

## Lindian Resources is now a quality REO company

### *Lindian has emerged as the victor*

We have mentioned Lindian's Kangankunde rare earth project on a number of occasions previously but it has taken time to dig out historical information that has enabled us to provide a more informed view. Kangankunde is not a recent discovery that has had us waiting for up coming news flow. Rather, it has been recognised as a significant project for at least 20 years - sufficiently so that industry leaders have been jostling for a position, but their objectives have been frustrated by drawn-out litigation concerning legal title. Finally, Lindian has emerged as the victor with a High Court consent order to the right to acquire a 100% interest in the owner, Rift Valley Resource Developments Limited (Rift Valley), as detailed in the ASX release of 1 August, 2022.

The deal allows Lindian to acquire 100% of Rift Valley, thereby enabling 100% ownership of Kangankunde, upon payment of US\$30m in five tranches over a four year period. Having paid the first tranche of US\$2.5m in August, Lindian is now in the box seat to advance Kangankunde and become a serious rare earth industry participant.

We have managed to locate a number of historical reports on Kangankunde that attest to its geological merits but these need to be revised to reflect more modern JORC requirements. Similarly, the economic appraisals need to be updated to account for the more recent pricing of rare earth products. Capital and operating costs need to be adjusted for the more topical concern of inflationary pressures and energy costs.

### *Early History of exploration and litigation*

Modern exploration was first conducted by Lonhro Malawi Ltd from 1969 to 1981. It re-sampled prior trenches and developed an adit with a number of crosscuts from which exploration drilling was undertaken. A pilot plant was commissioned in order to recover a strontium product.

In the period 1987 to 1990, the French geoscience organisation Bureau de Recherches Géologiques et Minières (BRGM) conducted extensive geological process and test work on the Kangankunde Carbonate Complex (KGK). It completed more than 2,000m of diamond core drilling and 550 trench samples. Hellman and Schofield then estimated an Inferred Resource of 2.53 Mt of mineralisation containing 107,000 tonnes of rare earth oxides (REO) at 4.24% REO using a very high cut-off grade of 3.5%. The mineralisation commenced at surface and was open at depth, below 100m. Geometrically, it is possible that the structure could contain 80 Mt from the peak of the hill to a depth of 200m, with further potential beneath this level.

The ore was shown to be amenable to simple, low cost gravity separation to achieve a concentrate grade of 60% based on work done on a 30 tonne sample. This result was

subsequently confirmed by Mintek and Multotech in South Africa. However, BRGM did not advance the project any further.

### *Lynas entered, then departed the fray*

After conducting extensive due diligence Lynas Corporation announced a deal to acquire Kangankunde in September 2007, for US\$4m. At the time it was developing its Mt Weld project that had an average 44 ppm thorium content. This it considered to be a low level radiation level but when it reported the Kangankunde level at only 11 ppm thorium, it described this as "extremely low". Lynas's business model contemplated a 5,000 tpa REO operation, but something went wrong.

The Mining Licence holder, Michael Saner, was awarded an Exclusive Prospecting Right (EPL) in March 2000 for three years but its renewal was refused in 2003. That decision was reversed in the High Court in 2006, but the Government ignored that decision when it acted ultra vires in granting the Mining Licence to a third party, in denial of the requirement that a Grantee had to have had an EPL first. It was this Grantee who purported to sell the Licence to Lynas, but the transfer to Lynas was frustrated by the earlier High Court order from 2006. Saner successfully obtained an injunction in 2010, that prevented the transfer to Lynas.

Yet, Lynas announced the transfer approval in December 2010, and it successfully had a High Court judge dismiss the injunction. In March 2011, it announced the completion of the acquisition at a cost of US\$4m, opening the door to the development of Kangankunde. At the time Lynas contemplated that a concentrate could be processed in Africa to produce a mixed rare earths product for shipment to Malaysia for separation, or processing at the Malaysian processing facility.

Things started to go off the rails in November 2011, when Lynas announced that it had received correspondence on behalf of a party claiming that, in 2003, the Government of Malawi acted incorrectly in not renewing that party's exploration licence over the area of the KGK tenements. That placed question marks over Lynas's title. In fact, Saner was successful in his appeal and had his rights reinstated in June 2012. Lynas said that it would appeal the decision but as history shows, it was unsuccessful. Kangankunde ceased to feature in its ASX releases. It had to walk away.

### *Lindian arrived on the scene in mid 2018*

In August 2018, Lindian announced it had signed an exclusive option agreement with Rift Valley Resource Developments Limited (Michael Saner's company) to acquire up to a 75% interest in Kangankunde. However, in what seems to have been a demonstration of seller's remorse, Saner sought to cancel the deal and instead, offered to sell the project for US\$70m and a 5% royalty.

That started another round of litigation as Lindian sought the enforceability of the previously agreed deal.

Cutting a long story short, Michael Saner passed away in 2021. An out-of-court settlement was announced in May 2022, whereby Lindian was granted a 60 day period of exclusivity to negotiate a replacement deal based on a US\$30m acquisition price for 100% of the project. That deal was confirmed and declared binding in the ASX announcement of 1 August 2022.

### *Robust economics demonstrated in early study*

Kangankunde has been the subject of a number of studies and due diligence analysis by various parties over the last 20 or more years.

A simplistic model was completed in 2014, that went into project scale, capex and opex estimates. It concluded that;

- *“Kangankunde is a world class brownfield Rare Earth Oxide deposit. It has a large tonnage with a great grade. The Monazite concentrate that can be produced via simple gravity techniques (and) is unique in that its content of deleterious Thorium is extremely low – so much so that it will not have any problem with the IAEA standards for both its transport and or its subsequent cracking process.*
- *The monazite when mined is probably upgradeable using simple static photo-sort techniques and contains an extremely rich 68% REO when in concentrate form making it an extremely valuable product.*
- *In excess of 85% of the value in contained REO's can be extracted with only 3 separation lines, making for a relatively cheap and simple extraction process in terms of capital required and in working costs. The easily extractable REO's are also rich in Critical Rare Earth elements and for the foreseeable future these commodities will be in high demand and priced accordingly. “*

### *Details of the project contemplated in 2014*

Even though the study is now eight years old and needs to be updated - or totally rewritten - it is worthwhile seeing what was concluded at the time as it gives some insight into how seriously the project was being taken.

- The mining technology to be considered, namely drill, blast, load, haul, dump, crush, upgrade the ore via cheap photo-sort, and then mill with simple gravity concentration in spirals and shaker tables, is not technically complex, and the screened, dried and bagged monazite concentrate can be easily shipped to one of the port options.
- All-in costs for monazite recovery including mining (ore and waste), crushing and photo sort plus milling and gravity separation, inclusive of power costs was US\$14 pt. This part of the processing plant could cost in the order of US\$50m.
- The REO concentrate could be further processed with the simple addition of heat and caustic soda to crack the monazite and recover the REO in a chloride. Solvent extraction and ion exchange steps would then recover saleable products. The capital cost of this stage may be in the order of US\$120m.

### *Updating expectations with the Lindian perspective*

The world is a very different place to what it was in 2014, so we need to look at Kangankunde through the eyes of Lindian, today. In doing so, we should acknowledge the appointment of Alistair Stephens as the new CEO and draw comfort from his experience. Alistair is a geologist who worked for companies such as Newmont, Normandy and WMC in the early days. He was MD of Arafura Resources for a six year stint from from early 2004 to late 2009, before going to Malawi with Globe Metals and Mining from 2013 to 2022. He got his first exposure to Kangankunde in those years and he actually attempted to get control of the project but the playing field was too crowded. Nevertheless, he was so impressed by the project potential that he approached Lindian to seek the CEO role, and Lindian reciprocated with his appointment.

Alistair is familiar with how Malawi works and he is comfortable with the jurisdiction. He is attracted to the project by the consistently high grades, the scale potential and the extremely low radiation levels. The historical work has provided him with strong comfort that Kangankunde is indeed a serious development opportunity.

Nevertheless, he wants to get in there and conduct 10,000-20,000m of drilling and refurbish the adit ahead of further work and planning for an initial 500,000 tpa mining operation to produce 25,000 tpa of concentrates. This could be doubled or tripled in subsequent expansions with the benefit of a strong cash flow from operations.

There is every expectation that the concentrates will run at a grade of at least 60% based on simple gravity recovery, but there may be the potential to lift the recovery rates to 80% with enhanced methods.

### *Geology*

The intrusive carbonatite pipe occurs within a hill rising 200m above the surrounding plain. This translates into a low stripping ratio of around 1:1. The sought after rare earth mineralisation is found in discrete tabular bodies within an oval shaped body. These have a westwards dip of about 75 degrees in the west and they are near vertical in the east. Individual bodies are continuous for up to several hundred metres but some pinch out at depth.

There are three main geological domains of the KCC, being Mn and REE-rich carbonatites, dolomite carbonatites and apatite-rich carbonatites. The REE-rich carbonates are concentrated at the centre of the Complex with others occurring irregularly in veins and dykes that intrude different units of the carbonatite body.

The main REE-bearing minerals in the Kangankunde Carbonatite Complex are monazite, bastnaesite, and synchysite. Monazite, is the most abundant REE-bearing mineral.

### *Metamictisation and why it matters*

It would be an understatement to say that the mineralogy of rare earth deposits is complicated. There are no less than 25 minerals that can contain rare earths and many of them can exist in a single “deposit”, meaning the design of a process recovery circuit can take considerable time.

The presence of radioactive materials such as uranium and thorium adds to this complexity as they bring into consideration the process of metamictisation, whereby the decay of these materials changes the crystal lattice of the mineralisation. Many of the older deposits, such as Mt

Weld, have been dated back to around 2 billion years. Over time metamictisation results in a reduction in size of the minerals to the point where they can become too small to recover e.g. down to 5  $\mu\text{m}$ , compromising recovery rates. Most older rare earth deposits suffer from this process.

At only 129 million years of age, Kangankunde has not experienced the same degree of metamictisation. That is why recovery rates are so high for this deposit. That is a great point of differentiation that investors should note.

### The Bottom Line

At a price of 25.5¢ the Lindian market capitalisation is \$216m. That is higher than that of many junior resource companies, but don't let that put you off. The share price is only part way through a re-rating following the announcements relating to Kangankunde. We expect it to move to much higher levels as the market digests the historical information that attests to this being a quality,

potentially high profit margin project. Rare earths continue to be the flavour of the month, and this one may well be the sweetest.

*NB: Do not forget about the high grade conglomerate bauxite project that Lindian still has in Guinea. More on that later.*

*Disclosure: Interests associated with the author own shares and options in Lindian and capital raising fees have been received.*

**Sentiment Oscillator:** ~~The broad recovery continued over the last week. There were 20% (15%) of the charts in uptrend and 43% (51%) in downtrend on Friday's close.~~

## 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	breached downtrend	
Metals and Mining	XMM	breached steepest downtrend	
Energy	XEJ	testing support line	
Information Technology	XIJ	breaching downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
A-Cap Energy	ACB	breached downtrend	uranium
Alpha HPA	A4N	testing downtrend	HPA
Adriatic Resources	ADT	bouncing off lows	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	down	coal, gold exploration
Alkane Resources	ALK	at resistance	gold
Alicanto Minerals	AQI	testing downtrend	base metals, silver, gold
Altech Chemical	ATC	bouncing off lows	HPA, anodes
Anteotech	ADO	testing downtrend	silicon anodes, biotech
Alto Metals	AME	at resistance	gold exploration
American Rare Earths	ARR	spiked through resistance lie	rare earths
Antilles Gold	AAU	still down	gold
Arafura Resources	ARU	weaker	rare earths
Ardea Resources	ARL	back in uptrend	nickel
Aurelia Metals	AMI	new low	gold + base metals
Australian Potash	APC	new low	potash
Australian Rare Earths	AR3	at resistance	rare earths

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Auteco Minerals	AUT	<span style="color: red;">■</span>	recovering	gold exploration
Arizona Lithium	AZL	<span style="color: red;">■</span>	testing downtrend	lithium
Azure Minerals	AZS	<span style="color: orange;">■</span>	testing downtrend	nickel exploration
BHP	BHP	<span style="color: red;">■</span>	at resistance	diversified, iron ore
Beach Energy	BPT	<span style="color: green;">■</span>	new uptrend confirmed	oil and gas
Bellevue Gold	BGL	<span style="color: orange;">■</span>	breached downtrend	gold exploration
Benz Mining	BNZ	<span style="color: orange;">■</span>	breached downtrend	gold
Black Cat Syndicate	BC8	<span style="color: orange;">■</span>	breached downtrend	gold
Blue Star Helium	BNL	<span style="color: orange;">■</span>	sideways through downtrend	gas, helium
BMG Resources	BMG	<span style="color: red;">■</span>	down	gold exploration
Boab Metals	BML	<span style="color: red;">■</span>	at resistance	silver/lead
Breaker Resources	BRB	<span style="color: red;">■</span>	breached support	gold exploration
Buru Energy	BRU	<span style="color: orange;">■</span>	sideways	oil
Calidus Resources	CAI	<span style="color: red;">■</span>	hitting resistance	gold
Capricorn Metals	CMM	<span style="color: orange;">■</span>	recovering	gold
Caravel Minerals	CVV	<span style="color: red;">■</span>	new low	copper
Castile Resources	CST	<span style="color: orange;">■</span>	testing downtrend	gold/copper/cobalt
Celsius Resources	CLA	<span style="color: orange;">■</span>	sideways at lows	copper
Chalice Mining	CHN	<span style="color: red;">■</span>	down	nickel, copper, PGMs, gold exploration
Chesser Resources	CHZ	<span style="color: red;">■</span>	new low	gold exploration
Cobalt Blue	COB	<span style="color: green;">■</span>	rising	cobalt
Cyprium Metals	CYM	<span style="color: red;">■</span>	new low	copper
Dateline	DTR	<span style="color: orange;">■</span>	testing downtrend	rare earths
De Grey	DEG	<span style="color: orange;">■</span>	breaching resistance line	gold
E2 Metals	E2M	<span style="color: orange;">■</span>	testing steepest downtrend	gold exploration
Ecograf	EGR	<span style="color: orange;">■</span>	surge out of downtrend	graphite
Element 25	E25	<span style="color: orange;">■</span>	breaching resistance line	manganese
Emerald Resources	EMR	<span style="color: orange;">■</span>	trying to recapture uptrend	gold
Empire Energy	EEG	<span style="color: orange;">■</span>	spiked higher	gas
Euro Manganese	EMN	<span style="color: green;">■</span>	surge higher	manganese
Evolution Mining	EVN	<span style="color: red;">■</span>	bouncing off lows	gold
Firefinch	FFX	<span style="color: red;">■</span>	suspended	gold
First Graphene	FGR	<span style="color: orange;">■</span>	breached downtrend	graphene
Fortescue Metals	FMG	<span style="color: red;">■</span>	hitting resistance line	iron ore
FYI Resources	FYI	<span style="color: orange;">■</span>	sideways through downtrend	HPA
Galena Mining	G1A	<span style="color: orange;">■</span>	testing steepest downtrend	lead
Galilee Energy	GLL	<span style="color: orange;">■</span>	softer	oil and gas, CBM
Genesis Minerals	GMD	<span style="color: red;">■</span>	down	gold
Genmin	GEN	<span style="color: green;">■</span>	rising	iron ore
Gold Road	GOR	<span style="color: orange;">■</span>	breached downtrend	gold
Great Boulder Resources	GBR	<span style="color: green;">■</span>	but approaching resistance line	gold exploration
Hastings Technology Metals	HAS	<span style="color: orange;">■</span>	surge out of downtrend	rare earths
Hazer Group	HZR	<span style="color: red;">■</span>	still in downtrend	hydrogen
Heavy Minerals	HVY	<span style="color: red;">■</span>	still in downtrend	garnet

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Highfield Resources	HFR		breached downtrend	potash
Hillgrove Resources	HGO		breached downtrend	copper
Iluka Resources	ILU		testing resistance line	mineral sands
Image Resources	IMA		down	mineral sands
ioneer (was Global Geoscience)	INR		testing resistance line	lithium
Ionic Rare Earths	IXR		rising again	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Kaiser Reef	KAU		recovering from lows	gold
Kingston Resources	KSN		improving	gold
Krakatoa Resources	KTA		breaching downtrend	rare earths
Kingfisher Mining	KFM		down	rare earths
Kingwest Resources	KWR		good rally	gold
Legend Mining	LEG		new low	nickel exploration
Lepidico	LPD		recovering from lows	lithium
Lindian Resources	LIN		another new high	bauxite
Lion One Metals	LLO		breached uptrend	gold
Los Cerros	LCL		new uptrend commenced	gold exploration
Lotus Resources	LOT		sideways through downtrend	uranium
Lucapa Diamond	LOM		new uptrend forming	diamonds
Lunnon Metals	LM8		rising	nickel
Lynas Corp.	LYC		rising again	rare earths
Magnetic Resources	MAU		new low	gold exploration
Mako Gold	MKG		approaching resistance line	gold exploration
Marmota	MEU		down after placement	gold exploration
Marvel Gold	MVL		new low	gold exploration
Matador Mining	MZZ		new low	gold exploration
Mayur Resources	MRL		new low	renewables, cement
Meeka Gold	MEK		surge on drill results -capital raising	gold
Megado Gold	MEG		back to downtrend	rare earths, gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		slump out of new uptrend with a placement	bauxite
Mincor Resources	MCR		recovering from lows	gold/nickel
Mithril Resources	MTH		down	gold/silver
Musgrave Minerals	MGV		testing downtrend	gold exploration
Nagambie Resources	NAG		stronger	gold, antimony
Neometals	NMT		rising	lithium
Northern Star Res.	NST		strong rise	gold
Nova Minerals	NVA		breached resistance - new upend commenced	gold exploration
Oceana Gold	OGC		down	gold
OreCorp	ORR		recovering from the lows	gold development
Oz Minerals	OZL		new high on BHP takeover moves	copper
Pantoro	PNR		new low	gold
Panoramic Res	PAN		down	nickel
Peak Resources	PEK		rising	rare earths

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Peel Mining	PEX	<span style="color: red;">■</span>	breached steepest downtrend	copper
Peninsula Energy	PEN	<span style="color: red;">■</span>	new low	uranium
Poseidon Nickel	POS	<span style="color: orange;">■</span>	breached steepest downtrend	nickel
Perseus Mining	PRU	<span style="color: orange;">■</span>	softer	gold
Provaris Energy	PV1	<span style="color: orange;">■</span>	hitting resistance line	hydrogen
PVW Resources	PVW	<span style="color: orange;">■</span>	breached downtrend	rare earths
QMines	QML	<span style="color: red;">■</span>	new low	copper
Queensland Pacific Metals	QPM	<span style="color: red;">■</span>	new low	nickel/cobalt/HPA
Red River Resources	RVR	<span style="color: red;">■</span>	new low	zinc
Regis Resources	RRL	<span style="color: orange;">■</span>	testing downtrend	gold
Regergen	RLT	<span style="color: orange;">■</span>	testing downtrend	gas, helium
Resource Mining Corp.	RMI	<span style="color: orange;">■</span>	pullback on placement	nickel exploration
RIO	RIO	<span style="color: red;">■</span>	new low	diversified, iron ore
Rumble Resources	RTR	<span style="color: orange;">■</span>	hitting resistance line	gold exploration
S2 Resources	S2R	<span style="color: orange;">■</span>	testing downtrend	gold exploration
St Barbara	SBM	<span style="color: green;">■</span>	breached downtrend	gold
Sandfire Resources	SFR	<span style="color: orange;">■</span>	testing resistance line	copper
Santos	STO	<span style="color: green;">■</span>	uptrend	oil/gas
Saturn Metals	STN	<span style="color: orange;">■</span>	sideways	gold exploration
Silex Systems	SLX	<span style="color: green;">■</span>	new high	uranium enrichment technology
Silver Mines	SVL	<span style="color: red;">■</span>	down	silver
South Harz Potash	SHP	<span style="color: red;">■</span>	still in downtrend	potash
Southern Cross Gold	SXG	<span style="color: green;">■</span>	strongly higher	gold exploration
Stanmore Coal	SMR	<span style="color: green;">■</span>	surge higher	coal
Strandline Resources	STA	<span style="color: green;">■</span>	strong rise	mineral sands
Sunstone Metals	STM	<span style="color: red;">■</span>	downtrend	exploration
Talga Resources	TLG	<span style="color: orange;">■</span>	testing steepest downtrend	graphite
Technology Metals	TMT	<span style="color: red;">■</span>	down	vanadium
Tesoro Resources	TSO	<span style="color: red;">■</span>	new low	gold exploration
Theta Gold Mines	TGM	<span style="color: red;">■</span>	strong rise from lows - at resistance	gold
Thor Mining	THR	<span style="color: orange;">■</span>	sideways through downtrend	gold exploration
Tietto Minerals	TIE	<span style="color: orange;">■</span>	breaching downtrend	gold
Turaco Gold	TCG	<span style="color: red;">■</span>	bouncing from lows	gold exploration
Vanadium Resources	VR8	<span style="color: red;">■</span>	breached uptrend	vanadium
West African Resources	WAF	<span style="color: green;">■</span>	holding uptrend	gold
Westgold Resources	WGX	<span style="color: orange;">■</span>	breaching downtrend	gold
West Wits Mining	WWI	<span style="color: red;">■</span>	new low	gold
Whitehaven Coal	WHC	<span style="color: green;">■</span>	new high	coal
Yandal Resources	YRL	<span style="color: red;">■</span>	new low	gold exploration
Zenith Minerals	ZNC	<span style="color: orange;">■</span>	breached steepest downtrend	gold exploration
Zinc Mines of Ireland	ZMI	<span style="color: red;">■</span>	new low	zinc
Totals	20%	29	Uptrend	
	43%	63	Downtrend	
		145	Total	

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### 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	33	22.8%	
Gold Exploration	22	15.2%	
Rare Earths	12	8.3%	
Nickel	11	7.6%	
Copper	9	6.2%	
Oil/Gas	8	5.5%	
Iron Ore/Manganese	6	4.1%	
Zinc/Lead	5	3.4%	
Lithium	4	2.8%	
Uranium	4	2.8%	
Graphite/graphene	3	2.1%	
Potash/Phosphate	3	2.1%	
Coal	3	2.1%	
Mineral Sands	3	2.1%	
Silver	2	1.4%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	

Diamonds	1	0.7%	
Other	10		
Total	145		

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