

Updates on Emu, Los Cerros and Marvel Gold

Marvel Gold also has big picture exploration

In suggesting that Marvel Gold (MVL) was capitalised modestly at \$23m a week ago, on the back of the 23.9 Mt at 1.2 gpt (910,000 oz) resource at Tabakorole, we didn't factor in the exciting exploration play at Lakanfla, in western Mali near the Senegal border. This is strategically located near the Senegal Mali Shear Zone, the same structure that hosts a number of large gold despoths such as Yatela (4.5 Moz), Sadiola (13.5 Moz), Loulo (12.5 Moz), Tabakoto (4.3 Moz), Gounkoto (5.4 Moz) and Fekola (7.1 Moz).

Last Monday, the company announced that it had commenced 3,800m RC drilling program on a licence that is currently being worked by artisanal operators. These workings are coincident with major geochemical and gravity anomalies that show similarities to Yatela and Sadiola, which are 35 km and 3 km to the NW, respectively. The program will test four target zones with results expected in November/December.

Notwithstanding my general comments last week about nearology, Marvel's licence is obviously in a region where there are many rich gold projects. There are good geological reasons why Marvel thinks there could be something worthwhile on its ground, including earlier intercepts of 26m at 5.1 gpt and 18m at 4.3 gpt, from depths of 32m and 34m. The ground has only been tested to shallow depths of 75m.

While many of the boxes have been ticked, this is still an exploration play. It might not be successful, but the probability is that there will be some gold. Just how much remains to be seen. If Marvel finds what it is looking for, then the right drill results could dramatically move the market capitalisation higher. Commercialisation of anything found could be made simpler by the availability on nearby treatment plants, with Sadiola being likely to need oxide ore in the near term. So, Marvel looks like a good mix of in-situ gold resources at Tabakorole and promising exploration at Lakanfla.

Disclosure: Interest associated with the author own shares in Marvel Gold.

Patterns in nature can play a role in exploration

In the past I have come across geologists that have considered fractal analysis and order in chaos as some of the more esoteric tools in the hunt for big orebodies. The objective is to recognise a pattern and then try to fit regional orebodies into that pattern. Greg Hall, the highly qualified and experienced ex-Placer Dome geologist, gave me an education in this approach over 10 years ago. The company to which he was consulting at the time was using

this technique to find locations that might host another Tropicana, in WA.

Notwithstanding that there is still only one Tropicana, it has been observed that there are mineralising events in a number of locations around the world where, at regularly spaced intervals, sizeable deposits can be found along major trends. While it is not quite as simple as saying there should be an orebody every 50 km, that is the general idea. Realistically though, such an approach may be seen as a starting point in directing regional exploration. A program of more intimate exploration on the ground is always required to test the hypothesis.

An example of where this approach has strong merit is in the Mid-Cauca Porphyry Belt, that runs for many hundreds of kilometres from Colombia, through Ecuador and further south. Looking at the presentation released by Los Cerros (LCL) on 21/1/20, the map on page three shows a line of sizeable orebodies that neatly fit the theory. Starting with the 12 Moz Buritica project, there are more than seven deposits in a line with the one immediately to the north of Los Cerros's Quinchia Project, Marmato, hosting 14.4 Moz. What does this say for Quinchia? Does it fit the pattern? It seems to.

We already know that there is something at Quinchia of a significant size, but we don't know what the ceiling is. Could it be 5-10 Moz? Maybe that is in the ball park, given the other deposits found along the trend. Therein lies the speculation. Be aware that projects this size take time and money to drill out. Los Cerros is at the starting gate with a market capitalisation of only \$70m, but it seems to be in the right place at the right time.

Yesterday's announcement of a 360m intercept grading 0.39 gpt from surface, being the first scout hole into an anomaly to the north, points to another very large mineralised body. The story is getting bigger and better.

Disclosure: Interest associated with the author own shares in Los Cerros

The EMU is back where it belongs, in WA

When we first mentioned Emu NL (EMU), back in January 2020, it was waiting for the assays for two diamond holes drilled to > 400m depths to test IP anomalies in Chile. Unfortunately, these holes were dusters with nothing better than 0.2 gpt gold. The anomaly seems to have come from 5% pyrite concentrations. So, management bit the bullet and decided to walk away, writing off the accumulated expenditure of US\$8m. That started a search for a new focus with over 70 projects being assessed before deciding on a package in WA that includes both topical geology

favourable for Ni-Cu-PGM ground, with the allure of something like Chalice's Julimar discovery, as well as the more traditional gold plays around an historical high-grade mine.

Looking at the Avenger deal first

On 28 September, Emu announced that it had agreed to acquire a portfolio of exploration projects with potential for Ni-Cu-PGM mineralisation, all within 450 km of Perth. It is acquiring 100% of three projects by paying \$150,000 and issuing 30 million shares, with a further 25 million performance shares payable if it advances any of the projects to a feasibility study. At the recent share price of 4.6¢, this amounts to \$1.38m in shares now, and \$1.15m later in the event of success.

The **Sunfire** Project, near Bridgetown, has potential for mafic-ultramafic intrusives prospective for nickel, copper, and platinum group element (Ni-Cu-PGE) mineralisation. The **Graceland** Project near Lake Grace is similarly prospective for Ni-Cu-PGE and the **Viper** Project is a copper play. These project should all be seen as grass roots plays.

Sunfire is particularly interesting due to the proximity to ground held by Venture Minerals that Chalice has recently farmed into (spending \$3.7m to earn 70%); in fact Venture surrounds Emu's ground. Historical work has identified nickel previously but mostly in the lateritic form, though there was one intercept of 17m at 1.7% Ni. WMC and Shell focussed on the chromite potential of the ground. Emu aims to start exploration with geochemical sampling and geophysics to work up drill targets.

Graceland already has a 5 km long magnetic feature coincident with a gravity high that is essentially untested, and looks like it could be prospective for nickel mineralisation in mafic-ultramafic intrusions. The aim is to conduct some more geophysical work and then drill test the anomaly.

Viper covers the historical high-grade Netty Copper Mine. Channel sampling by Audax Resources in 1987, returned copper values in the range of 3-10% from underground channel sampling. Again, exploration will start with geophysics.

A second deal announced on a gold mine

A second deal was announced on the same day, over the historic Gnows Nest Gold Mine near Yalgoo. That mine has recorded gold production of 27,000 oz at a recovered grade of 22 gpt, between 1923 and 1941. It closed down due to labour shortages and water inflows, having been producing from a narrow underground mine down to 135m depth.

Recent drilling on a 10m x 10m grid to depths of less than 50m vertical has enabled the calculation of an Indicated and Inferred Resource of 113,400 t at 3.78 gpt for 13,777 oz, that could be mined in a small open pit. There is potential for more mineralisation along strike and at depth. The original mine was based on a 1.2-2m wide vein but the

current resource sits in a 10m wide shear zone of talc-chlorite schists. The general level of oxidation is 40m deep, with this extending much further in the shear zone itself. The immediate plan is to start an 8,000m drilling program in December to test for extensions.

The Gnows deal will cost the company \$1.2m on settlement and 22.857 mill. shares (nominally \$640,000 on the deal price of 2.8¢). Another 48 million shares will be payable on the definition of 50,000 oz at 3.5 gpt, or a 34,000 oz JORC Reserve.

At recent gold prices of around US\$1,900/oz, the in situ value of the resource is around A\$36m. A small open pit could be developed at a good grade, for trucking to up to half a dozen plants in the area. The price Emu could get for the gold is very much open to negotiation, but if you assume a margin of A\$500/oz you can calculate a cash margin of about A\$7m. Hence the cost price of the deal.

The reality is that these sort of numbers are useful but not company-makers in their own right. Shareholders will be looking for the bigger picture exploration play for something more substantial. The fact that this historical mine hasn't been in the hands of a public company at any time over the last 40 years leaves the door open to possibilities. The real upside lies with the ability to grow the resource through exploration.

Giving the company renewed life

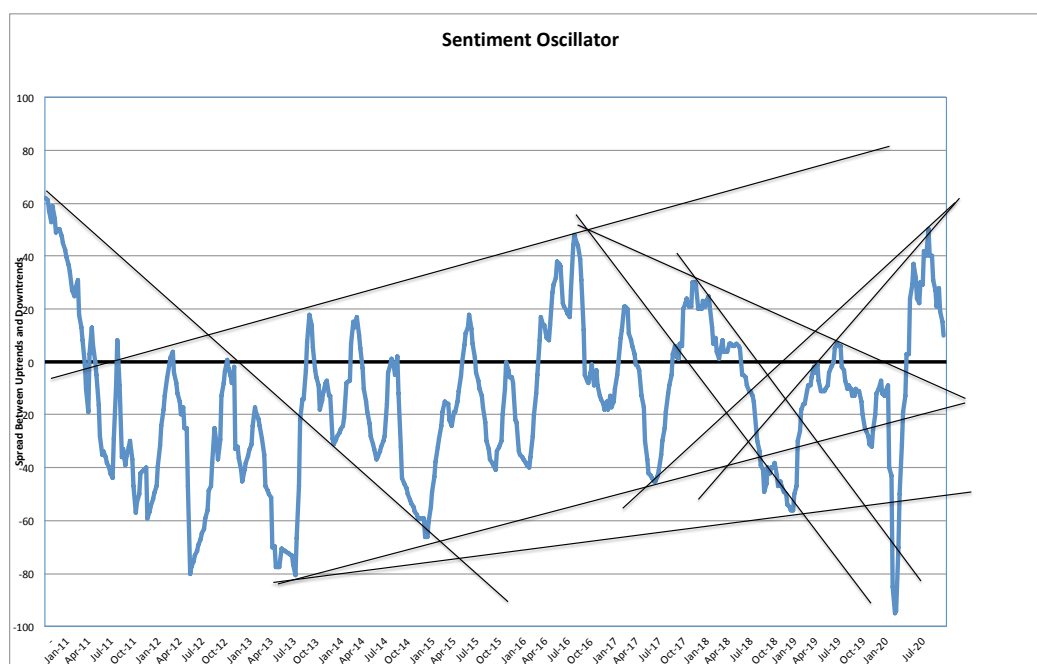
The acquisition of these projects represents the start of the rebirthing of Emu, following its withdrawal from Chile. The future value of the company and the share price will depend upon the levels of success it achieves in exploration programs, along with any subsequent acquisitions that the company may chose to pursue. The portfolio is quite topical given the excitement in WA created by Chalice's discovery at Julimar.

The commerciality of these terms accepted by Emu should be placed in perspective with some the IPOs doing the rounds at the moment. One could say that the purchase price is very modest, and suitably performance based, unlike the IPOs that the opportunists are trying to push onto Johnny Public. Take this as instructive.

A quick \$1m placement was done at 3¢ when the deal was announced, with Hartleys being the broker. Add this to the \$1.66m balance at 30/6/20, and the company has enough to keep the wheels rolling for the time being. The market capitalisation is around \$16.65m with the shares at 5¢.

The low share price and market capitalisation (pre-dilution for performance share issues), and an expanding information curve, are key features I like to see with exploration stocks. It is a new story that will gather momentum as exploration programs add to the news flow.

Sentiment Oscillator: Sentiment turned down again over the week. There were 46% (45%) of the charts in uptrend and 36% (30%) in downtrend on Friday's close. The increase in stocks in downtrends, whilst those in uptrend remained steady, suggests that the market is becoming more discerning. Stocks that had risen on optimism alone, earlier in the bull market, are being judged more critically now.



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		still weak	
Metals and Mining	XMM		down	
Energy	XEJ		down	
Stocks	Code		Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N		new high	HPA
Adriatic Resources	ADT		trying to rally	zinc, polymetallic
Aeon Metals	AML		on support line	copper + cobalt
Alkane Resources	ALK		new high	gold, zirconia
Alicanto Minerals	AQI		surge to new high	base metals, silver, gold
Allegiance Coal	AHQ		sideways	coking coal
Alliance Resources	AGS		sideways	gold predevelopment
Alto Metals	AME		new high	gold exploration
American Rare Earths (was BPL)	ARR		surge to new high	rare earths
Apollo Consolidated	AOP		downtrend commenced	gold exploration
Arafura Resources	ARU		breached downtrend	rare earths
Aurelia Metals	AMI		testing support	gold + base metals
Australian Potash	APC		strongly higher	potash
Auteco Minerals	AUT		breached support line	gold exploration







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BHP	BHP	down	diversified, iron ore
Base Resources	BSE	rising	mineral sands
BBX Minerals	BBX	higher	gold exploration
Beach Energy	BPT	down	oil and gas
Beacon Mining	BCN	testing downtrend	gold production
Bellevue Gold	BGL	sideways at highs	gold exploration
Blackstone Minerals	BSX	rising	nickel
Blue Star Helium	BNL	rising	gas, helium
Breaker Resources	BRB	still in LT downtrend	gold exploration
Buru Energy	BRU	down	oil
Buxton Resources	BUX	down on negative drill result	nickel exploration
Calidus Resources	CAI	sideways at highs	gold
Capricorn Metals	CMM	breached uptrend	gold
Central Petroleum	CTP	rising	oil/gas
Chalice Gold	CHN	new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML	collapse on negative drill result	nickel/copper/PGE
Chesser Resources	CHZ	back to highs	gold exploration
Cobalt Blue	COB	down	cobalt
Dacian Gold	DCN	rallying	gold
Danakali	DNK	down	potash
Davenport Resources	DAV	still in longer term downtrend	potash
De Grey	DEG	new high	gold
E2 Metals	E2M	testing uptrend	gold exploration
Ecograf (was Kibaran)	EGR	pullback	graphite
Element 25	E25	new high	manganese
Emerald Resources	EMR	breached uptrend	gold
Euro Manganese	EMN	rising	manganese
Evolution Mining	EVN	sideways	gold
First Graphene	FGR	breached downtrend	graphene
Fortescue Metals	FMG	down	iron ore
Galaxy Resources	GXY	heavy slump	lithium
Galena Mining	G1A	rising	lead
Galilee Energy	GLL	rising	oil and gas, CBM
Genesis Minerals	GMD	uptrend	gold
Gold Road	GOR	down	gold
Highfield Resources	HFR	rising	potash
Hillgrove Resources	HGO	still in downtrend	copper
Iluka Resources	ILU	down	mineral sands
Image Resources	IMA	falling back to support line	mineral sands
Independence Group	IGO	down	gold
ioneer (was Global Geoscience)	INR	steeply higher	lithium
Ionic Rare Earths (Oro Verde)	IXR	gentle uptrend	rare earths
Jervois Mining	JVR	sideways	nickel/cobalt
Jindalee Resources	JRL	pullback	lithium

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Kin Mining	KIN		new high	gold
Kingston Resources	KSN		testing uptrend	gold
Kingwest Resources	KWR		drifting lower	gold
Legend Mining	LEG		rising again	nickel exploration
Lepidico	LPD		sideways	lithium
Lindian Resources	LIN		higher	bauxite
Lithium Australia	LIT		testing uptrend	lithium
Los Cerros	LCL		steeply higher	gold exploration
Lotus Resources	LOT		down	uranium
Lucapa Diamond	LOM		pullback on exploration news	diamonds
Lynas Corp.	LYC		new high	rare earths
Mako Gold	MKG		back in downtrend	gold exploration
Mali Lithium	MLL		uptrend	gold & lithium
Manhattan Corp	MHC		correcting lower	gold exploration
Marmota	MEU		drifting lower	gold exploration
Marvel Gold (was Graphex)	MVL		pullback	gold exploration
MetalTech	MTC		breached uptrend	gold
MetalsX	MLX		down	tin, nickel
Metro Mining	MMI		new low	bauxite
Mincor Resources	MCR		rising	gold/nickel
Musgrave Minerals	MGV		down	gold exploration
Myanmar Minerals	MYL		on support line	lead, zinc, silver
Nelson Resources	NES		rising	gold exploration
Neometals	NMT		testing downtrend	lithium
Northern Minerals	NTU		steeply higher	REE
Northern Star Res.	NST		breaching downtrend	gold
NTM Gold	NTM		sideways	gold exploration
Oceana Gold	OGC		heavy fall	gold
Oklo Resources	OKU		down	gold expl.
Orecorp	ORR		breaching uptrend	gold development
Orocobre	ORE		down	lithium
Oz Minerals	OZL		down	copper
Pacific American Holdings	PAK		strongly higher	coal
Pacifico Minerals	PMY		down	silver/lead
Pantoro	PNR		down	gold
Panoramic Res	PAN		rising	nickel
Peak Resources	PEK		down	rare earths
Peel Mining	PEX		uptrend	copper
Peninsula Energy	PEN		down again	uranium
Poseidon Nickel	POS		drifting lower	nickel
Pure Minerals	PM1		rising	nickel/cobalt/HPA
Pensana Metals	PM8		surge to new high	rare earths
Perseus Mining	PRU		testing uptrend	gold
Pilbara Minerals	PLS		rising	lithium

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Polarex	PXX		heavy fall	polymetallic exploration
Ramelius Resources	RMS		rising again	gold production
Red5	RED		rallying	gold
Red River Resources	RVR		new high	zinc
Regis Resources	RRL		breached trend line	gold
Regergen	RLT		down	gas, helium
Resolution Minerals	RML		down	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		down	diversified, iron ore
Rumble Resources	RTR		rising again	gold exploration
Salt Lake Potash	SO4		down	potash
Saracen Minerals	SAR		testing downtrend	gold
St Barbara	SBM		down	gold
Sandfire Resources	SFR		Downtrend	copper
Santos	STO		down	oil/gas
Saturn Metals	STN		down	gold exploration
Sheffield Resources	SFX		correcting lower	mineral sands
Sky Metals	SKY		breaching downtrend	gold exploration
St George Mining	SGQ		down	nickel
Silex Systems	SLX		down	uranium enrichment technology
Silver Mines	SVL		on support line	silver
Sipa Resources	SRI		breached uptrend	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new low	coal
Strandline Resources	STA		down	mineral sands
Sunstone Metals	STM		uptrend	
Talga Resources	TLG		rising	graphite
Technology Metals	TMT		surge higher	vanadium
Tesoro Resources	TSO		new high	gold exploration
Theta Gold Mines	TGM		uptrend	gold
Tietto Minerals	TIE		down	gold
Titan Minerals	TTM		breaching downtrend	gold
Vango Mining	VAN		down	gold
Venturex	VXR		rising	zinc
Vimy Resources	VMY		sideways	uranium
West African Resources	WAF		new high	gold
Westgold Resources	WGX		breached downtrend	gold
West Wits Mining	WWI		rising	gold
Western Areas	WSA		down	nickel
Whitebark Energy	WBE		down	oil and gas
Whitehaven Coal	WHC		rallying	coal
Wiluna Mining	WMX		back to support line	gold
Yandal Resources	YRL		down	gold exploration
Zinc Mines of Ireland	ZMI		testing downtrend	zinc
Totals	46%	66	Uptrend	

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	36%	52	Downtrend	
		145	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.
- 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	37	25.5%	
Gold Exploration	25	17.2%	
Nickel	12	8.3%	
Oil/Gas	8	5.5%	
Lithium	8	5.5%	
Zinc/Lead	7	4.8%	
Rare Earths	7	4.8%	
Copper	6	4.1%	
Mineral Sands	5	3.4%	
Iron Ore/Manganese	5	3.4%	
Potash/Phosphate	5	3.4%	
Coal	4	2.8%	
Uranium	4	2.8%	
Graphite	2	1.4%	
Bauxite	2	1.4%	
Silver	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	

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Diamonds	1	0.7%	
Other	3		
Total	145		

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