

STOCKHEAD



Who's close to uncovering the next Nova or Fosterville?

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New project discoveries often come from nowhere to create a huge amount of value for explorers and their shareholders.

Like explorer Sirius, which flew after making the Nova nickel discovery in WA's Fraser Range in 2012.

Within two months the Sirius share price was up 4000 per cent, from 5c to over \$2.50. And when it was finally acquired by major miner **Independence Group (ASX:IGO)** in 2015, the former penny stock was valued at \$4.38 per share, or \$1.8 billion.



The Sirius Resources share price, from first discovery in 2012 through to 2015.

In many cases the whole region can benefit from a company making discovery, says Lion Selection Group fund manager Hedley Widdup.

“The interesting thing is the dozen or more explorers around Sirius were all able to raise money to explore the same geological belt, on the basis that Sirius had found something – and maybe they could too,” he told delegates at the Resources Rising Stars Summer Series conference in Sydney.

“This was in 2012-2013 when the market was completely in the toilet,” he says.

“One discovery enabled all those fundraisings. So — what happens if you get a succession of those?”

That’s exactly what is happening in 2019.

In September, gold producer **Alkane Resources (ASX:ALK)** discovered a [potentially massive porphyry gold-copper system in Central NSW](#).

Later the same month, explorer **Stavely Minerals (ASX:SVY)** made a [huge copper discovery](#) at its namesake project in Victoria.

It was a re-rating event for both – Alkane’s share price went from ~38c to ~86c, before pulling back to its current price of 60c. That’s still a 58 per cent increase for the \$280m market cap company.

Stavely is still an explorer, so its re-rating event was even more pronounced – from 23c to \$1.03 per share for a market cap of \$213m.

Neighbouring explorers have also benefited from these finds.

This discovery success only builds investor confidence in the risky end of the market, Widdup says.

READ: [Who made the gains? Here are September’s top 50 small cap miners and explorers](#)

“Because if you put money into a company, they discover something – you make a hell of a lot of money,” he says.

“It adjusts the risk appetite and sentiment of the market.”

Who’s (potentially) close to a re-rating discovery?

[DevEx Resources \(ASX:DEV\)](#)

Market Cap: \$14.85m

The share price of NSW porphyry hunter DevEx received a boost based on its (close-ish) proximity to Alkane Resources’ Boda discovery in NSW.

But this isn’t just a ‘nearology’ play. DevEx was already pretty excited about the Bogong porphyry project, untouched by exploration for 45-odd years.

This is despite a historic drill hole from 1974 returning 55m at 1 per cent copper, *from surface*. It’s also never been analysed for gold.

DevEx is drilling underneath those fantastic historic intersections right now.

Managing director Brendan Bradley told *Stockhead* the first hole had just gone in and the company was now waiting on assay results.

“Hopefully they’ll be out in the next few weeks,” he says.

“Meanwhile, we are still drilling out there, the rigs are turning.

“We started off wanting to drill five holes into the target, but we liked what we saw, and we are now drilling seven.”

[Chalice Gold Mines \(ASX:CHN\)](#)

Market Cap: \$46.6m

Cashed up Chalice is exploring for tier-1 discoveries at its 5190sqkm Pyramid Hill project in northern Victoria.

The explorer is in the Bendigo Zone, a historic 60-million-ounce gold mining region which is running hot thanks to Kirkland Lake’s (ASX:KLA) success at the Fosterville gold mine.

Chalice has defined several large targets under thin cover and is mid-way through its ~25,000m phase 2 reconnaissance aircore drill program.

Managing director Alex Dorsch told Summer Series delegates that Chalice was looking for the next Fosterville.

“The chance of success is very good — the prize is substantial,” he says.

Sunstone Metals (ASX:STM)

Market Cap: \$20.7m

The Sunstone management team is already credited with finding SolGold’s Cascabel and Intrepid Mining’s Tujuh Bukit deposits. Both made many hundreds of millions of dollars for investors.

The focus is now the Bramaderos project in Ecuador.

Sunstone says latest assays show that drilling is getting closer to the centre of the gold-copper porphyry at the Limon and Bramaderos Main targets.

“We are seeing highly anomalous gold and copper grades over long intervals that suggest we are very close to the main mineralising system,” managing director Malcolm Norris said.

“We are close, and we are developing a better understanding of this system with each hole drilled. The results clearly justify ongoing drilling.”

Talisman Mining (ASX:TLM)

Market Cap: \$16.8m

Proven mine-finder **Talisman Mining (ASX:TLM)** is cashed up (with \$17.5m in the bank) and drilling priority gold-copper targets at the Lachlan project, in the same region as Alkane’s Boda porphyry discovery.

Managing director Dan Madden told *Stockhead* there’s 14 individual targets across three prospect areas that Talisman would be busy drilling between now and January/February next year.

“At any of those there’s the opportunity to see the share price really take off,” he says.

PolarX (ASX:PXX)

Market Cap: \$25m

PolarX says its Mars and Saturn porphyry targets in Alaska could be absolutely gigantic.

The Saturn magnetic body, for example, is comparable in scale and geometry to Grasberg, one of the world largest copper-gold mines.

In late October, the first hole at Mars intersected more than 400m of porphyry-style veins and ended in mineralisation.

It's dialling in on the motherlode/s right now.

Exec director Jason Berton tells *Stockhead* the next step is to vector towards the centre of the mineralisation at Mars.

"We can look to set up in May after the Alaskan winter and be drilling in June [next year]," he says.

"The vein textures that we are seeing are unmistakably porphyry. We are confident that we are in a porphyry system."