



ASX leads way to better market times ahead

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Highlight: This week's Bulls N' Bears Runner of the Week is ... the ASX itself. The ASX 200 hit a record high of 8083.7 points as the top end of town continued to flourish.

Body

Green shoots and blue skies.

Could it be that a difficult couple of years for small-cap companies are now starting to make their way - finally - into the rear-vision mirror? Well, the signs are good, at least, after stock exchange highs emerged this week.

The ASX 200, for example, hit an all-time record of 8083.7 points during the week, largely on a growing expectation that interest rate cuts are coming in the United States on the back of the Federal Reserve's optimism that inflation is returning to target levels.

The big companies - such as the Commonwealth Bank, which hit a record share price high of \$134.25 this week - have been surfing the crest of the bull wave. Major banks, tech stocks and health care companies have also been donning their boardies and bikinis for their time in the sun.

So, is it also now time for the small-caps to start lathering up with the Reef Oil? Many would be hoping that the more-than-solid ASX runs for the four companies appearing in this edition of Bulls N' Bears Runners of the Week is a sign of better times to come for those in the shallower end of the pool.

This week's Runners all centre around the red and yellow metals - for the uninitiated, that means copper and gold - which, like the ASX this week, are testing all-time highs. Traders cashing in on the pending US interest rate cuts pumped the gold price to dizzying record levels of more than US\$2480 (AU\$3700) an ounce, while the global glut for quality copper and copper assets continues as the red metal's price also remains near all-time highs.

So, to our Runners and taking out top spot this week is DGR Global, which enjoyed a sharp price hike of 290 per cent from a previous close of 1c, launching to a 3.9c high. The company surged in valuation on the strength of its 6.6 per cent shareholding in TSX-listed copper-gold developer SolGold.

Late Monday night, SolGold confirmed it had secured a US\$750 million (AU\$1120 million) funding package to progress its tier-one Cascabel copper-gold project in northern Ecuador. The company claims the project is the biggest undeveloped Latin American copper asset that is not in the hands of a major.

The operation has a mammoth measured and indicated **resource** of more than 19.1 million tonnes of copper equivalent.

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The funding package from North American syndicate Franco Nevada and Osisko Royalties validates an estimated US\$3.2 billion (AU\$4.78 billion) net present value (NPV) at an after-tax internal rate of return (IRR) of 24 per cent as outlined in SolGold's prefeasibility study (PFS) in March. Interestingly, the study is comprised of some conservative metals prices for copper at US\$3.85 (AU\$5.75) per pound and gold at US\$1750 (AU\$2611) per ounce.

The syndicate has no doubt run some back-of-the-envelope calculations in its valuations, perhaps using the recent all-time price highs for copper and gold, which are more than 25 per cent and 40 per cent higher than those used in the PFS, respectively. A close second placing this week goes to Labyrinth **Resources**, which jumped 280 per cent after revealing its plan to acquire 100 per cent of two gold projects in Western Australia's Goldfields region. The well-timed announcement, which saw the company's stock rise from a 0.5c close last week to 1.9c, coincided with gold hitting its record high.

The deal will see Labyrinth acquire **Ramelius Resources**' Vivien gold project and also affords it the option to acquire the remaining 49 per cent of its Comet Vale gold project.

Comet Vale, just 32km south of Menzies next to the Goldfields Highway, features a recently-updated mineral **resource** of 96,000 ounces at 4.8 grams per tonne gold. Labyrinth is aiming to bolster the high-grade **resource** inventory and capitalise on its new underexplored, high-grade mines.

A 4.8g/t gold **resource** is nothing to poke a stick at by WA standards. Just last month, emerging Murchison major Westgold **Resources** penned a "strategic alliance" agreement with junior explorer Ora Gold to gain access to its 240,000-ounce Crown Prince deposit that runs at an impressive 4.1g/t.

Labyrinth has also raised \$2 million through a placement and will present existing shareholders with an additional \$2 million entitlement offer to support its endeavours to expand its high-grade **resources** and hopefully follow in Ora's footsteps.

Taking out bronze, a fitting alloy for a story with a majority copper flavour, is Miramar **Resources**. The company's share price jumped almost 188 per cent - from 0.8c to 2.3c - after revelations of promising high-grade copper, lead and silver samples from its Joy Helen prospect within its new Chain Pool project in WA's Gascoyne region.

The project, while still not granted, shows plenty of potential after returning rock chip assays going up to 5.49 per cent copper, 42 per cent lead and 73.48g/t silver. Despite the impressive at-surface numbers, management says the Joy Helen prospect has seen no modern and systematic exploration, nor drilling.

The mineralisation style is interpreted to be "Mississippi Valley-type" and shows some intriguing similarities to its neighbouring Abra lead-zinc-silver deposit that is also hosted in the Irregully rock formation.

But Miramar will be hoping this story doesn't turn out like that of Abra owner Galena Mining, which ran aground earlier this year with debts totalling some \$160 million to international lenders because of a poor lead-zinc environment. Fortunately for Miramar, copper seems to be the ticket this week and maybe that's what Galena's deposit was missing.

Our final Runner for the week is Stelar Metals, which shot up more than 101 per cent this week on ... yep, you guessed it, copper rock chip samples.

High-grade copper findings were sampled along a 3km strike at its Baratta project in South Australia, returning grades of up to 28.7 per cent. It is a region Stelar says shows similarities to the prolific Central African Copper Belt (CACB) - the biggest and most prolific mineralised sediment-hosted copper province known on Earth.

The company reported 21 of the 72 samples exceeding grades of 10 per cent copper, underscoring the potential of the historically-productive Baratta site featuring a mine that produced copper ore between 1896 and 1904.

Rather unfortunately for Stelar, the traditional owners in the Adnyamathanha native title organisation remains in administration. The company says it will continue to monitor the native title situation and will lodge applications for drilling at Baratta when the traditional owner organisation comes out of administration.

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If copper is the flavour of the month, then it seems rock chip samples were this week's tipples of the week. Now, we'll just have to wait and see if the all-time highs for the index will overlap with a return of interest to the small end of town.

Is your ASX-listed company doing something interesting? Contact: mattbirney@bullsnbears.com.au

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