

Auric is a good example of a successful smaller gold producer

The initial enthusiasm for the Chinese stimulus has been tempered somewhat as reality overtakes speculative behaviour. Last week we saw metal prices pull back with iron ore being down 4% to \$105 pt in Singapore. Even though the RIO bid for Arcadium generated some interest in lithium stories, the lithium market is under pressure with expectation of medium term oversupply. Overall, sentiment improved a little more.

Auric Mining is doing what juniors should

As I suggested a few weeks ago, Auric Mining (AWJ) is an interesting gold junior that has figured out how to make good money from mining small deposits around Kalgoorlie. The Company stands apart from so many other juniors that are just out there for the lifestyle. Auric seems more genuine than so many others, spending money to unlock cashflows rather than lining the directors' pockets.

Recent roadshow was well received

Management has recently returned from a roadshow in the East that was well received. The share price has run from 20¢ in August to peak at 39¢ on 26th September, and is now correcting lower. The market capitalisation was \$49m at the time of writing, so it is still modest in size.

Business model is to turn gold into cash

As we have said previously, you don't have to be producing 100,000 oz p.a. to justify your existence. There are many smaller deposits around previous workings in WA that were once uneconomic, but are now very useful money spinners if you can find a processing plant to recover the gold. The route to production is often much quicker because the resources are found on granted mining licences.

Auric started out with the small Jeffreys Find Project located about 50 km east Norseman, which it bought off Mincor for \$700,000 cash and \$550,000 worth of shares at 15¢. Up until the point where it started mining late in 2023, Auric had spent in total \$1.4m in cash on the project..

The master stroke was initially the 50:50 surplus sharing deal with ex-BML Ventures personnel, then getting access to the Greenfields Mill in Coolgardie with a toll treating arrangement. Two campaigns of Stage One treated 175,000 t of ore at a grade of 1.86 gpt to recover 9,741 oz. While this doesn't sound like lot, it earned a \$9.5m net surplus that delivered \$4.766m to Auric in December 2023.

A Stage 2 toll milling exercise in 2024, has so far recovered 7,551 oz from 157,634 tonnes milled, with Auric receiving an interim surplus cash distribution of \$2m. The remaining cash surplus has been retained by BML for working capital. A further minimum of 142,000 tonnes will be treated in the balance of 2024, and into 2025. All up, at the end of Stage 2, Auric will likely receive \$13-15m in distributions (including the interim payment).

The profitability of the exercise highlights what a good investment Jeffreys Find has been; \$1.4m total cash cost

for net cash distributions of approximately \$18-20m within three years of acquisition (expected).

Auric had to "give away" the same amount of money to BML Ventures being its 50:50 share, but it was a fair deal for both parties. A win-win deal. Even though the ore had to be carted 210 km to the mill, there was plenty of profitability in the project.

The next deal - Munda Gold Mine

Jeffreys Find was a good introduction to the gold business. Fresh from this success, Auric is now looking ahead for the next deal at Munda. Auric bought 100% of this project for \$1.6m cash with another \$650,000 payable on completion of a performance hurdle.

Resolute Mining originally excavated a small pit at Munda, many years ago. The remaining resource has been calculated at around 198,000 oz at 1.38 gpt using a 0.5 gpt cut-off, but this is being recalculated at the moment. An earlier scoping study considered production targets of 1.67-2.18 Mt at 2.2-1.9 gpt, for gold production of 122-129,000 oz. This could generate a cash surplus of \$54-101m, according to the 2024 Annual Report.

The \$64,000 question for Auric is where to treat the ore. So far there are four options being considered, but not all are realistic. There is the Greenfield Mill currently being used to treat the Jeffreys ore, but the mill may be booked out for other projects. Westgold owns the Lakewood and the Higginsville plants that are believed to be under-utilised. Northern Star's 1.2 Mtpa plant at Jubilee South is believed to be up for sale, but Auric could only supply 500,000 tpa. The Paddington mill might be suitable, but it is unlikely that Auric will be able to cut a satisfactory deal.

Auric will need to expand its team if it is going to operate Munda itself, but it will likely use contractors as much as possible. There will be some up-front capital expenditure to start operations, but the surplus from Jeffreys should comfortably pay for most of that.

Directors are not overpaying themselves

The CEO/MD (Mark English) had a base salary of \$226,249 in 2023, and the number two (John Utley) had a base of \$176,309. I think this level of remuneration is reasonable and modest, especially given what has been achieved operationally and financially. There doesn't seem to be any snouts in the trough here.

The Bottom Line

With an expected \$18m in the bank by early next year, the \$49m market capitalisation seems reasonable. Auric will be utilizing the surplus cash to drive the company with exploration, Munda development and drilling and general working capital. The share price is consolidating just now, but there needs to be some positive news flow in order for the shares to move much higher. That may be the

recalculation of the Munda resource and/or getting the trial pit started at Munda. Striking a deal on the treatment of the Munda ore will be the most important news as this will be the key to really cementing the company as a regular gold producer. Who knows what other projects the Company may be looking at to purchase, to replicate the recent success? So far the management has acquitted itself quite well.

Success next door to Aguia's Atocha property

When Aguia purchased the Santa Barbara Gold Project it also came with another rich silver/gold project named Atocha. This is in an area in Colombia that has been worked by prospectors and miners for hundreds of years. Aguia hasn't said much about it since the takeover of Andean, but you can get the information from the Target Statement lodged with the ASX in March 2024, in the Independent Technical Report.

"At the Atocha Project a high-grade silver-gold vein field with 7 parallel vein systems was recently discovered to the south of the historic Santa Ana and El Cristo colonial silver mining district. Recent core drilling at the LaYe vein system intersected high-grade silver and gold mineralisation intersecting multiple sets of stacked veins. The La Ye vein system comprises a northeasterly trending corridor of mineralised quartz veins with a strike of around 2 km and widths to 50m".

Canadian company, Outcrop Silver & Gold (TSXV:OCG), has ground abutting the Aguia licence. Last week it announced a spectacular intercept of 0.6m at 1,136 gpt AgEq. As it happened this is right next to the boundary. It looks like the favourable trend runs right into Aguia's Atocha property.

What are the Implications for Aguia?

Nearology is a great tool for motivating the speculators. Whenever a company makes a good discovery, the punters will buy up shares in companies with surrounding licences. The enthusiasm tends to rub off onto the neighbouring company very quickly. Maybe this was the reason for the spike in Aguia's share price on Thursday. Were the Canadians buying? I don't know.

The main point though, is that this is more serious than address pegging or nearology. The Atocha licence has been drilled previously and there have been spectacular results already reported. These include;

- Hole AT-21-01: 0.5m at 1,137 gpt AgEq
- Hole AT-21-02: 0.8m at 2,233 gpt AgEq
- Hole AT-21-03: 0.5m at 551 gpt AgEq
- Hole AT-21-05: 0.55m at 561 gpt AgEq and 0.4m at 772 gpt AgEq

- Hole AT-21-06: 0.4m at 404 gpt AgEq and
- Hole AT-21-07: 0.5m at 400 gpt AgEq and

These are very good grades in typically narrow veins. The geology is well understood. I suggest that you go to the Target Statement where you can see diagrams and more detail.

Why hasn't Aguia mentioned them previously? Well, it has, in the Target Statement. It is there for everyone to see but if the Company wants to say more, it is not compliant to just repeat the numbers in a subsequent ASX release. It would have to go through a tortuous process of referencing everything to the satisfaction of Chapter 5 of the Listing Rules. It is easier just to say "go look at the Target Statement".

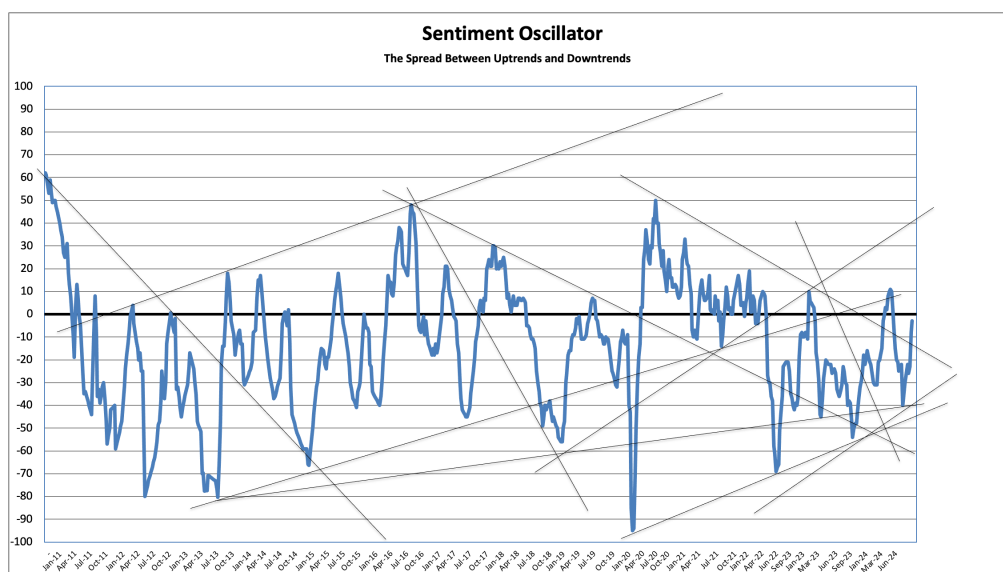
This is a great exploration project and the potential value is highlighted by the results that Outcrop is achieving. If it is indeed the same mineralisation across the boundary, that should open up the possibility of co-operation between the two companies. Watch this space for more drill results and other outcomes.

Disclosure: Interests associated with the author own shares and options in Aguia Resources and he is the Exec. Chairman.

Troubles in Burkina Faso?

West African Resources has been a very successful gold producer in Burkina Faso as it approaches a 200,000 oz p.a. run rate. However, there has recently been a bit of panic in the market concerning rumours of licence troubles. The Company issued a release saying there are no problems, but is it a case of "where there is smoke there is fire?"

That will cause investors to revise the perennial concern of geopolitical risk. It is always there, to a lesser or greater extent, in almost every country - even in NSW! West Africa used to be a good designation 10-15 years ago, but that was before the Jihadists became more active. Risk profiles go up and down in politically influenced cycles. You have to be on top of the local politics but getting good intel is always a problem. The companies operating in-country are always going to downplay the risk as they talk their own book.



Sentiment Oscillator: Sentiment continued to improve. There were 36% (34%) of stocks in uptrend and 37% (37%) in downtrend at the close of the week. We are nearly back to equilibrium.

Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code	Trend Comment	
All Ordinaries	XAO	at highs	
Metals and Mining	XMM	pullback	
Energy	XEJ	strong rally	
Information Technology	XIJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Aguia Resources	AGR	new high	phosphate, gold
Alkane Resources	ALK	testing downtrend	gold
Alicanto Minerals	AQI	new low	base metals, silver, gold
Alligator Energy	AGE	breached steepest downtrend	uranium
Almonty Industries	All	rising	tungsten
Alpha HPA	A4N	rising again	HPA
Altech Chemical	ATC	spike through resistance line	HPA, anodes
Alto Metals	AME	new high	gold
American Rare Earths	ARR	sideways breach of downtrend	rare earths
Anax Metals	ANX	breaching downtrend	copper
Andean Silver	ASL	new highs	silver
Anteotech	ADO	struggling at lows	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths
Ardea Resources	ARL	down	nickel

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Arizona Lithium	AZL	■	strong rally	lithium
Astral Resources	AAR	■	consolidating after placement	gold
Auric Mining	AWJ	■	rising	gold
Averina	AEV	■	rising	phosphate
Aurora Energy Metals	1AE	■	strongly higher but still in LT downtrend	uranium
Aurelia Metals	AMI	■	breaching uptrend	copper + base metals
Australian Gold and Copper	AGC	■	weaker	base metals, silver, gold
Australian Rare Earths	AR3	■	surge through downtrend	rare earths
Australian Strategic Materials	ASM	■	new uptrend breached	rare earths
BHP	BHP	■	pullback	diversified, iron ore
Barton Gold	BGD	■	testing downtrend	gold exploration
Beach Energy	BPT	■	new low	oil and gas
Bellevue Gold	BGL	■	testing downtrend	gold
Besra Gold	BEZ	■	still down	gold
Black Cat Syndicate	BC8	■	new high	gold
Boab Metals	BML	■	sideways at lows	silver/lead
Brazil Critical Minerals	BCM	■	new low	rare earths
Brazilian Rare Earths	BRE	■	surge through downtrend	rare earths
Brightstar Resources	BTR	■	sideways	gold
Caravel Minerals	CVV	■	testing downtrend	copper
Carnaby Resources	CNB	■	breached downtrend	copper
Castile Resources	CST	■	sideways	gold/copper/cobalt
Catalyst Metals	CYL	■	surge to new high	gold
Cazaly Resources	CAZ	■	breached new downtrend	rare earths
Celsius Resources	CLA	■	sideways	copper
Challenger Gold	CEL	■	rising off lows	gold
Cobalt Blue	COB	■	new low	cobalt
Critica. (was Venture)	CRI	■	sideways	tin
Cyprium Metals	CYM	■	testing downtrend	copper
Emerald Resources	EMR	■	rising, new high	gold
Empire Energy	EEG	■	breached uptrend	gas
EQ Resources	EQR	■	rising	tungsten
Evolution Energy	EV1	■	uptrend confirmed	graphite
Evolution Mining	EVN	■	rising	gold
First Graphene	FGR	■	down	graphene
Fortescue Metals	FMG	■	breaking downtrend	iron ore
Genesis Minerals	GMD	■	rising	gold
Globe Metals and Mining	GBE	■	down	niobium
Gold 50	G50	■	breached downtrend	gold exploration + gallium
Great Boulder Resources	GBR	■	new low	gold exploration
Group 6 Metals	G6M	■	suspended	tungsten
Hamelin Gold	HMG	■	down	gold exploration
Hastings Technology Metals	HAS	■	back in downtrend	rare earths
Heavy Minerals	HVY	■	testing brief, sharp uptrend	garnet

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Hillgrove Resources	HGO		testing downtrend	copper
Iltani Resources	ILT		breached downtrend	antimony
Iluka Resources	ILU		rising again	mineral sands
ioneer (was Global Geoscience)	INR		rising	lithium
Ionic Rare Earths	IXR		new low	rare earths
Jindalee Lithium	JLL		new low	lithium
Jupiter Mines	JSM		new low	manganese
Kaiser Reef	KAU		improving	gold
Kalina Power	KPO		breaching steep uptrend	carbon sequestration
Krakatoa Resources	KTA		back to lows	rare earths
Larvotto Resources	LRV		steep rise	gold, antimony
Lindian Resources	LIN		sideways at lows	rare earths + bauxite
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold/nickel exploration
Lotus Resources	LOT		testing downtrend	uranium
Lucapa Diamond	LOM		collapsing due to institution dumping shares	diamonds
Lunnon Metals	LM8		steep rise	nickel
Lynas Corp.	LYC		rising	rare earths
Marmota	MEU		gently lower	gold/uranium exploration
Mayur Resources	MRL		stronger	renewables, cement
Meeka Gold	MEK		uptrend	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		new low	rare earths
Metro Mining	MMI		breached downtrend	bauxite
Midas Minerals	MM1		pullback	lithium
Nagambie Resources	NAG		returning to downtrend	gold, antimony
Neometals	NMT		surge higher - on gold	lithium
Newfield Resources	NWF		rallying	diamonds
Nexgen Energy	NXG		testing downtrend	uranium
Northern Star Res.	NST		rising again	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		down	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		new uptrend	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		collapse to a new low	lithium
Peninsula Energy	PEN		new low	uranium
Perseus Mining	PRU		correcting lower	gold
Provaris Energy	PV1		new low	hydrogen
QMines	QML		rising	copper
Queensland Pacific Metals	QPM		testing downtrend	nickel/cobalt/HPA
RareX	REE		sideways at the bottom of a downtrend	phosphate, rare earths
Regis Resources	RRL		new uptrend	gold
Regergen	RLT		surge on production news	gas, helium

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Richmond Vanadium	RVT	■	bounced from lows	vanadium
RIO	RIO	■	pullback	diversified, iron ore
RTG Mining	RTG	■	rising again	copper
Rumble Resources	RTR	■	breached downtrend	zinc exploration
S2 Resources	S2R	■	down	gold exploration
Sandfire Resources	SFR	■	rising again - new high	copper
Santos	STO	■	down	oil/gas
Sarytogan Graphite	SGA	■	new low on project update	graphite
Siren Gold	SNG	■	rising	gold exploration
Southern Cross Gold	SXG	■	surging on antimony	gold exploration
Southern Palladium	SPD	■	rising again	PGMs
Stanmore Coal	SMR	■	risen to meet resistance line	coal
St George Mining	SGQ	■	down	rare earths, niobium
Stellar Resources	SRZ	■	rising again	tin
Summit Resources	SUM	■	down	niobium, rare earths
Sun Silver	SS1	■	rising	silver
Suvo Strategic Minerals	SUV	■	sideways through uptrend	kaolin
Talga Resources	TLG	■	slump	graphite
Tamboran Resources	TBN	■	down	gas
Terra Uranium	T92	■	down	uranium
Theta Gold Mines	TGM	■	rising again	gold
Toro Energy	TOE	■	breached downtrend	uranium
Torque Metals	TOR	■	back to lows	gold exploration + lithium
Vanadium Resources	VR8	■	breached downtrend	vanadium
Vintage Energy	VEN	■	sideways at lows	gas
Vertex Minerals	VTX	■	steeply higher	gold
Walkabout Resources	WKT	■	sideways	graphite
Warriedar Resources	WA8	■	testing uptrend after placement	gold exploration
West Cobar	WC1	■	spike on antimony news	rare earth + lithium
Westgold Resources	WGX	■	falling	gold
West Wits Mining	WWI	■	sideways	gold
Whitehaven Coal	WHC	■	strong rally	coal
Totals	36%	48	Uptrend	
	37%	49	Downtrend	
		134	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.

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Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts			
Sector	No. of Companies	Weighting	
Gold	25	18.7%	
Rare Earths	16	11.9%	
Gold Exploration	14	10.4%	
Copper	11	8.2%	
Uranium	9	6.7%	
Lithium	6	4.5%	
Oil/Gas/Hydrogen	7	5.2%	
Graphite/graphene	5	3.7%	
Iron Ore/Manganese	4	3.0%	
Nickel	3	2.2%	
HPA/Kaolin	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	2.2%	
Antimony	3	2.2%	
Potash/Phosphate	2	1.5%	
Coal	2	1.5%	
Diamonds	2	1.5%	
Niobium	1	0.7%	
Vanadium	2	40.0%	
Zinc/Lead	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	5	3.7%	
Total	134		

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