



Float Watch

www.wise-owl.com

Junior looks for new gold in rich old NSW areas

Company: Lucknow Gold Ltd
Proposed ASX code: LUK
Proposed listing date: October 26
Shares on offer: 37.5 million
Issue price: 20c
Recommendation: None

JUST a mere 15km away from Newcrest Mining Limited's large Ridgeway and East Cadia deposits, which hold 73 million tonnes at 1.75g/t gold and 0.61 per cent copper, and 1120 million tonnes at 0.57g/t gold and 0.33 per cent copper respectively, is a junior explorer looking to potentially locate mineralisation settings of a similar nature.

Lucknow Gold Limited (LUK) owns two main projects, Lucknow and Yambulla Goldfields, in the Lachlan Fold Belt of NSW. Wise-owl.com analyst Imran Valibhoy says: "This region has got a rich history of mining with some of the highest-grade gold mines recorded both in Australia and overseas."

The management team is hoping for that same success with its current Lucknow tenement, which will also be the main focus for the company. "No diamond drilling has previously taken place by an explorer in this area, nor have there been any other advanced methods used," says Valibhoy. "What also makes Lucknow so attractive is the fact that the metal is easily recoverable, which should translate to lower operating costs in the future."

At Yambulla, the tenement is believed to have similar potential to Fort Knox (4 million ounces gold), Pogo (4.8Moz gold), and Kidston (4.5Moz gold) deposits. Valibhoy says: "Yambulla is believed to be highly prospective and will be explored, creating further growth potential for LUK."

This pure junior exploration company does

incorporate a high level of risk, especially in this extremely cautious investment environment. A fair amount of work is required before reaching pre-feasibility, let alone production of the metal.

Some of the risks associated with this stock include exploration and timing delays, cost overruns, exploration risk leading to weak resource estimates and commodity price volatility. "Despite the risks involved, the strength and experience of the management team does create some reassurances in the stock," Valibhoy says.

Chairman Brian Locke has 30 years' experience in the mining industry and is an expert in the Orange area of central NSW, where the tenements are located. Managing director Tully Richards has 15 years' experience as a geologist and has previously worked at Newcrest's operations in the Orange district. Valibhoy says: "In-depth knowledge of the area possessed by the management team will be a valuable asset once drilling begins."

