

## Latitude Consolidated; a promising new gold company

Even though I expressed positive comments last week, based on the breakouts of downtrends by many stocks, our local stock market last week was rather subdued. The fact that copper and gold prices continued to improve didn't seem to matter as momentum seem to pause.

The news from Rumble Resources on the Earahedy zinc discovery was well received by the market with the shares shooting to a high of 59.9¢. This was one of the rare occasions where you could afford to buy a day after the announcement and still make good money in subsequent days. It was definitely not an example of "buy on rumour and sell on news".

### *Latitude makes a timely entrance into gold*

A new gold company on the radar is Latitude Consolidated (LCD), at a market capitalisation of \$39m with the share price trading at 5.1¢. Back in December 2020, it announced a deal whereby it purchased the Andy Well and Gnaweeda gold projects from Silver Lake Resources for \$8m. Soon after it completed a two tranche placement of shares at 2¢, raising \$10m.

### *Starting with a 776,000 oz resource*

The starting gold resource is 6 Mt at 4 gpt for 776,000 oz, located 45 km north of Meekatharra. Most of the gold is at Andy Well, being 1.8 Mt at 8.6 gpt for 505,000 oz, with 66% being Measured and Indicated. That mine produced around 300,000 oz of gold at 8 gpt in the five years leading up to 2017. The gold price was only A\$1,600/oz at the time and the owner, Doray Minerals, was having issues with its Deflector mine. Andy Well was a marginal proposition on the economics of the day, so it was closed down.

### *Additional lodes were not assessed or exploited*

In assessing whether there is a future for Andy Well today, it is important to appreciate that only two of the five lodes were mined at the time; Judy South and Wilbur. Judy North, Jenny and Suzie remain, with grades in the range of 6-8 gpt. These lodes are all about 150m apart and could be accessed by driving across from the Wilber workings once these have been refitted and dewatered. Wilber itself still has 788,000 t at 12.2 gpt (308,000 oz) and remains open at depth. Another five lodes off to the east remain to be drill tested.

The original \$40m, 300,000 tpa Andy Well plant has been cannibalised somewhat by Silver Lake, so it would need some work before it could be recommissioned. However, it might be smarter to truck the ore to a number of plants nearby, within a 120 km radius. As an example, the hungry Bluebird plant is 55 km away.

### *Open pit resources and potential*

Beyond the quoted resources and the already identified lodes, Latitude sees larger scale, open pit grade potential at Turnberry, 15 km away. Doray had identified 1.5 km of prospective strike where the ground is oxidised to depths of 50-80m. There is already a resource of 4.2 Mt at 2 gpt for

271,000 oz but it wasn't suitable for the small mill at Andy Well. However, it would be very suitable for one of the larger mills owned by third parties.

Doray had designed a 130,000 oz pit with a 1 gpt cut-off and a 10-15:1 waste to ore ratio, but dropping the cut-off to 0.5 gpt would likely identify a substantially larger mineable resource.

Latitude believes there is potential to extend the strike of this deposit with prospective geology identified over 5.5 km from Turnberry down to an advanced prospect named St Anne's to the south, but first it has to air core drill through the transported cover which is generally 10-20 m thick. This is a high priority exploration target.

### *News flow coming up*

Drilling is underway at Andys Well now and it is expected to commence at Gnaweeda (Turnberry Well) in May. A scoping study is also being undertaken over the next six months to identify the best path to production.

### *Finances*

Latitude is adequately funded at present, having raised \$10m in a placement at 2¢, and paying \$8m for the projects. It has just under \$4m in the kitty now, having declared \$3.9m as at 31 March.

### *Summing up*

In summary, what we have here is a company that has just been re-birthed, under the management of Tim Davidson (CEO). He seems to be a competent mining engineer who has decided to go out and do his own thing, using Latitude as the ASX-listed vehicle and having identified Andy Well as a project of merit. The company looks modestly priced given what it has and what the future may hold.

Tim is one of the new generation of gold sector professionals intent on making his mark, having gained valuable underground mining experience with a number of notable companies. Over to you Tim!

*We have added Latitude to our chart coverage.*

### *When to trade and when to hold*

Share prices of exploration companies will often spike upwards on the announcement of good drill results, but headline results can easily be taken out of context. A few great intercepts in the highlights don't necessarily make for a sustainable rise in the share price, so shareholders need to decide whether to trade out or hold on for the long term. Remember that it takes more than a few good holes to make a mine and proving up an orebody takes time and the share price can fluctuate wildly in that time.

From time to time, rarely, you get a different scenario where the discovery holes point to something more meaningful. It is important to distinguish these from mere trading opportunities. In recent history we have seen this with Chalice's multi-metal Julimar discovery and De Grey's Hemi gold discovery. The share price of these companies

just kept rising, delivering 10x share price increases or more as the significance of the discovery keeps sucking in more buying with each additional drill hole. An understanding of the geology and the structure is needed in these cases in order to appreciate the full implications of the first few holes, and then you have to hope that the early holes are representative of the entire prospective area. The latest example of such a discovery is Rumble's Earacheedy zinc discovery. The shares have already risen 4-5x in a week, taking the company to a \$292m market capitalisation, so the market is obviously taking it seriously. The question now is whether the price rise takes a pause while more drill results come in, or whether there will be a pullback.

### *High grade copper/gold results from Alicanto*

You may recall that Alicanto has been building a substantial portfolio of exploration projects in Sweden, in a region that has supported a number of high grade mines going back many years - centuries in fact. While these are predominantly for base metals, gold and silver feature as well.

Back in February, it acquired the historically rich Sala Silver Mine that has already produced 200 Moz of silver at grades up to 7,000 gpt. As recently as 2012, modern exploration efforts have confirmed that the rich mineralisation is open at depth. The Prince Lode, 300m SW of Sala, recorded intercepts of 15.9m at 157 gpt Ag and 4.2% Zn, as well as 37.2m at 50 gpt Ag and 6.1% Zn. We are viewing AQL as one of the most legitimate high grade silver plays on the ASX, as a result. A drilling rig is moving onto location now.

Of immediate interest now is the ASX release last Tuesday, detailing assays up to 3.7% Cu and 2.3 gpt Au at prospects within 15 km of the world class, 28 Mt Falun copper-gold mine that shut down in 1992, after hundreds of years of operation. These were from the first three holes in a 4,000m drill campaign, with all producing strong assays from 58m, 174m and 58m depths.

Admittedly the actual intercepts were very narrow, but they support the theory that we are dealing with a skarn system rather than a VMS style. The key now is to find the synclinal and anticlinal folds which provide locations for bonanza-style, high grade pods. We are now awaiting the results from the rest of the 4,000m program - approximately 15 drill holes in total. Read the release for some excellent detailed geological commentary.

*Disclosure: Interests associated with the author own shares in Alicanto*

### *Los Cerros - it just gets bigger and bigger*

It is interesting how the punters can embrace a new discovery in the scramble to get set i.e. Rumble's great new zinc discovery, whilst at the same time they regard incrementally good news on a major gold discovery with a yawn. I'm referring to Los Cerros's latest announcement.

On Monday, LCL released results from three holes that have expanded the lateral dimensions of the Tesorito South porphyry in three directions, suggesting a 20% expansion of potential tonnages ... and they still haven't reached the outer limits. How big is this thing?

We expect the Company will be in a position to be able to release a first indicated and inferred resource by Q4 2021,

but I'm sure there are readers who would like to know a guesstimate ahead of time. So, assuming the dimensions are 300m wide and 350m long, to a depth of 350m and a specific gravity of 2.7, there is potential for 100 Mt of mineralisation. Taking a midpoint between the high and low grade sections, which would give you about 1.1 gpt, the implied resource would be 3.5 Moz. You should then remember that the mineralisation is open in three lateral directions, and Hole 16 shows mineralisation down to a vertical depth of 600m, and you would be justified in being more aggressive in estimating the potential. Throw in Mina Flores with its 840,000 oz resource at 2.8 gpt and Dos quebradas has 500,000 oz of inferred resources at 0.5 gpt and you start to appreciate that this is a very serious size project within a 3km radius. It is the sort of gold project that the Newcrests of the world get excited about. Yet the company is still only capitalised at \$77m. Have a look at the interview below, of Jason Stirbinskis discussing the recent results.

<https://www.youtube.com/watch?v=4WzPudrUH5E>

### *Corruption is endemic*

When we think of corruption in the mining sector we tend to automatically think of jurisdictions in Africa, Asia or South America, but this is a reflection of our bias and incomplete understanding of other cultures. Only a very naive person would suggest that there is no corruption in Australia and other western economies.

The trouble with identifying corruption is that there is no straight line separating corruption from non-corruption. Rather, there is a wayward, snake-like line that wanders all over the place. Even in our society there is no clarity. The more there are vested interests in any activity, the more there is an incentive for participants to bend the rules. Maybe that is just through persuasion and lobbying and maybe it is more covert with undisclosed favours being used to effect business plans. Everyone who wants to win has an incentive to obtain whatever advantages they can. There are very few puritans who are successful businessmen or politicians.

This commentary has been motivated by an article released by the publication, Foreign Affairs, titled "Dirty Money", by Oliver Bullough.

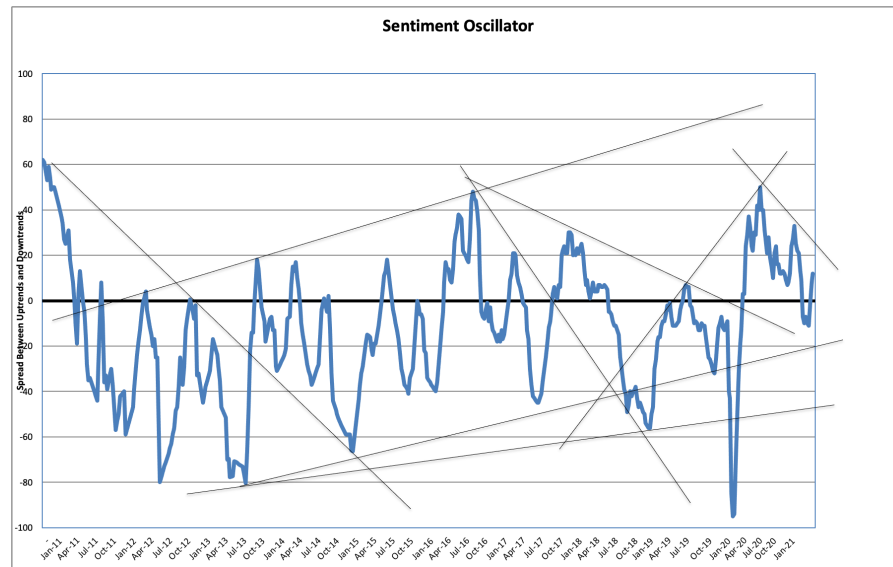
The man in the street must wonder about the sincerity of any of the anti-corruption laws when he sees leading banks being fined billions of dollars for circumventing compliance rules. It is a regular event and the fines don't seem to be stopping it. Yet, the average man can't move \$10,000 around without being reported to the authorities. Once upon a time, when the rules were first enacted, \$10,000 was a lot of money. Now the monitoring of \$10,000 licks is a highly invasive imposition on people who would rather deal in cash than have the authorities spying on everyday activities. Not everyone trusts governments, and with good reason. Corruption is no less prevalent in politics than it is in business (in my opinion).

Academics have estimated that around 8% of global financial assets are concealed in various offshore accounts, but no-one knows whether these funds have been sourced from criminal activity or whether they belong to parties that just don't trust governments. There is a presumption that such money is dirty, but that is not necessarily so. Again, there is no government that is lily white and pure. They

always want more money and they work hard to get access to everyone's money, when they can. The socialist tendencies of governments means they look with envy at accounts of wealthy parties, irrespective of the sources of that wealth.

I'm not about to lecture you on how to stop corruption, or point fingers at allegedly corrupt organisations. There will

always be some level of corruption like there will always be dirt in our houses - that is why we have to regularly clean them. The best we can do is work to ensure that corruption does not become debilitating. One suggestion is that the persons who pay the bribes should be prosecuted more heavily than those who receive them.




**Sentiment Oscillator:** Sentiment continued to improve over the week as more stocks breached downtrends. There were 38% (38%) of the charts in uptrend and 26% (30%) in downtrend on Friday's close.





## 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 high	
Metals and Mining	XMM	continuing higher	
Energy	XEJ	lower	
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	bounced back to trend line	nickel

Aurelia Metals	AMI		rallying	gold + base metals
Australian Potash	APC		holding shallower uptrend	potash
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		rallying	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		testing downtrend	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		gently rising	nickel/copper/PGE
Chesser Resources	CHZ		down now	gold exploration
Cobalt Blue	COB		sideways	cobalt
Cyprium Metals	CYM		testing uptrend	copper
Danakali	DNK		breached uptrend	potash
Davenport Resources	DAV		rising again	potash
De Grey	DEG		steeply higher	gold
E2 Metals	E2M		downtrend	gold exploration
Ecograft (was Kibaran)	EGR		down	graphite
Element 25	E25		breached uptrend	manganese
Emerald Resources	EMR		rising	gold
Euro Manganese	EMN		breached downtrend	manganese
Evolution Mining	EVN		rising	gold
Firefinch	FFX		strongly higher	gold
First Graphene	FGR		breached short term downtrend	graphene
Fortescue Metals	FMG		rising again	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		holding support line	hydrogen
Highfield Resources	HFR		rising	potash
Hillgrove Resources	HGO		at recent highs	copper
Iluka Resources	ILU		approaching previous high	mineral sands
Image Resources	IMA		sideways	mineral sands
Independence Group	IGO		bouncing	gold

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ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths (Oro Verde)	IXR		at highs	rare earths
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		testing downtrend	gold
Latitude Consolidated	LCD		uptrend	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		testing support	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		testing downtrend	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		rising	gold exploration
Myanmar Minerals	MYL		breaching downtrend	lead, zinc, silver
Nelson Resources	NES		breached uptrend	gold exploration
Neometals	NMT		rising	lithium
Northern Minerals	NTU		testing downtrend	REE
Northern Star Res.	NST		testing downtrend	gold
Oceana Gold	OGC		testing downtrend	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

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Peel Mining	PEX		off its highs, on support line	copper
Peninsula Energy	PEN		rallying	uranium
Poseidon Nickel	POS		down	nickel
Perseus Mining	PRU		testing downtrend	gold
Pilbara Minerals	PLS		back to highs	lithium
Polarex	PXX		down	polymetallic exploration
Queensland Pacific Metals	QPM		new high	nickel/cobalt/HPA
Ramellus Resources	RMS		rising again	gold production
Red5	RED		testing downtrend	gold
Red River Resources	RVR		down	zinc
Regis Resources	RRL		new low on large financing	gold
Renegen	RLT		heavy fall	gas, helium
Resolution Minerals	RML		new low	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		breached downtrend	diversified, iron ore
Rumble Resources	RTR		surge to new high	gold exploration
Salt Lake Potash	SO4		down	potash
St Barbara	SBM		testing downtrend	gold
Sandfire Resources	SFR		testing downtrend	copper
Santos	STO		testing uptrend	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		pullback	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

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Yandal Resources	YRL		rising again	gold exploration
Zenith Minerals	ZNC		surge to new high	gold exploration
Zinc Mines of Ireland	ZMI		rising	zinc
Totals	38%	55	Uptrend	
	26%	38	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	33	22.8%	
Gold Exploration	26	17.9%	
Nickel	12	8.3%	
Copper	9	6.2%	
Oil/Gas	6	4.1%	
Lithium	8	5.5%	
Zinc/Lead	7	4.8%	
Rare Earths	7	4.8%	
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%	
Diamonds	1	0.7%	
Other	5		
Total	145		

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