

Hypothesising as to Why Equity Markets are so Strong

It is hard to believe the various equity markets in the USA and Australia are so strong when there is little reason to explain it ... except the expectations for a falling interest rate. Could it be that simple? The Economist had a few things to say on the matter.

First of all it gives a glass half full assessment of the world economy, saying just 5% of countries are on track for a recession, according to IMF data—the least since 2007. Unemployment in the OECD club of rich countries is below 5% and close to a record low. In the first quarter of 2025 global corporate earnings rose by 7% year on year. Consumers across the world, despite claiming to be down in the dumps, spend freely. On almost any measure, the world economy is basically fine. More than half the rich world's stock markets are within 5% of their all-time high.

The Economist talks about how the markets have learned to live with polycrisis, a term it uses to account for all the global conflict and disruption we read about every day. It seems to be saying this is the new reality, to which markets have become immured to. They have become shock absorbent. Wall Street's fear gauge, the VIX, an index of stock market volatility, is running below its long-term average. So there is a puzzle: chaotic geopolitics and a placid economy with rising stock markets.

Have the markets really evolved to this attitude, or is it just a case of hypothesising? Only time will tell. In the meantime, the resource stock markets will always have its own stock specific concerns that will override general trends.

Flagship - all about leverage on low grade

Flagship Minerals (FLG) is another one of those companies that was founded on lithium and battery input commodities. It IPO'd as Pan Asia Metals in October 2022, but has since switched to the Flagship Minerals name in early 2025, with a completely different focus; out with Asia and in with Chile! Forget EV metals. The strategy is now to acquire and possibly develop oxidised gold/copper projects in "superior" jurisdictions.

The Maricunga Gold Belt

The first project Flagship has moved on is the Pantanillo Gold Project in Chile. It is in good company in the Maricunga Gold Belt where other companies have defined 65 Moz in orebodies along a 160 km trend length such as;

- Newmont - 27.3 Moz - Norte Abeirto - 1,660 Mt @ 0.51 gpt
- Kingsgate - 1.32 Moz - Nueva Esperanza - 39 Mt @ 0.39 gpt
- Kinross - 10.7 Moz - Maricunga - 506 Mt @ 0.66 gpt
- Kinross - 9.1 Moz - Lobo-Marte - 260 Mt @ 1.09 gpt
- Rio2 - 5.7 Moz - Fenix - 480 Mt @ 0.37 gpt
- Pan America - 2.04 Moz - La Pepa - 119 Mt @ 0.53 gpt
- Hochschild - 11.5 Moz - Volcan - 538 Mt @ 0.64 gpt

Note that the lowest grade project, Fenix, converts to a reserve grade of 0.48 gpt. It is currently developing a dump leach project that is about 40% complete, costing A\$180m and is funded by a royalty stream with Wheaton Precious Metals. Water is always a scarce commodity in Chile. Here, treated waste water is to be trucked 160 km, at a cost of approximately US\$200/oz. AISC are estimated at US\$1,237/oz. Felix sits at an altitude of 4,900m. For all that, the market capitalisation is C\$663m.

Pantanillo - modest but with potential

Pantanillo is rather modest in comparison, with 47 Mt at 0.69 gpt for 1.0 Moz (80% Measured), but this is the starting point. It is probably at least twice the size based on past drilling and pit shell economics, with more to come. What makes FLG stand out is that it has a tiny market capitalisation of only \$11m. All of the above companies are substantially larger. TSX-listed Rio2, with Fenix, is capitalised at about A\$775m.

It is always a challenge for under-funded junior companies to acquire a project of substance, but not impossible. Here, FLG has to pay \$12.6m but not right now. There is an \$12m balloon payment due in Year 5 to secure a 100% interest, less a 2% NSR, but with a buyback right of half of this for \$5m. That leaves plenty of time to find out just how big the resource could be, before stumping up with the serious acquisition money.

The NI 43-101 Report was based on a drilling grid that was mostly on a 100m x 50m spacing, using a 0.3 gpt lower cut-off. The pit has been designed to a maximum 300m depth, but it averages 200m, covering oxide and mixed zones only. There is minimal copper at only 200 ppm. Pantanillo is in the mountains at an altitude of 4,600m - lower than Fenix.

Anglo Ashanti first drilled the property in the 1980s. Subsequent programmes were undertaken by Kinross and Orosur Mining. Anglo still has custody of the data base that contains results from 20,500m of drilling (50% DD), with the deepest hole reaching 700m vertical. That returned 440m at 0.49 gpt, from 260m down hole. Recreating the data today would cost at least \$US20m. Anglo has agreed to share the information with Flagship for a charge of \$1m, payable over three years.

This was assessed as a heap leach project with over 1,300 bottle roll tests being undertaken, and column leach testing, concluding in expectations of a 75% recovery rate for the oxidised ore that holds about half of the resource. Transition ore recoveries fall to 55-60% and sulphide recovery will be much lower again, with the latter being essentially refractory. More test work will be required.

Flagship believes it can double the contained ounces by 100%, to 2 Moz, at minimal expenditure. The first step will be to run the model with up to date gold prices and perhaps adjust the 0.3 gpt cut-off grade. That may be sufficient for a

100,000 oz p.a. gold mine for 10 years, on a treatment rate of 7-8 Mtpa. The existing resource was calculated on gold price of only US\$1,035/oz.

The Bottom Line

Flagship is all about leverage; leverage to the gold price and to a restatement of resources at the latest gold price. The grade is low, but that is not an issue for heap leaching. It is better than Saturn's Apollo Hill in WA, and RIO2's Fenix. That is where the leverage to the gold price comes in. Right now, buying shares is all about positioning for that leverage.

The EV/oz of resources is about \$12/oz, compared with the average of its peer group with \$90/oz. That suggests it is cheap at the moment. Have a look at the graph on page five of the presentation on the FLG website.

There is no obvious reason why Flagship will not be able to develop a mine, provided it recruits first class operators and it can raise the money. However, the smart move will be to advance the project and sell it for a profit, or JV it with a good technical group.

The Company has less than \$1m in the bank so the market is probably waiting until it sees what strategy it will employ to boost the cash. Maybe it will be a simple placement, but at what discount? Will it have options attached? Its main concern right now should be attracting a broker who will stick with the stock rather than putting flippers on the register ... for a quick trade.

Auric Mining - now for the next project, Munda

Auric Mining was a star performer in 2024, with the shares rising rapidly from 4.2¢ in September to peak at 37¢ in October. However, it has been a oneway street since then with the price hitting a low of 16¢ on 30 June, 2025. Have the wheels fallen off, or what? I don't think so. Early shareholders have made good money and you can't hold it against them for taking profits. Perhaps it is time to reload for the next upward movement now that the recent placement at 18¢, that raised \$6.6m, has been digested by the market.

Making money from a modest start

Auric has been a good example of a junior gold company making money from recent gold prices by producing from gold deposits that aren't necessarily exciting at first glance. Nevertheless, the ability to acquire them and bring them into production using third party mills, is a valuable management skill on which to build the company.

Jeffreys Find is done, now for Munda

The re-rating of the share price last year happened on the back of the Jeffreys Gold Mine that was joint ventured, 50:0, with BML Ventures Pty Ltd. It was always going to be a modest start, recovering 40,000 oz of gold with expectations of a net \$16-17m to Auric, on an outlay of only \$1.5m. The FMR and then the Focus mill at Coolgardie was employed in a batch treating contract. That exercise has just drawn to a close with final cash distributions expected soon. The recovered grade of the last batch appears to be lower than expected, which will mean a couple million dollars less in distributions, but nonetheless it has been a successful exercise for the Company.

The next cab off the rank is the Munda Gold Mine where there is a resource of 3.6 Mt at 1.23 gpt for 145,000 oz,

using a 0.5 gpt cut-off grade and a 6:1 waste to ore ratio. The Starter Pit is scheduled to produce 125,000 tonnes at 1.8 gpt to a depth of 35m, over six months to recover 6,100 oz of gold, but there should be more gold, later.

Munda is in a good structural setting at the meeting of NE-SW and E-W cross cutting faults. There was previously a tiny open pit opened up by Resolute Mining in the late 1990s, but it has otherwise been unexploited.

The first ore is due to be trucked 100 km to the BC8 plant at Lakewood, immediately south of Kalgoorlie, in October. Trucking will cost 16-18¢/t/km.

The next step in the plan will be to extend the pit to recover 500-600,000 tpa for treatment at another, as yet undisclosed mill. The Company presentation lists a table of good, deeper drill holes down to a depth of 140m vertical, but these are yet to be incorporated in a mineable resource. Longer term production at Munda could start in mid 2026, at a rate of 20-25,000 oz p.a.

Lindsay's is in the pipeline of projects

Auric is planning to purchase the Lindsay's Project, 50 km NE of Kalgoorlie. It comprises eight tenements that include an historic narrow, high-grade gold mine and the Parrot Feathers gold deposit. Settlement is scheduled for September, at a cost of \$4m, 50:50 cash and shares.

Burbanks Mill is another acquisition under contract

Auric is thinking ahead with an intention to purchase the disused, 200,000 tpa Burbanks Mill for \$4.4m. Located 15 km outside of Coolgardie, it may come in use further down the track but there is a lot of work required first as it was last in use 10 years ago. It is small, and would probably need to be expanded to a capacity of 500,000 tpa to be economic. A new plant of this size could cost \$45-\$50m, but Auric thinks it can achieve the same result from less than \$10m. Building a new tailing facility is an important consideration.

The Bottom Line

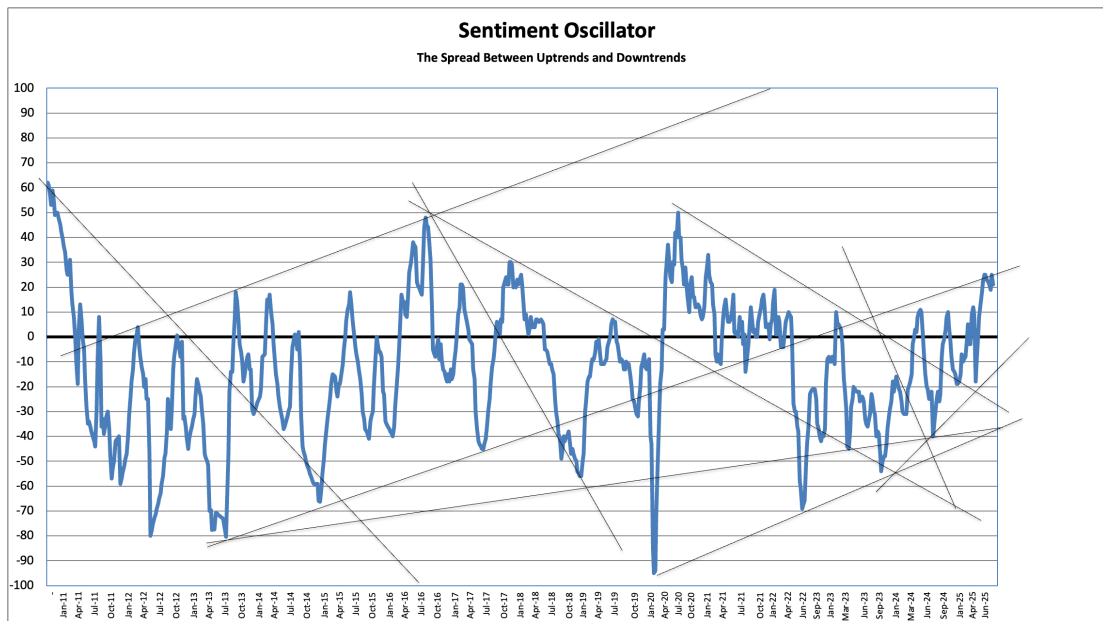
Auric's market capitalisation has fallen to about \$30m. It has \$8m in the bank with Lindsays expected to cost \$2m and the Burbanks Mill to cost \$4m. More proceeds from Jeffreys will be received in the current quarter - perhaps \$3-4m. So, at this point it is not expecting to raise further equity funds in the near term. There is plenty of room for the share price to recover from these levels.

Let the Phosphate Project Step up to the Plate!

On Thursday, Agua Resources (AGR) made a detailed announcement regarding the improving economics of its Tres Estrades rock phosphate project in Brazil. It stopped short of providing guidance, preferring to allow the escalating phosphate price to do the talking. The main figures to focus on were the current market price of A\$220 pt in Brazil, compared to expected costs of less than A\$70 pt. That is a cash operating margin of > 200%. Then look at the unusually low capex hurdle of only A\$3m, from this point.

Most of the recent focus has been on the Santa Barbara gold project and the time it is taking to hit production targets, but the Company is not a one shot wonder. It has a potentially very profitable phosphate operation that could be in production in six months. It is time to elevate the phosphate profile in the minds of shareholders.

Disclosure: Interests associated with the author own shares/options in Agua Resources. The author is Chairman of the Company.



Sentiment Oscillator: Sentiment a little last week. Strangely, a number of the leading gold stocks have breached uptrends. There were 45% (47%) in uptrend and 24% (22%) 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	strong rally	
Energy	XEJ	surge out of downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	breached support line	phosphate, gold
Alkane Resources	ALK	correcting lower	gold
Alicanto Minerals	AQI	back to support line	base metals, silver, gold
Alligator Energy	AGE	down after placement	uranium
Almonty Industries	AIL	surge to new high	tungsten
Alpha HPA	A4N	improving	HPA
American Rare Earths	ARR	pullback on placement	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

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Arizona Lithium	AZL		new low	lithium
Astral Resources	AAR		back to support line	gold
Aureka	AKA		still in downtrend	gold exploration
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		spiked through downtrend	rare earths
Australian Strategic Materials	ASM		spike then SPP and placement	rare earths
BHP	BHP		new uptrend confirmed	diversified, iron ore
Ballymore Resources	BMR		rising	gold exploration
Barton Gold	BGD		off its highs, breached steep uptrend	gold exploration
Beach Energy	BPT		at resistance line	oil and gas
Beetaloo Energy	BTL		testing downtrend	breached down trend
Bellevue Gold	BGL		sideways	gold
Besra Gold	BEZ		still down	gold
Black Cat Syndicate	BC8		down	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		gentle uptrend	rare earths
Celsius Resources	CLA		at lows	copper
Centaurus Metals	CTM		sideways	nickel/cobalt/HPA
Challenger Gold	CEL		surge higher	gold
Cobalt Blue	COB		breached uptrend	cobalt
Cyprium Metals	CYM		rising	copper
Delta Lithium	DLI		sideways	gold/lithium
Emerald Resources	EMR		back to highs	gold
Emmerson Resources	ERM		sideways	gold
EQ Resources	EQR		burst out of downtrend, then pullback	tungsten
Estrella Resources	ESR		pullback	manganese
Evolution Mining	EVN		testing uptrend	gold
Felix Gold	FXG		pullback	gold exploration, antimony
First Graphene	FGR		strong rise	graphene
Fortescue Metals	FMG		breached ST uptrend	iron ore
Genesis Minerals	GMD		testing uptrend	gold
Globe Metals and Mining	GBE		down	niobium
Gold 50	G50		spike higher on discovery	gold exploration + gallium

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Golden Horse	GHM		testing downtrend	gold exploration
Great Boulder Resources	GBR		steeply higher	gold exploration
Green360 Tech (was Suvo)	GT3		down	kaolin
Hamelin Gold	HMG		down	gold exploration
Heavy Minerals	HVY		new high	garnet
Hillgrove Resources	HGO		testing downtrend	copper
Iltani Resources	ILT		down	antimony
Iluka Resources	ILU		strong bounce	mineral sands
Jupiter Mines	JSM		improving	manganese
Kaiser Reef	KAU		sideways	gold
Kalina Power	KPO		new uptrend	carbon sequestration
Koba Resources	KOB		breached downtrend	uranium
Larvotto Resources	LRV		testing uptrend	gold, antimony
Lindian Resources	LIN		breached uptrend	rare earths + bauxite
Lotus Resources	LOT		rising again	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		rising again	bauxite
Midas Minerals	MM1		new high	lithium
Native Mineral Resources	NMR		steeply higher	gold
New Murchison	NMG		rising	gold
New World Resources	NWC		rising	copper
Nexgen Energy	NXG		rising	uranium
Northern Star Res.	NST		down	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		sideways	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		strongly higher	lithium
Peninsula Energy	PEN		suspended	uranium
Perseus Mining	PRU		correcting lower	gold
QMines	QML		still down	copper
Queensland Pacific Metals	QPM		turning down again	nickel/cobalt/HPA
Regis Resources	RRL		breached uptrend	gold
Renergen	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		at resistance line	diversified, iron ore

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RTG Mining	RTG		breached uptrend	copper
Rumble Resources	RTR		breached downtrend	zinc exploration
S2 Resources	S2R		down	gold exploration
Santana Minerals	SMI		sideways	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		sideways	gold exploration
Southern Palladium	SPD		spike then a placement	PGMs
Stanmore Coal	SMR		improving	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		consolidating above lows	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		consolidating	antimony
Verity Resources	VRL		bouncing	gold
Vintage Energy	VEN		sideways	gas
Vertex Minerals	VTX		breached downtrend	gold
Warriedar Resources	WA8		sideways through uptrend	gold exploration
Westgold Resources	WGX		correcting lower	gold
West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		new uptrend	coal
White Cliff Minerals	WCN		sideways through downtrend	copper exploration
WIN Metals	WIN		breached uptrend	gold
Yandal Resources	YRL		burst out of downtrend	
Totals	45%	58	Uptrend	
	24%	31	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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