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Weekly Commentary

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The Mining Investment Experts

4 March 2023

Chart comments at Friday's close

There continues to be a shortage of metals for alternative energy expansion

The market opened up with a heavy 1.2% fall of the All Ords and the Metals and Mining Index fell by 3.4% on the Monday. It was shaping up for a tough week but fortunately that was the worst of it. By the end of the week, strong rallies delivered a recovery. It was a good example of the way the market works; action and reaction. The key is to identify the underlying trend, and not to focus on individual daily movements.

The most notable feature of the recovery on the charts was that the improvements in the leading indices had taken them up to meet the resistance lines of recently commenced downtrends. That would suggest that the next move within the trend, will be down. However, countering this next move is the observation that the Dow Jones Index was up by 1.1% on Friday. If we are following the leader we could see a testing of the downtrends early next week, but there are never any guarantees.

Looking at extreme share price performance in rare earth companies

Last week I said that many rare earth companies had been hit in the market. Some have held their own but some of the best performers have been treated harshly. Let's take a closer look and see if there is any logical consistency. Is the market being analytically rational (an unlikely event) or is it just being emotional (most probably)?

Let's start with Hastings (HAS). Last April it was at its peak of \$5.90. On Monday it was \$2.26, meaning a fall of 62% from its highs. Isn't this company supposed to be an industry leader? Isn't it in the process of turning dreams into reality as it progresses along the path of development and production? On Monday it made a positive ASX release saying reserves had increased by 25% (though at a slightly lower grade) and \$146m of contractual commitments had been placed.

Hastings is the same company that;

- · raised \$110m in a placement at \$4.40,
- secured \$220m in a 12.5 year loan facility from the Northern Australian Infrastructure Facility, and
- received \$150m from Forrest's Wyloo Metals in a secured, redeemable exchange notes issue.

If the outlook for rare earths is as critical as commentators have been suggesting, and there is so much money coming from big industry investors, why has the HAS share price collapsed by 50% so early in the life of the project development? Welcome to the volatility of that gambling casino called the stock market.

At the same time as Hastings has been collapsing, Meteoric Resources (MEI) has catapulted from a low of 0.5ϕ in January to peak at 15.5ϕ (30x higher), and a market capitalisation of \$236m (almost as much as Hasting's

\$291m). This is on a speculative deal in Brazil that is still subject to due diligence, that has good early grades and tonnage prospectively, but it is in a jurisdiction where there are very few success stories amongst ASX-listed companies.

So these are the extreme examples of reality and fantasy that need to be considered. While speculators revel in the fantasy and will aggressively gamble, it seems to be a wealth hazard to believe in something that is real and tangible. Play the dream but don't rely too heavily on what seems to be the right thing - developing a mine. As a stock market punter, don't think that you are being sensible and conservative because you enter a stock after the high risk speculative phase has run its course, because as often as not, you have missed the phase of superior trading profits and instead, committed yourself to the long haul in which you need to think in five year increments.

This is why I say that being a stock market analyst really involves being somewhat bipolar. A fundamental analyst needs to be grounded in the technical facts, dealing in reality, but he needs to also identify where clients can make money trading the market. The smartest analysts will be in touch with market sentiment and money flows. Always follow the money. That is why I chart some 140 stocks every day ... so I can see where the money is flowing. I can see what is hot and what is not. That doesn't mean that I always get it right, but it does help me to be in sync with what is driving prices. It helps to minimises naivety.

We definitely need more metals for this shift to alternative energy sources

There has been a clip going around the internet in recent weeks in which an esteemed gentleman goes to great lengths to lecture viewers about the insurmountable task of increasing supply of critical metals to meet the demand for renewable energy supply. Simply put, it can't be done

The International Energy Agency, an official forecaster, reckons that makers of clean-energy technologies will need 40 times more lithium, 25 times more graphite and about 20 times more nickel and cobalt by 2040 than in 2020. Demand for rare-earth elements may be seven times higher by the end of the next decade. Source: The Economist. But note the subsequent announcement by Tesla saying that its next generation of electric vehicles will not use rare earths. Can you believe it?

At the same time that the world needs more mines to satisfy the growing demand, environmentalists are pushing for even tighter approval laws and regulations that can only choke off the much needed supply curve. It does not compute.

Ordinarily we should see money flooding into resource stocks in anticipation of higher demand and much higher metal prices, but apart from short term blips it is not yet happening. The stock market has a very short attention span and it is incapable of embracing a longer term scenario for any more than a brief period. Nevertheless, it is a thematic that will come and go for a long time.

Looking for copper plays

Some investors who take note of the big picture are looking for copper stocks that are well positioned with projects of merit, that will benefit from the expected trends. This type of investor is generally more patient as they look into their crystal balls beyond daily or even weekly movements. While it is easy for junior companies to come up with one or two good drilling intervals, and even some sort of resource, turning a prospect into a real commercially viable development project is beyond the capability of most management teams. A recurring example of these are the copper projects in South Australia held by Havilah Resources. These projects appear on the table with every new cycle, and many potential joint venture parters have run their ruler over them, but nothing seems to happen. There are many more examples if you look closely at the sector.

So, how do we identify the ones most likely to succeed? It is not easy. We have mentioned a few in the past that have merit, and could well progress to production, but the leverage will be in those that have large tonnages and long life potential - meaning 20 year plus. These are the ones that will become takeover targets once they reach the status of a producer and all of the warts have been exposed and overcome.

Celsius Resources offers great leverage to Cu

We have frequently mentioned Celcius Resources (CLA) as a prospective copper company that ticks many of the boxes. As recently as last week the Company released results of the latest three drill holes being;

- 51.3m at 0.93% Cu and 0.06 gpt Au from 7.7m
- 101.5m at 0.9% Cu and 0.18% Au from 9m and
- 131.1m at 0.93% Cu and 0.23 got Au from 11m

The previously released Scoping Study details a 2.28 Mtpa underground project costing US\$253m, with head grades of 1.14% Cu and 0.54 gpt Au in the first 10 years. Capex payback is a short 2.7 years. We continue to believe that this company's share price is excessively discounted by the market at present. Thus it offers excellent leverage to any increased demand in copper.

Disclosure: Interests associated with the author own shares in Celsius Resources and capital raising fees have been received.

Los Cerros is topping up the kitty at market lows

The best time to raise money (in the opinion of many shareholders) is when the share price is high. Conversely, the worst time is when the share price is low. So, why is Los Cerros undertaking a capital raising when its share price is so low in what is patently a depressed market for speculative stocks, when it still had \$8.4m in the bank as at 31 December.

The recently announced 1 for 5 entitlement issue at the cheap 3¢ price aims to raise \$4.3m. I suppose shareholders should be happy that they are getting the first bite at the cherry, which would not be the case if it was a placement. They can't complain about dilution, provided they take up their entitlement, but that leaves the question as to why LCL needs to raise money right now.

We know that LCL has a very large gold porphyry project in Colombia that already hosts 2.6 Moz - and maybe up to 5-10 Moz, depending upon much more drilling. That takes time and money but geopolitical uncertainty at this juncture, in Colombia, is not conducive to an aggressive expenditure program. In-country operations have been significantly curtailed for the time being, which takes us back to the question; why raise more money now? The answer is that LCL wants maximum flexibility to advance the exploration projects in PNG.

Opening up new horizons in PNG and resetting expectations

Acknowledging that the Colombian project was turning into more of a long term play, and recognising that the shareholder base of junior exploration companies crave for news flow, LCL pounced upon a new opportunity in PNG a few months back. While the acquisition didn't do anything to minimise geopolitical risk, it did bring some very exciting gold and copper geology to the Company's portfolio. It provided opportunity for heightened speculation. This is what these junior companies thrive on.

60 km zone of interest with plenty of targets

LCL's ground comprised a 60 km long trend south of Lae that includes a range of targets covering copper, gold and nickel. The **Kusi** prospect hosts higher and lower level limestone scars units that have already demonstrated good grades in sampling and limited drilling. LCL is planning 18 diamond drill holes into the Kusi copper/gold prospect. Potential for a deeper porphyry body will be tested at a later date.

There are a number of other prospects on the licences covering copper/gold showings and even a high grade nickel prospect that has given surface samples in excess of 10% Ni. There is too much information to consider in this newsletter, so if you are interested, click on the following link for a presentation from Jason Stirbinskis.



Disclosure: Interests associated with the author own shares in Los Cerros .

Deletions and Additions to Chart Coverage

From time to time readers ask me what criteria I use to place stocks under coverage. There is not a strict list of rules. Rather, I include stocks that are interesting, for a range of reasons. Sometimes they are stocks that are new to me and I want to move up the knowledge curve. Sometimes they are in a sector that I think will have a good future, so they deserve to be followed, for a time at least. Sometimes it is based on my perceptions given a company's projects and management. I maintain coverage of a number of the larger, institutional-sized stocks to keep track of money flows in the big end of town.

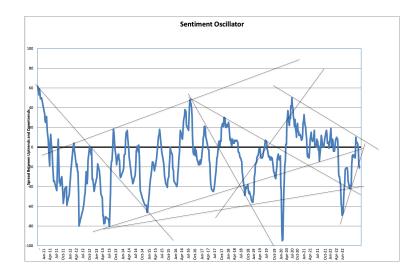
So, why do I delete stocks? It may be that the entry criteria are no longer valid. It may be because they have been under coverage for the duration of the page, generally 4-6 years, and there is not enough reason to keep them on the next page (here, a page is a large sheet of chart paper).

If the Sentiment Oscillator is to have any relevance the list of stocks must include those that are in the market focus in order to give useful signals, so that requires fluidity in the list. Additions and removals of one two or three stocks in any one week will not have a statistically distorting effect on the Oscillator.

As an example, this week we have deleted Kingston Resource. We ran out of room on the page, and the nature of the company has changed over the of years from that of a prospective gold producer in a large project in PNG, to one that includes a smaller "also-ran" second-hand gold project in NSW. The leverage to Misima has been diminished.

"Knowing the truth, seeing the truth and telling the truth, are all different experiences."

McConaughey, M. "Greenlights", 2020. Headline Publishing Group



Sentiment Oscillator: Sentiment slipped further last week with only 22% of the charts in uptrend, and 43% in downtrend. There is a slight penetration of the support line in the Oscillator chart, which is a negative, but the performance next week will be the key to the next leg.

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	falling after hitting resistance line	
Metals and Mining	XMM	falling after reaching new high	
Energy	XEJ	down	
Information Technology	XIJ	new uptrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
92 Energy	92E	down	uranium
A-Cap Energy	ACB	back to recent lows	uranium
ADX Energy	ADX	sideways	oil and gas

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Alpha HPA	A4N	approaching highs again	НРА
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	off its lows	coal, gold exploration
Alkane Resources	ALK	breached downtrend	gold
Alicanto Minerals	AQI	risen to resistance line	base metals, silver, gold
Altech Chemical	ATC	sideways	HPA, anodes
Anteotech	ADO	at lows	silicon anodes, biotech
Alto Metals	AME	at resistance	gold exploration
American Rare Earths	ARR	rising again	rare earths
Antilles Gold	AAU	back in downtrend	gold
Anax Metals	ANX	testing downtrend	copper
Arafura Resources	ARU	good bounce	rare earths
Ardea Resources	ARL	new low	nickel
Aurelia Metals	AMI	new breached	gold + base metals
Australian Rare Earths	AR3	new low	rare earths
Auteco Minerals	AUT	breached ST uptrend	gold exploration
Arizona Lithium	AZL	failed at resistance line	lithium
Azure Minerals	AZS	struggling at resistance line	nickel exploration
ВНР	ВНР	off its highs	diversified, iron ore
Barton Gold	BGD	testing uptrend	gold exploration
Beach Energy	ВРТ	uptrend breached	oil and gas
Bellevue Gold	BGL	off its highs	gold exploration
Benz Mining	BNZ	slump	gold
Black Cat Syndicate	BC8	rising	gold
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	down	silver/lead
Breaker Resources	BRB	slum	gold exploration
Buru Energy	BRU	strong rally	oil
Calidus Resources	CAI	new low	gold
Caravel Minerals	CVV	breached downtrend	copper
Castile Resources	CST	still in downtrend	gold/copper/cobalt
Celsius Resources	CLA	sideways	copper
Chesser Resources	CHZ	breaking downtrend	gold exploration
Cobalt Blue	СОВ	down	cobalt
Cyprium Metals	СҮМ	slump on funding failure	copper
Dateline	DTR	back to lows	rare earths
E2 Metals	E2M	down	gold exploration
Ecograf	EGR	new low	graphite
Element 25	E25	new uptrend commenced	manganese
Emerald Resources	EMR	rising, new high	gold
Empire Energy	EEG	testing steepest downtrend	gas
Euro Manganese	EMN	softer	manganese
Evolution Mining	EVN	slump out of uptrend	gold
First Graphene	FGR	risen to final resistance line	graphene

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Fortescue Metals	FMG	new high	iron ore
FYI Resources	FYI	collapse on Alcoa withdrawing fromJV	НРА
Galena Mining	G1A	breaching final resistance	lead
Genesis Minerals	GMD	breached uptrend	gold
Genmin	GEN	breached uptrend	iron ore
Gold Road	GOR	back to support line	gold
Great Boulder Resources	GBR	softer	gold exploration
Hastings Technology Metals	HAS	down heavily	rare earths
Hazer Group	HZR	testing downtrend	hydrogen
Heavy Minerals	HVY	rising	garnet
Highfield Resources	HFR	down	potash
Hillgrove Resources	HGO	sideways breach of uptrend	copper
Iluka Resources	ILU	rising	mineral sands
Image Resources	IMA	still down	mineral sands
ioneer (was Global Geoscience)	INR	down	lithium
Ionic Rare Earths	IXR	down	rare earths
Jervois Mining	JVR	new low	nickel/cobalt
Kaiser Reef	KAU	sideways through downtrend	gold
Kalina Power	KPO	at lows	power station additive
Krakatoa Resources	KTA	down	rare earths
Kingfisher Mining	KFM	heavy fall	rare earths
Lepidico	LPD	sideways	lithium
Lindian Resources	LIN	correcting after rise	bauxite
Lion One Metals	LLO	breached uptrend	gold
Li-S Energy	LIS	down	Lithium sulphur battery technology
Los Cerros	LCL	down	gold exploration
Lotus Resources	LOT	sideways through downtrend	uranium
Lucapa Diamond	LOM	down again	diamonds
Lunnon Metals	LM8	resumed uptrend	nickel
Lynas Corp.	LYC	turned down at resistance line	rare earths
Magnetic Resources	MAU	surge on REO news, then retracement	gold exploration
Mako Gold	MKG	down	gold exploration
Marmota	MEU	drifting lower	gold exploration
Matador Mining	MZZ	down	gold exploration
Mayur Resources	MRL	rising	renewables, cement
Meeka Gold	MEK	on support line	gold
Megado Gold	MEG	bounced on lithium permits	rare earths, gold exploration
MetalsX	MLX	pullback	tin, nickel
Meteoric Resources	MEI	spiked higher	rare earths
Metro Mining	MMI	still down	bauxite
Mincor Resources	MCR	down	gold/nickel
Mithril Resources	МТН	sideways	gold/silver
Musgrave Minerals	MGV	still falling, gently	gold exploration
Nagambie Resources	NAG	down	gold, antimony

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Neometals	NMT	falling	lithium
Northern Star Res.	NST	heavy fall	gold
Nova Minerals	NVA	breached uptrend	gold exploration
Orecorp	ORR	surge higher	gold development
Pacific Gold	PGO	bounced to meet resistance line	gold exploration
Pantoro	PNR	new low	gold
Panoramic Res	PAN	testing downtrend	nickel
Parabellum Resources	PBL	breached downtrend, then a slump	rare earths
Peak Resources	PEK	rising	rare earths
Peninsula Energy	PEN	sideways through downtrend	uranium
Perseus Mining	PRU	off its highs	gold
Poseidon Nickel	POS	at lows	nickel
Provaris Energy	PV1	testing downtrend	hydrogen
PVW Resources	PVW	new low	rare earths
QMines	QML	lower	copper
Queensland Pacific Metals	QPM	slump. still in downtrend	nickel/cobalt/HPA
RareX	REE	fallen back to support line	rare earths, phosphate
Regis Resources	RRL	breached support line	gold
Renergen	RLT	down	gas, helium
Resource Mining Corp.	RMI	gently down	nickel exploration
Richmond Vanadium	RVT	recovering	vanadium
RIO	RIO	breached uptrend but strong rally	diversified, iron ore
Rumble Resources	RTR	secondary downtrend	gold exploration
S2 Resources	S2R	sideways	gold exploration
Sandfire Resources	SFR	breached uptrend	copper
Santos	STO	softer	oil/gas
Sarama Resources	SRR	sideways through downtrend line	gold exploration
Sarytogan Graphite	SGA	uptrend	graphite
South Harz Potash	SHP	new low	potash
Southern Cross Gold	SXG	breached uptrend	gold exploration
Stanmore Coal	SMR	surge higher	coal
Strandline Resources	STA	down	mineral sands
Sunstone Metals	STM	new uptrend forming	exploration
Suvo Strategic Minerals	SUV	risen to meet resistance line	kaolin
Talga Resources	TLG	slump on \$40m placement	graphite
Tamboran Resources	TBN	breached downtrend	gas
Technology Metals	ТМТ	down	vanadium
Theta Gold Mines	тдм	sideways	gold
Thor Mining	THR	down	gold exploration
Tietto Minerals	TIE	testing support	gold
Vanadium Resources	VR8	new low	vanadium
Venture Minerals	VMS	sideways	tin, tungsten
West African Resources	WAF	slump out of uptrend	gold
Westgold Resources	WGX	heavy slump	gold

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Weekly Commentary

West Wits Mining	WWI		down	gold
Whitehaven Coal	WHC		down	coal
Zenith Minerals	ZNC		down	gold exploration
Totals	22%	30	Uptrend	
	43%	59	Downtrend	
		137	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	27	19.7%			
Gold Exploration	22	16.1%			
Rare Earths	15	10.9%			
Oil/Gas	10	7.3%			
Nickel	8	5.8%			
Copper	8	5.8%			
Iron Ore/Manganese	6	4.4%			
Uranium	4	2.9%			
Zinc/Lead	3	2.2%			
Lithium	4	2.9%			
Graphite/graphene	4	2.9%			
Coal	3	2.2%			
Mineral Sands	3	2.2%			
Potash/Phosphate	2	1.5%			

Silver	2	1.5%	
Bauxite	2	1.5%	
Vanadium	3	2.2%	
Cobalt	1	0.7%	
Tin	2	1.5%	
Diamonds	1	0.7%	
Other	7		
Total	137		

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