

Friday, 16th February 2024

## Alice River Update

Analyst | Patrick Streater

<b>Stock</b>	<b>Pacgold (PGO)</b>
<b>Recommendation</b>	<b>SPEC BUY</b>
<b>Current Price</b>	<b>\$0.14</b>

### Quick Read

Pacgold's Alice River Gold Project in northern Queensland continues to grow in scale with recent drill results at the North Target and Posie Prospects confirming additional mineralised structures at the kilometre scale. Argonaut reiterates its Speculative Buy recommendation on PGO and remains one of our favoured pre-discovery Australian gold explorers.

### Key Points

**Northern Target Results:** Results at the Northern Target reported this week from a 2-drill hole RC program successfully confirmed the continuation of the Alice River Fault Zone (ARFZ) with a 22m at 0.2g/t Au intercept reported. Providing some context to these results, the Northern Target area is a 3km strike position defined by IP geophysics concealed by shallow sand cover with no previous drilling along the target zone. The fact that PGO returned 20m at 0.2g/t Au from what was effectively scout drilling demonstrates the scale and continuity of the Alice River system.

**Posie Prospect Results:** Recently reported results from a 9-hole 762m RC program at the Posie Prospect demonstrated insitu shallow mineralised quartz veins over a 1km strike length. Drilling was completed on 200-300m space sections over a 1km strike extent where historical colluvial mining had exposed gold mineralised quartz veins in the basement unit. Significant results reported from the recent Posie drill program include:

- 3m @ 3.5g/t Au from 17m
- 3m @ 2.8g/t Au from 60m
- 17m @ 0.7g/t Au from 9m
- 7m @ 1.6g/t Au from 53m
- 12m @ 1.0g/t Au from 56m incl: 1m @ 8.7g/t Au from 56m
- 6m @ 1.5g/t Au from 5m

**Drill Targets everywhere but looking for the elephant:** Recent results at the Posie and Northern Target reinforce the scale of the Alice River system but also highlight an overwhelming number of drill targets available to test. The objective of 2024 drill season will be anomaly definition along the ARFZ to establish visibility on the largest and highest tenor targets at the Alice River Project. Once this bedrock air core drilling has been completed, PGO will be in an informed position to prioritise its RC and diamond drilling on the 'company maker' targets that we think the project may hold.

**Quality Greenfields Exposure:** Pacgold offers up exposure one of the few Greenfields projects in Australia being actively explored. End to end, the Alice River Project holds a 30km fertile regional structure concealed by shallow cover with IP geophysics clearly defining the fertile gold bearing structures on a district-scale. The project area has received limited drilling beyond the Central and Southern Target which were easily discovered as they outcropped at surface. At a current enterprise value of \$8.5M with a \$3.2M cash balance, we think PGO offers an attractive entry price into quality project with significant exploration upside.

### Recommendation

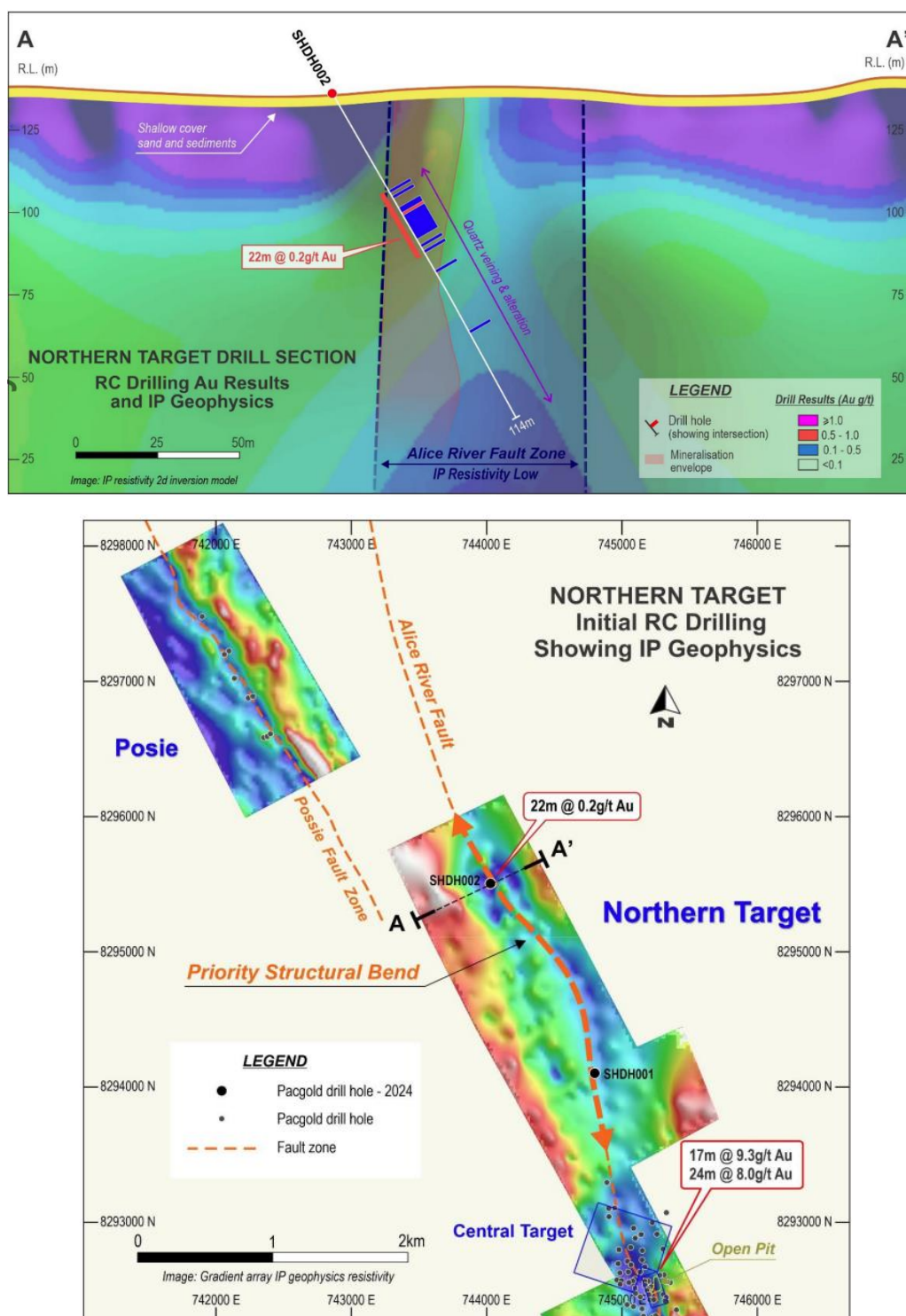
Argonaut retains a Speculative Buy for Pacgold with conviction to take a long-term position to allow time for the exploration potential of the Project to play out. Our most significant catalysts in the short term are the results of air core drilling commencing in Q2. This air core drilling will test significant strike lengths of the ARFZ structure put PGO in position to focus its drilling on the largest scale targets at Alice River.

## Alice River – A Significant Gold System

### Northern Target Results

PGO's two-hole RC drill program at the Northern Target was effectively scout drilling guided by IP geophysics that suggested a potential dilatational 'bend' along the ARFZ may be prospective for mineralisation. To date, IP geophysics has been a proven technique to define the broader structural corridor of the ARFZ along with direct drill targets that present as subtle resistivity highs within broad linear resistivity lows defining the ARFZ structure. From just a 2-hole RC program targeting a 3km long structure, PGO still managed to report a 22m at 0.2g/t Au intercept which reinforces the scale of the ARFZ mineralisation.

Figure 1 & 2 – (Top) – Cross section of reported results at the Northern Target. (Bottom) – Plan map with completed drilling and background IP geophysics. Source: PGO



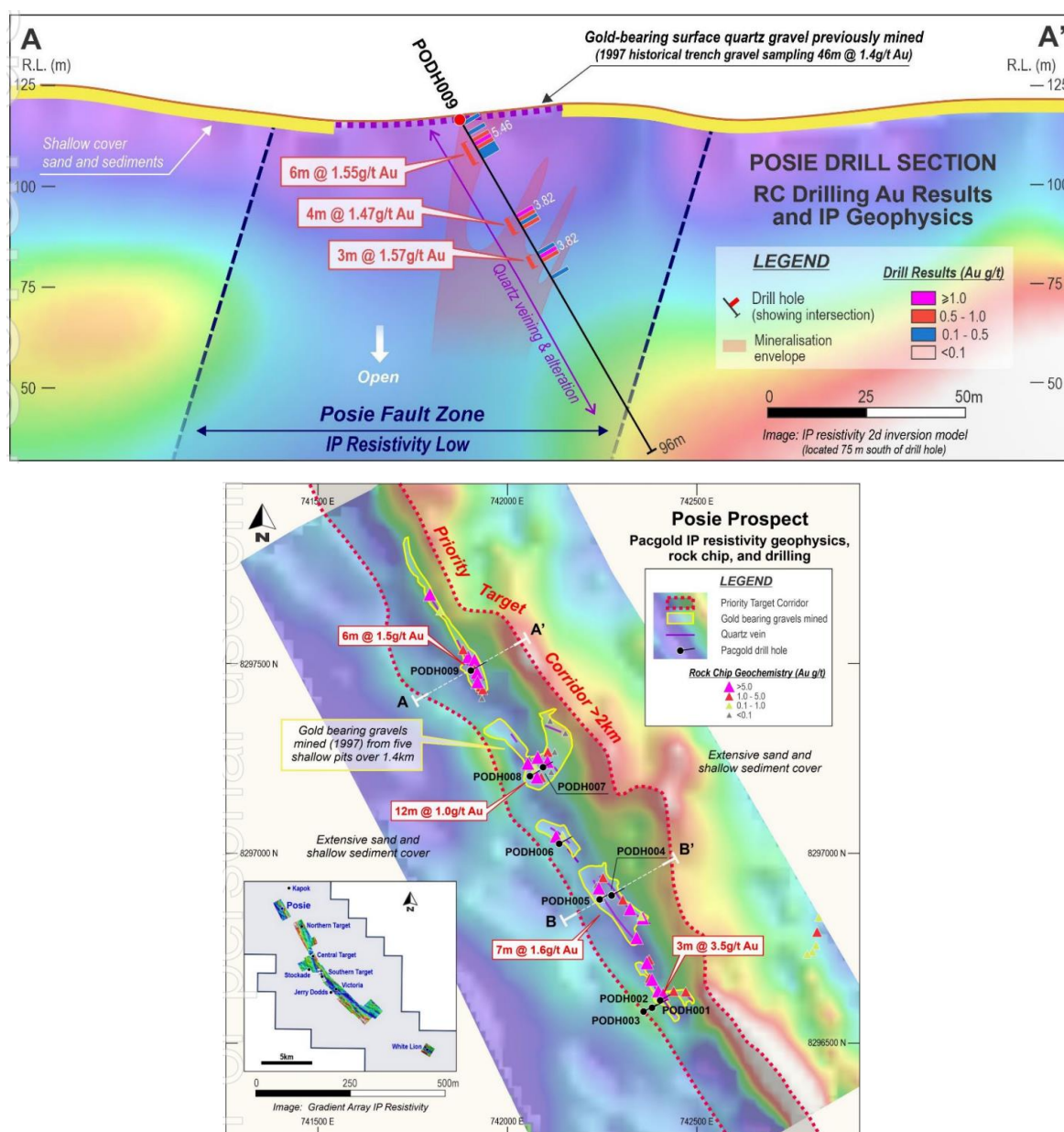
### Posie Prospect Results

The Posie Prospect is located 6km northwest of the Central Target on what's likely to be a parallel structure to the main Alice River Fault Zone. Prior historical work in the area included small scale alluvial mining of gold bearing gravels from five pits along a 1.5km trend. PGO's objective in the recent RC drill program was to establish the bedrock source of these gold bearing gravels. Nine RC drill holes were completed on five 200-300m spaced sections for a total of 762m. Significant intercepts reported from this drill program include:

- 3m @ 3.5g/t Au from 17m incl. 1m @ 5.9g/t Au from 18m (PODH001)
- 3m @ 2.8g/t Au from 60m incl. 1m @ 6.4g/t Au from 61m (PODH002)
- 17m @ 0.7g/t Au from 9m (PODH004)
- 7m @ 1.6g/t Au from 53m (PODH005)
- 12m @ 1.0g/t Au from 56m incl. 1m @ 8.7g/t Au from 56m (PODH006)
- 6m @ 1.5g/t Au from 5m (PODH009)

Drilling was successful in confirming insitu bedrock mineralisation at Posie over a 1km strike length of the Posie Fault Zone. PGO's is planning further IP geophysics, shallow air core and RC drilling along the Posie Fault Zone to follow up these encouraging first pass results.

*Figure 3 & 4 – (Top) – Cross section of reported results at the Posie Prospect. (Bottom) – Plan map with completed drilling and background IP geophysics. Source: PGO*

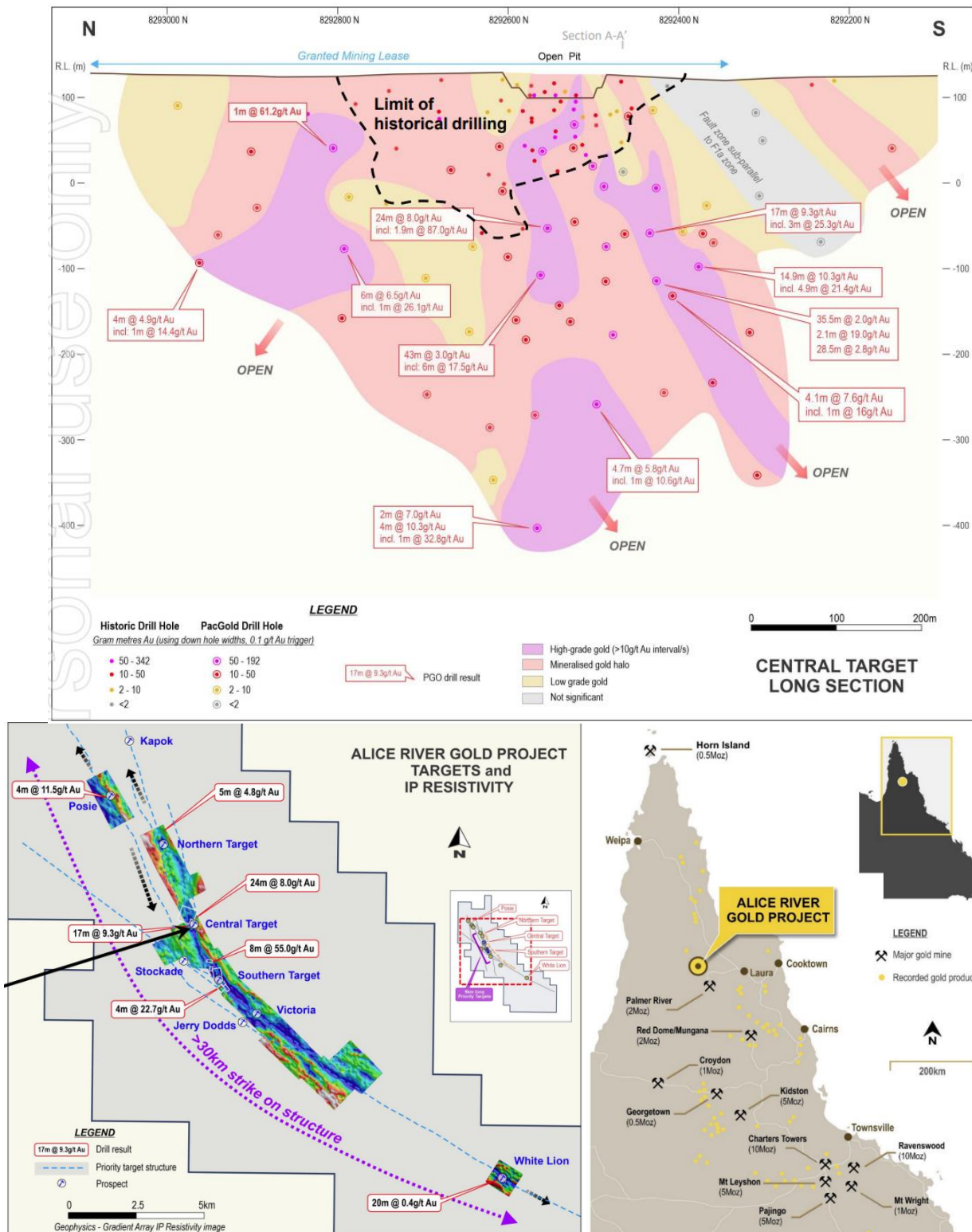




## Alice River Project Background

PacGold Ltd began trading on the ASX through a July 2021 IPO raising A\$6m to progress exploration at its Alice River Gold Project in North Queensland. The Alice River Gold Project covers a 30km strike position of the Alice River Fault Zone. This structure hosts high-grade mineralisation which has been subject to limited modern exploration in the last 20 years. The first large-scale mining occurred in the late 1990's when Goldminco / Beckstar produced 30koz at 5.6g/t Au from shallow open pit mining down to 40m. Between 2001-2013 the project was held by a private prospector who focused on small scale alluvial mining, with no interest in exploration.

*Figure 2 – (Top) – Long Section of completed drilling at the Central Target. (Bottom left) – Alice River Gold Project Map. (Bottom right) – Project location map in northern Queensland. Source: PGO*



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The publishing analyst owns shares in Pacgold (PGO).

**Pacgold Ltd (PGO):** Argonaut Securities Limited acted as Lead Manager in respect of the Placement to raise up to \$2.2M in September 2023 and received fees commensurate with these services. Argonaut holds or controls 526,316 PGO shares and 3M PGO Options exercisable at \$0.30 set to expire on or before 30 Sept 2026.

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