

Gold is outperforming equities in the chaos

Well, we have survived another week of turmoil in market - one of the most dramatic ones ever. By now you might think that we can handle these traumas without becoming too concerned as we usually seem to recover once the panic subsides, but they are still disruptive.

However, it is not as simple as saying what goes down will come back up again. Many investors have had the bejesus scared out of them so it will take a while before the more conservative guys come back, but there will be plenty of trading opportunities afforded by the volatility.

The performance of gold requires a special mention. At first it seemed that gold was being sold down along with everything else but as the week progressed it not only recovered nicely, but it broke to a new high of US\$3,236/oz (A\$5,147/oz). As they say, it was as strong as 10 men! That strength caused a number of our listed gold producer share prices to hit new highs as well.

My portfolio is heavily populated with gold companies with an emphasis on new and emerging producers. Gold exploration stocks will benefit from the renewed interest in bullion generally, but they will still need to be funded by equity issues as converting interesting exploration results into mine development plans take time and money.

How much further can the gold price go? The closest analogy to what we are witnessing now is the 1970s lead up to the peak of US\$800/oz in early 1980. Back then the US\$800/oz peak was a blow-out event. If the current bull market gathers momentum and starts to move circa US\$500/oz higher in a day or two, that would qualify as a blow-out event and the market will be peaking. While the maximum movements are \$50-\$100 per day i.e. 3-4% movements, that will be symptomatic of a strong bull market. It will suck more traders in to the game but it will still be rational.

Sarama is Chasing Compensation in Burkina

Normally the idea of suing a government for compensation following confiscation or cancellation of mining leases is enough to turn punters the other way, but Indiana Resources (IDA) and Greenex have shown us that it can be done successfully. In July 2024, Indiana announced it had won a US\$90m Settlement Agreement with the Tanzanian Government as compensation for the cancellation of its licence covering the Ntaka Hill Nickel Project. Greenex received an award of close to A\$500m.

Sarama Resources (SSR) is an ASX and TSX-V listed company that had some very valuable gold ground in Burkina Faso with the likelihood of having a project worthy of development.

A victim of adverse government actions

In August 2023, it was notified that the application for its Exploration Permit had been rejected even though the previous Minister had granted it two years earlier. The

Project hosted a multi-million-ounce gold resource which was the subject of a substantially complete Preliminary Economic Assessment and fast-tracked development study at the time of the Government's illegal actions.

In November of 2023, Sarama notified the market of an intent to pursue an arbitration process to recover not less than A\$200m compensation. In October 2024, Sarama announced that it had secured funding for an Arbitration Claim with a Litigation Funding Agreement with Locke Capital II LLC. The facility comprises a four year non-recourse loan of US\$4.5m to cover all fees and expenses incurred in the litigation. Now it is over to the lawyers to do their job.

Gold exploration in WA

Operationally, Sarama is now focusing on two belt-scale exploration projects in the Laverton region of WA, showing promising greenstone geology. The ground has been relatively unexplored in modern times due to being tied up in native title determination, which is now sorted, and its remoteness and being under extensive sand cover. Major fault/shear systems provide requisite fluid pathways that run through both projects. There are also favourable host rocks. The location 20-50 km west of the 8 Moz Gruyere is another factor in its favour. This is grass roots exploration in a favourable, gold hosting environment. Anything is possible.

The Bottom Line

There is every chance that Sarama could succeed in its claim for compensation. The \$200m asking price is dramatically larger than the \$7-8m market capitalisation, though the litigation funder will be entitled to a third of the proceeds. Still, the gross value after that carve out is around 36¢ share ... if the full amount is awarded. The current share price is 2.8¢.

Litigation always takes a long time (because lawyers charge by the hour). Here, the Merits Hearing is not scheduled until November 2026, and the determination would be six months later. Thus, some patience is needed. The Company thinks the lawyers will seek to accelerate the process, but that seems to be optimistic.

There are never any guarantees when you go to court and it is like throwing the dart at the board when trying to estimate chances of success. However, as Indiana showed, a junior company can be successful with a dramatic effect on shareholder value.

Having an interesting portfolio of gold exploration projects in WA is likely to be the main motivator for the punters to buy the stock today. These offer the usual upside on good drilling results. The shares are not expensive at these levels.

Long Term Suspension List

The ASX has released its list of companies that have been suspended for more than three months with 80 companies tabled. In most cases this is because of failure to lodge various periodical reports. There are two columns; those who have one year to comply and one for companies that have two years.

Eighty companies is quite a number. Imagine how many thousands of investors are looking down the barrel of a complete wipeout of their investments. For all the compliance that we have to contend with, this is really an unacceptable number of failures. Don't be lulled into a false sense of security just because the rules exist. It is still a casino.

Commissioned Research - is it reliable?

I saw a very detailed research note on an antimony/gold stock last week and this was picked up by Stockhead in its article on antimony stocks over the weekend. It noted that a Victorian-based junior was priced in the market at 1.7¢, whereas the research note put a 15¢ price target on it. I beg to differ.

The most obvious point is that the research was commissioned by the Company involved. By definition that means the research cannot be independent. It is really paid advertising and you can guarantee that it will always look on the bright side.

So, that raises the question of whether you should rely on commissioned research at all. At Far East Capital we never take payment for research coverage. That means we are free to say whatever we think, good or bad. Perhaps our biggest constraint is the desire not to be sued for defamation so we have to choose our words carefully. From time to time companies have threatened us with legal action in a desperate attempt to shut us down, but that has never worked in their favour.

The one area of commentary that an analyst has to be very careful about is the commentary on management, but that

is where the market really needs objective advice as 80% of an investment decision involves consideration of management capability and honesty. Get this angle right and you will get most investment calls right. However, the system and the law works against the free flow of such information.

There is a theory that a share price already factors in all available information, but what about information that a company may be withholding? Failure to disclose can be a serious malfeasance that can have a big impact on share prices.

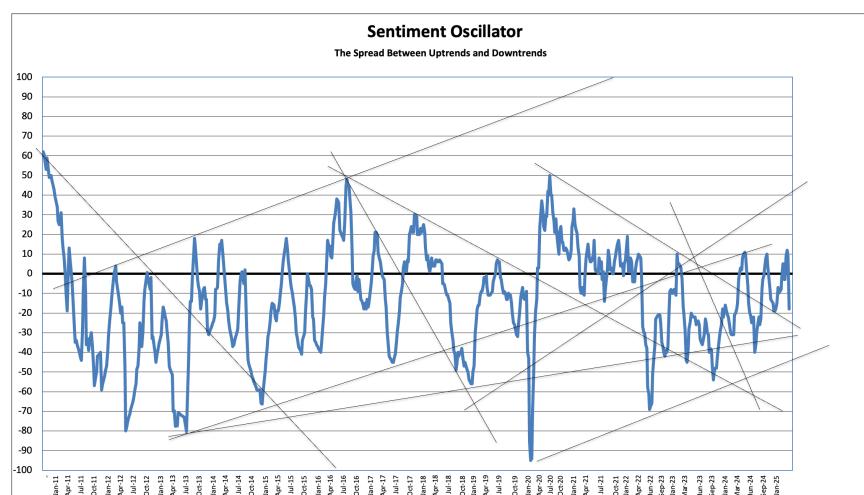
There is room for a variation of perspectives based on both disclosed and undisclosed information. The market may need guidance on this front but this will always involve some argument, or a discussion at least. I have always found that an "independent" research note is not as effective as face to face meetings between management and investors. Investors will always want accountability of management and directors in preference to not-so-independent research.

German Tip Sheets Write-Up of Agua

Agua has a listing on the Frankfurt Stock Exchange and already has a good profile amongst investors in Europe. A week ago - just as markets were going into a tailspin - Agua Resources received good coverage in a German newsletter that can be accessed via the following link. You can get an English translation by using a web based conversion app. NB: This was not a paid article. As such, it can be viewed as an independent opinion.

<https://www.aktienexperte.de/post/agua-resources-ein-junior-goldproduzent-mit-groebem-kurspotential>.

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



Sentiment Oscillator: Sentiment collapsed back to recent lows. There were 32% (43%) in uptrend and 50% (34%) 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	down heavily	
Metals and Mining	XMM	down heavily	
Energy	XEJ	down heavily	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	strong recovery	phosphate, gold
Alkane Resources	ALK	rising	gold
Alicanto Minerals	AQI	down	base metals, silver, gold
Alligator Energy	AGE	down	uranium
Almonty Industries	All	surge to new high	tungsten
Alpha HPA	A4N	down	HPA
American Rare Earths	ARR	down	rare earths
Anax Metals	ANX	new low after placement	copper
Andean Silver	ASL	back to downtrend	silver
Arafura Resources	ARU	rising	rare earths
Ardea Resources	ARL	breached uptrend	nickel
Arizona Lithium	AZL	new low	lithium
Astral Resources	AAR	sideways below resistance line	gold
Aureka	AKA	rising after name change from Navarre	gold exploration
Auric Mining	AWJ	down	gold
Aurora Energy Metals	1AE	down	uranium
Aurelia Metals	AMI	rising	copper + base metals
Aurum Resources	AUE	rising	gold
Australian Gold and Copper	AGC	breached steepest downtrend	base metals, silver, gold
Australian Rare Earths	AR3	down again	rare earths
Australian Strategic Materials	ASM	testing downtrend	rare earths
BHP	BHP	secondary downtrend in play	diversified, iron ore
Ballymore Resources	BMR	back to lows	gold exploration
Barton Gold	BGD	gently higher	gold exploration
Beach Energy	BPT	down	oil and gas
Bellevue Gold	BGL	slump then suspension re guidance	gold
Besra Gold	BEZ	still down	gold
Black Cat Syndicate	BC8	new high	gold
Boab Metals	BML	breached support line	silver/lead
Brazil Critical Minerals	BCM	new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE	back to downtrend	rare earths
Brightstar Resources	BTR	less steep uptrend	gold
Caravel Minerals	CVV	down	copper
Carnaby Resources	CNB	breaching downtrend	copper

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Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		surge higher	gold
Cazaly Resources	CAZ		new low	rare earths
Celsius Resources	CLA		at lows	copper
Centaurus Metals	CTM		down	nickel/cobalt/HPA
Challenger Gold	CEL		rising	gold
Cobalt Blue	COB		back to lows	cobalt
Cyprium Metals	CYM		down	copper
Delta Lithium	DLI		down	gold/lithium
Emerald Resources	EMR		back to highs	gold
Empire Energy	EEG		breached uptrend	gas
Emmerson Resources	ERM		breached uptrend	gold
EQ Resources	EQR		rising	tungsten
Estrella Resources	ESR		downtrend	manganese
Evolution Mining	EVN		rising	gold
Felix Gold	FXG		pullback	gold exploration, antimony
First Graphene	FGR		steep rise	graphene
Fortescue Metals	FMG		down	iron ore
Genesis Minerals	GMD		rising	gold
Globe Metals and Mining	GBE		down	niobium
Gold 50	G50		breached uptrend	gold exploration + gallium
Golden Horse	GHM		heavy fall	gold exploration
Great Boulder Resources	GBR		steeply higher	gold exploration
Green360 Tech (was Suvo)	GT3		back to lows	kaolin
Hamelin Gold	HMG		testing downtrend	gold exploration
Heavy Minerals	HVY		new high	garnet
Hillgrove Resources	HGO		new low	copper
Iltani Resources	ILT		rising again	antimony
Iluka Resources	ILU		new low	mineral sands
Jupiter Mines	JSM		improving	manganese
Kaiser Reef	KAU		improving	gold
Kalina Power	KPO		down	carbon sequestration
Larvotto Resources	LRV		testing uptrend	gold, antimony
Lindian Resources	LIN		down	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		rising	tin, nickel
Meteoric Resources	MEI		new low	rare earths
Metro Mining	MMI		off its highs	bauxite

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Midas Minerals	MM1		spiked higher, then pullback	lithium
Native Mineral Resources	NMR		steeply higher	gold
New Murchison	NMG		sideways	gold
Nexgen Energy	NXG		down	uranium
Northern Star Res.	NST		rallying	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		testing downtrend	gold exploration
Pacific Gold	PGO		new low	gold exploration
Paladin Energy	PDN		collapse	uranium
Pantoro	PNR		new uptrend	gold
Patriot Battery Metals	PMT		pullback after strong rally	lithium
Peninsula Energy	PEN		down	uranium
Perseus Mining	PRU		correcting lower	gold
QMiners	QML		back to lows	copper
Queensland Pacific Metals	QPM		down	nickel/cobalt/HPA
Regis Resources	RRL		new high	gold
Renergen	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		down	diversified, iron ore
RTG Mining	RTG		strong recovery	copper
Rumble Resources	RTR		testing uptrend	zinc exploration
S2 Resources	S2R		down	gold exploration
Sandfire Resources	SFR		breached uptrend	copper
Santana Minerals	SMI		heavy fall	gold
Santos	STO		breaching downtrend	oil/gas
Sarytogan Graphite	SGA		still down	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		rising	gold exploration
Southern Palladium	SPD		down	PGMs
Stanmore Coal	SMR		down	coal
St George Mining	SGQ		collapse to new low	rare earths, niobium
Stellar Resources	SRZ		testing downtrend	tin
Sun Silver	SS1		pullback	silver
Talga Resources	TLG		down	graphite
Tamboran Resources	TBN		breached uptrend	gas
Terra Uranium	T92		rallying	uranium
Theta Gold Mines	TGM		rising again	gold
Toro Energy	TOE		down	uranium
Torque Metals	TOR		hitting resistance	gold exploration + lithium
Vintage Energy	VEN		sideways	gas
Vertex Minerals	VTX		breached uptrend	gold
Warriedar Resources	WA8		stronger	gold exploration
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		spiked higher	gold

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West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		down	coal
White Cliffs	WCN		down	copper exploration
Totals	32%	40	Uptrend	
	50%	62	Downtrend	
		125	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	30	24.0%
Gold Exploration	17	13.6%
Copper	13	10.4%
Rare Earths	11	8.8%
Uranium	9	7.2%
Oil/Gas/Hydrogen	6	4.8%
Iron Ore/Manganese	5	4.0%
Lithium	3	2.4%
Graphite/graphene	3	2.4%
Nickel	3	2.4%
Silver	3	2.4%
HPA/Kaolin	2	1.6%
Tungsten	2	1.6%
Tin	2	1.6%
Antimony	2	1.6%
Coal	2	1.6%
Niobium	2	1.6%
Potash/Phosphate	1	0.8%

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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	2.4%	
Total	125		

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