

It's been a long time since the ducks quacked this loud

There is a timeless saying in the markets; *"feed the ducks while they are quacking"*.

There are periods when the market turns off and it is very hard to raise capital. At other times there can be a voracious appetite for stock which is partially satisfied by placements of new shares. The longer these periods last, the more companies go to the market for money, until brokers eventually suffer from deal fatigue. We have been in one of those times in recent weeks as the market continued to switch from a bearish sentiment to a bullish one. Companies are raising money, brokers are booking fees and investors are scrambling for stock as FOMO takes over. Whose complaining about that? Not I, but it can't go on forever.

The first signs of saturation appear on Thursday with the our stock market showing a decent daily correction, but then the Dow was slammed down 6.9% that evening. The narrative was all about the virus and the fear that the recovery would take longer, but the reality of market dynamics is that there had to be a moderation of the enthusiasm, so traders aggressively took profits.

We are not yet immune to such large daily downward movements, so there will be some fallout as fear raises its head, but recent experience also tells us that such a fall doesn't mean the game is over. Look at this as a circuit breaker while we try and figure out where the bigger trend lies. On Friday night the Dow bounced a little, but the real test will be how it performs next week.

Rumble - a good portfolio of exploration projects

We received a presentation by Rumble Resources (RTR) recently that left us thinking the this was a genuine, geologically strong exploration company worthy of our attention. Last week we added it to the chart coverage and now we are providing a summary of why we like it. I'm not the only one though, as the market capitalisation of around \$44m, with the share price doubling since late May, suggests that there is good support in the market.

Management is 80% of the criteria for investment

Starting with management first, as this should be the first test as to whether a company should be taken seriously, Rumble is blessed with a "mine finding geologist" in Brett Keillor, as a technical director. Brett was twice the recipient of the Prospector of the Year award, first for the Marymia discovery in 1998, then again in 2012 for the Tropicana discovery. He previously worked for Resolute Mining and was Chief Geologist (Gold) for Independence Group.

I can't say that I know much about the rest of the team but the Managing Director, Shane Sikora, is experienced in the corporate field, business development and strategic planning with six years in these roles in London. Hopefully he brings a level of commercial nous that is, unfortunately, frequently lacking in geologists.

High grade Western Queen is the main project

Located 110 km NW of Mt Magnet in WA, the project was acquired by Rumble in August 2019, with an option to acquire 100% from Ramelius Resources. Another \$1m in cash or shares is due in February, 2021.

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.

Brett Keillor has had a good look at the geology and come up with a reinterpretation that the previous mining was extracting the high grade gold in tremolite scary mineralisation. Cutting through all the geology, the thought now is that there are multiple shoots beneath old pits that seem to be up to 12m in width that are assaying 10-30 gpt. The good grade comes from the presence of coarse gold, but not nuggetty. These shoots generally offer 1,200 to 1,500 ounces per vertical metre (opvm), and sometimes higher. Placing this figure in perspective, an underground gold mine with only 500 opvm will struggle. It really needs to be more than 700 opvm to have a chance. Above 1,000 opvm is starting to look sexy.

Rumble is about to commence a 12,000m RC and DD drilling program to test six high grade shoots at depth. One could easily see that the potential is in the range of 0.5-1.0 Mz as a starting point. Untested 2 km of potential to the north lies between the Western Queen Central deposit and the Crane's prospect, where a series of reverse faults had complicated the picture in the past. This could host nearer surface mineralisation as well as depth extensions.

Lamil - the quest for another Telfer

The remote Paterson Range area is somewhat of a hot spot for greenfields exploration in WA. Here, Rumble has high hopes that it may have found Telfer Dome look-alike at the Lamil Project, located midway between the Nifty Copper Mine and Telfer. The quest is made more interesting with the knowledge that the normally deep cover may be less than 100m here. Gravity and passive seismic surveys have even reduced the expected cover to 30-60m in places. There have been 26 early stage targets identified, mostly geophysical, and five geochemical anomalies indicative of intrusive related copper-gold systems have been defined.

Geologists have been searching for more than 40 years for another "Telfer". So far it has been a bit like the quest for the Holy Grail. Exciting and elusive. At Lamil, AIC Mines Ltd is spending up to \$6m to earn a 50% interest, then perhaps another \$4m to go to 65%. The first drill holes may be put down in the September quarter. There is plenty of risk/reward here in what is an exciting project.

Thunder Projects in the Fraser Range 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 is more of a gold target with some nickel and copper potential. About all you can say about these right now is that the ground is prospective and it is a low risk JV deal with a quality partner. Nothing to complain about here.

Other Projects in Gold and Base Metals

At **Munarra Gully** (100% RTR), located 60 km north of Cue, Rumble identified gold-copper and silver in a 50m wide alteration zone along a strike length of 1.5 km, open in all directions. It sees potential for both VMS and orogenic gold in what could be a large system. The next step will be to drill a few holes to expand upon the initial results.

Earaheedy (RTR 75%) is prospective for a large scale Zn-Pb-Ag system, in the range of 40-100 Mt, similar to historic major mining operations at Jinding in China (220 Mt at 7% Zn+Pb - resource) and Laisvall in Sweden (>100 Mt at ~4%Pb+Zn - endowment) i.e. moderate grades, open pit and large tonnages.

In Summary - Rumble is worth following

Rumble is a legitimate exploration company with a good mine-finding geologist, good projects in the hot spots of exploration with brownfields and greenfields status, and adequate funding. Expect good hits when it reports on the Western Queen drilling, but also expect that it will want to raise money as well. Hopefully the ducks will still be quacking.

Tesoro Resources seems to have an excellent gold exploration project in Chile

Tesoro Resources (TSO) is a recent entrant to the ASX, coming on via an RTO and going through a recompliance with Chapters 1 and 2 of the ASX Listing Rules in February 2020. It raised \$4.63m in the process. Initially it had two projects in Chile but it dropped Espina due to complications with access caused by the coronavirus. It is now focusing on the El Zorro gold project in northern Chile, in which it has a 70% interest (subject to shareholder approval in July), and a right to go to 80% on completion of a feasibility study.

El Zorro gold mineralisation has been classified as an Intrusive Related Gold (IRG) System, being different to the typical IOCG style found in the area. This means it is related to intrusive granite rocks that carried gold into the system. The very rich Pogo deposit in Canada is also an IRG-style, and it supports a very profitable gold mine now owned by Northern Star. You should be thinking millions of ounces now.

Tesoro has drilled 27 holes in to the Ternera prospect and come up with a number of good gold intercepts e.g. 86.4m at 2.29 gpt, 121.5m at 1.32 gpt, 84m at 1.3 gpt, 98m at 1.58 gpt and 58m at 1.7 gpt. This suggests a decent size at grades that can be quite profitable today. Tesoro is looking at a zone of interest measuring 1.5 km in length, 100m thick and extending down to depths of 300m.

Up to nine narrower high-grade zones have been identified within the system with four of them having been drilled, frequently returning grades of better than 4 gpt. These occur along NW-SE trending fault lines that cut across the strike. Each of these zones could host 150-200,000 oz, suggesting 1-2 Moz of gold in these structures with lower grades lying in the surrounding rocks. Bulking all of this together suggests a target grade of 1.2-1.6 gpt from pits that could extend to a depth of 250m, with underground potential in the higher-grade zones.

Tesoro plans to get two or three rigs turning from July, with a view to testing the ground to vertical depths of 200m. It is optimistic that it could be in a position to calculate a maiden resource by the end of 2020.

El Zorro's location is one of the big positives, being close to towns and a coastal port (55 km by road from Caldera) and at a low altitude. Sea water is accessible for process water, only 10 km away.

This is a simple, one project company to assess. The structure and geology seem to be well understood. There is clearly plenty of gold in the ground, as demonstrated by the drilling to date. Logistics are good. All that it needs now is more money to increase confidence levels ... which it is raising right now.

Accelerated Rights Issue and Placement

Tesoro went into a trading halt on Friday morning with an accelerated rights issue and placement which could raise up to \$6m at 6¢ a share. The placement accounts for \$3.2m of this. While the crunch of the Dow on Thursday night might have raised some eyebrows, the Company decided to continue with the plan to raise the money.

I have placed a bid for some placement shares for myself as I think this is potentially a very good company. If any readers would like some shares as well, email me on wgrigor@farestcapital.com.au with a bid before 9am on Monday morning. I would be happy to try and get you some stock. I have attached the Term Sheet for your information.

Disclosure: FEC may receive a fee on stock that it places. It currently does not own any share in Tesoro.

Lucapa completed \$5.2m raising

For those of you who may have missed it, Lucapa (LOM) successfully completed a 1 for 5 entitlement issue to shareholders, raising \$5.2m This places the Company in a much stronger financial position to weather the impact of the coronavirus.

While the Mothae diamond mine remains on care and maintenance, probably until the end of 2020, the Lulo mine continues to work with a 50% reduction in manpower (hopefully the hardest working 50% is still on site). The boost to finances will ensure that the assessment of the kimberlite pipes continues over the coming months, with optimism high that after more than five years work the Company has narrowed the quest down to two pipes. It is still speculative at this point, but confirmation that they have found a source pipe could have a dramatic effect on the valuation of the Company.

Disclosure: Interest associated with the author own shares and options in Lucapa and it has been paid capital raising fees.

Canadians getting set in Saturn Metals

Last Monday we saw \$7m worth of Saturn Metals go through the market. It was subsequently disclosed that Peel Mining had sold 16 million shares (19%) of its 23.8% holding. The shares were spread around, but Dundee Corporation took five million, making them a 5.94% shareholder. Back in February the Bank of Nova Scotia (1832 Asset Management) announced an increase in its holding to 7.5% of Saturn. Both of these shareholders are well-regarded mining investment specialists in Canada. Between them they hold 13.44% of the issued capital of Saturn. It is quite possible that more Canadian money will follow them into the stock.

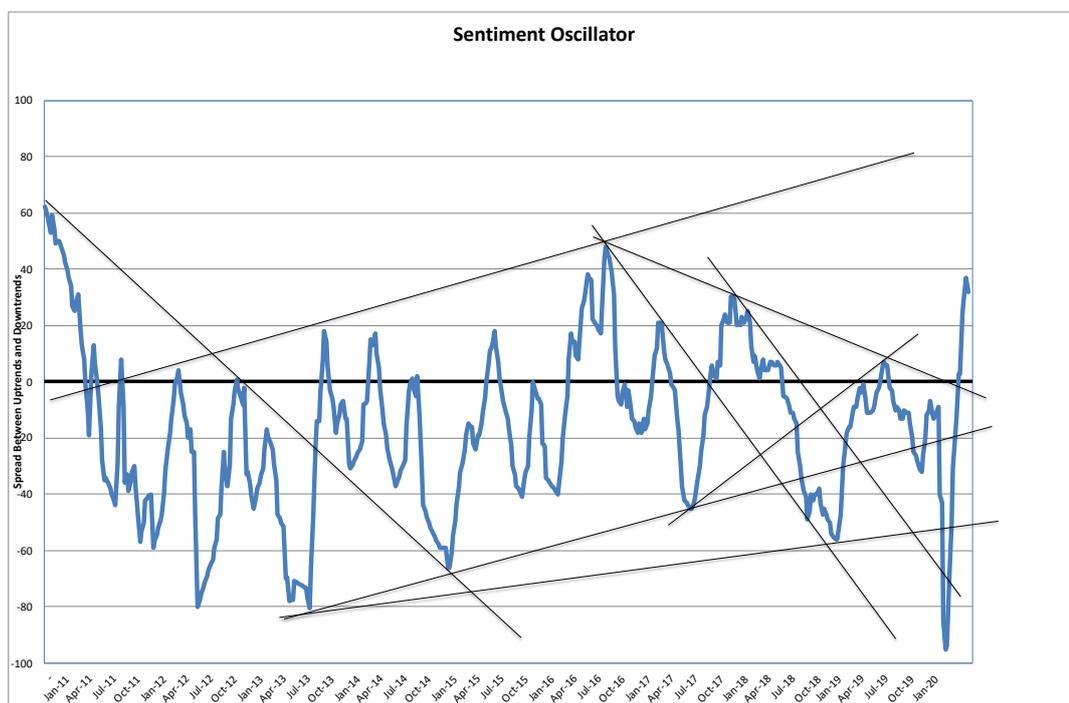
First Graphene completes \$6.2m raising

Just for the record, FGR has completed an entitlement issue that raised \$6.2m. The take-up was a pleasing >70%, with there being a strong shortfall book built to complete the raising.

Speaking with my chairman's hat on, it was a pleasing result. It is the first entitlement issue the Company has made, as opposed to placements, and it means that it is now well funded as it continues to build its sales book.

Disclosure: Interest associated with the author own shares in First Graphene. FEC has received capital raising fees. The author is the Non-Executive Chairman of FGR.

Disclosure: Interest associated with the author own shares in Saturn Metals



Sentiment Oscillator: Sentiment eased over the week, with 54% (56%) of the charts in uptrend and 22% (19%) in downtrend on Friday's close. The heavy selling in New York on Thursday night was only partially echoed in Australia. However, a number of charts came back to support lines the need to be held, or sentiment drops away.

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	strongly higher	
Metals and Mining	XMM	strongly higher	
Energy	XEJ	rising again	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	hugging support line	HPA
Adriatic Resources	ADT	testing uptrend	zinc
Aeon Metals	AML	rising again, approaching resistance	copper + cobalt
Alkane Resources	ALK	surge higher	gold, zirconia
Alicanto Minerals	AQI	breached uptrend	gold exploration
Allegiance Coal	AHQ	testing downtrend	coal
Alliance Resources	AGS	surge above resistance line	gold exploration
Apollo Consolidated	AOP	Uptrend	gold exploration
Arafura Resources	ARU	breaching resistance line	rare earths
Aurelia Metals	AMI	surge out of downtrend	gold + base metals
Australian Potash	APC	down	potash
Australian Mines	AUZ	base forming	cobalt/nickel
Australian Vanadium	AVL	new low	vanadium
BHP	BHP	surge to new high	diversified, iron ore
Base Resources	BSE	sideways through downtrend line	mineral sands
Bathurst Resources	BRL	down	coal
BBX Minerals	BBX	down	gold exploration
Beach Energy	BPT	breaching uptrend	oil and gas
Beacon Mining	BCN	drifting lower	gold production
Bellevue Gold	BGL	new high	gold exploration
Blackstone Minerals	BSX	testing uptrend	nickel
Breaker Resources	BRB	rising	gold exploration
Broken Hill Prospecting	BPL	rising	minerals sands
Buru Energy	BRU	rising	oil
Buxton Resources	BUX	turned down at resistance line	nickel exploration
Capricorn Metals	CMM	rising again	gold
Cardinal Resources	CDV	rising, on support line	gold exploration
Cassini Resources	CZI	at highs	nickel/Cu expl.
Central Petroleum	CTP	down again	oil/gas
Chalice Gold	CHN	ST down	gold exploration
Chase Mining	CML	breached uptrend	nickel/copper/PGE
Chesser Resources	CHZ	new uptrend started	gold exploration
Dacian Gold	DCN	collapse on recapitalisation	gold
Danakali	DNK	through resistance line	potash
Davenport Resources	DAV	testing resistance line	potash

De Grey	DEG		new high	gold
E2 Metals	E2M		risen to resistance line, again	gold exploration
Ecograf (was Kibaran)	EGR		surge higher but heavy pullback	graphite
Emerald Resource	EMR		breaching downtrend	gold
Evolution Mining	EVN		testing uptrend	gold
FAR	FAR		sideways	oil/gas
First Graphene	FGR		rising again	graphene
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		down	lithium
Galena Mining	G1A		surge through resistance line	lead
Galilee Energy	GLL		rally through resistance line	oil and gas, CBM
Gold Road	GOR		correcting lower	gold
Graphex Mining	GPX		suspended since 25th March	graphite
Heron Resources	HRR		breaching downtrend	zinc
Highfield Resources	HFR		strong rise	potash
Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		surge confirms uptrend	mineral sands
Image Resources	IMA		slump out of short term uptrend	mineral sands
Independence Group	IGO		Uptrend	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths (Oro Verde)	IXR		breached downtrend	rare earths
Jervois Mining	JVR		looking weaker	nickel/cobalt
Jindalee Resources	JRL		still under resistance line	lithium
Kin Mining	KIN		strongly higher	gold
Kingston Resources	KSN		uptrend through resistance line	gold
Kingwest Resources	KWR		breached uptrend	gold
Legend Mining	LEG		surge to new high	nickel exploration
Lepidico	LPD		testing downtrend	lithium
Lindian Resources	LIN		back to lows	bauxite
Lithium Australia	LIT		recovered to hit resistance line	lithium
Lotus Resources	LOT		down	uranium
Lucapa Diamond	LOM		at lows	diamonds
Lynas Corp.	LYC		rising again	rare earths
Mako Gold	MKG		testing downtrend	gold exploration
Manhattan Corp	MHC		breached uptrend	gold exploration
Marmota	MEU		strong recovery	gold exploration
MetalsX	MLX		testing downtrend	tin, nickel
Metro Mining	MMI		testing downtrend	bauxite
Mincor Resources	MCR		rising	gold
Musgrave Minerals	MGV		strongly higher	gold exploration
Myanmar Minerals	MYL		breached downtrend	zinc
Nelson Resources	NES		uptrend through resistance line	gold exploration
Neometals	NMT		continuing down	lithium
Northern Minerals	NTU		sideways	REE

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Northern Star Res.	NST		back to highs	gold
NTM Gold	NTM		rising again	gold exploration
Oceana Gold	OGC		rising	gold
Oklo Resources	OKU		near highs	gold expl.
OreCorp	ORR		rising	gold development
Orocobre	ORE		steep rise	lithium
Oz Minerals	OZL		testing downtrend	copper
Pacific American Holdings	PAK		new low	coal
Pacifico Minerals	PMY		rising	silver/lead
Pantoro	PNR		rising	gold
Panoramic Res	PAN		down	gold , nickel
Peak Resources	PEK		testing ST uptrend	rare earths
Peel Mining	PEX		testing downtrend	copper
Peninsula Energy	PEN		down again	uranium
Pure Minerals	PM1		testing downtrend	nickel/cobalt/HPA
Pensana Metals	PM8		steeply higher	rare earths
Perseus Mining	PRU		back to highs	gold
Pilbara Minerals	PLS		heavy pullback	lithium
PNX Metals	PNX		rising	gold, silver, zinc
Polarex	PXX		breached steep uptrend	polymetallic exploration
Ramelius Resources	RMS		rising	gold production
Real Energy	RLE		rising	gas
Red5	RED		breached downtrend	gold
Red River Resources	RVR		broken through resistance line	zinc
Regis Resources	RRL		uptrend again	gold
Resolution Minerals	RML		heavy pullback	gold
Resolute Mining	RSG		rising	gold
RIO	RIO		rising	diversified, iron ore
Rumble Resources	RTR		rising	Gold exploration
Salt Lake Potash	SO4		rising	potash
Saracen Minerals	SAR		rising	gold
St Barbara	SBM		rising	gold
Sandfire Resources	SFR		rising	copper
Santos	STO		strong uptrend	oil/gas
Saturn Metals	STN		recapturing uptrend	gold exploration
Sheffield Resources	SFX		rising again	mineral sands
Sky Metals	SKY		heavy correction	gold exploration
St George Mining	SGQ		back to downtrend after placement	nickel
Silex Systems	SLX		spike through resistance line	uranium enrichment technology
Silver Mines	SVL		rising	silver
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		weaker	coal
Strandline Resources	STA		breaching resistance line	mineral sands
Syrah Resources	SYR		breaching steepest downtrend	graphite

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Talga Resources	TLG		rising	graphite
Technology Metals	TMT		rising	vanadium
Tesoro Resources	TSO		breaching uptrend	gold exploration
Titan Minerals	TTM		strong rise	gold
Vango Mining	VAN		drifting lower	gold
Venturex	VXR		down again	zinc
Vimy Resources	VMY		strong rally	uranium
West African Resources	WAF		new high	gold
Westgold Resources	WGX		ST down	gold
West Wits Mining	WWI		rising	gold
Western Areas	WSA		testing downtrend	nickel
Whitebark Energy	WBE		sideways	oil and gas
Whitehaven Coal	WHC		breached downtrend	coal
Yandal Resources	YRL		rising	gold exploration
Zinc Mines of Ireland	ZMI		strong rally	zinc
Totals	54%	75	Uptrend	
	22%	30	Downtrend	
		138	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	30	21.7%
Gold Exploration	22	15.9%
Oil/Gas	8	5.8%
Nickel	9	6.5%

Lithium	8	5.8%	
Coal	6	4.3%	
Zinc/Lead	10	7.2%	
Mineral Sands	6	4.3%	
Rare Earths	6	4.3%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Cobalt	2	1.4%	
Graphite	4	2.9%	
Tin	1	0.7%	
Iron Ore	3	2.2%	
Uranium	3	2.2%	
Bauxite	3	2.2%	
Vanadium	1	0.7%	
Silver	3	2.2%	
Diamonds	1	0.7%	
Other	2		
Total	138		

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