

17 April 2021

On Friday's Close

Analyst : Warwick Grigor

## Waiting on Rumble's Zinc News

Last week the Dow Jones Index pierced 34,000 for the first time, the gold price continued to rise with new found enthusiasm that justified the encouraging performance of many of the gold producers that are breaking out of downtrend, and the iron ore price surged to a nine and a half year high. All three events worked to propel our local stock market indices higher. BHP and RIO burst out of recent downtrends.

Everything looks rosier now with an increasing number of charts breaching downtrends, causing the Sentiment Oscillator to continue with the reversal into positive territory. In the absence of a seriously negative disruption from left field, all signals suggest an improving resources market. So far most of the improvement has been in the more traditional mining stocks with battery and rare earths companies taking a bit longer to attract attention.

### *Rumble Resources running on zinc exploration*

Rumble Resources (RTR) has been one of our favourite WA exploration stocks in recent months, but admittedly it has been a modest performer in the market ... up until last week. The share price has run hard ahead of going into a trading halt relating to exploration results from drilling at the Earraheedy Zn-Pb-Ag project, 110 km north of Wiluna. While not the sexiest of metals, the exploration target is substantial, being 40-100 Mt at 3.5% Zn-Pb to 4.5% Zn-Pb of open pitiable resources. At that size it would be a Tier 1 asset, with 4% zinc grades equating to 1.8 gpt gold. At 100 Mt that could have similar in-situ value to 6 Moz. It could be a "company maker".

Rumble is part way through a 4,000m, 40 hole drill program at Earraheedy. As we write, ahead of coming out of the trading halt, the ASX release from 8 April said that four holes with good looking geology had been fast tracked to the assay lab. That is what started the run in the share price.

Rumble has previously described Earraheedy as having New Century-style potential i.e. world class, in a flat-lying, open-pitiable 200m wide zone up to 40m thick. On these dimensions, for every one km of strike there is potential for 12 Mt, and there are 40 km of strike to assess. The prospective ground is 75:25 owned between Rumble and Zenith in some parts, and 100% owned by Rumble for the balance.

### *Western Queen Gold offers early cash flow potential*

We previously described Western Queen as Rumble's main project owing to the bull market in gold back in July 2020. Located 110 km NW of Mt Magnet in WA, the Western Queen Project covers a series of historical open pits. The WQ Central yielded 660,000 t at 8.9 gpt gold for 190,000 oz, when Equigold trucked ore to its Dalgaranga treatment plant, and the WQ South produced 25,500 oz at 3.6 gpt, mostly for Ramelius. The remaining resource is 962,000 t

at 3.9 gpt, including a high grade component of 130,000 t at 9 gpt for 38,000 oz.

Early in February, Rumble reported assays of 5m at 38.76 gpt, 3m at 5.68 gpt and 17m at 5.7 gpt at depth below the Western Queen South open pit. As strong these were, the market was looking for something better so the shares were sold down. The weak gold price at the time didn't help.

In the light of the recent drilling, Rumble is now looking at Western Queen to provide a mineable resource in the order of 200,000 oz that can be joint ventured with one of a number of mills within truckable distance. The idea would be to use cash flow from such a venture to fund the exploration budget of \$5m p.a. without having to go back to shareholders all the time. We are expecting a resource update within the next few weeks.

### *Other Exploration Projects*

#### *1. Lamil - the quest for another Telfer*

At Lamil, AIC Mines Ltd is spending up to \$6m to earn a 50% interest, then perhaps another \$4m to go to 65%. The maiden drilling program, with results released in February 2020, was a technical success in that it proved primary copper sulphide mineralisation with gold. Grades were nominal but remember that the main objective was to prove that the basement rocks came much closer to surface than what was previously believed. These proterozoic basement rocks are considered to be prospective for Telfer and Havieron-style gold-copper deposits, Winu-style copper-gold deposits and Nifty-style copper deposits. The next round of drilling is scheduled to commence this month.

#### *2. Fraser Range projects with IGO*

The Fraser Range is another remote, grass roots region with plenty of grass roots potential. Independence Group has earned 70% of both Thunderdome and Thunderstorm, free carrying Rumble through to PFS.

The Dome is more of a Ni-Cu-Zn polymetallic target located 30 km along strike from the recent Mawson's Ni-Cu discovery. The Storm was originally a Ni-Cu prospect but there has been gold discovered in paleochannels. There is a 30 km long zone of interest showing potential primary and secondary gold within 50-100m from surface.

#### *3. Munarra Gully*

At Munarra Gully (100% RTR), located 60 km north of Cue, Rumble has identified gold-copper and silver in a 50m wide alteration zone along a strike length of 2.3 km, open in all directions. It sees potential for both VMS and orogenic gold in what could be a large system. Grades so far are low, but widths are looking good. This is still early stage.

#### *4. Braeside*

In February, Rumble announced the discovery of multiple high-grade Pb-Zn-Ag breccia zones at Barker Well, part of the Braeside Project in the Pilbara. RC intercepts of generally 2-6m returned grades ranging from 5.6% to

18.6% Pb, in three deeply dipping breccia zones over an 800m strike length. Most of the drilling was within 50m of the surface.

Also in the Braeside Project is the Camel Hump prospect, which recently returned intercepts of 35m at 0.55% Cu from 8m downhole, and 37m at 0.46% Cu from 19m. Six of the eight drill holes returned significant widths of oxidised stringer style malachite, chalcocite and native copper mineralisation. The company is now talking of a new VMS province when it throws in the neighbouring Warro prospect which demonstrates the same lithologies.

### *Value for Money at \$95m?*

Commenting on value for an exploration stock is very much a matter of opinion with stock market conditions being the arbiter. In Rumble's case, there is already a valuable gold asset and potential source of cash flow from Western Queen. There is plenty of blue sky with the portfolio of exploration projects, but right here and now the market's reaction to the zinc news will be most relevant influence. We will see whether it is another case of buy on rumour and sell on news, or whether this is indeed a serious game changer that brings in more buying.

### *Some interesting companies at 121 Hong Kong*

I recently attended the 121 Conference in Hong Kong. I've been meaning to share my thoughts on some of the companies but time and space have been a bit tight recently. So, I have assembled some of these thoughts below.

*Disclosure: Interests associated with the author own shares in Rumble Resources*

### *Kairos Minerals (KAI) Price 3.2¢, Mkt Cap \$54m*

KAI is a gold explorer with a strong focus on the Pilbara region of WA, having been active there for the last three years. It was well positioned to benefit from the recent mini-boom in Pilbara gold exploration companies which culminated in the very exciting Hemi gold discovery by De Grey (DEG). Back in November the Kairos share price peaked at 9.1¢ but by early March it bottomed out at 2.5¢.

The Pilbara is a very hot place in summer so minimal field work is undertaken at this time of the year and information flow tends to choke off until you get to Q2, with the cooler weather. This contributed to an easing of the share price over summer, along with the softness of the gold price. Both of these factors have turned the other way over the last week, delivering the turnaround in the share price.

Kairos already has an Indicated and Inferred gold resource of 20.9 Mt at 1.3 gpt, for 873,000 oz at its Pilbara Gold Project.

The latest exploration update, released in mid March, detailed a 20,000m RC drill program that was set to commence in mid April, at the Mt York. There is already a resource of 17.2 Mt at 1.26 gpt (697,700 oz).

Historically, the Pilbara was generally been seen as a difficult area for gold due to its remoteness and the absence of really large, profitable orebodies. There were always sniffs of gold that acted as teasers, but the perspective changed with De Grey's discovery at Hemi.

Suddenly the Pilbara became an exploration hot spot. Kairos is well positioned with its ground.

The largest shareholder in Kairos is the Canadian gold enthusiast, Eric Sprott, holding 10.1%. He is largely responsible for the company's cash balance of \$10m.

*Disclosure: Interests associated with the author own shares in Kairos Minerals*

### *Zenith Mineral (ZNC) Price 13¢, Mkt Cap \$38m*

Zenith came across as a legitimate exploration company with a number of promising projects, mostly in gold. However, there is another angle which has suddenly become important; zinc. Zenith has a 25% interest in some of the Earraheedy tenements being drilled by Rumble. Like Rumble, Zenith went into a trading halt last week. We need to do further work to determine exactly what ground belongs to Zenith, but it seems to be well positioned to share in the excitement.

Apart from Earraheedy, the Company's key exploration projects are located at Red Mountain in Queensland (gold), Split Rocks in WA (gold) and Develin Creek in Queensland (copper/zinc).

The geologists see an analogy between Red Mountain and the Mt Wright deposit near Charters Towers, which had a resource of 1.5 Mt at 2.7 gpt and was successfully mined. Split Rocks is located south of the previously very successful Yilgarn Star gold mine. There is a zone approximately 2 km x 300m showing anomalous gold. Drilling on 120m line spacing to depths of 140m has revealed a structure with a width of 4-20m wide beneath a 5-6m thick laterite cap that is being mined by a private party. So far it looks promising.

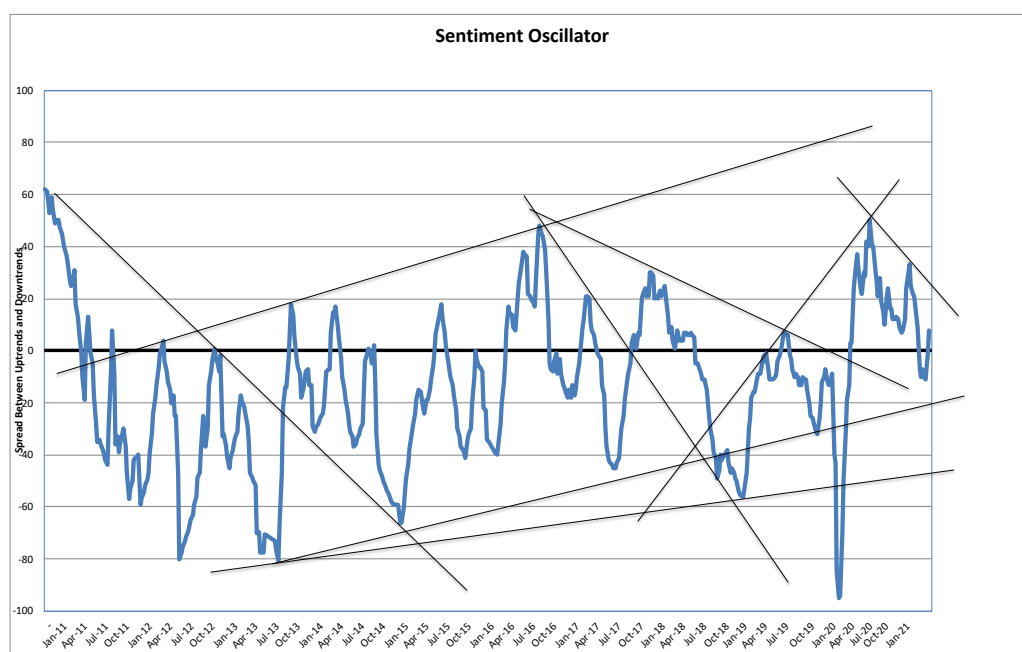
Develin Creek already has a resource of 2.57 Mt at 1.76% copper, 2.01% zinc, 0.24 gpt gold and 9.6% silver, at Sulphide City. Something larger would be needed to justify development, perhaps > 10 Mt. Zenith is optimistic that its regional ground position could add to the resource based on early intercept.

We expect that Zenith will quickly become a more topical stock with news on Earraheedy.

### *Celsius to benefit from changes in Philippines*

Last week the Philippine Government announced an end to a nine year moratorium on new mining deals that was instituted by the former President, Aquino. This is very positive news for Celsius, which has a large copper-gold project that is being assessed for development. The share price jumped a little on Friday on the news, breaking a downtrend. A chartist would tell you the shares are moving higher.

*Disclosure: Interests associated with the author own shares in Celsius Resources*





**Sentiment Oscillator:** There was a strong boost in sentiment over the week as more stocks broke downtrends. The worm is turning. Another week like last week will see many charts transition into uptrends as positive sentiment gathers momentum. There were 38% (34%) of the charts in uptrend and 30% (35%) in downtrend on Friday's close. The chart

## 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	continuing higher	
Metals and Mining	XMM	continuing higher	
Energy	XEJ	meeting resistance line	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	testing downtrend	zinc, polymetallic
Alkane Resources	ALK	breached uptrend, heading down	gold, zirconia
Alicanto Minerals	AQI	sideways	base metals, silver, gold
Altech Chemical	ATC	uptrend - flag forming	HPA, anodes
Alto Metals	AME	testing resistance line	gold exploration
American Rare Earths (was BPL)	ARR	testing uptrend	rare earths
Apollo Consolidated	AOP	down	gold exploration
Arafura Resources	ARU	on support line	rare earths
Ardea Resources	ARL	breaching support	nickel
Aurelia Metals	AMI	rallying	gold + base metals
Australian Potash	APC	holding shallower uptrend	potash

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Auteco Minerals	AUT		down	gold exploration
BHP	BHP		breached downtrend	diversified, iron ore
Base Resources	BSE		weaker	mineral sands
Beach Energy	BPT		recovered to meet resistance line	oil and gas
Bellevue Gold	BGL		off again	gold exploration
Blue Star Helium	BNL		rising again	gas, helium
Boab Metals	BML		down	silver/lead
Breaker Resources	BRB		improving	gold exploration
Buru Energy	BRU		stronger	oil
Calidus Resources	CAI		down	gold
Capricorn Metals	CMM		rising	gold
Caravel Minerals	CVV		recovering	copper
Celsius Resources	CLA		surge higher	uptrend
Chalice Gold	CHN		new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML		back to lows	nickel/copper/PGE
Chesser Resources	CHZ		down now	gold exploration
Cobalt Blue	COB		sideways	cobalt
Cyprium Metals	CYM		testing uptrend	copper
Danakali	DNK		testing uptrend	potash
Davenport Resources	DAV		rising again	potash
De Grey	DEG		rising again	gold
E2 Metals	E2M		testing downtrend	gold exploration
Ecograf (was Kibaran)	EGR		heavy pullback	graphite
Element 25	E25		pullback	manganese
Emerald Resources	EMR		coming back to support line	gold
Euro Manganese	EMN		breached downtrend	manganese
Evolution Mining	EVN		rising	gold
Firefinch	FFX		strongly higher	gold
First Graphene	FGR		correcting lower	graphene
Fortescue Metals	FMG		rallying	iron ore
Galaxy Resources	GXY		rising again	lithium
Galena Mining	G1A		off its highs	lead
Galilee Energy	GLL		pullback	oil and gas, CBM
Genesis Minerals	GMD		down	gold
Gold Road	GOR		breaching downtrend	gold
Hastings Technology Metals	HAS		breached uptrend	rare earths
Hazer Group	HZR		down	hydrogen
Highfield Resources	HFR		rising	potash
Hillgrove Resources	HGO		heavy pullback	copper
Iluka Resources	ILU		approaching previous high	mineral sands
Image Resources	IMA		testing support	mineral sands
Independence Group	IGO		bouncing	gold
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths (Oro Verde)	IXR		at highs	rare earths

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Jervois Mining	JVR		rising again	nickel/cobalt
Jindalee Resources	JRL		at highs	lithium
Kairos Minerals	KAI		back to support line	gold exploration
Kin Mining	KIN		testing downtrend	gold
Kingston Resources	KSN		testing downtrend	gold
Kingwest Resources	KWR		down	gold
Legend Mining	LEG		turned down at resistance line	nickel exploration
Lepidico	LPD		on support line	lithium
Lindian Resources	LIN		down	bauxite
Lithium Australia	LIT		down	lithium
Los Cerros	LCL		rising again on drill results	gold exploration
Lotus Resources	LOT		new high	uranium
Lucapa Diamond	LOM		breaking downtrend	diamonds
Lynas Corp.	LYC		testing downtrend	rare earths
Magnetic Resources	MAU		uptrend	gold exploration
Mako Gold	MKG		down again	gold exploration
Manhattan Corp	MHC		down	gold exploration
Marmota	MEU		still down	gold exploration
Marvel Gold	MVL		breached downtrend	gold exploration
Matador Mining	MZZ		down	gold exploration
MetalTech	MTC		heavy fall	gold
Meteoric Resources	MEI		down	gold exploration
MetalsX	MLX		near highs	tin, nickel
Metro Mining	MMI		down again	bauxite
Mincor Resources	MCR		down	gold/nickel
Musgrave Minerals	MGV		rallying	gold exploration
Myanmar Minerals	MYL		breaching downtrend	lead, zinc, silver
Nelson Resources	NES		new high	gold exploration
Neometals	NMT		near high	lithium
Northern Minerals	NTU		testing downtrend	REE
Northern Star Res.	NST		testing downtrend	gold
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		down	gold expl.
Orecorp	ORR		breached downtrend	gold development
Orocobre	ORE		steeply higher	lithium
Oz Minerals	OZL		new high	copper
Pacific American Holdings	PAK		sideways	coal
Pantoro	PNR		breached support line	gold
Panoramic Res	PAN		breaching uptrend	nickel
Peak Minerals	PUA		testing downtrend	copper exploration
Peak Resources	PEK		correcting lower	rare earths
Peel Mining	PEX		off its highs, on support line	copper
Peninsula Energy	PEN		rallying	uranium
Poseidon Nickel	POS		down	nickel

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Perseus Mining	PRU		down	gold
Pilbara Minerals	PLS		back to highs	lithium
Polarex	PXX		down	polymetallic exploration
Queensland Pacific Metals	QPM		new high	nickel/cobalt/HPA
Ramelius Resources	RMS		rising again	gold production
Red5	RED		testing downtrend	gold
Red River Resources	RVR		sideways	zinc
Regis Resources	RRL		new low on large financing	gold
Reergen	RLT		rising	gas, helium
Resolution Minerals	RML		new low	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		breached downtrend	diversified, iron ore
Rumble Resources	RTR		risen to resistance line	gold exploration
Salt Lake Potash	SO4		down	potash
St Barbara	SBM		testing downtrend	gold
Sandfire Resources	SFR		testing downtrend	copper
Santos	STO		strongly higher	oil/gas
Saturn Metals	STN		breached downtrend	gold exploration
Sheffield Resources	SFX		rising	mineral sands
St George Mining	SGQ		risen to resistance line	nickel
Silex Systems	SLX		testing downtrend	uranium enrichment technology
Silver Mines	SVL		testing downtrend	silver
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		breached steepest downtrend	coal
Strandline Resources	STA		rising	mineral sands
Sunstone Metals	STM		improving	
Talga Resources	TLG		breached support line, down	graphite
Technology Metals	TMT		sideways	vanadium
Tesoro Resources	TSO		down	gold exploration
Theta Gold Mines	TGM		down	gold
Thor Mining	THR		lower	gold exploration
Tietto Minerals	TIE		rallying	gold
Titan Minerals	TTM		sideways	gold
Venturex	VXR		surge on funding	zinc
Vimy Resources	VMY		steeply higher	uranium
West African Resources	WAF		higher	gold
Westgold Resources	WGX		breached downtrend	gold
West Wits Mining	WWI		off its highs	gold
Western Areas	WSA		strong rally	nickel
Whitehaven Coal	WHC		breached uptrend	coal
Wiluna Mining	WMX		down	gold
Yandal Resources	YRL		rising again	gold exploration
Zenith Minerals	ZNC		sideways	gold exploration
Zinc Mines of Ireland	ZMI		rising	zinc

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Totals	38%	54	Uptrend
	30%	43	Downtrend
		144	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	32	22.2%	
Gold Exploration	26	18.1%	
Nickel	12	8.3%	
Copper	9	6.3%	
Oil/Gas	6	4.2%	
Lithium	8	5.6%	
Zinc/Lead	7	4.9%	
Rare Earths	7	4.9%	
Mineral Sands	5	3.5%	
Iron Ore/Manganese	5	3.5%	
Potash/Phosphate	5	3.5%	
Coal	4	2.8%	
Uranium	4	2.8%	
Graphite	2	1.4%	
Bauxite	2	1.4%	
Silver	2	1.4%	
Cobalt	1	0.7%	

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Tin	1	0.7%	
Diamonds	1	0.7%	
Other	5		
Total	144		

**FEC Disclosure of Interests:** It is a requirement of ASIC that holders of AFS licences prominently disclose any conflicts of interest. At all times readers should be aware that Far East Capital Ltd is an active investor. It shares its research and opinions free of charge to other investors and it aims to do so on an ethical basis. Accordingly, when it is writing about stocks in which it holds interests, these will be disclosed. In this week's publication FEC discloses that interests associated with the the author hold shares in First Graphene. and Lucapa Diamond Company. The author is chairman of First Graphene and one of the largest shareholders, through a number of entities. Over the last three years FEC has received fees from Alicanto Minerals, Blackstone Minerals, Broken Hill Prospecting, Cobalt Blue, First Graphene, Golden Rim, Lindian Resources, Lucapa Diamond Company, Orinoco Gold, Pacific American and West Wits for corporate and capital raising services. Its primary business is investing and managing its own money, but it does occasionally raise money for resource companies.

**Disclaimer:** This Research Report has been prepared exclusively for Far East Capital clients and is not to be relied upon by anyone else. In compiling this Commentary, we are of necessity unable to take account of the particular investment objectives, financial situation and needs of any of our individual clients. Accordingly, each client should evaluate the recommendations obtained in this Commentary in the light of their own particular investment objectives, financial situation and needs. If you wish to obtain further advice regarding any recommendation made in this Commentary to take account of your particular investment objectives, financial situation and needs, you should contact us. We believe that the advice and information herein are accurate and reliable, but no warranty of accuracy, reliability or completeness is given and (except insofar as liability under any statute cannot be excluded) no responsibility arising in any other way for errors or omissions or in negligence is accepted by Far East Capital Limited or any employee or agent. For private circulation only. This document is not intended to be an offer, or a solicitation of an offer, to buy or sell any relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrant, or rights with respect to or interests in any such securities). We do not guarantee the accuracy or completeness of the information herein, or upon which opinions herein have been based. At any time we or any of our connected or affiliated companies (or our or their employees) may have a position, subject to change, and we or any such companies may make a market or act as principal in transactions, in any relevant securities or provide advisory or other services to an issuer of relevant securities or any company therewith. Unless otherwise stated all views expressed herein (including estimates or forecasts) are solely those of our research department and subject to change without notice. This document may not be reproduced or copies circulated without authority. Copyright © Far East Capital Ltd 2020.