

### Tyranna Resources (TYX) Promising Gold Discoveries

29 August 2016

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#### Key Points

- Tyranna (TYX) was formed out of the re-merger between IronClad Mining (IFE) and Trafford Resources (TRF).
- TYX have reported some of the best gold results from the central Gawler Craton that we have seen for 15+ years. The grade and consistency of the drilling results is something that has been missing from the region for a number of years.
- A recent capital and associated rights issue will see TYX funded to continue exploration of the prospective projects.
- We initiate with a Speculative Buy recommendation and see that with a low Enterprise Value TYX is leveraged to exploration success.

#### Promising New Gold Discoveries

- TYX has a stated objective of defining >500,000oz gold resources from their Jumbuck Gold Project. The new discovery at Greenwood combined with results from existing prospects and the ~100koz existing resource has TYX on the way to achieving their target.
- The formation of Tyranna is the reversal of the 2007 spin out of Ironclad from Trafford Resources. The re-merger marks the end to a focus on iron ore and renewed interest in the gold potential of their central Gawler Craton tenements.

#### Projects

- The Jumbuck Project is located near the + 1Moz, high grade Challenger Gold Mine (South Australia). TYX's tenements surround the mine. Drilling is set to resume in the coming days with TYX currently planning to drill 4 advanced gold prospects.
- The Wilcherry Hill Project (South Australia) is prospective for base and precious metals. Development of the iron ore deposits has been put on hold in light of current prices. Government assisted drilling is underway following up on earlier good tin results and also a copper/gold target.

**Investments:** In addition to the two main projects TYX has investments in Orinoco Gold (ASX:OGX, 4.95%) and Kairos Minerals (ASX:KAI, 4.85%). At current prices the combined value is \$3.8m.

#### News Flow

- Drilling commencing at Jumbuck – Sept 2016
- Drilling results from Zealous Tin Project – Sept/Oct 2016
- Jumbuck drilling results – October – December 2016
- Resource upgrade (Jumbuck Gold) – 1HCY17

#### Recommendation

#### Spec Buy

<b>Previous Recommendation</b>	Initiation
<b>Risk Rating</b>	High
<b>Current Share Price</b>	\$0.033
<b>Cash</b> (PAC estimate post underwritten rights issue)	\$4.0m
<b>Listed Investments</b>	\$3.8m
<b>Market capitalisation</b>	\$11m
<b>Enterprise Value</b>	\$3.2m
<b>Liquidity – Weekly Value</b>	\$0.3m

#### Investment Summary

The main driver for the TYX is exploration success at their Jumbuck Project targeting gold. What gives us encouragement is the results that have been delivered from recent drilling and the new exploration model developed in-house.

Another opportunity for TYX is that their gold projects are strategically located close to the Challenger Mine and associated infrastructure. This provides a potential near term processing option.

Following completion of the underwritten Rights Issue and Placement (PAC Lead Manager) we estimate TYX will have cash and listed investments worth ~\$7.8m, versus a current market capitalisation of \$11m. The significant stock holders are supportive long term shareholders.

#### TYX share price performance



Source: Iress

## Overview

**Gold is now firmly the company's main focus.**

**The exploration success enjoyed in recent times is a positive step forward for TYX**

Tyranna Resources (ASX:TYX) is the result of the 2015 merger of Ironclad Mining and Trafford Resources. The transaction was the reversal of the 2007 spin out from Trafford of the iron ore assets in to Ironclad.

TYX has two main projects, both in South Australia. At the flagship Jumbuck Gold Project the potential is for gold and nickel. At the Willcherry Hill Project TYX has identified a number of base and precious metals projects.

The key focus is the Jumbuck Gold Project located in central South Australia. The project is on the doorstep of the Challenger gold mine currently being reopened by WPG Resources (WPG). Challenger has produced +1.0moz since 2002 with an average grade of 5.1g/t gold.



## Jumbuck Gold Project

The Jumbuck Project includes ground held 100% by TYX and also tenements in JV with WPG Resources (ASX:WPG). Ownership of the 3 most northern JV tenements is with a 10% private party, free carried to mining and the remaining 90% split between TYX (53%) and WPG (37%). Ownership of all the other JV tenements is split between TYX (59%) and WPG (41%). Under the terms of the JV an option is available for ore to be treated at WPG's Challenger Mine. WPG have the option to either contribute or dilute to withdrawal.

**New technical approach bearing fruit**

Following the success of the calcrete sampling method in the discovery of Challenger large calcrete samplings surveys were undertaken over the Gawler Craton, with limited amounts of success. This led to questions on the ability of calcrete sampling to assist in gold exploration in the region. What TYX has done is to identify a subsurface calcrete horizon and a geochemical signature that removes some of the ambiguity in calcrete results. The proof in the new approach can be seen in the grade of the gold numbers being returned from TYX's drilling.

Highlights include:

- 3m @ 8.2g/t gold from 32m
- 6m @ 2.7 gold from 39m
- 6m @ 6.81g/t gold from 53m
- 5m @ 3.2g/t gold from 34m

**TYX has reported some of the most promising gold numbers we have seen from this area in the past 15+ years.**

The grade and cohesive nature of the drilling results are some of the best we have seen come out of the area in the past 15-20 years. This is an exciting new development in the potential for new Challenger style discoveries. The strategic advantage that the TYX team has, is their large ground position and experience.

**Early Production Option**

The presence of the Challenger Mill located within 50km of TYX's main prospects provides a possible processing option for TYX. IF TYX can delineate enough open pittable gold resources to justify mining then they can easily truck the ore down the road for processing. Under the terms of the JV TYX can access the mill subject to availability.

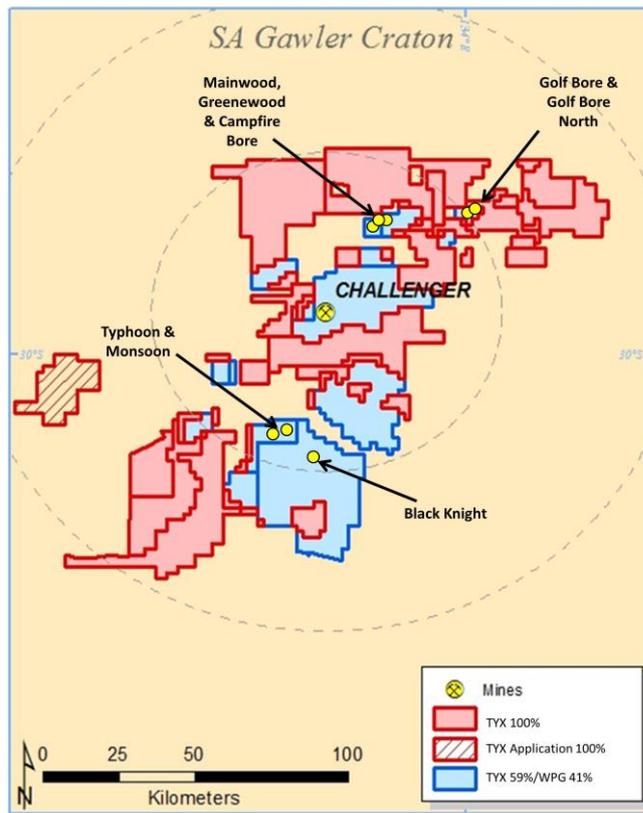
**Next steps**

All the drilling to date has been relatively shallow (<100m), the next step will be to undertake deeper drilling to test the mineralisation at depth and also orientation.

Tyranna's Jumbuck Project Location

Location of the Jumbuck Gold Project tenements. Key points on the diagram are:

- Location of main prospects within 50km of the Challenger Plant
- Scale of both TYX and JV combined land holding



Source: Tyranna Report

Jumbuck Project: Golf Bore Prospect

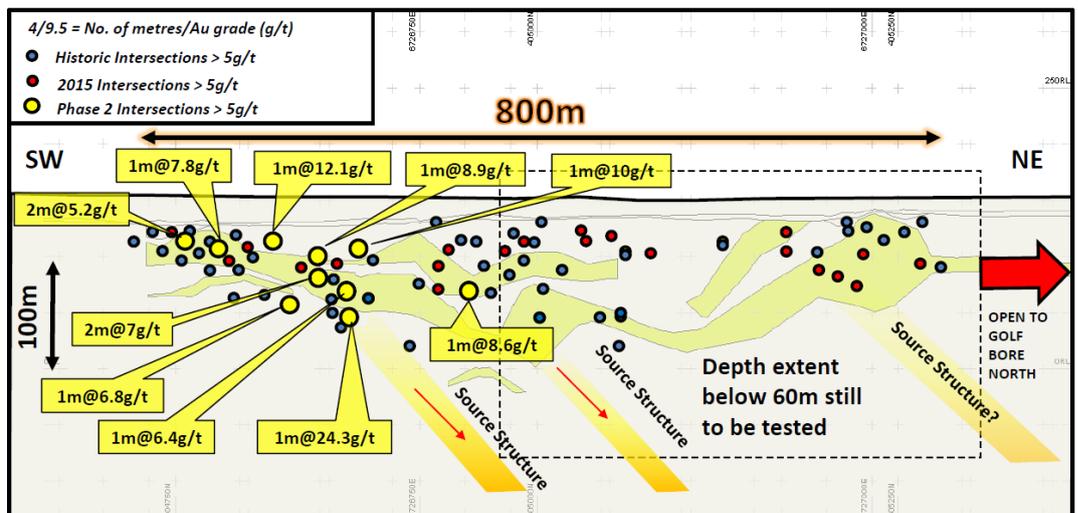
A resource of 102,000oz at 1.1g/t gold has been defined at Golf Bore by the previous operator Southern Gold (ASX:SAU), with the mineralisation remaining open at depth and along strike. The Golf Bore deposit is located within the JV tenements. Recent drilling by TYX has extended the strike length to ~1.5km to now include the Golf Bore North Prospect, which is on 100% TYX ground.

There has been a large amount of drilling (30,000m) undertaken at Golf Bore, with the majority of holes drilled to <60m. The depth potential remains largely untested.

Golf Bore Long Section

Golf Bore long section highlighting the grades and shallow nature of mineralisation.

Note that recent drilling has extended the strike length ~700m to Golf Bore North Prospect.



Source: Tyranna Report

**Jumbuck Project: Mainwood/Greenwood** is the first discovery in the region not associated with a calcrete anomaly. The discovery was made by TYX following up on a shallow historic drill hole with anomalous gold. A total of 70 holes have been drilled on the prospect with an average depth of 60m. The strike length is currently ~300m and remains open.

**Grades reported include several intercepts over 6-8g/t gold, with the highlights; 6m @ 6.81g/t gold and 3m @ 8.26g/t.**

What is very encouraging for the Greenwood prospect is that to date 80% of the holes drilled have intersected gold.

### Other Prospects

Of the ~300 targets that have been defined on the Jumbuck Project only a small portion have been drill tested. Some of the more advanced prospects include the Typhoon and Monsoon prospects, located ~40km to the south of Challenger Mine. The majority of the prospects/targets were defined by Dominion prior to the discovery of Challenger. Following the discovery of Challenger most of the exploration activity shifted from the regional targets to Challenger.

Access restrictions due to a breakdown in JV relationships with previous partners has limited the amount of work undertaken on these prospects. TYX has scheduled to undertake drilling at both Typhoon and Monsoon during 2HCY16.

## Wilcherry Hill

The Wilcherry Hill project is located at the northern end of Eyre Peninsula, South Australia, previous activities by TYX had focussed on the iron ore and manganese potential for the project. With a decline in bulk commodity prices these projects have been shelved and infrastructure sold off (barge sale now completed). Outside of iron ore the area has a number of other base and precious metals prospects, including gold, silver, zinc and tin.

### Whilcherry Hill Project: Zealous Tin Prospect

The tin price has started to improve off of historic lows and investor interest in tin is starting to return, albeit cautiously

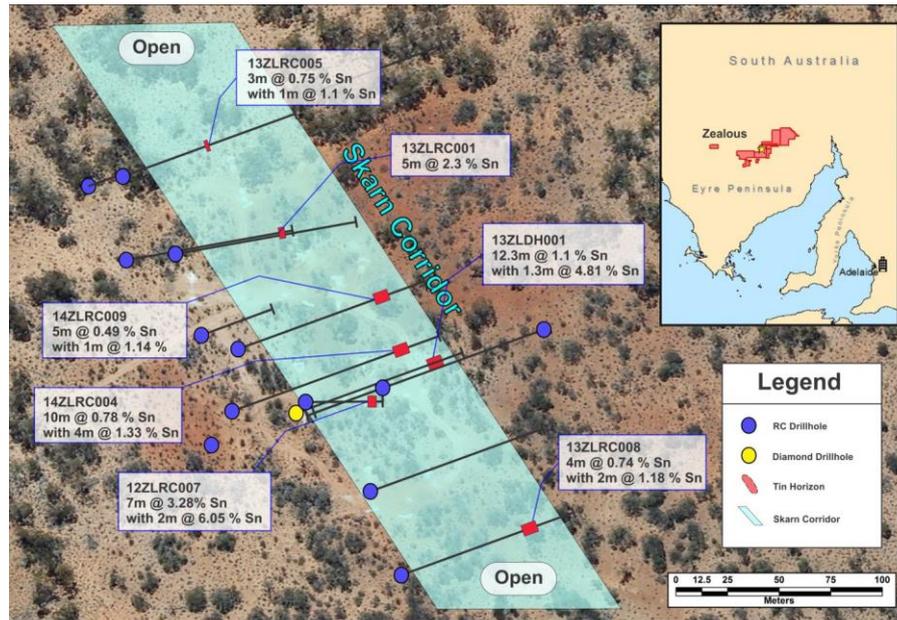
Initially a resampling program in 2012 returned anomalous tin numbers. This has since been followed up by two drilling programs, with a third currently underway. Highlights of the results to date include:

- 7m@3.28% tin from 52m including 1m @6.81% tin
- 5m@2.29% tin from 128m including 1m @3.72% tin
- 3m@0.75% tin from 103m including 1m @1.13% tin

The prospect is modelled as a skarn style, with the main magnetic target remaining untested at depth.

Drilling has recently commenced on the prospect as part of a co-funded project with the South Australian Government.

**Zealous Tin Prospect - Drill Hole Plan View**



Source: Tyranna Report

**Whilcherry Hill Project: Wednanna Gold Prospect**

Prior to Trafford Resources (TYX predecessor) moving into iron ore during 2007 the Weednanna Prospect was a gold target. From drilling undertaken in 2006 to 2009 the best intersections included 8m @ 2.2 g/t, 10m @ 2.1 g/t, 6m @ 2.89 g/t and 2m @ 7.1 g/ gold.

The gold mineralisation is positioned adjacent to but not directly associated with the magnetite skarn mineralisation that was to then go on and become the focus for TYX’s predecessor companies. Now that the iron ore project has been put on hold there is potential for TYX to revisit the gold potential.

**Investments**

**Orinoco Gold (ASX:OGX) Market Cap \$66m, TYX holding ~4.95%**

~\$3.0m worth of Orinoco Gold shares held by TYX

Orinoco is an ASX listed Brazilian gold company that has recently commenced production at their Cascavel Gold Mine. TYX invested into OGX over time, commencing at pre IPO stage in 2012, with the amount invested ~\$1.5m.

TYX’s investment into OGX consists of 14.89m shares, based on the last close of \$0.20/sh this values the holding at \$2.98m. This does not include an additional 2.0m shares to be issued to TYX based on production milestones.

**Kairos Minerals (ASX:KAI) Market Cap \$17m, TYX holding ~4.85%**

~\$0.85m worth of Kairos Metals shares held by TYX

Kairos Minerals Limited (KAI) is an Australian gold and lithium company. The main projects are located in Western Australia and include a 135koz gold resource. The lithium assets include several early stage exploration projects with positive initial rock chip sampling results.

The holding in KAI came through the acquisition by KAI of TYX’s Pilbara Lithium-Gold Project. The terms of the acquisition were for \$180k cash and 18m share plus 9m share to be issued upon granting of tenements. The transaction was completed in April 2016. The shares are escrowed for 12 months.

On a \$0.047/sh price (25/08/2016) this values the current holding at \$846k.

## Board and Management

**Joseph Pinto**  
Non-Executive  
Chairman

**Bruno Seneque**  
Managing Director  
Appointed 24/12/2014

**Nick Revell**  
Technical Director

**Frank Lesko**  
Non-Executive  
Director

**Mr Yugi Gouw**  
CFO & Joint  
Company Secretary

Joseph is a Solicitor and Barrister of the Supreme Court of NSW, as well as having been admitted as a Solicitor to the High Court of Australia. He has been a major shareholder and supporter of TYX for several years and is also the major shareholder of Orinoco (OGX).

Bruno is an accountant (CPA) and has 20 years' experience as a qualified accountant, including the last 18 years associated with the mining industry. His roles have included executive general management, CFO, company secretarial services, corporate and mine site accounting. Bruno was previously Managing Director of Fox Resources Ltd, which operated the Radio Hill nickel/copper mine in Karratha..

Nick has over 25 years' experience as an exploration/mine geologist specialising in gold and iron ore. He has also held directorships in a number of junior listed exploration companies including IPO's.

Frank is a successful investor in junior listed exploration companies and has been active over the last 15 years in this sector. Frank was the founding director of numerous construction related businesses in Sydney prior to their acquisition by larger global organisations. Currently Frank consults to a growing medium sized construction company based in the Sydney CBD.

Yugi is an accountant (CPA) and has served as the Company's Financial Controller for over 5 years

## Risks

**Geological Variability:** The nature of the typical "Challenger Style" gold mineralisation results in a small footprint and will require detailed exploration. This is a high risk for TYX

**Exploration Risk:** TYX are leveraged to exploration success, whilst the most recent results are positive there is no guarantee of future exploration success. This is a high risk.

**Permitting:** TYX's tenements are granted Exploration Leases, if an economic deposit is defined and TYX progress towards development then approval of a mining lease will be required. The tenements are located within the Woomera Prohibited Area and as such will require permitting for a development. This is a low risk but will require time to gain the necessary Government approvals.

**Legal Challenge to Mining Lease 6457.** Negotiations are continuing between TYX and WPG around the rights to the Mining Lease (ML) that adjoins the Challenger Mine Lease and contains the Challenger Deeps gold resources. Until the dispute is resolved we do not include the upside potential to TYX from partial ownership of the Challenger Deeps deposit in our assessment of TYX.

**Funding:** TYX is a junior exploration company that does not have operating cash flow and as such will require funding to undertake exploration.

**Commodity Pricing and Currency Changes:** As a commodities company TYX are exposed to movements in the underlying commodity prices and also the prevailing exchange rate.

## Corporate structure

Fully Paid Ordinary Shares	337,75,8437
Options (expire 24/08/2017 exercise price \$0.04/sh)	55,5376,448
Options (average exercise price \$0.03/sh)	14,000,000
Performance Rights	5,712,500

## Major share holders

Holder	Shares	%
Admark Investments Pty Ltd (The Pinto Family A/C)	25,300,000	7.5
Abbotsleigh Pty Ltd (I Gandel Share Invest A/C)	13,513,514	4.0
New Pages investments Ltd	7,500,000	2.2
Mr Malcolm Thom	7,040,541	2.08
Chembank Pty Ltd	7,000,000	2.07

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## Recommendation Criteria

### Investment View

PAC Partners Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Hold	Sell
>20%	20% – 5%	<5%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

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PAC Partners has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

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