

Tietto Minerals Ltd

15:45 07 Jul 2020

Tietto Minerals price target lifted by Hartleys; highlights potential for 3-million-ounce gold resource

Tietto Minerals Ltd (ASX:TIE) recently confirmed further high-grade hits from the Abujar-Gludehi (AG) deposit, part of its 2.2-million-ounce Abujar Gold Project in Côte d'Ivoire, with results of up to 3 metres at 17.16 g/t gold 150 metres below the existing resource.

Hartleys has maintained its Speculative Buy recommendation for Tietto and has modelled the gold explorer's resource growth to 3 million ounces, leading to an increase in price target to 75 cents per share from 43 cents.

The following is an extract from Hartley's research report:

Resource update due late this Q; targeting 3Moz

Tietto Minerals Limited (TIE) continues its 50,000m diamond drilling program and is expecting to deliver an update to the 2.2Moz resource towards the back end of this quarter. Four rigs are undertaking resource extension drilling across the Abujar Project at present. Results to date have now defined the high-grade core of the AG deposit over 600m of strike and down to 460m depth. Drilling has extended mineralisation over 100m below the existing AG resource and it still remains open.

Recent standout results from the AG deposit include 6m @ 2.6g/t Au from 305m & 12m @ 7.5g/t Au from 370m (incl. 5m @ 17.2g/t Au) in the same hole. Results from other holes indicate narrow but high-grade underground opportunities for TIE; 1m @ 11.9g/t Au from 299m and 1m @ 15.3g/t Au from 357m. Given the depth, these intercepts point to likely underground opportunities should the economics stack up. One would expect a wider mining interval in reality, so dilution is expected in the narrower, <5m thick portions of the orebody. We note that pinching and swelling has been observed broadly across the AG deposit and expect to see wider intervals at depth as work progresses.

TIE has also been active defining potential satellite feed from the APG deposit and the emerging AG South. Encouraging results from APG include 6m @ 4.6g/t Au from 229m (incl. 1m @ 24.4g/t Au) and 6m @ 2.7g/t Au from 83m. On the whole, the results confirm APG is generally lower in grade (multiple 1m @ 1-2g/t intercepts per hole) compared to its larger and high-grade compatriot (AG), located ~7.5km along strike to the northeast; and has potential to provide additional blended feed. Similarly, AG South appears lower grade in nature but still a credible shallow oxide opportunity.

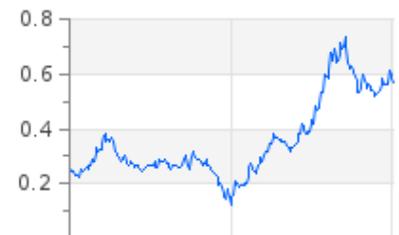
Maintain Speculative Buy

To date, TIE has defined a resource that has a large amount of contained gold (2.15Moz) and we expect this to grow in the near-term. Our assessment suggests this could climb to ~3Moz given the recent drilling and we will closely watch the grade (currently a global 1.5g/t Au). Our model now assumes 580M fully diluted shares on issue to fund TIE into production in late-2022. We previously assumed 750M total shares on issue but the recent rally in the stock suggests

Price: 0.57

Market Cap: \$224.64 m

1 Year Share Price Graph



September 2019 March 2020 September 2020

Share Information

Code: TIE

Listing: ASX

52 week High Low
0.765 0.115

Sector: Gold & silver

Website: tietto.com

Company Synopsis:

Tietto Minerals Ltd (ASX:TIE) is focused on fast-tracking the development of the Abujar Gold Project in Côte d'Ivoire, West Africa.

action@proactiveinvestors.com.au

less dilution for future funding will be required.

TIE has recently surpassed our Price Target. Since our last research publication on TIE, we have updated the gold price assumptions we use for our modelling. We have adjusted the processing cost profile we use in our TIE model on account of the encouraging preliminary metallurgical and processing results published by the Company in April. The above factors (less equity dilution, softer ore and gold price assumptions), coupled with a new price target scenario where we model resource growth to 3Moz, has led to an increase in our Price Target to 75cps (from 43cps). Our base case still remains unchanged for now and centres on the current AG Indicated resource and assumes additional material from the ~10Mt of Inferred resource can be converted to Indicated over time. We consider this a speculative assumption; hence we rate TIE as high risk until we have a better understanding of the economics of the higher-grade core. Investors should be aware of the uncertainty in our assumption.

We maintain our Speculative Buy recommendation and eagerly await an updated resource this quarter followed by the PFS in early-2021.

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