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## Today's Market View - Gold rises on comments Fed may cut rates to zero

SP Angel - Morning View - Tuesday 04 06 19

Gold rises on comments Fed may cut rates to zero

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Bluejay Mining\* (LON:JAY) BUY - Target price reduced to 21.3p from 45p - Annual report, Chairman's statement Optimised Pre-Feasibility Study anticipates production of 440,000tpa

Keras Resources\* (LON:KRS) - Drilling at Calidus returns very good grade over 4m composite results

Horizonte Minerals (LON:HZM) -Test results from Vermelho

Phoenix Global Mining\* (LON:PGM) - 2018 Annual Report

Gold US\$1,329/oz vs US\$1,313/oz yesterday

- Gold holds onto its biggest gain in more than four months on growing demand for havens amid escalating US trade threats and its impact on global growth.
- Growing bets are also building the Federal Reserve will cut interest rates this year to contain the fallout. St. Louis Fed President James Bullard said Monday a rate cut may be needed "soon to help re-center inflation and inflation expectations at target and also to provide some insurance."
- Billionaire Stan Druckenmiller said he could see the Fed funds rate going to zero in the next 18 months if the economy softens and that he recently piled into Treasuries as the U.S. trade war with China escalated.
- A measure of US manufacturing activity also unexpectedly fell in May to the lowest level since October 2016. The Institute for Supply Management's purchasing managers index declined to 52.1 from 52.8, missing the median forecast of 53 in Bloomberg's survey.
- Donald Trump's plan to impose tariffs on Mexico has raised concerns with congressional Republicans, who have discussed taking legislative action to head off his plan.
- Holdings in the largest bullion-backed exchange-traded fund, SPDR Gold Shares, surged the most in almost three years, jumping 16.44mt or 2.2%. The swing toward the traditional haven came as gold prices surged above \$1,300 an ounce to hit the highest since February.
- On Tuesday, there were more signs of macro weakness from across Asia as revised data showed South Korea's economy shrank 0.4% in the first quarter, the worst performance since the financial crisis, while the purchasing managers index in trade-dependent Singapore dropped below 50.

Banks - ramping up non-carbon commodity trading desks

- Reuters reports today that banks are beefing up trading teams in cleaner commodities such as gas, metals and carbon credits.

- The banks are gearing up to take advantage of the move towards a global economy which requires greater electrical generation from non-carbon energy sources..
- While natural gas is still a carbonised fossil fuel it is seen as a necessary alternative to coal and fuel oils.
- Copper and a number of other metals are seen as important components in the drive to produce and deliver electrical power from more non-carbon fuel sources.
- Specialist headhunters report bank recruitment in the oil sector fell 20-25% over the past 18 months or so with recruitment of power and gas specialists rising by around 20% and metals desk hiring up 5-10%.

Dow Jones Industrials

+0.02%

at

24,820

Nikkei 225

-0.01%

at

20,409

HK Hang Seng

-0.62%

at

26,727

Shanghai Composite

-0.96%

at

2,862

FTSE 350 Mining

-0.53%

at

18,746

### AIM Basic Resources

+0.14%

at

1,987

### Economics

US - Bond yields are continuing to slide on the back of weakening growth outlook with market betting the Fed will need to step in and cut rates.

- The benchmark 10y Treasury yield dropped to the lowest since Sep/17 overnight close to 2% as St Louis Fed President James Bullard suggested a rate cut "may be warranted soon".
- Poor PMI data released yesterday pointed to further slowdown in the manufacturing sector as the headline index dropped to the weakest since Sep/19 with new orders dropping for the first time since Aug/09.
- The US\$ index hit three-week low while the Japanese yen climbed to four month highs.

EU - European tech stocks are trading lower this morning as US antitrust authorities have laid out groundwork for a potential investigation into Google, Facebook, Amazon and Apple.

- The index tracking tech companies on the Stoxx Europe 600 was down 2% today.

Australia - The central bank cuts the rate by 25bp to 1.25% as monetary policy authorities are aiming to support weakening growth.

- "The Board took this decision to support employment growth and provide greater confidence that inflation will be consistent with the medium-term target," RBA said.
- The central bank has also signalled that there is a potential for further rate cuts in the future if needed.
- The economy is battling with falling home prices, rising unemployment, sluggish consumer spending and weak inflation.
- GDP growth rate hit a low of 0.2%qoq in Q4/18 having been on a downward trend through all of the previous year with Q1/19 numbers due tomorrow (0.5%qoq forecast).

### Currencies

US\$1.1274/eur vs 1.1166/eur yesterday Yen 107.96/\$ vs 108.23/\$ SAr 14.409/\$ vs 14.597/\$ \$1.269/gbp vs \$1.264/gbp 0.699/aud vs 0.694/aud CNY 6.908/\$ vs 6.907/\$

### Commodity News

Precious metals:

Gold US\$1,329/oz vs US\$1,313/oz yesterday

Gold ETFs 71.3moz vs US\$70.6moz yesterday

Platinum US\$824/oz vs US\$799/oz yesterday

Palladium US\$1,326/oz vs US\$1,341/oz yesterday

Silver US\$14.81/oz vs US\$14.63/oz yesterday

### Base metals:

Copper US\$ 5,855/t vs US\$5,827/t yesterday

Aluminium US\$ 1,775/t vs US\$1,796/t yesterday

Nickel US\$ 11,890/t vs US\$11,940/t yesterday

Zinc US\$ 2,481/t vs US\$2,505/t yesterday

- Zinc continues retreating, adding to Monday's slump as metals come under fresh pressure on concerns for economic growth. A gauge of US manufacturing activity fell in May to the lowest since October 2016, adding to a global factory slow down that's weighed on industrial metals this year.
- The metals portion of the Bloomberg Commodities index is heading for its lowest since early January after banks including Morgan Stanley and JP Morgan Chase & Co. warned that recession risks are rising.
- Stocks edge lower in Asian trading, with Shanghai Composite Index falling as much as 1%.

Lead US\$ 1,812/t vs US\$1,800/t yesterday

Tin US\$ 19,125/t vs US\$18,750/t yesterday

### Energy:

Oil US\$61.0/bbl vs US\$61.2/bbl yesterday

Natural Gas US\$2.410/mmbtu vs US\$2.462/mmbtu yesterday

Uranium US\$24.00/lb vs US\$23.90/lb yesterday

### Bulk:

Iron ore 62% Fe spot (cfr Tianjin) US\$94.0/t vs US\$95.9/t

Chinese steel rebar 25mm US\$610.3/t vs US\$610.3/t

Thermal coal (1st year forward cif ARA) US\$63.7/t vs US\$64.5/t

Coking coal futures Dalian Exchange US\$197.3/t vs US\$197.3/t

Other:

Cobalt LME 3m US\$32,000/t vs US\$32,000/t

NdPr Rare Earth Oxide (China) US\$49,217/t vs US\$48,494/t

- With rare earths in the cross hairs of the US-China trade war, Russia looks to capitalise on its significant reserves and ramp up production.
- The nation accounts for less than 2% global production, but owns the world's fourth-largest reserves, according to the US Geological Survey.
- President Vladimir Putin has pushed Russia to develop its own rare earth production, calling it an issue that's "critically important to the defense capability of the country."
- "Despite the fact that the projects are difficult and being postponed, the supplies are unlikely to reach the U.S.," said Boris Krasnojenov, chief of research at Alfa Bank JSC in Moscow.
- The biggest one is run by TriArk Mining Co., a venture owned by Russian billionaire Alexander Nesis and Russian state-owned giant Rostec State Corp., which is under U.S. sanctions. It's developing a project in Russia's Far East that hopes to produce 14,000t of ferroniobium and 16,000t of rare earth metals oxides a year. Production figures would account for 10% global production.
- Andrey Korobov, the head of Rostec's RT-Business Development, said in an interview in 2015 that the plant will make Russia self-sufficient in rare-earth elements used in wind turbines and hybrid cars. Exports to Japan and China might be an option, he said.

Lithium carbonate 99% (China) US\$9,626/t vs US\$9,627/t

Ferro Vanadium 80% FOB (China) US\$35.5/kg vs US\$35.5/kg

Antimony Trioxide 99.5% EU (China) US\$5.8/kg vs US\$5.8/kg

Tungsten APT European US\$260-270/mtu vs US\$270-280/mtu

## Battery News

Tesla fire sparks concerns for supercharger station

- A Tesla Model S caught fire and burned to its shell while plugged in at Tesla's Supercharger Station in Antwerp, Belgium.
- Local news reports "The driver of the car had parked it at a so-called 'Supercharger', a fast charging station, at the Novotel at Luithagen-Haven. When he returned a little later, his Tesla and the supercharger were lit up. Possibly there was a technical problem before charging."
- To ensure the fire doesn't reignite, an issue with electric car fires, Antwerp's fire department submerged the car into a pool of water.
- While rare, a Model S also caught fire in 2016 while charging in Norway.
- The fire serves to highlight the risk with lithium batteries and thermal runaway. Tesla report the cause of the fire was a short-circuit in the car, and while the source remains unclear, it has nonetheless pushed a software update to its fleet to "provide extra security during charging".
- Report suggest at least 4 models have caught fire in the last two months. In balance, thousands of ICE vehicles have caught fire during the same period.

Energy prices crash old fuels

- Plunging gas and coal prices across Europe are hurt by the relentless threat of ever-cheaper clean energy that's gaining market share and driving out the fossil fuels in the process.

- Both energy commodities record their fourth weekly decline, with benchmark Dutch gas posting the biggest first-half slump in a decade. The glut has worsened as liquified natural gas cargoes continue to hit European shores.
- Prices have fallen far enough that gas-fired power stations in Germany are making more money than those burning coal, which usually is the more profitable fuel.
- The price slump is one sign of Europe's determination to phase out coal as it seeks to slash climate-warming emissions without holding back the economy. Renewables are also in the fight for market share, with onshore wind and solar power "fast becoming cheaper than average power prices in Europe's largest markets," according to a research by BloombergNEF.
- With gas, "there's scope for rapid demand growth, perhaps partly because of lower prices but also because of the general shift toward cleaner fuels," Bain said. "We think this is a bit of a seasonal trough at the moment. We are positive on gas and negative on coal."

### Company News

Bluejay Mining\* (LON:JAY) 8.9p, Mkt Cap £76m - Annual report, Chairman's statement Optimised Pre-Feasibility Study anticipates production of 440,000tpa

BUY - Target price reduced to 21.3p from 45p - included in MSCI index

(Dundas Ilmenite project, Greenland, 100% owned)

- Bluejay Chairman's statement highlights progress towards production of an optimised Pre-Feasibility Study at the Dundas ilmenite project in Greenland.
- The Optimised Pre-Feasibility study envisages a production rate of 440,000tpa of ilmenite concentrate.
- the Environmental Impact Assessment 'EIA' and Social Impact Assessment 'SIA' reports have been submitted to the Greenland government of Greenland.
- The SIA envisages the creation of 175 direct jobs in Greenland along with increasing skills and training. This is important for the nearby local community and the Bluejay team are aware that recruitment and training must be carefully managed so as not to disrupt other economic activity in the region.
- "The Pre-Feasibility Study for Dundas is currently at a final draft stage and will be published as soon as practicable. The delay in the publication can be attributed to the significantly high level of detail that has been undertaken in producing this study. Looking ahead, this extended and in-depth PFS will result in both significant time and cost efficiencies, as this mitigates some of the test work required by Bluejay when it advances into the definitive feasibility stage. This will occur once the licence application has been lodged."
- In the meantime, the team have continued geotechnical surveying and water monitoring for the plant and other infrastructure. There is a new 350kVA power generator and a containerised 30-person/man camp along with an upgraded mining fleet.
- Ilerlak: Bluejay report an Exploration target of 20-60mt grading 6-10% ilmenite in-situ at the Ilerlak Delta target which makes it a similar scale resource to Dundas though the Delta area has a smaller footprint and is likely to contain some much higher grade areas.
- Other exploration: The Chairman's report reminds us of Bluejay's other exploration at the Disko-Nuussuaq Magmatic Massive Sulphide nickel-copper-platinum project further to the south. Disko assays on surface material show 2.02% nickel, 0.8% copper and 0.2% cobalt causing the team to expand the license area to the scale of Luxembourg, which is about a 1/10th the size of Wales.
- The team are also evaluating the Kangerluarsuk Sed-Ex lead-zinc-silver project, where historical work has recovered grades of 41% zinc, 9.3% lead and 596 g/t silver and has identified four large-scale drill ready targets.
- Finland: Bluejay is also maintaining a number of highly-prospective base-metal and PGE prospects in Finland. We have visited the former mines at Hammaslahti (copper-zinc) and Enonkoski (nickel-copper PGEs) as well as the exploration area on trend with the historic and former world-class Outokumpu mine. These are highly prospective projects and should command new attention when the proposed Dundas ilmenite mine is up and running.
- Cash: Bluejay has issued a new £7.2m cash figure versus the £8.8m cash we mistakenly reported last week

following the raising of £17m early last year.

- Exploration costs ran at £6.3m for the year just ahead of £4.6m a year earlier as further work was done on the on-shore and marine resources.
- Bluejay reports a loss of £10.8m for the year vs £2.7m last year following an impairment of £8.9m.
- Admin expenses were £1.8m split between £0.5m in Greenland, £0.1m in Finland and £1.2m in the UK.
- The company impaired £8.9m of intangible assets probably mainly due to the movement of plant and equipment and work done in Greenland.
- Target price reduced to 21.3p from 45p. We have reviewed our valuation of Bluejay's ilmenite project following publication of its updated resource statements and annual report. We look forward to further revisions to our valuation on publication of the long-awaited Pre-Feasibility study where we will be looking for confirmation of mining, processing, storage, loading and shipping costs. We also reduce our recommendation to Buy from Strong Buy.
- Grade assumptions: We have reduced our modelled assumption on grade and ilmenite production to match that shown in the annual report and resource statement in preference to the more optimistic scenario we were formerly using. This is, in part, due to the lower grade of the extended resource and lower grade than expected in the Ilerlak Delta Exploration Target where we had expected a significantly higher grade. While higher grades may be estimated and mined in the future at Ilerlak we are downgrading our expectations for now.
- Production: We have pulled back our production assumptions to the production of 440,000tpa as reiterated in the annual report based on a more cautious stance on ilmenite demand growth on the back of the market's view of likely lower global GDP growth.
- We ramp up Bluejay's production rate to 440,000tpa over three years as we see this as relatively simple from a mining perspective despite its location in Northern Greenland.
- While we believe the Dundas project should eventually support a larger production rate we are concerned that the overall increase in global demand for new ilmenite concentrate may be insufficient over the next few years to absorb new production from Bluejay, Base Resources' new Toliara project and Rio Tinto's QMM mine in Madagascar as well as an increase in production at Kenmare's Moma mine in Madagascar.
- Sentiment over investment in commodities and mining shares feels at a low in the current Trump trade war environment causing us to apply a more cautious 20% discount to the ilmenite price of \$185/t in our model. Bluejay may receive a significant discount or potentially a premium to ilmenite price depending on the results of further testwork on the unusually high grade concentrate which we would expect to be produced from their feedstock from the Dundas project.

**Conclusion:** It is good to read that the Optimised Pre-Feasibility Study is on the way, that this is a relatively well advanced study and that it will result in significant time and cost savings. It should also speed up the production of a Definitive Feasibility Study in preparation for bank financing for the move to full production.

Feasibility studies are often held up as new ideas are examined and optimised to improve projects and often materially enhance project economics.

While the wait is frustrating the process is important as a little time in planning can save millions in capex and add many more millions to economic returns.

We are very keen to see the results of the feasibility study on what should be a relatively low capex cost project.

\*The SP Angel mining analyst has visited the Dundas, Ilerlak ilmenite sands project in Greenland.

\*SP Angel act as nomad to BlueJay Mining.

Chaarat Gold (LON:CGH) 32p, Mkt Cap £129m - Tulkubash BFS

BUY - 42p

- The Company released the Tulkubash Oxide Gold Project BFS together with updated JORC-compliant mineral

reserves.

- Reserves increased to 22.2mt at 0.92g/t for 658koz marking a rise of 39% and 41% in tonnages and ounces' terms, respectively.
- Expanded reserves reflect updated mineral resources released earlier this year showing a 67%yoy increase in Measured and Indicated category ounces reflecting both higher tonnages (+19%) and higher grades (+40%).
- Reserves are prepared at a \$1,300/oz gold price assumption and are effective as of Apr/19.
- The BFS envisages a typical contractor drill blast load haul open pit mining operation feeding 13.5ktpd (4.9mtpa) heap leaching facility.
- Waste stripping averages at 2.6x during the 5.3y life of mine.
- Heap leaching running at 69% gold recoveries average 94kozpa with peak production during steady state in excess of 111koz.
- Average cash operating cost estimated at \$678/oz and AISC at \$819/oz (incl taxes).
- Capex reduced to \$110m, from \$132m.
- The Project is estimated to yield NPV5% of \$70m and IRR of 20% using \$1,300/oz gold price with an average annual FCF post tax at \$44m.
- The mineral reserve has been estimated within 3.2km of a 6km long strike with the mineralisation remaining open NE for further expansion of the mineral inventory.
- The team is planning to continue with step out and infill drilling at Tulkubash as well as concurrently progressing with project funding and development. The project funding on top of the \$31.5m secured from Ciftay in Mar/19 is expected to come mostly in the form of debt reducing the dilution to the Company's shareholders and is expected to close in Q3/19. First gold is targeted for Q4/21.

Conclusion: The updated BFS helps to further de-risk the Tulkubash oxide project assisting the Company in debt funding negotiations that are targeted for completion in Q3 this year paving the way for the start of development works. The report establishes the technical feasibility of the project while further drilling (30,000m in 2019 and 15,000-20,000mpa thereafter) should see an increase in mineral reserves and an improvement in Tulkubash economics. Successful 2018 drilling programme that added c.650koz in Measured and Indicated Resources leading to a c.200koz increase in Mineral Reserves suggests the life of mine is likely to further grow as the exploration team continues to drill out the Tulkubash mineralised strike.

\*SP Angel acts as Broker to Chaarat Gold

Keras Resources\* (LON:KRS) 0.4p, Mkt Cap £9m - Drilling at Calidus returns very good grade over 4m composite results

(Keras currently has 458m shares in Calidus, representing approximately 32.3% of the current issued share capital of Calidus.)

(On successful completion of the PFS, an additional 265m performance shares of Calidus ('Performance Shares') owned by Keras will be converted into ordinary shares of Calidus.)

Keras's stake in Calidus is currently worth A\$20m (£14m) assuming the additional PFS shares are issued.

BUY, Target price 1.04p

[Click for our last full note on Keras](#)

- Drilling at Calidus' regional drilling programme at Warrawoona gold project is reported to show some very good results.
- The results are shown in four-meter composite sections indicating good mining widths and a degree of consistency in our view.
- The relatively shallow high-grade gold results are described as 'Outstanding first assays'
- The drilling is across the Klondyke Shear up to 5km west of the current 1.15Moz Klondyke JORC Resource at

Warrawoona indicating good potential to tie this new deposit in with the main JORC resource.

- Significant 4m composite results include:
  - 8m grading 8.06g/t Au from 56m down hole
  - 4m @ 8.87g/t Au from 48m
  - 12m @ 2.37g/t Au from 52m
  - 8m @ 1.85g/t Au from 48m
  - 4m @ 3.54g/t Au from 60m
  - 4m @ 2.35g/t Au from 44m
- See full statement at: <https://www.investi.com.au/api/announcements/cai/a9615b52-2c5.pdf>
- Geology: a previous nearby hole intersected a 1m thick silicified black shale unit underlain by a sheared mafic.
- Three of the holes drilled into the St George shear contained fuchsite alteration and silicification with minor pyrite before intersecting and chert and then barren ultramafic rock. Although alteration is present, it suggests that significant disseminated pyrite is required for an uplift to the tenor of gold mineralisation.
- Calidus are reporting 4m composites first and then based on results, submit the mineralised 1m samples to keep costs down. The 4m results are reported first due to rules on continuous disclosure. This means we will likely see some very interesting 1m composite sample results on the second round assays to come.
- Calidus also report they will be presenting at the Resources Rising Stars Conference later today on the Gold Coast in Australia.

Conclusion: Results highlight scope for a further significant resource increase at Warrawoona. We look forward to the release of further assays which are currently pending.

\*SP Angel act as Nomad and broker to Keras Resources

Horizonte Minerals (LON:HZM) 1.85p, Mkt Cap £26.8m -Test results from Vermelho

- Horizonte Minerals has reported the completion of test work on samples of limonitic material from its Vermelho nickel cobalt project in Brazil.
- The results "confirm the suitability of the Pressure Acid Leach ('PAL') Process and subsequent purification stages for processing Vermelho limonite ore to produce high purity cobalt and nickel sulphate suitable to supply the EV battery markets".
- The company plans to integrate the test results "into the Pre-feasibility Study underway on the Vermelho Project".
- Testing of the limonite material from Vermelho follows earlier work which "showed that Vermelho saprolite ore is suitable for conventional processing at the Rotary Kiln Electric Furnace ("RKEF") to be built at the Company's Araguaia FeNi project".
- The bench-scale test-work, which was undertaken at the laboratories of SGS Lakefield in Canada, used some 157kg of limonite material with an average grade of 1.72% nickel, 0.076% cobalt and 27.7% iron and included high-pressure acid leaching (HPAL) testing in autoclaves at a temperature of 250°C and a pressure of 585 psi (approximately 40 bar) to recover nickel and cobalt to solution.
- Further tests were conducted to precipitate a mixed hydroxide precipitate (MHP) and separate and purify the cobalt and nickel hydroxides by ion-exchange methods and crystallise a 99.91% pure cobalt sulphate product "for purification to final battery grade product".
- Commenting on what he described as "a major milestone in the development of the [Vermelho] project", CEO, Jeremy Martin, said that "The successful completion of this sulphate test work confirms that the selected process flow sheet is suitable to treat the Vermelho ore and when combined with the earlier successful RKEF test work demonstrates that alternate process routes exist for the project. The data from the test programmes will be incorporated into the Vermelho Pre-feasibility Study, for release in early H2, with the objective of demonstrating a robust set of economics for the project."
- Mr. Martin also confirmed that "we continue to advance the project financing (PF) on the Araguaia Ferronickel Project, with positive interest shown from seven international banks regarding a PF syndicate. Discussions are also underway with a number of groups on product marketing and offtake."
- The company points to a 4-5% pa growth in demand for nickel, driven by stainless steel, as well as a "cobalt

revenue stream from outside of the Democratic Republic of Congo (DRC).

Conclusion: The company's test-work has demonstrated that nickel and cobalt hydroxide can be extracted from the limonites at Vermelho. Testing at this stage has been on a relatively small sample and no doubt as the project progresses further work will be undertaken to confirm that the initial sample is representative of any variations within the deposit and to refine the process flowsheet options.

Phoenix Global Mining\* (LON:PGM) 16.5p, Mkt Cap £7.1m - 2018 Annual Report

- Phoenix Global Mining has posted its 2018 Annual Report to the company's website ([www.pgmining.com/corporate-documents](http://www.pgmining.com/corporate-documents))
- As previously announced, the company made a loss for calendar year 2018 of \$1.65m or 5.82cents/share (2017 loss \$1.36m or 8.16cents/share) as it works towards the re-opening of the historic Empire mine in Idaho.
- Executive Chairman, Marcus Edwards-Jones highlights the success of the 2018 drilling programme at the Empire site, comprising 93 holes totalling 8,604m, which has resulted in a 46% increase in the measured and indicated oxide mineral resources to 15.2mt at an average grade of 0.47% copper, 0.15% zinc, 11.8g/t silver and 0.29g/t gold,
- The resource upgrade underpins the current work towards "the Bankable Feasibility Study ("BFS") scheduled for completion in mid 2020" and Mr. Edwards-Jones describes the 2018 drilling campaign as "a major breakthrough for our company, in that the updated resource shows that the planned Empire open-pit mine, combined with the lower-cost SX-EW processing plant, is now economic at current metal prices and will generate early cashflow to enable us to explore the higher-grade sulphide deposits underneath the open pit mine".
- The company has previously reported that work by an independent environmental engineering firm "conducting plant and wildlife, hydrology, and surface impact studies at the Empire Mine for two years now as an integral part of the Plan of Operations development. No fatal environmental flaws have been identified"
- As well as the expansion and upgrading of the oxide mineral resource, initial drilling of surface sulphide mineralisation at the Red Star prospect "located 330 metres north-northwest of the Empire oxide pit" yielded a small maiden "Inferred" sulphide resource of 103,500 tonnes, containing 577,000 ounces of silver, 3,988 tonnes of lead, 957 tonnes of zinc, 338 tonnes of copper, and 2,800 ounces of gold".
- As previously announced, the company also expanded its landholdings adjacent to the Empire mine site to 1837 acres (approximately 740 hectares) "through the acquisition of an additional 54 claims containing the northern extension of the Empire Mine skarn orebody through to the old Horseshoe lead/zinc/copper mine, and a further four claims in the Granite block to the south of the Empire open pit."
- Additional land holdings totalling a further 2,717 acres (2314 hectares) was acquired in February 2019 including "more than 30 historical prospects, shafts and adits north of the Horseshoe block into the Windy Devil area, resulting in an overall length of identified contiguous skarn mineralisation of some 5.38 kilometres". The latest land acquisitions also include the Navarre Creek area some four miles west of the Empire Mine, "a 2,420-acre zone geologically similar to the Carlin Trend gold belt in Nevada".
- Mr. Edwards-Jones also drew the attention of shareholders to the report of the company's consulting geologist, Nigel Maund, (available on the company's website at [www.pgmining.com/research](http://www.pgmining.com/research)), which "concludes that we currently understand less than 2% of the ore system" along the 5km known strike length of mineralisation and which "states that we are sitting on a major, district-style opportunity".
- As it focuses on the rejuvenation of the Empire mine, the company has decided to allow its option over the Gordon Lake gold project in Canada's Northwest Territories to lapse.

Conclusion: The increased measured and indicated oxide mineral resources at the former Empire mine has laid the foundations for the current bankable feasibility work scheduled for completion in mid 2020. The initial, inferred, resource estimate of sulphide mineralisation at the Red Star prospect hints at the potential underlying the oxide mineralisation while additional land holdings have expanded the company's tenure over a 5km long mineralised belt which is believed to be to be significantly underexplored.

\*SP Angel acts as Nomad and broker to Phoenix Global Mining

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