

Dear Client

ALT Resources (ARS) with an unfortunate code is one of the least known junior explorers on the ASX. Since the IPO there has been one lone post on Hotcopper consisting of just a word and a line below it. Since meeting with CEO James Anderson and going through the prospects, ARS has that “old school” feel about it and reminds of the early 90’s when the music was good and shareholders in small explorers took some pride in ownership. These days in a high frequency trading world you are able to change your mind countless times a day as registers are turned over in a few sessions, and holding statements are binned prior to opening.

ARS trades via appointment, has one of the most stagnant top 20’s since listing, and for the most part will feel like a “lobster pot” (cray for those in the west) until we see a change in profile, and a higher share price to generate some liquidity. It has been a while since we have seen a major mineral discovery, and the Paupong Prospect that is likely to be drilled from mid-November 2016 provides clients with another chance to go along with our core holdings in RDM, MEP and MBK.

**With such a tight capital structure and the drilling of high-grade targets to commence within two weeks, ARS has explosive upside potential in the event of any exploration success.**

## **STRONG SPECULATIVE BUY UP TO 9.5C**



# ALT RESOURCES

EXPLORING FOR BASE AND PRECIOUS METALS IN NSW

**ASX: ARS    SHARES ON ISSUE: 87.26M (FULLY DILUTED)**

### **WHY I FIND ALT RESOURCES A COMPELLING SPECULATIVE OPPORTUNITY**

- Very tight capital structure with only 61.6m tradable shares.

- At the 8c placement/SPP price the interests of shareholders and key investors is aligned. This is based on a small seed issue at 5c, a larger issue at 10c, and the 20c IPO. Paying up to 9.5c prior to drilling may be a little difficult for some, however it is only 18% above a price the stock has never traded at.
- Very loyal shareholder base and having DDH 1 Drilling on the register is a major vote of confidence in ARS's projects and potential.
- **Drilling to commence at the Mt Roberts-Cottee gold project in WA on October 31 2016. 29 RC holes are planned for a total of 1800m. The program is targeting high-grade gold, and undrilled soil anomaly 700m to the south. ARS believes that the previous drilling by Consolidated Gold Mines may have missed the most significant zones of gold mineralisation.**
- Exploration success from the gold drilling campaign could see a moderate share price re-rating on higher liquidity leading into the upcoming Paupong drilling.

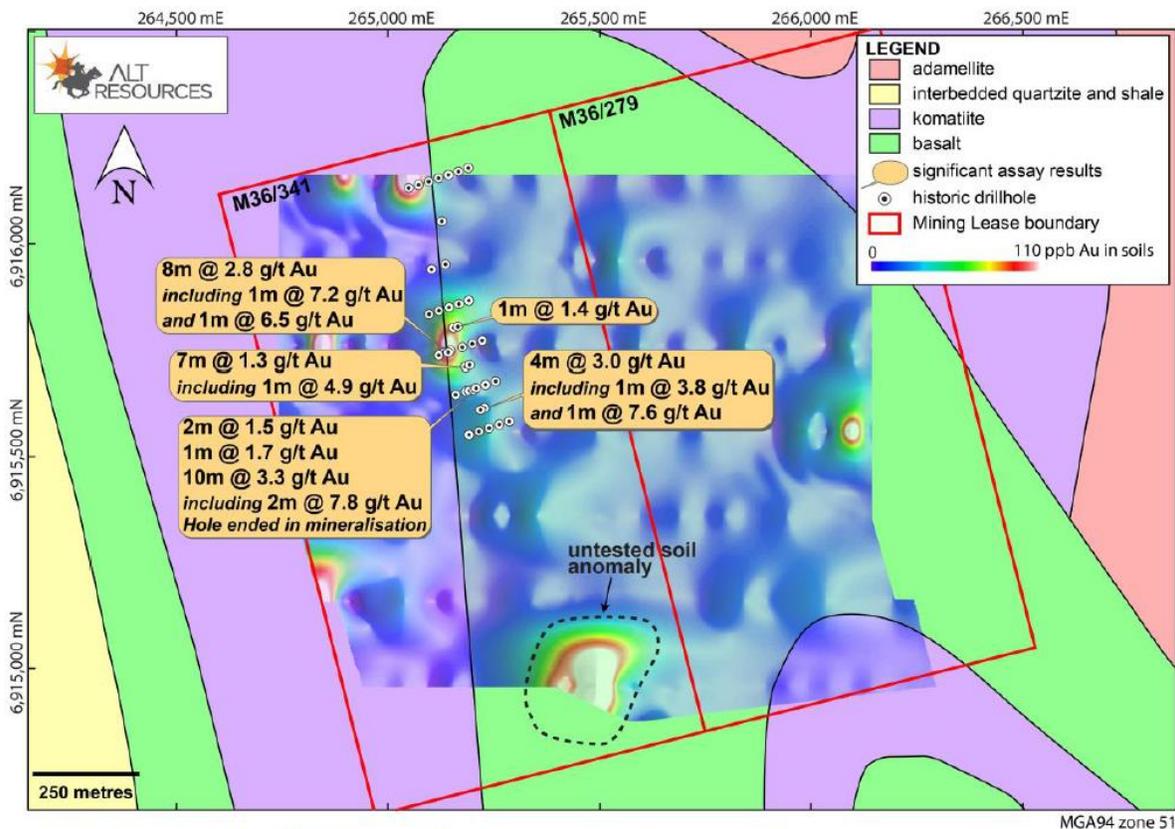
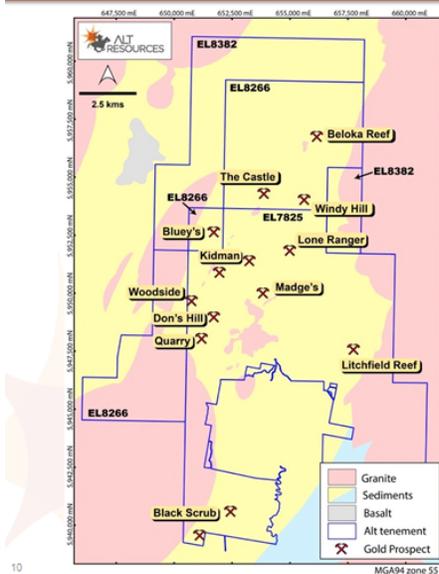


Figure 2. Geology of the Mt Roberts-Cottee Project area, showing significant results in historical drilling and the location of gold anomalism in historical soil samples. Historical soil results were gridded using a minimum curvature algorithm and cell size of 2.5m<sup>2</sup>.

- The Paupong IRG system in NSW, is a potential “**Company maker**”. ARS have spent around 4 years and circa \$4m to get to this point of target generation. It is a very serious target that has “explosive” upside potential in the event of an ore grade intersection.
- To have a junior with such a major target without a profile is rare, however it has provided us with an opportunity to get set at a cheap entry level.
- Owning the IP equipment has allowed ARS to undergo extensive target generation work for wages only.

## Paupong gold and base metals – NSW

Large scale project – extensive mineralised prospect areas



- Polymetallic vein mineralisation identified over 8.5km at Paupong – Au+Cu+Ag+Pb+Zn+Bi  
*- NSW drill funding grant of up to \$200,000 covering 75% of the direct drilling costs at the Paupong project*
- Gold-bearing vein at Kidman over 1.5km strike length, mineralised to 200m depth from surface
- High grade Cu-Ag at Windy Hill and Lone Ranger  
 – up to 3.8% Cu and 451g/t Ag
- Strong metal zonation in soil results over interpreted buried intrusions
- Mineralisation footprint across project for a potentially large, shallow IRGS or porphyry
- 14 porphyry stocks located at surface

www.altresources.com.au



### RISK/REWARD ANALYSIS

When you take into consideration ARS’s capital structure and loyal shareholder base, the risk/reward profile up to 9.5c is very attractive. With poor liquidity leading into the placement and SPP, I would expect this situation to change on a move to the 12c-13c as those who took part in the capital raising would look to take part profits as the company profile lifts.

The high-grade gold targets to be drilled at Mt Roberts-Cottee could be the first catalyst for a share price re-rating, however it is Paupong that is expected to see a marked increase in interest. Should an ore grade intersection be reported from an aggressive diamond drilling program, I would expect multiple share price upside from the 8c capital raising level. With such high impact drilling programs to commence over the next

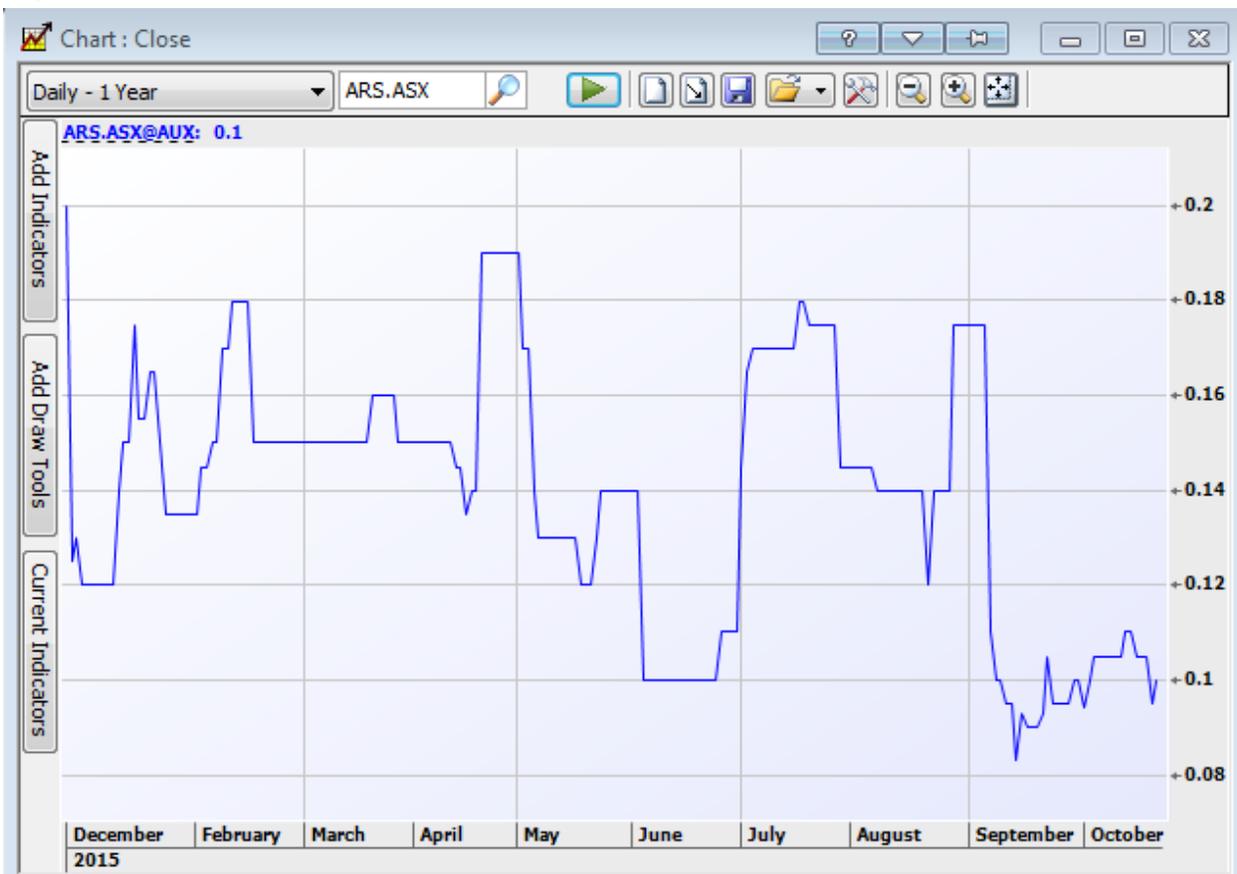
month, I would suggest that **the risk with ARS is to the upside**. The chart below highlights the volatility in ARS's share price with an all-time high of 19c and a low of 8.3c.

### SUGGESTED BUYING STRATEGY

With limited liquidity around 9c-10c, I would suggest that purchasing an initial parcel up to 9.5c (perhaps even 10c for the game) and placing an order in the mid 8's would be the most prudent strategy. The risk here is that existing shareholders are not tempted to sell and/or the drilling campaign at Mt Roberts-Cottee is successful. As mentioned earlier the potential upside reward is balanced with a lack of trading volume and being trapped in a "lobster pot" until a liquidity event provides relief.

ALT Resources (ARS) is a small largely unknown explorer that is due to embark on some very exciting drilling campaigns that could see a significant share price re-rating from a low base. With a very tight capital structure, loyal shareholders and potential company maker targets, ARS feels more like your old school explorer dating back to the days when Huntley's Smaller Companies Guide was sent to you via snail mail.

### STRONG SPECULATIVE BUY UP TO 9.5C FOR THOSE WITH A VERY HIGH TOLERANCE TO RISK.



**\*\*\*\*Please note that this is an opinion piece only and not official Argonaut research. Clients participated in a restricted 708 placement at 8c per share and I will be paid a fee for this service\*\*\*\***

**Tony Locantro**  
Dealer Private Clients



GPO Box 2553, Perth WA 6001  
Level 30, Allendale Square,  
77 St Georges Terrace, Perth WA 6000  
Direct Line: +61 8 9224 6851  
Mobile: +61 402 604 862  
Email: [TLocantro@argonaut.com](mailto:TLocantro@argonaut.com)

Corporate Advisory | Stockbroking & Research | Special Situations

[Click here](#) to access an important electronic communications disclaimer