

## ASX-listed South African Gold Stocks They continue to offer sound value

The usual quiet period after June, when school holidays dominate the calendar, is with us again. It is all part of “*sell in May and go away.*” Business still happens but without an underlying sense of urgency. So, we have taken the time to have a look at South Africa. Specifically there are two gold stocks that I have covered previously that need an update; Theta Gold Mines and West Wits (WWI). Both are still waiting to be embraced by the market.

The attitude of investors towards South Africa has, and continues to be, most anomalous. You can't say anything else when an established ASX-listed gold producer declines to participate in the redevelopment of a 5 Moz gold project in South Africa because it considers the country to be too high risk, yet that same company decides to develop a gold mine in Sudan. Most anomalous.

There is the BEE requirement for local companies to have a 26% carried interest in projects. That can be annoying but the rules are well understood. They can easily be factored into valuation and shares can be priced accordingly. Yet, there is still prejudice in the minds of investors. South Africa is not perfect but it has the best infrastructure in sub-Saharan Africa. It has one of the most advanced mining infrastructure and communities in the World. There is a British-based rule of law and a democracy that has never experienced a coup, yet there is a bias against the country. It is frustrating for the Australian companies who struggle to get market recognition for their projects.

### *West Wits is Getting Closer to Gold Production*

West Wits (WWI) has been progressing with its Qala Shallows Stage 1 Project. This has a published DFS showing a 17 year mine life to recover 924,000 oz, with steady state gold production of 70,000 oz. Being an underground development it will progressively take three years to achieve this level of production. The ore is to be treated through a Sibanye mill, 45 km away. The maximum development cash draw-down is about US\$45m at the current gold price.

The bigger picture, bringing into play Project 200, involves a 5 Moz JORC gold resource, 65% M&I, with eventual production of 200,000 oz p.a.

### *Funding is nearing completion*

WWI has made good, though slow progress, in securing US\$50m in debt finance from the IDC and ABSA. While that may seem to be sufficient, the lenders also require that WWI has another US\$25m in equity finance in order to lower the financial risk to the banks. Thus, there is perhaps an unnecessarily strong conservative flavour to the funding.

West Wits went to the market in June, aiming to raise A\$10m, but was heavily overbid, so it upsized the placement to A\$14m. The Chairman's list contributed \$6m of this amount. While this still left the need for further equity

raising it was a useful start. Significantly, US\$5m of this raising was used to restructure the South African BEE holdings. West Wits went from 66.6% of the project to 74%. It was a no-brainer and very beneficial to WWI shareholders. Here is why.

The previous BFS, at US\$2,200/oz, gave a post tax US\$366m NPV with an AISC of US\$977/oz over the mine life. Capex payback was very attractive at 1.1 years. WWI has paid US\$5m for the additional 7.4% of the Project that had an earlier value of US\$27m. That is a hell of a discount. How come? The BEE partner has been waiting for years to see a return and it is happy to cash out of some of its holding in return for money today.

If we ran the model at US\$3,200 oz I am certain the numbers would be much more exciting. Spending that US\$5m could be one of the smartest gold deals on 2025.

The share price ran to 3¢ ahead of the placement and fell heavily thereafter, because it is just too hard to eliminate all the flippers when doing a placement. They tell you they won't sell immediately, but it seems investors are allowed to lie with impunity but the companies aren't. That is the modern investing world.

So, the Company still needs to arrange another US\$15m before it is all systems go, to achieve the first gold production in Q4 of 2025. Discussions are continuing with a number of strategic investors that could fill the breach. In the meantime, pre-production activities are happening on site.

### *The Bottom Line*

I know that I am biased because I am a non-executive director and a long-term shareholder, but I think the project economics are excellent and that the shares are selling at a significant discount in the market. At 2.1¢ the market capitalisation is only A\$69m, yet the NPV will probably be much closer to A\$1bn once the BFS studies are revised. The fact that two conservative banks are prepared to lend US\$50m means there is considerable merit rather than being a case of directors' arm waving.

If we assume a NPV of A\$750m, the 7.4% additional holding purchased for A\$7m would be showing a 10x return on the investment. Very impressive.

Shareholders in WWI will know the meaning of the word patience ... if they are still there. The next three months will be very important as that is the time frame set for raising the additional funds. There could well be a run of enthusiasm thereafter as mining starts, but remember that the ramp up period to maximum production is three years. That is par for the course. Further patience is required.

So, putting it into stock market perspectives, this is an investment rather than a hot trade. There could still be volatility in the share price based around news flow on

financing as we have seen a trading range of 2-3¢ recently. There will at all times be excellent fundamental value in a rising gold market.

*Disclosure: Interests associated with the author own shares in West Wits and the author is a NED.*

### Theta Gold Mines also Approaching Production

Theta Gold Mines (TGM) is similarly progressing towards gold production in South Africa and the company has also experienced a lengthy time frame. Theta thinks it will be producing gold in 15 months, meaning Q4 2026. The project is located in the Eastern Transvaal Goldfields, near the town of Pilgrim's Rest. Theta holds a 74% interest.

The Feasibility Study released in July 2022, detailed an 80-100,00 oz p.a. operation for 13 years, drawing ore from four locations that will feed into a central mill. At the gold price of US\$1,642/oz it delivered an NPV US\$219m. At the current gold price this is probably going to be closer to US\$500m.

There is a strong resource base of 45.5 Mt at 4.2 gpt for 6.1 Moz in four main locations; Beta, CDM, Frankfort and Reitfontein. The more stringently calculated Ore Reserve is 2.9 Mt at 6.1 gpt for 558,000 oz. TGM is still awaiting the granting of the Mining Right for Reitfontein.

Some 87% of the reserve is located at the Beta and Reintfontein locations. The ramp-up period is 3-3.5 years for the underground mines. The AISC estimate is a modest US\$843/oz.

### Recent Financing News

In June, TGM announced that it had signed definitive agreements for the provision of a loan facility from IDC, the State owned development finance institution, for US\$35m. Funds are still subject to legal documents and a few other pre-conditions, but satisfying the due diligence is usually the main hurdle and that has been achieved. A A\$6m share placement was announced in early July, 2025, to top up working capital. If you do the numbers you will see that

Theta still has to raise more capital in the coming months but that should be a lot easier given the bank debt approval.

The peak funding requirement is expected to be about US\$86m, but we will see what the updated Feasibility Study tells us in August.

### Program for the Next 12 Months

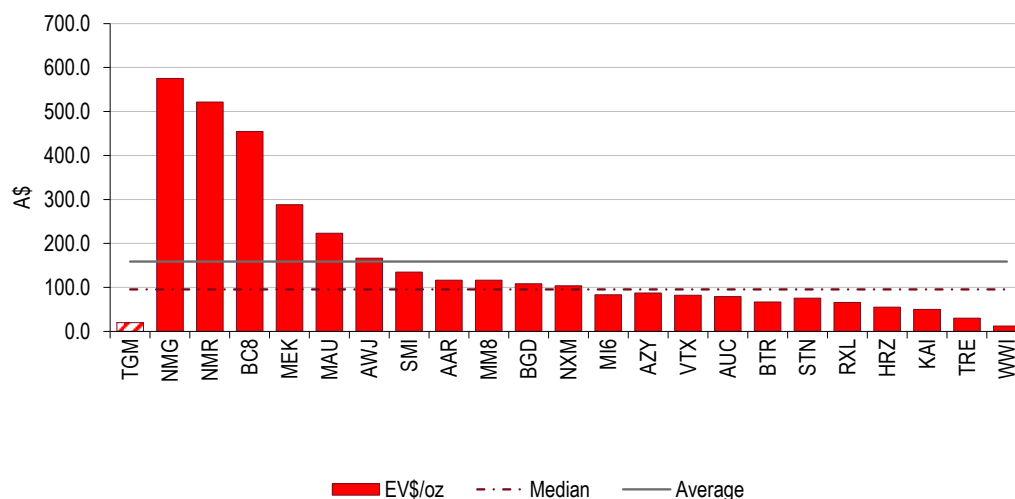
Having decommissioned the old plant, but leaving concrete foundations in place, the Company is now assessing a number of quotes for the new plant. This is intended to be constructed offsite in a modular fashion and transported to the location, where possible. Bulk earthworks are scheduled to commence within a few weeks. These constitute the longer lead time elements of the development. The plant capacity is expected to be 0.5 Mtpa in the first instance with a design that enables a doubling of the throughput at a later date. The first ore to be treated, in about 15 months, will come from existing dumps ahead of recovering ore from the Beta Mine.

### The Bottom Line

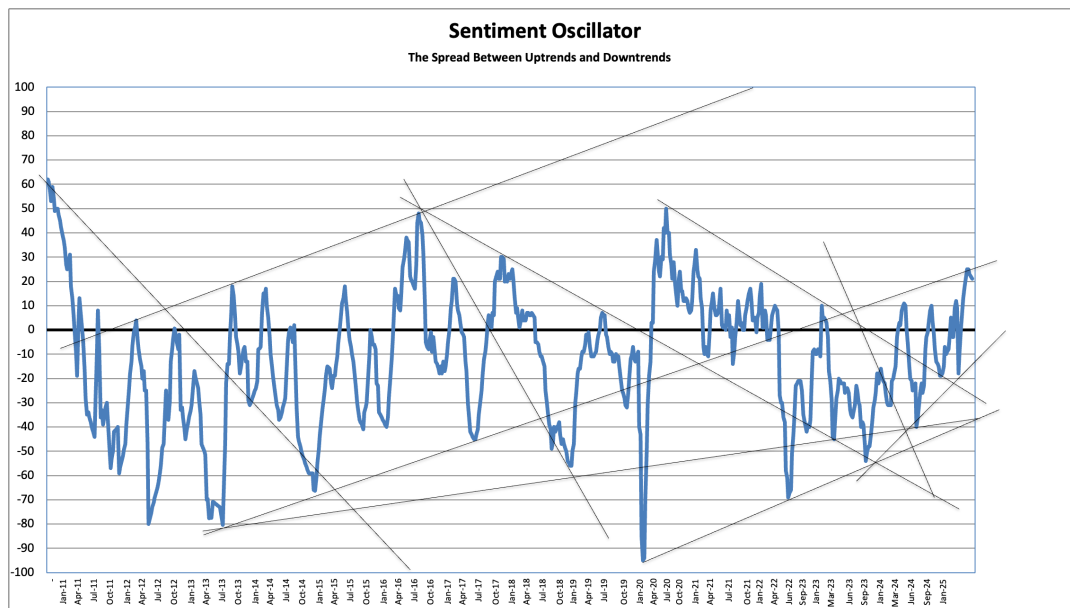
Theta has twice the market capitalisation as West Wits, at around \$120m. Its market liquidity is much less than that of WWI so it is not as easy to trade. Nevertheless, it still represents good value. This is clearly demonstrated in the graph below that I have borrowed from RaaS showing the EV per ounce. The ASX hates companies including such a chart without mountains of supporting evidence, but a broker/research house is not so constrained. The outstanding value of both TGM and WWI are clearly demonstrated. If you want real fundamental value, you should be going to these stocks. Eventually the spread of valuation between South African and other stocks will lessen ... but I don't know when.

As usual there are always a few more things to do before gold production starts, such as final financing, but we can see the light at the end of the tunnel.

**Exhibit 5: Peer comparisons (EV/Oz, A\$)**



Source: LSEG as at 1 July, RaaS analysis



**Sentiment Oscillator:** Sentiment was steady. There were 47% (48%) 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		strong rally	
Energy	XEJ		surge out of downtrend	
Stocks	Code	Trend Comment (updated comments in bold)		Main Interest
Aguia Resources	AGR		breached support line	phosphate, gold
Alkane Resources	ALK		rising	gold
Alicanto Minerals	AQI		new uptrend forming	base metals, silver, gold
Alligator Energy	AGE		testing support line	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
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		strong rally	diversified, iron ore
Ballymore Resources	BMR		rising	gold exploration
Barton Gold	BGD		rising	gold exploration
Beach Energy	BPT		down	oil and gas
Beetaloo Energy	BTL		testing downtrend	
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		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	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

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Gold 50	G50		spike then retracement	gold exploration + gallium
Golden Horse	GHM		rallying after a breached uptrend	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		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		breached uptrend	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
Renergen	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium

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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
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	47%	60	Uptrend	
	26%	33	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.

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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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