



## Gold : Black Cat Syndicate (BC8)

By : Eagle Research (Keith Goode)

DECEMBER 2017 IPO SUMMARY

29 November 2017

Issue Price :	\$0.20	Recommendation	SPEC BUY
Diluted No. Shares	57.3m	Issue Price	\$0.20
Diluted Mkt Cap :	A\$11m	Target Price	\$0.30
Amount to be raised in the IPO :	A\$6M	Twitter / Facebook	@blackcatsyn8
there are also 17.5m options at 20c within 5yrs of the ASX listing date.		<a href="http://www.blackcatsyndicate.com.au">www.blackcatsyndicate.com.au</a>	T: +61 458 007 713
Offer info line : 1 800 850 505 / +61 394 154 000			

# Black Cat Syndicate (BC8) – IPO to Explore the Queen Margaret Mines Area of Bulong

### a. Visible Gold From Queen Margaret's Waste Dumps



### b. Key Dates / Expected Timing

Lodgement of Prospectus with ASIC	27-Nov-2017
Opening Date	05-Dec-2017
Closing Date	19-Dec-2017
Despatch of Holding Statements	08-Jan-2018
Expected ASX Listing Date	15-Jan-2018

- **The Black Cat Syndicate have acquired (subject to approvals) most of the historic Bulong Goldfield, located only ~25km east of Kalgoorlie in WA. The Bulong Goldfield was centred on the Queen Margaret Gold Mine which officially produced ~76koz of gold from ~61kt of ore at ~39g/t (per the Queen Margaret 1979 prospectus), mostly between ~1897 & 1913. Given that gold was first discovered there in 1893, estimates of an extra >30koz have been made.**
- **The Bulong Goldfield was notoriously rich in visible gold, reporting on at least 3 occasions the discovery of ~400oz "slugs" of pure visible gold (there is even a Slug Hill Prospect), and a few occasions of ~70oz/t being mined (from mines ~100ft or 200ft below surface), with the above picture of visible gold coming from waste dumps in the area.**
- **After intersecting 3m @ 31.4g/t, 2m @ 38.4g/t, 9m @ 9.3g/t & 10m @ 7g/t at the Anomaly 38 prospect in DQ00 and MQ01, AngloGold concluded that the Bulong Project had the potential to host narrow-vein high-grade Kundana-style deposits which did not meet AngloGold's (then) requirements and hence the farm-in was sold back to General Gold Resources (NB: At the time, AngloGold dropped SLR's Daisy Milano for only potentially having ~1moz in resources)**
- **At least 3 parallel N/S striking lodes were identified in the Queen Margaret Mines' Area by Maitland in 1919, linking into both NW/SE and NNE/SSW (similar to Cannon further south), lode structures. In 1901, an exploration cross-cut was driven ~400m (1330ft) east on 600ft level over ~13mths, intersecting at least 3 gold-containing lodes and a number of mineralised zones before reaching its target. The mine closed in 1908 possibly due to water inflow.**
- **The Queen Margaret Mine spread over 1.5km of strike had two main lodes being the Main lode and the East lode. The parallel East lode was developed on 3 levels but ignored because its average grade at 10g/t to 12g/t was regarded as too low (typical cut-off grades at that time were ~18g/t to 22g/t). Most of the 500ft level was similarly apparently not stoped, because its grades were "too low" (<20g/t). QM has been dormant for over 100yrs.**
- **The Queen Margaret Area appears to be another overlooked, unloved gold mine area. Two drillholes ~1km apart were drilled east-west in the late 1940's (post WW11) that sealed its fate until the 1980s, when Spargos became interested. But Spargos apparently only wanted Queen Margaret Mines for its 50% holding in Bellevue, deeming underground operations as too costly & focusing on open-cuts soon after the JV, and later acquisition.**

## Corporate Overview

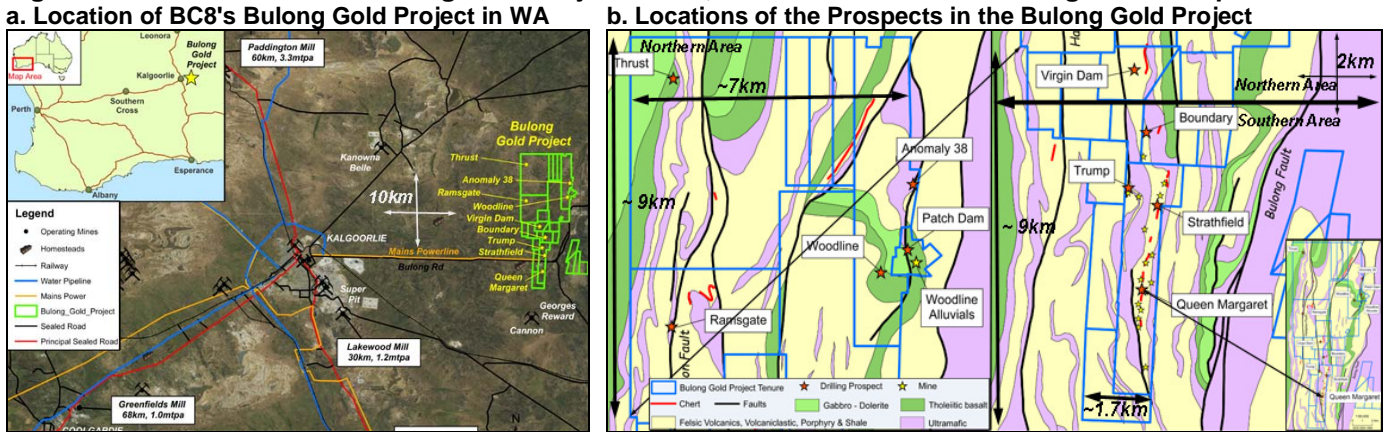
The Black Cat Syndicate (BC8) IPO is an offering of 30M shares at an issue price of \$0.20 per share, aimed at raising up to \$6M for a number of exploration targets (per CSA's ITA Report : 4.5Mt to 7.0Mt for 290koz to 450koz), expected to initially be the Queen Margaret (QM) Mine vicinity of BC8's Bulong Project Area, especially at depth under the old workings (mostly ~600ft or ~180m below surface). With current shares on issue of 26.26M, and 1M to be issued to one of the tenement holders, post issue there are expected to be **57.3M fpo shares** on issue. There are also 14.46M options in issue that are exercisable at 20c within 60 months/5 years of the ASX listing date. A further 3M options under the same terms (20c within 5 years) are to be issued to the lead broker (D J Carmichael) resulting in **17.5M options** on issue.

(It should be noted that this report is based on historically available information. ERA has not visited the mine site or exploration areas, or been there historically apart from the Bulong nickel open-cut in the 1990s, and Southern Gold's Cannon Mine in early 2017 [see ERAs SAU report available on the ERA website: <http://www.eagleres.com.au/reports/item/apr-2017-southern-gold-ltd>]).

## Brief History and Description

The Bulong Goldfield is located ~25km east of Kalgoorlie as shown in Figure 1a, and the Black Cat Syndicates' (BC8's) tenement holdings are mostly contiguous as shown in Figures 1a and 1b. Figure 1a shows 3 of the plants in the region, although there are at least 9 if Westgold's Jubilee (SKO), KCGM, Northern Star's Kanowna Belle, Evolution's Mungari, Burbanks, and Focus' 3 Mile Hill are included.

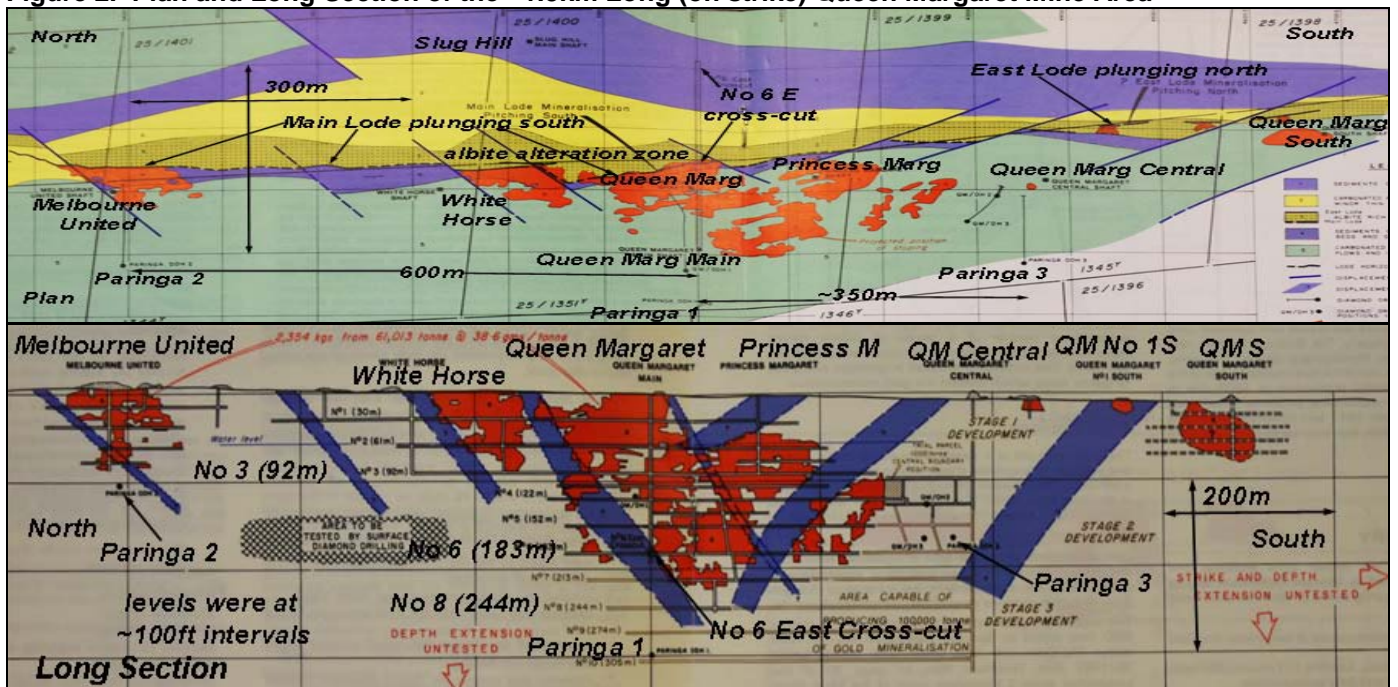
**Figure 1. Location of BC8's Bulong Gold Project in WA, and Locations of the Bulong Gold Prospects**



BC8's ~18km long tenement holdings can be subdivided into a northern and southern area at ~8km as shown in Figure 1b, by the appropriately named Boundary Prospect (at <4km from Queen Margaret). There is a mixture of mostly granted exploration, prospecting and mining licences of which the MLs are over part of Queen Margaret and Woodline. As shown in Figure 1b, the host rock geology is standard WA goldfields, ie mafic & ultramafic, plus felsic, porphyries, shale, schist, chert and volcanics.

Gold was originally discovered at Bulong in 1893, with most of the mining occurring in the Queen Margaret mine area between 1897 and 1913, resulting in the plan and section shown in Figure 2.

**Figure 2. Plan and Long Section of the ~1.5km Long (on strike) Queen Margaret Mine Area**

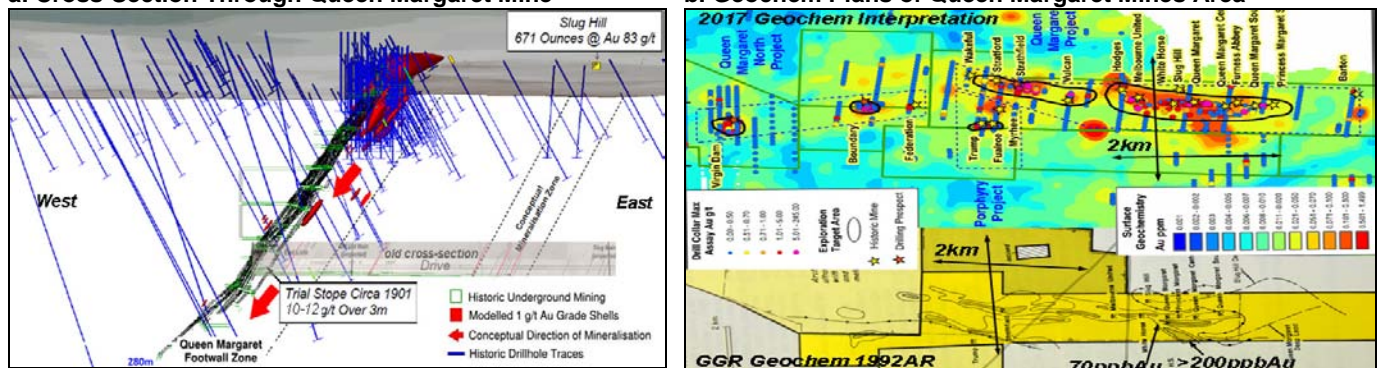


As can be seen in Figure 2, there appear to be gaps in the near surface "Main Lode" between Melbourne United and White Horse, and partly Queen Margaret Main to QM Central. The parallel East Lode is also shown on the eastern side of a stippled albite alteration zone. The **albite alteration** could potentially be anything from 1g/t to 5g/t, although Figure 2 shows (in plan) that *parts of it appear to have been stoped*. It is known that the East Lode was developed on 3 levels and trial stoped on 6 level but stoped as **its grades were too low at 10g/t to 12g/t over ~3m for the 1900s (when cut-off grades were typically ~18g/t to 22g/t)**. Interestingly the East Lode mineralisation is described as plunging North, while the Main Lode plunges South - something which ERA is increasingly seeing in a number of different pits / orebodies, as in two opposite plunge directions for the higher grade mineralisation).

The Bulong Goldfield was **notoriously rich in visible gold**, reporting on at least 3 occasions, the discovery of **~400oz "slugs" of pure visible gold** (there is even a Slug Hill Prospect), being: at White Horse ~200ft, Queen Margaret at ~200ft in ~1897 and again at Queen Margaret below the 700ft level in 1906. There were also a few occasions of **~70oz/t being mined** (typically in 3t parcels around the 100ft or 200ft levels, of 71oz/t and 78oz/t in 1899 and 1900). ERA only encountered relatively small "slugs" in the media from "Slug Hill", however, that was clearly the reason for the 1330ft (~400m) exploration cross-cut ("fast" driven at ~100ft/month, mostly in schists) east on the 600ft level in 1901. **Three gold-bearing lodes were reported as having been intersected along the cross-cut, plus other mineralised zones.**

~Three parallel N/S striking lodes were also identified in the Queen Margaret Mines' (QMM) Area by Maitland in 1919, linking into both **NW/SE** and **NNE/SSW** (similar to Cannon further south) lode structures, further illustrating the exploration potential in the original QMM area as shown in Figure 3a. The underground mine itself closed in 1908, reputedly due to water inflow (although media had the flow rate gradually reducing), and then was taken over by prospectors which carried it through to the inconclusive three drillhole programme by Paringa after WW11 (shown in Fig 2 as effectively 2 drillholes ~1km apart).

**Figure 3. Cross-Section through Queen Margaret Mine, and Geochem Plans of Queen Margaret Mines Area**  
**a. Cross-Section Through Queen Margaret Mine**      **b. Geochem Plans of Queen Margaret Mines Area**



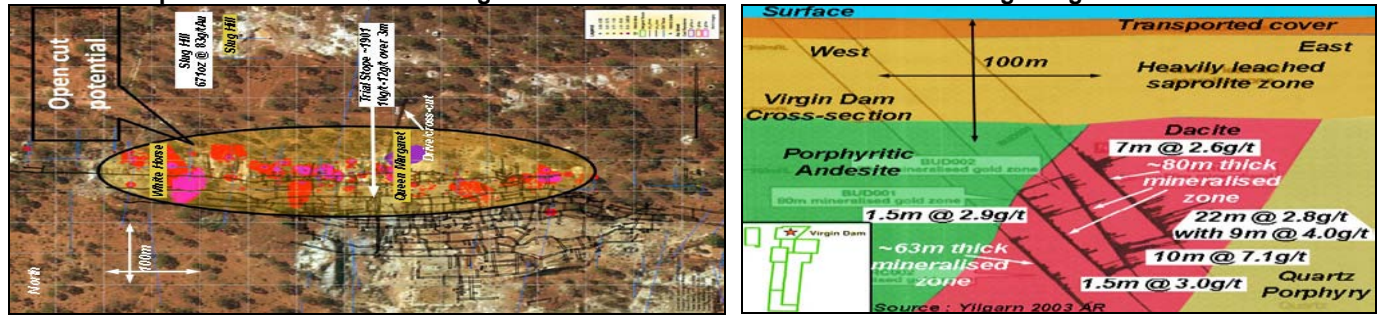
Interestingly most of the historic geologists' reports **appear to have missed the NNE/SSW trend** that was **aptly called the Great Oversight lode**, which Maitland referred to as cutting across the QM and Slug Lodes. Examining Google Earth (which of course didn't freely exist in its current format even in 2001) and focusing on the straight line edges of the salt lake (Lake Yindarlgooda) further east for structural indications, infers: a major East-West structure, obvious N/S, & possible NW/SE & NNE/SSW structures. While as shown in Figure 3b there are many possible targets, indicated in the geochem plans.

Spargos (SPG) was really the next company to take an interest in the 1980s but about a year after starting dewatering, stated that underground mining was too costly and stopped any further activities. SPG only looked at the old workings 12 years after the JV started. Spargos clearly wanted QM's 50% interest in Bellevue (back), where they clearly had no problem in sinking a new shaft and developing Bellevue underground. As Spargos imploded over the oil company fiasco in the early 1990s, the holdings went to General Gold Resources (GGR), who did little work until Acacia and Anglogold farmed into a JV.

Anglogold made the high grade discoveries such as at Boundary, Virgin Dam and Anomaly 38, however having built up a >80% stake, Anglogold pulled out on the basis that the (mouth-watering) Anomaly 38 intersections of **~3m @ 31.4g/t, 2m @ 38.4g/t, 9m @ 9.3g/t & 10m @ 7g/t in DQ00 and MQ01** inferred **narrow-vein, high-grade Kundana-style deposits, which did not meet Anglogold's (then) requirements and hence the farm-in was sold back to GGR.** (It should be noted that this was the same time that Anglogold pulled out of SLR's Daisy Milano on the basis that they thought its potential was only ~1moz).

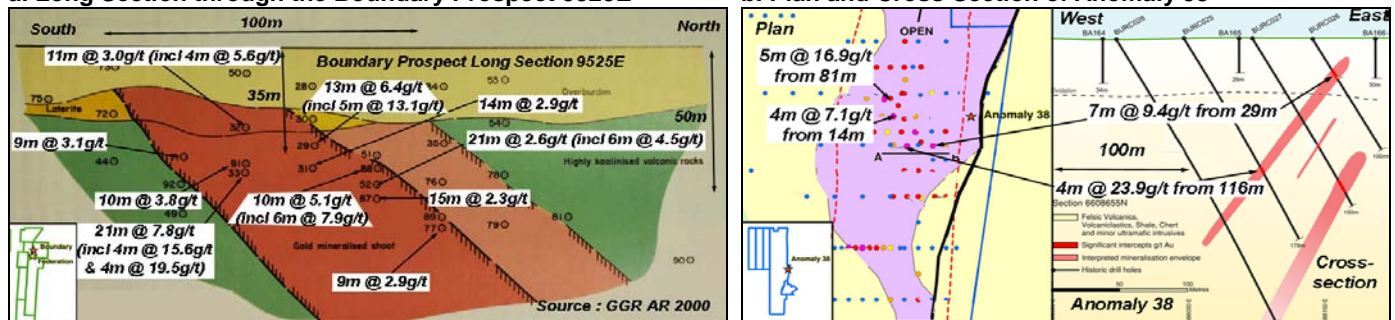
GGR subsequently became Yilgarn Gold and then Yilgarn Minerals and diversified into Sardinia and various other international prospects, and later iron ore. As for QMM it ended up back with prospectors, where it has remained until now... **and the Black Cat Syndicate IPO (BC8), with its numerous drill ready targets as inferred in the geochem plans of Figure 4a, with possibly additional western lodes too.**

**Figure 4. Possible Open-cut over the Queen Margaret Mines Area, and Cross-Section through Virgin Dam**



In this IPO summary, apart from the possible open-cut over the central QM area in Figure 4a, ERA has focused on 3 of the possibly more advanced prospects being : Virgin Dam in Figure 4b, Boundary (which appears to be plunging north) as shown in Fig 5a, & Anomaly 38 as shown in Fig 5b. However, there are a number of prospects in the pipeline as can be seen in the independent geologists (ITA) report in BC8s IPO Prospectus & the BC8 presentations to be available on the BC8 website : [www.blackcatsyndicate.com.au](http://www.blackcatsyndicate.com.au)

**Figure 5. Long Section through the Boundary Prospect, and Plan and Cross-Section of Anomaly 38**



**Upside Potential**

There are many stories associated with the Bulong Goldfield, such as the 800-man gold rush at Woodline, and ~100oz slugs, after a 3oz gold nugget was found in the roots of a tree in the early 1900s while cutting a woodline (a mini railway that transported wood). **Woodline** is also regarded as prospective for **nickel**.

However, in ERA's view the QM area **potentially resembles** an earlier form of Daisy Milano which was the foundation for SLR/Silver Lake. It just needs the geology to be taken back to basics and rebuilt as there appears to be **abundant upside** in **narrow-vein** high grade, & *perhaps* **bulk** possibilities depending the Main/albite/East lode thickness of QMM, or the >80m thick mineralised Virgin Dam, or Boundary.

**Management Board of Directors**

**Paul Chapman – Executive Chairman** since 2017. Paul is a Chartered Accountant with over 30 years' resource sector experience and holds and has held other directorships. Paul was a founding director of Silver Lake (SLR).

**Gareth Solly – Managing Director** since 2017. Gareth is a geologist with over 18 years mining industry experience from mine geo to chief ops geo to Registered Mine Manager at Silver Lake's Daisy Milano operation.

**Les Davis – Non-Executive Director** since 2017. Les is a mineral economist with over 38 years' practical and managerial mining experience. As MD, Les took Silver Lake (SLR) from a \$45m market cap to over \$1bn in ~5 years

**Alex Hewlett - Non-Executive Director** since 2017. Alex is a geologist with over 10 years' resource industry experience and holds and has held other directorship positions, being currently CEO of Hammer Metals (HMX).

**Joint Company Secretaries - Dan Travers and Mark Pitts**

**Disclosure**

The Black Cat Syndicate commissioned Keith Goode (who is a Financial Services Representative with Taylor Collison Ltd ACN 008 172 450, and is a consultant with Eagle Research Advisory Pty Ltd ACN 098 051 677) to compile this report, for which Eagle Research Advisory Pty Ltd has received a consultancy fee. At the date of this report Keith Goode and his associates intend to apply in the IPO for interests in shares issued by the Black Cat Syndicate. At the date of this report, Taylor Collison Limited or their associates within the meaning of the Corporations Act, may apply for interests in shares issued by the Black Cat Syndicate.

**Disclaimer**

Any observations, conclusions, deductions, or estimates of figures that have been made by Keith Goode in this report should be taken as his work, and not an approved observation, conclusion, deduction or estimate made by the Black Cat Syndicate. This publication has been issued on the basis that it is only for the information and exclusive use of the particular person to whom it is provided. Any recommendations contained herein are based on a consideration of the securities alone. In preparing such general advice no account was taken of the investment objectives, financial situation and particular needs of a particular person. Before making an investment decision on the basis of this advice, investors and prospective investors need to consider, with or without the assistance of a securities adviser, whether the advice is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor or the prospective investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission that may have occurred therein. This is a research publication of Eagle Research Advisory Pty Ltd ABN 33 098 051 677 as a Corporate Authorised Representative reference number 384349 of Taylor Collison Limited ABN 53 008 172 450 AFS Licence 247 083.