

# The Australian

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## Penny gold stocks stir

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### **GOLD and potash/phosphate followers have a lot to think about.**

First gold. So far this month, the yellow metal has lost 5.7 per cent of its value. Now, as regular *Pure Speculation* readers will know, this column is well and truly in the bull paddock when it comes to gold.

But that does not make us blind to evidence. So, if you are knee-deep in gold or gold stocks, you should know that this 5.7 per cent drop in January is the largest for the first month of the year since 1997, when it fell 6.3 per cent. Then it proved to be harbinger of worse to come: that year gold fell from \$US358/oz to close at \$US294/oz. This, of course, is not to say that we'll see a repeat. Most unlikely in fact - but we thought we should point out what happened 14 years ago this month.

But we were cheered to see two penny stocks get a little interest today. Each Monday we're trying to search through the 10c and under stocks for any signs of life. Well today **Liontown Resources** managed a 17.6 per cent gain to 10c (at time of writing) after reporting that it has entered a joint venture to look for gold in Tanzania. In our view, East Africa has been unjustly neglected while the other side of the continent has been getting all the gold glory.

Another sleeper stock, **Rimfire Pacific Mining**, lifted - again on thin trade - by 0.02c to 5.4c on news from its Sorpresa gold and base metal project near Fifield, NSW, and located on the same geological corridor as the Cadia and North Parkes copper-gold mines. (By the way, we read elsewhere today that gold companies are increasingly anxious to grab any gold projects where there is also the promise of copper.)

Trenching at Sorpresa has produced two assays above 70 grams/tonne gold. It's early days but the words of executive chairman John Kaminsky are worth noting. "The fact that the Sorpresa area had not been discovered or mined previously yet has the capacity to contain such elevated gold grades continues to encourage the company that this area is very promising," he said.

Also worth noting today was that **Pacific Nuigini**, which is headed by high profile mining figure Peter Cook, declared a new gold-silver-base metal discovery in Papua New Guinea. Sampling has produced a number of high grade assays up to 23.7 grams/tonne gold, 156g/t silver, 7.77 per cent zinc and 12.2 per cent lead. The stock was unchanged at 37.5c.

Meanwhile, **South Boulder Mines** posted a BBC report today on the looming world hunger crisis. STB pointed out that this could be good news for potash (and we would add phosphate, too) as countries race to increase food production. The British Government issued a study, to which 400 experts contributed, claiming

that the globe is facing a crisis of severe food shortages.

The report classified the DR Congo and Chad as “extremely alarming” in terms of future famines, with the “alarming” category including India, Tanzania and several other African countries. Mongolia was classed as “serious”. Plenty of others were on the next level of priority, including China.

There were also reports today that cabbage prices in South Korea are soaring, making the vegetable - which is used in the staple kimchi dish - unaffordable to many.

Not surprising then that **Aguia Resources** was up 22 per cent just before the close. The company already has phosphate in Brazil and has added potash deposits there. Brazil now imports the bulk of its fertiliser so there’s a ready local market.

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