

Tuesday, 3 July 2018

Explaurum Ltd

Supergene looks super great

Analysts | James Wilson | Matthew Keane

Recommendation	Spec Buy
Current Price	\$0.08
Target Price	\$0.21

Event & Impact | Positive

EXU has announced additional results from the Mace prospect which sits immediately adjacent to the Tampia Pit area. Mineralisation was targeted in a shallow supergene blanket which extended over a 500m x 50m wide zone with average thicknesses of ~5m. Recent drilling has determined the area has an uncut grade of ~5.17g/t Au. Based on these measurements we can see a read-through for around ~60koz of contained gold. Importantly, the mineralisation is contained within the oxide profile and should be easily amenable to open pit extraction methods and should ultimately boost the economics of the project as it was never considered part of the recent Feasibility Study. The important point here is that the Tampia Pit economics may change materially with the inclusion of this new material which sits adjacent to the existing pit design.

Better intersections at Mace included:

- 11m @ 13.9g/t Au from 7m
- 8m @ 10.03g/t Au from 10m
- 8m @ 4.83g/t Au from 9m
- 5m @ 4.17g/t Au from 8m
- 3m @ 5.26g/t Au from 2m

The zone remains open to the west and is associated with a larger soil anomaly which extends for ~13km in the westerly direction. EXU is now planning an immediate follow-up to drill a further 500m of strike extent at Mace.

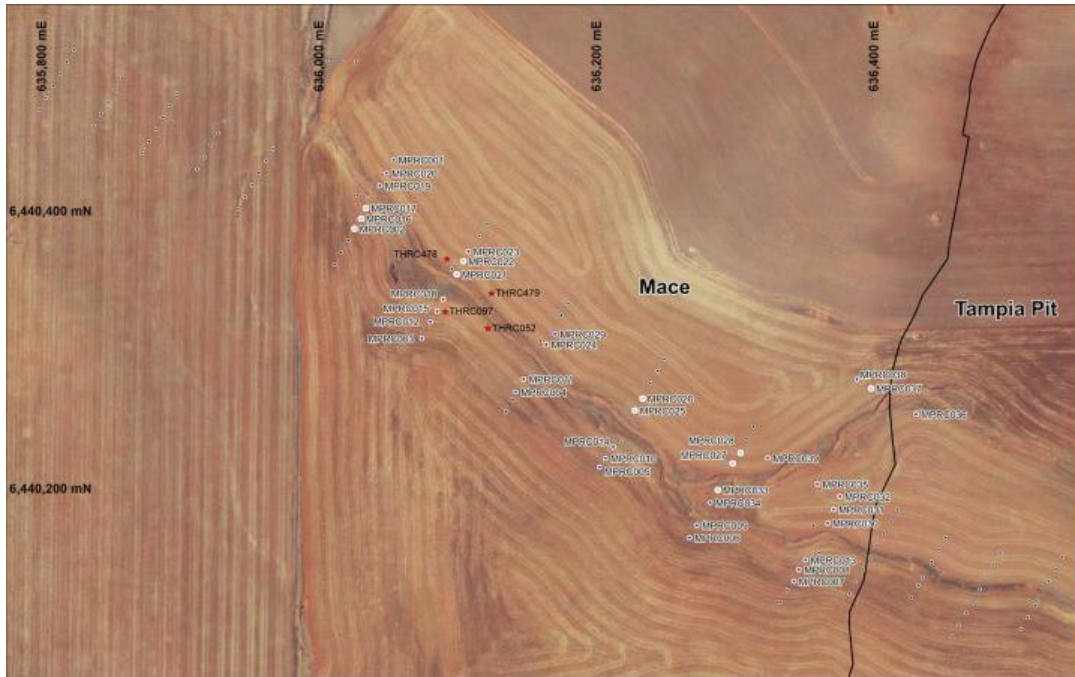
Anomaly 8

Four diamond drill holes have been completed at Anomaly 8 for a total of 618m. The holes were drilled to target geology and structures (known as orientation drilling) to optimise future drill planning. Holes intersected Mafic Gneiss (the host rock for Tampia to the South) and sulphide mineralisation as well as widespread biotite alteration. Samples have been dispatched to the lab with results due in August.

Future Work Programs:

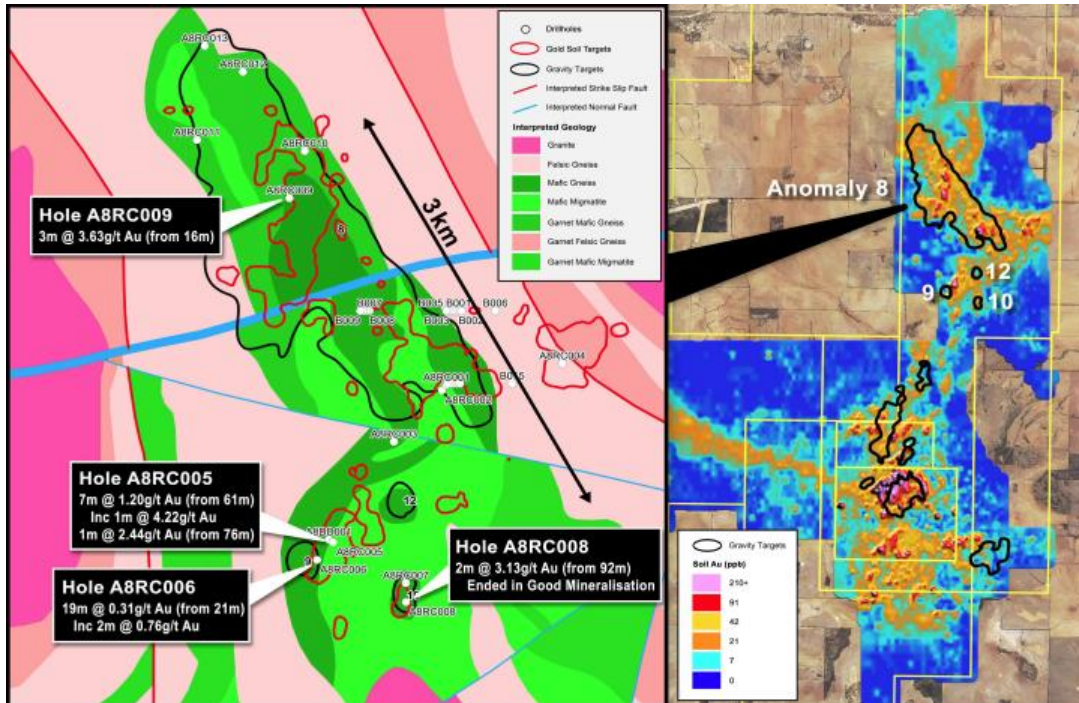
The increased prospectivity at these two locations (Mace and Anomaly 8) will see EXU step up for an aggressive exploration program over the next 6 months. Drilling at Mace will see an additional 5 drill lines at 80m spacing to the west for a total of 86 drill holes (3091m) to be completed in the next 3-4 weeks. Anomaly 8 drilling will recommence to test the 3km strike extent of gold mineralisation.

Figure 1: Mace Prospect with Tampia Pit crest on the right side



Source: EXU

Figure 2: Anomaly 8 location and recent drilling



Source: EXU

Recommendation

Maintain Speculative BUY recommendation and target price of \$0.21ps.

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