

Sun Silver is a promising new silver play

By the close of trading on Friday the market was rallying from the lows seen in the wave of palpitations experienced in the previous two weeks. Stock prices are on the mend, or at least rallying. Anxiety levels can be lowered for the time being.

The standout though, was the gold price. It was up 2.1% on Friday night, taking it to US\$2,508/oz, while silver was up 2.44%. We have been harping on about gold being the best commodity to be playing for 12 months now, and so far we have been right. Yet, there are many stock market players who haven't embraced gold stocks. Too many punters are hanging out with dodgy critical metal positions hoping for a recovery, but that space continues to be overcrowded with disaster stories. There are many stale bulls still waiting to get out.

Evolution's earnings are surging on gold prices

Evolution Mining (EVN) reported a 158% increase in net profit for the year to 30 June, being \$422m. EBITDA was up 67% to \$1.5bn. While operational improvements will always be referenced, the strong gold price has played a big hand. The price received was up 23%. As good as this result appears, the share price has not been responding dramatically. It has been in a broad sideways pattern for the last 12 months. It is almost as if the investors find this sector boring notwithstanding that gold continues to be the best performing commodity.

Sun Silver - a larger silver play to consider

The ASX-listed silver sector is usually rather limited. It rarely gets much attention and when it does, comparative analysis suggests that there are better pickings in the American projects rather than Australian projects, owing to the style of the geology in the Rockies and the Andes.

The most recent entry to the ASX is Sun Silver (SS1), that listed in May 2024, after raising \$13m at 20¢ a share. The IPO offered a rare staging opportunity for those lucky to get shares at 20¢, with the peak price being 75¢, four days after listing. The shares have fallen to 41¢ since then and are stuck in a downtrend. Will they fall further, or will the buyers move in?

A sizeable resource of 292 Moz AgEq, & growing

The first point to note is the size of the Maverick Springs silver resource, in Nevada, USA. At 175 Moz of silver (292 Moz AgEq with gold credits), Sun Silver rightly claims to have the largest pre-development silver resource in an ASX-listed company. The stand-alone silver grade is 43.5 gpt and the gold grade is 0.34 gpt. That means that it is not particularly high grade. In fact, it is low grade, but the economics suggest it may be profitable. That aside, it provides excellent leverage to the silver price. (*calculations used a silver price of US\$21.50/oz Ag and US\$1,850/oz Au*).

In the USA context, the Couers Rochester mine operates successfully on a much lower head grade of 12 gpt Ag, with capacity being expanded to 32 Mtpa. Kinross's Bald Mountain Project, 25 km from Maverick, has a gold head grade of 0.5 gpt. Low grade is not much of an obstacle in the USA context.

The resources are found in a zone measuring 2.4 km x 1.2 km. This has been tested by 200 holes for 60,000 m of drilling. It is open along strike and at depth and it is in mostly soft, oxidised rock. A 7,500m drilling program is underway to test the higher grade extensions with intercepts up to 300 gpt Ag, and provide infill drilling with the aim of achieving an upgrade of the JORC category, partially to Indicated.

Metallurgical characteristics seem reasonable

In many projects the silver is a co-product in sulphuric mineralisation, reporting to a concentrate, but Maverick Springs is different. It is basically an oxidised resource that offers cyanide leaching opportunities. Early bottle-roll test work (2004-2006) returned recovery rates mostly above 80% and up to 90% or more, with the higher rates coming from a P₈₀ grind size to 40-50 µm. These results are first pass only, so there will be a fair amount of work required to optimise the process circuit.

What size mining operation can we expect?

The company is limited in what it can say about forecast production and costs yet as the resource is in the Inferred category, but we could be looking at a sizeable 10 Mtpa operation that will maximise the economies of scale. Back of the envelope numbers suggest this could deliver a capex payback in the order of four years, but that might depend on how the large pre-strip is handled in the costings. There is still a substantial amount of work to be done before we can actually work on reliable numbers, but we can say there is potential for a big operation.

The prospectus has given us a few clues based on a whittle pit optimisation study done in 2022. It is interesting that the ASX has allowed these numbers to be published at such an early stage, but I for one am not complaining. Parameters released include;

- gold recovery - 75%
- silver recovery - 85%
- strip ratio - 5.8:1
- mining costs - US\$1.90 pt
- processing and G & A costs - US\$12.50 pt
- mining dilution - 5%
- lower cut-off grade - 0.3 gpt AgEq

One slight note of caution when doing any numbers is the need to consider royalties. Mineral rights in the USA usually lie with the land owners. This can lead to much higher royalties than we would expect in Australia, where the Crown levies royalties. At Maverick Springs there is a 5.9%

royalty payable to Artemis, the registered holder of the claims. There is another NSR of 1.5% payable to Triple Flag. There is always the possibility to buy back royalties if a deal can be negotiated.

The merits of silver

We all know that silver is the cheaper cousin of gold, with Americans liking it for cultural and historical reasons, but how many of you know that silver is an essential ingredient for solar panels? Demand for this use has increased by 380% since 2014, and according to the presentation, silver accounts for 23% of the material cost in solar panels. You could call it a “green” metal if you wanted to. There has been a silver supply deficit for the last four years with a deficit of 140 Moz in 2023.

The Bottom Line

At the latest price of 42¢, Sun’s market capitalisation is \$53m. There was \$6.5m in the kitty at 30 June, which will last two years according to the prospectus, but don’t be surprised if the company takes advantage of a strong share price to cash up further.

Sun Silver has come to the market at an opportune time with the silver price in a strong uptrend. The low grade gives excellent leverage to further price rises. This early stage of the project provides plenty of room for speculative trading. At the very least it should be on your watch list as a way to play the silver price.

Antimony is attracting more attention

There are hardly enough antimony plays to call it a sector yet, but the share market success of Larvotto Resources (LRV) is starting to draw in more players. We have covered antimony a few times over the past 12 months, mostly with regard to Nagambie’s (NAG) success in drilling high grade antimony/gold orebodies in Victoria, but Larvotto is taking the limelight now.

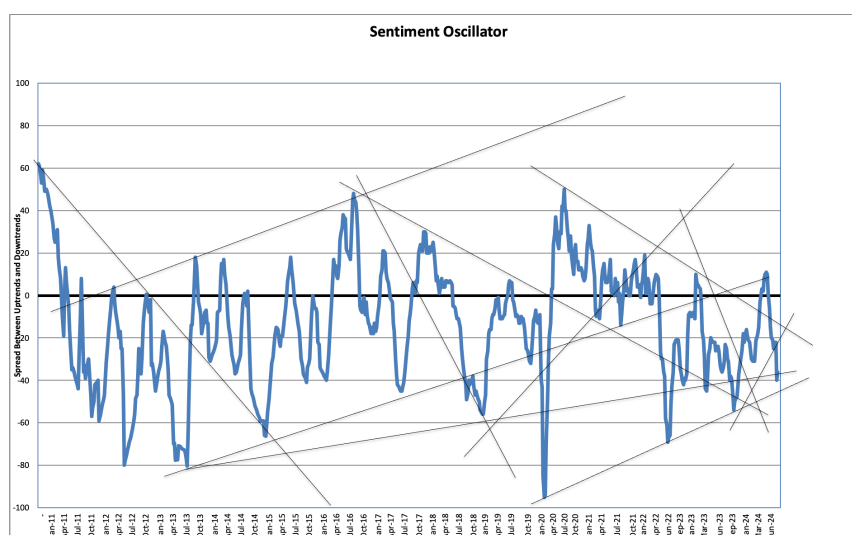
Last December LRV acquired the Hillgrove gold/antimony project in NE NSW for \$8m, from the Administrator. On the 5th August it announced a Pre-Feasibility Study saying that for capex of \$73m, it could achieve 80,000 oz p.a. of AuEq product (41,000 oz p.a. gold and 5,400 tpa of antimony concentrates). The average free cash flow for a seven year mine life is estimated to be around \$126m p.a. on recent spot prices of gold and antimony.

These are amazing numbers given how much LRV paid for the project, and the long list of companies that have failed to make the project work in the past. There is nothing easy about the technical aspects of this project, but if ever it is going to be successful, now is the time with both gold prices and antimony prices booming.

Antimony stands alone as about the only strategic metal to move higher in price. A year ago it was hovering around US\$14,000 per tonne. Last week it traded as high as US\$23,900 per tonne, according to Argus.

There is a world-wide shortage of antimony, an important input into ordnance manufacturing. About 85% of supply comes from China, Russia and Tajikistan. The western world is desperately short of antimony sources. China seems to have such a stranglehold that it has no incentive to drive the price down. The smelter/refinery that was operating in Oman has recently closed due to a lack of concentrate supplies. It is a thin market, but it will continue to gather attention if the price stays at these high levels.

Disclosure: The author was previously a director of Nagambie and still owns shares and options.



Sentiment Oscillator: Sentiment improved a little last week. There were 21% (19%) of stocks in uptrend and 57% (59%) 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	strong rally	
Metals and Mining	XMM	rallying	
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	recovering uptrend	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
Anax Metals	ANX	new low	copper
Andean Silver	ASL	testing downtrend	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

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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
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

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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
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		new low on project update	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
St George Mining	SGQ		steeply higher	rare earths, niobium
Stellar Resources	SRZ		down	tin
Summit Resources	SUM		heavy correction	niobium, rare earths
Sun Silver	SS1		falling after successful IPO	silver
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

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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	21%	28	Uptrend	
	5%	7	Downtrend	
		136	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	19.1%	
Gold Exploration	15	11.0%	
Rare Earths	14	10.3%	
Copper	10	7.4%	
Uranium	7	5.1%	
Lithium	6	4.4%	
Oil/Gas	6	4.4%	
Nickel	5	3.7%	
Graphite/graphene	5	3.7%	
Iron Ore/Manganese	4	2.9%	

Potash/Phosphate	4	2.9%	
Coal	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	4	40.0%	
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	136		

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