

## Gold price punches through US\$2,700/oz and A\$4,000/oz

The spot price of gold punched through US\$2,700/oz on Friday to yet another record high. As we have been saying for many months, gold is the place to be. A number of investors that didn't get set early are telling me that they are waiting for a pullback in the bullion price before wading into the market to buy gold shares, but I think they may be waiting with disappointment.

Buying the "right" gold stock involves more analysis than for many other commodities because the variability of gold deposit geology, grades and economics. There is the added complication of forward selling that might seem prudent at the time, but which can blow up a company if the CFO gets it wrong. The rising gold price is changing the perspectives of the grades needed to make money, even with the capital and operating cost inflation that we have seen in recent years. What was previously economic may now be very profitable.

Gold explorers will obviously get a fillip out of the recent price rises but turning any discovery or early stage resource into an operating mine takes years. The biggest winners are those who can tap into positive cash flow right now and grow from that cash flow rather than calling on shareholders yet again.

### *Economics of Today's Gold price*

I know that most of you don't dig down deeply into the economics of mining a gram of gold, but it is worth making a few points about how much the rising gold price is impacting the mine economics. At A\$4,000/oz, each gram is worth A\$128/gm. That is what a gold company has to keep its costs below in order break even.

Not long ago a 1 gpt orebody was considered to be low grade, but we need to adjust that thinking. Companies such as Capricorn Metals (CMM), put 0.8 gpt through its Karlawinda mill in the September Quarter (down from 0.93 gpt in the previous June Quarter. A 17% increase in tonnes mined provided economies of scale such that its guidance of \$1,370-\$1,470/oz is still on track for FY2025.

The quarterly report will come out next week, but I have extracted some numbers from the June quarterly. Like many of the gold producers, Capricorn was carrying a hedge book that was well out of the money. It closed out 52,000 oz in the June quarter at \$2,327/oz. Had it not done this, at today's gold price, it would have burnt another \$90m. It still has 55,000 oz on flat forward contracts at \$2,327/oz, but it has covered its downside by taking out put options to reciprocate the forwards at \$3,432/oz. That means the maximum downside is \$57m.

I was recently asked a question regarding gold hedging and whether it was good or bad. Quite clearly today, hedging is bad. Any producer that sold forward over the last few years is missing out, to some extent, on this wonderful gold price. In the worst case scenarios it can lead to business failure if the banks decide to close out the

contracts. We saw them pull the rug out from under the feet of Calidus Resources (CAI). Bellevue Gold (BLG) had to act quickly and raise \$150m at a discounted share price to prevent the same thing happening to it.

So, before you buy shares in a gold producer you should check to see if it has hedged the gold, and at what price. The smarter strategy that minimises potential damage from a rising gold price is to purchase put options. They will cost some money depending on the price and the timing, but that will be a defined number, not an open ended exposure. Though all of this discussion one thing is certain ... the gold producers are not very good predictors of the gold price.

If a company has a high-grade gold mine at say, 15-20 gpt, it will be making so much money and experiencing profit margins of hundreds of percent such that there is absolutely no need to hedge to cover your operating costs. If any company in this position does decide to hedge, it is just gambling on the gold price for no benefit. Only a fool would be trying to pick the top of this gold market. Leave that to investors, not accountants dealing with other people's money.

The biggest winners in this gold boom will be those companies that have low open pit grades of less than 1 gpt and no forward sales. For example, think of the very large tonnage, low grade gold mines in Alaska. They provide the leverage and they will give the best share price performances, but they are more vulnerable to downturns in the gold price.

Another group of winners will be those with underground orebodies that were previously considered to be too low grade to mine, but have a look at how well Red 5 (*note the name change to Vault Minerals (VAU)*) is doing. Its King of the Hills underground grade was quoted at 3.2 gpt, but that should be very profitable at these gold prices. I have heard other companies saying they are making good money on underground grades of 2-3 gpt. Who would have thought?

Studying the quarterlies and annual reports of established gold producers will give you all the answers you need when deciding which are the better ones, but there is a whole host of other considerations when deciding whether or not to buy a prospective new producer. Each gold project needs to be considered on its individual merits and not just the direction of the gold price. Don't forget the need for experienced operating management that is in short supply.

### *Terra Uranium is Totally Under the Radar*

Uranium stocks have turned positive recently as the uranium price has ticked up, back above US\$80/lb. Each week we are seeing more positive comments on nuclear power. A referendum in Kazakhstan has voted in favour of establishing a nuclear power capability. Computing and data storage companies are reviving nuclear power facilities to source electricity for their data centres. The sentiment is definitely improving.

I have been following a tiny uranium explorer that has some very interesting ground in the Athabasca Basin of Canada. This is the home of the most impressive unconformity style uranium deposits in the world, such as MacArthur River and Cigar Lake.

### *Chasing the super high-grade unconformity targets*

At **Pasfield Lake**, Terra Uranium (T92) starting pegging ground on the eastern side of the Athabasca Basin, 80 km to the W/NW of multiple operating uranium mills, about three years ago. The exploration strategy involves targeting unconformities at vertical depths of 800-1,000m in the Cable Bay Shear Zone (CBSZ), which is known for uranium prospectivity but has had little exploration work undertaken owing to the thickness of the basin sediments. Geophysical exploration techniques are used to see below the sediments, while RC geochemical profiling is used to identify targets ahead of more expensive diamond drilling.

Terra has brought the Ambient Noise Tomography (ANT) technique to the region for the first time in Canada. This is a type of seismic technology that maps velocity changes to pick up illite clays, silica alteration and the basal unconformity itself that hosts the richest uranium deposits. Helium concentration levels at surface of more than 230 times greater than background readings suggest high grade uranium at depth.

### *Farming out the most expensive drilling ...*

A week ago Terra announced a deal with ATHA Energy Corp (TSXV:SASK) whereby ATHA can earn 60% of Terra's Pasfield Lake Project by drilling four 1,000m deep holes at a cost of at least \$1m each, to earn up to 15% with each hole. Pasfield covers the deep geophysical targets that offer similar scale targets to Cigar Lake and MacArthur River.

### *... while earning into near surface targets*

In a second leg to the announcement Terra can acquire up to 70% of ATHA's **Spire and Horizon Project** which is prospective for shallow basement-hosted high-grade uranium mineralisation such as the nearby Atha Gemini discovery. See <https://athaenergy.com/projects/gemini/>

Terra will have to spend C\$2,750,000 for an initial 50% interest and can then increase this to 70% for an additional C\$2,000,000 by September 2028.

**Amer Lake**, a third project, has a non-JORC Canadian compliant NI43-101 resource of 17.8 Mt at 380 ppm U<sub>3</sub>O<sub>8</sub>, containing 15.3 Mlbs U<sub>3</sub>O<sub>8</sub>. This style of mineralisation is more amenable to bulk or ISR types of mining. The uranium occurs in replacement style alteration zones generally 0.5-1.0m thick. They are continuous and lie between two limestones, from surface to 100m depths, dipping at 0-40 degrees. The uranium occurs in layered uraninite on spherical form up to 1 cm in size. Unusual for Canada, there are no swamps to impede access. Exploration can happen in all four seasons, but ice roads and helicopter support will still be required.

### *Bringing in the experts - Axiom Project Services*

Terra has engaged Axiom Project Services of Saskatoon in Saskatchewan, to manage field operations in Canada. While this is a useful cost control measure for an ASX-listed junior, it also makes available some excellent technical personnel who have had extensive uranium experience

working with world uranium leader, Cameco Corporation. As an example geologist Doug Engdahl, a non-executive director of Terra, is also the President of Axiom.

### *The Bottom Line*

The main point is that Terra has a legitimate seat at the table in the uranium game. If uranium stocks move higher, so should the Terra share price. The address is good, it has three projects to explore and one of them is already demonstrating resources.

The Pasfield Lake project is the real eye-catcher. If the market gets even a remote sniff that there could be a Cigar Lake or a MacArthur, the share price will sky rocket, but perhaps it would be better to come up with a Phoenix-style like what Denison Mines has. Have a look at this link to the Wheeler River Project and you will be impressed. <https://denisonmines.com/projects/core-projects/wheeler-river-project/>

Phoenix is shallower at a depth of around 500m, with a Proved and Probable Mineral Reserve of 219,000 tonnes at 11.7% U<sub>3</sub>O<sub>8</sub>, from a Measured and Indicated Mineral Resource of 70.5 Mlbs at the phenomenal grade of 11.4% U<sub>3</sub>O<sub>8</sub>. Interestingly, Denison plans to recover the uranium with the ISR method that is much more simple than having to freeze the ground to achieve ground stability of the clay-hosted alteration mineralisation found elsewhere. Average operating costs at Phoenix are estimated at a tiny US\$6.28/lb.

Terra is definitely a high-risk high reward exploration play but with enormous potential if it can jag one of the high grade uranium orebodies for which the Athabasca is famous. Time will tell.

Terra has a tiny market capitalisation of only \$4.4m. In August a placement at 7¢ with 1 for 1 options didn't go as well as planned, raising only \$750,000, and an SPP added only \$89,000 with most coming from Directors who are highly experienced uranium and exploration professionals. Thus there will have to be more money raised over the next few months if the Company is going to conduct much exploration, though ATHA can drill the exciting holes independent of Terra's balance sheet. It is difficult to imagine that the shares are going to get much cheaper.

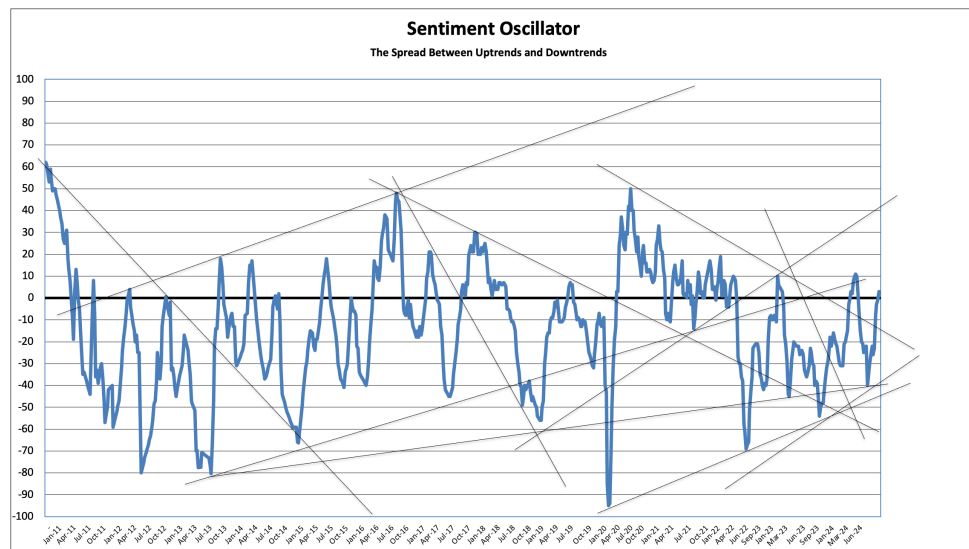
*Disclosure: Interests associated with the author own shares and in Terra Uranium.*

### *Swings and Roundabouts in Exploration*

The Australian Gold and Copper (AGC) share price slumped last week on the latest drill results from the previously exciting Achilles discovery. The best intercept reported was 12m at 22 gpt Ag, 0.9 gpt Au, 0.9% Cu and 13.8% Pb+Zn. There is nothing wrong with these grades, but a number of the other holes were much lower grade. There were limited sugar hits in the other 14 holes. The market sold the shares down, but that means the shares are back in the buying range. Exploration always involves swings and roundabouts.

### *Travelling plans may interrupt the Weekly*

I leave tomorrow for a week in Brazil on Agua's phosphate project, and then a week in Colombia at the Santa Barbara Gold Project. I might be able to get the Weekly done, but there are no guarantees while I am travelling.



**Sentiment Oscillator:** Sentiment continued to improve. There were 37% (36%) of stocks in uptrend and 34% (37%) in downtrend at the close of the week. We are back above the equilibrium line.

## 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	at highs	
Metals and Mining	XMM	pullback	
Energy	XEJ	strong rally	
Information Technology	XIJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	new high	phosphate, gold
Alkane Resources	ALK	breached downtrend	gold
Alicanto Minerals	AQI	new low	base metals, silver, gold
Alligator Energy	AGE	breached steepest downtrend	uranium
Almonty Industries	All	rising	tungsten
Alpha HPA	A4N	rising again	HPA
Altech Chemical	ATC	spike through resistance line	HPA, anodes
Alto Metals	AME	new high	gold
American Rare Earths	ARR	sideways breach of downtrend	rare earths
Anax Metals	ANX	breaching downtrend	copper
Andean Silver	ASL	new highs	silver
Anteotech	ADO	spike higher	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths

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Ardea Resources	ARL	down	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	consolidating after placement	gold
Auric Mining	AWJ	rising	gold
Averina	AEV	rising	phosphate
Aurora Energy Metals	1AE	back to lows	uranium
Aurelia Metals	AMI	rising	copper + base metals
Australian Gold and Copper	AGC	weaker	base metals, silver, gold
Australian Rare Earths	AR3	surge through downtrend	rare earths
Australian Strategic Materials	ASM	new uptrend breached	rare earths
BHP	BHP	pullback	diversified, iron ore
Barton Gold	BGD	testing downtrend	gold exploration
Beach Energy	BPT	new low	oil and gas
Bellevue Gold	BGL	testing downtrend	gold
Besra Gold	BEZ	still down	gold
Black Cat Syndicate	BC8	new high	gold
Boab Metals	BML	sideways at lows	silver/lead
Brazil Critical Minerals	BCM	new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE	surge through downtrend	rare earths
Brightstar Resources	BTR	sideways	gold
Caravel Minerals	CVV	testing downtrend	copper
Carnaby Resources	CNB	breached downtrend	copper
Castile Resources	CST	sideways	gold/copper/cobalt
Catalyst Metals	CYL	surge to new high	gold
Cazaly Resources	CAZ	breached new downtrend	rare earths
Celsius Resources	CLA	sideways	copper
Challenger Gold	CEL	rising off lows	gold
Cobalt Blue	COB	new low	cobalt
Critica. (was Venture)	CRI	sideways	tin
Cyprium Metals	CYM	testing downtrend	copper
Emerald Resources	EMR	rising, new high	gold
Empire Energy	EEG	breached uptrend	gas
EQ Resources	EQR	rising	tungsten
Evolution Energy	EV1	uptrend confirmed	graphite
Evolution Mining	EVN	rising	gold
First Graphene	FGR	down	graphene
Fortescue Metals	FMG	breaking downtrend	iron ore
Genesis Minerals	GMD	rising	gold
Globe Metals and Mining	GBE	down	niobium
Gold 50	G50	breached downtrend	gold exploration + gallium
Great Boulder Resources	GBR	new low	gold exploration
Group 6 Metals	G6M	suspended	tungsten
Hamelin Gold	HMG	breached downtrend	gold exploration
Hastings Technology Metals	HAS	back in downtrend	rare earths

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Heavy Minerals	HVY	orange	testing brief, sharp uptrend	garnet
Hillgrove Resources	HGO	orange	testing downtrend	copper
Iltani Resources	ILT	orange	breached downtrend	antimony
Iluka Resources	ILU	green	rising again	mineral sands
ioneer (was Global Geoscience)	INR	green	rising	lithium
Ionic Rare Earths	IXR	red	new low	rare earths
Jindalee Lithium	JLL	red	new low	lithium
Jupiter Mines	JSM	red	new low	manganese
Kaiser Reef	KAU	green	improving	gold
Kalina Power	KPO	orange	breaching steep uptrend	carbon sequestration
Krakatoa Resources	KTA	red	back to lows	rare earths
Larvotto Resources	LRV	green	steep rise	gold, antimony
Lindian Resources	LIN	orange	sideways at lows	rare earths + bauxite
Li-S Energy	LIS	red	new low	Lithium sulphur battery technology
LCL Resources	LCL	red	new low	gold/nickel exploration
Lotus Resources	LOT	orange	testing downtrend	uranium
Lucapa Diamond	LOM	red	collapsing due to institution dumping shares	diamonds
Lunnon Metals	LM8	green	steep rise	nickel
Lynas Corp.	LYC	green	rising	rare earths
Marmota	MEU	red	gently lower	gold/uranium exploration
Mayur Resources	MRL	green	stronger	renewables, cement
Meeka Gold	MEK	green	uptrend	gold
MetalsX	MLX	green	rising	tin, nickel
Meteoric Resources	MEI	red	new low	rare earths
Metro Mining	MMI	orange	breached downtrend	bauxite
Midas Minerals	MM1	green	pullback	lithium
Nagambie Resources	NAG	red	returning to downtrend	gold, antimony
Neometals	NMT	green	surge higher - on gold	lithium
Newfield Resources	NWF	red	rallying	diamonds
Nexgen Energy	NXG	green	breached downtrend	uranium
Northern Star Res.	NST	green	rising again	gold
Nova Minerals	NVA	red	down	gold exploration
Novo Resources	NVO	red	down	gold exploration
Pacific Gold	PGO	red	breached downtrend	gold exploration
Paladin Energy	PDN	green	new uptrend	uranium
Pantoro	PNR	green	rising again	gold
Patriot Battery Metals	PMT	red	collapse to a new low	lithium
Peninsula Energy	PEN	red	new low	uranium
Perseus Mining	PRU	green	correcting lower	gold
Provaris Energy	PV1	red	new low	hydrogen
QMines	QML	orange	breached uptrend	copper
Queensland Pacific Metals	QPM	orange	testing downtrend	nickel/cobalt/HPA
RareX	REE	orange	sideways at the bottom of a downtrend	phosphate, rare earths
Regis Resources	RRL	green	new uptrend	gold

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Regergen	RLT		surge on production news	gas, helium
Richmond Vanadium	RVT		bounced from lows	vanadium
RIO	RIO		pullback	diversified, iron ore
RTG Mining	RTG		testing uptrend	copper
Rumble Resources	RTR		rising	zinc exploration
S2 Resources	S2R		down	gold exploration
Sandfire Resources	SFR		rising again - new high	copper
Santos	STO		down	oil/gas
Sarytogan Graphite	SGA		testing downtrend	graphite
Siren Gold	SNG		rising	gold exploration
Southern Cross Gold	SXG		surging on antimony	gold exploration
Southern Palladium	SPD		rising again	PGMs
Stanmore Coal	SMR		risen to meet resistance line	coal
St George Mining	SGQ		down	rare earths, niobium
Stellar Resources	SRZ		rising again	tin
Summit Resources	SUM		down	niobium, rare earths
Sun Silver	SS1		rising	silver
Suvo Strategic Minerals	SUV		sideways through uptrend	kaolin
Talga Resources	TLG		slump	graphite
Tamboran Resources	TBN		down	gas
Terra Uranium	T92		down	uranium
Theta Gold Mines	TGM		rising again	gold
Toro Energy	TOE		breached downtrend	uranium
Torque Metals	TOR		back to lows	gold exploration + lithium
Vanadium Resources	VR8		breached downtrend	vanadium
Vintage Energy	VEN		sideways at lows	gas
Vertex Minerals	VTX		steeply higher	gold
Walkabout Resources	WKT		sideways	graphite
Warriedar Resources	WA8		down	gold exploration
West Cobar	WC1		spike on antimony news	rare earth + lithium
Westgold Resources	WGX		spiked higher	gold
West Wits Mining	WWI		sideways	gold
Whitehaven Coal	WHC		strong rally	coal
Totals	37%	50	Uptrend	
	34%	46	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	25	18.7%	
Rare Earths	16	11.9%	
Gold Exploration	14	10.4%	
Copper	11	8.2%	
Uranium	9	6.7%	
Lithium	6	4.5%	
Oil/Gas/Hydrogen	7	5.2%	
Graphite/graphene	5	3.7%	
Iron Ore/Manganese	4	3.0%	
Nickel	3	2.2%	
HPA/Kaolin	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	2.2%	
Antimony	3	2.2%	
Potash/Phosphate	2	1.5%	
Coal	2	1.5%	
Diamonds	2	1.5%	
Niobium	1	0.7%	
Vanadium	2	40.0%	
Zinc/Lead	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	5	3.7%	
Total	134		

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