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Chart comments updated on Friday's close

Analyst : Warwick

Bismuth Bonanza for Castile Resources

The ASX All Ords is hovering around record highs but it is hard to figure out why. The economic outlook is anemic. War has broken out all over the World. Trump has gotten everyone second guessing what his next move will be. Where we are headed is uncertain at best. Yet, the market is at record highs as we count down to the end of the financial year. Maybe the market is expecting lower interest rates.

The oil price has surged because of the Iran conflict and the Index has spiked out of the downtrend, but the Metals and Mining Index has fallen back to the downtrend line. That is anomalous as wars are usually good for metal prices. Both BHP and RIO have been particularly weak and that is usually because institutions are selling. This is a difficult market to read, but I'm still of the view that this is the early stages of a bull market in resource stocks..

Castile is Flying Under the Radar

You only have to take a quick glance at Castile Resources (CST), capitalised at a meagre \$19m, and you will see that it looks to be anonymously priced in the market. Sure the capex of mine development at Rover 1, 110 km WSE of Tennant Creek in the NT, may intimidate some people at \$280m, but try and look beyond that. It is normal and it can be overcome, especially if you consider the bismuth.

As I said a couple of weeks ago I took a punt in the market, buying a few at 5¢. Chart analysis told me I was buying at or near the low and that is a good starting point. Since then I have done some more homework and am convinced that this is a "special".

Bismuth is an exciting new angle

Up until a few months ago bismuth was a deleterious element in the concentrate Castile intends to produce, but there has been a seismic shift since then. The bismuth price has skyrocketed from US\$6/lb to US\$55/lb. That is a rise of 800% almost overnight. Why? Once again it is because of China banning the export of a critical metal.

Leading edge missile technology

We wake up every morning and hear of missiles going off all around the world but how can that help us in the market? Well, the Chinese have developed technology to protect its missiles from anti-missile defence systems. Missiles with bismuth demonstrate strong anti-magnetic properties that can protect them from being intercepted. The Chinese lead the world here and they don't want other countries to have this technological edge, so it has placed a ban on exports of bismuth.

China supplies about 65% of the world market, estimated to total 20,000 tpa. Laos, Korea and Japan make up the numbers but the USA doesn't produce any at all. Bismuth only ever occurs as a by-product and until now it was an annoyance, but look at the numbers below to see the dramatic impact on Castile's value.

The studies show that Castile can produce 500-550 tpa of bismuth in a concentrate. Using the recent price of US\$55/lb, this means the concentrate is valued at around US\$121,000 per tonne. Multiply it by 500 tonnes p.a., assume 70% payability terms and convert the number to Australian dollars and voila, you get a figure of \$64m in revenue from a product that wasn't previously anything more than a deleterious element.

Is it the hard \$ or the sentiment that is worth more?

The speculative market loves a good story more than fundamentals numbers. Here, it is a great story. China has one over America in this missile technology and it controls the market for bismuth. How long is Trump going to accept this? What price will he pay to regain the upper hand? Getting control of Castile may be a good start. Money is no object when Trump's pride is at stake!

We have seen how other stocks have skyrocketed when politics gets involved with financings, so why won't Castile? After all, it stacks up even without considering bismuth, which might just provide the tipping point for project finance.

Gold and copper prices

The PFS for the Rover Project released in 2022, used A\$2,640/oz. At A\$5,300 oz that represents an additional A\$76m gross revenue p.a. Likewise the copper price is higher than the US\$4.25/lb used. A re-run of the model would certainly make the project much more attractive than it was three years ago.

Just to remind you, the PFS from December 2022, estimated annual gold production to be 28,700 oz p.a. and 6,900 tpa of copper. Bismuth, cobalt and magnetite make up the balance of the production suite. Plant capacity is estimated to be 500,000 tpa.

The Mineral Resource is 5.58 Mt at 1.76 gpt gold and 1.49% copper, all in the Indicated and Inferred categories. Cobalt, bismuth and magnetite are involved as well. An Ore Reserve of 3.11 Mt at 2.02 gpt Au and 1.52% Cu has been calculated.

Exploration in the Tennant Creek Field

The Tennant Creek field is well known for hosting high grade gold and copper deposits associated with magnetite bodies. They may be limited in size but they make up for it with high grades. Many of them are "blind", occurring below 200m of younger rocks and therefore they do not outcrop. Exploration can be challenging. Companies like Emmerson have been on the hunt for many years but the path hasn't been easy. Likewise, Castile has exploration potential.

Last year the company disclosed it had conceptually proved the effectiveness of a seismic method called Ambient Noise Tomography (ANT) in identifying IOGC

mineralisation. It is hoped that this will improve the chances of finding hidden orebodies at depth.

Institutional activity is a double edged sword

Again we see that having an institution on the register is a double edged sword. It is a vote of confidence when they buy into a stock, but it can be a disaster when they try to exit a stock. Castile's share price has been under pressure lately because of institutional selling. The annoying observation is that institutions usually won't engage with a company to achieve an orderly exit. They just sell in the market and don't take phone calls, and that pisses off all other shareholders.

The Bottom Line

Castile is an oversold special situation stock that has great upside potential from here. The task for management is to make the market aware of its unique merits ... and the market needs to appreciate the narrative. We have seen how antimony stories have proliferated in a similar supply and demand story, but not bismuth stories. Why? It is because there are far fewer bismuth stocks so there is not as much noise.

Castile's Rover 1 Project is very real. A BFS is underway at present and this will highlight the significantly improved economics that come with higher metal prices and bismuth. Changes to the process flow sheet will also improve the numbers. Yes, the process route is complicated, but that is what happens when you seek to recover gold, copper, cobalt, bismuth and magnetite.

It will be interesting to see if punters buy the bismuth story. It is far more tangible and credible than the niobium one that has taken a few stocks to silly, unsustainable levels.

Disclosure: Interests associated with the author own shares in Castile Resources.

What is the Point of a 0.2m Assay at any Grade?

The ASX is our Lord and Protector, isn't it? It is there to ensure true and honest reporting, or so I am told. So why is it that it allows companies to report headline intersections of only 0.2m that are meaningless? Worse, to allow a company to say in the headline that there is a 1,148 gpt gold intercept can be grossly misleading. It allowed this reporting last week.

It is relevant to say in the text of a report that there was an ultra-high grade interval of 1,148 gpt, and place it in context, but it bordering on deceitful when it is the main heading.

We all know that gold deposition is extremely variable. Gold can be microscopic or it can be visible. When it is visible - an uncommon even in modern exploration - you will always get a very high grade if the visible gold appears in the proportion of the drill hole that is assayed.

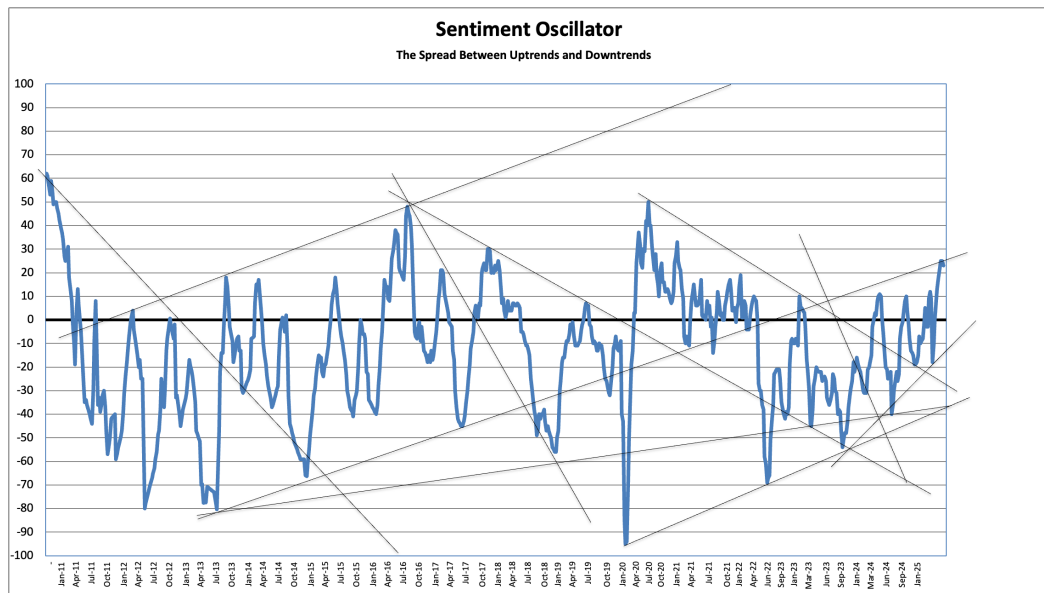
As exciting as it seems, the presence of nuggety or visible gold is actually problematic in the calculation of a gold resource. Isolated assays are usually subject to a top cut e.g. 10 or 20 gpt, such that the 1,148 gpt interval is largely irrelevant. If such a grade was appearing frequently in a deposit it may need some adjusting of the top cut to better reflect the true nature of the orebody, but in most cases a grade like this is either from hitting a nugget or a supergene zone. Judging by the depth of the interval above, it may suggest that there is a high-grade supergene zone that might appear over 2-3m in thickness, as oxidised ore transitions into primary ore. The postulated supergene zone may account for 1-3% of the total resource and be a lovely sweetener, but you can't build a mine around such a small horizon.

As always there are exceptions. A narrow high grade mine with veins of 30-50cm in thickness, grading 20-30 gpt, can be a very profitable situation provided the dimensions of the mine and processing plant match the small tonnages that can be physically delivered. If you had over 1,000 gpt in a cogent vein system you would be over the moon with joy, but I have never seen one.

So, back to the point. It is incumbent on companies to responsibly report grades and not try and excite the market with highly selective reporting. It is not enough to technically comply with Chapter 5 of the ASX Listing Rules that might let you get away with it.

Ramp the shares and do a placement!

While doing the charts for the last two weeks, I observed a number of companies had a spike in the share price and then they had a placement. What is going on here? Is it legitimate to ramp the share price and do a placement, just to have it collapse after the placement is done? Is this a way of compensating for the discount of 20% and more that brokers try to impose on companies when doing a placement? A share price that runs before a placement usually looks very fishy. Someone, but not everyone, will be "in the know."



Sentiment Oscillator: Sentiment is softened slightly. There were 49% (50%) in uptrend and 26% (26%) 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		at new highs
Metals and Mining	XMM		heavy fall to downtrend line
Energy	XEJ		surge out of downtrend
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	softer on repriced SPP	phosphate, gold
Alkane Resources	ALK	rising	gold
Alicanto Minerals	AQI	testing downtrend	base metals, silver, gold
Alligator Energy	AGE	shares spiked, then a placement	uranium
Almonty Industries	AIL	surge to new high	tungsten
Alpha HPA	A4N	back into downtrend	HPA
American Rare Earths	ARR	testing downtrend	rare earths
Anax Metals	ANX	new low after placement	copper
Andean Silver	ASL	rising again	silver
Arafura Resources	ARU	rising	rare earths
Ardea Resources	ARL	breached uptrend	nickel
Arizona Lithium	AZL	new low	lithium
Astral Resources	AAR	rising	gold
Aureka	AKA	still in downtrend	gold exploration

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Auric Mining	AWJ		down	gold
Aurora Energy Metals	1AE		heading down again	uranium
Aurelia Metals	AMI		collapse on guidance announcement	copper + base metals
Aurum Resources	AUE		rising	gold
Australian Gold and Copper	AGC		testing downtrend	base metals, silver, gold
Australian Rare Earths	AR3		down	rare earths
Australian Strategic Materials	ASM		spike then SPP and placement	rare earths
BHP	BHP		testing uptrend	diversified, iron ore
Ballymore Resources	BMR		rising	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		spike through downtrend	gold
Black Cat Syndicate	BC8		off its highs	gold
Boab Metals	BML		spike then a placement	silver/lead
Brazil Critical Minerals	BCM		new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE		spiked higher	rare earths
Brightstar Resources	BTR		ST down	gold
Caravel Minerals	CVV		down	copper
Carnaby Resources	CNB		new uptrend	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		surge higher	gold
Cazaly Resources	CAZ		spiked higher	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		new uptrend	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		sideways	gold
EQ Resources	EQR		down	tungsten
Estrella Resources	ESR		rising	manganese
Evolution Mining	EVN		rising	gold
Felix Gold	FXG		pullback	gold exploration, antimony
First Graphene	FGR		down	graphene
Fortescue Metals	FMG		breached ST uptrend	iron ore
Genesis Minerals	GMD		rising	gold
Globe Metals and Mining	GBE		down	niobium
Gold 50	G50		spike then retracement	gold exploration + gallium
Golden Horse	GHM		rallying after a correction	gold exploration
Great Boulder Resources	GBR		steeply higher	gold exploration
Green360 Tech (was Suvo)	GT3		steeply higher	kaolin

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Hamelin Gold	HMG		rising	gold exploration
Heavy Minerals	HVY		new high	garnet
Hillgrove Resources	HGO		testing 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		rising gently	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		new high	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		rising	gold exploration
Novo Resources	NVO		rising gently	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		breached downtrend	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		turning down again	nickel/cobalt/HPA
Regis Resources	RRL		new high	gold
Regergen	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		down	diversified, iron ore
RTG Mining	RTG		breached uptrend	copper
Rumble Resources	RTR		testing uptrend	zinc exploration
S2 Resources	S2R		down	gold exploration

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Santana Minerals	SMI		heavy fall	gold
Santos	STO		spike higher on takeover approach	oil/gas
Sarytogan Graphite	SGA		rising	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		rising	gold exploration
Southern Palladium	SPD		spike then a placement	PGMs
Stanmore Coal	SMR		sideways	coal
St George Mining	SGQ		rising again	rare earths, niobium
Stellar Resources	SRZ		testing downtrend	tin
Sun Silver	SS1		higher	silver
Talga Resources	TLG		down	graphite
Tamboran Resources	TBN		testing downtrend	gas
Terra Uranium	T92		testing downtrend	uranium
Theta Gold Mines	TGM		rising again	gold
Toro Energy	TOE		breaching downtrend	uranium
Torque Metals	TOR		breached downtrend	gold exploration + lithium
Trigg Minerals	TMG		surged higher	antimony
Verity Resources	VRL		falling	gold
Vintage Energy	VEN		sideways	gas
Vertex Minerals	VTX		breached downtrend	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		breached uptrend	copper exploration
WIN Metals	WIN		breached uptrend	gold
Yandal Resources	YRL		back to lows	
Totals	49%	63	Uptrend	
	26%	34	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. 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	32	24.8%	
Gold Exploration	18	14.0%	
Copper	13	10.1%	
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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