

Niobium continues to attract attention with St George deal

The volatility that came into the US market in the previous week spilled into the rest of the world at the start of last week, with sizeable falls seen all around. The media narrative said that this was due to fears of a recession in the US but if you think this through, it is not as realistic a view as the panic merchants were suggesting. There is plenty of scope for the Fed to cut interest rates if necessary. A more credible narrative would be that the markets have been consistently tracking higher in recent months without a sound basis for doing so. Thus it was time for a correction.

The All Ordinaries Index seems to have been following US sentiment rather than reflecting what is happening in our domestic economy, so it has been a case of following the leader without much strategic thought.

Looking beyond the economic indicators there is plenty of geopolitical news to give us concern if you consider how many regions are involved with conflict and war. Stability everywhere is fragile and that continues to make gold a priority holding, but there is surprisingly little interest in many gold equities.

Diggers and Dealers Roundup

The annual event was rather subdued, which shouldn't be surprising given the volatility in the markets and the continuing weak performance of anything related to mining. The Mining and Metals Index is down 19% on the levels seen last December. That covers the big end of town, but the small end is performing much worse. Many stocks under our chart coverage sank to new lows last week as sentiment slumped further.

Some people are saying that the small resource company market is broken but that is a bit harsh and it sounds like capitulation (which might be the signal we are looking for).

Emerald Resources was the Digger of the Year

We have been saying that Emerald Resources is the best gold growth stock for a number of years, when it was less than \$1.00. It has recently been nudging \$4.00. Had we sold every other investment four years ago and bought Emerald, we would be looking like the smartest investor in the market. There is a lesson to be learnt here; real value growth takes time - just make sure you are backing good people. While many traders are looking at ways to get rich quick, holding Emerald would have been a low stress way of making serious money if you had the patience.

Concept stock wins Explorer of the Year

While readers will know that I believe WA1 Resources to be grossly overpriced in the market, it has impressed the judges at Diggers and Dealers enough to be awarded the Explorer of the Year. My beef is not with the discovery itself, but the valuation the market has been placing on the company. The shares have fallen 41% from their high but

the company still has a market valuation of \$883m with a share price of \$13.62.

WA1 raised \$60m in July at \$17 a share, so the institutions that took it have already had a 20% haircut. I feel that the cash balance of around \$100m today is the most important asset the company has. This won't be enough to develop the Luni Project, in the most remote location of Australia, but it should ensure the survival of the company for some time ... depending upon how wisely it spends it.

Sun Silver - a better quality silver play

One of the more interesting companies at Diggers was Sun Silver (SS1), a US-based silver company that IPO'd last May, having raised \$13m at 20¢ a share. Its resource is currently 292 Moz AgEq at 72 gpt, in Nevada, USA. More on this company next week.

Revisiting the Syrah Scenario re Niobium

Back on 4 May 2024, I asked the question "Could we be having a Syrah Scenario in niobium?" It seems that we are with juniors moving into the space at a rate of knots. The latest mover is St George (SGQ), which we introduce below. Additionally, there is a comment on RareX and its entry into the field. Click on the link below to see what was originally written. <http://www.fareastcapital.com.au/newsletter.asp?id=599>.

St George acquires Araxá Niobium Project

On 6 August, St George (SGQ) announced that it has entered into a binding agreement to purchase 100% of the Araxá Niobium/REE Project in Mines Gerais, Brazil. Talk about perfect location! It is only a few kilometres from CBMM's world leading niobium operation, in the same carbonatite complex.

Historical exploration work

Araxá was first explored in 1965, with 24 holes being drilled to 1974, and 59 test pits. From 2004 to 2008, another 11 diamond holes and 31 auger holes were drilled. Mineralisation has been encountered to a depth of 80m from surface and is open in all directions and at depth. The base of oxidation is believed to extend to 100m depth.

Deal Terms

Due diligence is underway and is expected to be completed by November. The transaction is subject to shareholder approval. Payment terms involve cash payments of;

- US\$10m on settlement,
- US\$6m nine months after closing (Deferred), and
- US\$5m 18 months after closing (Deferred).

In addition, the vendors will receive 10% of the issued capital of SGQ (on closing), 9.999 mill options with a strike price of 5¢, and 11.11 mill. performance rights convertible to SGQ shares at no cost, on a JORC Inferred Resource of

25 Mt at 3.5% TREO at a 2% cut-off grade, within five years.

Initial funding arranged, and fees, fees, fees

SGQ has already received commitments to raise \$21.25m in a two tranche placement; \$2.5m now and \$18.75m in tranche two. Other fees associated with the transaction, subject to shareholder approval, are;

- a Finders Fee of \$2.8m (112.5 mill. shares at 2.5¢) is payable to Orchid Capital Mining Pte Ltd.
- an Advisory Fee of \$1m (40 mill. shares and 40 mill. options) to Cong Ming Limited and
- a Placement Marketing Fee of 30 mill. options, also payable to Cong Ming Limited.
- Broker Options totalling 50 mill.

Further payments as introducing fees will be paid;

- US\$900,000 at the time of the first Deferred Payment, and
- US\$750,000 at the time of the second Deferred Payment.

At the end of the day, SGQ will have 2.212 bill. shares on issue. Fully diluted it will be 2.53 bill., giving a valuation of around \$55m (pre-dilution).

The Bottom Line

This is a company transforming transaction. You couldn't get a better location. There have also been significant high grades of niobium and rare earths recorded in historical exploration. There is the potential to make this the most significant niobium play in the market, from what looks like a relatively modest market capitalisation. Certainly it seems well positioned relative to essential infrastructure that could support a mine.

There are quite a few snouts in the trough judging by the numerous fees, but if it works for shareholders, then who is complaining?

Interestingly, the share price had been strengthening in the markets since mid May, but they fell sharply on the ASX release and the subsequent Trading Halt to correct misinformation in the market. This might just be a technicality, but we will see what SGQ announces on Monday.

We need more time to digest the technical information, and consider the level of Chinese involvement in the company, but for the time being it certainly looks eye-catching.

RareX's shimmy into niobium

RareX (REE) started out as a rare earth company with the Cummins Range Project in the Kimberley region of WA. That morphed into a phosphate project. Last May, it revealed it is shifting its focus to the Khaleesi Niobium-Rare Earth Project in the East Yilgarn region of WA, somewhere proximate to the Tropicana Gold Mine. Why niobium? Well, that is emerging as the flavour of the month.

REE is enthused by an historical database of exploration data with the most recent being conducted by Anglo Gold Ashanti and IGO (Independence). However, that was all grass roots exploration and it didn't really come up with much. A few holes were assayed for niobium and rare earths with data showing "significant enrichment of niobium up to 1,000 ppm". Is that a good grade? Not really. It is merely a sniff. That equates to 0.1%. The CBMM mine in

Brazil, the world's dominant producer of niobium, produces from a zone that grades at 20,000-35,000 ppm. WA1's Inferred Mineral Resources Luni is 200 Mt at 1% (10,000 ppm), including a higher grade core of 2.1% (21,000 ppm).

The Bottom Line

Junior companies are struggling to remain relevant. Correction, they are desperate to remain relevant. By picking up the Khaleesi Project, REE is doing nothing more than clutching at straws in an effort to raise share market interest. There was a blip in the share price for a few days after announcement of the initiative, but it is back to historical lows now. The \$4.6m in the kitty at 30 June won't go far if it chases red herrings like this one. The Cummins Range Phosphate and RareEarth Project has much more substance, with 524 Mt at 4.6% P₂O₅ and 3,120 ppm TREO, but it is not something that will happen overnight.

Calidus (CAI) - blame it on the bank

We asked a few questions recently about how shareholders and the company itself could be caught with their trousers down, when the bank called in the Administrator. The answer lies with the bank and the forward sales. The company was surprised because it had just recorded its best quarter, but that counts for nothing when the bank wants its money back.

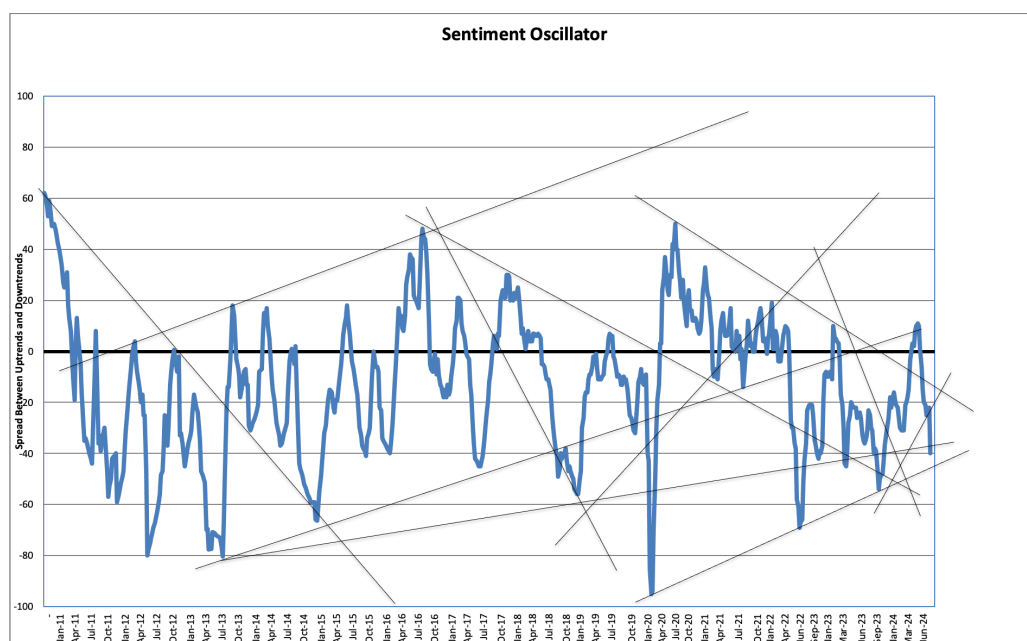
Brazilian insights

It wasn't that long ago that I said Australian companies just don't seem to succeed in Brazil, notwithstanding that country's fabulous endowment of resource riches. Maybe that was because the Australian promoters pushing Brazilian plays weren't the most diligently focused operators. However, the recent run of Australian companies heading off to Brazil seem to suggest things are changing.

We commented last week that the Brazilian rare earths boom has run out of puff. So far it has been about picking up projects with good grades, running share prices and raising money. It has been a period of door opening but now it is time to do the serious work of trying to commercialise these project. Traders usually don't have much patience for this stage of a company's lifespan.

At Diggers I ran into a Brazilian mining company executive who provided some interesting insights. A few years ago when we had the disastrous collapse of tailing dams at large iron ore mines, the lack of effective governmental oversight was exposed. Since then the national government and its agency, ANM, has been more proactive to a positive extent. It seems like that positivism is flowing through to all levels of administration, enabling a more responsive bureaucracy. The is good for our miners seeking projects in Brazil.

Disclosure: Nil.



Sentiment Oscillator: The Sentiment Oscillator crashed down through an intermediate support line, looking like it is headed towards the major support line that links up to the low seen at the start of Covid. If this holds, it will be very positive for a rebound. There were 19% (26%) of stocks in uptrend and 59% (48%) 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	heavy correction	
Metals and Mining	XMM	falling	
Energy	XEJ	still under long term downtrend line	
Information Technology	XIJ	off its highs	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	new low	boron
Advance Metals (was Pacific American)	AVM	new low	coal, gold exploration
Agua Resources	AGR	pullback after placement	phosphate, gold
Alkane Resources	ALK	new low	gold
Alicanto Minerals	AQI	new low	base metals, silver, gold
Alligator Energy	AGE	new low	uranium
Almonty Industries	All	testing uptrend	tungsten
Alpha HPA	A4N	testing longer term uptrend	HPA
Altech Chemical	ATC	back in downtrend	HPA, anodes
Alto Metals	AME	surge higher on merger proposal	gold
American Rare Earths	ARR	consolidating	rare earths

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Anax Metals	ANX	■	new low	copper
Andean Silver	ASL	■	down	silver
Anteotech	ADO	■	sideways at lows	silicon anodes, biotech
Arafura Resources	ARU	■	pullback	rare earths
Ardea Resources	ARL	■	down	nickel
Arizona Lithium	AZL	■	strong rally	lithium
Astral Resources	AAR	■	new uptrend breached	gold
Averina	AEV	■	spike through downtrend,	phosphate
Aurora Energy Metals	1AE	■	down	uranium
Aurelia Metals	AMI	■	back to support line	copper + base metals
Australian Gold and Copper	AGC	■	still down	base metals, silver, gold
Australian Rare Earths	AR3	■	new low	rare earths
Australian Strategic Materials	ASM	■	new low	rare earths
BHP	BHP	■	new low	diversified, iron ore
Barton Gold	BGD	■	new low	gold exploration
Beach Energy	BPT	■	new low	oil and gas
Bellevue Gold	BGL	■	breached uptrend	gold
Besra Gold	BEZ	■	collapse on lifting of suspension	gold
Black Cat Syndicate	BC8	■	pullback	gold
Boab Metals	BML	■	new low	silver/lead
Brazil Critical Minerals	BCM	■	new low	rare earths
Brazilian Rare Earths	BRE	■	new low	rare earths
Brightstar Resources	BTR	■	uptrend	gold
Caravel Minerals	CVV	■	correcting lower	copper
Carnaby Resources	CNB	■	down	copper
Castile Resources	CST	■	down	gold/copper/cobalt
Catalyst Metals	CYL	■	surge to new high	gold
Cazaly Resources	CAZ	■	breached new downtrend	rare earths
Celsius Resources	CLA	■	sideways	copper
Cobalt Blue	COB	■	new low	cobalt
Cyprium Metals	CYM	■	breached uptrend	copper
Emerald Resources	EMR	■	rising, new high	gold
Empire Energy	EEG	■	new high	gas
EQ Resources	EQR	■	breaching downtrend	tungsten
Evolution Energy	EV1	■	collapse to a new low	graphite
Evolution Mining	EVN	■	rising	gold
First Graphene	FGR	■	down	graphene
Fortescue Metals	FMG	■	new low	iron ore
Genesis Minerals	GMD	■	rising	gold
Globe Metals and Mining	GBE	■	down	niobium
Gold 50	G50	■	testing downtrend	gold exploration + gallium
Great Boulder Resources	GBR	■	new low	gold exploration
Group 6 Metals	G6M	■	rising again	tungsten
Hamelin Gold	HMG	■	stronger	gold exploration

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Hastings Technology Metals	HAS		surge on placement to Chinese	rare earths
Heavy Minerals	HVY		steeply higher	garnet
Hillgrove Resources	HGO		new low	copper
Iluka Resources	ILU		new low	mineral sands
ioneer (was Global Geoscience)	INR		new low	lithium
Ionic Rare Earths	IXR		new low	rare earths
Jervois Mining	JVR		back to lows	nickel/cobalt
Jindalee Lithium	JLL		new low	lithium
Jupiter Mines	JSM		new low	manganese
Kaiser Reef	KAU		improving	gold
Krakatoa Resources	KTA		back to lows	rare earths
Larvotto Resources	LRV		rising	gold, antimony
Lindian Resources	LIN		new low	rare earths + bauxite
Li-S Energy	LIS		sideways	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold/nickel exploration
Lotus Resources	LOT		new low	uranium
Lucapa Diamond	LOM		new low	diamonds
Lunnon Metals	LM8		down	nickel
Lynas Corp.	LYC		rallied to meet resistance	rare earths
Marmota	MEU		gently lower	gold/uranium exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		at lows	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		new low	rare earths
Metro Mining	MMI		breached uptrend	bauxite
Midas Minerals	MM1		testing downtrend	lithium
Nagambie Resources	NAG		another new low	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		down again	diamonds
Nexgen Energy	NXG		breached uptrend	uranium
Northern Star Res.	NST		testing downtrend	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		down	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		down heavily on takeover bid	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		collapse to a new low	lithium
Peninsula Energy	PEN		new low	uranium
Perseus Mining	PRU		correcting lower	gold
Provaris Energy	PV1		new low	hydrogen
QMines	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
RareX	REE		new low	phosphate, rare earths
Regis Resources	RRL		down	gold

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Regergen	RLT	▲	surge on production news	gas, helium
Richmond Vanadium	RVT	▼	bounced from lows	vanadium
RIO	RIO	◀	breaching uptrend	diversified, iron ore
RTG Mining	RTG	◀	breaching uptrend	copper
Rumble Resources	RTR	▼	bounced from lows	zinc exploration
S2 Resources	S2R	◀	sideways	gold exploration
Sandfire Resources	SFR	▼	down	copper
Santos	STO	◀	sideways	oil/gas
Sarytogan Graphite	SGA	▼	down	graphite
Siren Gold	SNG	▼	back to lows	gold exploration
South Harz Potash	SHP	▼	new low	potash
Southern Cross Gold	SXG	▼	down	gold exploration
Southern Palladium	SPD	▲	rising again	PGMs
Stanmore Coal	SMR	▲	pullback	coal
Stellar Resources	SRZ	▼	down	tin
Summit Resources	SUM	▲	heavy correction	niobium, rare earths
Suvo Strategic Minerals	SUV	◀	sideways through uptrend	kaolin
Talga Resources	TLG	▼	slump	graphite
Tamboran Resources	TBN	▲	rising again	gas
Theta Gold Mines	TGM	▲	rising again	gold
Thor Energy	THR	◀	sideways at lows	uranium
Torque Metals	TOR	▼	back to lows	gold exploration + lithium
Vanadium Resources	VR8	▼	down	vanadium
Venture Minerals	VMS	▼	down	tin, tungsten
Vintage Energy	VEN	▼	new low	gas
Voltaic Strategic Resources	VSR	▼	at lows	REO + lithium
Vertex Minerals	VTX	◀	breached downtrend	gold
Walkabout Resources	WKT	◀	sideways	graphite
Warriedar Resources	WA8	◀	testing uptrend after placement	gold exploration
West Cobar	WC1	▼	new low	rare earth + lithium
Westgold Resources	WGX	▲	rising	gold
West Wits Mining	WWI	◀	sideways	gold
Whitehaven Coal	WHC	◀	testing uptrend	coal
Totals	19%	26	Uptrend	
	59%	79	Downtrend	
		134	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	26	19.4%	
Gold Exploration	15	11.2%	
Rare Earths	13	9.7%	
Copper	10	7.5%	
Uranium	7	5.2%	
Lithium	6	4.5%	
Oil/Gas	6	4.5%	
Nickel	5	3.7%	
Graphite/graphene	5	3.7%	
Iron Ore/Manganese	4	3.0%	
Potash/Phosphate	4	3.0%	
Coal	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	30.0%	
Diamonds	2	1.5%	
Niobium	2	1.5%	
Vanadium	2	20.0%	
Zinc/Lead	2	1.5%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	10		
Total	134		

FEC Disclosure of Interests: It is a requirement of ASIC that holders of AFS licences prominently disclose any conflicts of interest. At all times readers should be aware that Far East Capital Ltd is an active investor. It shares its research and opinions free of charge to other investors and it aims to do so on an ethical basis. Accordingly, when it is writing about stocks in which it holds interests, these will be disclosed. The author is chairman of First Graphene and one of the largest shareholders, through a number of entities. Over the last three years FEC has received capital raising fees from a number of companies but it does not receive payment for research. See individual disclosure notes in the body of the Weekly where they are relevant. Its primary business is investing and managing its own money, but it does occasionally raise money for resource companies.

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Disclaimer: This Research Report has been prepared exclusively for Far East Capital clients and is not to be relied upon by anyone else. In compiling this Commentary, we are of necessity unable to take account of the particular investment objectives, financial situation and needs of any of our individual clients. Accordingly, each client should evaluate the recommendations obtained in this Commentary in the light of their own particular investment objectives, financial situation and needs. If you wish to obtain further advice regarding any recommendation made in this Commentary to take account of your particular investment objectives, financial situation and needs, you should contact us. We believe that the advice and information herein are accurate and reliable, but no warranty of accuracy, reliability or completeness is given and (except insofar as liability under any statute cannot be excluded) no responsibility arising in any other way for errors or omissions or in negligence is accepted by Far East Capital Limited or any employee or agent. For private circulation only. This document is not intended to be an offer, or a solicitation of an offer, to buy or sell any relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrant, or rights with respect to or interests in any such securities). We do not guarantee the accuracy or completeness of the information herein, or upon which opinions herein have been based. At any time we or any of our connected or affiliated companies (or our or their employees) may have a position, subject to change, and we or any such companies may make a market or act as principal in transactions, in any relevant securities or provide advisory or other services to an issuer of relevant securities or any company therewith. Unless otherwise stated all views expressed herein (including estimates or forecasts) are solely those of our research department and subject to change without notice. This document may not be reproduced or copies circulated without authority. Copyright © Far East Capital Ltd 2023.