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On Friday's Close

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BMG's high grade gold project is yet to be appreciated

Once again we have seen stock markets recover after a bout of selling. You may be excused for asking "*what was all that about?*", but it is what we should expect of markets where speculators have the power to make them move on shifting thematics and rhetoric and where perspectives can change from one conversation to the next. We never find a market at the correct, appropriate valuation for more than a few seconds at a time.

The importance of the interest rates and inflation as an influence of markets will come and go on a regular basis. The movements in the US\$ will affect commodity prices. So there is nothing new, just the rise and fall of the waves at the surface.

BMG Resources - a low priced gold explorer

The month of June often throws up some good buying opportunities when volumes are low and the end of financial year clean-up results in selling. One such opportunity is BMG Resources (BMG), a company that we first saw a couple of months ago at a mining conference in Sydney. It is capitalised at about \$12m with a share price of 5¢. This is a 64% fall from its high of 14¢ in October 2020.

BMG is not a complicated company to analyse. It has three projects in WA that were acquired in October 2020, when the company purchased Oracle mining Ltd by issuing 37% of its shares (post acquisition and funding) in an RTO transaction. A 10 into 1 share structure consolidation was also effected late in 2020. The projects are Abercromby, Invincible and South Boddington.

Abercromby, located about 30m to the SE of the Wiluna gold mine, is a high grade gold exploration project. In some respects the geology is analogous to Wiluna's with gold in quartz veins, but importantly the mineralisation is not sulphide or refractory. Oxidation levels are deep, up to 150m vertical. Near surface mineralisation is masked by gypsum sands and tertiary cover that is mostly 5-10m thick. There has been no previous mining on the licence.

Some background - tied up with nickel companies

The ground had been locked up for many years with companies who have been looking for nickel as far back as 1970, when no-one bothered to assay for gold. Outokumpu Mining and CRA had it back then when it was known as Honeymoon Well. RIO drilled about 60 widely spaced lines in the 1990s. Outokumpu then drilled five holes and Perilya drilled 44 holes in the mid noughties, focusing on the Capital and Capital North prospect areas over an area of 1 km x 1 km. Norilsk, a nickel company, ended up with the ground until the project found its way into BGMs hands.

At the time of the acquisition the best, thick historical holes were 57.5m at 5.73 gpt, 30m at 10 gpt, 36m at 4.33 gpt and 58m at 1.17 gpt. As interesting as these were at the time, there was no follow up work undertaken. When BMG reviewed the historical data it concluded that the ground

was very prospective for high grade gold deposits with the geology similar to that of the Golden Mile and St Ives where gold is hosted in dolerite associated with a granophyric zone.

Very positive drilled results from the first program

The main prospect at Abercromby is the Capital zone with dimensions of 1,000m x 300m, open at depth and along strike. BMG carried out a small, 13 hole drill program late in 2020; 635m DD and 2,246m RC holes. It reported very good gold intercepts that included;

- 26m at 6.07 gpt (incl. 7m at 21.2 gpt)
- 16m at 3.64 gpt (incl. 3m at 14.4 gpt)
- 33m at 1.7 gpt (incl. 3m at 15.3 gpt)
- 37m at 2.58 gpt (incl. 8m at 8.1 gpt)
- 5m at 5.86 gpt (incl. 2m at 10.8 gpt)

While there is obviously a high grade component to the system that could support a profitable mining operation, assuming follow-up drilling will be more of the same, there is also the possibility of something much bigger at lower grade. When you look at Hole 4, which hit both the high grade lenses and the lower grade mineralisation in between, you come up with an impressive interval of 152m at 1.66 gpt. Metallurgical test work taken on six 25 kg samples has given good recoveries of > 90%.

The main takeaway is that the recent program confirmed that this is an unusually high grade project compared to most others in WA. The high grade core has not been taken by old timers or more recent operators. There is still a lot more work to be done before the bodies are fully understood and continuity is confirmed, but so far it looks very good. The next drill program will start in 4-6 weeks.

Other projects

The Invincible project is located in the Pilbara, along strike of Calidus Resources' 1.495 Moz gold resource now being developed for a 90,000 oz p.a. mine. This is an early stage exploration project targeting primary reef gold hosted in quartz veins, within extensive shear zones. Gold nuggets have been recovered. Targets have been identified for a maiden drill program.

South Boddington is another grass roots project in the same belt as the 40 Moz Boddington Gold Mines. Two exploration licences are in the application stage.

Value for money

There are many overpriced exploration stocks on the ASX but BMG is not one of them. It seems to have been overlooked. Factors affecting the share price will be seasonal - there seems to be end of financial year selling - and a modest cash balance of around \$1m. This means there will need to be a fund raising in the near future, and this observation often brings out sellers who aspire to

taking cheaper placement stock. Yet, there is no guarantee that these sellers will be offered any stock when the time comes. There should be no problem raising money for projects as good as Abercromby.

Disclosure: Interests associated with the author have acquired shares to take advantage of the weaker gold price and end of year tax selling. .

Antilles reports high grade gold intercepts

Last week we introduced Antilles Gold (AAU), a company with a relatively high grade gold project in Cuba, that was waiting on drill results from the first wave of holes from the La Demajagua project. The first of these have now been reported. Selected intercepts of the first 14 holes included;

- 20m at 6.3 gpt (incl. 3.5m at 12.05 gpt)
- 31.5m at 4.95 gpt (incl. 2.9m at 29.9 gpt)
- 27.5m at 7.2 gpt (incl. 7m at 16.9.0 gpt)
- 18m at 3.6 gpt (incl. 6m at 5.52 gpt)
- 29.5m at 4.07 gpt (incl. 2.5m at 9.9 gpt)

We can see that there is both a not-so-narrow high grade body within a much wider mineralised structure that will have positive implications for economies of scale. Depths of these intercepts ranged from about 90m to 170m, but they were mostly within a US\$1,500/oz pit shell being modelled. Mineralisation does extend higher up, at shallower depths. Silver grades up to 736 gpt were also recorded.

So far the company has drilled 17 holes out of a program of 90 holes, so we can expect to see a number of announcements over the next couple of months as results come through. If there is more of the same Antilles will be sitting on a very good open pitable gold project.

The market showed its pleasure on the day, jumping from 6.5¢ to 10¢, on extraordinary turnover of 49 million shares. The previous day only 472,000 share traded. Somewhat surprisingly the shares fell all the ways back to 7¢ the next day, before bouncing a bit.

Disclosure: Interests associated with the author took up shares in the shortfall and purchased more on-market.

Hole 24 could be a game changer for Los Cerros

We have been keeping you informed over the past few months with up to date commentary on drill results for the huge Tesorito porphyry gold project in Colombia. At the very least this should have been instructive as to how the understanding of this sort of project develops over time with each additional hole. Sometimes it is a case of two steps forward and one step back as there are often surprises, both good and bad, but so far we haven't seen any backward steps with Tesorito. We have an expanding information curve and it seems to get better with each release.

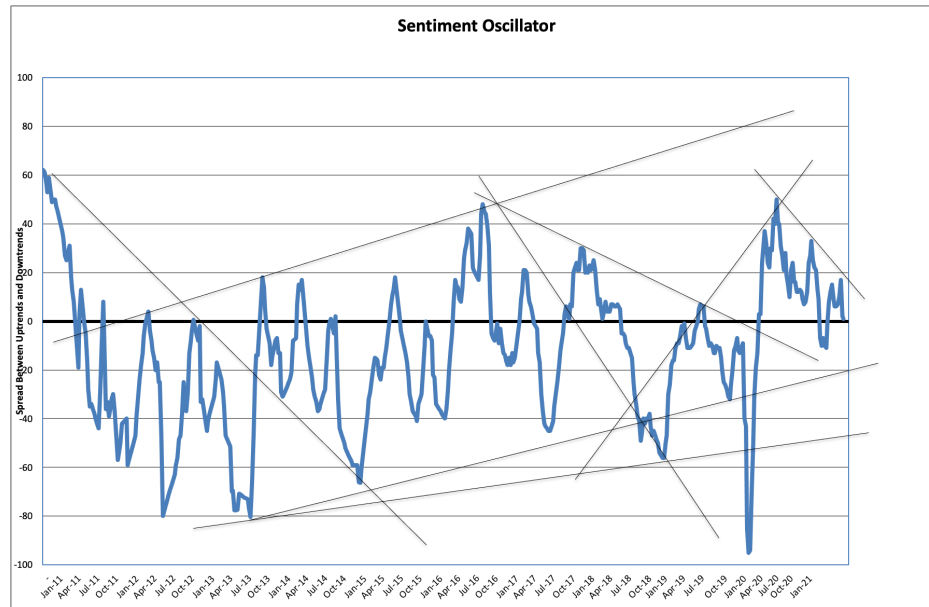
Hole 24 released last week was always expected to be good because it was going into the high grade area, but 36m at 3.31 gpt exceeded our expectations. The total intercept was a whopping 378m at 1.03 gpt, with there being 222m at 1.5 gpt from surface. The higher grades in the near surface intercept, at 3.31 gpt, are commercially significant because the ore would be accessible early, from an open pit. That means a high level of profitability at the start of the project, giving a much better NPV than if it was somewhat deeper; another step forward.

The other exciting revelation is the location of Hole 24, drilled to the right of Hole 7 (looking at Figures 1 and 2 in the ASX release). It shows that the high grade core of the orebody is further to the right than previously interpreted. What may have started out as a hole to find the boundary has actually returned better grades and showed that the boundary could be much further out, thereby improving the grade and the tonnage.

Hole 27 is being drilled now to test for yet another extension. Watch for results in 4-5 weeks. This could also have implications for a theory that the mineralisation might extend all the way to Tesorito North where three earlier holes were drilled. These holes hit mineralisation but there wasn't enough data from which to draw interpretations.

I was asked during the week why the share price of LCL has been lethargic recently. I suppose the end of financial year would have something to do with it. Maybe the punters have become immune to good news for the time being. Another company specific reason may be that 53 mill. options with a strike price of 16¢ come up for expiry in mid August. It would be normal for this event to put a lid on the share price in the near term as shareholders sell shares above 16¢ in order to exercise options. LCL could raise \$8.48m if they were to be exercised.

The lead up to the options could be an excellent opportunity for larger investors and institutions to accumulate a meaningful stake, either by soaking up loose stock in the market or executing an underwriting agreement. Once this period has passed and the new stock is digested, we will probably start to get more sustainable share price appreciation (provided the good drill results keep coming).



Sentiment Oscillator: Sentiment was steady over the week with there being 36% (38%) of the charts in uptrend and 35% (36%) 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	near highs	
Metals and Mining	XMM	heavy pullback	
Energy	XEJ	breached downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	new high	zinc, polymetallic
Alkane Resources	ALK	rising	gold, zirconia
Alicanto Minerals	AQI	rising	base metals, silver, gold
Altech Chemical	ATC	down	HPA, anodes
Alto Metals	AME	testing resistance line	gold exploration
American Rare Earths (was BPL)	ARR	down	rare earths
Antilles Gold	AAU	gold	
Arafura Resources	ARU	on support line	rare earths
Ardea Resources	ARL	improving	nickel
Aurelia Metals	AMI	rallying	gold + base metals
Australian Potash	APC	testing downtrend	potash
Auteco Minerals	AUT	down	gold exploration
Azure Minerals	AZS	down	nickel exploration

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BHP	BHP		heavy correction	diversified, iron ore
Base Resources	BSE		sideways	mineral sands
Beach Energy	BPT		down, near lows	oil and gas
Bellevue Gold	BGL		testing downtrend	gold exploration
Blue Star Helium	BNL		down	gas, helium
BMG Resources	BMG		down	gold exploration
Boab Metals	BML		risen to meet resistance line	silver/lead
Breaker Resources	BRB		down	gold exploration
Buru Energy	BRU		slump on placement	oil
Calidus Resources	CAI		rising again	gold
Capricorn Metals	CMM		rising	gold
Caravel Minerals	CVV		new high	copper
Celsius Resources	CLA		breached uptrend	uptrend
Chalice Mining	CHN		new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML		down	nickel/copper/PGE
Chesser Resources	CHZ		strong rally	gold exploration
Cobalt Blue	COB		downtrend	cobalt
Cyprium Metals	CYM		down	copper
Danakali	DNK		sideways	potash
De Grey	DEG		steeply higher	gold
E2 Metals	E2M		testing downtrend	gold exploration
Ecograp (was Kibaran)	EGR		testing downtrend	graphite
Element 25	E25		down	manganese
Emerald Resources	EMR		testing uptrend	gold
Euro Manganese	EMN		downtrend	manganese
Evolution Mining	EVN		testing uptrend	gold
Firefinch	FFX		strongly higher	gold
First Graphene	FGR		breached short term downtrend	graphene
Fortescue Metals	FMG		slump	iron ore
Galaxy Resources	GXY		heavy slump	lithium
Galena Mining	G1A		on support line	lead
Galilee Energy	GLL		down	oil and gas, CBM
Genesis Minerals	GMD		testing downtrend	gold
Gold Road	GOR		rising	gold
Hastings Technology Metals	HAS		down	rare earths
Hazer Group	HZR		down	hydrogen
Highfield Resources	HFR		rising	potash
Hillgrove Resources	HGO		spiked higher on drill intercept	copper
Iluka Resources	ILU		new high	mineral sands
Image Resources	IMA		sideways	mineral sands
Independence Group	IGO		bouncing	gold
ioneer (was Global Geoscience)	INR		continuing down	lithium
Ionic Rare Earths (Oro Verde)	IXR		collapse on scoping study	rare earths
Jervois Mining	JVR		rising again	nickel/cobalt

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Jindalee Resources	JRL		at highs	lithium
Kairos Minerals	KAI		rising	gold exploration
Kingston Resources	KSN		sideways	gold
Kingwest Resources	KWR		down	gold
Latitude Consolidated	LCD		testing uptrend	gold
Legend Mining	LEG		turned down at resistance line	nickel exploration
Lepidico	LPD		down	lithium
Lithium Australia	LIT		down	lithium
Los Cerros	LCL		rising again on drill results	gold exploration
Lotus Resources	LOT		surge to new high	uranium
Lucapa Diamond	LOM		new low	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		rising again	gold exploration
Matador Mining	MZZ		new uptrend	gold exploration
MetalTech	MTC		testing uptrend	gold
Meteoric Resources	MEI		down	gold exploration
MetalsX	MLX		near highs	tin, nickel
Metro Mining	MMI		down again	bauxite
Mincor Resources	MCR		testing downtrend	gold/nickel
Musgrave Minerals	MGV		rising	gold exploration
Neometals	NMT		rising	lithium
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		down	gold
Oceana Gold	OGC		surge higher	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		breached downtrend	gold development
Orocobre	ORE		steeply higher	lithium
Oz Minerals	OZL		breached uptrend	copper
Pacific American			down	coking coal
Pantoro	PNR		breached support line	gold
Panoramic Res	PAN		breaching uptrend	nickel
Peak Minerals	PUA		new low	copper exploration
Peak Resources	PEK		testing downtrend	rare earths
Peel Mining	PEX		testing support	copper
Peninsula Energy	PEN		new high	uranium
Poseidon Nickel	POS		testing downtrend	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

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Red River Resources	RVR		testing downtrend	zinc
Regis Resources	RRL		new low on large financing	gold
Renegen	RLT		heavy fall	gas, helium
RIO	RIO		correcting lower	diversified, iron ore
Rumble Resources	RTR		off its highs	gold exploration
Salt Lake Potash	SO4		down	potash
St Barbara	SBM		testing downtrend	gold
Sandfire Resources	SFR		new high	copper
Santos	STO		testing uptrend	oil/gas
Saturn Metals	STN		breached downtrend	gold exploration
Sheffield Resources	SFX		breached uptrend	mineral sands
St George Mining	SGQ		risen to resistance line	nickel
Silex Systems	SLX		secondary downtrend	uranium enrichment technology
Silver Mines	SVL		surge higher	silver
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
South Harz Potash	SHP		testing uptrend	potash
Stanmore Coal	SMR		breached steepest downtrend	coal
Strandline Resources	STA		pullback	mineral sands
Sunstone Metals	STM		weakness	
Talga Resources	TLG		testing downtrend	graphite
Technology Metals	TMT		sideways	vanadium
Tesoro Resources	TSO		continuing down	gold exploration
Theta Gold Mines	TGM		down	gold
Thor Mining	THR		rising	gold exploration
Tietto Minerals	TIE		testing downtrend	gold
Titan Minerals	TTM		sideways	gold
Venturex	VXR		heavy slump	zinc
Vimy Resources	VMY		steeply higher	uranium
West African Resources	WAF		struggling at resistance line	gold
Westgold Resources	WGX		turned down at resistance line	gold
West Wits Mining	WWI		off its highs	gold
Western Areas	WSA		rising	nickel
Whitehaven Coal	WHC		surge higher, then a slump	coal
Wiluna Mining	WMX		down	gold
Yandal Resources	YRL		slump	gold exploration
Zenith Minerals	ZNC		surge to new high	gold exploration
Zinc Mines of Ireland	ZMI		rising	zinc
Totals	36%	50	Uptrend	
	35%	48	Downtrend	
		139	Total	

Guides to Chart Interpretations

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- 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	30	21.6%	
Gold Exploration	24	17.3%	
Nickel	13	9.4%	
Copper	9	6.5%	
Oil/Gas	6	4.3%	
Lithium	8	5.8%	
Zinc/Lead	6	4.3%	
Rare Earths	7	5.0%	
Mineral Sands	5	3.6%	
Iron Ore/Manganese	5	3.6%	
Potash/Phosphate	5	3.6%	
Coal	4	2.9%	
Uranium	4	2.9%	
Graphite	2	1.4%	
Bauxite	1	0.7%	
Silver	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	5		
Total	139		

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