

## Diggers and Dealers, The Voice and staying private

While Diggers & Dealers was the busiest since pre-Covid, the level of enthusiasm was somewhat subdued. There are obviously many investors and companies bruised by the interest rate inspired bear market so there was an element of caution being displayed.

As usual, many of the people that came by the Far East Capital booth wanted to know what stories were capturing my attention. I'd think for a little, and then respond that I wasn't on the hunt for the best story as there wasn't an urgency to get in ahead of the pack. So many stocks have come down by so much that you could almost pick anything and make money, when the recovery from the bear market starts to pick up momentum.

I was more interested in touching base with industry players with efficient, brief encounters. If you think about it, if you had to make phone calls to the same number of people for a quick catchup, it would take weeks and you'd probably be playing phone tag. You can renew friendships and contacts very efficiently in the marquee at Diggers, or in the bar, with less resistance.

### *Lithium and exotics are dominating discussions*

There seemed to be some despondency about gold with people having a preference for lithium, rare earths and even industrial minerals that are bit exotic and definitely less simple to value. The beauty with gold is that if you produce it, you can sell it. It is perfect for junior companies as they can pursue projects that match their financial and technical strengths. You don't need a bull market in the gold price to make great profits; you just have to be smart enough to get the right project.

We must be at that stage of the knowledge cycle where people have forgotten about the issues with industrial mineral companies. We have seen how the share price of 5EA, a promising new boron stock, collapsed by 90% when reality set in. Look at W1A Resources (WA1), a niobium/phosphate stock (with the mandatory sprinkling of rare earths) has run from 20c to over \$7.00, settling at \$5.53 on Friday. That gives it a market capitalisation of around \$218m. Sure, it has a great discovery, but I feel pity for investors buying at these levels. This will be a long journey and these share prices are unsustainable, though the delusion could continue for a while yet.

As a general rule, you probably should not buy this end of the market if you can't see a clear pathway to a 50% gain within 12 months. What is the probability that a stock that has already run upwards by 1,000% will double again? Play the probability game if you want to maximise your trading profits.

### *Time to Bury The Voice*

In addition to all the other uncertainties in the market, the rubbish going on regarding The Voice (not the TV show) and the related bullying of the general population by the

Prime Minister seems to have many people in the industry worried. While the announcement that WA's new Heritage Act was going to be repealed only one month after its enactment was greeted with relief, it is astounding that it was even enacted in the first place. The governments, both Federal and State, are clearly not listening to the electorate. The politicians are pursuing an agenda that is at odds with what the vast majority of the Australian population wants, without a mandate to do so. It makes you wonder who is really pulling the strings.

The general consensus is that this is just one big disgusting con job, but for what benefit? Why do we need another layer of bureaucracy when we already have the National Indigenous Australians Agency (NIAA) ([www.niaa.gov.au](http://www.niaa.gov.au)) based in Canberra's Woden Valley. Apparently, it has circa 1,300 employees in offices all around Australia, spending A\$4bn a year. The NIAA website says "*The National Indigenous Australians Agency (NIAA) vision is to ensure Aboriginal and Torres Strait Islander peoples are heard, recognised and empowered.*" It sounds like the Voice is a duplication of this body.

Here is an interesting question for you. How long does an Australian have to live in Australia to be called indigenous? After all, everyone in Australia migrated to this country at some point in history. What is the difference between 50,000 years, 5,000 years or five generations ... except time? Is that the only criteria? Hasn't everyone benefitted from social, technical and medical progress over the last 200 years? And what about the people who were here before the Aboriginals arrived? What happened to them?

As indigenous people integrate and their bloodlines are diluted such that we can't tell the difference from the average Australian European descendent, when should they stop claiming privilege? Are people with African, Asian or European bloodlines precluded from ever qualifying and therefore making their future insecure in this country? Sure, we still call Australia home, but that obviously isn't enough to make us all equal judging by the rubbish that the media promotes.

Why are we departing from the Australian tradition of egalitarianism and democracy by creating an elitist class of people based on race? Create divisions and different classes and it can only lead to conflict. It is the opposite of being inclusive. The actions of the government, and its co-conspirators, will breed racism that wouldn't have otherwise existed.

### *Portable PPB; technology that is accelerating news flow for exploration companies*

Last week we saw the latest innovation in gold assaying techniques that is in the early stages of commercialisation. Named Portable PPB Pty Ltd, the company was founded in 2017, on assaying technology developed by the CSIRO.

We frequently see announcements that a drilling program has been completed and samples have been sent off for assay, and then we wait. It can be anything from two weeks to two months, depending upon many factors. How good would it be if companies could get accurate assays within a 24 hour turnaround from anywhere?

The detectORE™ process exclusively licenced by CSIRO to Portable PPB overcomes the problem of obtaining low level gold results by pXRF analysis of samples by using a patented process and single shot consumable. Five pXRF manufacturers and 26 gold companies including six gold majors have aided the development with many beginning to adopt the technology. Last week the Company was announced as a Finalist for 2023 Innovator of the Year in WA.

The benefits of a quick turnaround in assays are obvious, in both time savings and cost. Quick feedback early in a drill program can enable modifications of hole positioning in real time. Programs can be amended without having to wait for assay labs, and the efficiency of time spent on site can be maximised. Exploration programs can be compressed into much smaller time frames without compromising on data collection. News can be reported to shareholders much more quickly.

The Company is still private. It is currently raising in the order of \$3m from high net worth investors in minimal parcels of \$50,000. Maybe it will list one day, but it might be smarter to build it up and do a trade sale. That way it can avoid the messiness that comes with dealing with the ASX.

From the early numbers I have seen, the Company could be very profitable. It promises to be a great business. If you want to know more, contact us and we can give you details of the raising.

### *Listed versus private gold companies*

Last week at Diggers I was approached by a private gold services group that was investigating possible sources of finance with which to fund the development of smaller gold projects in WA. Normally we deal with ASX listed entities because ... that seems to be the game. There are plenty of companies and opportunities to work with, and no shortage of deals if you're prepared to seize the day. However, there rules and regulations that you have to comply with that result in frustrations and in efficiencies.

An alternative is to stay private but in order to survive, you have to be good. Unlike the public arena, there is no need for promotion to pump along a share price to enhance your ability to raise funds from the general, naive public. You just have to be a good operator and turn opportunity into profit.

Gold offers a fertile playing field for private operators. There are many small deposits that are not large enough for ASX listed companies, especially in a state like WA. Near surface deposits often comprise a high grade core (which may or may not have already been mined by old timers), surrounded by lower grade halos. The ASX-listed company business model is to lower the cut-off grade as much as possible in order to maximise economies of scale, such that marginal costs of production approach marginal revenue, but this is not necessarily going to give you the best rates of return.

ASX companies are seldom interested in gold production of less than 30,000 oz p.a. Institutional investors want greater than 100,000 oz p.a. and they feel safer in companies with

multiple mines. The mine managers need career enhancing project lives in order to attract the best operators. They require sufficient cash flow to cover the myriad of overheads, compliance and ESG costs that impede public companies from the first day of listing. If the critical mass is not there, they can't progress.

Private operators are much sharper in their approach to business. They can pick up projects that are unsuitable for ASX listed companies due to size and mine life and focus on maximising profitability. It doesn't matter if the life is only six months or two years. It doesn't matter if the total production is not big enough to satisfy demanding shareholders. All that matters is the ability to make a profit and a good return on capital. They can focus on grade and operating margins. Once a project is completed, they can move onto the next one. They are not restricted by a fixed tenement position because they can move around and deal with a wide range of partners.

Part and parcel of this is the ability to negotiate deals with the licence owners and share the resultant profits. Having a proximate treatment facility is also important.

Financial capability is likely to be the final, most difficult piece of the jigsaw puzzle. It is all about risk capital. That is why so many initially private operators end up becoming, or dealing with, ASX listed companies. Yet, by doing so, they surrender so many of the benefits of being private. Surely there must be a comprise whereby everyone wins.

Smaller investors need ASX-listed companies because there are no barriers to buying shares on-market. They can come and go as they please. They have no financial muscle on which to lever, so they effectively buy gambling chips at the going price.

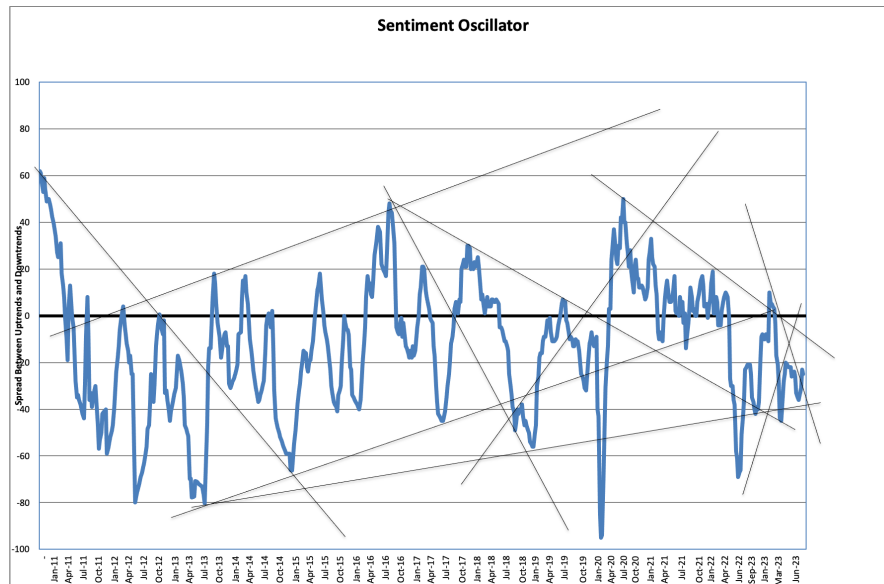
More wealthy investors and family offices can deal in millions of dollars of shares at a time, but their positions frequently become too difficult to trade. They have to sit on a share register for extended cycles while the smaller guys hover in and out of a stock, thereby setting the price and affecting valuations of share portfolios. They can't take normal trading profits so they are restricted to more significant liquidity events that come along only once in a long while.

So, what about an alternative approach. What about joining a pool of funds that may be restricted to 10 investment groups with minimal stakes of \$1m? If these could partner a competent and experienced mining group that is focused on earning operating profits, they could benefit from distribution of both cash and physical gold. They wouldn't have to worry about dealing with the ASX and thousands of shareholders' expectations and volatile stock markets. They wouldn't have to contend with all of the inefficiencies and crap that the ASX forces on companies. Overheads would be minimal. Profits would be distributed back to the partners at regular interval as and when they are earned. How beautiful, how elegant! There will already be some of these businesses flying under the radar that we don't hear of, but there is room for more

Like everything, such a venture needs leadership. It needs someone with credibility to bring good people together. WA provides a unique locality in which to operate due top the rich endowment of gold deposits of all shapes and sizes, and there is a deep pool of experienced operators. These need to be paired up with investor capital. It can happen. It sounds great, so why isn't is happening more often? Maybe

because smart businessmen think they know how to make money and don't want to partner with others? Maybe there isn't enough trust in the system to facilitate the co-operation. Whatever the reason, as each year passes by

and more and more inefficiencies are factored into ASX-listed companies, the more viable this alternative business model becomes.



**Sentiment Oscillator:** There was little change to sentiment over the week with 27% (26%) of the charts in uptrend, and 52% (49%) 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	in a wedge	
Metals and Mining	XMM	in a wedge	
Energy	XEJ	edging higher	
Information Technology	XIJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	forming a base, rising gently	boron
92 Energy	92E	new low on placement	uranium
A-Cap Energy	ACB	risen to resistance line	uranium
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	back to highs	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	back to lows	coal, gold exploration
Alkane Resources	ALK	testing uptrend	gold
Alicanto Minerals	AQI	steeply higher	base metals, silver, gold
Almonty Industries	All	weaker	tungsten
Altech Chemical	ATC	new low on placement	HPA, anodes
Anteotech	ADO	new low on placement	silicon anodes, biotech
Alto Metals	AME	at lows with a placement	gold exploration
American Rare Earths	ARR	testing steepest downtrend	rare earths
Antilles Gold	AAU	breached uptrend	gold and copper expl.
Anax Metals	ANX	sideways below 8c	copper
Arafura Resources	ARU	new low	rare earths
Ardea Resources	ARL	testing downtrend	nickel
Aurelia Metals	AMI	back to lows	gold + base metals
Australian Rare Earths	AR3	testing support line	rare earths
Australian Strategi Materials	ASM	steeply higher	rare earths
Arizona Lithium	AZL	new low	lithium
Azure Minerals	AZS	another surge higher then pullback	nickel exploration
BHP	BHP	risen, testing resistance	diversified, iron ore
Barton Gold	BGD	resting on support line	gold exploration
Beach Energy	BPT	spiked through downtrend	oil and gas
Bellevue Gold	BGL	off its highs	gold exploration
Benz Mining	BNZ	surging out of downtrend	gold
Black Cat Syndicate	BC8	down	gold
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	at resistance line	silver/lead
Buru Energy	BRU	bounced from lows	oil
Calidus Resources	CAI	new low	gold
Caravel Minerals	CVV	testing support line on placement	copper
Carnaby Resources	CNB	testing downtrend	copper

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Castile Resources	CST		collapse	gold/copper/cobalt
Cazaly Resources	CAZ		sideways	rare earths
Celsius Resources	CLA		rising on takeover bid	copper
Cobalt Blue	COB		strong surge, then a correction	cobalt
Cyprium Metals	CYM		suspended	copper
Dateline	DTR		down	rare earths
Ecograf	EGR		new low	graphite
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		risen to resistance line	gas
EQ Resources	EQR		placement at a premium	tungsten
Euro Manganese	EMN		new low	manganese
Evolution Energy	EV1		down	graphite
Evolution Mining	EVN		off its highs	gold
First Graphene	FGR		down	graphene
Fortescue Metals	FMG		rising again	iron ore
FYI Resources	FYI		down	HPA
Galena Mining	G1A		new low	lead
Genesis Minerals	GMD		breached downtrend	gold
Genmin	GEN		testing downtrend	iron ore
Gold 50	G50		down	gold exploration + gallium
Great Boulder Resources	GBR		sideways to lower	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		testing downtrend	gold exploration
Hastings Technology Metals	HAS		bounced off lows	rare earths
Hazer Group	HZR		down on entitlement issue	hydrogen
Heavy Minerals	HVY		down	garnet
Highfield Resources	HFR		down	potash
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		off its highs	mineral sands
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths	IXR		down	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Resources	JRL		at lows	lithium
Kaiser Reef	KAU		sideways through downtrend	gold
Kalina Power	KPO		new low	power station additive
Krakatoa Resources	KTA		surge out of downtrend	rare earths
Kingfisher Mining	KFM		testing uptrend	rare earths
Lepidico	LPD		improving	lithium
Lindian Resources	LIN		breaching uptrend	rare earths + bauxite
Lion One Metals	LLO		surge out of downtrend	gold
Li-S Energy	LIS		breached downtrend	Lithium sulphur battery technology
Los Cerros	LCL		on support line	gold exploration
Lotus Resources	LOT		down	uranium
Lucapa Diamond	LOM		new uptrend	diamonds

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Lunnon Metals	LM8	testing uptrend	nickel
Lynas Corp.	LYC	down	rare earths
Mako Gold	MKG	sideways	gold exploration
Marmota	MEU	breached downtrend	gold exploration
Matador Mining	MZZ	down	gold exploration
Mayur Resources	MRL	rising	renewables, cement
Meeka Gold	MEK	rising	gold
Megado Minerals	MEG	breached recent uptrend	rare earths, gold exploration
MetalsX	MLX	down	tin, nickel
Meteoric Resources	MEI	rising again	rare earths
Metro Mining	MMI	rising	bauxite
Midas Minerals	MM1	steeply higher	lithium
Musgrave Minerals	MGV	up on takeover approach	gold exploration
Nagambie Resources	NAG	new low	gold, antimony
Neometals	NMT	breached downtrend	lithium
Newfield Resources	NWF	down	diamonds
Northern Star Res.	NST	down	gold
Nova Minerals	NVA	spiked higher	gold exploration
Orecorp	ORR	rising	gold development
Pacific Gold	PGO	breached short term uptrend	gold exploration
Pantoro	PNR	rising	gold
Panoramic Res	PAN	collapse on placement	nickel
Parabellum Resources	PBL	down - suspended	rare earths
Patriot Battery Metals	PMT	breached uptrend	lithium
Peak Resources	PEK	testing downtrend	rare earths
Peninsula Energy	PEN	collapse	uranium
Perseus Mining	PRU	breached downtrend	gold
Poseidon Nickel	POS	collapse	nickel
Provaris Energy	PV1	spiked higher, then pullback	hydrogen
QMines	QML	testing downtrend	copper
Queensland Pacific Metals	QPM	long term down	nickel/cobalt/HPA
RareX	REE	breached downtrend	rare earths, phosphate
Regis Resources	RRL	collapse	gold
Regergen	RLT	rising gently	gas, helium
Richmond Vanadium	RVT	sideways	vanadium
RIO	RIO	recovery, but within a downtrend	diversified, iron ore
Rumble Resources	RTR	secondary downtrend	gold exploration
S2 Resources	S2R	improving	gold exploration
Sandfire Resources	SFR	rising again	copper
Santos	STO	rising	oil/gas
Sarama Resources	SRR	another new low	gold exploration
Sarytogan Graphite	SGA	down	graphite
Siren Gold	SNG	good rise followed by heavy pullback	gold exploration
South Harz Potash	SHP	down again	potash

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Southern Cross Gold	SXG	<span style="color: red;">■</span>	down	gold exploration
Southern Palladium	SPD	<span style="color: red;">■</span>	down	PGMs
Stanmore Coal	SMR	<span style="color: orange;">■</span>	breaching downtrend	coal
Strandline Resources	STA	<span style="color: red;">■</span>	collapse on placement	mineral sands
Sunstone Metals	STM	<span style="color: red;">■</span>	meeting resistance line	gold/copper exploration
Suvo Strategic Minerals	SUV	<span style="color: red;">■</span>	still down	kaolin
Talga Resources	TLG	<span style="color: orange;">■</span>	holding support line	graphite
Tamboran Resources	TBN	<span style="color: red;">■</span>	down	gas
Technology Metals	TMT	<span style="color: red;">■</span>	down	vanadium
Theta Gold Mines	TGM	<span style="color: green;">■</span>	strong rise	gold
Thor Mining	THR	<span style="color: orange;">■</span>	sideways	gold exploration
Tietto Minerals	TIE	<span style="color: red;">■</span>	still down	gold
Vanadium Resources	VR8	<span style="color: red;">■</span>	drifting lower	vanadium
Venture Minerals	VMS	<span style="color: red;">■</span>	down	tin, tungsten
Vintage Energy	VEN	<span style="color: red;">■</span>	down	gas
Voltaic Strategic Resources	VSR	<span style="color: red;">■</span>	collapse on failure of assays	REO + lithium
West African Resources	WAF	<span style="color: orange;">■</span>	breached downtrend	gold
West Cobar	WC1	<span style="color: red;">■</span>	down	rare earth + lithium
Westgold Resources	WGX	<span style="color: green;">■</span>	off its highs	gold
West Wits Mining	WWI	<span style="color: orange;">■</span>	strong rise	gold
Whitehaven Coal	WHC	<span style="color: green;">■</span>	rising	coal
Xantippe Resources	XTC	<span style="color: red;">■</span>	down	lithium
Zenith Minerals	ZNC	<span style="color: red;">■</span>	down	gold exploration
Totals	27%	38	Uptrend	
	52%	74	Downtrend	
		143	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 Exploration	21	14.7%	
Gold	20	14.0%	
Rare Earths	17	11.9%	
Lithium	10	7.0%	
Oil/Gas	9	6.3%	
Copper	9	6.3%	
Nickel	7	4.9%	
Iron Ore/Manganese	5	3.5%	
Graphite/graphene	5	3.5%	
Uranium	5	3.5%	
Silver	4	40.0%	
Tungsten	3	2.1%	
Mineral Sands	2	1.4%	
Vanadium	3	30.0%	
Zinc/Lead	2	1.4%	
Coal	2	1.4%	
Potash/Phosphate	2	1.4%	
Bauxite	2	1.4%	
Tin	2	1.4%	
Cobalt	1	0.7%	
Diamonds	2	1.4%	
Other	10		
Total	143		

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