# HALLGARTEN + COMPANY

Portfolio Strategy

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# Monthly Resources Review:
## Mining's Day in the Sun

## Performance Review – May 2025

# Monthly Resources Review

## Mining's Day in the Sun

- + **It may be that metals are being pushed reluctantly towards the front of the political stage, but it is an extremely welcome development**
- + **It has taken a crisis of supply, a wake-up call on sourcing and Chinese machinations over the metals/minerals it "controls" to have the scales fall from the eyes of the Western democracies**
- + **The Chinese are not falling for the Trump *bait & switch* as the EU and UK have done and are playing the Trump regime like an angler with a trout**
- + **The shock therapy of the Trump Administration seems to have left some residual advantages, but much else done/achieved is in retreat**
- + **The US fast tracking of approvals of projects has electrified the Canadian scene**
- × **Gold & Silver have gone into a stasis**
- × **Aggressive noises coming from US Congress against supporting nuclear industry**
- × **Critical metals that rose on concerns of blockage of dual-use exports by Peking have seemingly gone into a holding pattern awaiting escalation or retreat**
- × **The Ukraine and Gazan wars rumble on with seemingly no end in sight, indeed the Ukraine war seems to be escalating in recent weeks**

**The Mating Dance of the Elephants**

Our thoughts here may be rendered redundant very swiftly if Glencore and Rio Tinto decide to tie the knot. However, this story has been doing the rounds now for some time and seems even less likely that it was when we first heard it, particularly as Rio Tinto has been left leaderless in recent weeks due to its Noble Leader having been thrown under the bus. He would appear to be another victim of what we call SEDS, or Sudden Executive Demise Syndrome. One article we read had spun it as him not being suitable as not from a mining background. Geez, it took a long time to work out what his background was, or wasn't.

Over and beyond the rather well-rehearsed argument that Rio would not be interested in Glencore's coal assets there is the seldom spoken fact that Rio would not want to take control over Glencore's trading desk and its propensity to sizeable prop trades in the metals space. With Glencore dealing with all its competitors Rio would not want to have this business and neither would its rivals want Glencore's role as the Father Confessor to chunky trades being owned by Rio Tinto.

The level of thought given to this rumour-mongering reflects too much time on the hands of journalists combining with the mindless flights of fancy of the chattering classes of the trading community trying to stir up trouble.

Rio has just become the King of the Hill in the brine lithium space and is busy making the logic of those transactions make sense so why should it pursue Glencore? The mind boggles.

**Screwed in the DRC?**

Alphamin's shareholders have had a rough year and now they are being subjected to the rough end of the pineapple as they say in Australia. The poor price at which the transaction was executed might seem to indicate that the "business as usual" press releases from the company are, as we signalled rather economical with the truth.

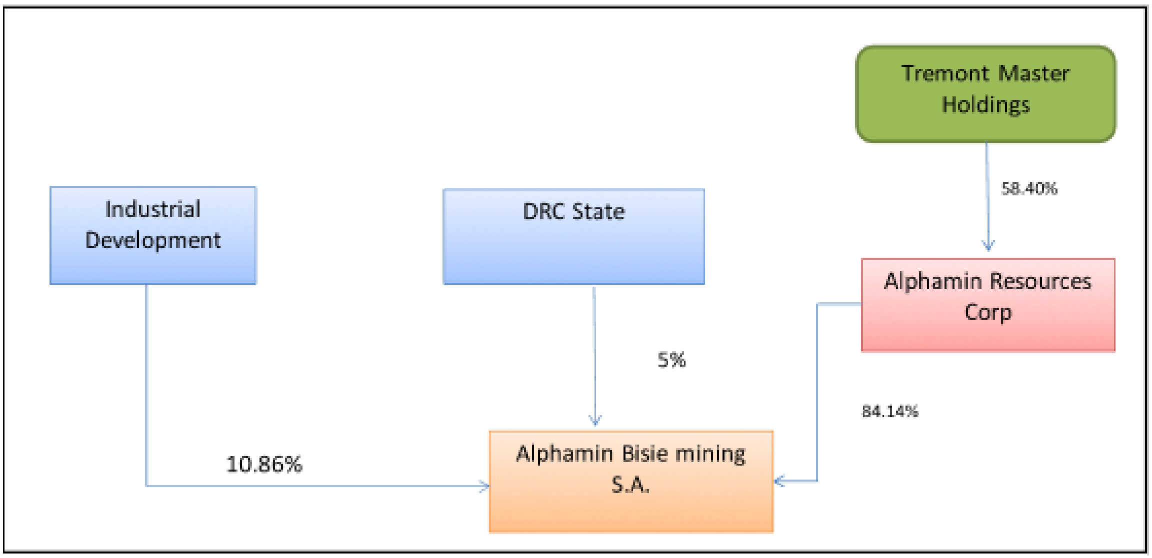
It had been mooted for some time that a Middle Eastern buyer was in the wings. In recent days it was announced that Abu Dhabi-based International Resources (IRH) to acquire a majority interest in Alphamin Resources from Tremont Master.

Under the agreement, IRH will purchase ~719mn common shares of Alphamin, representing ~56% of the outstanding shares, at a price of CAD$0.70 per share, when the stock closed the day before at 91 cents. Hmmmm. The total consideration for the transaction amounts to ~CAD$503mn.

The completion of the transaction is subject to several closing conditions, including regulatory and internal corporate approvals.

This acquisition strengthens IRH's position in the global industrial metals sector, adding a majority interest in a highly productive and strategically important tin asset to its portfolio.

Here we have an interesting situation. Where is the offer to minorities? Below can be seen the structure as we published it way back in our Initiation in August of 2020.



There is a change of control with over 19.9% of the shares changing hands, but it is really Denham Capital selling the vehicle in which they hold the stake, i.e. Tremont Master. This should trigger a compulsory bid but let us see if the Canadian regulators are spurred to action. Technically no shares of AFM changed hands but in reality, they did.

With M23 again on an execution spree in Goma, the press releases from Alphamin have taken on a Pollyannaish vibe. As we have insinuated of late, it would not be surprising if Denham are getting the real story, while the minority investors are left to munch on the baby food they are dished up. There is no better sign that there is this dichotomy between the public and private utterances of Alphamin than Denham's unseemly haste to exit the story at a substantial discount to market (and to the prices reigning at the time that IRH was first mooted as a buyer).

**Portfolio Changes**

During the month, there were no changes in the Model Resources Portfolio.

**Metals X (ASX: MLX) Stirs from its Slumbers**

This stock was long a constituent of the Model Resources Portfolio, firstly out of mistaken optimism and secondly out of a need to save face. Eventually we tossed it out. Metals X is Australia's largest producer of tin, with multiple investments in diversified Australian metals assets, including a 50% stake in the Renison tin operation in Tasmania. It made the massive *faux pas* in the form of the Aditya Birla copper diversification mid-last decade.

Our most recent critique of the stock was that it was one of the top five non-Chinese (and non-Asean) tin producers and yet neither controlled its own project (the venerable Renison mine in Tasmania) not could it get its enthusiasm up to pursue other possibilities.

Months ago, we reported on the cryptic moves on a HK-listed entity that in some way intermediated between the mine and its Chinese "operator", the behemoth Yunnan Tin.

Now, our ongoing portfolio constituent Elementos (ASX: ELT) has secured a AUD$5mn investment from Metals X via a strategic private placement that will see Metals X receive 58.9 million Elementos shares priced at $0.0848 each, equating to a total 19.98% equity stake. This is just shy of the compulsory takeover trigger under Australian takeover rules.

The proceeds will advance Elementos' flagship Oropesa tin project in Spain towards a final investment decision and assist with the continued redevelopment of its Cleveland tin project in Tasmania.

Is this game over for Elementos? Maybe it's a case of "in the midst of death there is life". Metals X certainly needed to look less like a captive of Yunnan Tin and Elementos needed some means of financing until the Spanish project achieved escape velocity from Iberian bureaucracy. Maybe a win-win. We reiterate our LONG rating and our twelve-month target price of 25 cts.

**Mt Burgess Mining (MTB.ax) – A Novel Asset in an Obscure Corner of Botswana**

Many moons ago, pre-pandemic, someone brought us the idea of making a run at this company. The interest for us was in the Germanium component of its Nxuu deposit. It should be kept in mind that this was before Germanium became fashionable.

The company has been listed on the Australian Securities Exchange since 1985. Initially it discovered the Red October Gold Deposit in Western Australia, followed by the discovery of three kimberlites in Namibia and its focus of late has been in the development of the Kihabe-Nxuu Zinc/Lead/Silver/Germanium and Vanadium deposits in Botswana. The Kihabe–Nxuu project is located in Western Ngamiland, Botswana, on the border with Namibia, about 700km north west of the capital Gaborone. The project is 350km by road from Maun, Botswana.

However, the company has been spinning its wheels for well on a decade now with a curious financing method for survival of progressively mortgaging the house of the company's leading light, in Perth, to keep the lights burning. This inevitably was a dead-end street. But it did have the "advantage" of scaring away interlopers.

In mid-May, there was the announcement of the retirement of the CEO, then closely followed a few days later by the sad announcement of his death.

The dilemma of "running on empty" for so long is that the company's resource is older than Methuselah, having been calculated in 2008 (using 2004 JORC) using cut-offs as at 17/7/2008 using Zinc at US$1,810/t and Lead at US$1,955/t with Silver at US$18.75/oz.

The Kihabe and Nxuu deposits, 7 kms apart, contain indicated and inferred 2004 JORC compliant resources of 25 million tonnes @ 3% Zn/Pb together with 3.3 million ounces of Silver at Kihabe.

**KIHABE & NXUU DEPOSITS**

| Deposit | External Zn-eq Cut % | Indicated Mn Tonnes | Zinc grade % | Inferred Mn Tonnes | Zinc Grade % | Total Mn Tonnes | Zinc grade % | Contained Zinc metal | Contained Lead metal |
|---|---|---|---|---|---|---|---|---|---|
| Kihabe | 1.50% | 11.4 | 2.90% | 3.0 | 2.60% | 14.4 | 2.84% | 259kt | 115kt |
| Nxuu | 0.30% | - | | 10.9 | 3.20% | 10.9 | 3.20% | 196kt | 153kt |
| Total | | 11.4 | 2.90% | 13.9 | 3.07% | 25.3 | 3% | 455kt | 268kt |

Both the Kihabe and Nxuu deposits also contain credits of Germanium and Vanadium mineralisation which were not included in the above resource estimate.

Of course, Zinc is 50% higher at $2,700 these days and Silver at over $33 per oz. Mt Burgess may be one watch or may indeed, have been a quixotic windmill to joust with and nothing more.

**Gallium on the Mind**

Seeing as Gallium is one of the words (supposedly) on everybody's lips we might as well mention two names that crossed our transom in recent times. It is some while since we wrote about Fulcrum Metals, an Irish registered company, which was a structure put together and floated on the AIM market in

London in 1Q23, with the ticker being FMET. Its main asset in progressing to a listing was the Big Bear project of Panther Metals PLC, which we had under coverage at that time. This asset located on the Schreiber-Hemlo Greenstone Belt, acquired by Fulcrum in April 2022,

Upon listing Panther held 20% of the entire issued share capital in Fulcrum as consideration shares; a payment of £200,000 was received and Panther retained a 2% net smelter return royalty.

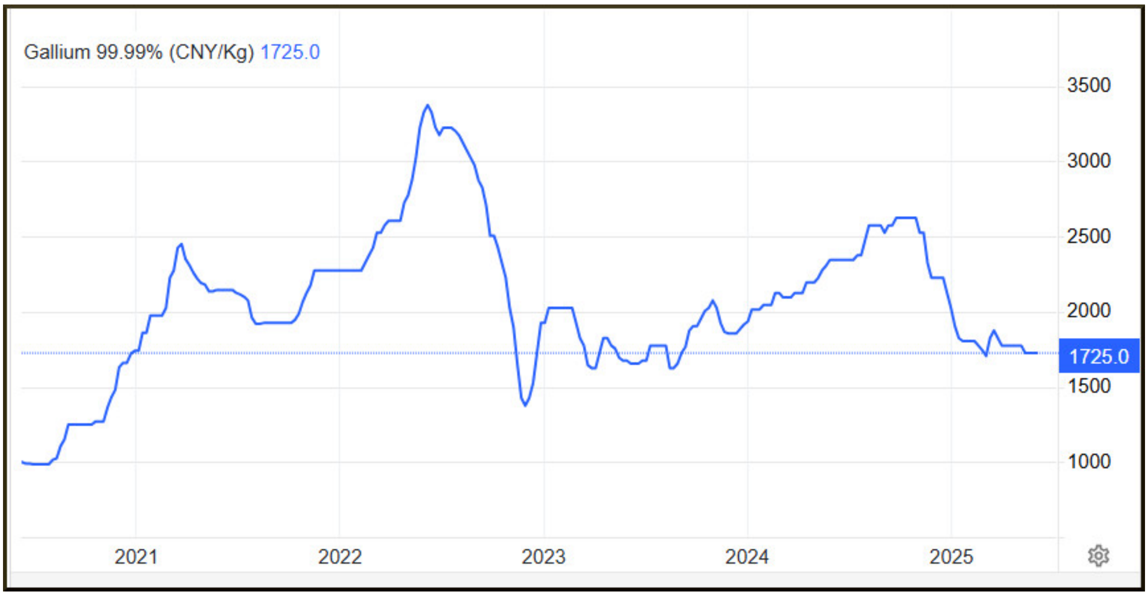
By late April of 2025 though, the company had pivoted to a technology led approach focused on the recovery of precious metals from mine tailings in Canada. At that time, it announced the identification of Gallium at the Company's Teck-Hughes and Sylvanite gold tailings projects located in the Kirkland Lake area of Ontario. The presence of Gallium, in addition to Tellurium had previously reported in November of 2024, had been identified in all assays of the available 15 holes to date on these targets. The Gallium averaged ~17g/t in all fifteen holes. With Gallium averaging around US$245 these days, the AuEq would be over 1.2 g/t. Not wildly high but not to be sneezed at either.

Another name of note was Rapid Critical Minerals which had acquired the Prophet River project in British Columbia. The project

covers an area of 2,110 Ha (21km$^2$) covering the historic Cay Mine and surrounding prospective areas.

Previous exploration at the project has demonstrated a number of high-grade Zinc, Germanium and Gallium mineralised zones with mineralisation being identified across 21 previous drill holes.

In addition to previous drilling, at the Wolverine Zone, a bulk sample collected assayed 6.28% Zn, 0.36% Pb, 400ppm Ge, 30ppm Ga over a 2.1m interval. At the Nose Zone, a bulk sample collected assayed 22.69% Zn, 1,500ppm Ge, 40ppm Ga over 1.3m interval. The Nose Zone sample reported some of the highest germanium values recorded globally, underpinning the key strategic value of the project.



As can be noted from the Yuan denominated price chart above, the Gallium price is not as excited as it was several years ago. Part of the problem here is that Chinese export licensing (read “bans”) targeting the West had been undermined by Chinese cheating on themselves with significant leakage of product across the porous borders (particularly with Vietnam). We would note though that leakage in general has become a very sore point for Peking and they are ostensibly cracking down on it. This might yet give a fillip to Gallium (and Germanium) prices but…. not yet.

**Capital Metals (AIM: CMET) - Gaining Heavyweight Friends**

We have mentioned this company before in the context of its relationship with Sheffield Resources (ASX:SFX), one of the constituents of our Model Resources Portfolio.

In mid-March of 2024, Sheffield Resources announced that it was taking a 10% stake in the AIM-listed Capital Metals PLC, the owner of the Eastern Minerals Project in Sri Lanka. The 10% stake involved an investment of £1.25mn with a 12-month option to acquire more shares to increase its interest to approximately 14% of total issued capital. At the time we noted that this transaction was reflective of one new producer positioning itself potentially for the long-term by exploiting relative price weakness of those companies even lower down the totem pole.


Then in late May of 2025, Capital Metals announced that it had gleaned a US$4mn strategic investment from new Sri Lankan partners, Ambeon Capital, alongside an MoU for project development and funding.

Capital Metals claimed that it has been seeking the right Sri Lankan investment partner for some time. Ambeon’s investment was viewed as welcome as it effectively provided a funding path to get to FID and brought onto the shareholder register a company which is part of one of Sri Lanka’s most successful groups. They were intent on entering Sri Lanka’s mineral sands sector (where mining has hitherto been mainly oriented to graphite).

It was notable that Sheffield Resources decided to invest further in the company to maintain its shareholding.

The company also announced a two-day Retail Offer to enable all shareholders to participate at the same price (£0.025) as the Ambeon investment. However, springing a two-day offer on shareholders scarcely sounded as if it wanted them to participate. Then several days later the company announced that the retail offer was substantially oversubscribed. Gotcha!

Due to the significant level of demand, the company increased the amount it would accept from the retail offer to £400,000 (in addition to the US$2.267mn proceeds from the Ambeon and Sheffield subscriptions) to meet some of the additional demand. We were not overly amused to see that they qualified this by saying it was “balanced by not issuing too much equity at this share price level”. Alright for some it seems!

**Parting Shot**

Who remembers the International Tin Council? Certainly not Australia, which used to be a key member of this benighted organization.

The Federal government has come up with a plan to spend AUD$1.2bn billion ($780 million) to establish a “stockpile of critical minerals to bolster national and allied supply chains” though details were scant. Initially this was met with scepticism. While Rare Earth and Lithium producers and wannabes were reportedly cautiously backing this proposed critical minerals strategic reserve, there were ongoing concerns over its design.

The Labor government, reelected in May at the Federal level, had aired this hare-brained scheme in April during the closing days of its campaign.

Lynas Rare Earths (ASX: LYC), the NdPr producer, was among the first to raise concerns with its Managing Director, Amanda Lacaze, telling The Australian Financial Review that the reserve could distort pricing and undercut domestic producers. The Resources Minister, Madeleine King, pushed back on that criticism. Clearly, politicians do not like corporate common-sense raining upon their parade.

A fundamental weakness (beyond flying in the face of economic orthodoxy and being market distortive) is that when it all comes to grief, Australia has no end market for the REE products (i.e. industrial users) and thus, when the grim reaper comes a calling, the government will need to offload this stockpile onto global markets, just as has happened with past failed “support” schemes when they blew up.

King announced that the reserve could be operational by July 2026. This is shaping up to be a disaster for not only Australia, but the industry at large.

There are two precedents to look back at, both of which the Australian government should be cognizant of. The first (Tin), as a fellow traveller and the second (Wool), as an instigator.

The cessation of trading by the International Tin Council (ITC) on 24 October 1985 led to a collapse in the Tin price which it took nigh on 40 years to recover from. Over and above this, it provoked a major upheaval in commodity regulation which led to a Trade & Industry Committee inquiry and many lawsuits from aggrieved parties. In reality the most aggrieved party were Tin producers that were cast into the outer darkness for decades, with a swathe of mines around the world shutting down, never (seemingly) to reopen. Countries with relatively high production costs (Spain and England) and/or smaller mines were driven out of the industry.

The background to all this was the establishment of a relatively innocuous sounding International Tin Study Group in 1947 to survey world supply of and demand for tin. This in turn led to the treaty, the International Tin Agreement, signed in 1954, and the formation of the ITC in 1956.

With the advent of aluminium containers, the use of protective polymer lacquers inside cans, and increased recycling by industry, the demand for Tin decreased considerably by the early 1980s, and in October 1985 the ITC could no longer maintain the price support mechanism. It eventually ran out of money for buying up Tin on the metals markets. Attempts to refinance the ITC were eventually abandoned and the price collapsed. The price declined as alternatives, particularly for packaging, become more attractive. It was only with the rise of technological applications and particularly the use of Tin in solders (to replace Lead), combined with the decline of cheap alluvial sources in Malaysia and Indonesia, that the metal found a firm footing, allowing it to make the surge we have seen in recent years.

Over and beyond Tin, the Australian government should look to its own specific debacles such as attempts to prop up the price of wool, a commodity where Australia was the largest producer, but a lone actor in a price support operation.

In the 1960's and 70's, the wool industry flirted with ideas of compulsory acquisition but the risks of that were seen to be too great. Policy then switched towards "price stabilization" and while the price support scheme was concluded to have stabilised prices up to the mid-1980's, then what had started out as a conservative floor price scheme (sound familiar??) subtly changed to an aggressive market-related reserve price scheme with all the attendant risks. The floor price was raised by about 70% over two years, to well above long-term trends. It all came to grief.

The wool stockpile, accumulated due to the collapse of the Reserve Price Scheme (introduced in the early 1970s) began to be liquidated from the start of the 1990's and was finally all sold off by 2001. The liquidation was seriously mismanaged by governments and was blamed for persistent low prices. While the Scheme appeared to stabilise prices in the 1974-87 period, eventually over-confidence set in, the reserve level was raised too much, sowing the seeds of destruction.

The once thriving wool futures market actually disappeared and the price rigging seriously distorted price signals that usually guide efficient resource allocation in production and marketing. Lessons that clearly have not been learnt (or even heard of) by Madeleine King.

The most obvious lesson from the Tin (and Wool) experience is the fundamental weakness of price stabilisation schemes. Sooner or later over-confidence sets in, and policy setting falls into the hands of producers and/or politicians who set the minimum price too high. Governments have no place in price rigging (let's call a spade a spade) and that, ultimately, they (and the taxpayers) come to grief.

## Recent & Upcoming

In the last month we published a review of mining in Ghana and our most recent Growth Minerals Review.

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

# MODEL RESOURCES PORTFOLIO @ END MAY

| | Security | Ticker | Currency | Price | Change last 12 mths | Change last mth | 12-mth Target |
|---|---|---|---|---|---|---|---|
| **LONG EQUITIES** | | | | | | | |
| **Diversified Large/Mid-Cap** | Hochschild | HOC.L | GBP | 2.82 | 51% | 1% | £2.80 |
| **Base Metal Developers** | Denarius Metals | DNRSF | USD | 0.51 | 31% | -4% | $1.15 |
| **Uranium** | Sprott Physical Uranium | U.UN.to | CAD | 16.24 | -21% | 8% | $20.00 |
| | enCore Energy | EU.v | CAD | 2.93 | -55% | 39% | $4.90 |
| | Energy Fuels | UUUU | USD | 5.81 | -17% | 29% | $7.50 |
| **Zinc/Lead Plays** | WisdomTree Zinc ETF | ZINC.L | USD | 8.56 | -15% | -1% | $14.00 |
| | Group Eleven Resources | ZNG.v | CAD | 0.31 | 82% | 72% | $0.35 |
| | Luca Mining | LUCA.v | CAD | 1.34 | 191% | -10% | $1.40 |
| **Nickel Developer** | Canada Nickel | CNC.v | CAD | 0.94 | -34% | -2% | $2.15 |
| **Silver Developer** | AbraSilver | ABRA.v | CAD | 4.17 | 77% | 32% | $4.20 |
| **Silver ETF** | IShares Silver ETF | SLV | USD | 31.33 | 13% | 6% | $32.00 |
| **Gold Producer** | Soma Gold | SOMA.v | CAD | 1.25 | 131% | 71% | $1.10 |
| | Aura Minerals | ORA.to | CAD | 34.51 | 173% | 21% | $19.00 |
| | Asante Gold | ASE.cn | CAD | 1.33 | 5% | 17% | $2.40 |
| | Orvana Minerals | ORV.to | CAD | 0.58 | 164% | 5% | $0.60 |
| | Talisker Resources | TSK.to | CAD | 0.55 | 6% | -5% | $1.10 |
| **Gold Developer** | West Wits Mining | WWI.ax | AUD | 0.03 | 114% | 50% | $0.024 |
| | Thesis Gold | TAU.v | CAD | 1.20 | 60% | 33% | $1.32 |
| **Gold/Antimony Developer** | Perpetua Resources | PPTA.to | CAD | 23.11 | 148% | 14% | $13.00 |
| **Royalties** | EMX Royalties | EMX | USD | 2.41 | 24% | 4% | $2.50 |
| **Copper Explorers** | Panoro Minerals | PML.v | CAD | 0.49 | 250% | 11% | $0.30 |
| | Aldebaran Resources | ALDE.v | CAD | 1.83 | 115% | 6% | $2.50 |

## MODEL RESOURCES PORTFOLIO @ END MAY

| | Security | Ticker | Currency | Price | Change last 12 mths | Change last mth | 12-mth Target |
|---|---|---|---|---|---|---|---|
| **LONG EQUITIES** | | | | | | | |
| **Tungsten Producers** | Almonty Industries | AII.to | CAD | 3.06 | 343% | 22% | $3.82 |
| | Guardian Metal Resources | GMET.L | GBP | 0.43 | 91% | 16% | £0.88 |
| **Graphite Developer** | Blencowe Resources | BRES.L | GBP | 0.03 | -47% | 0% | £0.09 |
| **Lithium** | E3 Lithium | ETL.v | CAD | 0.84 | -48% | 27% | $1.35 |
| | Century Lithium | LCE.v | CAD | 0.41 | 11% | 14% | $1.10 |
| **Gold Explorer** | Alpha Exploration | ALEX.v | CAD | 0.67 | -37% | -4% | $1.00 |
| **AgroMinerals** | Millennial Potash | MLP.v | CAD | 1.43 | 472% | 61% | $0.60 |
| | MinBos | MNB.ax | AUD | 0.04 | -29% | 0% | $0.09 |
| **Rare Earths** | Rainbow Rare Earths | RBW.L | GBP | 0.11 | -3% | -8% | £0.30 |
| | Neo Performance Materials | NEO.to | CAD | 9.90 | 45% | -12% | $14.00 |
| **Tin** | Eloro Resources | ELO.to | CAD | 0.86 | -44% | -8% | $1.20 |
| | Rome Resources | RMR.L | GBP | 0.31 | 63% | 41% | n/a |
| | Elementos | ELT.ax | AUD | 0.13 | -7% | 63% | $0.25 |
| **Mineral Sands** | Sheffield Resources | SFX.ax | AUD | 0.16 | -58% | -16% | $0.72 |
| **Oil & Gas** | Shell | SHEL.L | EURO | 24.76 | -12% | 3% | £28.00 |
| **SHORT EQUITIES** | | | | | | | |
| **Shorts** | Golconda Gold | GG.v | CAD | 0.63 | 163% | 54% | $0.15 |
| | Euro Manganese | EMN.v | CAD | 0.21 | -44% | 5% | $0.12 |
| | Patriot Battery Metals | PMET.to | CAD | 2.13 | -72% | -10% | $1.60 |
| | USA Rare Earth | USAR | USD | 10.49 | n/a | 0% | $3.00 |
| | Aya Gold & Silver | AYA | CAD | 13.64 | -9% | 44% | $7.20 |

## Important disclosures

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