

## Agua's Andean takeover done - now get on with gold production

The end of financial year slowdown was evident last week. Combine that with the long weekend and you end up with a very quiet market. There will be some bargains in the market this month, as usual, but any buying can be done on the back foot as prices drift lower on small volume - except for special situations.

### Gold Price Commentary

When the gold price falls 3.5%, as it did on Friday night, the natural reaction is to ask "Why?" In the absence of dramatic news my generic response would be "because traders need volatility to make profits". When a stock or commodity gets up near the highs it is normal to have profit taking and a pullback.

Similarly, Kitco, the specialist precious metals company in the USA, commented that this time it was just algorithms at work. Nothing else has changed on the fundamentals.

On the economics front US wages rose 0.4% and strong jobs growth created 272,000 jobs, suggesting reduced pressure to lower interest rates. However, there were conflicting numbers behind the headline.

Central bank buying has been underpinning the rise in gold prices over the last year. Their reasons for buying don't include "because it is going higher". Central banks are not traders. They buy for long term reasons and those reasons remain in place. Nevertheless you should expect them to step back from the market when the price gets too high, such as levels seen earlier in the week. They will be buying again when some of the heat has come out of the market.

As far as gold producers are concerned, it is always the high-cost producers that are more exposed to gold price movements. They have the highest leverage. High-grade producers wouldn't blink an eyelid at recent fluctuations.

### ... and copper is a lesser priority now

Copper continues to retrace its steps now that the Anglo bid is off the table. For some reason people get wired up on corporate deals like this and naively extrapolate the event to other companies in the sector, and to the underlying commodity itself. I suppose they are looking for something to promote and talk about, but it is not very creative. Long term strategic moves and reactive trading strategies are worlds apart. The copper outlook still looks good.

### Agua to Bring On-Stream the Very High-Grade Santa Barbara Gold Mine

For the last six months Agua Resources (AGR) has been in a virtual news flow lockdown due to the rules surrounding takeover bids. Finally, last week Agua announced the closure of the successful bid for the unlisted public company, Andean Mining, that was originally announced last December. The first piece of news, released last Friday, was the plan to fast-track the reopening of the St

Barbara Gold Mine in Colombia. As one shareholder commented, it provided a lot of detailed information that is worth reading. <https://aguiaresources.com.au/asx-announcements/fast-track-development-of-santa-barbara-gold-mine/>

Located in Serranía de San Lucas, known as the richest gold belt in Colombia, the very high-grade underground mine has already demonstrated its merit through a 12 month pilot mining program that mined and treated 500 tonnes of ore through a 30 tpd, pilot scale CIL processing plant. An average recovered grade of 20 gpt was reported from mineralisation that has been consistently assayed around 30 gpt gold. The difference between the in-situ grade and that recovered can be attributed to mining dilution and the inclusion of lower grade development ore. While high-grade silver values are present, they were not recorded at the time.

The fast-track development to reach gold production by the end of 2024 involves minor capital works such as installation of a larger (though still small) crusher, additional tankage, instillation of a Merrill Crowe gold precipitation circuit and a new gold smelting room. Additional power generation units will be installed and there will be upgrades to access roads, accommodation and administration buildings. The end result will be a processing plant that increases capacity from 30 tpd to 50 tpd. The ballpark capital costs will be circa \$2m. Capital works and continual mine development will carry over into 2025, but the expected strong cash flow will be able to fund these expenditures.

### Very-high grades mean very low costs

I would love to give you the details of the in-house Start-Up Report that gives all the fine detail on costing, but the ASX rules prohibit companies without JORC resources from issuing economics and guidance. So I have to walk a fine line and hope that you are able to do the math yourself. You can be smarter than the simplest investor who needs the protection of inflexible compliance rules.

Look at a modest grade underground mine planning to start up in South Africa with a head grade of around 3-4 gpt. It expects to produce gold at a cost of US\$900/oz. A company in Colombia with head grades above 20 gpt should be able to do better than that - much, much better. Pick a figure and whatever it is, you will see the potential to produce very strong cash flows at Santa Barbara. You will have to do your own estimate for the gold production, but start with 50 tpd and that gives you 17-18,000 tpa. Use a grade of around 20 gpt, which has already been achieved. Agua owns 100% of the mine. There is a 4% royalty owing to the government.

### Where will the money go?

Cashflow from operations will go towards continual upgrading and expansion of the mine with a broad plan to double the scale over a two year period. For those who

want to see JORC resources, an early priority will be the commencement of exploration drilling that will allow a rapid calculation of a JORC figure. Think about it. The exploration holes will be drilled above and below existing workings and along strike. The company won't be relying on dozens of drill holes to get an understanding of the orebody. It is already exposed and very well understood as it is already being mined. The drilling will be more akin to brownfields exploration testing for extensions of the veins. That means lower risks. There are 7 km of veins that have been sampled and mapped that are awaiting drill testing, so the target is substantial.

### *... but consider the big picture, the blue sky*

Having a strong cash flow from an operating mine will place Agüia in a great position as it will enable the Company to be self-funding without having to go back to the equity markets to suffer the huge discounts on capital raisings that brokers are forcing on companies. However, there is a much bigger story to consider and that relates to the blue sky potential.

There is a 400,000 oz p.a. gold mine not far away named Buritica (circa 100 km distant). About ten years ago Continental, a TSX-listed company, had a 30 tpd pilot plant like the one at Santa Barbara. It was embarking on an exploration program to come up with gold resources. Over a period of years it eventually proved up a resource of 7-8 Moz and then it began the construction of a 250,000 oz p.a. gold mine. Zijin Mining came along and bought Continental for C\$1.4bn, with its 65% interest in the project. It subsequently expanded the mine to 400,000 oz p.a.

Agüia is optimistic that it has a similar style gold system at Santa Barbara. It will only know for sure once it has completed extensive drill programs and there will always be differences, but what an exploration target! (*Note, this is not an Exploration Target as defined by the JORC Code*).

### *The Bottom Line*

Agüia is in a very advantageous position with Santa Barbara. The high-risk exploration phase has been circumvented through the excavation of a 200m adit and associated development along the orebody that gives immeasurably more information than dozens of drill holes could. Mining conditions are well-understood from the extraction of 500 tonnes and the metallurgy has been confirmed with a reported recovered grade of 20 gpt. The economics are well understood but they can't be disclosed because of the need to comply with the ASX and JORC

rules that protect lesser analytical investors who don't understand mining. Yet, smart investors can do their own assessment.

Now it is up to the Company to deliver on its expectations and prove to the market the value of the project. That involves leadership, good management and technical skills. Admittedly, these characteristics are sadly lacking in many companies, but as chairman of Agüia, I believe the company to be well endowed here.

On a separate note, Agüia still owns some very valuable rock phosphate projects in Brasil that have been the subject of favourable BFS studies; more on them in later Weeklies.

Selling at 2.1¢ and a market capitalisation of around \$23m, the market is totally ignoring the upside potential of strong earning streams from two projects across two commodities. Perhaps the story is too good to believe, but from where I sit, this is an extraordinary opportunity. The market will better appreciate the merit as the news starts to flow over the coming weeks.

*NB: These are personal comments of the Chairman in his capacity as an analyst at Far East Capital. They are not representations by Agüia. See the following link for the ASX release and note the disclosure below.*

<https://aguiaresources.com.au/asx-announcements/fast-track-development-of-santa-barbara-gold-mine/>

*Disclosure: The author is Chairman of Agüia. Interests associated with the author own shares and FEC has received capital raising fees.*

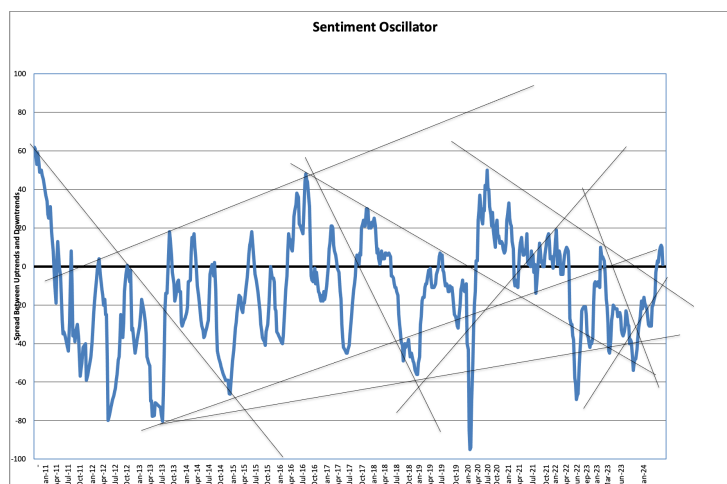
### *What's in a name?*

Now I have seen it all. Republic Gold is changing its name to Big Un Limited (BIG). Perhaps this is a master stroke when it comes to promotion. The recommendation "Buy the Big Un" will be used more than once, I am sure.

It brings back memories of Terry Fern' Climax Mining back in the 1980s. The broker would ring down an order to the trading floor, instructing the operator to buy 100,000 Climaxes. The mind boggles.

Anything that gets a name out in front, and makes it stick, is worth a short term outing but a company then needs to deliver results to keep it in the minds of the investors.

**Sentiment Oscillator:** There was a noticeable number of stocks that were breaching uptrends as follow-up buying evaporated, causing a setback to sentiment. There were 36% (39%) of stocks in uptrend and 35% (29%) in downtrend at the close of the week.



### Detailed Chart Comments

*NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.*

Indices	Code	Trend Comment	
All Ordinaries	XAO	still in uptrend	
Metals and Mining	XMM	trying to hold trend line	
Energy	XEJ	still under long term downtrend line	
Information Technology	XIJ	surge to new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	back to lows	boron
Advance Metals (was Pacific American)	AVM	back to lows	coal, gold exploration
Agua Resources	AGR	gentle uptrend	phosphate, gold
Alkane Resources	ALK	testing downtrend	gold
Alicanto Minerals	AQI	new low	base metals, silver, gold
Alligator Energy	AGE	sideways	uranium
Almonty Industries	AII	rising	tungsten
Alpha HPA	A4N	back into wedge pattern	HPA
Altech Chemical	ATC	back in downtrend	HPA, anodes
Alto Metals	AME	testing new uptrend	gold
American Rare Earths	ARR	consolidating	rare earths
Anax Metals	ANX	heavy slump	copper
Anteotech	ADO	sideways at lows	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths
Ardea Resources	ARL	spiked higher	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	new uptrend	gold
Averina	AEV	down heavily	phosphate

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Aurora Energy Metals	1AE	down	uranium
Aurelia Metals	AMI	rising	copper + base metals
Australian Gold and Copper	AGC	heavy correction on placement	base metals, silver, gold
Australian Rare Earths	AR3	breaching downtrend	rare earths
Australian Strategic Materials	ASM	new low	rare earths
BHP	BHP	corrected lower	diversified, iron ore
Barton Gold	BGD	rising gently	gold exploration
Beach Energy	BPT	testing uptrend	oil and gas
Bellevue Gold	BGL	breached uptrend	gold
Besra Gold	BEZ	collapse to new low	gold
Black Cat Syndicate	BC8	rising	gold
Boab Metals	BML	down	silver/lead
Brazil Critical Minerals	BCM	down on placement	rare earths
Brazilian Rare Earths	BRE	new high	rare earths
Brightstar Resources	BTR	uptrend	gold
Calidus Resources	CAI	back to downtrend	gold
Caravel Minerals	CVV	strong rise	copper
Carnaby Resources	CNB	collapse on Scoping Study, testing support	copper
Castile Resources	CST	trying to hold support line	gold/copper/cobalt
Catalyst Metals	CYL	new uptrend	gold
Cazaly Resources	CAZ	forming a base	rare earths
Celsius Resources	CLA	stronger	copper
Cobalt Blue	COB	new low	cobalt
Cyprium Metals	CYM	breached downtrend, surged higher	copper
Emerald Resources	EMR	rising, new high	gold
Empire Energy	EEG	breached support	gas
EQ Resources	EQR	breaching downtrend	tungsten
Evolution Energy	EV1	collapse to a new low	graphite
Evolution Mining	EVN	rising	gold
First Graphene	FGR	spiked higher	graphene
Fortescue Metals	FMG	down	iron ore
Genesis Minerals	GMD	rising	gold
Globe Metals and Mining	GBE	steeply higher	niobium
Gold 50	G50	new uptrend	gold exploration + gallium
Great Boulder Resources	GBR	sideways at lows	gold exploration
Group 6 Metals	G6M	collapse to a new low	tungsten
Hamelin Gold	HMG	sideways through downtrend	gold exploration
Hastings Technology Metals	HAS	collapse to new low	rare earths
Heavy Minerals	HVY	new low	garnet
Hillgrove Resources	HGO	rising gently	copper
Iluka Resources	ILU	improving	mineral sands
ioneer (was Global Geoscience)	INR	testing uptrend	lithium
Ionic Rare Earths	IXR	down	rare earths
Jervois Mining	JVR	new low	nickel/cobalt

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Jindalee Lithium	JLL	<span style="color: red;">■</span>	new low	lithium
Jupiter Mines	JSM	<span style="color: orange;">■</span>	breached uptrend	manganese
Kaiser Reef	KAU	<span style="color: green;">■</span>	improving	gold
Krakatoa Resources	KTA	<span style="color: orange;">■</span>	steep rise on niobium news	rare earths
Larvotto Resources	LRV	<span style="color: green;">■</span>	rising	gold, antimony
Lindian Resources	LIN	<span style="color: red;">■</span>	new low	rare earths + bauxite
Li-S Energy	LIS	<span style="color: red;">■</span>	new low	Lithium sulphur battery technology
LCL Resources	LCL	<span style="color: orange;">■</span>	sideways at lows	gold/nickel exploration
Lotus Resources	LOT	<span style="color: green;">■</span>	rising	uranium
Lucapa Diamond	LOM	<span style="color: red;">■</span>	new low	diamonds
Lunnon Metals	LM8	<span style="color: red;">■</span>	down	nickel
Lynas Corp.	LYC	<span style="color: red;">■</span>	rallied to meet resistance	rare earths
Marmota	MEU	<span style="color: green;">■</span>	rising	gold/uranium exploration
Mayur Resources	MRL	<span style="color: orange;">■</span>	breached uptrend	renewables, cement
Meeka Gold	MEK	<span style="color: orange;">■</span>	rallying	gold
MetalsX	MLX	<span style="color: green;">■</span>	rising	tin, nickel
Meteoric Resources	MEI	<span style="color: orange;">■</span>	sideways	rare earths
Metro Mining	MMI	<span style="color: green;">■</span>	new high	bauxite
Midas Minerals	MM1	<span style="color: red;">■</span>	slump	lithium
Mitre Mining	MMC	<span style="color: green;">■</span>	steep rise	silver
Nagambie Resources	NAG	<span style="color: red;">■</span>	another new low	gold, antimony
Neometals	NMT	<span style="color: red;">■</span>	new low	lithium
Newfield Resources	NWF	<span style="color: orange;">■</span>	breached downtrend	diamonds
Nexgen Energy	NXG	<span style="color: red;">■</span>	breached uptrend	uranium
Northern Star Res.	NST	<span style="color: green;">■</span>	rising	gold
Nova Minerals	NVA	<span style="color: red;">■</span>	down	gold exploration
Novo Resources	NVO	<span style="color: red;">■</span>	down	gold exploration
Pacific Gold	PGO	<span style="color: red;">■</span>	new low	gold exploration
Paladin Energy	PDN	<span style="color: green;">■</span>	new high	uranium
Pantoro	PNR	<span style="color: green;">■</span>	rising again	gold
Patriot Battery Metals	PMT	<span style="color: orange;">■</span>	heavy slump	lithium
Peninsula Energy	PEN	<span style="color: orange;">■</span>	sideways	uranium
Perseus Mining	PRU	<span style="color: green;">■</span>	new high	gold
Provaris Energy	PV1	<span style="color: red;">■</span>	down	hydrogen
QMines	QML	<span style="color: red;">■</span>	new low	copper
Queensland Pacific Metals	QPM	<span style="color: red;">■</span>	new low	nickel/cobalt/HPA
RareX	REE	<span style="color: red;">■</span>	new low	phosphate, rare earths
Regis Resources	RRL	<span style="color: orange;">■</span>	testing uptrend	gold
Regergen	RLT	<span style="color: red;">■</span>	down	gas, helium
Richmond Vanadium	RVT	<span style="color: orange;">■</span>	testing downtrend	vanadium
RIO	RIO	<span style="color: green;">■</span>	heavy slump	diversified, iron ore
RTG Mining	RTG	<span style="color: green;">■</span>	rising	copper
Rumble Resources	RTR	<span style="color: red;">■</span>	new low	zinc exploration
S2 Resources	S2R	<span style="color: red;">■</span>	gentle downtrend	gold exploration

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Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarytogan Graphite	SGA		down	graphite
Siren Gold	SNG		rising	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		spike to new high	gold exploration
Southern Palladium	SPD		rising again	PGMs
Stanmore Coal	SMR		testing downtrend	coal
Stellar Resources	SRZ		uptrend	tin
Summit Resources	SUM		new high	niobium, rare earths
Suvo Strategic Minerals	SUV		spiked higher	kaolin
Talga Resources	TLG		slump	graphite
Tamboran Resources	TBN		rising again	gas
Theta Gold Mines	TGM		rising again	gold
Thor Energy	THR		down	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Torque Metals	TOR		breached downtrend	gold exploration + lithium
Vanadium Resources	VR8		new uptrend	vanadium
Venture Minerals	VMS		back to recent high	tin, tungsten
Vintage Energy	VEN		new low	gas
Voltaic Strategic Resources	VSR		at lows	REO + lithium
Vertex Minerals	VTX		breached downtrend	gold
Walkabout Resources	WKT		sideways	graphite
Warriedar Resources	WA8		breached downtrend	gold exploration
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		testing downtrend	gold
West Wits Mining	WWI		correcting lower	gold
Whitehaven Coal	WHC		testing uptrend	coal
Zenith Minerals	ZNC		new low	gold exploration
Totals	36%	49	Uptrend	
	35%	48	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	28	20.4%	
Gold Exploration	16	11.7%	
Rare Earths	13	9.5%	
Copper	10	7.3%	
Uranium	7	5.1%	
Lithium	6	4.4%	
Oil/Gas	6	4.4%	
Nickel	5	3.6%	
Graphite/graphene	5	3.6%	
Iron Ore/Manganese	4	2.9%	
Potash/Phosphate	4	2.9%	
Coal	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	30.0%	
Diamonds	2	1.5%	
Niobium	2	1.5%	
Vanadium	2	20.0%	
Zinc/Lead	2	1.5%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	10		
Total	137		

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