

Exploration success in NSW drives AGC share price higher

There were no new themes at play in the markets last week; just more of the same. Markets were moving according to interest rate expectations with the stronger economic performances sending share prices down.

Excellent Cobar-type discovery for AGC

Although it is always a point of conjecture as to when a discovery is actually a discovery, I feel fairly safe in declaring Australian Gold and Copper's Achilles Project a discovery. It was first disclosed to the ASX in a release dated 23/4/24, and subsequent drilling has delivered excellent results.

It is very rare that a discovery happens overnight. The Managing Director, Glen Diemar, has spent in the order of \$20m over the last seven years, testing about 20 different targets in mid-western NSW (not all on AGC's account). Maybe this discovery is a just reward for his hard work.

The ground was first pegged in 2019, pre-IPO, and the geologists have been working up targets since then. The first step was to "back calculate" 25 historic Cobar regional discoveries to see if there were any useful patterns. Lead and arsenic in surface soil samples stood out as good indicators, providing insight into potential mineralisation at historically recorded levels of 30-40m depth.

The ASX release of 23/4/24, detailed results from 10 holes. High-grade gold-silver-base metals mineralisation was encountered over 250m of strike, in three of these holes;

- # 20 - 8m at 1.6 gpt Au and 19 gpt Ag, from 91m
- #27 - 5m at 2.3 gpt Au and 102 gpt Ag, from 92m, and
- #28 - 7m at 1.2 gpt Au and 208 gpt Ag, from 77m.

As is often the case, these intervals were the higher grade zones within broader intervals, being 22m and 46m in the first two holes above. The board quickly authorised the drilling of another 10 RC holes. In addition, AGC received positive but less impressive interests from the nearby Hilltop prospect.

The market's reaction to these results was somewhat muted at first but two weeks later, on the 5/5/24, the price moved more aggressively on increasing turnover. The real action began on 15/5/24, following a trading halt and then the release of the next three holes. The results were markedly better than the earlier holes, returning;

- # 30 - 5m at 16.9 gpt Au and 1,473 gpt Ag, from 112m
- #32 - 8m at 1.0 gpt Au and 502 gpt Ag, from 131m, and
- #31 - 4m at 0.17 gpt Au and 545 gpt Ag, from 123m.

The silver assays were outstanding.

These holes extended the strike length out from the earlier 250m, to more than 300m. Results from another six holes are expected within the next three weeks and if mineralised, would extend mineralisation to 550m.

How good is this discovery, really?

The results at both Achilles and Hilltop represent greenfields discoveries and are the first significant mineralisation drilled within the Ural Volcanics in the southern Cobar Basin. It is still very early in the life of the project, so it would be wrong to place limitations on expectations just yet.

AGC will provide good trading opportunities in the coming months as the market awaits further results. Now is the time when speculation will be at its highest level. If drill results keep getting better, the share price will power to even higher levels. However, we have already seen > 500% rise in the share price from the levels seen a month ago. To some extent the discovery has already been factored into the share price, but who knows just how big this is going to become. We watch with interest. This is an example of how dramatically fortunes can change with a few good drill holes.

Legacy Minerals about to drill a high level target

While on the subject of exploration in NSW, we note that Legacy Minerals (LGM) has a strong presence in the Lachlan Fold Belt (as well as the recently acquired Drake gold/silver exploration project in New England).

Cadia East type target to be drilled

Of immediate interest is the Glenlogan magnetic anomaly, being a Cadia East-type porphyry target. This is likely to be drilled over the next few months. RIO previously held the ground in the 1990s, but declined to drill to depths of 800m, where it thought the anomaly sat. More recent geophysics now suggest that the target depth is 500-550m.

Finance for the drilling is coming from a farm-in with S2 Resources, whereby it has agreed to spend \$2m to earn a 51% interest. Should it meet with success, S2 can increase its equity to 80% by spending another \$4m.

Cadia East is itself a very large orebody that extends from 700m depth to 1,500m. Owned by Newmont Corporation, it boasts a mineral resource of 36 Moz of gold and 7.4 Mt of copper, with reserves of 17 Moz and 3.6 Mt Cu. The mine was designed to produce 700,000 oz p.a. of gold and 76-100,000 tpa of copper. Commercial production commenced in January 2023, with 597,000 oz produced in its first year, at an AISC of \$45/oz (due to copper credits).

Newmont JV at Bauloora

Newmont can earn a 75% interest in the Bauloora Exploration Project by spending up to \$15m, and move to 80% by free carrying Legacy through to production. Drilling of 4-5 targets is due to commence in earnest any day now. Unlike Glenlogan, which is a one off target, there are literally dozens for target for Newmont to test over time.

Risk minimisation while keeping some upside

I have always said that junior companies can go broke drilling porphyries. It is good to see that Legacy has done a sensible farm-out to a party that is assuming the early stage risk at Glenlogan. If this is a “one hit wonder”, shareholders will be laughing all the way to the bank ... at least in the early phase. If not, there are other targets to be drilled at the Bauloora exploration project, to be funded by Newmont.

We will be watching for drill results over the coming months to see what enthusiasm can be breathed in to the share price without the Company having to run down its cash reserves. There is always risk with exploration, but as Australia Gold and Copper has shown, there can be plenty of upside too.

Nagambie released its Maiden Resource

Last Monday Nagambie Resource released its long awaited maiden JORC Resource statement for the Nagambie gold/antimony project in Victoria. The Inferred Resource is 415,000 t at 11.5 gpt gold equivalent (153,000 oz) to a vertical depth of 250m. This was based on 40 drill holes at a cost of \$1.77m, giving a low discovery cost of \$12/oz.

Not just a gold play - antimony adds value

Note that all references to gold and grades are as gold equivalents (AuEq). The presence of high antimony grades means that Nagambie is not a pure gold play, and therefore it is only partially levered to the gold price. Actual grades are 3.6 gpt gold and 4.3% antimony. Of all the metals commonly referred to as “critical”, antimony has been one that has withstood the weakness in specialty metal commodity prices. The antimony market is very tight with 85% of supply coming from China, Russia and Tajikistan. It is an important input in the manufacturing of ordnance, which is in high demand with wars in Ukraine and the Middle East consuming large quantities.

Underground orebodies are never drilled out up front

If you are underwhelmed by the size of the resource, you shouldn't be. The main point is that we have something that is cogent and can have a grade attached to it. That takes the project from being a speculative exploration story to something that is tangible. It is normal for maiden resources to disappoint investors as a dose of reality tends to deflate speculative hype, but in Nagambie's case the resource is within striking distance of earlier expectations.

Drilling exploration holes to > 500m depth for narrow vein gold systems is not necessarily prudent, except in rare cases. Sure, you might get good intercepts - especially if the orientation leads to down dip intervals that accentuate perceived widths - but this can be deceptive. The main objective of the first phase of drilling is to determine if the orebody hangs together and is worth considering as a possible development. The next step should be to go underground with a decline or shaft to drill from drives that will also be used to get to know the underground mining conditions.

The main point of the Nagambie resource statement is to show that there is indeed an underground system of veins that could well be economic. Look at similar systems in the neighbourhood and you could reasonably suggest that the vertical extent could easily extend to depths of 500-1,000m. Given that only primary ore has been considered in the resource tonnage beneath the historical open pits, there is good potential for 0.5-1.0 Moz AuEq and a long mine life of 10 years or more. This will only be confirmed through mining and production, but that gives you an idea of the potential.

The Bottom Line

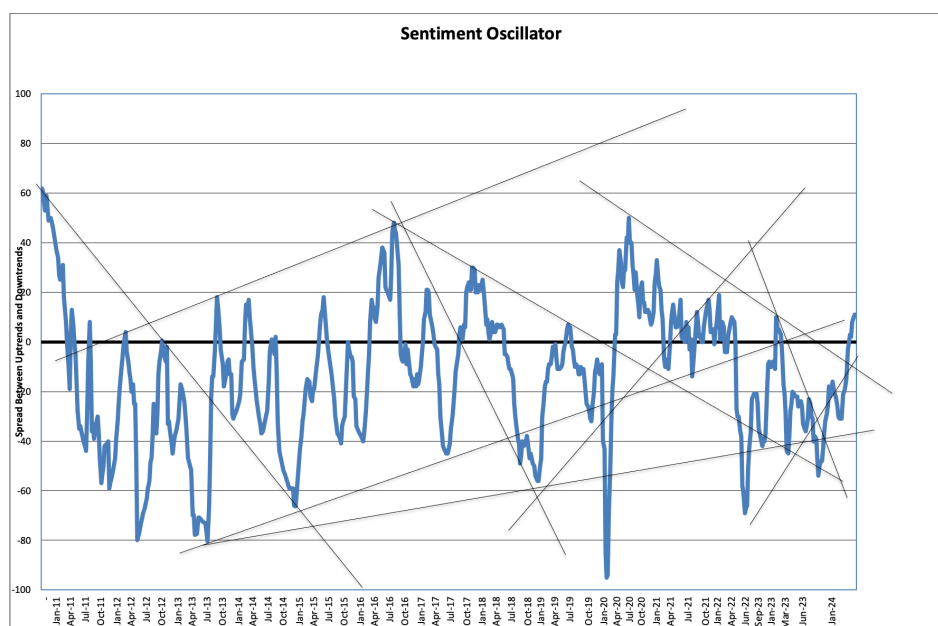
The maiden JORC resource is a good start as it confirms that there is more than hot air and hype blowing around Nagambie - not that the share price is reflective of such. The immediate challenge for the Company is the securing of additional funding to take the next steps. That is always the hurdle for junior resource companies.

Disclosure: The author is a director of Nagambie Resources and. associated interest own shares.

RareX branches out into niobium play

The niobium story is gathering momentum with RareX (REE) acquiring two exploration plays in the eastern Yilgarn, WA. A \$1.5m placement was completed at the same time. REE is paying \$75,000 cash, 4.6 million shares (\$87,000 at 1.9¢) and a 2% royalty for one deal, and \$25,000 cash and 5.2 mill shares (\$100,000) for another. The share price has moved from 1.4¢ to a high of 2.4¢, before settling at 2¢ on Friday's close.

We have added Australian Gold and Coal (AGC) and RTG Mining (RTG) to the chart coverage.



Sentiment Oscillator: There were 39% (37%) of stocks in uptrend and 28% (29%) in downtrend at the close of the week. The drop in the stocks in downtrend may have been influenced by the deletion of some companies in a one-off adjustment.

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	back near highs	
Metals and Mining	XMM	surge higher, then pullback	
Energy	XEJ	still under long term downtrend line	
Information Technology	XIJ	surge to new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	back to lows	boron
Advance Metals (was Pacific American)	AVM	collapse on placement	coal, gold exploration
Agua Resources	AGR	new uptrend	phosphate, gold
Alkane Resources	ALK	testing downtrend	gold
Alicanto Minerals	AQI	fallen back to lows	base metals, silver, gold
Alligator Energy	AGE	recovering	uranium
Almonty Industries	All	rising	tungsten
Alpha HPA	A4N	upside breakout from wedge	HPA
Altech Chemical	ATC	breaching downtrend	HPA, anodes
Alto Metals	AME	volatility while new uptrend is forming	gold
American Rare Earths	ARR	consolidating	rare earths
Anax Metals	ANX	spiked higher	copper
Anteotech	ADO	sideways at lows	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths
Ardea Resources	ARL	spiked higher	nickel

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Arizona Lithium	AZL		strong rally	lithium
Astral Resources	AAR		spike out of downtrend	gold
Averina	AEV		down heavily	phosphate
Aurora Energy Metals	1AE		breached support	uranium
Aurelia Metals	AMI		rising	copper + base metals
Australian Gold and Copper	AGC		steep rise	base metals, silver, gold
Australian Rare Earths	AR3		breaching downtrend	rare earths
Australian Strategic Materials	ASM		strong rally but hit LT resistance line	rare earths
BHP	BHP		corrected lower	diversified, iron ore
Barton Gold	BGD		rising gently	gold exploration
Beach Energy	BPT		testing uptrend	oil and gas
Bellevue Gold	BGL		breached uptrend	gold
Besra Gold	BEZ		collapse to new low	gold
Black Cat Syndicate	BC8		rising	gold
Boab Metals	BML		down	silver/lead
Brazil Critical Minerals	BCM		sideways	rare earths
Brazilian Rare Earths	BRE		rising wedge	rare earths
Brightstar Resources	BTR		uptrend	gold
Calidus Resources	CAI		testing downtrend	gold
Caravel Minerals	CVV		strong rise	copper
Carnaby Resources	CNB		uptrend	copper
Castile Resources	CST		rallying	gold/copper/cobalt
Catalyst Metals	CYL		new uptrend	gold
Cazaly Resources	CAZ		forming a base	rare earths
Celsius Resources	CLA		stronger	copper
Cobalt Blue	COB		down again	cobalt
Cyprium Metals	CYM		breached downtrend, surged higher	copper
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		breached support	gas
EQ Resources	EQR		breaching downtrend	tungsten
Evolution Energy	EV1		new low	graphite
Evolution Mining	EVN		rising	gold
First Graphene	FGR		spiked higher	graphene
Fortescue Metals	FMG		rallying	iron ore
Genesis Minerals	GMD		rising	gold
Globe Metals and Mining	GBE		steeply higher	niobium
Gold 50	G50		new uptrend	gold exploration + gallium
Great Boulder Resources	GBR		sideways at lows	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		sideways through downtrend	gold exploration
Hastings Technology Metals	HAS		collapse to new low	rare earths
Heavy Minerals	HVY		new low	garnet
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		improving	mineral sands

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ioneer (was Global Geoscience)	INR		rising again	lithium
Ionic Rare Earths	IXR		down	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Lithium	JLL		back to lows	lithium
Jupiter Mines	JSM		rising	manganese
Kaiser Reef	KAU		improving	gold
Krakatoa Resources	KTA		steep rise on niobium news	rare earths
Larvotto Resources	LRV		rising	gold, antimony
Lindian Resources	LIN		breached downtrend	rare earths + bauxite
Li-S Energy	LIS		sideways	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold/nickel exploration
Lotus Resources	LOT		rising	uranium
Lucapa Diamond	LOM		new low	diamonds
Lunnon Metals	LM8		testing uptrend	nickel
Lynas Corp.	LYC		rallied to meet resistance	rare earths
Marmota	MEU		rising	gold/uranium exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		rallying	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		sideways	rare earths
Metro Mining	MMI		new high	bauxite
Midas Minerals	MM1		slump	lithium
Mitre Mining	MMC		steep rise	silver
Nagambie Resources	NAG		another new low	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		breached downtrend	diamonds
Nexgen Energy	NXG		breached uptrend	uranium
Northern Star Res.	NST		rising	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		down	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		new high	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		testing downtrend	lithium
Peninsula Energy	PEN		sideways	uranium
Perseus Mining	PRU		at highs	gold
Provaris Energy	PV1		testing uptrend	hydrogen
QMines	QML		new low	copper
Queensland Pacific Metals	QPM		testing downtrend	nickel/cobalt/HPA
RareX	REE		new low	phosphate, rare earths
Regis Resources	RRL		rising	gold
Regergen	RLT		rising	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		rising again	diversified, iron ore

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RTG Mining	RTG		rising	copper
Rumble Resources	RTR		new low	zinc exploration
S2 Resources	S2R		gentle downtrend	gold exploration
Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarytogan Graphite	SGA		down	graphite
Siren Gold	SNG		rising	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		spike to new high	gold exploration
Southern Palladium	SPD		rising again	PGMs
Stanmore Coal	SMR		testing downtrend	coal
Stellar Resources	SRZ		uptrend	tin
Summit Resources	SUM		new high	niobium, rare earths
Suvo Strategic Minerals	SUV		spiked higher	kaolin
Talga Resources	TLG		rallying	graphite
Tamboran Resources	TBN		rising again	gas
Theta Gold Mines	TGM		rising again	gold
Thor Energy	THR		down	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Torque Metals	TOR		breached downtrend	gold exploration + lithium
Vanadium Resources	VR8		new uptrend	vanadium
Venture Minerals	VMS		sideways	tin, tungsten
Vintage Energy	VEN		new low	gas
Voltaic Strategic Resources	VSR		at lows	REO + lithium
Vertex Minerals	VTX		breached downtrend	gold
Walkabout Resources	WKT		sideways	graphite
Warriedar Resources	WA8		breached downtrend	gold exploration
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		testing downtrend	gold
West Wits Mining	WWI		correcting lower	gold
Whitehaven Coal	WHC		testing uptrend	coal
Zenith Minerals	ZNC		new low	gold exploration
Totals	39%	53	Uptrend	
	28%	39	Downtrend	
		137	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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- Errors and omissions may occur from time to time, especially in fast moving markets.

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	28	20.4%	
Gold Exploration	16	11.7%	
Rare Earths	13	9.5%	
Copper	10	7.3%	
Uranium	7	5.1%	
Lithium	6	4.4%	
Oil/Gas	6	4.4%	
Nickel	5	3.6%	
Graphite/graphene	5	3.6%	
Iron Ore/Manganese	4	2.9%	
Potash/Phosphate	4	2.9%	
Coal	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	30.0%	
Diamonds	2	1.5%	
Niobium	2	1.5%	
Vanadium	2	20.0%	
Zinc/Lead	2	1.5%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	10		
Total	137		

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