



GRADUATION DAY

James Cooper's Phase One Graduation Prediction System



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James Cooper's Phase One Graduation Prediction System

By James Cooper, Editor

What follows is some pretty 'inside baseball' stuff.

But I hope you'll find it enlightening.

Much of what you get fed on these exploration stocks comes from finance journalists.

They may have an interest in mining. They may have covered the stocks themselves for years, through up and down cycles in commodities.

A lot of these guys know their stuff.

But they've never got their hands dirty and ACTUALLY EXPLORED.

I have. I went straight from university to spending years worldwide doing exactly that for Phase One explorers.

I'm now using my knowledge to take a step back...look at the wider space...and try and predict which up-and-coming Phase Ones might be moving towards Graduation Day.

This is exploration stock picking...by a PROPER explorer.

Below, I'll give you a VERY brief rundown of my four-point checklist for spotting the next breakout.

It's a rating system out of 40...that's built around my years of experience working inside the belly of these very companies.

If you're assessing these companies, you need to know how they tick.

You need a probability system that identifies the ingredients for success, even before the drill rigs hit the ground.

I know through experience how hard it is to make these finds.

And there are a lot of small explorers to SIFT through...hundreds on the ASX alone!


But most of these just buy a parcel of land, incorporate a new company, and recycle the same executives sitting on a dozen other boards.

These are the guys that sell mining bluff to the market.

They'll never make discovery.

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In what follows, I'll walk you through the four critical criteria you SHOULD be looking for to spot that next great Phase One miner.

The true outliers on the ASX that can hand investors a much higher probability of success.

You'll have to excuse the 'polish' of what follows.

I'm not a writer. I'm a geologist. But you'll get the gist...and I've tried to keep jargon to a minimum...

GRADUATION INDICATOR 1: MINERALISATION

SELECTION KEY #1 — EVIDENCE OF MINERALISATION

Soil sample anomaly (1)

Drilling — moderate grade and thickness and deep (2)

Drilling — high grade, thick and deep (6)

Drilling — high grade, thick, shallow (10)

Score: /10

Rationale: The level of confidence is based on the testing method; drilling is better than soils as it taps into the source of mineralisation...the actual ore body versus a soil anomaly, which is just picking up a 'sniff', usually fragments of the ore body, which have then been weathered and transported away from the source.

Grade and depth considerations vary on the type of commodity, high value (i.e. gold) means deep mineralisation is still viable to mine. Understanding that high grade is not always the best... in gold this can indicate 'nuggetty' mineralisation, meaning inconsistent high-grade pockets.

That's not ideal for mining, which needs dispersed mineralisation. Understanding what makes a great hit in exploration is a balance between, grade, depth, width, and the type of commodity you're dealing with.

GRADUATION INDICATOR 2: PROXIMITY

SELECTION KEY #2 — PROXIMITY TO KNOWN MINES

Greater than 100km — low rating (1)

Less than 100km — medium rating (6)


Less than 10km — high rating (10)

Score: /10

Rationale: Probability of finding an economic scale ore body increases the closer you are to a known discovery, whether it's old mine workings or active mines.

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Along strike is important too...that just means the horizontal proximity to other mines...where you have a sequence of ore bodies occurring along a fault or shear.

For example, imagine if you've identified a long north-south trending fault line, there's an old mine that was located on the southern portion of that fault, you hold the ground to the north, so you would target your drilling along that same fault or 'along strike' to the old mine where mineralisation is known to occur.

Any interesting structures, like a kink in the fault tend to boost the chances of finding mineralisation, especially gold. Kinks in a fault line are good targets for geologists as they're like a fast-running river, where you get all the silt and branches accumulating in that kink. That's exactly how gold was deposited, millions of years ago when it was transported along these faults in tectonic fluids.

You can find these kinks through geophysics, using magnetic monitors...faults are often magnetic, so they stand out against the non-magnetic rock.

Understanding the geology is important too...certain changes in the lithology (type of rock sequence) can mean that being close to an existing mine has no advantage. For example, the greenstones in the Eastern Goldfields, WA, are the lithology that hosts gold mineralisation. You can get the geological maps online to see where they're located, if a company sits next to a big mine but has no greenstone on its land package then there's little chance of finding gold.

So, while proximity to other mine sites is a good first step, there are still plenty of other geological considerations that need to be met.

GRADUATION INDICATOR 3: MANAGEMENT

SELECTION KEY #3 — MANAGEMENT

Management with limited technical experience (1)

Management with strong technical experience (3)

Management with strong technical experience for the target commodity/type of mineralisation (6)

Management with proven discovery success (10)


Score: /10

Rationale: The exploration manager (EM) and managing director (MD) are the key figure heads at a small company...developing targets and determining where to drill.

Discovery success, while a team effort is led by the MD and EM. If they're experienced in the type of commodity being targeted by the company, or even better, have led a discovery in the past then that boosts the company's probability of making further discoveries. Importantly, though, experience is getting harder to find...it means younger geos are being put in charge, that'll become a bigger issue as the boom plays out.

As exploration companies are fundamentally geology based, you want geologists in charge, not finance people or engineers.

When this happens, you often see the technical work being outsourced.



When that happens, the company is not in charge of its geological planning or targets...it's relying on outside contractors to provide the details.

For example, engineering is not a skill that's relevant during the early exploration stage, yet more engineers tend to lead the small explorers than geos. That's a potential weakness you should recognise.

Another factor to consider, too, when investing in small explorers operating in say, Africa, you want the MD and EM to have previous country experience...laws, approvals, and just working your way around the nuanced bureaucracy of the different countries would be a shell shock for someone that has only operated in Australia.

Finally, evidence that the MD or EM have been directly involved with other discoveries in the past ranks highly. This could include bringing small companies into a successful takeover or merger.

You see, as a geologist, being involved in a discovery is the Holy Grail of industry achievement. Not many can actually pull off that feat.

While many geologists spend a 40-plus career without a single discovery under their belt, others are able to achieve one break through after the next.

The key to these select few is that they intimately understand the path to discovery...it's a blend between knowledge, experience, and intuition.

That's why you should follow the proven discoverers.

GRADUATION INDICATOR 4: CASH IN THE BANK

SELECTION KEY #4 — CASH IN THE BANK

< \$1 million (1)

\$1–2 million (3)

\$2–4 million (6)

>\$4 million (10)

Score: /10

Rationale: Typically, small explorers aren't holding debt, cash is king.

Cash becomes more important when the industry is down, it's easy to raise capital in boom times. Even during a commodity wide bull cycle, certain commodities will go out of favour and could have a year or so of tight conditions. It's important for small explorers to have sufficient cash so they're able to continue exploring whether the commodity is in favour or not.

When cash runs short, work stops, and the company goes into hibernation mode until the tide turns. That means there's no potential to add value through drilling, soil sampling, or geophysics work, meaning there's no point owning the stock.

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This is a shortened explanation. But it gives you some insight into my method...

This is basically how I zero in on Phase One miners that might be nearing their 'graduation day'.

Some explorers had a brilliant 2022.

That's despite a blip in the wider markets.

When a discovery is made explorers surge despite the rumblings in the wider market.

Of course each discovery has its come back to earth moment.

Phase One **Meteoric Resources [ASX:MEI]**, for instance, went from 1 cent to 16 cents. But is currently hovering around 10 cents.

Chalice Mining went from 13 cents to more than \$10! It currently trades between \$6 and \$7.

Importantly, too, these ingredients for success identify companies ripe for takeover.

That's what led me to the *Diggers and Drillers* February 2023 pick, **Mincor Resources [ASX:MCR]**.

Mincor scored a high rating on my checklist, that's why just four weeks prior to Andrew 'Twiggy' Forest putting in an offer for the company I told my readers to buy it.

The stock gained 42% in a single trading session on the back of the announcement.

That wasn't down to luck.

This checklist has been garnered from years of working on the inside and ruthlessly, cutting through the details that matter.

You now have this for life...the tools that will help you in your own stock picking.

But in truth, I have narrowed it down into its simplest form.

To gain true insight into all the nuances that make certain explorers stand out, well, that means sticking with me as I dig further into these details as we pick our trades.

Over the coming months, I'll share more intel with you as you learn my tactics through real time trading.

That's the most effective way to build your skills and understand how these strategies work.

And our timing couldn't be ANY better.

This recent cool off...we believe...presents you with a rare opening to gain explorers at a major discount...

This is the system I'm going to be employing to exploit that.

Until next time,



James Cooper

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