

Monday, May 5, 2025



HALLGARTEN + COMPANY

Portfolio Strategy

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Monthly Resources Review: Friends & Enemies

Performance Review – April 2025

Monthly Resources Review

Friends & Enemies

- + **The retreat by the Trump Administration from a swathe of hardline positions has been welcomed, but has sown even more doubt for business as to the consistency of policy**
- + **Fast tracking of approvals of projects in the US might actually spur competitor nations to get their own permitting houses in order**
- + **Tungsten (APT) is finally on the cusp of breaking through the key \$400 per MTU barrier**
- × **The long-sought after opening of the public purse(s) to pad the fortunes of the promotorial classes is upon us. Funds are being directed to the Good, the Bad and the Ugly. We await the moment of reckoning when the folly of some of these ventures is laid at the taxpayers' doorstep**
- × **Rebels retreating in the northeast of the DRC allowed for the reopening of the Bisie mine of Alphamin but what is not revealed is whether it can actually export, bring in supplies or the fate of its office & staff in Goma**
- × **The Trump Ascendancy is driving hitherto fellow-travellers in the struggle against malign Chinese influence into the arms of Peking**
- × **Governments (i.e. defense departments) are not big enough buyers of REEs to create price environments to remedy current low prices so a swathe of new production will inevitably at a loss**

Rare Earths – The Enemy of My Enemy is My Friend

Trump makes strange bedfellows.... No, lift your minds from the gutter, we are speaking of the nations that he forces into the arms of other nations rather than the more salacious details of his past.

More interesting though than these Page Six musings is the Machiavellian spirits that have been set free by Trump spraying the room with gunfire, taking down friend and foe alike. The EU was already well advanced towards a Love Out with China during 2024 (despite the Germans still fervently praying for rapprochement). All sorts of other countries, that were making a clear distance between themselves and China over recent years, are now finding it politic to chum up to the Middle Empire. And China, for once, is showing itself to be savvy in dabbing the sweat from the worried brows of countries that two years ago had been subject to Peking's curious mixture of carrot & stick diplomacy. Now the stick is in another hand and the once friendly hand of the US is now slapping about its allies.

The relevance of this to mining and resources is that it is going to be that much harder to keep together

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a Coalition of the Willing to resist China when the US has been so aggressive to its traditional fellow travellers. Even more poignant might be the fate of Canada's resistance to Chinese investment in its listed explorer/developers. The Lithium Chile example seemed to us to be Washington leaning on Ottawa to block transactions that had nothing to do with the US and only a small amount to do with Canada. The BatPhone was ringing off the hook in Ottawa as His Master's Voice was demanding that this or that investment be blocked. This mainly resulted in Toronto losing listings as the likes of a well-known African graphite play decamped to Dubai while the rest of the market was regarded as off limits to Chinese takeovers or even strategic investments.

The question now is why Canada should pay any mind to what Washington wants or doesn't want? If Ottawa reversed tack on this issue, there is very little that Washington could do or say... Think about it.

USA Rare Earth (NASD: USAR) and its Known Associates

We had to dust-off our piece of genealogical software in which we had tracked the many and various relatives behind the USA Rare Earth (USAR) phenomenon. Some will recall that there was a mass movement of this family from Melbourne's inner southeast to Brooklyn in New York City. Melbourne's gain was NY's loss... Interestingly, in refreshing our knowledge base, we noted the almost complete absence of references to Legend International, an ill-starred stock which was previously freighted with this crew. Legend is down among the dead men these days and seemingly someone has leaned on search engines to have their "right to be forgotten" exercised. But having sat in an office over thirteen years ago and had the chapter and verse on the attractions of this benighted stock, we can say that their right to be forgotten has not reached our memory.

On the 13th of March it was announced that USA Rare Earth, Inc., a company "building out a domestic rare earth magnet supply chain that includes the mining and processing of heavy rare earths and other critical minerals" had completed a business combination with the SPAC, Inflection Point Acquisition Corp. II (Nasdaq: IPXX). USARE and IPXX also announced an additional \$8 million upside to the PIPE today contributed by affiliates of IPXX and other investors in connection with this business combination. This brings the total investment of IPXX's affiliates and other pre-funded PIPE investors to nearly \$50mn.

The prospectus makes interesting reading as it includes some familiar names. We had thought that this crew had been cleaned out a few years back to make it acceptable for listing. Seemingly this steaming specimen could be polished up and re-presented to markets having been boarded again by those previously deemed not presentable.

USA Rare Earth owns a strategic stake in the Round Top Beryllium deposit in Texas (which it terms a Rare Earth project). TMRC currently owns approximately 19.3% of the Round Top project.

TMRC is a long-time, and much-beloved, and frequent **SHORT** in the Model Resources Portfolio. However, seeing the market cap of USA Rare Earth, the mighty temptation to switch focus was irresistible and so we have pivoted to a **SHORT** position in this new name. It appears we are not alone.

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The appearance of this stock in the public markets reminds us of the infamous “swimming pool scene” in Caddyshack. We hope the NASDAQ is thoroughly disinfected afterwards. The one consolation is that Uncle Joe, stymied by the bankruptcy court and camped out back in Melbourne, is not on the roster.

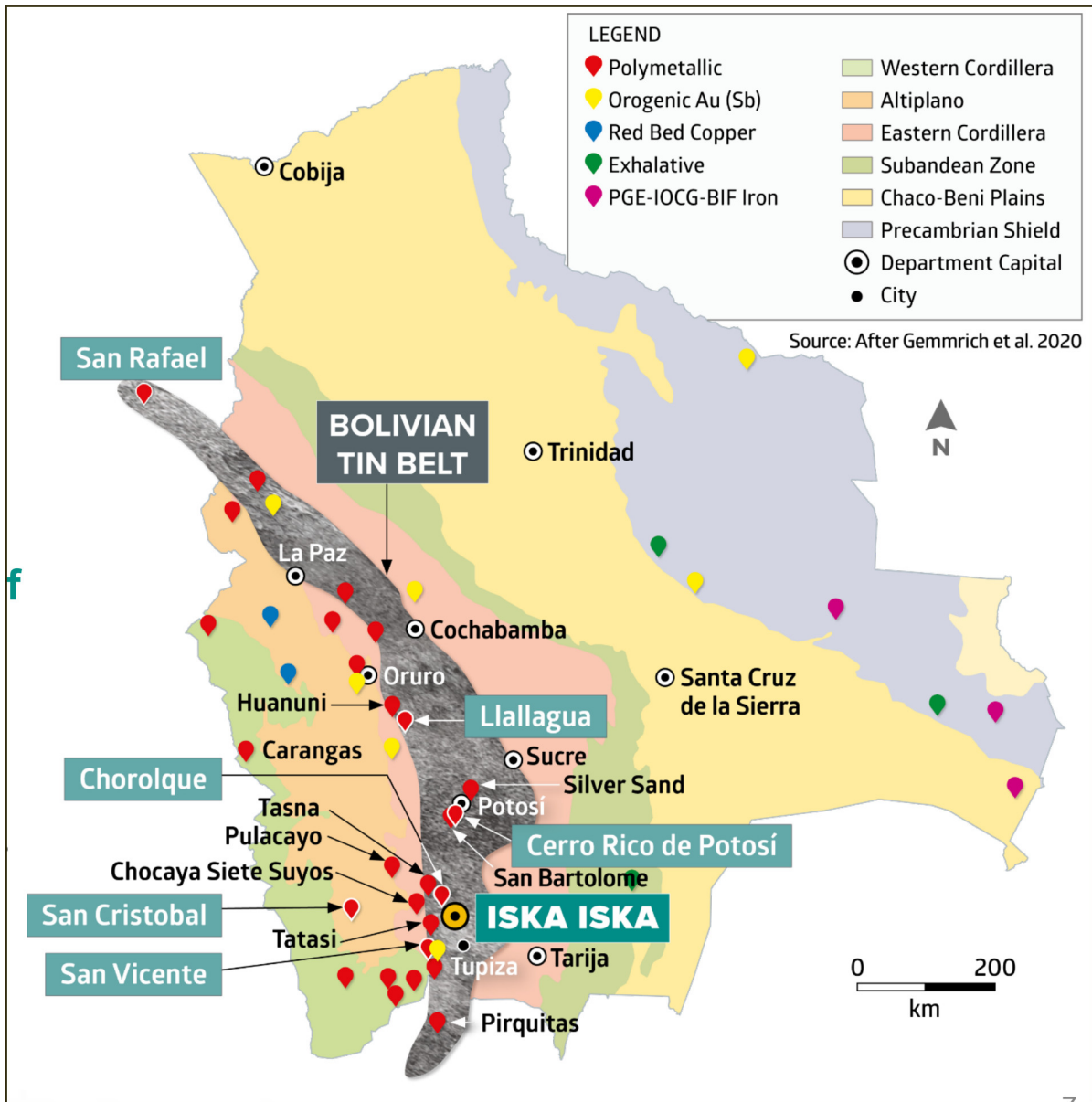
Portfolio Changes

During the month, the changes in the Model Resources Portfolio were the addition of a **LONG** in Eoro Resources to replace Alphamin and the addition of a **SHORT** in USA Rare Earth (USAR) to in lieu of our old “favorite” Texas Mineral Resources.

Eoro Resources (TSX-v: ELO) - A Tin Star Rising in the Andes

We had a close call in April and nearly were able to go and visit the Iska Iska project of this TSX-v-listed Eoro Resources in southern Bolivia, near the Argentine border. Logistics ultimately got in the way of the mine trip, so the prevailing motto must be “happy is he who has not seen and yet believes” with regard to this project. We live in hope of a mine trip and an Initiation of coverage.

Iska Iska has published a Maiden Inferred Mineral Resource Estimate (MRE) of 110mn tonnes at 0.12% Sn, 14.2 g Ag/t & 0.14% Pb in the so-called Tin Domain.

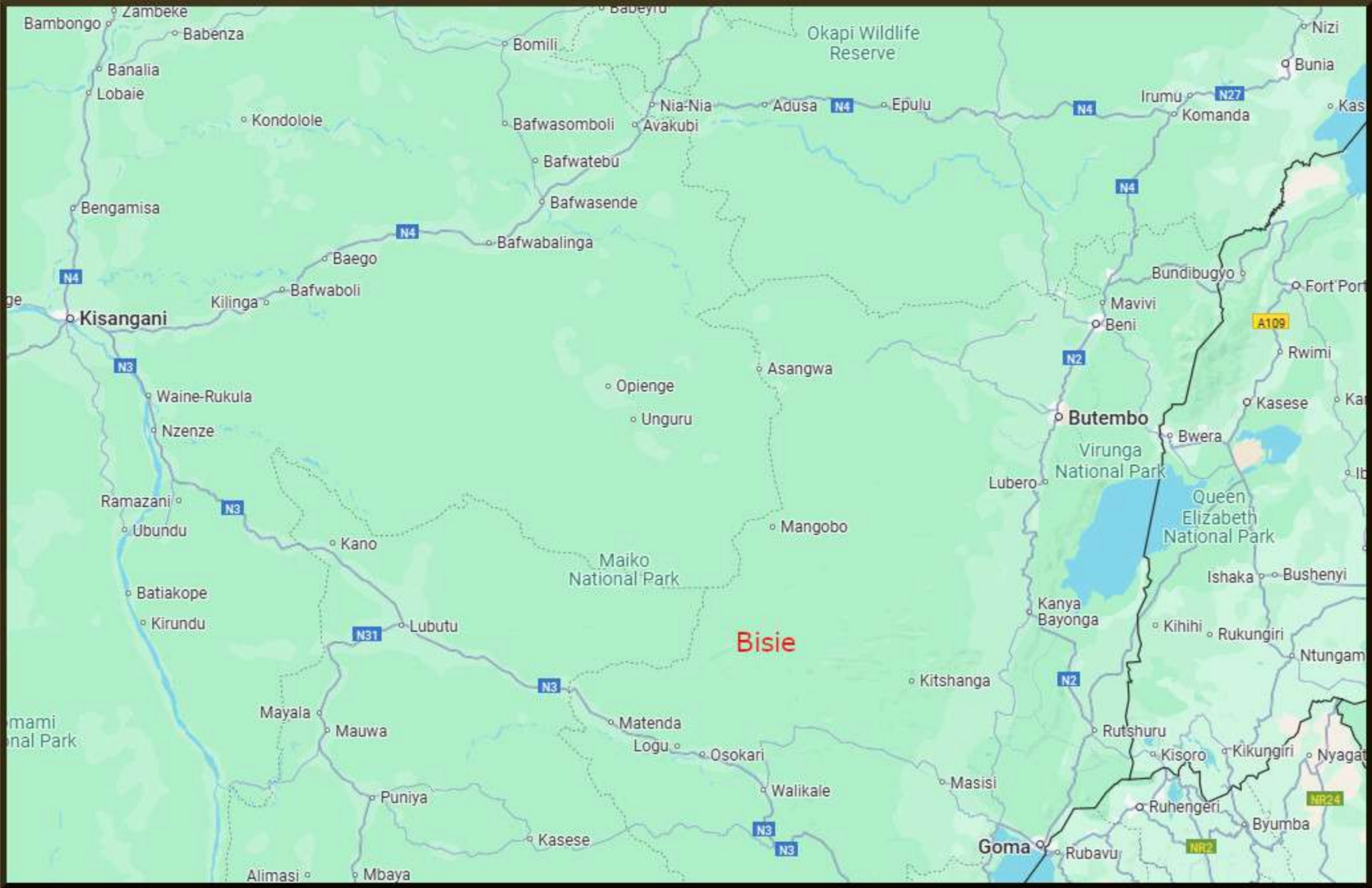


In the short term though we were on the hunt to add another Tin prospect to our Model Resources Portfolio (for reasons related anon) and have thus added a **LONG** position with a tentative twelve-month target price of CAD\$1.32.

Alphamin – All Change

On the 13th of March the company decided to temporarily cease mining operations at the Bisie tin mine in Walikale District of the DRC. All operational mining personnel were being evacuated from the mine site with only essential personnel to remain for the care, maintenance and security of the property.

The map on the following page is illustrative.



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The rebels gained control of the areas and roads north and west (and potentially south) of the minesite and cut off not only basic supplies but also the diesel that the company is entirely dependent upon for ALL power at site and for transport. Intriguingly, the exit route for concentrate, via Uganda, was supposedly sensitive information, but had been revealed in a release on the 15th of June 2022. We are not sure how this is a secret, unless rebels can't read press releases.

Then less than a month later, on the 9th of April, the company announced that it was initiating a "phased resumption of operations". This decision was made after the withdrawal of insurgents eastward from the town of Walikale towards the towns of Nyabiondo and Masisi, more than 130 kms to the east of the Bisie mine site. The company said it intended to redeploy employees "as part of a plan to restart tin production in phases" while it continues to monitor the security situation. Frankly we couldn't have come up with more nuanced wording if we had tried.

We found intriguing the statement that, following the institution of the care & maintenance regime, tin concentrate export logistics "continued without interruption". How so? We were offered the statistic that, during the period 1 January 2025 to 8 April 2025, ~4,500 tonnes of contained tin was sold and exported, with ~280 tonnes "still in transit" and limited concentrate stock currently on hand. As the roads were seemingly under the control of rebels what does "still in transit" mean?

Contained tin production was said to be 4,270 tonnes during Q1 2025 until operations ceased on 13 March 2025 due to security concerns.

It was stated that the mine is adequately supplied with consumables and spares to support the resumption of production. Reading between the lines it doesn't sound like supplies are getting through.

In [our mine trip note](#) of last October we dealt with some of the logistical issues at the mine which may have put us in bad odour with some. Now though some of those issues are coming home to roost. Firstly, the company had its administrative base and in-country offices in Goma and that city had fallen rather swiftly to the rebels. No mention was made in the release on the resumption of activities about the fate of Goma, the employees there or the access issues for egress of product through to the Ugandan border. Does the resumption of operations mean that product will be stockpiled? The company certainly has financial resources sufficient to run the mine, even if it cannot monetise the output.

In a further financial update, we were offered the informational nuggets that:

- Q1 2025 contained tin production of 4,270 tonnes until operations ceased on 13 March 2025 (Q4 2024: 5,237 tonnes)
- Q1 2025 EBITDA guidance of US\$62m (Q4 2024 actual: US\$76m)
- FY2025 contained tin production guidance revised to 17,500 tonnes due to security-related production interruption (previously 20,000 tonnes)

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So, 2,500 tonnes of production is expected to be lost. As they say in the classics, time will tell.

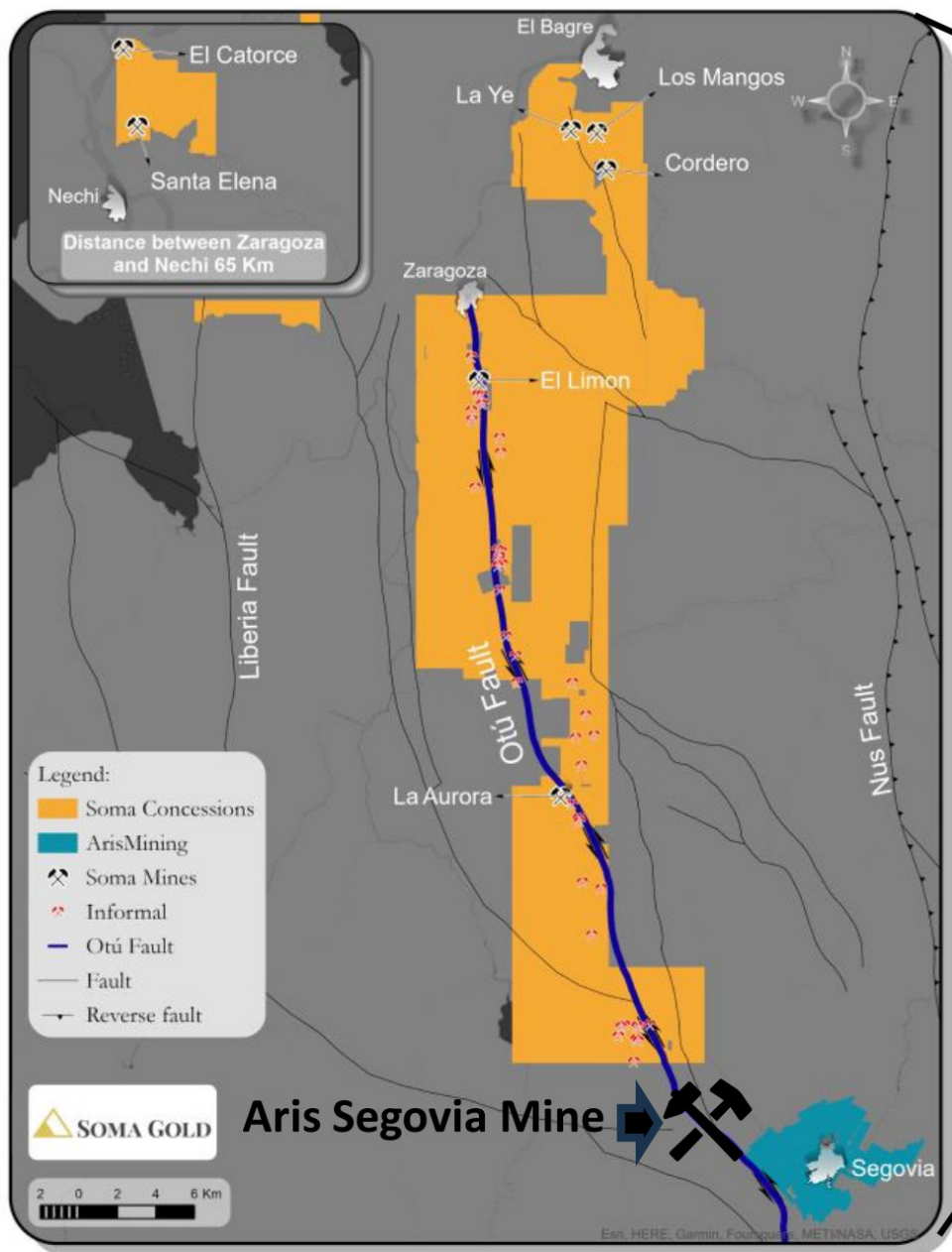
The chart that follows shows the brutal fall and then the bounce at Alphamin. We have replaced Alphamin with Eloro as we await clarity on what is (really) going on in the region.



Soma Gold (TSX-v: SOMA | WKN: A2P4DU | OTC: SMAGF) The Quiet Performer in Colombia

It has been quite a while since we last turned our focus to Soma Gold's operation in Colombia that we have covered with various research updates in the past. The company owns two adjacent mining properties in Antioquia province in Colombia. Its mineral rights concessions amount to ~41,000 Ha (410 sq. km) and extend over more than 100 km along the prolific OTU fault. These concessions are adjacent to and on-trend with the Segovia Mine of Aris Mining Corp (TSX: ARIS), which holds a resource of 5.5+ million ounces Au. According to Aris, production at Segovia is expected to rise to between 210,000 ozs and 250,000 ozs this year, compared to 188,000 oz. last year. Annual output will be in the range of 300,000 ozs starting in 2026.

The El Bagre Mill is currently operating and producing. The El Limon Mill located in Zaragoza, in the Department of Antioquia. has a capacity of 225 tpd and is permitted for up to 400 tpd. Work on restarting the El Limon Mill, which has been on care & maintenance since 2020, has already begun, with re-commissioning expected in the coming months. The mills have a combined milling capacity of 675 tpd. (though permitted for 1,400 tpd).



Soma Concessions in Antioquia

Back in January of this year the company revealed that it was in advanced discussions to purchase up to 200 tpd of mineralized rock mined at the Zancudo Mine, 100% owned by Denarius Metals (Cboe CA: DMET | OTCQX: DNRSF), which is another constituent of our Model Resources Portfolio. This arrangement will begin generating production and cash flow at the El Limon Mill, The El Limon Mill is located approximately 125 km from the Zancudo Mine on a paved highway.

“We are pleased to have achieved 92.4% of our projected 2024 production at the Cordero Mine despite

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several unplanned mechanical shutdowns and a blockade by the local community, which negatively affected production. We expected the El Limon Mill to contribute ounces in 2024, but the restart was held up due to delays in the granting of the necessary permits to commence mining at the Aurora Mine in Machuca.”

While the company lauded the synergies between Soma and Denarius to fully utilize El Limon’s capacity while Soma ramps up production at its mines and Denarius commissions their new mill at Zancudo. We suspect that a greater degree of collaboration might be doable that would be beneficial for all. We shall see.

Soma Gold - Production Volumes								
Actual & Guidance								
Au (ozs)	2019	2020	2021	2022	2023	FY24	FY25G	FY26G
	16,168	17,170	20,484	23,800	32,340	27,460	32,500	46,274

In 2024, Soma produced 27,460 ounces of AuEq and sold 27,668 AuEq ounces. This represents 92.4% of the 2024 budgeted production at the Cordero Mine. It had been planned that the upgrade of the El Limon mill would be in 1Q24 but a delay in delivery of parts led to it only achieving the required works in 3Q24. There is expected to be a quantum leap in 2026, to over 46,000 ozs, according to the current guidance.

We reiterate our **LONG** position in Soma Gold and raise the twelve-month target price from 85cts to \$1.10.



Parting Shot

The new game in town is called Mining the Ministry. The old games were Mining the Metal (only for the serious players) and Mining the Market (only for the most unserious of players). Mining the Ministry means eschewing the traditional mining practice when it comes to rustling up cash in the markets and instead making a beeline for Washington, Brussels, Canberra or Ottawa. Of all of those targets, Ottawa has proven to be the hardest purse to prise open, probably due to Ottawa knowing the high degree of fakery emanating from Vancouver. Brussels meanwhile is totally clueless (spiralling down the drain of the Circular Economy), the Pentagon has largely proven to be foolproofed (not having any interest in talkers, instead favouring doers) and Canberra has joined with gusto into the game, gladhanding money to Rare Earths wannabes, when other more important and potentially profitable elements go unsupported.

In line with many decades of misdirected industrial policy that has seen the Australian economy hollowed out to be solely directed towards construction materials and tourism, the Canberra crew (who never gave anything to the mining industry) are now tossing sizeable coinage to some of the most unworthy projects that can be imagined. Case in point is the sometime uranium prospect known as Nolan's Bore of Arafura Resources (ASX: ARU). This is now touted as a Rare Earths-Phosphate-Uranium-Thorium (REE-P-U-Th) deposit.

While the phosphate component has some downstream potential Downunder, the REE component has no relevance to Australian industrial "policy" as the five car manufacturers that once existed in-country were allowed to drift away under a benign neglect that promoted worshipping the Golden Calf of residential housing construction to the detriment of everything else.

The Nolans Project will encompass a mine, process plant (comprising beneficiation, extraction and separation plants) and related infrastructure to be constructed and located at the Nolans site, 135 kilometers north of Alice Springs in the Northern Territory.

In March of 2024, the project secured conditional Commonwealth Government approval for a debt financing package of US\$533mn to progress the project. The package included a US\$125mn limited-recourse senior debt facility under the Commonwealth Government's AUD\$4bn Critical Minerals Facility (CMF) (administered by Export Finance Australia (EFA)) and AUD\$150mn limited-recourse senior debt facilities from the Northern Australia Infrastructure Facility (NAIF). As a total non-sequitur, *naif* also being the French word for naïve.

This was part of a broader financing package that Arafura was cobbling together, that included as of March of 2024, indicative interest from international and commercial financiers for a further US\$550 million of senior debt facilities.

Then in July of last year the company announced that it had obtained conditional approval for up to \$115mn (€106.5mn) in ten-year untied loan guarantees from the German Government's Inter-Ministerial Committee (IMC), provided by German ECA Euler Hermes.

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In the same month the company received conditional approval for a US\$150mn (AUD\$223mn) debt financing package from the Export-Import Bank of Korea (KEXIM) for the project, preceded by \$300m in debt funding approval from Export Development Canada in May. As to why Canada should be funding this project, stretches credibility to breaking point.

In January of 2025, the National Reconstruction Fund Corporation (NRFC) made its largest investment commitment to date in the form of an AUD\$200mn cornerstone investment commitment. What this Australian government entity is “reconstructing” remains unclear....

But what is clear is that it never rains but it pours...

The capex is now AUD\$2.8bn having risen from AUD\$1.193bn in 2015.

All kudos to Arafura’s management for being able to shake so much money out of so many governments for a rather unnecessary project. In light of our stated preference for Monazite sands as a REE source our prime thought on Nolan’s Bore is “who needs it?”. When the history books are written it could be a very sorry tale of governments wading in with taxpayer money to support pharaonic projects that might better stay on the drawing board.

Recent & Upcoming

In the last month we published an update on Pelangio Exploration, an Alphamin “rebel” Update, our Growth Minerals Review and an overview of progress in Argentina’s libertarian “experiment”.

In the pipeline we have a new Growth Minerals Review, an Initiation on Silver Viper, a review of mining in Ghana, a review of mining in Argentina’s San Juan province and possibly a review of Rubidium, its uses and sources.

MODEL RESOURCES PORTFOLIO @ END APRIL

Security	Ticker	Currency	Price	Change		12-mth Target	
				last 12 mths	last mth		
LONG EQUITIES							
Diversified Large/Mid-Cap	Hochschild	HOC.L	GBP	2.80	80%	4%	£2.80
Base Metal Developers	Denarius Metals	DNRSF	USD	0.53	31%	43%	\$1.15
Uranium	Sprott Physical Uranium	U.UN.to	CAD	14.98	-30%	5%	\$20.00
	enCore Energy	EU.v	CAD	2.11	-67%	3%	\$4.90
	Energy Fuels	UUUU	USD	4.52	-13%	21%	\$7.50
Zinc/Lead Plays	WisdomTree Zinc ETF	ZINC.L	USD	8.66	-8%	-7%	\$14.00
	Group Eleven Resources	ZNG.v	CAD	0.18	-5%	0%	\$0.35
	Luca Mining	LUCA.v	CAD	1.49	239%	19%	\$1.40
Nickel Developer	Canada Nickel	CNC.v	CAD	0.96	-34%	0%	\$2.15
Silver Developer	AbraSilver	ABRA.v	CAD	3.17	41%	0%	\$4.20
Silver ETF	iShares Silver ETF	SLV	USD	29.60	23%	-4%	\$32.00
Gold Producer	Soma Gold	SOMA.v	CAD	0.73	35%	-4%	\$1.10
	Aura Minerals	ORA.to	CAD	28.50	175%	2%	\$19.00
	Asante Gold	ASE.cn	CAD	1.14	-4%	-4%	\$2.40
	Orvana Minerals	ORV.to	CAD	0.55	189%	41%	\$0.60
	Talisker Resources	TSK.to	CAD	0.58	4%	0%	\$1.10
Gold Developer	West Wits Mining	WWI.ax	AUD	0.02	25%	0%	\$0.024
	Thesis Gold	TAU.v	CAD	0.90	18%	6%	\$1.32
Gold/Antimony Developer	Perpetua Resources	PPTA.to	CAD	20.30	170%	32%	\$13.00
Royalties	EMX Royalties	EMX	USD	2.31	25%	13%	\$2.50
Copper Explorers	Panoro Minerals	PML.v	CAD	0.44	267%	13%	\$0.30
	Aldebaran Resources	ALDE.v	CAD	1.72	102%	-9%	\$2.50

MODEL RESOURCES PORTFOLIO @ END APRIL							
Security	Ticker	Currency	Price	Change		12-mth Target	
				last 12 mths	last mth		
LONG EQUITIES							
Tungsten Producers	Almonty Industries	AII.to	CAD	2.50	297%	11%	\$3.82
	Guardian Metal Resources	GMET.L	GBP	0.37	147%	-20%	£0.88
Graphite Developer	Blencowe Resources	BRES.L	GBP	0.03	-42%	0%	£0.09
Lithium	E3 Lithium	ETL.v	CAD	0.66	-62%	-12%	\$1.35
	Century Lithium	LCE.v	CAD	0.36	-12%	38%	\$1.10
Gold Explorer	Alpha Exploration	ALEX.v	CAD	0.70	-17%	0%	\$1.00
AgroMinerals	Millennial Potash	MLP.v	CAD	0.89	242%	39%	\$0.60
	MinBos	MNB.ax	AUD	0.04	-31%	-20%	\$0.09
Rare Earths	Rainbow Rare Earths	RBW.L	GBP	0.12	-2%	33%	£0.30
	Neo Performance Materials	NEO.to	CAD	11.21	96%	30%	\$14.00
Tin	Eloro Resources	ELO.to	CAD	0.93	-43%	2%	\$1.20
	Rome Resources	RMR.L	GBP	0.22	16%	38%	n/a
	Elementos	ELT.ax	AUD	0.08	-53%	-11%	\$0.25
Mineral Sands	Sheffield Resources	SFX.ax	AUD	0.19	-63%	-5%	\$0.72
Oil & Gas	Shell	SHEL.L	EURO	24.09	-15%	-14%	£28.00
SHORT EQUITIES							
Shorts	Golconda Gold	GG.v	CAD	0.41	46%	28%	\$0.15
	Euro Manganese	EMN.v	CAD	0.20	-47%	-50%	\$0.12
	Patriot Battery Metals	PMET.to	CAD	2.37	-66%	-5%	\$1.60
	USA Rare Earth	USAR	USD	10.51	n/a	64%	\$3.00
	Aya Gold & Silver	AYA	CAD	9.48	-28%	-15%	\$7.20

Important disclosures

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