FAR EAST CAPITAL LIMITED
Suite 24, Level 6, 259 Clarence Street
SYDNEY NSW AUSTRALIA 2000
Mobile Telephone: +61 417 863187
Email : wgrigor@fareastcapital.com.au
AFS Licence No. 253003 ACN 068 838 193

FAR EAST CAPITAL

The Mining Investment Experts

Weekly Commentary

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Chart comments updated on Friday's close

Analyst : Warwick Grigor

GBM is an appealing prospective gold producer in Qld

Gold looked great last week, rising over 7% in just five days. So, we should not be too worried about the profit-taking on Friday night. Gold does appear to be back in favour following the correction and consolidation over the last six months.

Sentiment has continued to improve with the Oscillator continuing to strengthen. Money is coming back into the market, so follow the money.

One stock we have been following closely is GBM Resources, a Middlemas-related company with 1.84 Moz in resources in the Drummond Basin in Queensland. We give a brief summary this week.

Grigor Sentiment Oscillator	
Charts in Uptrend:	38% (35%)
Charts in Downtrend:	30% (35%)

GBM Resources is waiting to be repriced.

GBM Resources is a non-descriptive name for a gold company operating in one of Australia's best-known Paleozoic epithermal basins, the Drummond Basin in Queensland. The discovery of this new style of mineralisation in the 1980s led to the development of Belyando (Ross Mining), Pajingo (Battle Mountain), Wirralie (ACM) and Yandan (WMC), amongst others. More than 4.5 Moz of gold have been produced from the Basin. Economics were very different in the 1980s and 1990s, but all of these mines were nevertheless profitable. As with other goldfields, the prospective geology will lead to more mines with this gold price.

A winding corporate path to get here

GBM had a convoluted path to get to where it is today. Very briefly, GBM began assembling Drummond Basin leases in 2015, which currently requires $13m in environmental bonds. As a result of the holding costs, the group took out a $10m convertible note with Melbourne financiers, but that turned problematic. Next, an interested Hong Kong group entered into a joint venture that subsequently stalled. GBM then turned to the experienced and successful Ian Middlemas and his Apollo Group to employ its corporate skills and "unscramble the egg". Apollo undertook detailed due diligence and decided to get involved, with its associates ending up with 11-12% of the expanded capital.

The ringleader for the Hong Kong interests is a family office called Wise Walkers, now with circa 18% of the capital of GBM after a $40m raising in late 2025, at 5.3¢ a share. Other, unassociated parties would probably hold around another 15% of the issued capital.

The market capitalisation on Friday's close of 2.4¢ was $117m owing to the 4.9 billion shares on issue. So, it is being given some respect in the marketplace, but it looks underpriced in my opinion. At 30 June, it was very well funded with $31m in the bank.

Strong mineral resource base already

GBM has three resource positions already that total 1.84 Moz:

- Twin Hills 23.1 Mt at 1.3 gpt for 1.0 M oz
- Yandan 15.8 Mt at 1.0 gpt for 0.51 Moz
- Mt Coolon 6.6 Mt at 1.5 gpt for 0.33 Moz

Note that 90% of these are on current mining leases and 59% are in the Measured and Indicated categories. The real exploration prize will be the discovery of feeder zones from down deep.

Drilling to increase confidence, grades, and tonnes

Since February, GBM has been drilling 25,000m of resource-development holes at the 309 and Lone Sister deposits, at Twin Hills. Assays for only the first half of these holes have been received so far. The slow turnaround has been attributed to, amongst other things, a shortage of borax (flux used in fire assays) due to the Iranian War.

Results to date point to extensions of the breccia host mineralisation of at least 700m in strike. The Mineral Resource will be reassessed by the end of 2026, with a PFS expected by mid-2027.

A possible development for 100,000 p.a.

It is way too early for the Company to say anything (due to ASX rules), but we can find numbers on similar-sized operations elsewhere. Horizon Gold (HRN) is as good as any to look at.

Horizon is looking at 88,000 oz p.a. from a 2.4 Mtpa mine with pre-production capex of $350m, in WA. AISC will be A$2,995/oz and capex payback will be 23 months. This is based on an Ore Reserve estimate of 18 Mt at 1.24 gpt for 728,000 of gold. Horizon's market capitalisation is $224m.

At GBM, the main operation will be at Twin Hills but there will be the ability to feed from the other locations as well. The resource and grade numbers are expected to improve following the current drilling program. The applicable operating parameters will be similar to Horizon, but likely with higher grade and therefore the gold production could be 10-15% higher. A flotation circuit followed by CIL recovery, and associated capex, will probably cost around $350-400m. GBM's market capitalisation is $117m, but it will probably take a couple of years longer to get into production than Horizon.

The Bottom Line

GBM is starting with a very useful gold resource in a previously productive gold region. You can be reasonably assured that it will progress to becoming a gold producer in due course. We can compare the economics with other prospective producers such as Horizon Gold, and on that basis the shares look good value. This is a story that the market does not yet fully appreciate.

The corporate and operational management is unusually well qualified. The cash balance is strong at about $30m. The shares have recently broken out of a long-term down trend, which is always a positive. What's not to like?

Fertiliser Shortage in Brazil is Getting Serious

The Brazilian Government has been spurned into action as the country is facing a serious shortfall in fertiliser supplies, announcing a R$10 billion (A$2.7bn), five year incentive program to support domestic fertiliser production. This is perfect timing for Aguia Resources as it is ramping up phosphate production at its Caçapava processing operation. The Company is optimistic that it will be a beneficiary of this initiative as it progressively expands phosphate production in subsequent developments.

Disclosure: Interests associated with the author own shares in Aguia Resources, and the author is a director.

An Interesting Week in the Life of a Spec Stock

I was looking at how Yandal Resources (YRL) had fallen out of bed in recent weeks while the rest of the market was recovering. At one point I thought it was because Regal had been selling shares because its substantial shareholding percentage was down, but it had actually bought more shares!

Company directors can easily feel under pressure when the share price falls and shareholders ring up to complain. Maybe there is a reason, but maybe there are just more sellers than buyers. In any event, even at 12.7¢ the market capitalisation was still high given what had been reported to the market.

The turnaround

Last week the shares had fallen to 12.7¢, having some heavy selling (for that stock), but by the end of this week it had recovered to hit 16.5¢. There were a number of factors that contributed to the recovery. Was it the drill report referring to high grades **Arrakis**?

From my view there was nothing spectacular about the holes reported. To call them high-grade results is a bit generous, especially given the depths. We got the usual mix of high-grade zones within broader intercepts, but that of itself is not really high-grade when you are looking at intervals mostly in the range of 2-4 gpt. The domain has been extended by the drilling but is it high-grade? I would have just said "useful grade".

It will be interesting to see if the share price reacts much. Interestingly, Shaw & Partners is very bullish, having just released a research note saying that Yandal has a 51¢ share price target over the next 12 months. Shaws said that Arrakis has a mineralised strike of ~1.3km to depths of ~200-250m, with possible extensions.

Arrakis remains more speculative than Yandal's 450,000 oz resource base elsewhere at **Flushing Meadows** near Wiluna (265,000 oz at 1.1 gpt), and **Mt McClure** (182,000 oz at 1.7 gpt), near the Bronzewing processing plant, currently idle.

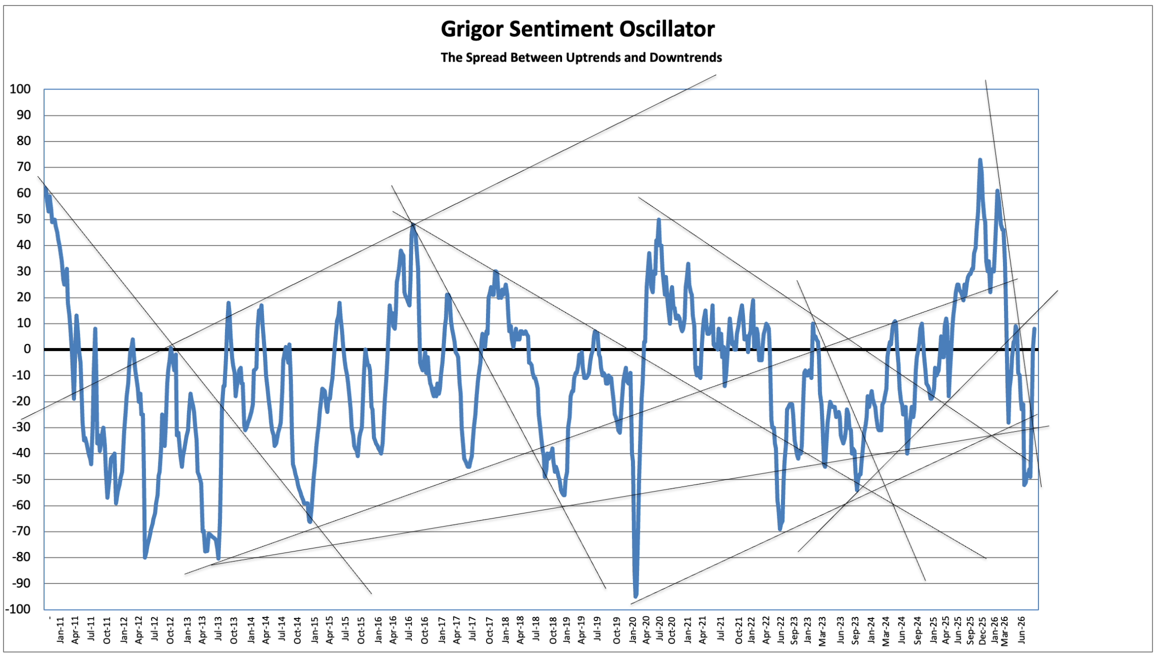
The Bottom Line

The recovery in the share price was on small volume compared to that when the shares were falling. That itself suggests that the seller has stopped selling, and this was a "relief rally". To be sustainable, there needs to be more buying.

Shaw's target valuation implies a market capitalisation of $194m, a hell of a lot higher than the current price tag of $63m (before dilution for options). I think this is optimistic though never impossible.

NB: I didn't write this because I have an axe to grind on Yandal. I have a certain amount of respect for the manager and the shareholders, and wish them well, but even good companies can go through tough times. These are just observations on market dynamics at this juncture.

We have added Horizon Gold to the chart coverage.



Grigor Sentiment Oscillator: Sentiment recovered further last week as more downtrends were broken. There were 38% (35%) of shares under coverage in uptrend, and 30% (35%) in downtrend.

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		pullback	
Metals and Mining	XMM		back to highs	
Energy	XEJ		steep rise	
Stocks	**Code**		**Trend Comment (updated comments in bold)**	**Main Interest**
Aguia Resources	AGR		down after placement	phosphate, gold
Akora	AKO		testing downtrend	iron ore
Alkane Resources	ALK		bounced off support line	gold
Alligator Energy	AGE		pullback	uranium
Alpha HPA	A4N		falling	HPA
American Rare Earths	ARR		sideways	rare earths
American Tungsten & Antimony	AT4		steep rise	antimon
Anax Metals	ANX		rising again	copper
Andean Silver	ASL		surge to new high	silver
AnteoTech	ADO		down	batteries
Arafura Resources	ARU		new low	rare earths
Ardea Resources	ARL		breached downtrend	nickel
Ark Mines	AHK		surge out of downtrend	rare earths
Astral Resources	AAR		surge higher	gold
Aureka	AKA		**spike higher**	gold exploration
Auric Mining	AWJ		sideways through downtrend	gold
Aurora Energy Metals	1AE			uranium
Aurum Resources	AUE		surge out of steepest downtrend	gold exploration
Australian Gold and Copper	AGC		testing downtrend	base metals, silver, gold
Australian Rare Earths	AR3		**breached downtrend**	rare earths
Australian Strategic Materials	ASM		breached downtrend	rare earths
BCI Minerals	BCI		sideways	salt
BHP	BHP		good rise	diversified, iron ore
Ballard Mining	BM1		testing downtrend	lithium
Ballymore Resources	BMR		breached downtrend	gold exploration
Barton Gold	BGD		rising again	gold exploration
BCI Minerals	BCI		improving	salt
Beach Energy	BPT			oil and gas
Beetaloo Energy	BTL		new low	gas

Bellevue Gold	BGL		good bounce	gold
Black Cat Syndicate	BC8		testing downtrend	gold
Boa Resources	BOA		bounced on support line	copper
Boab Metals	BML		rising again	silver/lead
Brazilian Rare Earths	BRE		breached downtrend	rare earths
Brightstar Resources	BTR		good rise	gold
Broken Hill Gold (ex Pac Gold)	BH6		at highs pre placement	gold
Broken Hill Mines	BHM		rising	base metals
Canadian Phosphate	CP8		down	phosphate
Caravel Minerals	CVV		testing downtrend	copper
Carnaby Resources	CNB		spike out of downtrend on takeover	copper
Castile Resources	CST		improving	gold/copper/cobalt
Catalyst Metals	CYL		rising again	gold
Cazaly Resources	CAZ		down	rare earths
Centaurus Metals	CTM		testing downtrend	nickel/cobalt/HPA
Challenger Gold	CEL		heavy correction	gold
CNG Resources	CGR		consolidating after rise	gold exploration
Cobalt Blue	COB			cobalt
CuFe	CUF		breaching support line	bismuth, Cu, Au
Cyprium Metals	CYM		rising	copper
Energy Transition Metals	ETM		down	rare earths
EQ Resources	EQR		new high	tungsten
Estrella Resources	ESR		spike higher	manganese
Evolution Mining	EVN		breached downtrend	gold
Felix Gold	FXG		sideways at lows	gold exploration, antimony
Finder Energy	FDR			oil/gas
First Graphene	FGR			graphene
Flagship Minerals	FLG		sideways through downtrend	gold
Gateway Mining	GML		breached downtrend	gold exploration + gallium
GBM Resources	GBM		breaching downtrend	gold
Genesis Minerals	GMD		steep rise	gold
Globe Metals and Mining	GBE		back in downtrend	niobium
Gold 50	G50		testing downtrend	gold exploration + gallium
Golden Horse	GHM		good rise	gold exploration
Great Boulder Resources	GBR		new low	gold exploration
Green360 Tech	GT3		down	kaolin
Hamelin Gold	HMG		rising	gold exploration
Hawk Resources	HWK		breached downtrend	scandium
Heavy Minerals	HVY		down	garnet
Horizon Gold	HRN		uptrend	gold
Iltani Resources	ILT		down	antimony
Iluka Resources	ILU		testing downtrend	mineral sands
Investigator Resources	IVR		testing downtrend	silver

Kantra Copper (Hillgrove Resources)	KAN		rising	copper
Jupiter Mines	JMS		sideways	manganese
Kaiser Reef	KAU		rising	gold
Kingfisher Minerals	KFM		testing downtrend	copper expl.
Kalamazoo Resources	KRZ		breached downtrend	gold
Kalina Power	KPO		rising	data centre power
Koba Resources	KOB		rising	uranium
Larvotto Resources	LRV		testing downtrend	gold, antimony
Litchfield Minerals	LMS		new low	copper exploration
Lindian Resources	LIN		approaching support line - trading halt	rare earths + bauxite
Lode Resources	LDR		down	antimony, silver
Lynas Corp.	LYC		steep rise	rare earths
Mammoth	M79			gold exploration
Many Peaks	MPK			gold exploration
Marmota	MEU		down	gold/uranium exploration
Maronan Metals	MMA		rising	silver/lead
Matsa Resources	MAT		new low	gold
Meeka Gold	MEK		testing downtrend	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		rising again	rare earths
Midas Minerals	MM1		breached downtrend	lithium
Mithril Silver & Gold	MTH		testing downtrend	silver, gold
Native Mineral Resources	NMR		testing downtrend	gold
New Murchison	NMG		rising	gold
Nexgen Energy	NXG		testing downtrend	uranium
Novo Resources	NVO		down	gold exploration
Omega Oil	OMA		testing downtrend	oil
Pacific Lime & Cement	PLA		rising	renewables, cement
Paladin Energy	PDN		breached downtrend	uranium
Pantoro Gold	PNR		steep rise	gold
Patriot Battery Metals	PMT		at lows	lithium
Peninsula Energy	PEN		collapse	uranium
Perseus Mining	PRU		rising again	gold
Phosco	PHO		sideways	phosphate
Pilbara Minerals	PGL		testing downtrend	gold
PolarX	PXX			gold exploration, base metals
Power Minerals	PNN		new high	rare earths
QMines	QML		sideways	copper
Regis Resources	RRL		steep rise	gold
Revolver Resources	RRR		at lows	copper
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		steep rise	diversified, iron ore
Rox Resources	RXL		breached downtrend	gold
RTG Mining	RTG		new high	copper

Rumble Resources	RTR			zinc, gold, tungsten exploration
Santana Minerals	SMI		testing downtrend	gold
Santos	STO		at highs	oil/gas
Sarytogan Graphite	SGA			graphite
Scorpion Minerals	SCN		down	gold exploration
Sinclair Gold (was AQI)	SGC			gold exploration
Siren Gold	SNG		down	gold exploration
Skylark Minerals	SKM		down	gold exploration
Somerset Minerals	SMM		bounced off lows	copper exploration
Southern Palladium	SPD		rising	PGMs
Stanmore Coal	SMR		down	coal
St George Mining	SGQ		down	rare earths, niobium
Stellar Resources	SRZ		improving	tin
Sun Silver	SS1		breached downtrend	silver
Sunrise Metals	SRL		spike to new high	scandium
Tamboran Resources	TBN		sideways	gas
Theta Gold	TGM		on support line	gold
Tivan	TVN		resuming downtrend	fluorite
Torque Metals	TOR		new low	gold exploration + lithium
Toubani Resources	TRE		new low	gold
Verity Resources	VRL		down	gold
Vertex Minerals	VTX		steep rise	gold
Waratah Minerals	WTM		testing downtrend	gold exploration
Westgold Resources	WGX		steep rise	gold
West Wits Mining	WWI		testing downtrend	gold
Whitehaven Coal	WHC		**breached downtrend**	coal
White Cliff Minerals	WCN		sideways	copper exploration
WIN Metals	WIN		down	gold
Yandal Resources	YRL		down	gold exploration
Totals	38%	55	Uptrend	
	30%	44	Downtrend	
		145		

Guides to Chart Interpretations

- Charts usually go 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 represents 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 consistently 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 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 (or 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	35	24.1%	
Gold Exploration	23	15.9%	
Copper	13	9.0%	
Rare Earths	13	9.0%	
Uranium	6	4.1%	
Oil/Gas/Hydrogen	6	4.1%	
Silver	7	4.8%	
Iron Ore/Manganese	5	3.4%	
Antimony	4	2.8%	
Lithium	3	2.1%	
Graphite/graphene	2	1.4%	
HPA/Kaolin	2	1.4%	
Nickel	2	1.4%	
Scandium	2	1.4%	
Tungsten	1	0.7%	
Tin	2	1.4%	
Coal	2	1.4%	
Bismuth	1	0.7%	
Niobium	1	0.7%	
Potash/Phosphate	3	2.1%	
Base metals	1	0.7%	
Vanadium	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	
Cobalt	1	0.7%	
Other	7	4.8%	
Total	145		

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