan-view diagrams will. **Read them.**

A useful framing: ask "is this hole inside or outside the existing resource boundary?" If inside, treat it as routine confirmation. If outside, treat it as new information, and ask how far outside and in what direction.

Common cherry-picking and obfuscation patterns

1. "Up to" reporting in headlines

“Up to 45 g/t Au returned from drilling”

That's a single peak assay over a 1m sample interval. The actual intercept might be 1m @ 45 g/t with 19m of barren rock either side. Always look for the **weighted intercept**, not the peak assay.

2. Loose "includes" wrapping

A 50m parent intercept at 0.4 g/t with a 1m core at 12 g/t lets the company headline either:

- "50m @ 0.7 g/t including 1m @ 12 g/t" (sounds bulk-mineable)
- Or just "1m @ 12 g/t" (sounds high-grade)

Same hole, two stories. Both true. Neither tells you if the deposit has scale *and* grade together.

3. Composite reporting hiding internal waste

A reported "20m @ 2.0 g/t" intercept might actually be:

- 5m @ 6 g/t
- 10m @ 0.1 g/t (essentially waste)
- 5m @ 4 g/t

Composited, it averages 2.0 g/t and looks like a single zone. In reality, two separate thin lodes with waste between them. Mining selectively to avoid the waste is much more expensive.

Look at the **assay table** in the appendix. The granular metre-by-metre assays tell the truth.

4. No top-cut applied

A rogue 200 g/t assay in a single sample can lift a 30m intercept from 1.5 g/t to 8 g/t on paper. Best-practice resource estimation applies a top-cut (e.g., cap all assays at 30 g/t). Drill result announcements *don't* usually apply top-cuts because doing so kills the headline. Mentally cap any single-metre assay above ~5x the bulk grade.

5. Hole orientation games

A hole drilled subparallel to a vein system will produce huge down-hole intercepts that have small true widths. "100m @ 5 g/t" sounds amazing but if true width is 8m, it's a far less impressive hole.

6. Selective announcement timing

The good holes get headlined immediately. The poor holes from the same program get bundled into a quarterly months later, or never reported individually. Cross-reference the program's planned holes (in earlier announcements) against the holes that were actually reported on. If they drilled 30 holes and you've only seen results from 12, the other 18 weren't great.

7. Mislabelling the drilling type

A subset of the prior issue. Companies sometimes describe routine infill drilling as if it were step-out or discovery, hoping the reader doesn't check the plan view. The plan-view diagram will show whether holes are inside or outside the existing resource shell. If the diagram is omitted or unclear, that's a flag.

Headline vs body — the discipline

Most retail read the headline of a drill announcement and stop. That's the trap. The body of the announcement contains the qualifications, the what-isn't-said, and frequently the actual story.

What to read in the body, in order

1. **The intercept table** — every reported intercept with hole ID, from-to depths, length, grade, and (ideally) true width. Compare reported holes against the program plan announced earlier — what holes are missing?
2. **The methodology / collar table** — hole positions, dips, azimuths. Lets you reconstruct geometry vs true width.
3. **The geological description** — does the company describe the rock type, structural setting, alteration? Vague descriptions are a flag.

4. **The plan view and long-section diagrams** — where are the holes in space? Are they inside or outside prior drilling? In what direction does the resource grow?
5. **The forward plan section** — what does the company say about next steps, next drilling, next assays? This is where catalysts get telegraphed.
6. **The JORC Table 1 appendix** — sampling, sample preparation, QA/QC, lab procedures, top-cut treatment, density assumptions.

The "no headline" tell

Sometimes a company drills a program, waits, and then publishes results in a quarterly activities report rather than a dedicated drill-results announcement. **The absence of a headline announcement is itself information.** If the same company would have headlined a strong intercept, the lack of a headline often means the results were below expectations.

The contrast pattern looks like this. Two companies drill maiden holes in the same week:

- **Company A** publishes a dedicated ASX announcement titled "Strong Discovery Hole Confirms High-Grade Mineralisation" with a plan view, long section, and 5 holes with grades, prefacing future drilling
- **Company B** mentions the program in passing in their quarterly: "drilling has been completed at site X with results currently being interpreted"

A is making the most of strong results. B is downplaying weak ones. The body of the announcements (or the absence of an announcement) tells you which is which.

The "body matches headline" check

A good announcement is one where the body confirms and elaborates on what the headline claims. The headline says "exceptional intercept"; the body shows hole-by-hole assays that include exceptional intercepts. The headline says "step-out drilling extends mineralisation 200m"; the body shows a plan view with the new holes plotted 200m beyond the prior boundary.

A bad announcement is one where the body softens the headline:

- Headline: "Significant new gold zone discovered"
- Body: 1m @ 4 g/t in a single hole, no follow-up drilled, geology speculative, true width unclear

If you can't reconcile the headline to specific data points in the body, the announcement is doing more work as marketing than as information.

Cross-reference against other companies' announcements on the same district

When a company in a known mineral district announces results, look at what the neighbours are saying. Often other companies on adjacent tenements publish results that contextualise — sometimes they show the structure pinches out, or grades fall off in a particular direction, or a metallurgical issue is more widespread than originally implied. The full picture rarely lives in one company's announcement.

What a *good* drill announcement looks like

Green flags when reading:

- True width is disclosed for each intercept
- Long sections and plan view diagrams included
- Multiple holes, in step-out configuration, all showing economic intercepts
- Grade continuity along strike and at depth, not just one bonanza pod
- Geological description matches a known deposit model
- JORC Table 1 is detailed and consistent with prior announcements
- Assay table provided as an appendix
- Independent CP signs off
- Drilling type explicitly stated (step-out vs infill vs exploration)
- Forward plan section identifies the next batch of catalysts

When you see all of that, you're looking at a serious result. When you see "up to" headlines, no diagrams, and one big intercept with everything else "pending", treat the announcement as marketing.

A practical reading checklist

For every drill result announcement, answer:

1. **What type of drilling produced this intercept — grade control, infill, step-out, or exploration?**
2. **What's the headline intercept in g·m?**

3. **What's the true width vs down-hole length?**
4. **Is the headline a single hole or multiple holes?**
5. **Where does the hole sit — inside the existing resource boundary or outside?**
6. **What's the high-grade core stripped out, vs the parent interval?**
7. **Are there any single-metre assays driving the average?**
8. **How many holes from the program are still pending? Why?**
9. **Does the body of the announcement substantively support the headline, or does it walk it back?**
10. **Does the geology match the deposit model the company is selling?**

You will be ahead of 95% of retail if you do this for every announcement on every stock you hold.

Pre-event positioning patterns

The drill result trade is well-known and well-played:

- **Pre-drilling ramp:** SP runs as the market positions for assays, often 20–100% above pre-news levels.
- **Assay window:** depending on lab queues and program size, results can take weeks. SP often peaks 1–5 days *before* the actual announcement as insiders/anticipators take profit.
- **Sell the news:** even good results often see a SP fade because the "best case" was already priced in.
- **Surprise upside:** genuinely exceptional holes (200+ g·m for gold) trigger fresh leg up because they exceeded the priced-in best case.

Don't confuse "good drill result" with "good trade". The trade depends on what was already priced in.

What I'm uncertain about

- Lab turnaround times have varied considerably with commodity cycle activity (gold/lithium booms cause queue delays). A "results expected in 4 weeks" guidance can stretch to 8+ weeks during peak cycles.
 - ASX continuous disclosure thresholds for what constitutes price-sensitive vs not have been refined a few times — companies retain meaningful discretion in batching results.
 - The drilling-type taxonomy above is conventional but the boundaries are fuzzy. A "step-out" hole at 30m beyond the boundary is still partially confirming continuity rather than testing entirely new ground. Use the framework as a guide to reading announcements, not as a hard classification.
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