



# PURE SPECULATION

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## Strong cash position

CASH flow will be king in the gloomy times ahead — months or years, depending on one's level of pessimism. Few companies are going to be able to go to the market for more money until there is a dramatic rebound in commodity prices.

This is why **Rubicon Resources (RBR)** led its quarterly report not with some outstanding exploration success but the fact that it had a "strong cash position" of \$4.6 million at the end of September. The company's outgoings totalled \$995,000 in the three months to September and it is committed to spending \$250,000 on gold and base metal tenements north of Kalgoorlie over which it has taken an option agreement with **St Barbara (SBM)**.

Mithril also has a large land position in the West Australian section of the remote Musgrave mineral province just west of the Northern Territory-South Australia border.

An even better position to be in is to have money coming in the door. Such is the case with **North Queensland Metals (NQM)** which owns 60 per cent of the producing Pajingo gold mine in Queensland. Its revenue for the September quarter was \$8 million and it had \$3 million in the bank as at September 30. Its gold output for the three months was 13,671 ounces at a cash cost of \$677/oz and receipts of \$1003/oz. Spot gold is now fetching about \$1190/oz.

NQM is unhedged but it might lock in some forward contracts if the price goes significantly above \$1200/oz; it also has put options in place until March should the gold

price tank. Meanwhile, work is continuing on the Baal Gammon copper-tin-silver-indium project using money from the gold sales.

Fortunately, the company is not locked into any commitment so will proceed slowly until it can see where metal prices settle. Longer term, NQM has decided it won't sell the Baal Gammon concentrates but will look to value-adding itself. If it sells copper concentrates to a smelter, it will not get the credits for other metals extracted.

And it has high hopes pinned on the indium credits. Even in these desperate times, NQM is still finding that metals houses want to talk about the indium.

Another emerging gold producer to watch is **Cortona Resources (CRC)**. It will start getting a revenue stream next year when Barrick Gold starts mining Cortona's Wombola gold deposit near Kalgoorlie and paying the junior a royalty that will bring in a minimum \$1.8 million at a gold price of \$932/oz with provisions for higher payments if the yellow metal is commanding more than that.

Meanwhile, Cortona has reported some further good hits at Dargues Reef, part of the NSW portfolio bought from **Moly Mines (MOL)**. One hole intersected 28.7m at 5.88 grams/tonne of gold and the company is optimistic it will be able to lift the present resource of 286,000oz of contained gold.

Moly started life as Hibernia Gold and had plans to revive the large Majors Creek gold field 60km west of Canberra which was mined from 1854 when 30,000 miners — 20,000 of them Chinese — extracted 1.25 million ounces of gold, but then it sold off the

properties to Cortona when its focus shifted to molybdenum. Majors Creek was the largest alluvial gold field in NSW.