

Celsius buoyed by huge intercept of 611m at 1.39% Cu plus 0.75 gpt Au

US slowdown encourages share price rises

First, US markets embraced the 0.75% interest rate rise last week with the Dow Jones rising 1.37% on the day. Perhaps it is because investors see the need to curb inflation, but maybe it was because some people feared that the rise was going to be 1%.

Next, we had the news of a second consecutive reduction in quarterly growth that technically ushers in a recession, but the negative element was modest enough (0.9% for the June quarter) for President Biden to reject the notion. He quoted the very low unemployment rates in his denial. However, this observation points out an anomaly in the veracity of the unemployment statistics. What has been the impact of Covid on workers and how the labour pool is calculated? There are some grey areas here that make the figure less comparable with those of the past, as with many other statistics that have been quoted recently.

So we have had two news events last week that on any other day might have caused share prices to go down; higher interest rates and recessions. I suppose we can attribute this reaction to the market looking ahead to see what is over the horizon. Investors are allowing themselves to be more optimistic than they were three months ago. Again, markets move on expectation and emotion, often more so than on actual news.

We have had the market collapse in recent months due to the fear of interest rate rises and inflation, so the selling has already happened. We are now seeing bargain hunting that is lifting stocks off their lows. Steep downtrends are being broken and there are green shoots of optimism suggesting that we have seen the worst. Whether or not this is sustainable depends on how much money comes back into the market, but it is looking decidedly more positive for the time being.

There has been a rush to raise money

It is amazing how many companies have been going to the market in the last week or two with placements. It is almost as if their timing could not be worse (for the companies, but not for those who take up the placements), particularly if this turns out to be the bottom of the market.

We have recently come out of the most productive two year period of capital raising that we have seen for more than 40 years. There has been a proliferation of repeated issues with some companies going back to the market for up to three deals in 12 months. The appetite has been voracious to the benefit of the broking sector that has been able to capitalise on the FOMO, but many of the momentum players are still out of the market for the time being as they lick their wounds.

Money can still be raised but it is more difficult. It requires better value propositions and the buyers need to have

more patience as the ability to trade out quickly is not going to be there. Yet, it is a buyers market in which there can be great bargains. Fortune favours the brave.

Digger and Dealers next week

Next week will see the biggest mining event of the year taking place; Diggers and Dealers, in Kalgoorlie. While there are plenty of conferences around the country throughout the year, Diggers and Dealers is the premier gathering. Investors fly in from all around the world - at least they did before Covid. It will be interesting to see how many turn up this year.

July is frequently a slow month due to a combination of factors that include the new financial year, school holidays and the extension of the "sell in May and go away" syndrome. It is often a month of reflection. When August comes along with the enthusiasm that usually pervades Diggers, there can be a boost to enthusiasm for the junior stocks. Everyone will have a story to tell.

Celsius is upgrading its expectations with higher copper and gold grades

We have mentioned Celsius a few times over the last 18 months, viewing it as one of the least appreciated of the large copper porphyry exploration/development stocks. The market seemed more interested in the earlier stage, higher risk explorers in Colombia and Ecuador, such as Los Cerros and Sunstone Metals, notwithstanding these being at least a year or two further away from development than Celsius's MCB Project in the Philippines.

The recent infill drilling program is providing evidence of a higher grade zone that could materially boost grade and profitability in the first 10 years of an operation. Hole 38, with an intercept of 611m at 1.39% Cu and 0.75 gpt Au, has been instrumental in forming this perception.

Moved into the Philippines in late 2020.

In late 2020, Celsius Resources (CLA) announced a deal to purchase the Maalinao-Caigutan-Biyog Copper Gold Project (MCB) in the Philippines, 320 km north of Manila. This involved Celsius paying 100 million shares (worth about \$4m at the time), with another 100 million shares payable as deferred consideration in the event of entering into a FTAA Financial and Technical Assistance Agreement with the Philippine Government and the completion of a positive DFS. Further, Celsius assumed the rights and obligation of Anleck in relation to the purchase of Makilala Holding Ltd (previously owned by Freeport). This involves the payment of US\$3m in cash over time, and a 1% royalty capped at US\$3m.

Maiden resource of 313 Mt with higher grade core

A few months later, in January 2021, Celsius reported a maiden Indicated and Inferred Resource of 313.8 Mt at 0.48% Cu and 0.15 gpt Au at MCB, with 92% of this being in the Indicated category. The high grade core comprises 93.7 Mt at 0.8% Cu and 0.28 gpt gold. At that time the market capitalisation was around \$40m.

Scoping Study was strongly positive

Late in 2021, Celsius released a positive Scoping Study for the MCB. The 25 year mine life was based on the high grade portion, being 49 Mt at 0.85% Cu and 0.41 gpt gold, all in the Indicated category. Metallurgical recoveries were 94% for copper and 74% for gold. Sub-level open stoping with paste backfill was the selected mining method for the study. The C1 cash cost for the first 10 years was US\$0.73/lb and the LOM average was US\$1.29/lb. The initial capex of US\$253m had a payback period of 2.67 years. Notably, only 16% of the total resource was used for the Scoping Study.

CLA has benchmarked the project against other operations in the Philippines that employ block cave mining, saying that a 5-10 Mtpa underground operation could be mined for US\$7-10 pt and processed for US\$4-7 pt. Economies of scale come into play. The capital cost may be high relative to the market capitalisation of Celsius, but in reality it is rather modest for this type of development.

Most recent update - spectacular drill intercepts

Celsius has been drilling in 2022, to increase confidence levels in the resource. In July, it released results from Hole 38, being a spectacular 611m at 1.39% copper and 0.75 gpt gold from a depth of 32.5m. The significance of this hole was not so much the length (because it was drilled down-dip), but the high grade nature of the near surface mineralisation. Shallow intervals included 122m at 0.92% Cu and 0.24 gpt gold from 26m and 13m at 3.69% Cu and 0.39% Au from 89m.

It looks like the first 10 years of the mill feed could come from +1% CuEq ore, which would significantly improve the already attractive economics. We will have more colour in this with the release of an updated JORC resource in September, that will enable the commencement of a DFS.

Copper/cobalt project in Namibia

We haven't emphasised the Opuwo copper/cobalt project in Namibia as it was the the focus of previous management, but we shouldn't forget the 225 Mt resource at 0.12% Co, 0.43% Cu and 0.54% Zn. Geologically it is interesting, being 95% fresh sulphide ore and 80% of the Indicated ore (45 Mt) is open pitable. Metallurgical test work is continuing to develop a suitable processing route.

Previous test work focused on a floatation circuit for the production of a concentrates but hydrometallurgical processes are now being considered. At some point this project may be spun-out, joint ventured or disposed of as it is now of secondary importance .

The Bottom Line

The more speculative discovery phase of the MCB Project is transforming into the feasibility and development phases. There is every chance that MCB will develop into a low cost (<\$1.00/lb) long life, world class porphyry copper/gold mine i.e. > 25 years. It certainly has an attractive resource base

and management has a long history of successful mining operations in the Philippines. The political climate in the Philippines has improved with the new President. The Philippines Mines and Geosciences Bureau has awarded the project priority status to fast-track development approvals .

The share price has been heavily discounted in the market notwithstanding the material advancements since acquiring the project in late 2020. At the moment the price bears no resemblance to the potential value, meaning there should only be upside from here. The leverage to a higher copper price is considerable, for those who like the EV metals thematic.

The Philippines has been the land of great porphyrys

Not many investors are aware of it, but the Philippines has a long history of hosting very large, low-grade copper/gold porphyry orebodies. A recent example is the Dizon mine in western Central Luzon, which commenced mining in 1979. The 140 Mt orebody averages 0.43% Cu and 0.09 gpt gold. Elsewhere, the Boyongan deposit comprises a resource of 219 Mt at 0.51% Cu and 0.74 gpt gold.

Another example is Atlas Consolidated Mining, the operator of the open pit Toledo Copper Mine in Cebu, 570 km south of Manila. Its two mines have combined resources of 863 Mt at 0.34% Cu with JORC resources of 442 Mt at 0.34% Cu. The treatment capacity is about 18.5 Mtpa. It is noteworthy that the current Chairman of Celsius, Martin Buckingham, was instrumental in bringing this mine back into production.

Stop Press: \$2m placement happening now

The shares went into a trading halt yesterday while the Company raised \$2m at a price of 1.3¢, with attaching options on the basis 1 for 2, at an exercise price of 4¢. If you qualify as a s.708 investor and you want to participate, contact FEC and we will try and get you some stock.

Disclosure: FEC will benefit from capital raising fees in the above mentioned placement.

All systems go at West Wits but the share price is lagging

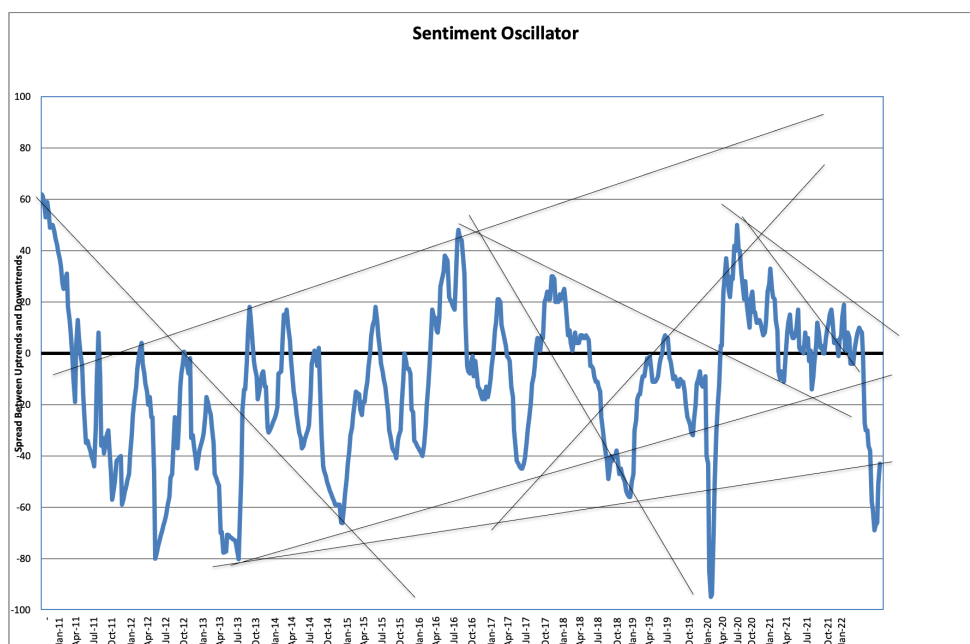
After persevering for many years, West Wits was eventually granted the right to mine its multi-million ounce Witswatersrand Gold Project in South Africa (WWI 74%). If you read the latest quarterly you will see that there has been a hive of activity as pre-production works have been undertaken on the underground mining positions, with some ore already being delivered to the stockpile.

It was interesting to see how speculators were aggressively buying the stock at 8-10¢ in anticipation that the granting of the mining right was imminent, only to look elsewhere once it became a reality. The current 2¢ share price is ridiculous as it completely ignores the earnings potential of the operation. Yes, it takes time and money to optimise the production profile, but there is minimal technical risk in this project. Add the uranium deposits on the same licences and you can see the \$37m market capitalisation bears no reflection to the fundamental value of the company. There

will be a massive re-rating at some point that could easily see the shares back up to the 10¢ level. After all, the 4.28 mill oz resource (74% WWI), with the benefit of all of the available infrastructure and toll treating facilities, would have to be worth at least US\$50/oz i.e. A\$225m or 12¢ a share. From another angle, WWI is a sitting duck for a takeover bid at these prices.

We have added Black Cat (BC8) to our chart coverage

Disclosure: Interests associated with the author own shares in WWI, and FEC has received capital raising fees in the past.



Sentiment Oscillator: The broad recovery continued over the last week with a number of stock penetrating resistance lines. There were 12% (8%) of the charts in uptrend and 55% (59%) 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	rallying, but about to meet resistance line	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
A-Cap Energy	ACB	breached downtrend	uranium
Alpha HPA	A4N	downtrend	HPA
Adriatic Resources	ADT	bouncing off lows	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	down	coal, gold exploration
Alkane Resources	ALK	recovering from lows	gold
Alicanto Minerals	AQI	testing downtrend	base metals, silver, gold

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Altech Chemical	ATC		bouncing off lows	HPA, anodes
Anteotech	ADO		new low	silicon anodes, biotech
Alto Metals	AME		testing uptrend	gold exploration
American Rare Earths	ARR		meeting resistance line	rare earths
Antilles Gold	AAU		still down	gold
Arafura Resources	ARU		still in uptrend	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		rallying, but about to meet resistance line	rare earths
Auteco Minerals	AUT		recovering	gold exploration
Arizona Lithium	AZL		new low	lithium
Azure Minerals	AZS		new low	nickel exploration
BHP	BHP		breached steepest downtrend	diversified, iron ore
Beach Energy	BPT		new uptrend confirmed	oil and gas
Bellevue Gold	BGL		testing downtrend	gold exploration
Benz Mining	BNZ		new low	gold
Black Cat Syndicate	BC8		breached downtrend	gold
Blue Star Helium	BNL		sideways through downtrend	gas, helium
BMG Resources	BMG		down	gold exploration
Boab Metals	BML		breached steepest downtrend	silver/lead
Breaker Resources	BRB		breached support	gold exploration
Buru Energy	BRU		sideways	oil
Calidus Resources	CAI		bouncing off lows	gold
Capricorn Metals	CMM		recovering	gold
Caravel Minerals	CVV		new low	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Celsius Resources	CLA		new low	copper
Chalice Mining	CHN		down	nickel, copper, PGMs, gold exploration
Chesser Resources	CHZ		new low	gold exploration
Cobalt Blue	COB		testing downtrend	cobalt
Cyprium Metals	CYM		new low	copper
De Grey	DEG		risen to meet resistance line	gold
E2 Metals	E2M		testing steepest downtrend	gold exploration
Ecograf	EGR		at lows	graphite
Element 25	E25		rallying, but meeting resistance line	manganese
Emerald Resources	EMR		trying to recapture uptrend	gold
Empire Energy	EEG		sideways through downtrend	gas
Euro Manganese	EMN		testing downtrend	manganese
Evolution Mining	EVN		bouncing off lows	gold
Firefinch	FFX		suspended	gold
First Graphene	FGR		breached downtrend	graphene
Fortescue Metals	FMG		bound off lows	iron ore
FYI Resources	FYI		sideways through downtrend	HPA









This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Galena Mining	G1A		new low	lead
Galilee Energy	GLL		testing trendline	oil and gas, CBM
Genesis Minerals	GMD		down	gold
Genmin	GEN		sideways	iron ore
Gold Road	GOR		breached downtrend	gold
Great Boulder Resources	GBR		new low	gold exploration
Hastings Technology Metals	HAS		breached support line	rare earths
Hazer Group	HZR		strong rally	hydrogen
Heavy Minerals	HVY		breached support line	garnet
Highfield Resources	HFR		testing downtrend	potash
Hillgrove Resources	HGO		testing downtrend	copper
Iluka Resources	ILU		rallying, but meeting resistance line	mineral sands
Image Resources	IMA		down	mineral sands
ioneer (was Global Geoscience)	INR		breached steepest downtrend	lithium
Ionic Rare Earths	IXR		sideways through downtrend	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Kingston Resources	KSN		new low	gold
Krakatoa Resources	KTA		rallying, but meeting resistance line	rare earths
Kingfisher Mining	KFM		breaching support line	rare earths
Kingwest Resources	KWR		good rally	gold
Legend Mining	LEG		new low	nickel exploration
Lepidico	LPD		recovering from lows	lithium
Lindian Resources	LIN		new high	bauxite
Lion One Metals	LLO		rising again	gold
Los Cerros	LCL		rising off its lows	gold exploration
Lotus Resources	LOT		down	uranium
Lucapa Diamond	LOM		breached downtrend	diamonds
Lynas Corp.	LYC		breached support line	rare earths
Magnetic Resources	MAU		new low	gold exploration
Mako Gold	MKG		new low	gold exploration
Marmota	MEU		sideways through uptrend	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		but pullback	gold
Megado Gold	MEG		back to downtrend	rare earths, gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		rising	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		sideways through downtrend	lithium
Northern Star Res.	NST		breached downtrend	gold

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Nova Minerals	NVA		breached resistance - new upend commenced	gold exploration
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		spiked through downtrend	gold expl.
Orecorp	ORR		new low	gold development
Oz Minerals	OZL		breached downtrend	copper
Pantoro	PNR		new low	gold
Panoramic Res	PAN		down	nickel
Peak Minerals	PUA		new low	copper exploration
Peak Resources	PEK		breached steepest downtrend	rare earths
Peel Mining	PEX		new low	copper
Peninsula Energy	PEN		new low	uranium
Poseidon Nickel	POS		breached steepest downtrend	nickel
Perseus Mining	PRU		softer	gold
Provaris Energy	PV1		good rally	hydrogen
PVW Resources	PVW		testing downtrend	rare earths
QMiners	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
Red River Resources	RVR		new low	zinc
Regis Resources	RRL		testing downtrend	gold
Renergen	RLT		testing downtrend	gas, helium
Resource Mining Corp.	RMI		pullback on placement	nickel exploration
RIO	RIO		new low	diversified, iron ore
Rumble Resources	RTR		new low	gold exploration
S2 Resources	S2R		testing downtrend	gold exploration
St Barbara	SBM		breached downtrend	gold
Sandfire Resources	SFR		bounced off low	copper
Santos	STO		uptrend	oil/gas
Saturn Metals	STN		sideways	gold exploration
Silex Systems	SLX		new high	uranium enrichment technology
Silver Mines	SVL		down	silver
South Harz Potash	SHP		still in downtrend	potash
Southern Cross Gold	SXG		breached downtrend	gold exploration
Stanmore Coal	SMR		pullback	coal
Strandline Resources	STA		strong rise	mineral sands
Sunstone Metals	STM		downtrend	exploration
Talga Resources	TLG		testing steepest downtrend	graphite
Technology Metals	TMT		down	vanadium
Tesoro Resources	TSO		new low	gold exploration
Theta Gold Mines	TGM		strong rise from lows - at resistance	gold
Thor Mining	THR		sideways through downtrend	gold exploration
Tietto Minerals	TIE		breaching downtrend	gold
Titan Minerals	TTM		down	gold
Turaco Gold	TCG		downtrend	gold exploration
Vanadium Resources	VR8		breached uptrend	vanadium

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

West African Resources	WAF		holding uptrend	gold
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		new low	gold
Whitehaven Coal	WHC		new high	coal
Wiluna Mining	WMC			gold
Yandal Resources	YRL		new low	gold exploration
Zenith Minerals	ZNC		breached steepest downtrend	gold exploration
Zinc Mines of Ireland	ZMI		new low	zinc
Totals	12%	17	Uptrend	
	55%	81	Downtrend	
		146	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	34	23.3%	
Gold Exploration	23	15.8%	
Rare Earths	11	7.5%	
Nickel	10	6.8%	
Copper	10	6.8%	
Oil/Gas	8	5.5%	
Iron Ore/Manganese	6	4.1%	
Zinc/Lead	5	3.4%	
Lithium	4	2.7%	
Uranium	4	2.7%	

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	146		

FEC Disclosure of Interests: It is a requirement of ASIC that holders of AFS licences prominently disclose any conflicts of interest. At all times readers should be aware that Far East Capital Ltd is an active investor. It shares its research and opinions free of charge to other investors and it aims to do so on an ethical basis. Accordingly, when it is writing about stocks in which it holds interests, these will be disclosed. In this week's publication FEC discloses that interests associated with the the author hold shares in First Graphene. and Lucapa Diamond Company. The author is chairman of First Graphene and one of the largest shareholders, through a number of entities. Over the last three years FEC has received fees from Alicanto Minerals, Blackstone Minerals, Broken Hill Prospecting, Cobalt Blue, First Graphene, Golden Rim, Lindian Resources, Lucapa Diamond Company, Orinoco Gold, Pacific American and West Wits for corporate and capital raising services. Its primary business is investing and managing its own money, but it does occasionally raise money for resource companies.

Disclaimer: This Research Report has been prepared exclusively for Far East Capital clients and is not to be relied upon by anyone else. In compiling this Commentary, we are of necessity unable to take account of the particular investment objectives, financial situation and needs of any of our individual clients. Accordingly, each client should evaluate the recommendations obtained in this Commentary in the light of their own particular investment objectives, financial situation and needs. If you wish to obtain further advice regarding any recommendation made in this Commentary to take account of your particular investment objectives, financial situation and needs, you should contact us. We believe that the advice and information herein are accurate and reliable, but no warranty of accuracy, reliability or completeness is given and (except insofar as liability under any statute cannot be excluded) no responsibility arising in any other way for errors or omissions or in negligence is accepted by Far East Capital Limited or any employee or agent. For private circulation only. This document is not intended to be an offer, or a solicitation of an offer, to buy or sell any relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrant, or rights with respect to or interests in any such securities). We do not guarantee the accuracy or completeness of the information herein, or upon which opinions herein have been based. At any time we or any of our connected or affiliated companies (or our or their employees) may have a position, subject to change, and we or any such companies may make a market or act as principal in transactions, in any relevant securities or provide advisory or other services to an issuer of relevant securities or any company therewith. Unless otherwise stated all views expressed herein (including estimates or forecasts) are solely those of our research department and subject to change without notice. This document may not be reproduced or copies circulated without authority. Copyright © Far East Capital Ltd 2021.