

Field trip to Aguia's Phosphate Operation Opening

The bear trend in the gold price gathered momentum last week with a heavy sell off on Friday. As night follows day, there will be further selling of gold equities this week. Where should the money go to next? You could do worse than switching to a new fertiliser stock.

I spent last week inspecting Aguia's Tres Estradas Phosphate Mine and the Caçaparva processing plant in Brazil. My written commentary will be limited to that visit. As a prelude, I will say that I was very pleased with what I saw and I have come back with more enthusiasm than previously, owing to the excellent progress that has been achieved. This looks like a great growth story.

The DB Processing Plant - great capex savings

I frequently caution readers about commission risk, being the period where all of the spreadsheets and processes are put to the test. Will the plant be fit for purpose? Will the design and construction of the plant be suitable for what it is intended and if problems are found - which often happens - what is involved in rectifying those problems?

Given the simplicity of Aguia's operation - free dig, trucking, drying, limited crushing and then bagging, the Caçaparva plant was never anticipated to be problematic. The process circuit is very simple and the soft ore ensures limited wear of equipment. The rehabilitation of the plant back to a near-new status, with minimal capex (A\$5m instead of A\$25m), has worked very well.

Within a week of turning on the plant on a one shift basis, saleable product has been produced. Pleasingly, the original plan to produce at 150,000 tpa on three shifts (assuming a conservative capacity utilisation rate) will be easily achievable. There are early indications that the plant can do 30% more i.e. 200,000 tpa. That extra tonnage will go straight to boosting the bottom line. So, the commissioning hasn't been a problem; ... tick!



Rotary Kiln in Operation

Aggressive sales campaign has kicked off

There is a team of up to 20 performance-based sales contractors from the local region out there pushing the product. First sales have been booked and there is optimism that revenue in the door in the month of June could be \$1-2m. Some buyers are even looking for two year contracts.

All up there will be at least 20-30 buyers from co-ops to large and small farmers that will be buying one tonnes bags or in bulk, as truck loads. All of the production is expected to be consumed within 300 km of the operation. The Company is hoping to advise shareholders of material sales contracts in the near future. The main point here is that the product is in demand.

Operating Margins will be Strong

The Iran War is a negative for so many industries but it is actually a fillip to fertiliser producers with selling prices jumping to reflect the tight supply. Aguia is in the right place at the right time. Rather than have to give generous payment terms to customers, the shortage of supply means the same people have to pay up front. Though small discounts may be required to begin with, as Aguia secures a market position, they will be much less than first anticipated a year ago.

Just to remind you, Aguia has released previously to the ASX (before the War) that anticipated selling prices will be in the order of A\$200-220 pt. Expect better, now. Cash operating costs have been estimated at around A\$65 pt, including trucking costs of \$25-30 pt.



First Mining Flitch

Human Capital and Management Capability

Getting the right management and a capable workforce, with the right work ethic and corporate loyalty are essential ingredients to a successful operation. Along with Diego Boeira, the General Manager, Tim Hosking has assembled an enthusiastic team of hard working locals who are pleased to have the opportunity to be involved at the ground floor of a brand new business with a great future. The regional community is equally enthusiastic. .

The Opening Ceremony last week at Lavras do Sul, the closest town to the mine, was well attended with about 300 people on the day. Not only did the townspeople come out, but several local and regional politicians stood up to take credit for the development. Pleasingly, even the Environment Department got up and told the audience that it was 100% behind the development. Now how often does that happen? The locals have the Company's back!



Tres Estradas Opening Ceremony

Expansion possibilities to consider

Over the next six months Agüia will undertake studies to determine what is the next best step in the growth path. Is it to double the capacity at the DB plant, or is it better to build a greenfields plant at the Tres Estradas Mine location? The expansion at the DB plant may cost \$5m and involve a shorter time frame. A new 300-400,000 tpa plant at Tres Estradas could cost \$15m, but would be substantially bank financeable (which would appease shareholders who complain about dilution).

A new plant would reduce operating costs by about \$25/tonne (a 30-40% reduction) due to the ability to obviate the 110 km trucking route. That is a big saving. It would also be a better location to serve the south-west of the state, and the Uruguay market.

The beautiful thing about a new plant at Tres Estradas is that is already fully permitted; i.e. none of the delays that invariably annoy shareholders. Construction and environmental licences have already been granted. The Operational Licence recently received is applicable for Tres Estradas, wherever the ore is processed, so it really can be fast-tracked.

If you do the numbers yourself you will see that there is a fast track to EBITDA of \$80m p.a. Technically this is still speculative, though it is well-founded. The studies to be released in about six months should provide confirmation.

Canhada Copper Prospect

Canhada is a grass roots copper exploration project not far from the Tres Estradas Mine. Copper mineralisation was first found there in the 1970s, but for a variety of reasons there has not been much follow up work, apart from a trench that showed chalcocopyrite and azurite copper mineralisation, shown below.



Azurite and chalcocopyrite mineralisation from Canhada

Canhada has real scale to it, being a 7km x 2 km anomaly. The geologist thinks there is potential for up to 30 Mt with a grade of 2% in the oxidised ore, and 1% Cu in the primary ore. Nothing has been done on the prospect since 2018, but Agüia thinks it may drill some 100m deep holes before the end of 2026. We will start to get a better idea then.

But what about the gold?

The last 12 months for Agüia have had their operational challenges at the Santa Barbara Gold Project, but to be realistic, you will not find an underground gold mine anywhere in the world that gets to home base in only a year. You may get the ball rolling but it takes time to develop such an operation.

The previous mine management was found to be lacking so it was replaced. Now, since January, the mine and the plant have improved in performance every month on a significantly reduced workforce. There is now a much better understanding of the physical performance of the veins under tight mining conditions. The metallurgical characteristics are much better appreciated and gold recoveries have been improving, as disclosed in the ASX releases. The next level has been accessed and is now being developed for ore production.

A classic mistake with underground mines is trying to progress too quickly. Shareholders pressure the company

to be hitting wonderful production numbers faster than is realistic. Anxiety is the dominant emotion and the results can actually compromise production. Santa Barbara has passed through this stage of development, both physical and mental, and it is now being prudently advanced to optimise the future.

Colombia has some great gold mines but they all start off small, and grow over time. Progress is dictated by the physical characteristics of the veins. Santa Barbara is no different. The strategy here is to enhance the value of the mine, to breakeven soon, and to resume exploration drilling later in 2026. The bottom line here is that Santa Barbara is a great asset that has to be worked carefully to enhance production and to expose the upside potential. But, for the moment, the spotlight is on the phosphate.

Closing Thoughts Following the Phosphate Mine Visit

I am very pleased with what the team has been achieving in Brazil. The master stroke was to appoint Tim Hosking, previously Country Manager for Brazil, to the position of Managing Director and CEO. It was great to see the results of his no fuss, effective leadership style last week. I have come back to Australia much more enthusiastic than when I departed, a week ago.

The operational and financial numbers are being gathered daily, and will provide the proof over coming weeks and months. The simplicity of the technical aspects means that Tres Estradas is not throwing up any red flags.

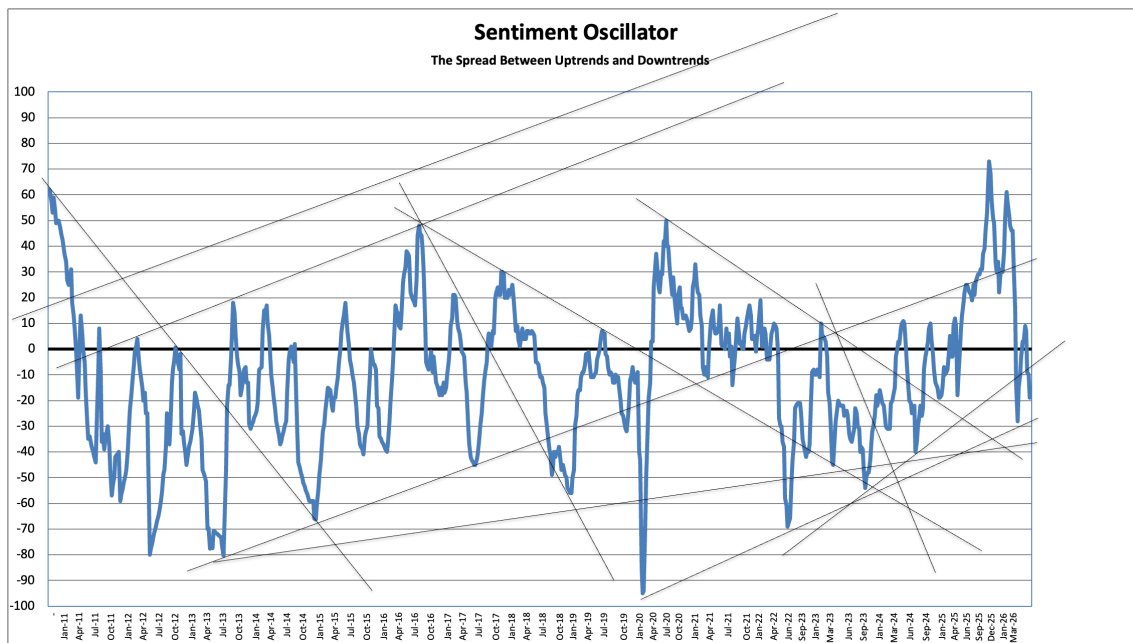
Some people think of Brazil as being an exotic jurisdiction, but operating in the most southern state of Rio Grand do Sul is anything but exotic. The demographics of the

population are actually quite conservative with the region having been populated by German and Italian immigrants. I looked around at the Opening Ceremony, and at the towns people and workers, and you could almost think you are in a farming community in Australia ... except they speak a different language.

Junior resource companies are driven by promotion and speculation for the most part. It is all about what a company is "gunna do" but there is insufficient consideration of what the management is actually capable of doing. Good geology is nothing on its own. Why do so many investors buy the sales pitch and the aspirations without proper consideration of management capability? Maybe it is because that can trade out of the shares if things go wrong and they are prepared to take a punt.

At Agua, we are seeing that management is delivering. It is now all about high profit margins and selecting the optimum growth path over coming years. Capital payback is ridiculously short. Technical risk is almost non-existent. Management risk should no longer be seen as an issue. Financial risk is circumvented through tiny, almost non-existent debt. Commodity risk can never be eliminated but it is manageable, and it is currently working in the Company's favour. How many more ticks do you need to see before you get on board for a long term, highly profitable phosphate producer?

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



Sentiment Oscillator: Sentiment tanked last week. There were 30% (33%) of shares under coverage in uptrend, and 49% (43%) in downtrend. The only "good" news is that sentiment is approaching a support line, from which it should bounce.

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	still in downtrend	
Metals and Mining	XMM	new high then a correction	
Energy	XEJ	still above trend line	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Aguia Resources	AGR	sideways	phosphate, gold
Akora	AKO	down	iron ore
Alkane Resources	ALK	correcting lower	gold
Alicanto Minerals	AQI	recovering uptrend	base metals, silver, gold
Alligator Energy	AGE	down	uranium
Alpha HPA	A4N	breached downtrend	HPA
American Rare Earths	ARR	breaching uptrend	rare earths
American Tungsten & Antimony	AT4	resumed downtrend	antimon
Anax Metals	ANX	recovering uptrend	copper
Andean Silver	ASL	back to trend line	silver
AnteoTech	ADO	heavy correction	batteries
Arafura Resources	ARU	shallower uptrend	rare earths
Ardea Resources	ARL	testing support line	nickel
Ark Mines	AHK	down	rare earths
Astral Resources	AAR	down	gold
Aureka	AKA	weaker	gold exploration
Auric Mining	AWJ	sideways	gold
Aurora Energy Metals	1AE	down	uranium
Aurelia Metals	AMI	improving	copper + base metals
Aurum Resources	AUE	correcting lower	gold exploration
Australian Gold and Copper	AGC	down	base metals, silver, gold
Australian Rare Earths	AR3	collapse through support	rare earths
Australian Strategic Materials	ASM	stil in downtrend	rare earths
BHP	BHP	back in uptrend	diversified, iron ore
Ballard Mining	BM1	testing short term downtrend	gold
Ballymore Resources	BMR	down	gold exploration
Barton Gold	BGD	downtrend	gold exploration
Beach Energy	BPT	sideways	oil and gas
Beetaloo Energy	BTL	pullback on placement	gas
Bellevue Gold	BGL	down	gold
Besra Gold	BEZ	off its highs	gold
Black Cat Syndicate	BC8	down	gold
Boab Metals	BML	down	silver/lead
Brazilian Rare Earths	BRE	slump to support line	rare earths
Brightstar Resources	BTR	easing again	gold


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Caravel Minerals	CVV		down	copper
Carnaby Resources	CNB		breached downtrend	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		down	gold
Cazaly Resources	CAZ		still in downtrend	rare earths
Centaurus Metals	CTM		new high	nickel/cobalt/HPA
Challenger Gold	CEL		down	gold
CNG Resources	CGR		down	gold exploration
Cobalt Blue	COB		down	cobalt
CuFe	CUF		another new high	bismuth, Cu, Au
Cyprium Metals	CYM		back into downtrend	copper
Emmerson Resources	ERM		breached uptrend	gold
EQ Resources	EQR		downtrend starting	tungsten
Estrella Resources	ESR		sideways	manganese
Evolution Mining	EVN		down	gold
Felix Gold	FXG		breaching uptrend	gold exploration, antimony
Finder Energy	FDR		down	oil/gas
First Graphene	FGR		sideways	graphene
Flagship Minerals	FLG		sideways	gold
Gateway Mining	GML		down	gold exploration + gallium
GBM Resources	GBM		down	gold
Genesis Minerals	GMD		down	gold
Globe Metals and Mining	GBE		down	niobium
Gold 50	G50		rising again	gold exploration + gallium
Golden Horse	GHM		down	gold exploration
Great Boulder Resources	GBR		sideways	gold exploration
Green360 Tech	GT3		down	kaolin
Hamelin Gold	HMG		down	gold exploration
Hawk Resources	HWK		down	scandium
Heavy Minerals	HVY		breached downtrend	garnet
Hillgrove Resources	HGO		rising	copper
Iltani Resources	ILT		breached downtrend	antimony
Iluka Resources	ILU		rising again	mineral sands
Investigator Resources	IVR		falling	silver
Jupiter Mines	JMS		sideways	manganese
Kaiser Reef	KAU		down	gold
Kingfisher Minerals	KFM		back into downtrend	copper expl.
Kalamazoo Resources	KRZ		good rally	gold
Kalina Power	KPO		breached downtrend	data centre power
Koba Resources	KOB		down	uranium
Larvotto Resources	LRV		testing uptrend	gold, antimony
Litchfield Minerals	LMS		collapse	copper exploration
Lindian Resources	LIN		testing downtrend	rare earths + bauxite
Lode Resources	LDR		down	antimony, silver

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Lotus Resources	LOT		collapse	uranium
Lynas Corp.	LYC		surge higher	rare earths
Mammoth	M79		strong recovery	gold exploration
Many Peaks	MPK		correcting lower	gold exploration
Marmota	MEU		down	gold/uranium exploration
Matsa Resources	MAT		down	gold
Meeka Gold	MEK		down	gold
MetalsX	MLX		new high	tin, nickel
Meteoric Resources	MEI		on support line	rare earths
Midas Minerals	MM1		rising	lithium
Mithril Silver & Gold	MTH		still down	silver, gold
Native Mineral Resources	NMR		turning down	gold
New Murchison	NMG		down	gold
New World Resources	NWC		rising	copper
Nexgen Energy	NXG		breaching downtrend	uranium
Novo Resources	NVO		placement & heavy correction	gold exploration
Omega Oil	OMA		heavy correction	oil
Pacific Gold	PGO		on support line	gold exploration
Pacific Lime & Cement	PLA		rising	renewables, cement
Paladin Energy	PDN		breached uptrend	uranium
Pantoro Gold	PNR		down	gold
Patriot Battery Metals	PMT		on support line	lithium
Peninsula Energy	PEN		down	uranium
Perseus Mining	PRU		down	gold
Phosco	PHO		rising	phosphate
Pilbara Minerals	PGL		breached uptrend	gold
PolarX	PXX		down	gold exploration, base metals
QMines	QML		breached downtrend	copper
Regis Resources	RRL		down	gold
Revolver Resources	RRR		softer	copper
Richmond Vanadium	RVT		sideways	vanadium
RIO	RIO		new high	diversified, iron ore
Rox Resources	RXL		testing uptrend	gold
RTG Mining	RTG		near its high	copper
Rumble Resources	RTR		rising	zinc, gold, tungsten exploration
Santana Minerals	SMI		correcting lower	gold
Santos	STO		rising	oil/gas
Sarytogan Graphite	SGA		down	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		down	gold exploration
Skylark Minerals	SKM		spike out of downtrend	gold exploration
Somerset Minerals	SMM		heavy fall	copper exploration
Southern Palladium	SPD		down	PGMs
Stanmore Coal	SMR		rising again	coal

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St George Mining	SGQ		downtrend	rare earths, niobium
Stellar Resources	SRZ		on support line	tin
Sun Silver	SS1		down	silver
Sunrise Metals	SRL		surge higher	scandium
Tamboran Resources	TBN		lower	gas
Theta Gold	TGM		breaching downtrend	gold
Tivan	TVN		down	fluorite
Toro Energy	TOE		rising again	uranium
Torque Metals	TOR		down heavily	gold exploration + lithium
Toubani Resources	TRE		fallen to support line	gold
Verity Resources	VRL		down	gold
Vertex Minerals	VTX		down	gold
Waratah Minerals	WTM		testing uptrend	gold exploration
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		down	gold
Whitehaven Coal	WHC		rising	coal
White Cliff Minerals	WCN		sideways	copper exploration
WIN Metals	WIN		down	gold
Yandal Resources	YRL		down	gold exploration
Totals	30%	42	Uptrend	
	49%	69	Downtrend	
		142		

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	35	24.6%
Gold Exploration	25	17.6%
Copper	14	9.9%
Rare Earths	11	7.7%

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Uranium	8	5.6%	
Oil/Gas/Hydrogen	6	4.2%	
Silver	6	4.2%	
Iron Ore/Manganese	5	3.5%	
Antimony	4	2.8%	
Lithium	2	1.4%	
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	2	1.4%	
Vanadium	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	
Cobalt	1	0.7%	
Other	5	3.5%	
Total	142		

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