StockAnalysis
Proven market guidance since 2003

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By Peter Strachan

Hot Links

Indices and Prices	
All Ordinaries	5,747.90
Energy Index	9,283.90
Brent AU$/bbl	64.8559
AUS$/US$	0.7947
Live Gold/AU$	1,648.84
As at close 29 August 2017	

Gold Live AU$

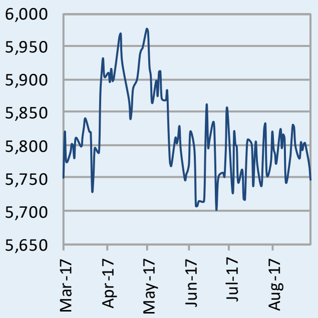
In this Issue

Market Moves

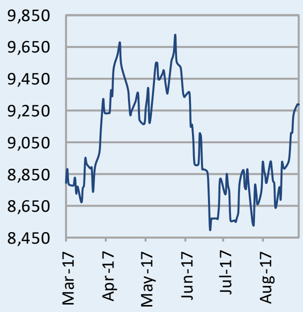
WA gold miners are likely to be slugged with an extra $12 per ounce on State royalties, lifting costs and reducing profits by about $8 per ounce after an offsetting deduction from profit before taxation.

Producers such as **Northern Star** (NST) and **Doray Minerals** (DRM), along with developers and exporters such as **Gold Road** (GOR) and **Capricorn Metals** (CMM) have been feeling market pressure on their share prices in the run up to WA's budget announcement. Since the State only gets back from the Federal treasury about 36% of the GST revenue it generates, WA's new Premier is in a desperate search for cost savings and additional revenue. Like all governments, they tax almost anything that moves, so the gold industry is an excellent target for a lift in royalty rate from 2.5% to 3.2%.

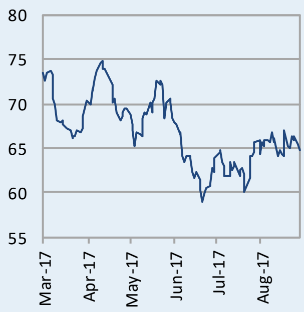
All Ordinaries



S&P ASX 200 Energy Index



Brent Crude Oil $AU/barrel



AU$/US$

Drilling on the much anticipated **Xanadu** oil exploration well is due to get underway on 5 September. StockAnalysis has previously stated that an announced target of 160 million barrels of recoverable oil seems to be most unlikely. More conservatively, StockAnalysis values a discovery of 5 million barrels to be worth 13.5 cps to **Triangle Energy**'s (TEG) 30% working interest, 1.3 cps to **Whitebark Energy**'s (WBE) 15% interest and 0.5 cents per share to **Norwest**'s (NWE) 25% retained interest.

Access to Triangle's nearby Arrowsmith oil processing facility would enable any discovery to be rapidly brought into production.

Pancontinental Oil & Gas NL

Capital Structure—PCL		
No of shares	5,262	m.
Options	494.6	Av 0.5 cts
	5,756	
Share price	0.25	cts
Market Cap	$ 13	m
Cash (est)	$ 1.0	m.

Recommendation: Based on expectation of participation in three fully funded, high impact exploration and appraisal wells over the coming 14 months, Pancontinental Oil & Gas is a speculative buy.

StockAnalysis assesses a risked value of $64 million or 1.1 cent per share for the company's Californian and Namibian drill targets. StockAnalysis estimates an upside valuation for success of $163 million or 2.7 cents per share at the company's currently drilling and upcoming high impact gas exploration and appraisal wells in California, which are due to be completed by the end of 2017. Each project area holds significant, follow-on exploration potential.

In Namibia, where Pancontinental is set to participate with a 30% free carried interest in drilling on a major oil exploration target during H2-2018, StockAnalysis estimates that discovery of 124 mmbbls would be worth over 3 cps to Pancontinental.

Summary

Pancontinental Oil & Gas has been strengthened and rejuvenated following its acquisition of Bombora Natural Energy Ltd. Injection of $2 million of new equity and the addition of two new technical Directors brings significant petroleum industry experience to the company along with the financial flexibility required to deliver on exploration promise.

Former CEO Barry Rushworth and Finance Director Ernest Myers maintain continuity and protect the company's exploration interests in Africa.

Bombora's assets brought additional technical management to the company along with high impact exposure to material gas prospects in the Northern Sacramento Basin as well as some lower profile Perth Basin gas project interest.

David Kennedy	Non-Executive Chairman
John Begg	Executive Director & CEO
Marie Malaxos	Non-Executive Director
Ernest Myers	Non-Executive Director
Barry Rushworth	Non-Executive Director

- **Pancontinental has a 10% WI at the Dempsey 1-15 well which is currently drilling ahead towards a depth of ~3,200 metres, targeting up to 1 Tcf of gas in a 4-way dip structure. Four gas filled sand units with original pressures have been discovered above 1,650 metres and further strong gas shows have been seen as the well passes 2,000 metres as it drills on to test at least five deeper sand units, with potential to hold between 100 and 300 Bcf of recoverable gas each.**

- **During the December '17 quarter, Pancontinental will commence a farming programme to earn an effective 13.3% interest at the Tulainyo gas discovery. The company will participate in the Tulainyo-2 appraisal well which will twin a nearby discovery hole to a depth of ~1,700 metres. The Tulainyo structure has potential to yield over 2.5 Tcf of gas from up-thrust sediments in an anticline structure.**

- **By the end of CY 2017 the operator of Namibian permit PEL-37 will select one of four defined prospects for drilling, where total estimated Prospective Resources amount to over 900 mmbbls. Pancontinental will be free carried through drilling on a target of over 100 mmbbls of oil, which is likely to be undertaken during H2 '18. The recent farm-in to the licence by Indian oil company ONGC Videsh provides technical endorsement for the Block and will speed drilling activity in 2018.**

- **StockAnalysis estimates a risked value of $47 million for Pancontinental's interests in three upcoming exploration and appraisal programmes and finds a value for discovery of ~$317 million, both of which compare favourably with the company's current market capitalisation of $13 million.**

The company has over 5.2 billion shares on issue, creating some market inertia at a price of just 0.25 cents per share. Expected technical success will require additional funding, which could be achieved by monetising some assets.

Valuation

Risked exploration valuation matrix

Prospect	WI		Target				Success		POS	Cost	Risked
	%	% rtn	Gas Bcf	Oil mmbbl	ISV A$ Gas	ISV A$ Oil	Value $m	PCL cts/shr	%	$m	Value $m.
Dempsey	10%	10%	300	0	$ 0.89	$ 12	$ 27	0.44	25%	2.0	5
Dempsey shallow	10%	10%	3	0	$ 0.89	$ 12	$ 0	0.00	90%	0.0	0
Dempsey upside	10%	10%	800	0	$ 0.89	$ 12	$ 71	1.17	12%	2.5	6
Dempsey Trend one	10%	10%	500	0	$ 0.89	$ 12	$ 44	0.73	12%	4.5	1
Dempsey Trend	10%	5%	2,000	0	$ 0.89	$ 12	$ 89	1.46	12%	0.0	11
Alvares	15%	15%	560	0	$ 0.89	$ 12	$ 74	1.23	25%	1	17
Risked Sacramanto	10%	5%	1,500	1	$ 0.89	$ 12	$ 67	1.11	6%	3	1
Tulainyo	13.3%	13.3%	510	1	$ 0.89	$ 12	$ 62	1.02	35%	4	18
Tulainyo upside	13.3%	6.7%	1,990	1	$ 0.89	$ 13	$118	1.95	14%	6	11
Cormorant EL-37	30%	30%	-	124	$ 1.14	$ 6	$223	3.68	22%	25	24
Namibia EL-37	30%	9%	-	750	$ 1.14	$ 8	$540	8.91	4%	15	7
Kenya	20%	4%	100	100	$ 1.14	$ 6	$ 29	0.47	12%	3	0

Source: Strachan Corporate: ISV = Insitu value per Mcf or bbl

StockAnalysis breaks down each exploration project into separate components, choosing an achievable, initial target Resource with known and unknown final working interests on subsequent up-side. Retained (rtn) working interests are assigned after assumptions on further farm-out to fund decisions and insitu values for oil and gas are estimated based on location, fiscal terms and expected reservoir qualities.

Modelling by StockAnalysis of Californian gas with an initial production of 5 mmcuft per day and the current Californian gas price of US$3.4/mmBtu, indicates an after tax value of US70 cents per Gj of gas insitu, or A$0.89/Gj. Longer term, StockAnalysis believes that US gas prices will rise as exports of LNG ramp up, but gas production fails to keep pace. On this basis, StockAnalysis concludes that A$0.89/Gj will prove to be conservative and a value of A$1/Gj is likely to seem conservative within a two year timeframe.

Asset	Value $m	Risked cts/shr	Success cts/shr	Comment
Cash (est Sep '17)	1	0.0	0.0	
Option exercise	2	0.0	0.0	Not ITM
Corporate	(5)	(0.1)	(0.1)	NPV
Est new equity	2	0.0	0.0	at market
Sub-total	0	0.0	0.0	
Risked Imminent Exploration				
Dempsey	5	0.1	0.4	10% of 300 Bcf
Tulainyo	18	0.3	1.0	13.3% of 510 Bcf
Alvares	17	0.3	1.2	15% of 560 Bcf
PEL-37	24	0.4	3.7	30% of 124 mmbbls
Sub-total	64	1.1	6.4	
Regional exploration upside				
California	29	0.5	6.4	farmed down
Namibia	7	0.1	8.9	9% retained
Kenya	0	0.0	0.5	No value
Perth Basin	1	0.0	0.2	nominal
	101	1.7	22.4	

Source: Strachan Corporate

For the purposes of valuation, StockAnalysis adds $2 million of additional equity at the current market price and dilutes for the exercise of options that are currently out of the money.

Imminent exploration programmes are estimated to hold a risked value of $64 million or 1.1 cent per share with success at Dempsey, Tulainyo, Alvares and PEL-37 estimated to hold an upside valuation of $392 million or 6.4 cents per share on a diluted basis.

Additional risked value is added for more distant exploration targets on all project areas.

Sacramento Basin – Earning 10% - 15%

Gas sands intersected above 2,000 m at Dempsey . . . reduces financial risk

The company has farmed-in on the Dempsey trend in the Northern Sacramento Basin, earning a 10% WI on the Dempsey 1-15 well by contributing $2.1 million to drilling costs.

Operator Sacgasco estimates potential for discovery of ~1 Tcf in several horizons at depths between 1,600 and 3,200 metres at the Dempsey prospect. Drilling to date at this target has identified several shallow gas bearing sands where strong gas shows while drilling, combined with recent electric logging of the upper section of the well indicates potential for recoverable gas.

Pancontinental has contributed ~20% of estimated dry-hole drilling costs at Dempsey and will contribute at is 10% working interest towards completion and testing costs. Additionally, Pancontinental has earned a 10-15% interest in follow-up Dempsey trend prospects on a heads-up basis. The Dempsey 1-15 well has an expected dry-hole cost of US$3.8 million. Drilling is likely to run through until early September.

Large gas targets

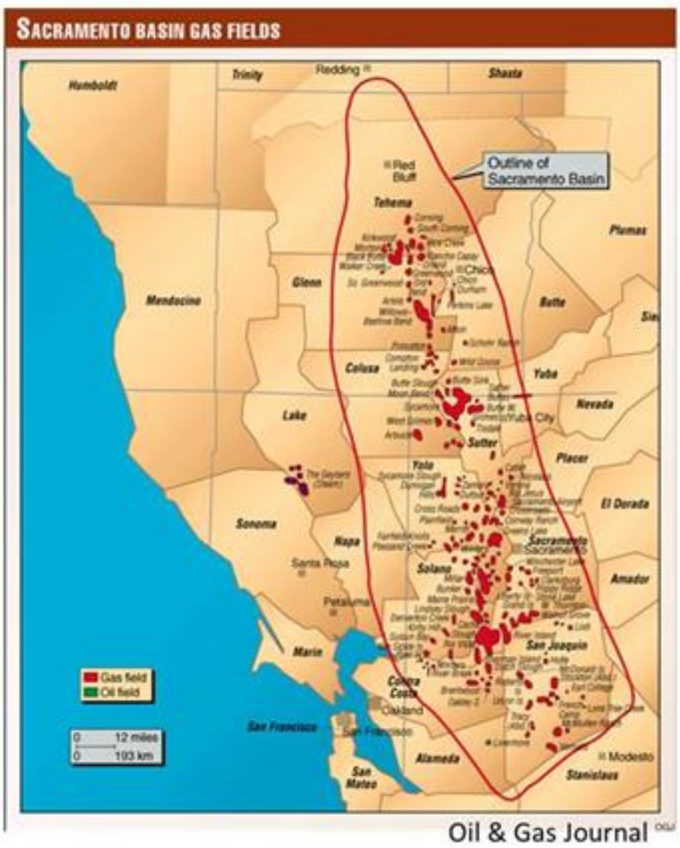
At the Alvares prospect, where the operator Sacgasco estimates a ~1.6 Tcf target, Pancontinental can earn up to a 15% working interest and the company can earn an effective 13.3% interest at the Tulainyo gas discovery by funding appraisal drilling.

Forgotten Sacramento Basin

It is often said that the best place to find petroleum is where it has already been discovered. Very often, large fields lie hidden for decades before a change in geological interpretation, technology or pure luck results in a new and massive discovery in an area that had previously been thought to have been well picked over and explored.

Reinterpretation of data outlines possible gas

An excellent example is the recent discovery of a very large gas field at Waitsia in the Perth Basin by AWE and Origin Energy, more than 50 years after the first gas was found in this Basin. Here, reinterpretation of geological and geophysical data, plus new technology and a lot of luck, led to what is now looking like a field of over 700 Bcf of gas, right next to a transport pipeline!



The Sacramento Basin sits inland from San Francisco and runs northwards towards Oregon State. The basin has produced over 11 Tcf of gas from prolific sandstone reservoirs, mostly exploited from the centre of the Basin.

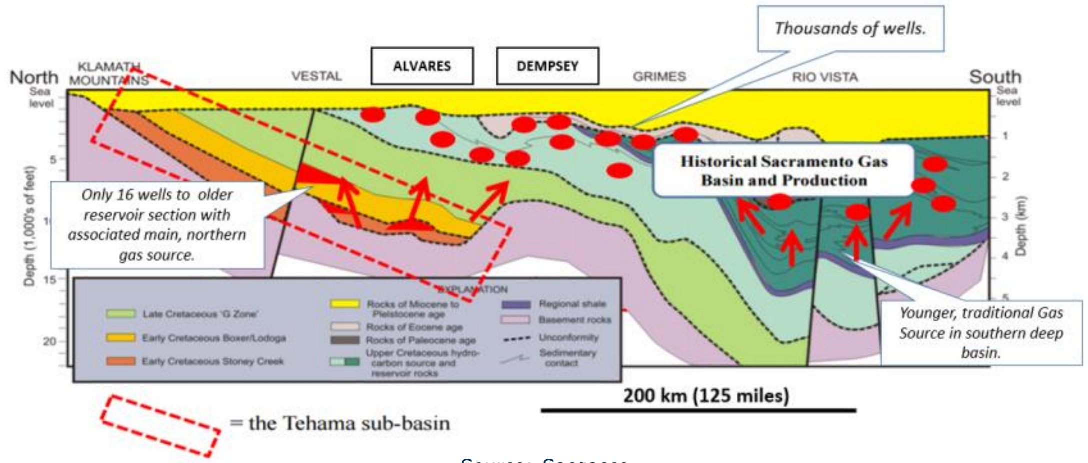
In recent times the industry has focused on oil production from the south of the State and there has been very little exploration in the region since the mid 1980's.

Drilling on the flanks of the basin 30-50 years ago, focused on the potential for oil discovery. Shallow gas shows were produced but deeper sediments were largely ignored and where drilled, were either not in structural closure or found thick columns of gas that was not considered valuable. Such gas zones were either poorly tested or not tested at all.

Prospects have been identified along the Tehama Sub-Basin, on the western flank of the Sacramento Basin by operator Sacgasco. Surprisingly, very little drilling has been carried out to date, even though thick gas columns were intersected. This is no better illustrated than at the Alvares prospect where over 1,500 metres of gas bearing sediments were found below a depth of about 2,500 metres.

Flurry of activity based on strong results at Tulainyo well

Of the few previous wells drilled, only two are interpreted to have been drilled within structural closure and both these wells intersected high gas shows over extensive sections of hole, with samples indicating 'pipeline quality' dry gas.



Source: Sacgasco

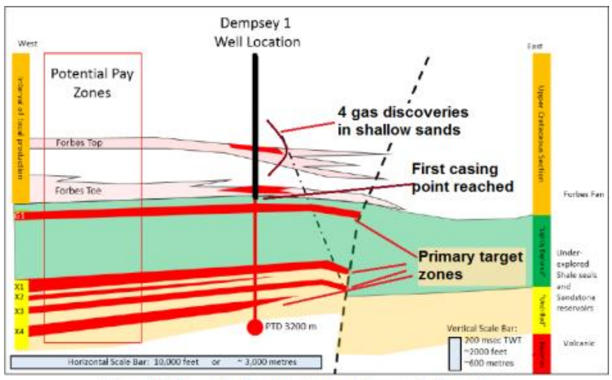
In early 2015, The California Resources Production Company (CRC: US) and private partner Cirque Resources LP drilled the Tulainyo anticline play in the Tehama Sub-Basin, located on-trend and to the south of the Alvares prospect. As always in the US oil & gas game, drilling results are kept confidential even though gas was discovered in a number of zones down to a total depth of about 1,800 metres but could not be tested. Pancontinental gained exclusive and confidential access to the technical data from the Tulainyo well and was so impressed that it agreed, through its Californian subsidiary Gas Fields LLC to earn up to a 33.33% interest in the project area by fully funding up to three wells on the prospect. Pancontinental has since attracted Magnum Gas & Power (MPE) to Gas Fields, who will fund most of the drilling costs at Tulainyo in return for a 60% interest in Gas Fields.

Dempsey prospect 10% WI

Current gas production of ~400Mcf/d can be rapidly expanded to 10 mmcuft/d on success

The Dempsey natural gas prospect is the first of a series of wells planned in the Basin. Discovery can be rapidly translated into production, using metering and pipeline capacity located adjacent to the well-head that is owned by the joint venture.

Dempsey	WI	Pay %	Completed Cost US $m.
Sacgasco	50%	14%	$0.80
Empyrean	30%	56%	$2.38
Pancon	**10%**	**20%**	**$0.85**
Xstate	10%	10%	$0.47
Total	100%	100%	$4.50



Schematic Cross Section illustrating 7 Reservoir Targets

Left: *The partners at the Dempsey project are tabulated, showing working and approximate paying interests with amounts in USD for a well that is tested and completed for production.*

Shallow gas shows in Forbes Formation support the programme

Drilling commenced on 1 August '17 and early work at shallow depths supports the programme after several significant gas shows in sand units, supported by electric logging of the well.

In the north-central part of the Basin, operator Sacgasco interprets 7 stacked target gas reservoir units at the Dempsey prospect below 1,600 metres, where drilling is designed as a combined appraisal and exploration test, drilled to a total depth of ~3,200 metres.

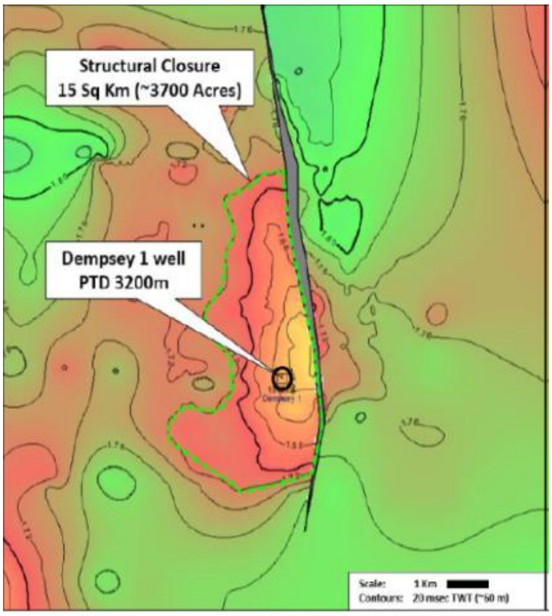
The location and extent of each target zone is based on structural and seismic stratigraphic interpretation and good quality 3D seismic, integrated into regional 2D seismic data and information from nearby wells.

The operator rates probability of success in a range of 40% to 10% for each individual prospective zone.

Individual, un-risked Deterministic Prospective Resources for the primary targets range from 116 Bcf to 352 Bcf of recoverable gas. Should all of the stacked reservoirs be full of gas, a cumulative un-risked recoverable Prospective Resource within the 4-way dip Dempsey structure could exceed 1 Tcf.

Shallow Forbes Formation sandstone discoveries intersected by the well to date above ~1,600 metres have potential to hold 1-3 Bcf of gas each, but the first major target zone should be reached at ~2,100 metres.

Ongoing, highly anomalous gas readings have been seen in sediments down to 2,070 metres as the well proceeds.



Structure Map near Top X1 Reservoir

Importantly, seismic amplitude anomalism has been found to be highly diagnostic for the presence of gas in the basin.

Primary target zones at Dempsey are interpreted to sit in a series of Cretaceous sandstone units that exhibit structurally coincident amplitude anomalies similar to those that are observed on seismic data elsewhere in the Sacramento Basin, where conventional sandstone reservoirs have trapped natural gas in mapped structural closures. This coincidence of structure, known reservoir units and seismic anomalism works to de-risk the project.

Key risks to the project going forward include:

- Engineering risks associated with being able to drill a well and effectively test zones of interest.
- Unexpected zones of high reservoir pressure, which could impact on an ability to drill & test.
- The presence of gas in the target zones, though seismic data gives strong support.
- The quality of reservoir units intersected, which may prove to have low permeability and may thus not flow gas at a commercial rate.

While over-pressured sedimentary units are not expected at the Dempsey structure, as a precaution and to ensure that any zone of over-pressured sandstone sediments can be effectively tested, the Dempsey well is using a higher drilling mud weight than might otherwise be appropriate for the depth of this well.

Production from gas discovery so far holds promise to underpin drilling costs & validate look-a-like leads

A positive result at Dempsey, no matter how small, would improve the prospectivity for identified leads and prospects that could subsequently become drilling targets. At a minimum, StockAnalysis believes that the work has already found enough shallow gas to repay drilling costs, which significantly de-risks the project.

Several additional prospects have been outlined in the Sacramento Basin that might be considered as Dempsey look-a-likes. Pancontinental pre-funded leasing activity on the trend, earning a minimum interest of 10% in a series of look-a-like prospects to Dempsey.

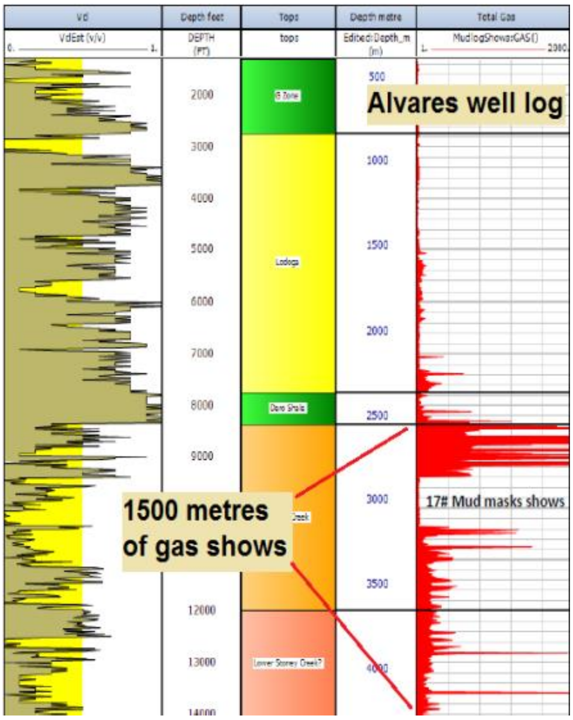
As currently structured, discovery of 300 Pj of gas at Dempsey would be worth $23 million to Pancontinental, which compares favourably to the company's current market capitalisation of $13 million.

Alvares Earning up to 15%

Petroleum formed in sediments on the west side of the Sacramento Basin was originally more deeply buried than it is today. Tectonic activity has thrust and folded the sedimentary formations on the western margin of the Basin, lifting them to within 2,800 metres of the surface. The company estimates that resulting over-pressured sediments have a technical potential to flow gas at 4-10 mmcuft per day even though permeability may be 2 to 5 milli-Darcy.

Very large gas prospect

Alvares is a large structure, mapped on 2D seismic. The operator interprets the prospect to hold Prospective Resources of over 2 Tcf of estimated potential recoverable gas. A well drilled by American Hunter Exploration Limited in 1982 exploring for deeper oil, intersected over 1,500 metres of gas shows. No valid flow test was conducted due to equipment limitations and a failure to find oil. However minor gas flows to surface were recorded even with these limitations.



Pancontinental has agreed to pay 13.3% of the dry hole well costs in the next appraisal well to earn a 10% WI in the Alvares prospect. Joint venture partners will examine potential to use an existing well bore at Alvares to sidetrack and get a valid flow test, thus reducing costs for an initial test. If this way forward is chosen, Pancontinental can earn a further 5% WI by fully funding Sacgasco's cost of a planned re-entry through the existing Alvares-1 well, capped at US$200,000.

Potential for low cost re-entry & test

Dry hole costs include all costs up until a decision to test and set production casing or abandonment.

If all commitments at Alvares are fulfilled, Pancontinental will earn 15%, Sacgasco will retain a 39% working interest, Xstate retains a 21% WI and Empyrean will earn a 25% working interest.

Alvares	WI %	Pay
Sacgasco	39%	26.4%
Xstate	21%	17.0%
Empyrean	25%	33.3%
Pancon	**15%**	**23.3%**
Total	100%	100%

Assuming that Pancontinental earns a full 15% WI on final drilling of a 560 Pj discovery at Alvares, StockAnalysis calculates a value to the company of $64 million or 1 cent per share, could accrue if gas has an insitu value of US$0.60 per Gj.

Tulainyo Earning 13.33% effective WI

Appraisal programme to test gas potential of over 2.5 Tcf at Tulainyo in October/November '17

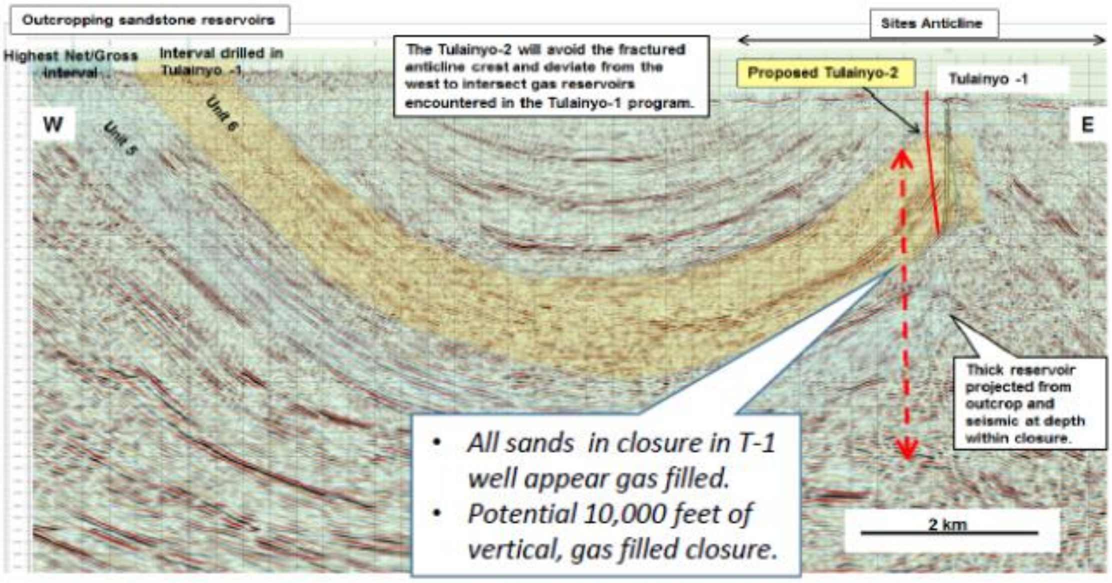
The Tulainyo prospect sits on-trend, to the south of the Alvares prospect on the western margin of the basin. Previous drilling by California Resources Corporation and Cirque Resources LP at the Tulainyo-1 well in 2015 found gas in shallow sediments above 1,800 metres that could not be tested due to mechanical difficulties associated with high pressures encountered.

Gas Fields LLC, which is a 40/60 partnership between Pancontinental and Magnum Gas and Power, has the right to earn an initial 10% WI in the southern portion of the Tulainyo project area by drilling a shallow well to test the upper gas zones found at the original Tulainyo well and can extend that ownership to 33.33% by drilling a deeper test on the southern half of the project area. Gas Fields may also earn a 33.33% interest in the northern half of the Tulainyo project area by drilling a third well in that area.

The partners now plan to appraise the Tulainyo-1 gas discovery during October '17 with a deviated well to a depth of about 1,700 metres. Planned drilling will avoid fractured sediments encountered by the Tulanyo-1 well at the crest of the anticline that forms the Tulainyo trap.

The company estimates a mean target at Tulainyo of 2.5 Tcf of recoverable gas within a 54.5 km^2 areal closure along the anticline, which translates to potential 338 Bcf to Pancontinental's 13.3% exposure with upside to a total of 5.2 Tcf at a P10 level of confidence.

Wireline logging of the Tulainyo-1 well clearly outlines a gas filled, 10 metre thick sand unit at a depth of about 1,350 metres, which will form one of the targets to be tested by the Tulainyo-2 well in October '17.



Regional Seismic Dip Line from Outcrop Control across Gas discovery

Source: Pancontinental

Reservoir characteristics from wireline logs indicate conventional sandstone units with 10% to 17% porosity and 1-5 mD permeability, from which over-pressured gas has potential to flow at between 2 and 10 mmcuft per day.

StockAnalysis estimates that discovery of 510 Bcf of gas at Tulainyo would be worth $62 million to the company's 13.3% interest.

Gas production

Pancontinental is currently a 10% partner in gas sales running at about 400 Mcf per day. Operator Sacgasco has mapped a path towards lifting gas sales to 2 mmcuft per day by reconnecting shut-in wells and possibly working over some wells. However, success at Dempsey and Alvares would see Pancontinental participate in expanded gas production capacity into 2018, enabling the company to maintain solid focus on the under-supplied Californian gas market.

Success at Dempsey would translate into enhanced production revenue during 2018

The joint venture has secured gas processing facilities with capacity to 10 mmcuft/d of gas, including meter stations and pipelines in the East Rice Creek fields and adjacent to existing producing assets at Rancho-Capay. In the event of further discovery, Pancontinental will benefit from access to these facilities.

California consumes an average of around 7.2 Bcf of gas daily through the year, of which about 90% is imported from interstate. This year, following a crippling blow-out at the Aliso Canyon gas storage facility, California faces a significant gas shortage and higher pricing during the winter months commencing in November '17. Cold weather typically sees Californian gas demand rise to as much as 11 Bcf per day, which will not be available while the storage facility is offline.

Californian Gas trades at ~17% premium to HH pricing

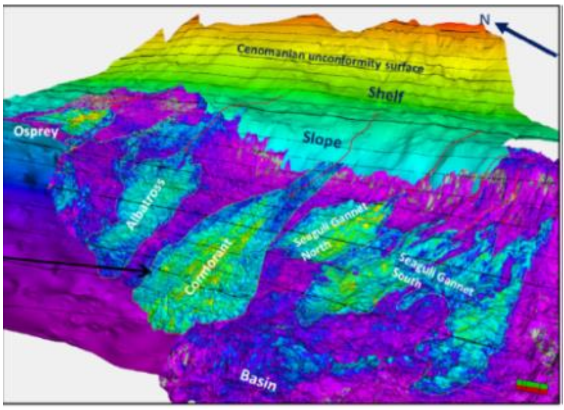
The price of gas in the USA has risen over the past year as supply remains steady but the USA ramps up a massive LNG export industry to become a net gas exporter for the first

time ever. Meanwhile, the price paid for gas by the Californian market currently sits at a premium of ~17% to the Henry Hub marker price for gas on the Gulf and East coast of the USA.

Namibia: PEL 37 30% free carry

Tullow Oil PLC (TLW: LN) farmed-in on the permit to earn a 65% interest by selecting a drill-ready prospect and drilling a well on one of four prosects. Tullow has a strong track record of selecting targets and discovering oil along the West African Atlantic margin. PEL-37 sits offshore from an active sedimentary system having favourable conditions for petroleum generation. Drilling at the Wingat-1 well, to the south of PEL-37 found oil in the prospective sedimentary units that will be targeted by an exploration well in PEL-37, confirming an active petroleum system.

3D Imaging of PEL-37 Prospects



Source: Pancontinental

After spending US$34 million on prospect selection, Tullow has moved to drill the most favoured prospect by farming-out 30% interest in the permit to ONGC Videsh Ltd to cover drilling cost.

Four prospects in the permit have estimated sizes ranging from 104 to 349 mmbbls of Prospective Resources each, totalling 915 mmbbls. Given water depths of 780 metres at the permit, StockAnalysis estimates that a discovery of 100 mmbbls would be commercial on a stand-alone basis, but aggregating discovery along 40-50 kilometres of prospective continental shelf could render even smaller accumulations as commercial.

The 124 mmbbl Cormorant prospect sits under a well defined oil slick, which StockAnalysis believes lifts the target to the most likely category for drilling. Seismic data shows a submarine fan sediment target with confirmatory anomalism on several levels. A drilling decision is required by December '17, allowing application for an extension to the permit's tenure past March '18, which would likely see drilling underway during H2 '18.

Perth Basin earning 70%

Pancontinental can earn a 70% operated interest over the Walyering gas field in the southern part of onshore exploration licence EP-447 by acquiring a 90 km^2 3D seismic survey before August 2018 at an estimated cost of approximately A$1.8 million.

Jurassic sandstone reservoirs at the Walyering field were produced in the 1970's from below 3,000 metres in a faulted anticline similar to the on-trend and currently producing Gin Gin – Red Gully field.

The field has been tested by four wells, of which 3 tested methane gas to surface from multiple gas sands, with the best zone flowing at 13.5mmcuft/d on natural flow.

The company believes that Walyering requires 3D seismic data coverage to improve understanding of its structure. Mapping by Pancontinental's management has found that the largest single reservoir compartment in the field's anticline crestal closure remains undrilled and is thus a prime exploration target.

Directors John Begg and Marie Malaxos have a long history of discovery as well as oil and gas production from the Perth Basin, so their input at Walyering will be critical to success.

Kenya: Block 6 40% offshore & 16% onshore

Activity in Kenya has been halted by low commodity prices and a deterioration of security in that East African Nation.

Pancontinental and its partner FAR Ltd may seek to monetise this interest.

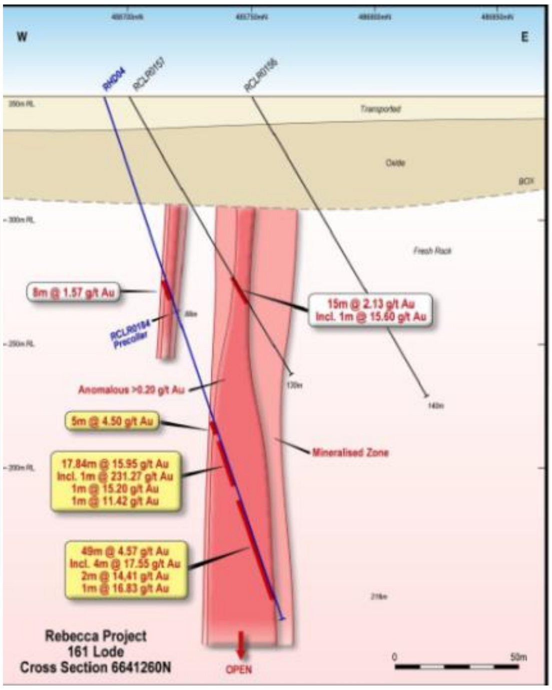
Drill holes of the week

Millennium Minerals Limited (ASX: MOY) has received some spectacular and somewhat confounding assays from hole BARD0233 drilled at its Nullagine Gold Project in WA's Pilbara. The company admits that it doesn't really understand what is going on at the prospect, which hit:

- **3m @ 5.45% Cu, 8.52g/t Au, 141.4g/t Ag, 4.3% Zn and 0.6% Pb** from a depth of 230 metres including:
  - **1m @ 11.75% Cu, 15.70g/t Au, 238g/t Ag, 6.1% Zn and 0.6% Pb**

This hole may be a fluke of nature in an area where small, poddy mineralisation has previously been found, or the company might just have hit on something very exciting.

Apollo Consolidated (AOP-ASX) is flying to the moon after hitting some very exciting mineralisation at its Bombora Prospect.



Bombora is one of three prospects at the Rebecca Gold Project, 150km ENE of Kalgoorlie Western Australia.

The company said that it is pleased to see good correlation between wide sulphide alteration zones and gold grade, and in particular where the geologists saw free gold in core.

- 17.84 metres grading 15.95g/t Au from 142m including
  - 1 metre grading 231.27g/t Au,

and

- 49 metres grading 4.57g/t Au from 166m
- 28 metres grading 2.41g/t Au from 179.5m

Doray's (DRM) Da Vinci discovery continues to be a thing of beauty!

Recent drilling hit 10.4 metres grading 45.2 g/t Au and 0.7% Cu. That is $2,415 per tonne dirt with $50 per tonne of copper for free!

The new shoot is now at least 120 metres long and open at depth and along strike.

The company is going to make a very good picture once it starts mining this juicy little fella and once WA Premier McGowan finalises the slice he wants to take from poor miners like Doray!

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