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Chart comments updated on Friday's close

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Brightstar - an active agitator in the WA gold fields

Most of last week was consumed by the RIU Sydney Resources Roundup Conference. That is now well entrenched as the best East Coast gathering of exploration and emerging mining companies. There is never enough time to visit every company, but I always come away with new stories that are worth following up on. I have had to make room for these so I have deleted chart coverage of a number of other companies that may still have merit, but no urgency about them.

This is consistent with the advice that I have been giving many investors in recent weeks, especially to those who are depressed and despondent about the non-performance of dogs in their portfolios. You can't participate in the turnaround of the market if you are being weighed down by stocks that are not performing. You have to ditch these and get onto the new ones where there is optimism and enthusiasm that will pull in new buyers. Then you can start to feel like a winner again.

Revisiting Consolidation plays in WA

How many times have you heard a promoter say that they have gold resources that will be wanted by a nearby mill?

Proximity to a gold mill is useful but ...

Companies will use whatever narrative that they can to capture the attention of investors. Owing to the rich gold endowment of WA, there are always a number of companies telling us that they have good gold resources that could be trucked to third party mills. These mills need additional feed to keep their plants operating at maximum scale, and therefore maximum efficiency - or so the story goes. The basic premise is reasonable, but the reality is more complicated.

Right now, with the higher gold price, most of these operations will have low-grade stockpiles that have recently become economic. It is a great time to be running these down and extending the life of the operation, blending it with run-of-mine ore. For those of you who have noticed companies reporting lower grades in recent months, this is possibly the reason. They can always switch to higher-grade 100% run-of-mine ore later. Some people might call this high-grading, but it is really effective management of the total resource base.

If the operators are filling up their plants with their own ore, there is no room for third party ore, so that gets relegated to the back of the queue and it becomes a waiting game.

The same narrative tells us that these operators could buy the resources of the smaller companies or do a toll treatment deal. The ability of succeed down this path depends on the negotiating ability of those involved and egos invariably make such negotiations difficult. Sometimes a takeover is the best mechanism, but egos are still a

consideration and lawyers and ASIC will do their best to add to transaction costs. As logical as the narrative sounds, it is not often easy and shareholders usually become impatient with "the waiting being the hardest part".

Brightstar has become an agitator and a builder

Brightstar is an example of a company operating in the space described above, but rather than waiting patiently it has become an agitator under the leadership of ex-Canaccord/Patersons banker, Alex Rovira.

The consolidation story began back in December 2022, when Brightstar announced it was merging with Kingwest Resources. Brightstar already had the idle Laverton treatment plant and a Mineral Resource of 8.9 Mt at 1.6 gpt for 460,000 oz, while Kingwest had the Menzies Gold project with resources of 11.7 Mt at 1.33 gpt for 505,000 oz. At the time the pro-forma Mineral resource was about 1 Moz of gold, the market capitalisation was \$23.6m and cash and equivalents amounted to \$4.6m.

The merger closed successfully in May 2023. Soon after, in June 2023, Brightstar commenced mining a 30,000 t parcel of ore at 6 gpt from the Selkirk open pit mine, for treatment in St Barbara's Gwalia mill.

In September 2023, Brightstar revealed its plans with a scoping study that entertained the production of 322,000 oz over an eight year life, producing 40,000 oz p.a. at C1 cash costs of A\$1,765/oz and AISC of A\$2,041/oz, with capex of \$22m. A payback period of 1.5 years had been calculated. Utilising an assumed gold price of A\$2,900/oz, the Scoping Study delineated compelling financial returns including a net present value (8%, pre-tax) of \$103 million and IRR of 79%.

In March 2024, the next step along the consolidation path saw Brightstar announce a merger with Linden Gold Alliance Limited, a private company operating the underground Second Fortune Gold Mine, which has produced 13,000 oz FY24 YTD. The bid values Linden at \$23.7m. The pro-forma numbers after this deal were a market capitalisation of \$66m, net cash of \$22m and a mineral resource of 1.4 Moz at 1.6 gpt. These numbers included the injection of \$12m via a two tranche placement at 1.4¢ a share.

At 1 May, acceptances to the bid for Linden had reached 25.38% but there was actually a total of 67.7% of the shareholders that previously indicated they would accept the bid. Given that directors are recommending the bid in the absence of a better offer, it is reasonable to expect that the takeover will be successful.

The Second Fortune Gold Mine

Under current management the Linden Gold Mine has produced 350,000 t of ore at a grade of 3.6 gpt with the ore

being processed in the Gwalia mill. It is a narrow vein, mechanised underground gold mine employing long hole open stoping methods. The resource head grade of the 0.6m wide vertically dipping orebody is around 11 gpt. A 1.5m stoping width delivers a diluted head grade to the mill of 3.5-4 gpt, including development ore amounting to about 30% of the mill feed. The mine is expected to continue to produce up to 20,000 oz p.a. at an estimated AISC of A\$2,400oz.

(Readers should note the resource head grade and how much dilution results in getting it to the mill; from 11 gpt to 4 gpt due to various factors that need to be considered when extrapolating exploration grades to production grades ... for any mine).

The latest game plan

The company presentation released on 8 May talks of developments in two mining hubs, Laverton and Menzies, involving the sequential development of three open pits and four underground gold mines. The total pre-production cost will be \$34m. Peak gold production will be 91,000 oz in FY26 and 98,000 oz in 2027.

The Laverton mill can be refurbished to the 500,000 tpa capacity for just under \$20m, but with some softer rock blending it could get up to 600-700,000 tpa.

Once the mill is up and running again it will be in a good position to accept third party ore, but more likely it will prefer to acquire ore positions of 50-100,000 oz that may become available.

The Bottom Line

It is always more complicated when a company is operating multiple mines and mills, which is what Brightstar is planning; more complicated but possible if you have good operational management. Share price performance is going to depend upon how completely the company delivers on its plans.

Adding together a number of lesser assets doesn't by itself create a great asset, but the larger the production level and the size of the company itself, the more seriously it will be taken by investors. The company expects that it will be attributed a higher market capitalisation per ounce of annual production as a result. That sounds reasonable.

Compare this scenario to one in which it is a "world class" gold asset that gets institutions excited, with lots of market liquidity. That would be easier to digest in the pre-production speculative phase. With Brightstar the share price will move less on speculation and more on delivery. The share price is still at modest levels now, and firmly in an uptrend.

Brightstar stands out from the pack of smaller companies talking about being beneficiaries of consolidation by being the agitator. Initially it is already having its ore being toll treated in the Gwalia mill. The next step will be the recommissioning of its Laverton mill.

Disclosure: Interests associated with the author have a small shareholding in Brightstar.

RIU Conference inspires some chart changes

The reasons for adding companies to the list of those that I chart each day are varied. Maybe they are companies that I like and might wish to buy, once I have a feel for what is happening in the market. Maybe I am just curious as to whether they will be successful in the dreams they are promoting. Maybe there are so many people talking about them that I am curious to see how they perform. Once on the list I monitor them on a daily basis as I pull out my pencil at the end of each day and write noughts and crosses on the chart paper.

The reasons for deleting chart coverage are equally varied. Often it is because they become boring and they don't offer enough volatility to present a pattern worth interpreting. That is particularly so when prices fall below two cents. On other occasions I lose interest in them because their business plan, or that of the sector, is obviously failing and not worth following. I can even drop them when they do so well that the share price and their market capitalisations move beyond my preferred range. That said, I keep a smattering of leading stocks under coverage to get a feel of where institutional money is flowing. Sometimes the chart page is full after 4-6 years and there isn't the inspiration to keep going onto a new page.

Mining conferences typically have 50-100 companies presenting on stage and in their booths. There are always new or previously overlooked companies worth considering. Starting a chart is one way of keeping them on the radar while I get to know them better.

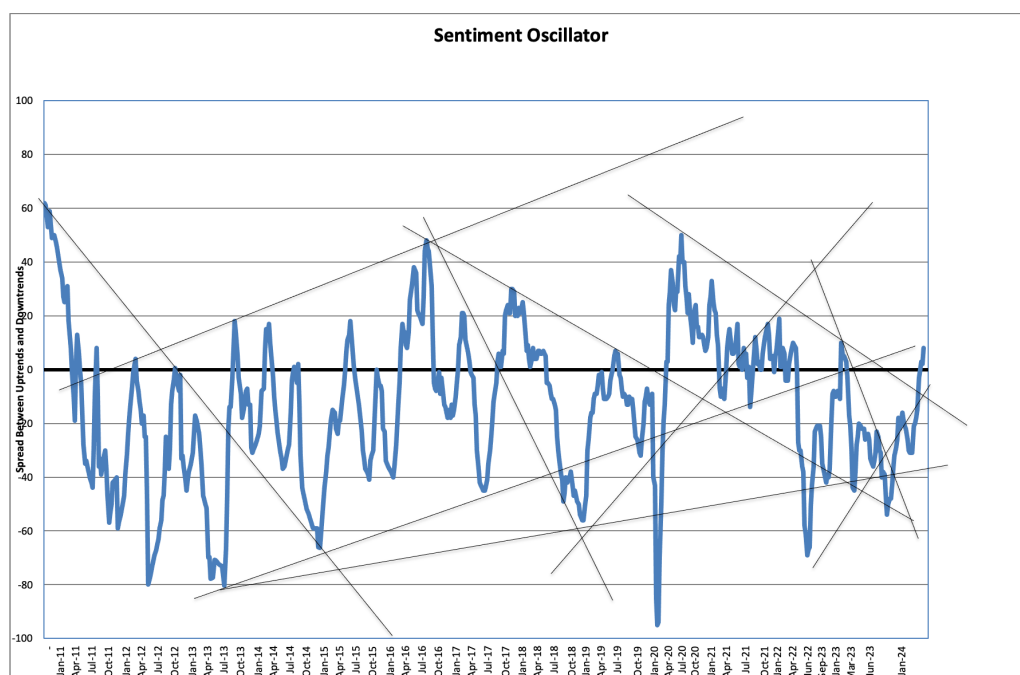
This time, as a result of the RIU Conference, I have picked up coverage of **Brazilian Critical Minerals** (BCM) and **Brazilian Rare Earths** (BRE). There is increasing interest in Brazil as more Australians go to a country that has been difficult for entrepreneurs in the past, but nevertheless has enormous potential for many minerals. The two companies above have a rare earth focus. I am also interested to see how investors rate Brazil-based companies given my recent appointment to the Chair of Aguiá Resources (AGR), with its phosphate bearing carbonates in Rio do Sul that also contain rare earths and niobium.

Closer to home the narrative around the growing gold company **Brightstar Resources** (BTR), is sufficiently interesting to add it to the list, having previously deleted Kingwest, which was taken over by Brightstar.

Torque Metals (TOR), a gold explorer in WA, has been achieving good drill results that might amount to something. **Stellar Resources** (SRZ) has re-entered the list following management changes and an improving tin market.

A wild card entrant is **Larvotto Resources** (LRV), the successful bidder for the Hillgrove gold antimony project that became available when **Red River Resources** (RVR) went belly up. Hillgrove has a > 40 year history of sending companies broke, so to call it challenging is an understatement. Admittedly, Red River's problems were more about Thalanaga than Hillgrove. The CEO of RVR was actually reporting some good gold assays. He was of the opinion that gold, rather than antimony, was where the future lay. We will watch Larvotto's journey with interest.

In focusing more on the niobium story we have picked up chart coverage of **Globe Metals and Mining** (GBE) with its advanced niobium project in Malawi. **Summit Resources** (SUM) has recently been acquiring niobium exploration projects in Ecuador.



Sentiment Oscillator: Sentiment improved. There were 37% (37%) of stocks in uptrend and 29% (35%) in downtrend at the close of the week. The drop in the stocks in downtrend may have been influenced by the deletion of some companies in a one-off adjustment.

Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code	Trend Comment	
All Ordinaries	XAO	back near highs	
Metals and Mining	XMM	hitting resistance line in LT downtrend	
Energy	XEJ	still under long term downtrend line	
Information Technology	XIJ	back near highs	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	back to lows	boron
Advance Metals (was Pacific American)	AVM	collapse on placement	coal, gold exploration
Aguia Resources	AGR	new uptrend	phosphate, gold
Alkane Resources	ALK	testing downtrend	gold
Alicanto Minerals	AQI	fallen back to lows	base metals, silver, gold
Alligator Energy	AGE	recovering	uranium
Almonty Industries	All	testing uptrend	tungsten
Alpha HPA	A4N	upside breakout from wedge	HPA
Altech Chemical	ATC	breaching downtrend	HPA, anodes
Alto Metals	AME	volatility while new uptrend is forming	gold
American Rare Earths	ARR	consolidating	rare earths

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Anax Metals	ANX	spiked higher	copper
Anteotech	ADO	collapse on another placement	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths
Ardea Resources	ARL	spiked higher	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	spike out of downtrend	gold
Averina	AEV	down heavily	phosphate
Aurora Energy Metals	1AE	breached support	uranium
Aurelia Metals	AMI	rising	copper + base metals
Australian Rare Earths	AR3	breaching downtrend	rare earths
Australian Strategic Materials	ASM	strong rally but hit LT resistance line	rare earths
BHP	BHP	corrected lower	diversified, iron ore
Barton Gold	BGD	rising gently	gold exploration
Beach Energy	BPT	testing uptrend	oil and gas
Bellevue Gold	BGL	breached uptrend	gold
Besra Gold	BEZ	collapse to new low	gold
Black Cat Syndicate	BC8	rising	gold
Boab Metals	BML	down	silver/lead
Brazil Critical Minerals	BCM	sideways	rare earths
Brazilian Rare Earths	BRE	rising wedge	rare earths
Brightstar Resources	BTR	uptrend	gold
Calidus Resources	CAI	testing downtrend	gold
Caravel Minerals	CVV	strong rise	copper
Carnaby Resources	CNB	testing downtrend	copper
Castile Resources	CST	rallying	gold/copper/cobalt
Catalyst Metals	CYL	new uptrend	gold
Cazaly Resources	CAZ	forming a base	rare earths
Celsius Resources	CLA	stronger	copper
Cobalt Blue	COB	down again	cobalt
Cyprium Metals	CYM	breached downtrend, surged higher	copper
Emerald Resources	EMR	rising, new high	gold
Empire Energy	EEG	breached support	gas
EQ Resources	EQR	breaching downtrend	tungsten
Evolution Energy	EV1	new low	graphite
Evolution Mining	EVN	rising	gold
First Graphene	FGR	spiked higher	graphene
Fortescue Metals	FMG	rallying	iron ore
Genesis Minerals	GMD	rising	gold
Globe Metals and Mining	GBE	uptrend	niobium
Gold 50	G50	new uptrend	gold exploration + gallium
Great Boulder Resources	GBR	sideways at lows	gold exploration
Group 6 Metals	G6M	down	tungsten
Hamelin Gold	HMG	sideways through downtrend	gold exploration
Hastings Technology Metals	HAS	collapse to new low	rare earths

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Heavy Minerals	HVY		new low	garnet
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		improving	mineral sands
ioneer (was Global Geoscience)	INR		rising again	lithium
Ionic Rare Earths	IXR		down	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Lithium	JLL		back to lows	lithium
Jupiter Mines	JSM		rising	manganese
Kaiser Reef	KAU		improving	gold
Krakatoa Resources	KTA		steep rise on niobium news	rare earths
Larvotto Resources	LRV		rising	gold, antimony
Lindian Resources	LIN		breached downtrend	rare earths + bauxite
Li-S Energy	LIS		sideways	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold/nickel exploration
Lotus Resources	LOT		rising	uranium
Lucapa Diamond	LOM		new low	diamonds
Lunnon Metals	LM8		testing downtrend	nickel
Lynas Corp.	LYC		rallied to meet resistance	rare earths
Marmota	MEU		rising	gold/uranium exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		rallying	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		sideways	rare earths
Metro Mining	MMI		new high	bauxite
Midas Minerals	MM1		slump	lithium
Mitre Mining	MMC		steep rise	silver
Nagambie Resources	NAG		another new low	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		breached downtrend	diamonds
Nexgen Energy	NXG		testing uptrend	uranium
Northern Star Res.	NST		rising	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		down	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		new high	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		testing downtrend	lithium
Peninsula Energy	PEN		sideways	uranium
Perseus Mining	PRU		at highs	gold
Provaris Energy	PV1		rising after breaching downtrend	hydrogen
QMines	QML		new low	copper
Queensland Pacific Metals	QPM		testing downtrend	nickel/cobalt/HPA
RareX	REE		new low	phosphate, rare earths
Regis Resources	RRL		rising	gold

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Regergen	RLT		rising	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		rising again	diversified, iron ore
Rumble Resources	RTR		new low	zinc exploration
S2 Resources	S2R		gentle downtrend	gold exploration
Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarytogan Graphite	SGA		down	graphite
Siren Gold	SNG		rising	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		spike to new high	gold exploration
Southern Palladium	SPD		rising again	PGMs
Stanmore Coal	SMR		testing downtrend	coal
Stellar Resources	SRZ		uptrend	tin
Summit Resources	SUM		spiked higher, then heavy correction	niobium, rare earths
Suvo Strategic Minerals	SUV		spiked higher	kaolin
Talga Resources	TLG		rallying	graphite
Tamboran Resources	TBN		rising again	gas
Theta Gold Mines	TGM		rising again	gold
Thor Energy	THR		down	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Torque Metals	TOR		testing downtrend	gold exploration + lithium
Vanadium Resources	VR8		new uptrend	vanadium
Venture Minerals	VMS		sideways	tin, tungsten
Vintage Energy	VEN		new low	gas
Voltaic Strategic Resources	VSR		sideways at lows	REO + lithium
Vertex Minerals	VTX		breached downtrend	gold
Walkabout Resources	WKT		sideways	graphite
Warriedar Resources	WA8		breached downtrend	gold exploration
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		breached uptrend	gold
West Wits Mining	WWI		correcting lower	gold
Whitehaven Coal	WHC		testing uptrend	coal
Zenith Minerals	ZNC		new low	gold exploration
Totals	37%	50	Uptrend	
	29%	39	Downtrend	
		135	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.

- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, sometimes for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts			
Sector	No. of Companies	Weighting	
Gold	28	20.7%	
Gold Exploration	16	11.9%	
Rare Earths	13	9.6%	
Copper	9	6.7%	
Uranium	7	5.2%	
Lithium	6	4.4%	
Oil/Gas	6	4.4%	
Nickel	5	3.7%	
Graphite/graphene	5	3.7%	
Iron Ore/Manganese	4	3.0%	
Potash/Phosphate	4	3.0%	
Coal	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	2	20.0%	
Diamonds	2	1.5%	
Niobium	2	1.5%	
Vanadium	2	20.0%	
Zinc/Lead	2	1.5%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	10		
Total	135		

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