

7 November 2020

On Friday's Close

Analyst : Warwick Grigor

Profiling Meteoric Resources

Now that the US Presidential election is almost over we are looking forward to a world that will have presidential induced volatility. Over the last four years we have seen tweets from the President jerk the market one way or the other, to no obvious purpose. Maybe now there will be a little more logic in market movements. The virus and its economic impact will continue regardless, and there will be no stop to pumping money into the economies of the world.

The gold price thematic will continue and government debt levels will rise as if it doesn't really matter because everyone is doing it and there is no country not playing that game. So, there is no-one to enforce fiscal or monetary discipline.

Meteoric Resources has a range of projects

Meteoric Resources (MEI) is a company with an interesting mix of high grade gold projects in Brazil along with big picture porphyry targets and lower grade gold in the Halls Creek region of WA. With a market capitalisation of \$74m, after peaking at \$90m a few weeks ago, are the shares going higher or lower from here? Was the recent heavy fall a pullback within a longer term uptrend, or was the high as good as it is going to get for the foreseeable future. We have to consider the merits of its projects as well as where we are in the speculative market cycle.

Shares fell on Butchers Creek Drill Results

On 2 November, MEI shares came out of a trading halt with the release of the first seven drill holes along strike from the historic Butchers Creek open pit. The best holes were 56m at 2.7 gpt from 181m, 45m at 2.3 gpt from 259m and 53m at 2.1 gpt from 147m. The angle of the holes was quite steep, so true widths will be narrower. The drilling confirmed the extension of the mineralisation down plunge from the previous mined orebody but the market was obviously unimpressed. The share price fell 23% on the day, on turnover of 31 million shares (\$1.8m).

History of Butchers Creek

Back in the early 1990s, under the leadership of Roderick Smith, PMA Gold (Precious Metals Australia) mined Butchers Creek as part of the Palm Springs development that also sourced ore from Nicolson's (now owned by Pantoro (PNR), 40 km distant. It was a short life project in a remote location that took the Butchers Creek pit down to 70m at the northern end, and 25-30m at the southern end. The average grade was in the order of 2.5 gpt. Economics at the time precluded taking the pit deeper, though there was probably still 100,000 oz beneath the pit floor. The down plunge extensions, that MEI has just drilled, continue to the south west.

How much more gold will be there?

While there is good potential for additional orebodies in the region, MEI needs to do more drilling and figure out how much gold it can extract from the down plunge extensions.

What is the potential to lift the grade by focusing on the higher grade zones, and what is the potential to extend the pit or chase it underground? Maybe it can achieve a resource of 200,000 oz at Butchers Creek, and a few hundred thousand ounces elsewhere on the licence. The nearby treatment plant of Pantoro is always hungry for more ore, so there should be a smooth path to monetising the gold.

The gold at Butchers Creek is associated with strong sulphide alteration, making it well suited to exploration via geophysics. However, past explorers haven't employed this methodology. The company believes that an IP survey could expose a number of new targets.

So, that is MEI's more conservative gold project in a preferred jurisdiction. What about the more sexy stuff?

Brazilian Project is more exciting, but comes with risk

Brazil has always been challenging for Australia companies notwithstanding the very promising geology. Probably the most successful junior has been Troy Resources but there is a list of others that have just lost money - and lots of it. Yet, there is no shortage of companies that get attracted by good geology, that are prepared to have a go. Meteoric is one such company, headed by Andrew Tunks, whose experience with Orinoco Gold should have given him a good apprenticeship in Brazil.

Meteoric purchased 100% of the Juruena Gold Project from ASX-listed Crusader Resources, which crashed and burned before it made it to the finishing line. The total cost was \$3m in cash and milestone payments.

Looking at a small high grade gold project first ...

Juruena is reported to have produced 500,000 oz of gold in the 1980s, when up to 20,000 garimpeiro miners worked the field that comprised seven zones of mineralisation. The two main zones of interest to MEI are Dona Maria and Querosene. Crusader completed a Scoping Study in 2017, for a 100,000 tpa operation, based on a JORC Resource of 1.3 Mt at 6.3 gpt for 261,000 oz. The high grade portion was 436,000 t at 14.7 gpt for 205,000 oz. However, nothing further happened at the time.

Looking at it with a fresh pair of eyes, there is still the potential for a very profitable small, high grade gold mine here. The gold is found in two narrow shear zones that range from 1m to 8m, averaging 2.5 m in true width. The strike seems to be only 200m long, but there is strong continuity at depth.

Subsequent drilling by MEI has intersected 20.6 m at 94.9 gpt from 97m, 14m at 81.7 gpt from 142m, and 12m at 45.8 gpt, all from the southern shoot of Dona Maria. Another intercept of 4.4m at 13.5 gpt came from a point 30m below the existing JORC resource. As recently as 12 October, it reported intercepts of 1.1m at 93 gpt and, 14m at 10.2 gpt and 2.4m at 37.9 gpt, amongst others. With a few more drill

holes you could easily see a lift to 400,000 oz in the high grade zones.

... but there is a much bigger picture

Rather than restricting one's perspective to a narrow high grade gold project, which would have limited appeal to institutional investors, you need to look at the big picture. MEI is looking at a large porphyry system based on a huge soil anomaly measuring 10 km x 5 km. Companies such as Freeport, Cudelco, RIO and Nexo have all shown interest in Juruena because of its potential to host something of substantial size. It is one to keep an eye on as more data is collected.

Novo Astro may be a harder nut to crack

Novo Astro was part of the package that came with the purchase of assets off Crusader, but it has completely different geology, being 30 km away. There were plenty of garimpeiro miners working in the near surface so it was an obvious exercise to test for mineralisation at depth. So, late in 2019, MEI undertook a 23 drill hole program over 1.5 km of strike.

MEI worked itself up into a lather at one point when the core holes demonstrated rich sulphide zones starting at depths of 10-12m. The first hole returned visible gold in a narrow intercept of 1m at 50 gpt, but that was as good as it got. When the assays came back for the rest of the program they showed mostly low grade zinc and lead that suggested it was part of the low temperature end of the system. Gold, which drops out at higher temperatures, was virtually non-existent. MEI has gone away to think about Novo Astro while it concentrates on Juruena.

Volatility comes with exploration results

Meteoric should be classified as an exploration company that offers volatility in the share price as it fluctuates according to what the next piece of news is from the field. The shares took a hit when the Novo Astro drilling disappointed, falling from 7.1¢ late in 2019, to a low of 1.2¢ the following February. They recovered as the year progressed to reach 7.2¢ a few weeks ago only to be kicked in the guts again when the Butchers Creek assays were reported. What will happen next? Expect the following news flow over the next few months;

- assays from another 20 holes from the Palm Springs Project
- further drill results from the high grade gold drilling at Juruena
- IP survey results from Jurueana, and
- a resource upgrade at Dona Maria and Querosene

The Bottom Line - it depends on the news flow

While the Australian gold project near Halls Creek is useful, it is the bigger scale picture of the Brazilian assets that is likely to generate greater speculative interest, notwithstanding the operating difficulties in that country. At the very least we could see the development of a high grade gold mine, but there could be something much more awaiting discovery.

The clever traders will take advantage of the swings in sentiment and they could do very well, but there is always the risk of missing out on the big surge higher when, or if, it comes. A balanced approach would be to trade around a core position.

Rumble Delivers Great Results from Western Queen

Some months back there were some people pushing Rumble Resources (RTR) as "the next Bellevue" owing to very high grades in WA. The drill results that came out on Wednesday seem to support this view, but with some differences. Intercepts of 8m at 26.3 gpt from 14m and 6m at 25.8 gpt from 48m have confirmed the Duke gold shoot while the Western Queen Central delivered 5m at 22.1 gpt from 280m. Rumble has now completed 18,776m of RC, DD and AC drilling in 200 holes during this third phase. The shares kicked a little on the news but fell back to where they started, at 14.5¢. That tells you something about the state of the market last week.

Disclosure: Interest associated with the author own shares in Rumble Resources .

Tesoro hits 111.5m at 1.25 gpt

Tesoro's share price has been in a downtrend for the last few weeks, having peaked at 52.5¢ in mid October. After hitting a low of 26¢ last week it released further drill results and spiked to 39.5¢, before coming off again.

While the drill intercepts were varied in results, comprising infill holes and extensional drilling, they were in line with market expectations. While that is good, it might not be enough to return the share price to an uptrend.

Wording of ASX releases leaves a lot to be desired

I was reading some ASX releases during the week and couldn't help but notice some of the wording, which, in my opinion, left a lot to be desired.

One company had as a highlight the phrase "a world class, spectacular drilling result". "World class" is already a cliché now, as it is terribly over-used. Whose world are they referring to when companies say this? Their own little world, or are they trying to say it is of global significance?

However, this is the first time that I have seen the world class description used with respect to a drill result. Sure, 11m at 131 gpt is a very nice result, but it might be more accurate if the company had just said "we hit a nugget or two". Most of the juice was in a 1m intercept of 1,177 gpt, leaving the remaining 10m to average 27.4 gpt. Another way of looking at this is to take out the rich 4m at 352 gpt, and that leaves 7m at 6.18 gpt, which is useful but not wonderful.

So, you can see how easy it is for a company to manipulate the numbers to create the impression it wants. The other point to remember is that any mining resource calculation will cut the high grades with say, a 30 gpt top-cut, so as to not distort the resource with outliers. High grades are wonderful, but they must be seen in context within the larger population of data.

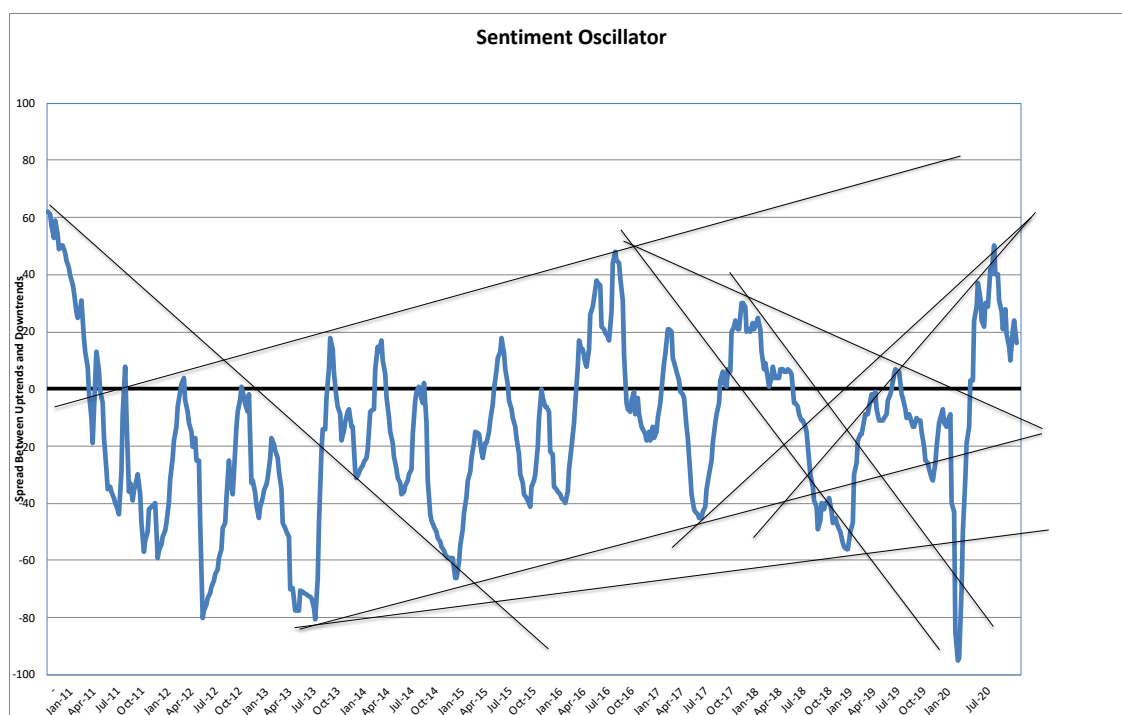
There has been a recent trend whereby companies like to release photos of core with description of geology, ahead of the release of assays. While this is useful information and it can be encouraging, adding to speculation in the share price, it can also be a trap. Look at Resolution. One company recently said that the drilling had returned 50% quartz in the RC chips. That in itself is meaningless unless

there is already evidence from that site that the proportion of quartz is indicative of grade. There are plenty of examples of barren quartz in exploration and geology.

Directors are under constant pressure to make ASX releases that will pump the share prices, but we should acknowledge that over-indulgence in this aspect of promotion serves to increase volatility and risk. Words like

“highly encouraging” and “extremely pleased” should not be necessary in releases when the results speak for themselves. If the results don’t, then why use them?

We have added Meteoric Resources to the chart coverage and deleted Buxton and Whitebark Energy.




Sentiment Oscillator: Sentiment was steady. There were 48% (48%) of the charts in uptrend and 32% (32%) 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	rallied back to recent highs	
Metals and Mining	XMM	rallied to meet resistance line	
Energy	XEJ	rally from lows	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	rallied to meet resistance	zinc, polymetallic
Aeon Metals	AML	testing support	copper + cobalt
Alkane Resources	ALK	on support line	gold, zirconia
Alicanto Minerals	AQI	off its highs	base metals, silver, gold
Allegiance Coal	AHQ	down	coking coal
Alliance Resources	AGS	sideways	gold predevelopment
Alto Metals	AME	new high	gold exploration



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American Rare Earths (was BPL)	ARR		off its highs	rare earths
Apollo Consolidated	AOP		breaching downtrend	gold exploration
Arafura Resources	ARU		on support	rare earths
Aurelia Metals	AMI		down	gold + base metals
Australian Potash	APC		breached uptrend	potash
Auteco Minerals	AUT		down	gold exploration
BHP	BHP		down heavily	diversified, iron ore
Base Resources	BSE		pullback	mineral sands
BBX Minerals	BBX		testing uptrend	gold exploration
Beach Energy	BPT		down	oil and gas
Beacon Mining	BCN		sideways	gold production
Bellevue Gold	BGL		new high	gold exploration
Blackstone Minerals	BSX		down	nickel
Blue Star Helium	BNL		new high	gas, helium
Breaker Resources	BRB		still in LT downtrend	gold exploration
Buru Energy	BRU		sideways	oil
Calidus Resources	CAI		new high	gold
Capricorn Metals	CMM		breached uptrend	gold
Central Petroleum	CTP		sideways through uptrend	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		on support	gold exploration
Cobalt Blue	COB		off its lows	cobalt
Cyprium Metals	CYM		surge higher	copper
Dacian Gold	DCN		rallying	gold
Danakali	DNK		down	potash
Davenport Resources	DAV		breached downtrend	potash
De Grey	DEG		down	gold
E2 Metals	E2M		surge on drill result	gold exploration
Ecograp (was Kibaran)	EGR		pullback	graphite
Element 25	E25		off its highs	manganese
Emerald Resources	EMR		sideways	gold
Euro Manganese	EMN		heavy pullback	manganese
Evolution Mining	EVN		sideways	gold
First Graphene	FGR		breached downtrend	graphene
Fortescue Metals	FMG		testing downtrend	iron ore
Galaxy Resources	GXY		rallying	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		demerger	mineral sands






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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		gently lower	nickel/cobalt
Jindalee Resources	JRL		new high	lithium
Kin Mining	KIN		testing uptrend	gold
Kingston Resources	KSN		testing downtrend	gold
Kingwest Resources	KWR		spike higher	gold
Legend Mining	LEG		weaker	nickel exploration
Lepidico	LPD		sideways	lithium
Lindian Resources	LIN		higher	bauxite
Lithium Australia	LIT		testing uptrend	lithium
Los Cerros	LCL		near highs	gold exploration
Lotus Resources	LOT		testing downtrend	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		slump below support line	gold & lithium
Manhattan Corp	MHC		heavy fall	gold exploration
Marmota	MEU		drifting lower	gold exploration
Marvel Gold (was Graphex)	MVL		rising	gold exploration
MetalTech	MTC		breached uptrend	gold
MetalsX	MLX		down	tin, nickel
Metro Mining	MMI		rallying	bauxite
Mincor Resources	MCR		rising	gold/nickel
Musgrave Minerals	MGV		down	gold exploration
Myanmar Minerals	MYL		breaching uptrend	lead, zinc, silver
Nelson Resources	NES		rising	gold exploration
Neometals	NMT		rising	lithium
Northern Minerals	NTU		back to support line	REE
Northern Star Res.	NST		pullback	gold
NTM Gold	NTM		heavy slump	gold exploration
Oceana Gold	OGC		heavy fall	gold
Oklo Resources	OKU		testing downtrend	gold expl.
OreCorp	ORR		breaching uptrend	gold development
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		breached downtrend	copper
Pacific American Holdings	PAK		strongly higher	coal
Pacifico Minerals	PMY		testing downtrend	silver/lead
Pantoro	PNR		testing downtrend	gold
Panoramic Res	PAN		on support line	nickel
Peak Resources	PEK		testing downtrend	rare earths
Peel Mining	PEX		uptrend	copper

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Peninsula Energy	PEN		down again	uranium
Poseidon Nickel	POS		rising	nickel
Pure Minerals	PM1		rising	nickel/cobalt/HPA
Pensana Metals	PM8		off its highs	rare earths
Perseus Mining	PRU		down	gold
Pilbara Minerals	PLS		breaching uptrend	lithium
Polarex	PXX		strong rally	polymetallic exploration
Ramelius Resources	RMS		testing downtrend	gold production
Red5	RED		continuing down	gold
Red River Resources	RVR		new high	zinc
Regis Resources	RRL		down	gold
Renegen	RLT		testing downtrend	gas, helium
Resolution Minerals	RML		down	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		down	diversified, iron ore
Rumble Resources	RTR		breached uptrend	gold exploration
Salt Lake Potash	SO4		breaching downtrend	potash
Saracen Minerals	SAR		weaker	gold
St Barbara	SBM		testing downtrend	gold
Sandfire Resources	SFR		Downtrend	copper
Santos	STO		down	oil/gas
Saturn Metals	STN		down	gold exploration
Sheffield Resources	SFX		on support	mineral sands
Sky Metals	SKY		heavy slump	gold exploration
St George Mining	SGQ		rising	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		breached steepest downtrend	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
Thor Mining	THR		on support line	gold exploration
Tietto Minerals	TIE		testing downtrend	gold
Titan Minerals	TTM		breaching downtrend	gold
Vango Mining	VAN		down	gold
Venturex	VXR		rising	zinc
Vimy Resources	VMY		still in downtrend	uranium
West African Resources	WAF		off its highs	gold
Westgold Resources	WGX		new high	gold
West Wits Mining	WWI		rising	gold

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Western Areas	WSA		down	nickel
Whitehaven Coal	WHC		rallying	coal
Wiluna Mining	WMX		sideways	gold
Yandal Resources	YRL		surged higher	gold exploration
Zinc Mines of Ireland	ZMI		testing downtrend	zinc
Totals	48%	70	Uptrend	
	32%	47	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	7	4.8%	
Lithium	8	5.5%	
Zinc/Lead	7	4.8%	
Rare Earths	7	4.8%	
Copper	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	3		
Total	145		

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