Today’s Market View - Galantas Gold, Altus Strategies, Ariana Resources and more...

SP Angel . Morning View . Thursday 27 08 20

Strong US Durable goods orders lift market

Ariana Resources* (LON:AAU) - Kiziltepe remains on track amid strong metal prices

Altus Strategies* (LON:ALS) - BUY - 100p, CLICK FOR PDF - Interims

Galantas Gold (LON:GAL) - Q2/H1 results reports that a strategic review of the future of the Omagh mine is underway

Ganfeng Lithium (SHE:002460) - Ganfeng Lithium reports difficult first-half

IronRidge Resources* (LON:IRR) - IronRidge joins European Battery Alliance

Power Metal Resources* (LON:POW) - Geophysics helps refine targets at Molopo Farms

Sunrise Resources (LON:SRES) - Closing of £250,000 broker option completes £1m fundraising

URU Metals* (LON:URU) - Drilling planned for the Zebediela project in South Africa

Coronavirus Condemns high-rise Condominiums as viral sh1t hits the pan

Scientists have found that flushing the lavatory in an apartment can spread viruses through waste plumbing and into other apartments in high-rise block

'The discovery of coronavirus in the bathroom of an unoccupied apartment in Guangzhou, China, suggests the airborne pathogen may have wafted upwards through drain pipes, an echo of a large SARS outbreak in Hong Kong 17 years ago' (Bloomberg).

It would be interesting to know if other viruses spread in this way

This could potentially devalue every high-rise apartment block in the world in favour of more traditional single dwelling houses though we suspect some simple modification of the plumbing might solve the problem.

Maybe this will encourage construction of a modern version of traditional working-class terraces.
US - Durable goods orders rose by more than double estimates in July

Durable goods orders rose 11.2% compared to the month prior after a 7.7% jump in June, significantly higher than the 4.8% forecasted by economists.

The third straight increase in orders suggests the manufacturing sector is continuing its V-shaped recovery - which is attributed to the vast amounts of stimulus implemented by the Fed.

A surge in automobile demand has driven up orders, with orders for motor vehicles and parts jumping 21.9% in July following an 85.6% surge the prior month (Bloomberg).

Three-month nickel and tin prices on the LME rose on Wednesday as a result of the data, according to Fastmarkets MB.

Nickel closed at $15,159/t, climbing more than 1% whilst tin also rose by more than 1% to close at $17,550/t.

COVID-19 Stimulus

We started the year with the world with a slowing growth outlook as politicians tightened emissions and other environmental standards.

We are now in very different economic scenario where nations are mandated to kick start economic growth and build their way out of recession.

Certain politicians were looking for an excuse to release funds for public infrastructure projects in the US, the UK and probably a few in Euroland.

Steel, copper and many other commodit y prices continue to push higher as new demand from construction comes through.

New rail, roads and housing projects are leading the way while we suspect many new office and shopping centre developments will stall.

Tunnelling - Swiss investors are keen to build a system of tunnels with self-driving vehicles to transport goods between Zurich and Geneva.

Estimated capital cost $36bn by 2045 (Cargo sous terrain) backed by BKW, Credit Suisse and Zuercher Kantonalbank, SBB and two large retailers.

The generous Swiss government has already pledged to put 'no' public funds into the project.

The first tunnel is estimated to cost just $3.4bn francs from Haerkingen-Niederbipp to Zurich with $110m already been secured, only another $3.3bn to go!

UK tunnelling: The UK does not have Switzerland's immovable mountains but we do have more tunnelling projects to do

HS2 has three major tunnels starting with a 3.4km tunnel from Euston

CrossRail 2 should have 22 miles of rail tunnel. The project is budgeted at £41.3bn.
A proposed 1.5 mile tunnel to take the M4 motorway to better connect London with Heathrow by going underneath Hammersmith has been proposed at a potential cost of £1.7bn.

Dow Jones Industrials +0.30% at 28,332
Nikkei 225 -0.35% at 23,209
HK Hang Seng -0.89% at 25,265
Shanghai Composite +0.52% at 3,347

Economics

China - Industrial profits climbed at the quickest pace in more than two years in July in a sign of improving growth momentum.

Earnings were up 19.6% yoy last month having risen for three consecutive months.

Although, year to date profits remained down (-8.1% yoy).

South Korea - The central bank downgraded its economic projections for this year leaving benchmark rates unchanged 0.5%.

The Bank of Korea expects the economy to drop 1.3% this year compared to -0.2% forecast in May.

Lower economic growth estimates come amid growing calls for a fourth supplementary budget on top of the Won277tn (US$234bn) stimulus packages announced this year, FT reports.

Separately, the financial regulator will be extending a ban on short selling of listed shares for another six months.

South Korea business confidence was 66 in August vs 59 in July

India - The number of new daily Coronavirus cases hit an all-time high of 76,000 on Wednesday.

This takes the total of detected coronavirus cases to more than 3.3m since the pandemic began in South Asian nation of 1.4bn people.

Thailand - Industrial production fell 14% yoy in August vs -18% in June,

Indonesia - Motorbike sales fell 44.5% yoy in July vs 56.4% in June
Singapore - Industrial output rose 1.6% in July vs 0.6% in June and fell -8.4% yoy vs -6.5% yoy in June

Mexico - Q2 GDP fell 17.1% vs -1.2% in Q1 and fell -18.7% yoy vs -1.3% yoy in Q1

UK - Bankruptcies could rise to 100,000 UK businesses in the wake of COVID-19 (Capital Economics)
The Lockdown will have finished off quite a number of UK businesses before their time
A number in retail were on the way out with the lockdown simply hastening their demise
Many other smaller, low margin services businesses will also close raising unemployment
Capital Economics reckon a 1% fall in GDP leads to an extra 250 insolvencies as a rule of thumb.
Most will be in food and leisure services which account for around 10% of jobs.
Capital Economics, which is a first class economics service but which may also have forecast 13 out of the last 3 recessions reckons that the big uptick in Q3 GDP will fizzle out.

Currencies


Commodity News

Precious metals:
Gold US$1,939/oz vs US$1,918/oz yesterday - Gold rises 1% on eve of key Fed meeting
Investors are waiting anxiously to hear what Fed Reserve Chair Powell will say on Thursday, after gold experienced a sharp 3.5% selloff last week due to disappointing minutes from the US central bank July monetary policy meeting (Kitco).
Any comments from the chair regarding high levels of further stimulus is likely to result in the price of gold enter another period of gain, whilst a more prudent attitude to spending could result in gold extending its recent declines.
Spot gold rose 1% on Wednesday to $1,948/oz after declining to a two-week low earlier in the session, whilst US gold futures settled up 1.5% at $1,953/oz

Gold ETFs 108.7moz vs US$108.6moz yesterday

Platinum US$932/oz vs US$924/oz yesterday
Palladium US$2,183/oz vs US$2,177/oz yesterday
Silver US$27.24/oz vs US$26.32/oz yesterday

Base metals:
Copper US$ 6,569/t vs US$6,525/t yesterday - Peru copper exports fell 19% in June to 174kt,
Chile heavy rain at Codelco's Chuquicamata mine has reduced copper production
Aluminium US$ 1,780/t vs US$1,780/t yesterday
Nickel US$ 15,180/t vs US$15,140/t yesterday - Nickel continues to rise on supply concerns
Nickel hit its highest level since November in Shanghai this morning, as shipments from SE Asia have been relatively low, and the rainy season looms.
The metal has gained more than 8% this month, as China's economic recovery boosts stainless steel demand (Bloomberg).
Nickel ore inventories at Chinese ports fell to a two-year low last week, and shipments from the Philippines are expected to decline from October.
Stainless steel prices in the hub of Wuxi in eastern China reached their highest level since last December, whilst China's industrial profits surged 19.6% in July.
Three-month nickel rose as much as 0.6% earlier this morning to $15,245/t, whilst the most traded nickel contract on the SHFE ended up 0.7% at 119,430 yuan/t (Refinitiv).
Zinc US$ 2,473/t vs US$2,481/t yesterday - Peru zinc exports fell 33% in June to 69,000t
Lead US$ 1,971/t vs US$2,000/t yesterday - Peru lead exports fell 48% to 48,000t,
Tin US$ 17,710/t vs US$17,420/t yesterday

Energy:
Oil US$45.8/bbl vs US$46.1/bbl yesterday
Oil prices remain steady as Hurricane Laura approaches the Texas-Louisiana coast, expecting to hit a significant proportion of oil and gas infrastructure
Already, around 1.6MMbopd of offshore crude oil production has been halted, as crews on platforms in the Gulf of Mexico have been evacuated inland
That amounts to about 84% of US offshore production in the Gulf of Mexico
Additionally, producers have halted about 1.65Bcf/d of natural gas production from the Gulf of Mexico.
Offshore platforms are built to withstand these storms, however even if a platform goes undamaged as the hurricane
passes, production cannot restart until the personnel return

Currently, the price of WTI is barely moving as traders wait to see the impact of Laura (and possibly because the country is distracted by the political conventions, discussions about race, civil unrest and the virus)

However, as a result of the disruptions, even if they are short term, US crude oil production numbers next week will appear low and as a result will almost definitely send the price of WTI up

Nevertheless, there is sufficient inventories to make up for lost production, and the production disruptions will likely be short

Gasoline prices will be impacted more by refinery issues

15% of U.S. refining capacity (2.2MMbbls/d) has been shut down in preparation for the hurricane

The largest refiner in the country is Motiva, owned by Saudi Aramco, and it is in Port Arthur, Texas

That is right near the middle of the hurricane's cone of uncertainty

The area is full of oil refineries (about 1/3 of total US refining capacity) and pipelines to feed the refineries and to send gasoline into the country

Natural Gas US$2.427/mmbtu vs US$2.495/mmbtu yesterday

Gas prices edged lower in early trading today despite Hurricane Laura being upgraded to Category 4

Traders seem unfazed about any potential damage to infrastructure, and more concerned about lower demand

The weather is expected to be warmer than normal throughout US west and southwest over the next two weeks which could generate additional cooling demand

Uranium US$30.80/lb vs US$30.80/lb yesterday

Bulk:

Iron ore 62% Fe spot (cfr Tianjin) US$119.8/t vs US$117.4/t

Chinese steel rebar 25mm US$546.3/t vs US$545.6/t

Thermal coal (1st year forward cif ARA) US$54.3/t vs US$51.0/t

Coking coal futures Dalian Exchange US$118.0/t vs US$117.5/t - China coking coal imports rise 17.8% MoM

Coking coal imports recovered for the third straight month in China, totalling 7.37mt in July- although this was still 4.9% lower than the same period last year.

Imports in the first seven months totalled 45.49mt, up 3.5% YoY- although the value dropped 6.9% on the year to $5.87bn (sxcoal.com).

Other:
Cobalt LME 3m US$33,200/t vs US$33,200/t
NdPr Rare Earth Oxide (China) US$50,190/t vs US$50,696/t
Lithium carbonate 99% (China) US$4,939/t vs US$4,919/t
Ferro Vanadium 80% FOB (China) US$30.3/kg vs US$30.3/kg
Antimony Trioxide 99.5% EU (China) US$5.1/kg vs US$5.1/kg
Tungsten APT European US$205-210/mtu vs US$205-210/mtu
Graphite flake 94% C, -100 mesh, fob China US$430/t vs US$430/t
Graphite spherical 99.95% C, 15 microns, fob China US$2,275/t vs US$2,275/t

Battery News

CATL battery fires raise concerns

Local media reports 3 Aion S sedan vehicles, made by GAC and equipped with batteries supplied by CATL have caught fire in China on May 18, Aug 12 and Aug 23.

The Aion S is GAC is equipped with CATL’s NCM (nickel-cobalt-manganese) 811 battery, the same battery is also supplied to BMW and Geely Motors.

The NCM 811 cathode contains 80% nickel, 10% cobalt and 10% manganese. A higher proportion of nickel in the battery improves the energy density, enabling greater driving range but reduces stability of the battery.

LG Chem has been supplying its own NCM811 batteries to Tesla for the Model 3 and expects to begin production of NCMA batteries with up to 90% nickel in them starting next year.

NCM batteries are not a new technology, the battery type has been around for almost two decades starting with the NCM111 (333). With each iteration the proportion of nickel has increased, improving energy density and extending the driving range and lowering the weight.

The issue is fully oxidised nickel which is what is left after charging is reactive and can produce unwanted side reactions. Increasing the proportion of nickel used in the battery increases the likelihood of damage. Elevated temperatures in the battery only serve to heighten the instability.

There were similar fires earlier this month when it was reported that a number of vehicles produced by Xpeng an Li Auto had caught fire whilst last year a number of Tesla and Nio vehicles went up in flames due to battery module failures.

The Model S vehicles which caught fire use NCA batteries, which have a similarly high proportion of nickel in them.

Although the brand name of the battery was not disclosed Xpeng started delivering cars equipped with CATL’s NCM811 batteries in 2019.

European passenger EV sales surpass China in H1
Sales of passenger EVs in Europe overtook those of China in H1 for the first time in 5yrs. Bloomberg reports 380,000 EV were sold across the 16 primary European markets in the first half compared to 330,000 vehicles.

Europe has seen a surge in demand this year with government regulations driving the supply side and subsidies making EVs more affordable for consumers who attitudes towards electric vehicles continue to improve.

Automakers are desperately trying to outrun the EU7 CO2 fines requiring automaker to hit an emission target of 95g per km by this year.

Conversely in China subsidies were cut in 2019 which hit EV sales hard in H2’19 and H1’20 saw a 44% drop in sales of passenger EVs. The Chinese government has reintroduced incentives and extended them out to the end of 2022.

Total (BEV and PHEV) European sales passed 500,000 up to July, 269,000 of which were BEVs. In China 486,000 EVs were sold, 378,000 of which were BEVs.

July is set to be a record in Europe with 53,000 units sold. A report by Auto analyst Matthias Schmidt suggests the continent on target to hit 1 million plug in vehicles this year for the first time.

Norway leads the way in Europe with nearly one in every two cars now fully electric. Iceland and Sweden are the next best followed by the Netherlands, France and Portugal.

Company News

Ariana Resources* (LON:AAU) 5.40p, Mkt Cap £54.2m - Kiziltepe remains on track amid strong metal prices

Ariana Resources reports production of 4,679 oz of gold and 61,986oz of silver from its 50% owned Kiziltepe mine in Turkey during the three months to 30th June. The production brings output for the first half of 2020 to 9,808oz of gold and 129,445oz of silver.

Production costs, on a cash basis, averaged US$492/oz for the quarter and US$513/oz for the year to date.

Gold prices realised averaged US$1,717oz during the quarter generating gross income of US$9.9m during the quarter.

Commenting that the Kiziltepe mine had “maintained production according to plan” as mine staff faced the challenges of the Covid19 pandemic, Managing Director, Dr. Kerim Sener, explained that "With the gold and silver price increasing steadily throughout the quarter, following an initial sentiment-driven drop during March, corresponding to the initiation of lockdowns around the world, production from Kiziltepe was consistently sold in to an ever more positive precious metals price environment. In fact, over 30,000 ounces of silver production that had been held back from sale from late February was successfully sold at a much better price in early June".

Dr. Sener confirmed that "We are now looking forward to delivering upon another strong quarter at Kiziltepe, with July and August production in line with operational expectations”.

The company says that "Operations in the Arzu North and Derya areas are continuing as planned, with mining undertaken primarily from Arzu North during the period; operations at Arzu South came to a close in August following the completion of the pit plan”.

Conclusion: Kiziltepe is successfully maintaining planned production levels despite the challenges of Covid19 and is able to reap the benefits of strong precious metals prices.

*An SP Angel mining analyst has visited Ariana’s licenses in Turkey
Altus Strategies* (LON:ALS) 69p, Mkt Cap £48m - Interims

BUY - 100p

Revenues came in at £177k in H1/20 (H1/19: £28k) representing income earned and costs recovered from JV partner.

Operating loss was £732k (H1/19: £873k) mostly comprised of £589k in exploration costs (H1/19: £506k) and administrative expenses of £273k (H1/19: £341k).

In terms of exploration costs breakdown, more than 40% of the total was spent on projects in Mali (£254k v £56k in H1/19) and 20% incurred on assets in Morocco (£120k v £37k in H1/19) with the balance split between Cameroon, Ethiopia and Ivory Coast.

PBT amounted to £806k (H1/19: -£831k) reflecting a £1.5m contribution from the receipt of 15m shares in Canyon Resources in Feb/20 and an increase in an increase in the value of Company's investments in Canyon and Desert Gold as of Q2/20 end.

The Company had £7.5m in cash as of H1/20 following a £2.4m raise in Dec/19 and a £6.5m investment by La Mancha in Feb/20.

Altus also held £1.9m worth of investments in the form of Canyon Resources and Desert Gold shares.

The Company is debt free.

On operational side, the team produced an updated NI43-101 complain mineral resource at Diba gold project in western Mali comprising 4.8mt at 1.39g/t for 217koz in the Indicated category and 5.5mt at 1.06g/t for 187kooz in the Inferred resource.

Diba PEA estimated $81m NPV10% and 466% IRR (both post tax, at $1,500/oz) driven by low waste:ore ratio and using low capex/opex heap leaching.

Graphex Mining completed a series of AC and DD drilling at Tabakorole, southern Mali, as part of the earn-in schedule with the data to be used to update the 2007 historical MRE; the review is expected to deliver a larger and higher grade resource.

Plans have been put in place for the start of an initial 3,500m drilling programme at the Lakanfla gold project in western Mali in Q4/20.

EIA of Agdz silver and copper project, eastern Morocco, was accepted by authorities and new targets were generated on the project using predictive mapping techniques.

The team decided not to renew the Zolowo license and withdraw from Liberia citing relatively high costs of undertaking exploration in the region. The Company still holds a 2.5% NPI on the Leopard Rock gold prospect operated by Avesoro Mining.

The Company highlighted a significant increase in the number of approaches from groups seeking potential transactions that is to support additional deal flow through the course of 2020.

Conclusion: Interim results highlight strong cash position helping the Company to advance existing assets as well as grow future pipeline of projects amid a reported increase in the corporate activity in the mining space. Near term newsflow includes drilling and MRE updates at Diba, Tabakorole and Lakanfla with generation of new projects, JVs and royalty agreements ongoing.
*SP Angel acts as Nomad and Broker to Altus Strategies

Galantas Gold (LON:GAL) 20.3p, Mkt Cap £6.7m - Q2/H1 results reports that a strategic review of the future of the Omagh mine is underway.

Galantas Gold reports a net loss of C$0.79m for the quarter ending 30th June 2020 (2019 - C$0.89m loss) bringing the loss for the first six months of 2020 to C$1.47m (2019 - C$1.67m).

Cost of sales of C$31,323 for the quarter and C$67,075 for the six months to 30th June remain below the equivalent levels achieved in 2019 (C$85,482 and C$155,508 respectively) while revenues “until the mine commences commercial production, the net proceeds from concentrate sales are being offset against Development Assets” resulting in no reportable revenues.

Administration costs of amounted to C$0.65m for the quarter (2019 - C$0.65m) and C$1.31m for the six months (2019 - C$1.25m).

Cash losses from operations of $0.29m (2019 - $0.67m loss) compounded by a working capital deficit of $7.70m (2109 - $4.75m deficit) left a cash balance of $0.20m at 30th June 2020 (2019 - $1.31m).

The company explains that “Certain underground work continued in the first half of 2020. However, ore production remains suspended until finance is available to expand the underground operation (see press release dated May 12, 2020). The processing plant continued to operate on a limited basis with feedstock for the plant being from low grade stock”.

"Concentrate production during the three and six months ended June 30, 2020 totaled 44 tonnes and 92 tonnes of concentrate provisionally assessed as grading 86.4 and 98 grams per tonne (g/t) respectively. Shipments of concentrate under the off-take arrangements had earlier commenced during the second quarter of 2019. For the three and six months ended June 30, 2020 provisional revenues from concentrate sales totaled US$ 186,000. Concentrate inventories on hand at the end of June were shipped during the third quarter. Until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets”.

Constraints on blasting have been resolved following confirmation from the Police Service of Northern Ireland (PSNI) that it was satisfied concerning “certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. The Company now understands that these financial matters have now been mutually agreed. However, ore production remains suspended until finance is available to expand the underground operation”.

Galantas Gold says, however that it is "seeking strategic alternatives including reviewing its licenses and operations; and considering the possibility of engaging in a sale, joint venture, partnership, or other options with third parties and alternative financing structures”.

Ganfeng Lithium (SHE:002460) - CNY51.08, Mkt cap CNY65bn - Ganfeng Lithium reports difficult first-half

Ganfeng reported net income down 47.1% in H1’20 compared to the same time last year and H1 revenues down 15.4%.

The Company cited the corona virus pandemic as having affected its performance and with reduced demand for lithium salt and a continued downward spiral of prices.
Lithium Carbonate prices have been on a downward trend since late 2017, and continued that move in recent months as the pandemic has shrunk demand in the battery space and manufacturing has been disrupted.

The industry has fallen on hard times as a result of capacity expansion and production ramp creating inventory backlogs and oversupply. The pandemic demand shock has worsened this position.

There may be blue skies in the medium term as the EV industry ramps in the face of increasing demand. There have been suggestions that there could even be supply shortages as battery volumes outrun metals capacity expansion. This can only be good news for lithium produces down on their luck.

IronRidge Resources* (LON:IRR) 15.25p, Mkt Cap £62.3m - IronRidge joins European Battery Alliance

IronRidge announces this morning that it has been accepted as a member of the European Battery Alliance (EBA250)- an organisation committed to driving a competitive and sustainable battery industry in Europe by 2025.

EBA250 is a community of projects which brings together more than 400 industrial partners across the EU's battery value chain, from mining to recycling, with the common objective to build a strong and competitive European battery industry.

Membership provides IronRidge with various opportunities and insights, including: access to a network of potential partners, access to market research and information, cooperation opportunities and access to potential alternate funding sources.

The Company has joined the alliance due to its 684km² Cape Coast Lithium Portfolio in Ghana, Wester Africa. The project has a maiden JORC Mineral Resource estimate of 14.5Mt at 1.31% Li2O in the inferred and indicated category including 4.5Mt @ 1.39% Li2O in the indicated category.

IronRidge CEO, Vincent Mascolo, commented: "We are delighted to be accepted as a member of EBA250; a battery industry focussed network which will broaden our market exposure at a time when Europe is emerging as the next epicentre for the EV and stored energy sectors". "With compelling benefits such as access to regulatory insights, business development opportunities and market intelligence, EBA250 membership will be highly valuable to the Company as we continue to progress our Cape Coast Lithium Portfolio". "We are confident in our project fundamentals, and the project's proximity to Europe is highly advantageous and may deliver multiple pathways through the value-adding vertical integration ambitions of the EU."

*SP Angel act as Nomad IronRidge Resources

Power Metal Resources* (LON:POW) 1.18p Mkt Cap £9.3m - Geophysics helps refine targets at Molopo Farms

Power Metals Resources reports that geophysics completed over 4 of 8 priority targets at its 18.3% owned Molopo Farms project in Botswana has "helped to fine tune the depth and shape of the drill targets, refining the collar positions for the planned drill holes designed to intersect the centres of the first four high priority targets".

The Natural Field Audio Magneto Telluric survey (NF-AMT) results has shown that "these targets appear to continue at depth as well as identifying additional areas for future investigation".

The company says that use of these techniques at Sudbury in Ontario was successful in locating nickel sulphide mineralisation "at depths up to 1,750m" and at Molopo Farms it has "produced high quality Conductivity Depth Images ("CDIs") which correlate, confirm and reinforce the results of the previous ground EM geophysics, highlighting significant depth extensions and increasing conductivity interpreted to be indicative of mineralisation with depth".
Power Metals can earn a 40% interest in the project on completion of US$0.5m of exploration "notably target drilling, in 2020. On completion of the Earn-In, Power Metal will have an effective economic interest of 50.96% in the MFC Project”.

Conclusion: Power Metals use of innovative geophysical techniques is helping to refine the drill targets at Molopo Farms. We look forward to the continuing exploration of these targets.

*SP Angel acts as Nomad and broker to Power Metals Resources

Sunrise Resources (LON:SRES) 0.29p Mkt Cap £9.5m - Closing of £250,000 broker option completes £1m fundraising

The Company has announced that the £250,000 broker option announced earlier this week has now closed completing the planned £1m fundraising.

The broker option results in the issue of approximately 89m shares priced at 0.28p each. The broker option includes warrants entitling the holder to purchase approximately 17.9m additional shares at the same issue price within the next 12 months.

As previously announced, the proceeds of the fundraising are to be "applied primarily to the further development of the Company’s CS Pozzolan-Perlite Project in Nevada, USA, initial drill testing of certain of the Company’s gold and silver projects, and general working capital”.

URU Metals* (LON:URU) 235p, Mkt Cap £3.9m - Drilling planned for the Zebediela project in South Africa

URU Metals reports that, subject to funding, it plans to undertake a 12-holes drilling programme at its Zebediela sulphide nickel project located on the northern limb of the Bushveld complex in South Africa.

Zebediela, which lies adjacent to and up-dip from Ivanplats Platreef US$1.5bn project and "about 15 km along strike from Anglo Platinum's flagship Mogalakwena Mining Complex" currently hosts an NI-43-101 compliant resource estimate of “over 1,600 million tons running at 0.245% Nickel, with the ability to produce over 500,000 tons of nickel using an open-pit mining method” which the company says puts it "amongst the top ten largest nickel sulphide resources globally”.

The new drilling programme, which is expected to start in October and last until March 2021, is intended to test a "geological zone directly east and adjacent to the existing Zebediela resource that has produced results of 0.56% nickel over a width of greater than 4 m from exploration drilling, with significant cobalt and PGE credits, resulting in a nickel equivalent grade of 3.01% nickel”.

This target zone is "estimated to be approximately 5,000 metres in strike length and varying in thickness between 1.8 and 10m, from depths of 30 m below surface down to depths of greater than 400 m below surface, and the project team is confident that this drilling will result in increasing the overall grade of the project”.

Conclusion: Resumption of drilling at Zebediela is expected in October with a programme of 12 holes to test a potential higher grade extension to the existing NI-43-101 compliant resource. Drilling is expected to last until March 2021 and we look forward to results as they become available.

*SP Angel acts as Nomad and broker to URU Metals
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*SP Angel are the No1 integrated nomad and broker by number of mining brokerage clients on AIM according to the AIM Advisers Ranking Guide (joint brokerages excluded)

+SP Angel employees may have previously held, or currently hold, shares in the companies mentioned in this note.

Sources of commodity prices

Gold, Platinum, Palladium, Silver

BGNL (Bloomberg Generic Composite rate, London)

Gold ETFs, Steel

Bloomberg

Copper, Aluminium, Nickel, Zinc, Lead, Tin, Cobalt

LME

Oil Brent
ICE
Natural Gas, Uranium, Iron Ore

NYMEX
Thermal Coal

Bloomberg OTC Composite
Coking Coal

SSY
RRE
Steelhome

Lithium Carbonate, Ferro Vanadium, Antimony

Asian Metal
Tungsten

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