

Research Flash

Duke Exploration (DEX)

Valuation & TP: N/A

Market Cap @ A18.5cps: A\$14.4M

Cash @ 30 September 2021: A\$ 10.2M

Are these projects really only worth this???

- Duke Exploration floated in November 2020, focused on drilling the Mt Flora copper-gold-silver prospect, and delivered a maiden resource of 16Mt @0.5% Cu with silver credits, containing 78,000t of copper and 3.6Moz silver, at a 0.2% Cu cut-off. Mt Flora is the most advanced prospect of the 50 plus prospects around the Bundarra Granite, although **the largest anomaly from the geological, geochemical and geophysical work completed by DEX is at Quorn.**
- While the reported copper grade is 0.5% at Mt Flora, adding the silver as an "equivalent" copper grade lifts the "copper equivalent" grade to above 0.55%. Given the location and local infrastructure, likely metallurgy, and the geometry of the deposit, our expectation is that this initial resource would contribute to a mining operation should one be developed.
- Diamond drilling resumed this week at the Rogers prospect area (see the plan below). This is the third hole of a campaign of 5 holes – one at Quorn, one at Isens and three within the Rogers area.
- Quorn and Isens holes are completed with mineralisation intersected as has been reported previously – the Quorn section is below, ahead of assay data. Assays from these holes are due mid-February assuming no delays. The first hole of the 3 planned at Rogers is almost complete and the rig will then move on to the 4th and 5th holes (2nd and 3rd at Rogers).
- The first hole into Rogers is a success, intersecting several chalcopyrite dominated sulphide veins downhole, including two metres of chalcopyrite – pyrite – magnetite veining from 102 m (*Figure 3). The campaign is planned to be completed by early/mid-February and the assay results will follow, after about 6 weeks, assuming no delays. The diamond drilling rig will continue on to at least two other primary targets of interest in March/April.

Our View and comment

DEX reported a maiden resource after 6 months of drilling. This was a high level of execution. Our expectation is that the on-going drilling at Mt Flora and the adjacent Quarry deposit will increase this resource, but more significantly drilling at the Quorn, Absolon, Rogers and Isens prospects will add to this maiden resource. A number of other old workings are yet to be worked up for drill testing.

Duke is relatively well-funded to maintain its drilling program at Bundarra and demonstrate the potential of the broader project area to support a copper mine development. Sure, we have to wait for the assays, and maybe this drilling won't deliver the "eureka moment", but there are enough old workings and prospecting pits around the Bundarra intrusive that I'd expect them to get the scale for a development – say 300,000t of contained copper, roughly 3 times the size of Mt Flora.

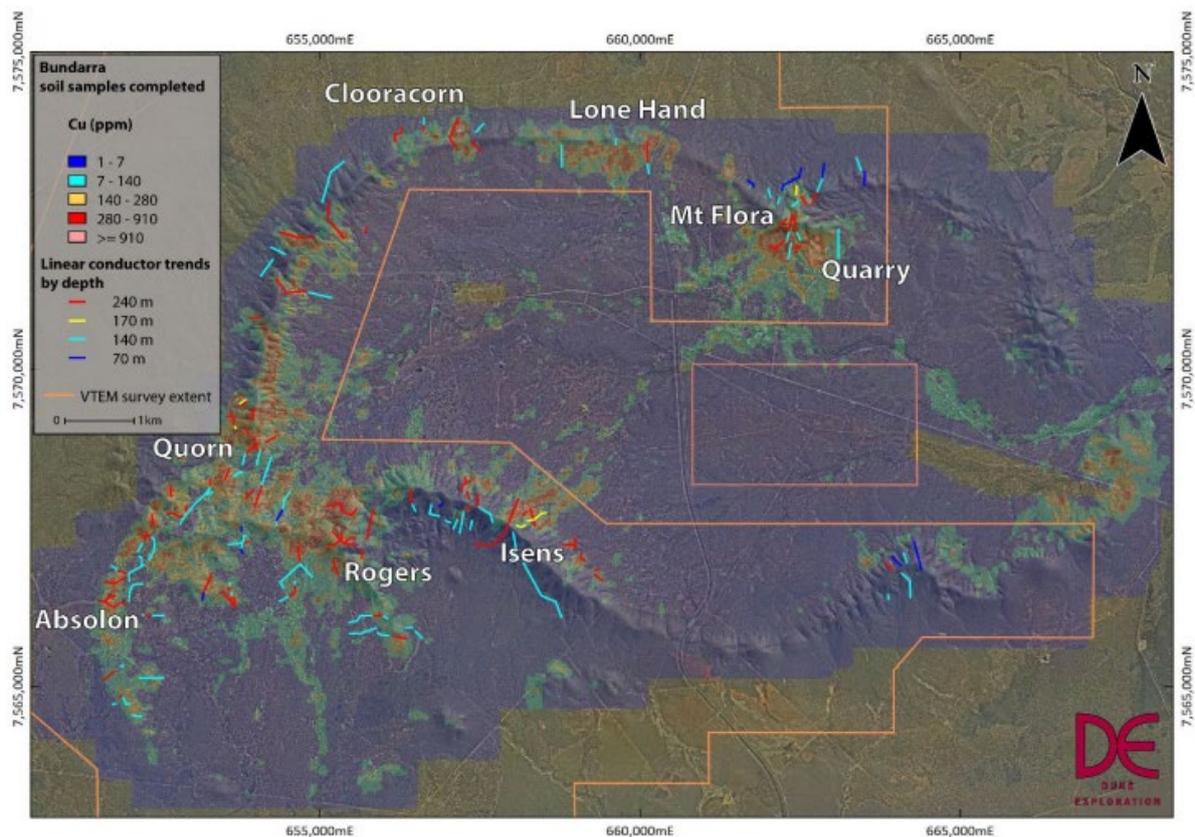
Work has been halted over the Christmas/New Year period, and with typically seasonal rainfall.

But the share price and associated EVs attributable to Bundarra and Prairie Creek, are ridiculous (WARNING: personal opinion expressed).

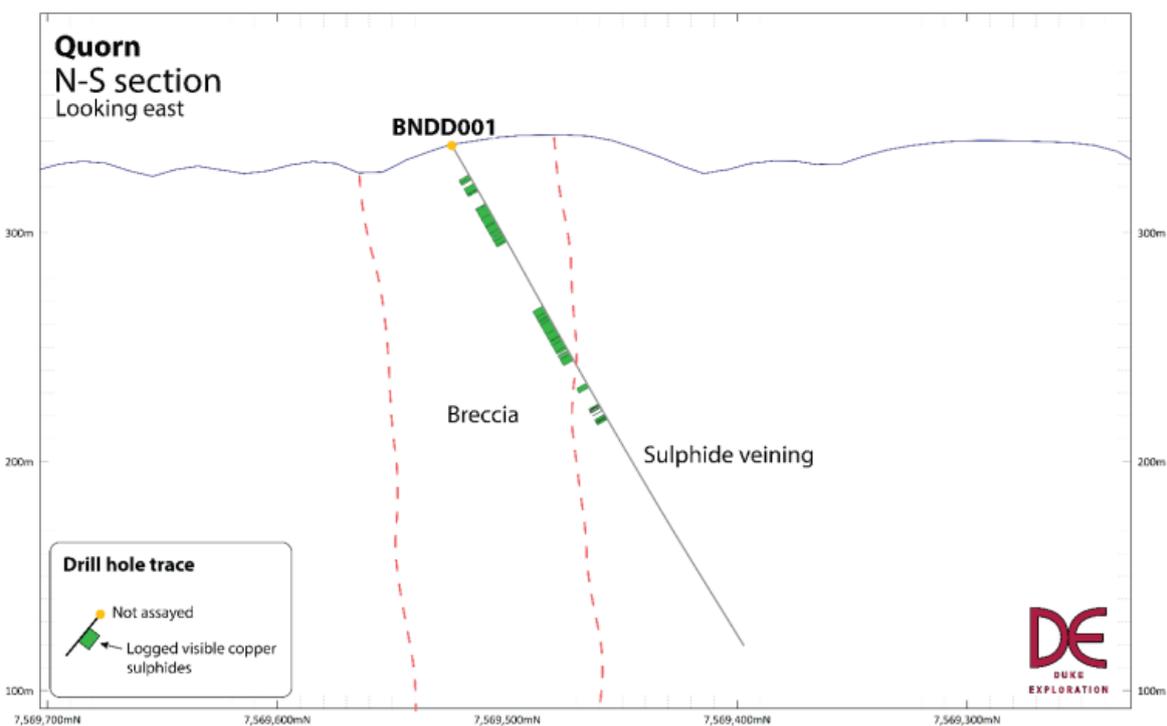
Note: ridiculous

adjective

1. deserving or inviting derision or mockery; absurd.



* Figure 2. Interpreted linear trends from pXRF copper soil and conductivity profile targets from survey areas



* Figure 7. Cross section on 653750m E showing the logged mineralisation relative to the breccia and vein style mineralisation

* To view the full DEX ASX Announcement providing further details relating to the figures above - please click on the link [HERE](#)

Disclosure:

A Consultant, or a member of the family of a consultant involved in the preparation of this report holds shares in Duke Exploration (ASX:DEX).

Morgans Corporate Limited was Lead Manager to the Placement of shares in Duke Exploration Ltd in June 2021 and received fees in this regard.

Morgans Corporate Limited was Lead Manager to the Initial Public Offer of shares in Duke Exploration Limited in September 2020 and received fees in this regard.