

10 November 2017

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## Elysium Resources Limited

### Mining - Gold

### Speculative Buy

EYM A\$0.031

TARGET PRICE A\$0.070

Elysium Resources (ASX: EYM) is a publicly listed, junior mineral resources company focused on the exploration and development of key demand-driven commodities. EYM has conditionally agreed to acquire Hardey Resources Pty Ltd, which has tenements situated in the new and exciting Pilbara region, the epicentre of Australia's latest gold rush. Although vast amounts of exploration work is still required to confirm the gold-bearing nature of the prospective sequences within the region, speculative activity is likely to continue to drive volatility and high trading volumes until drilling and sampling either prove or disprove an economic discovery, with share prices possibly trading at several multiples of current value in the interim. We rate the share a Speculative Buy with a price target of AUD0.07 assuming positive exploration results.

### Company Data

Number of shares	513.2M
Market Capitalisation	\$13.3M
Free float (%)	N/A
12-month high/low	\$0.06/\$0.007
Average Daily Turnover (\$m)	0.9
% S&P/ASX200	N/A
DDM Ranking	N/A
% All Ordinaries	0.001
GICS Industry Group	Mining - Gold

Source: FactSet

### Share price performance



Source: FactSet, EverBlu Capital

## Exposure To Pilbara Gold

### The Pilbara Gold Rush

- Shares in Canada's Novo Resources Corp (TSX.V: NOV), which established a joint venture with Artemis Resources Ltd (ASX: ARV) in May, have surged to give the exploration company a market capitalisation of CAD1.1B. Artemis' market capitalisation has jumped almost 10 times from around AUD20M to AUD195M since July, when Novo sparked the hype.
- Nuggets found by Novo and Artemis on the Purdy's Reward prospect from part of an eight-kilometre-long trend the companies view as "highly prospective for conglomerate gold mineralisation considered analogous to the Witwatersrand in South Africa".
- No exploration drilling results have been released yet. Scale and continuity, essential for a commercial project could be difficult and depositional theory has not been demonstrated. The influx of juniors into the area has been swift and a shift is underway from surface sampling to drilling. This will help solve some of the questions posed by the market and start the process towards firming up a reportable resource. There will inevitably be winners and losers but at this early stage they are difficult to pick. EYM have entry to this exhilarating new area through its prospective acquisition of Hardey Resources Pty Ltd and only exploration will confirm whether an economic gold deposit exists on its properties.

### EYM's Entry Into Pilbara Gold

- EYM has entered into a binding agreement pursuant to which it has conditionally agreed to acquire Hardey Resources Pty Ltd.
- Hardey owns gold and base metal projects located in the Pilbara region of Western Australia: the Bellary, Hamersley, Cheela and Elsie North Projects, covering 512km<sup>2</sup> of Fortescue Group Rocks, as well as the Grace Project located in the Paterson Province in Western Australia.
- On completion, EYM will have a 100% ownership interest in Hardey and the Hardey Projects. EYM also intends to change its name to Hardey Resources Limited (ASX: HDY)

### Exploration Program Imminent

- Hardey's maiden exploration program will commence almost immediately targeting the conglomerate-hosted gold potential of Hardey's tenement portfolio, initially focussing on the Bellary Project.
- The exploration field crew is currently mobilising to site to begin systematic soil and stream sediment sampling and prospecting across the Hardey Projects that outcrop within its tenement portfolio.
- Exploration will focus initially on the 46 sites of interest identified by Hardey's geologist, working in conjunction with the EYM geological field team, that are located within the target stratigraphy of the Fortescue Group Rocks.

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## The Pilbara Gold Rush

### Summary

The initial interest was sparked when Canada's Novo Resources Corp. (TSX.V: NVO) began finding small watermelon seed-shaped gold nuggets at Artemis Resources Ltd's (ASX: ARV) Purdy's Reward prospect south of Karratha as part of an exploration joint venture between the two companies.

Since then, a host of explorers with neighbouring tenements have begun scouring their land for similar finds while others have rushed to peg ground in the vicinity.

"Highly prospective for conglomerate gold mineralisation considered analogous to the Witwatersrand in South Africa"

Novo Resources has noted the similarity in size and shape of the Pilbara nuggets and those of South Africa's Witwatersrand Basin, which has produced more than 2 billion ounces of gold. The hypothesis is that the conglomerates of the Pilbara could host a gold system that is either similar to or was once connected with the Witwatersrand and which could be similarly rich. Novo has been exploring the Beatons Creek area with two geological models being, that of conglomerate-hosted gold, and high grade orogenic gold. Elysium will use the work done by Novo, Artemis and De Grey Mining Ltd (ASX: DEG) to understand the complex mineralisation controls and minimise exploration risk in doing so.

Novo's Witwatersrand theory has attracted plenty of cynicism but until the necessary exploration work is carried out there will be plenty of excitement in the market driven mostly by news flow.

### Elysium's Gold Tenements

In November last year, Hardey applied for an Exploration Licence covering 163km<sup>2</sup> of ground prospective for Witwatersrand-style conglomerate-hosted gold and high grade orogenic gold in the Paraburdoo region of Western Australia. In October this year Hardey identified and pegged further licences resulting in a tenement package which comprises 512km<sup>2</sup> of Fortescue Group Rocks and the underlying Pilbara granite-greenstone terrain.

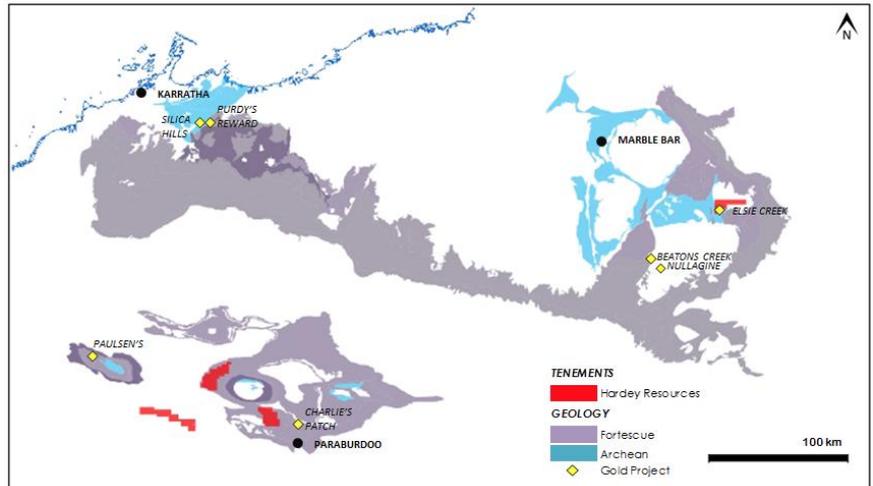
Subject to completion of the Acquisition, EYM will hold a significant tenement package that is prospective for Paleo-Placer 'Witwatersrand-style' conglomerate-hosted gold mineralisation similar to the discoveries reported recently in the region by Novo and Artemis Resources at Purdy's Reward and OscarWits and, most recently, by De Grey Mining at the Loudens Patch prospect.

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FIGURE 1: GEOLOGY AND HARDEY RESOURCES TENEMENT PACKAGE

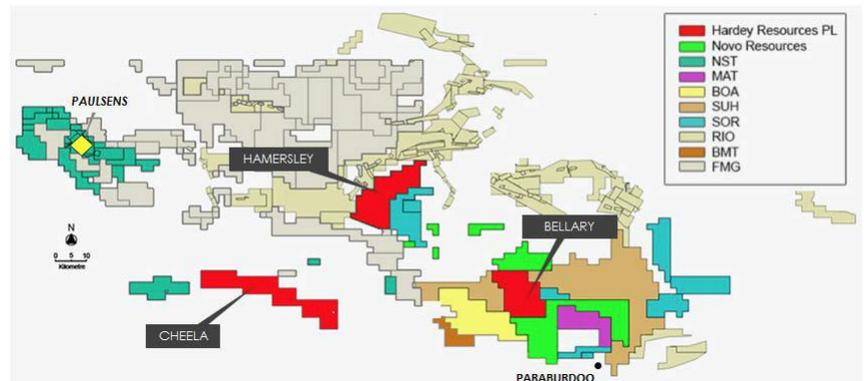


Source: Company Reports

Four projects – the Bellary, Hamersley, Cheela and Elsie North, Projects

The Novo/Artemis and De Grey discoveries, including a significant quantity of gold nuggets found at surface, are associated with a regionally extensive geological formation known as the Fortescue Group of rocks, which includes the lower, Hardey Formation and the Mount Roe Basalt. The Geological Survey of Western Australia has mapped the Hardey Formation extensively throughout the Bellary Project tenements.

FIGURE 2: ELYSIUM PROJECT AREAS



Source: Company Reports

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*Price target is AUD 0.07*

*Market capitalisation averages  
AUD28M*

### Price Target

Our price target has been based on nothing more sophisticated than the average market cap of all the companies that have tenure in the areas of interest in the Pilbara. Using the average of AUD38M market capitalisation would imply a share price of AUD0.07 – more than triple the current share price and potentially much more!

FIGURE 3: PILBARA CONGLOMERATE GOLD EXPOSURE

CODE	NAME	MARKET CAP (AUDM)
ARV	ARTEMIS RESOURCES LIMITED	\$195
BOA	BOADICEA RESOURCES LIMITED	\$8
CDT	CASTLE MINERALS LIMITED	\$11
CHN	CHALICE GOLD MINES LIMITED	\$55
CZR	COZIRON RESOURCES LIMITED	\$46
DEG	DE GREY MINING LIMITED	\$67
DGO	DGO GOLD LIMITED	\$15
IPT	IMPACT MINERALS LIMITED	\$19
KAI	KAIROS MINERALS LIMITED	\$45
KZR	KALAMAZOO RESOURCES LIMITED	\$7
MZN	MARINDI METALS LIMITED	\$17
RTR	RUMBLE RESOURCES LIMITED	\$23
SEG	SEGUE RESOURCES LIMITED	\$13
SOR	STRATEGIC ELEMENTS LIMITED	\$24
TAR	TARUGA GOLD LIMITED	\$8
VXR	VENTUREX RESOURCES LIMITED	\$51
<b>AVERAGE</b>		<b>\$38</b>
EYM	ELYSIUM MINERALS LIMITED	\$10

Source: Google Finance

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EverBlu Capital provides research services to its client. Mr van der Wath is a Research Analyst and has over twenty eight years' experience in the financial services industry, particularly in financial analysis, research report writing and portfolio management as well as twelve years' practical mining experience as a Mining Engineer. Mr van der Wath joined the EverBlu team in 2016 where he has been involved in the research and publication of reports. Prior to this Mr Van der Wath worked at a number of financial entities where he held Director, Head of Research, Portfolio Manager and Analyst positions. Mr van der Wath holds a Bachelor of Science (Mining Engineering) and a Graduate Diploma in Engineering (Industrial) from the University of the Witwatersrand and a Bachelor of Commerce from the University of South Africa. He also holds Mine Manager's Certificates of Competency in both Metalliferous and Coal Mines.

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**NR** – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or EverBlu Capital policies.

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Hold	28.9%	( 0.0% of stocks with recommendations are EverBlu clients)
Underperform	29.1%	( 0.0% of stocks with recommendations are EverBlu clients)