

High times from down under

Tuesday, October 17, 2006

Celebrating a 142% gain, with miners digging up treasure on three continents - and a new metal punt in Queensland.

Just about everything was on the up and up last week, with more spectacular drilling results from heavy minerals prospector **Image Resources** and a speeding ticket for **Giralia Resources**, which did no harm.

Sold

3000 **Image Resources** @ \$1.60 **\$4728 (Bought 39c; 09.01.06)**

Bought

50,000 **D'Aguilar Gold** @ 6.5c **\$3299**

The strong resources market has pushed *The Speculator's* gain to 142.4% since the 2006 portfolio was launched with just \$30,000 in cash and carry-over shares.

Giralia's shares jumped in a week from 29¢ to 37¢ each on October 10. The stock exchange asked why? Giralia confirmed it held 10% of **PacMag Metals** (ASX code: PMH) which announced its Ann Mason deposit in Nevada, US, contained 64% more copper than previously estimated. The current high copper price has helped to transform previously sub-economic material into potentially mineable ore, so the PagMag resource has been boosted to 810 million tonnes of 0.4% copper and 0.004% molybdenum (with a 0.3% copper cut-off).

PagMag also announced a series of chip samples grading up to 0.73% U308 on its Olvary prospect in SA, where it is earning up to 75% from Giralia by funding the project up to a bankable feasibility study. The news sent both stocks north.

Late in the week, Image announced even more thick channels of heavy minerals sands around and beneath earlier discovered richer ancient strand lines in the sand-plain country north of Perth. Thickest intersection last week was 70m from a depth of 10m running between 1% to 2% HM with highs of 7%. A new, near-surface, high-grade strand was also discovered. Image shares rose during the week from 90¢ each to a new high of \$1.60. Drilling continues.

This week we're punting on **D'Aguilar Gold** (ASX code: DGR), a Brisbane-based company with a spread of prospects in gold, copper, nickel and molybdenum spread across south-east Queensland and north of Mt Isa. This is a low-priced but long-shot "spec" with an opportunity for a profitable share price recovery.

D'Aguilar has in the past had a spread of apparently promising prospects, but was distinctly under-capitalised to fund them all. Its prime target during the past three years or so has been to find high-tonnage porphyry copper-gold within 5000sq km of tenements held west of the old gold boomtown of Gympie.

The company's managing director, geologist Nicholas Mather, told a mining and exploration seminar in Sydney last week: "We found too much rock and not enough gold." Nevertheless, they have upgraded some encouraging targets.

D'Aguilar has a highly qualified board of technocrats, including two other geologists, a mining engineer and a resource specialist lawyer. They've taken steps to reorganise the company's direction.

The company has floated off a one-time subsidiary, **Solomon Gold**, which holds emerging gold projects in the politically unstable Solomon Islands. Some 10.5 million shares were distributed free to D'Aguilar investors, and the company listed on London's AIM board. Solomon now has \$8m cash, 26.8 million shares and is drilling three island prospects. D'Aguilar retains 500,000 shares plus a 1% smelter royalty on any production.

Following the spin-off, D'Aguilar's shares fell from a 12-month high of 17¢ to a low of 4¢. At 6.5¢ last week, the company's 106 million shares carry a market capitalisation of \$6.9m. The company has \$1m in remaining cash and will have to raise more soon to maintain its field program. That includes the Anduramba molybdenum project, 100km west of Brisbane, with an established delineated resource of 20 million tonnes of 0.8%. A pre-feasibility study suggests a capital cost of \$45m for a projected net cash operating surplus of \$184m. Another \$3m is needed to fund completion of a bankable feasibility study.

Meanwhile, **Discovery Nickel** reports the first 10 holes of a 6000m drilling program on its Maun copper prospect in Botswana have intersected visible chalcocite copper sulphide. Assays are awaited.

| HOW THE PORTFOLIO STANDS | | | | | |
|-------------------------------------|-----------------------|-----|---------------|------------------|-----------------|
| | COMPANY | | BOUGHT | COST (\$) | NOW (\$) |
| 7000 | Amadeus Energy | AMU | 13.05.05 | av.73 | 1.00 |
| 20,000 | Rey Resources | REY | | av .104 | .15 |
| 12,000 | Image Resources | IMA | 9.01.06 | av.39 | 1.45 |
| 20,000 | Hillgrove Resources | HGO | 23.02.06 | .17 | .23 |
| 30,000 | Eastern Corp | ECU | 16.03.06 | .064 | .06 |
| 10,000 | Giralia Resources | GIR | 5.04.06 | .41 | .35 |
| 100,000 | Longreach Oil | LGO | 4.05.06 | .018 | .032 |
| 5000 | Reed Resources | RDR | 4.05.06 | .49 | .475 |
| 2128 | U308 deferred | UTO | 9.05.06 | free | .52 |
| 5000 | Meteoric Resources | MEI | 20.06.06 | .24 | .25 |
| 3000 | Greenvale Mining | GRV | 22.06.06 | av 1.26 | 1.26 |
| 10,000 | Quickstep Holdings | QHL | 22.06.06 | .215 | .455 |
| 20,000 | Discovery Nickel | DNL | 6.07.06 | .21 | .255 |
| 12,000 | Australis Aquaculture | AAQ | 1.08.06 | .40 | .515 |
| 110,000 | Nuenco | NEO | 3.08.06 | .018 | .017 |
| 40,000 | SMC Gold | SMC | 7.09.06 | .115 | .18 |
| 12,000 | South Boulder Mines | STB | 20.09.06 | .22 | .215 |
| 50,000 | D'Aguilar Gold | DGR | 12.10.06 | .065 | .065 |
| Total value of portfolio | | | | | \$79,741 |
| Owe the bank | | | | | - \$7,011 |
| TOTAL | | | | | \$72,730 |
| Portfolio change since Dec 30, 2005 | | | | | +142.4% |
| All Ords since Dec 30, 2005 (4708) | | | | | +10.9% |

The Speculator's portfolio is notional, based on prices and turnovers in the week before publication. The author's family holds shares in Amadeus.