

Field trip to promising Victorian gold play, Aureka Ltd

The gold price traded down to US\$4,023, being a 9% fall over the week. We can sigh with relief at the recovery on Thursday and Friday, but there is no reason to say that it won't come off again next week. We are still guessing, seeing movements in the share market that are consistent with it being a short term bear market, exacerbated by end of financial year selling.

The main focus in this Weekly is Aureka Ltd following a field visit on Tuesday and Wednesday. Its value is underappreciated by the market just now and the gold price does not help, but there is more upside than downside in the stock

Aureka; modestly priced, well positioned

Last week I spent a couple of days in NW Victoria, visiting the gold projects of Aureka Ltd (AKA); Stawell, St Arnaud and Jubilee. A quick glance shows a number of very good, high-grade intercepts in an area with rich gold mining history but the objective of the visit was to see whether they are supportive of a move to commence mining.

Considering the open pit resource first.

Aureka has announced a JORC resource of 360,000 oz at 2.1 gpt. A promoter could say that the 360,000 oz resource across two projects has an in-situ value of \$2.1Bn, but that would be a meaningless statement as it doesn't consider the cost of getting it out of the ground. Rather, we should consider the commerciality of open pits and underground ore positions in the area.

It has been observed that permitting an open pit in Victoria is very difficult due to environmental and political issues. That means that open JORC resources have questionable economic value on their own. They have to be seen alongside deeper, underground ore positions. Their best value is that they could be pathfinders to such deeper orebodies that could actually be mined.

When travelling through country Victoria it doesn't take much imagination to think that there is a great deal of gold still in the ground. The 1850s gold boom was based more on easily recoverable alluvial gold. The source of this gold is still there, deeper down, but how do you access it? The obvious answer, if you can't open pit the ground, is to look at the lower environment impact method of underground mining. After all, it is quite likely that the gold reefs (veins) could extend for hundreds of meters depth. As an example, the historical Lord Nelson Gold Mine, on the Aureka tenements, was mined to 750m depth to recover 353,000 oz. It is only 2 km from AKA's Comstock project.

No native title claims, but access to ground is hard

There is another hurdle in Victoria; land access. It is not easy to get a drilling permit to enable you to fully drill out the orebodies. Recognising this, Aureka has purchased strategic land positions to give greater flexibility and

access. It also has access to drill results from the previous operator.

Companies can get bogged down trying to perfect feasibility studies, but these can be somewhat abstract. Alternatively, a company can choose to go underground earlier in an exploration style development program that delivers more reliable data. Procedurally, the ASX will not allow you to call it a mine without JORC Resources, but that doesn't mean it is not a mine in the making. Real results would still be amenable to effective promotion.

Such a strategy would be the fastest route to gold production. The Company would be gaining valuable knowledge and it would be able to drill from easier to permit underground positions. The Company would be getting an appreciation of ground conditions and a detailed understanding of how the reef performs, rather than relying on pierce points from surface drilling, spaced at 20m intervals. Increased knowledge would lead to increased confidence.

Implications for the Walker Zone, at Comstock

The earliest opportunity for Aureka to produce gold will come from the Walker Zone beneath the old open pit at Comstock near St Arnaud, accessible from crown land. While it is still conceptual, and requires the drilling of 10-15 holes over the next two months (we saw Hole # 5 drilling in progress), there could be 40,000 t of ore that could be mined via a decline. There is potential to recover 8-10,000 oz of gold, worth gross revenue of \$48m-\$60m. Royalties and concentrate payment terms would slice 20% off this figure. Mining costs could be \$300 pt, and trucking costs \$20 pt. Speculative back-of-the-envelope numbers could look like this;

Tonnes treated	40,000 t
Recovered Grade	8 gpt
Gold Production	10,200/oz (at the higher end)
Gold Price	A\$5,800/oz
Gross Revenue	\$62m
Royalties (4%)	\$2.5m
Payment Terms	80%
Net Revenue	\$49.6m
Operating Costs	<u>\$3.2m</u> (\$320/pt)
EBITDA	\$46.4m
Capex	
Pre-Production	\$2m
Development	\$2m (\$100/t)
Net, Pre-Tax	\$44.4m

Pre-production development will involve the excavation of a 600m, 2.5m x 2m decline, at a total cost of \$1.5-2m.

The grade of the mineralisation is variable between 2 gpt and 60 gpt, owing to coarse gold, but there is a feeling that 8 gpt recovered will be achievable from the oxide and transitional ore. Primary ore would not be mined in this initial exercise.

Permitting steps needed

Aureka will lodge an application for a Prospecting Licence in about one month, which has a life of seven years. This will enable mining in an area up to 5 Ha in area. The granting of this could take 90 days but then the Company will have to lodge a Work Plan. That could take another 6-12 months to be approved, meaning the actual mining would not commence for 12-18 months. Nevertheless, a PL process is a much faster than applying for a full Mining Lease.

A worth while venture to get the ball rolling

If indeed the operation yielded pre-tax profit of \$44m, as the above numbers suggest, it would be a worthwhile venture. A longer life at this location may be possible, but there is a fault that interrupts the mineralisation. The faulted extension would need to be found first.

Fiddlers Creek Underground Gold Mine (private)

Whilst in the area we dropped in to the Fiddlers Creek underground gold mine in the Percyfield Goldfield. In the 1850s historical records show alluvial gold production of 700-750,000 oz of gold. Underground workings subsequently involved several shafts going down to approximately 60m depth on three levels, exposing reefs totalling about 200m of strike.

Core Prospecting gained control of the project in 2015, and worked through the approval process to develop the mineral resource, complete metallurgical test work and then gain mining approvals. The mining development for the current 2m x 2.5m decline began in August 2024. The strike length of the reef being mined currently is about 70m and the width varies from 0.6-2.0m, averaging 0.6m. Thus it is correctly described as a narrow vein, trackless mining operation.

Year to date production in 2026, amounts to about 1,250 tonnes for an average recovered grade of 8 gpt. That implies gold production of around 3,000 oz pa, worth \$18m p.a. in revenue. It is believed that payment terms for the concentrate, which is shipped to Malaysia, are about 80-85% when the concentrate exceeds 65 gpt. Core is only getting paid for the precious metals, not for the lead and zinc.

Most of the gold reports to a gold/silver/lead concentrate recovered at the privately owned Wedderburn gold mill employing gravity and flotation methods. There is no cyanide licence.

Currently the 5 tph plant can treat up to 42,000 tpa but it is not fully utilised. Plant recoveries have generally been in the range of 80-90% with the process working better when lower grade tailings material is added to the freshly mined ore. The plant is underemployed at present and is available to treat third party ore.

The Bottom Line

Aureka is not an expensive stock. It is capitalised at only \$13.5m with \$3.7m in the bank. The shares are trading 41% below the recent high. Thus it would seem like the

gold price has been the biggest influence on the share price. That is normal. The challenge for directors is to get the share price to outperform its peers otherwise there is nothing unique about it and it can get lost in the noise.

We have suggested a strategy above that would distinguish the Company from many other exploration companies who just ride the cycles. Aukeka would still need to ride the cycle successfully in order to raise funding, but there is an end game in sight.

The proximity to Core Prospecting could hold the key. There, at Fiddler's Creek, you have the beginnings of what promises to be a successful strategy to develop underground mines in the region. It is small now, but these types of mines by necessity start out small. They grow and multiply with continued development. Eventually, the licences could support a number of mines that cumulatively start to provide decent production levels. A recovered grade of 8 gpt from these mines should be comfortably profitable.

Rationale for Buying Gold Stocks

If you think the gold price is going much higher, you will buy gold shares. Larger, less risk preferring investors will want producers. That is common sense. But what about the hundreds of speculative companies that have exploration projects that may become producers, or just remain as speculative entities? How do you distinguish amongst them, and which of them will have the best correlation with gold price movements, or the best leverage? Which ones have the most seductive stories?

Remember, you don't have to have an agenda of going into production in order for shareholders to make money. If anything, that final step is often the most difficult one. It certainly introduces a long-term time frame.

Other Noteworthy News Flow from Last Week

1. Aurem Resources (AUE)

Aurem is wasting no time. It has released a favourable PFS for its Boundiali Gold Project in Cote d'Ivoire. Key point were;

- 6 Mtpa CIL plant capacity
- 185,000 oz p.a. for the first five years
- 1.5 Moz over 11 year mine life
- Pre-production capex of US\$342m
- AISC of US\$1,951/oz (incl. 8% royalty)

Comment: As we have previously said, this is a well-managed, excellent project. Why else would Perseus have taken 9.9% in a placement at a premium? Now it is just a matter of time before Perseus decides to swallow the rest of the company.

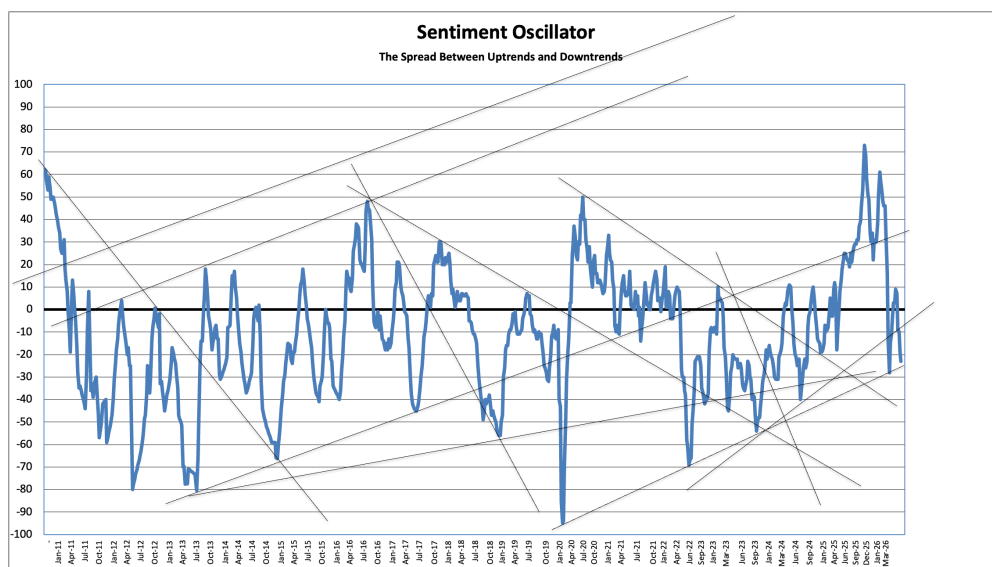
2. White Cliff Minerals (WCN) reporting very high-grade copper intercepts in Canada.

During the week WCN reported intercepts from the Rae Copper Project at Danvers, in Nunavut, that included the following exceptional result;

- 19.8m @ 6.64% Cu from 152m
 - incl. 7.6m at 1.38% Cu, and
 - 1.5m at 21.1% Cu

Comment: We have previously commented on WCN, seeing it as an exciting copper exploration play with unusually high grades. We expect to see more good results from drilling underway now.

Disclosure: Interests associated with the author own shares in White Cliff.



Sentiment Oscillator: There was another fall in sentiment last week. There were 28% (30%) of shares under coverage in uptrend, and 51% (49%) in downtrend. We now wait to see if the support line holds. Otherwise, it gets ugly.

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 in downtrend	
Metals and Mining	XMM	new high then a correction	
Energy	XEJ	still above trend line	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	sideways	phosphate, gold
Akora	AKO	down	iron ore
Alkane Resources	ALK	correcting lower	gold
Alicanto Minerals	AQI	recovering uptrend	base metals, silver, gold
Alligator Energy	AGE	down	uranium
Alpha HPA	A4N	breached downtrend	HPA
American Rare Earths	ARR	breaching uptrend	rare earths
American Tungsten & Antimony	AT4	resumed downtrend	antimon
Anax Metals	ANX	recovering uptrend	copper
Andean Silver	ASL	breached uptrend	silver
AnteoTech	ADO	heavy correction	batteries
Arafura Resources	ARU	shallower uptrend	rare earths
Ardea Resources	ARL	testing support line	nickel

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Ark Mines	AHK		down	rare earths
Astral Resources	AAR		down	gold
Aureka	AKA		weaker	gold exploration
Auric Mining	AWJ		sideways	gold
Aurora Energy Metals	1AE		down	uranium
Aurelia Metals	AMI		improving	copper + base metals
Aurum Resources	AUE		correcting lower	gold exploration
Australian Gold and Copper	AGC		down	base metals, silver, gold
Australian Rare Earths	AR3		collapse through support	rare earths
Australian Strategic Materials	ASM		stil in downtrend	rare earths
BHP	BHP		back in uptrend	diversified, iron ore
Ballard Mining	BM1		testing short term downtrend	gold
Ballymore Resources	BMR		down	gold exploration
Barton Gold	BGD		downtrend	gold exploration
Beach Energy	BPT		sideways	oil and gas
Beetaloo Energy	BTL		pullback on placement	gas
Bellevue Gold	BGL		down	gold
Besra Gold	BEZ		off its highs	gold
Black Cat Syndicate	BC8		down	gold
Boab Metals	BML		down	silver/lead
Brazilian Rare Earths	BRE		slump to support line	rare earths
Brightstar Resources	BTR		easing again	gold
Caravel Minerals	CVV		down	copper
Carnaby Resources	CNB		breached downtrend	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		down	gold
Cazaly Resources	CAZ		still in downtrend	rare earths
Centaurus Metals	CTM		new high	nicke/cobalt/HPA
Challenger Gold	CEL		down	gold
CNG Resources	CGR		down	gold exploration
Cobalt Blue	COB		down	cobalt
CuFe	CUF		another new high	bismuth, Cu, Au
Cyprium Metals	CYM		back into downtrend	copper
Emmerson Resources	ERM		breached uptrend	gold
EQ Resources	EQR		downtrend starting	tungsten
Estrella Resources	ESR		sideways	manganese
Evolution Mining	EVN		down	gold
Felix Gold	FXG		breaching uptrend	gold exploration, antimony
Finder Energy	FDR		down	oil/gas
First Graphene	FGR		sideways	graphene
Flagship Minerals	FLG		sideways	gold
Gateway Mining	GML		down	gold exploration + gallium
GBM Resources	GBM		down	gold
Genesis Minerals	GMD		down	gold

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Globe Metals and Mining	GBE	down	niobium
Gold 50	G50	down	gold exploration + gallium
Golden Horse	GHM	down	gold exploration
Great Boulder Resources	GBR	sideways	gold exploration
Green360 Tech	GT3	down	kaolin
Hamelin Gold	HMG	down	gold exploration
Hawk Resources	HWK	down	scandium
Heavy Minerals	HVY	breached downtrend	garnet
Hillgrove Resources	HGO	rising	copper
Iltani Resources	ILT	breached downtrend	antimony
Iluka Resources	ILU	rising again	mineral sands
Investigator Resources	IVR	falling	silver
Jupiter Mines	JMS	sideways	manganese
Kaiser Reef	KAU	down	gold
Kingfisher Minerals	KFM	back into downtrend	copper expl.
Kalamazoo Resources	KRZ	good rally	gold
Kalina Power	KPO	breached downtrend	data centre power
Koba Resources	KOB	down	uranium
Larvotto Resources	LRV	testing uptrend	gold, antimony
Litchfield Minerals	LMS	collapse	copper exploration
Lindian Resources	LIN	testing downtrend	rare earths + bauxite
Lode Resources	LDR	down	antimony, silver
Lotus Resources	LOT	collapse	uranium
Lynas Corp.	LYC	surge higher	rare earths
Mammoth	M79	strong recovery	gold exploration
Many Peaks	MPK	correcting lower	gold exploration
Marmota	MEU	down	gold/uranium exploration
Matsa Resources	MAT	down	gold
Meeka Gold	MEK	down	gold
MetalsX	MLX	new high	tin, nickel
Meteoric Resources	MEI	on support line	rare earths
Midas Minerals	MM1	rising	lithium
Mithril Silver & Gold	MTH	still down	silver, gold
Native Mineral Resources	NMR	turning down	gold
New Murchison	NMG	down	gold
New World Resources	NWC	rising	copper
Nexgen Energy	NXG	breaching downtrend	uranium
Novo Resources	NVO	placement & heavy correction	gold exploration
Omega Oil	OMA	heavy correction	oil
Pacific Gold	PGO	on support line	gold exploration
Pacific Lime & Cement	PLA	rising	renewables, cement
Paladin Energy	PDN	breached uptrend	uranium
Pantoro Gold	PNR	down	gold
Patriot Battery Metals	PMT	on support line	lithium

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Peninsula Energy	PEN		down	uranium
Perseus Mining	PRU		down	gold
Phosco	PHO		rising	phosphate
Pilbara Minerals	PGL		breached uptrend	gold
PolarX	PXX		down	gold exploration, base metals
QMiner	QML		breached downtrend	copper
Regis Resources	RRL		down	gold
Revolver Resources	RRR		softer	copper
Richmond Vanadium	RVT		sideways	vanadium
RIO	RIO		new high	diversified, iron ore
Rox Resources	RXL		testing uptrend	gold
RTG Mining	RTG		near its high	copper
Rumble Resources	RTR		rising	zinc, gold, tungsten exploration
Santana Minerals	SMI		correcting lower	gold
Santos	STO		rising	oil/gas
Sarytogan Graphite	SGA		down	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		down	gold exploration
Skylark Minerals	SKM		spike out of downtrend	gold exploration
Somerset Minerals	SMM		heavy fall	copper exploration
Southern Palladium	SPD		down	PGMs
Stanmore Coal	SMR		rising again	coal
St George Mining	SGQ		downtrend	rare earths, niobium
Stellar Resources	SRZ		on support line	tin
Sun Silver	SS1		down	silver
Sunrise Metals	SRL		surge higher	scandium
Tamboran Resources	TBN		lower	gas
Theta Gold	TGM		breaching downtrend	gold
Tivan	TVN		down	fluorite
Toro Energy	TOE		rising again	uranium
Torque Metals	TOR		down heavily	gold exploration + lithium
Toubani Resources	TRE		fallen to support line	gold
Verity Resources	VRL		down	gold
Vertex Minerals	VTX		down	gold
Waratah Minerals	WTM		testing uptrend	gold exploration
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		down	gold
Whitehaven Coal	WHC		rising	coal
White Cliff Minerals	WCN		sideways	copper exploration
WIN Metals	WIN		down	gold
Yandal Resources	YRL		down	gold exploration
Totals	28%	40	Uptrend	
	51%	72	Downtrend	
		142		

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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	35	24.6%	
Gold Exploration	25	17.6%	
Copper	14	9.9%	
Rare Earths	11	7.7%	
Uranium	8	5.6%	
Oil/Gas/Hydrogen	6	4.2%	
Silver	6	4.2%	
Iron Ore/Manganese	5	3.5%	
Antimony	4	2.8%	
Lithium	2	1.4%	
Graphite/graphene	2	1.4%	
HPA/Kaolin	2	1.4%	
Nickel	2	1.4%	
Scandium	2	1.4%	
Tungsten	1	0.7%	
Tin	2	1.4%	
Coal	2	1.4%	
Bismuth	1	0.7%	
Niobium	1	0.7%	
Potash/Phosphate	2	1.4%	
Vanadium	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	

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Cobalt	1	0.7%	
Other	5	3.5%	
Total	142		

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