

BUXTON RESOURCES LTD (BUX)

Deals on Fraser Range to focus on Double Magic

Buxton Resources (BUX) has entered into joint venture (JV) arrangement with Independence Group (IGO - Accumulate), whereby IGO can acquire a 90% interest in BUX's Fraser Range exploration tenure by paying upfront cash of A\$1.5m. Under the terms of the deal, IGO covers all exploration expenditure, and if successful, and warranted, finances full feasibility studies to a decision to mine, while BUX retains a free-carried project interest of 10%. If the "decision to mine" point is achieved, BUX may elect to participate, sell its interest to IGO at market value, or dilute to an undisclosed NSR.

IGO is the owner of the only nickel and copper processing infrastructure (Nova nickel-copper mine) within the Fraser Range region, which has strategic significance in our opinion, providing a clear pathway to potential commercialisation, if further exploration success can be delivered. The Nova mine is expected to deliver first nickel and copper concentrate production before CY16 end, firmly placing Fraser Range back in the limelight. The deal with IGO highlights the renewed interest in the emerging nickel-copper province which remains highly prospective but largely under explored, with IGO touting increased exploration expenditure within the belt in CY17.

Buxton's exploration tenure (Zanthus and Widowmaker) is however, early stage with previous exploration confirming prospective mafic-ultramafic units containing magmatic nickel sulphides (fertile) from previous drilling, but no economic grades have as yet been defined.

24 Aug
2016

Share Price (last): \$0.086

Brief Business

Description

Junior base metal explorer

Hartleys Brief Investment Conclusion

Nickel-copper discoveries made at Double Magic, West Kimberley. Formed new JV with IGO in the Fraser Range. Exploration underway at Double Magic.

Issued Capital

- ord shares	88.5m
- ITM ops diluted	88.5m
- fully diluted	111.8m

Market Cap

- ord shares	\$7.6m
- ITM ops diluted	\$7.6m
- fully diluted	\$9.6m

Cash (est) \$3.0m

EV

- ord shares	\$4.6m
- ITM ops diluted	\$4.6m
- fully diluted	-\$0.5m

Main Projects

<i>Double Magic</i>	Base Metals (Ni, Cu)
<i>Fraser Range JV</i>	Base Metals (Ni, Cu)
<i>Yalbra</i>	Graphite
<i>Dempster</i>	Gold, Nickel
<i>Northampton</i>	Base Metals

Board & Management

Seamus Cornelius (NE Chairman)

Eamon Hannon (MD)

Top Shareholders

National Business Holdings (VU) Ltd	9.8%
Montezuma Mining Company	4.0%
Directors & Management	3.2%

Company Address

1st Floor, 14-16 Rowland St,
Subiaco, WA, 6008

Hartleys has provided corporate advice within the

Double Magic nickel-copper new target generation underway

Upon formalisation of the transaction, BUX estimated cash position increases to ~A\$3m. The cash proceeds are expected to be largely applied to ongoing exploration activities at the Company's flagship, 100%-owned Double Magic nickel-copper project, located within the West Kimberley, WA.

Double Magic contains shallow, high-grade nickel and copper massive sulphide mineralisation, with the discovery hole (DMRC0003) at the *Merlin* prospect reporting an impressive **8m @ 3.05% Ni, 1.88% Cu** from 50m. Mineralisation at Merlin currently spans small, near-surface footprints but remains open, with multiple targets yet to be tested. The confirmation of economic mineralisation in terms of grade and thickness within the Ruins Dolerite host unit, provides significant regional potential. New mineralised extensions and discoveries should further enhance the project's viability.

Priority EM targets within un-explored Ruins Dolerite

In late 2015, BUX commissioned a large (~55km²) heli-borne VTEM_{max} survey over the Double Magic project area, identifying new priority targets (conductors) within un-explored Ruins Dolerite.

Ground-based follow-up has commenced, with initial work expected to consist of detailed geological mapping, rock-chip sampling as well as ground geophysical surveys to further refine targets. Importantly, all geophysical conductive targets tested to date have corresponded to nickel-copper mineralisation, which could bode well for future targets to be tested.

With a low EV of <A\$5m, BUX offers strong leverage to exploration success, we maintain our Speculative Buy recommendation. The Company's current cash position provides funding for ongoing exploration.

past 12 months and continues to provide corporate advice to Buxton, for which it has earned fees and continues to earn fees. The analyst has a beneficial interest in BUX shares. See below for full disclosure.

Mike Millikan | Resources Analyst