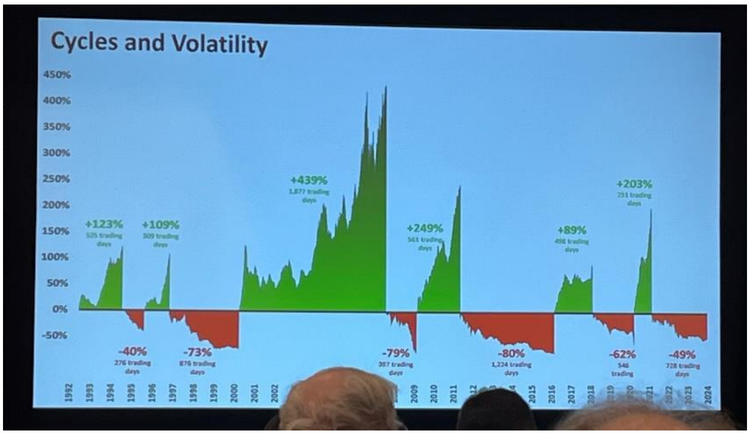
VSA Dispatch from Toronto and New York

Our Dear Leader has left the delights of sunny Cape Town and now is in cold but still delightful, Toronto. The good news is that he has now got a replacement mobile phone and is being very careful to make sure no one steals this one. He is in Toronto for Pre PDAC and PDAC, which is the Prospectors and Developers Association of Canada and where traditionally junior exploration Companies present to raise money to go drilling in the summer. 30,000 people attend and there are over 1,100 exhibitors. It's also been going for a lot longer than the African Mining Indaba as it started way back in 1932, so that's 92 years.

Andrew is out there with the mining team of Ollie O'Donnell and Paul Renken and they will be meeting with a lot of companies and so much of this report will be some quick "soundbites" on some of their favourites but it's also a good opportunity to review some commodities and see where the team think they are going. Commodity prices in general have been weak for the past year and mining stocks have been incredibly weak although it is interesting to see groups like Elliot Associates deciding to invest $1bn into mining as they view valuations as ludicrously cheap.

As a demonstration of the valuation gap, Nvidia now has the same market cap as the top 100 mining companies combined. This really can't last as we need mining for just about everything even though we don't realise it always, the buildings we live and work in, our clothes, our food and whole way of life. The issue is that the mining and commodities sector is super cyclical as can be seen here. Patience and time is key to investing and now is probably a good time so long as you can be patient.



The trio decided to have a quick game of "Opportunity Commodities" but as a panel of so-called experts they will give their view rather than the audience voting.

Uranium – been a very strong price in last 12 months, can it go higher and can it last?

Andrew: There's been a technical squeeze due to demand and supply so my own view is that over the next 12 months it will go back to a more normalised level which is much lower.

Ollie: The recent squeeze has been supported by the incumbent producers' either having issues with existing production or expansions and this should have been the low hanging fruit in terms of new supply. Prices could go a lot higher but in a volatile and tight market even small changes in available volumes can have an outsized impact on price. So next 12 months looks positive for pricing but take profits along the way as it will be hard to pick a top.

Paul: Uranium- buoyant investor interest keeping this sub sector of mining the most active for investors this year and likely for all of this year. Yellowcake price will stay strong as long as utilities have to bid the price for long term contracts as long as uranium delivery remains constrained. Global government support for nuclear power development the strongest since 2012 keeps the sector well backed for new reactors approvals going forward.

Gold – seems to have found a level above $2000, price this time next year?

Andrew: $2500
Ollie: $2300
Paul: $2250

Silver – can it outperform Gold?

Andrew: Yes, as industrial demand should help - $30 is my target.

Ollie: Combination of peaking rates and reversal to drive gold linked precious metal demand which combined with ongoing growing industrial demand should drive significant outperformance but there is a lag. In 2011, the peak of the last precious metals cycle, the gold silver ratio was close to 30 which at today's gold price would imply nearly $70/oz silver. $30 is just the start!

Paul: It should outperform gold as the global economic outlook recovers on a % basis. Outcome of the US election influences N America and European investors alike. That said, China is buying up gold. Any way you look at it, good underlying demand support for gold and silver.

Lithium – has surprised so many by its weakness, will it rebound.

Andrew: Too many people got over excited by the whole idea of "battery metals". They do have a good long-term future but in Lithium there is far more supply than people realise and so it may rally but only a small amount.

Ollie: Yes, the cost curve is such an unusual two-tier structure now as recent supply growth came from high cost operations that were only economic in last year's extreme pricing scenarios. Even though many projects can make money at this level supply is already contracting which should lead to prices recovering. Importantly the EV story is still there. China wants to be the dominant global player in EVs and is determined to undercut Western OEMs, tinkering with Western net zero targets is a distraction for lithium's long-term growth.

Paul: Near term supply capacity looking adequate but finance for sustainable output and European governments slow to act mean market share battles geopolitically will persist.

Tin- very niche but could it be a top performer?

Andrew: I really like Tin as supply is being heavily disrupted and almost everything needs a little tin – I can see $50,000 easily and maybe more.

Ollie: Step changes like supply disruption tend to cause very powerful pricing rallies but timing is very hard to predict. Tin market is heavily exposed to this risk though with 2/3s of China's tin concentrate coming from Myanmar historically.

Paul: Volatility on supply year to year and trading price swings will keep the space for investors in the high risk realm. Demand growth overall is steady to keep price floors intact. The West still not committing enough capital so remains vulnerable.

What other commodities do you like and not like?

Andrew: I'm interested in niobium as I believe it can be a very useful battery metal on the anode.

Ollie: Zinc looks interesting, the price has been weak given it has less exposure to the new economy than other base metals. But mines are closing as a result of the price performance and short positions are near record levels which may mean the bottom is approaching.

Paul: Vanadium suffers from softer China steel demand with the price too low for all miners. Inventory draw has to run out likely sooner than steel orders overall so a price rally is being prepared.

Which Companies caught your eye at PDAC?

Andrew: **Myriad Uranium** (M.CN) - been left behind in the Uranium bull market due to concerns over Niger but it also has a great US asset - Good management, tight register, only $12mn market cap so plenty of upside.

Ollie: **Midnight Sun** (MMA.CN) - with a market cap of just C$30m has been quietly progressing its copper projects in Zambia over the last few years. They've just broken cover and done an earn in for $15m on one of their licenses with Kobold Metals (backed by Bill Gates). Near surface mineralization with copper grades up to 0.73% Cu in a proven district of large scale deposits. Additionally, they are exploring near term production from oxide ore on the remaining wholly owned license areas.

Paul: **Faraday Copper** (FDY.CN) - Active drill program on its Arizona porphyry project. Fully funded to later in year. Lundin group backed share register. High grades popping up to boost historic resource.

PDAC doesn't stop for the weekend and so the boys were pretty busy but did manage to get a little R&R and watched the Toronto Maple Leafs in a thrilling match against the New York Rangers which the Leafs won on penalties after it was 3-3 after extra time and by the way in Canada it's just hockey (not ice hockey!)

Finally, Andrew headed off to New York for a day leaving the team to finish the PDAC conference. Andrew has spent a lot of time in the USA in the last 12 months but often doesn't tell us why but simply saying "Secret Squirrel". Does our Dear Leader think he is "Agent 000"? And if so, who is Double – Q? We'll leave those questions unanswered and let Andrew do whatever business he has in New York.

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