

## Resources Market is Continuing to Improve

Trump seemed well behaved last week and the Dow Jones reacted accordingly, continuing to recover from Liberation Day. The various wars and conflicts around the world continued and the easing back of the rhetoric around tariffs provided for more benign markets. The gold price softened a little at the end of the week but the uptrend is not in jeopardy. Sentiment amongst the stocks under chart coverage continued to improve.

Traditionally we say "sell in May and go away" and it usually quietens off a little as we approach the end of the tax year. That may be so again this year, but with the knowledge that there is no great reason to sell. If anything, there may be reasons to buy.

### *Exploration Stocks Have Been Moving Higher*

I received an enquiry from a London investor last week asking my thoughts on Koonenberry Gold (KNB) and Gorilla Gold Mines (GG8), two companies that I wrote up after the Fremantle conference in February. Since that write up they have both doubled in price to achieve market capitalisations of \$80m and \$300m, respectively. My general view is that the most exciting, early stage money had already been made. Any improvement from this point depends on further exploration success and the ability to stimulate more buying. That is obvious. They might move much higher, but that depends upon many things.

The most relevant observation is that the market now has an obvious appetite for exploration stories. That is good. Another recent example is White Cliff Minerals, jumping on the back of excellent assays from its copper drilling in Canada. As I have recently been saying, sentiment is improving as buyers become more aggressive. Where should we be looking next to get a good market performer? One example of something that has not yet moved much is Golden Mile Resources (G88), covered below.

### *G88 - about copper in Arizona, not gold in WA*

Irrespective of the name, this company's main focus is on copper in Arizona, USA. It is partway through its first RC drilling program on the Pearl Copper Project on the Laramie Copper Belt, and only about 10 km from what was historically a major copper mine in the past. The underground copper mine was first established in the 1940s. Magma Copper acquired it and by 1972, it was processing more than 20 Mtpa. BHP made a song and dance about buying the mine in the 1980s. Prior to being placed on care and maintenance in 1999, it had hoisted 703 Mt. At the time of closure, on economic grounds, the output had been around 100,000 tpa of copper. It was large enough to have its own smelter and electrolytic refinery.

The San Manuel orebody was an elliptical-shaped granodiorite porphyry cylinder measuring 8,000 feet in length, 2,500 feet in width and went from 700 feet to 3,000 feet below the surface. The average grade was 0.65% Cu.

An adjacent orebody, the Kalamazoo, lay 2,500 to 4,000 feet below the surface. It had a grade of 0.75% Cu. So, we are talking about seriously large orebodies.

Both of G88's copper exploration projects are located less than 10 km from the BHP mine along a favourable structural trend, and even closer to the historical Tiger Mine that produced 400,000 oz of gold, 3.5 Mlbs of copper and silver, lead, zinc, molybdenum and vanadium.

It is often validly stated that the best place to find gold, (and other metals) is in the proximity of an historical producer. Most mines shut due to economics of the day as opposed to running out of ore/mineralisation.

My simplistic thinking suggests that you don't get another San Manuel/Kalamazoo orebody right next door. The original orebody was formed because that was the best depositional site. However, there is a good argument to say that higher grade vein deposits off the original monster could have easily occurred. That is why G88 has high expectations for its small, 10 hole RC drill program that will initial test to depths of 100m.

The first seven holes at the Odyssey prospect have been completed. The rock chips from the drilling show the right colours, but we don't have grades or widths yet. They will come through in about four weeks. Another 2-4 holes are underway at the nearby Ford prospect. All holes are planned to go to 80m depths.

G88 is earning into licence. Terms include spending \$2m for a 51% equity, and a total of \$10m for 85%. That is reasonably costly, but if it can deliver the expected grades of 2-5% Cu, it may turn out to be as cheap price.

### *The Bottom Line*

G88 is very small with a market capitalisation of only \$6m, and that is after the share price has risen from 0.8¢ to 1.3¢ in the last week or two. It has a minimal cash balance below \$800,000, so it will have to raise some money soon.

Anything can happen in exploration. If G88 delivers good intercepts in the current drill program the share price could skyrocket. With the market showing an appetite for exploration just now, this could be an interesting opportunity. We won't have to wait long for the drill results.

### *RIU Conference - More Quick Notes*

#### *Adavale Resources (ADV) - a junior in the LFB*

The Lachlan Fold Belt has always been regarded as highly prospective for large copper and gold orebodies, and it hosts some of the biggest mines in Australia e.g. Cadia. It covers an extensive amount of ground, so there is a considerable amount of time and effort needed to actually find the orebodies. Junior companies can go broke along the way.

Adavale (ADD) is one of the latest iterations to be on the hunt. It is actually tiny with a market capitalisation of only \$4.5m. Its primary prospect is the old London-Victoria mine, 20 km south of the large Northpark Mine. The modern history goes back to the early 1980s when at 100,000 oz, it was one of the largest gold resources in the land, attracting companies that included BHP. It ended up producing 155,000 oz of gold at about 2 gpt. The current JORC resource is still 3.14 Mt at 1.06 gpt, for 107,000 oz.

Elsewhere, Adavale has some interesting exploration ground in the area. It only had about \$600,000 at the end of March, so it will need to raise capital soon. Once done, it will be able to address the potential of its ground.

### *Cazaly Resources (CAZ) - gold exploration in WA*

Capitalised at only \$7m with \$3.6m cash, Cazaly is another Perth-based exploration company seeking to make its mark. I've known the company for a number of years and over that time it has been involved with a number of exploration initiatives. None have been spectacular successful yet, though that is not a criticism. It is important for juniors to be pragmatic and turn their exploration portfolio over in the quest for a winner.

Cazaly has a very promising carbonate target in Ontario, Canada, but when it was all set to commence first drilling, a rouge First Nations person objected. So, it is back to the negotiation table.

While this drags on, Cazaly has embarked upon a WA initiative, at Goongarrie. You might recall a few years ago that Kingwest Resources made a gold discovery in basement lake sediments at Goongarrie. It was exciting at first but the complexities of drill location became too much. That company eventually merged with Brightstar, which is more focused on production and is happy to joint venture exploration ground. Brightstar has farmed out the Sir Lawrence project to Cazaly, who can earn an 80% interest by spending \$3m over four years. The first task for Cazaly is to get a better handle on structural controls that might provide better guidance as to where to drill.

There is no doubt in my mind that there is a lot of gold to be found under Lake Goongarrie. The only question is whether Cazaly is up to the task. It could be an exciting gold exploration play.

### *New World Resources - copper in Arizona*

New World (NWC) has a decent market capitalisation of \$102m and cash of around \$15m. Institutional shareholders own about 40% of the stock. It has a real copper project in one of the most favourable locations in the world - Arizona. The share price has risen from 19¢ in April to 33¢ on one day last week on reasonably good turnover.

The ASX obviously had a go at them for insufficient disclosure (relating to peer comparisons) regarding a resource upgrade, but that doesn't worry us. The revised Mineral Resource Estimate at Antler is now up to 12.7 Mt at 4.1% CuEq, with 90% classified as Measure and Indicated. That grade is impressive but it also relies on contributions from zinc, lead, silver and gold. Without them the grade in the sulphide zone drops to 1.97%. Copper is expected to supply about 56% of the revenue and zinc, 34%.

The PFS has a proposed production profile of 1.2 Mtpa over 12 years at a diluted head grade of 3% Cu Eq and C1 cash cost of US\$1.97/lb and AISC of US\$2.18/lb. Pre-

production capex is estimated at US\$298m. Thus it needs institutional support to raise the equity component of the capex. If anyone really wants to criticise the development they might say a 12 year mine life is relatively short, but anything beyond that has minimal affect on NPVs.

This 55° dipping orebody will feed an underground mine with ore delivered with the long hole open stoping method, accessed via a 5.5m x 5.7m single decline. The measured category has been drilled on 20m x 20m spacing. Most of the project is on private rather than BLM land.

The elevated interest in the stock in recent months can be attributed to the more bullish expectations for copper. The ASX has a shortage of quality copper developers so New World may help to alleviate that shortage.

One final point is that there has been a marked acceleration of the mine permitting process in the US. It started with Trump 1.0, and it has gathered momentum with Trump 2.0. As New World's CEO, Nick Woolrych said, the authorities are now "incredibly supportive of new mining developments". I haven't heard anyone say this about Western Australia!

### *Verity Resources - well positioned near Laverton*

I'd not heard of Verity (VRL) previously, but I have now. Capitalised at \$7m, VRL recently raised \$1.1m in a rights issue at 1.2¢ a share, with attaching 1 for 1 options. The month of May has seen the share price jump from 1.6¢ to a high of 2.7¢ last week. It was interesting to see that the entitlement issue was underwritten by CAP Holdings, a company associated with Pat Volpe, and long-term mining entrepreneur based in Melbourne. He increased his stake from 16.75% to 19.99%. He now has good incentive to take the share price higher.

The Company's main project is Monument, located near Laverton. So far Verity has announced a mineral resource of 154,000 oz at Korong and Waihi. The near-term focus is to upgrade the Inferred MRE to the Indicated category, while concurrently testing extensions that could materially grow the resource. It has just started an aircore drilling program as part of a resource upgrade strategy. A key promotional point is that the ground is adjacent to and along strike, to the NW of Genesis's 3.3 Moz Mt Morgan's mine.

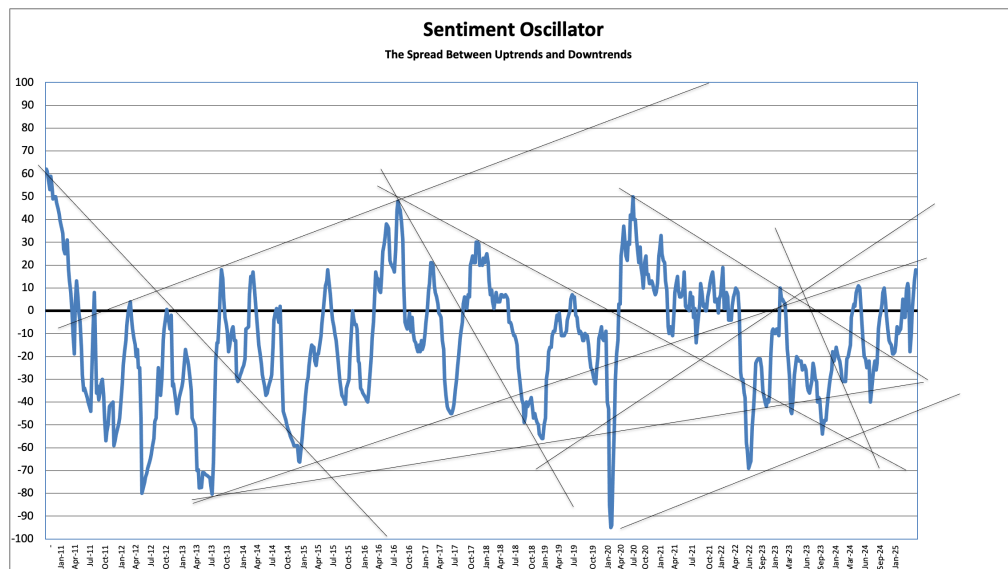
Verity has commissioned a pit optimisation study to be undertaken by Cube Consulting, taking into account that about 70% of the Inferred Resource is in the primary zone with a grade of 1.6 gpt. Only 10% of the 20 km of strike potential has been drilled with RC holes. We should be looking for results from this that would deliver approximately 50,000 oz of recoverable gold. At these gold prices there is potential for net cash flow of \$100-120m. Getting a treatment facility might be an issue, but there is plenty of potential earnings here. Further news from exploration drilling will be another share price booster. Volpe's entrepreneurial skill will be sure to add some spice.

### *A Thought on Antimony and Chinese*

Are the Chinese happy to encourage Australian companies to be chasing antimony projects, and are they behind the strong spot price we are seeing? Could the strategy be to encourage development of new mines, then crunch the price down to stress those new mines? It is a classic strategy of Chinese to pump the price of commodities with

a view to collapsing the price later to sweep up new producers very cheaply. Don't discount the possibility with antimony.

We have added New World and Verity to our chart coverage.



**Sentiment Oscillator:** Sentiment continued to rise over the week. There were 47% (44%) in uptrend and 29% (31%) in downtrend at the close of the week.

## 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	strongly higher	
Metals and Mining	XMM	breached downtrend	
Energy	XEJ	rallying	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	strong recovery	phosphate, gold
Alkane Resources	ALK	rising	gold
Alicanto Minerals	AQI	down	base metals, silver, gold
Alligator Energy	AGE	testing ST uptrend	uranium
Almonty Industries	ALI	surge to new high	tungsten
Alpha HPA	A4N	strong breach of downtrend	HPA
American Rare Earths	ARR	testing downtrend	rare earths
Anax Metals	ANX	new low after placement	copper
Andean Silver	ASL	back to downtrend	silver
Arafura Resources	ARU	rising	rare earths
Ardea Resources	ARL	breached uptrend	nickel

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Arizona Lithium	AZL		new low	lithium
Astral Resources	AAR		sideways above resistance line	gold
Aureka	AKA		drifting lower	gold exploration
Auric Mining	AWJ		down	gold
Aurora Energy Metals	1AE		breached resistance line	uranium
Aurelia Metals	AMI		rising	copper + base metals
Aurum Resources	AUE		rising	gold
Australian Gold and Copper	AGC		sideways below resistance line	base metals, silver, gold
Australian Rare Earths	AR3		testing downtrend	rare earths
Australian Strategic Materials	ASM		heavy correction	rare earths
BHP	BHP		rising again	diversified, iron ore
Ballymore Resources	BMR		breached downtrend	gold exploration
Barton Gold	BGD		rising	gold exploration
Beach Energy	BPT		down	oil and gas
Bellevue Gold	BGL		further slump on placement	gold
Besra Gold	BEZ		still down	gold
Black Cat Syndicate	BC8		new high	gold
Boab Metals	BML		spike higher	silver/lead
Brazil Critical Minerals	BCM		new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE		breached downtrend, but pullback	rare earths
Brightstar Resources	BTR		strong rise after consolidation	gold
Caravel Minerals	CVV		down	copper
Carnaby Resources	CNB		breaching downtrend	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		surge higher	gold
Cazaly Resources	CAZ		new low	rare earths
Celsius Resources	CLA		at lows	copper
Centaurus Metals	CTM		testing downtrend	nickel/cobalt/HPA
Challenger Gold	CEL		surge higher	gold
Cobalt Blue	COB		back to lows	cobalt
Cyprium Metals	CYM		rising	copper
Delta Lithium	DLI		breached downtrend	gold/lithium
Emerald Resources	EMR		back to highs	gold
Empire Energy	EEG		down	gas
Emmerson Resources	ERM		breached uptrend	gold
EQ Resources	EQR		rising	tungsten
Estrella Resources	ESR		rising	manganese
Evolution Mining	EVN		rising	gold
Felix Gold	FXG		pullback	gold exploration, antimony
First Graphene	FGR		sideways	graphene
Fortescue Metals	FMG		rising	iron ore
Genesis Minerals	GMD		rising	gold
Globe Metals and Mining	GBE		down	niobium
Gold 50	G50		breached uptrend	gold exploration + gallium

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Golden Horse	GHM		steep rise	gold exploration
Great Boulder Resources	GBR		steeply higher	gold exploration
Green360 Tech (was Suvo)	GT3		steeply higher	kaolin
Hamelin Gold	HMG		rising	gold exploration
Heavy Minerals	HVY		new high	garnet
Hillgrove Resources	HGO		new uptrend	copper
Iltani Resources	ILT		rising again	antimony
Iluka Resources	ILU		strong bounce	mineral sands
Jupiter Mines	JSM		improving	manganese
Kaiser Reef	KAU		improving	gold
Kalina Power	KPO		sideways	carbon sequestration
Koba Resources	KOB		down	uranium
Larvotto Resources	LRV		testing uptrend	gold, antimony
Lindian Resources	LIN		testing downtrend	rare earths + bauxite
Lotus Resources	LOT		continuing down	uranium
Lynas Corp.	LYC		rising again	rare earths
Many Peaks	MPK		rising	gold exploration
Marmota	MEU		spiked higher on titanium discovery	gold/uranium exploration
Matsa Resources	MAT		strongly higher	gold
Mayur Resources	MRL		down	renewables, cement
Meeka Gold	MEK		uptrend	gold
MetalsX	MLX		back to support line	tin, nickel
Meteoric Resources	MEI		breached downtrend	rare earths
Metro Mining	MMI		on its support line	bauxite
Midas Minerals	MM1		spiked higher, then pullback	lithium
Native Mineral Resources	NMR		steeply higher	gold
New Murchison	NMG		sideways	gold
new World Resources	NWC		rising	copper
Nexgen Energy	NXG		rising	uranium
Northern Star Res.	NST		rallying	gold
Nova Minerals	NVA		breached downtrend	gold exploration
Novo Resources	NVO		rising gently	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		strong recovery	uranium
Pantoro	PNR		reconstruction 17 into 1	gold
Patriot Battery Metals	PMT		pullback after strong rally	lithium
Peninsula Energy	PEN		suspended	uranium
Perseus Mining	PRU		correcting lower	gold
QMiners	QML		still down	copper
Queensland Pacific Metals	QPM		breached downtrend	nickel/cobalt/HPA
Regis Resources	RRL		new high	gold
Reenergen	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		down	diversified, iron ore

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RTG Mining	RTG		rising	copper
Rumble Resources	RTR		testing uptrend	zinc exploration
S2 Resources	S2R		down	gold exploration
Sandfire Resources	SFR		rising again	copper
Santana Minerals	SMI		heavy fall	gold
Santos	STO		breaching downtrend	oil/gas
Sarytogan Graphite	SGA		still down	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		rising	gold exploration
Southern Palladium	SPD		down	PGMs
Stanmore Coal	SMR		rising	coal
St George Mining	SGQ		collapse to new low	rare earths, niobium
Stellar Resources	SRZ		testing downtrend	tin
Sun Silver	SS1		pullback	silver
Talga Resources	TLG		down	graphite
Tamboran Resources	TBN		breached uptrend	gas
Terra Uranium	T92		rallying	uranium
Theta Gold Mines	TGM		down	gold
Toro Energy	TOE		breaching downtrend	uranium
Torque Metals	TOR		hitting resistance	gold exploration + lithium
Trigg Minerals	TMG		surged higher	antimony
Verity Resources	VRL		steeply higher	gold
Vintage Energy	VEN		sideways	gas
Vertex Minerals	VTX		breached uptrend	gold
Warriedar Resources	WA8		stronger	gold exploration
Westgold Resources	WGX		spiked higher	gold
West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		down	coal
White Cliff Minerals	WCN		rising	copper exploration
Yandal Resources	YRL		breached downtrend	
Totals	47%	60	Uptrend	
	29%	37	Downtrend	
		129	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, some times 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.

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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	31	24.0%	
Gold Exploration	18	14.0%	
Copper	14	10.9%	
Rare Earths	10	7.8%	
Uranium	10	7.8%	
Oil/Gas/Hydrogen	6	4.7%	
Iron Ore/Manganese	5	3.9%	
Lithium	3	2.3%	
Graphite/graphene	3	2.3%	
Nickel	3	2.3%	
Silver	3	2.3%	
HPA/Kaolin	2	1.6%	
Tungsten	2	1.6%	
Tin	2	1.6%	
Antimony	3	2.3%	
Coal	2	1.6%	
Niobium	2	1.6%	
Potash/Phosphate	1	0.8%	
Vanadium	1	0.8%	
Zinc/Lead	1	0.8%	
PGMs	1	0.8%	
Mineral Sands	1	0.8%	
Bauxite	1	0.8%	
Cobalt	1	0.8%	
Other	3	2.3%	
Total	129		

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