

Market Analysis

Issue No. 599

www.stockmarket.co.nz

May 9, 2022

Inside Market Analysis

Big River Gold receives takeover bid 2, 3, 4

Iluka resources to spin-off Sierra Rutile 6

Deterra Royalties, Fenix Resources lift cash surpluses 4, 5

Australian Warrant / Option Analysis 10, 12

Greenland Minerals begins legal action 5

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

“Stagflation” - high inflation, rising interest rates and stagnant economic growth - is a difficult environment for investment (and everyone) . . . but can still offer good opportunities to build wealth.

Investment Outlook.

The **Bank of England** (BOE) - the UK Central Bank - is predicting the economy could plunge into recession this year and that inflation will peak at over 10% in late 2022 . . . but then miraculously fall to around 2% by July 2024.

The UK economy is expected to shrink 0.25% in 2023 then recover slightly but remain “stagnant” through 2024 with growth of just 0.25%.

Interest rates were raised 0.25% to 1.0% and more increases are expected.

Just to put these forecasts in perspective, here is the BOE's recent track record of forecasting “peak inflation”: In September 2021 they predicted “slightly above 4%”, in November 2021 “5% in April 2022” and in December 2021 “6% in April”. In February 2022 inflation was forecast to peak at “around 7.25%” and now we have “slightly over 10% in October”.

The **US Federal Reserve** also raised interest rates last week by 0.5% to 0.75-1.0%. Inflation, previously considered “transitory”, is now “much too high” and “we are moving to bring it down”. Interest rates are expected to reach 2.75-3.0% by the end of the year to fight inflation. The Fed considers the economy is “very strong” predicting a “soft or softish” landing for the economy (i.e. hopes to avoid a recession).

US GDP actually fell 0.35% (a 1.4% annualised decline) in the March 2022 quarter, but the Fed won't let inconvenient facts get in the way of a good story.

Despite all the forecasting uncertainties, this situation of high and rising inflation, rising interest rates and negative or low economic growth is unfavourable for the general stockmarket.

This situation is also very similar to the decade long “stagflation” (i.e. high inflation, high unemployment and stagnant demand) of the 1970's which creates a dilemma for economic policy. Actions to lower inflation tend to raise unemployment and depress economic demand, while policies that boost employment and demand also boost inflation. Central banks and

Stockmarket Forecasts

| | One-Month | One-Year |
|--------------|---------------|---------------|
| Australia: | 35% (Bearish) | 47% (Neutral) |
| New Zealand: | 41% (Neutral) | 30% (Bearish) |

Governments will therefore be very lucky if this current “stagflation” all goes away in just two years. Stagflation could drag out for 5-10 years or longer.

Your Editor began investing at a very young age in 1971 . . . so has some first hand, real money experience of investing in this situation (although when this newsletter was started in 1981, conditions were about to change significantly).

Slower economic growth, higher interest rates and rising costs will hurt profit growth - and in many cases depress profitability - so the high valuations of Technology/Growth shares will become totally unrealistic. Many of these share values could decline 80-90% in value. Even companies whose shares trade on reasonable valuations could disappoint over the next 5-10 years if profit growth is slow . . . or negative.

During the 1970's, people became *very disillusioned* with shares (e.g. *BusinessWeek's* August 1979 “The Death of Equities” cover). Shares regularly traded at single-digit Price/Earnings ratios and high single digit or low double digit Dividend Yields. That was about one-tenth the valuations seen over the last 20 years. Much of the money that has flowed into index funds (boosting the value of large company shares) over the last 20 years could flow out over the next 5-10 years, so the large company sector could perform extremely poorly!

What did perform well in the 1970's was some Commodity producers. These companies seldom trade at high valuations and inflation lifted commodity prices *faster* than the general increase in labour and other costs. Mining companies also have significant up-front capital costs to develop a mine and build a processing plant. These historical costs

(Continued on Page 12)

Recommended Investments

Australian Shares

(This section is in Australian currency, unless stated.)

Anteris Technologies has announced a research partnership with **Yale University** and the **Yale Cardiovascular Research Group** to study transcatheter aortic valve replacement product design.

Receipts for the March quarter were \$1.0 million but there was a cash operating *deficit* of \$10.2 million. Cash (and deposits) at the end of March was \$42.1 million (309.0 cents per share).

Anteris Technologies



Ardea Resources notes that the current Nickel price “has been consistently selling at levels above US\$31,000 per tonne” significantly above the US\$19,000 price used in previous KNP financial models.

An ‘independent review’ of “tailing management strategies” has “concluded that in-pit tails disposal is expected to be the most environmentally favourable outcome” and “cost effective, concurrent with active mining operations”. The company would mine multiple shallow pits in sequence, which would be sequentially refilled with tailings and mining waste, covered with stockpiled topsoil and rehabilitated.

Cash at the end of March was \$24.1 million (14.2 cents per share) with no debt.

Ardea Resources

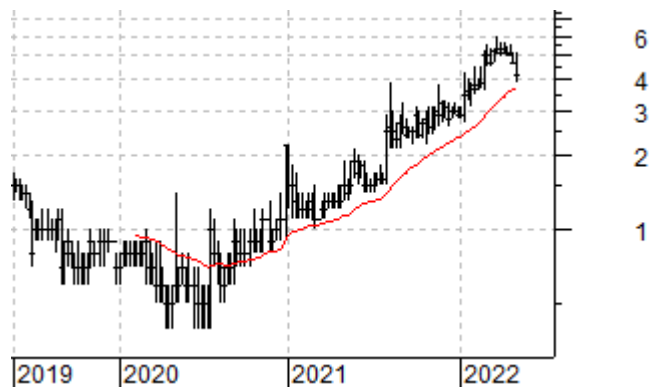


Atlas Pearls “exceeded the company’s expectations” in the March quarter. 99,561 pearls were sold in the quarter, including 24,500 pearls “originally intended for sale in the June quarter”. Revenues were \$4,936,000 with a net operating cash surplus of \$229,000.

167,507 pearls were harvested, but quality had declined from earlier harvests.

For the June quarter the company expects to harvest 130,000 pearls and sell 155,000 pearls, mainly through parallel online and physical auctions.

Atlas Pearls



Bellevue Gold has awarded a \$400 million, four year, underground mining contract to **Develop Global**, following a six-month competitive tender process.

Over one-third of the 338 person camp has been installed with completion scheduled for the September 2022 quarter. The first of two 14.9Kw solar arrays has been installed.

The quarterly net operating *deficit* was \$2.8 million with a further \$14.5 million spent on exploration. Cash at the end of March was \$150.9 million (plus an undrawn \$200 million loan facility).

Bellevue Gold



Big River Gold has received a takeover offer at 36 cents per share in cash, via a scheme of arrangement, from Canadian listed **Aura Minerals Inc.**

The directors support this offer - which will *probably* go through - but it is not a great offer. Big River Gold shares traded above 36 cents (adjusted for the consolidation) - and as high as 60½ cents - from August 2020 to August 2021.

The Net Present Value of Stage 1 of this project (discounted at 8%) is US\$142 million (A\$200 million) after tax or 83 cents per share (diluted for the options). Plus the current cash holding of 6.9 cents per share. The Net Present Value *could* increase with the current investigation to increase the annual mining and processing volumes. This NPV also takes no account of a potentially very valuable mica by-product.

Furthermore there is the potential to significantly extend the mine life after the initial Stage 1 development.

The company is currently drilling 13 holes “to confirm potential resource increases” and “targeting resource extensions outside the current pit optimisations, drilling mineralisation both at depth and in high-grade plunging shoots”. Five of these holes were drilled - and assay results obtained for the first hole - in the March quarter, but no details have yet been released.

So there is an attractive expected return from this project . . . and several potential options that could further lift shareholder returns.

The largest shareholder, **Dundee Resources** (with 19.3%), will not be bought out in cash but is being offered equity in the Aura Minerals subsidiary making this takeover offer.

The second largest shareholder, **Copulos Group** (with 18.8%) will vote in favour of the cash offer.

In support of the cash offer the directors note “The Borborema project is at a critical stage of development, with significant future capital requirements and embedded development risks and uncertainties” - but this is *exactly why* we have bought into this company. This development phase involves high risks (which is why we hold a very widely diversified share portfolio) but also offers the *highest expected returns!*

We are not looking for “certainty of value and the opportunity to realise the investment in full for cash” but we are investing with the uncertainty but expectation of capital appreciation during the development phase.

We shall vote against this scheme of arrangement - but usually shareholders vote for *anything* recommended by the directors so the scheme will probably be approved.

The Big River Gold options (Continued on Page 4)

Portfolio of Recommended Investments

| CURRENT ADVICE | Company | Code | Initial Recommendation - Date - | Price | Performance Forecast | Issued Shares (mil.) | Vola- tility Ratio | Price/ Sales Ratio | Price/ Earnings Ratio | Gross Dividend Yield | Recent Share Price | Cash Dividends Rec'd | Total Return % |
|--|----------------------------------|------|------------------------------------|-------|-------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|----------------------------|----------------------|
| <u>NZ Shares</u> | | | | | | | | | | | | | |
| HOLD- | Bremworth Ltd | BRW | 05/12/95 | 156* | E | 68.8 | 1.8 | 0.33 | 0 | Nil | 54 | 282.0 | +115% |
| HOLD+ | CDL Investments Ltd | CDI | 12/01/99 | 25.0 | D | 287.5 | 1.0 | 3.41 | 10 | 4.5 | 109 | 46.8 | +523% |
| HOLD- | Colonial Motor Company | CMO | 10/11/92 | 128* | B | 32.7 | 0.4 | 0.46 | 20 | 4.2 | 1060 | 759.8 | +1322% |
| HOLD | South Port New Zealand | SPN | 13/02/96 | 120 | A | 26.2 | 0.4 | 4.90 | 22 | 4.2 | 883 | 381.8 | +954% |
| HOLD | Steel & Tube Holdings | STU | 08/08/00 | 139* | B | 166.0 | 1.1 | 0.50 | 15 | 3.1 | 145 | 361.1 | +264% |
| <u>Australian shares (in Aust cents)</u> | | | | | | | | | | | | | |
| HOLD | Acrux Limited | ACR | 12/05/14 | 99.0 | E | 283.3 | 3.4 | 18.01 | NE | Nil | 8.5 | 14.0 | -77% |
| HOLD+ | AJ Lucas Group | AJL | 13/05/03 | 107* | B | 1196.3 | 3.8 | 0.89 | 0 | Nil | 8.3 | 36.4 | -58% |
| HOLD+ | ALS Limited | ALQ | 12/10/99 | 72.3* | A | 483.7 | 0.5 | 3.45 | 33 | 1.8 | 1261 | 402.9 | +2201% |
| HOLD | Anteris Technologies | AVR | 06/12/21 | 840 | D | 13.6 | 0.3 | 23.64 | NE | Nil | 1660 | Nil | +98% |
| HOLD | Ardea Resources ¹ | ARL | 13/01/20 | 54.5 | C | 169.5 | 1.2 | NA | NE | Nil | 130 | Nil | +144% |
| HOLD+ | Atlas Pearls | ATP | 14/05/96 | 73.0 | C | 424.8 | 5.2 | 0.98 | 3 | Nil | 4.2 | 17.5 | -70% |
| BUY | Bellevue Gold | BGL | 07/02/21 | 105 | B | 1031.4 | 1.2 | NA | NE | Nil | 93 | Nil | -11% |
| HOLD+ | Big River Gold | BRV | 10/08/20 | 30.4* | B | 219.4 | 1.8 | NA | NE | Nil | 34 | Nil | +12% |
| HOLD+ | Brickworks Ltd | BKW | 12/11/12 | 1115 | A | 151.8 | 0.5 | 3.63 | 12 | 2.7 | 2271 | 420.5 | +141% |
| HOLD+ | CardieX Ltd | CDX | 11/11/13 | 150* | D | 1099.5 | 1.9 | 6.05 | NE | Nil | 35 | Nil | -77% |
| HOLD | CPT Global Ltd | CGO | 10/03/08 | 88.0 | C | 38.8 | 1.7 | 0.64 | 6 | 9.1 | 55 | 27.8 | -6% |
| BUY | Cynata Thera. | CYP | 13/03/17 | 50.0 | C | 143.3 | 1.6 | NA | NE | Nil | 38 | Nil | -24% |
| BUY | Deterra Royalties ² | DRR | | | B | 528.3 | 0.7 | NA | 32 | 3.7 | 486 | 25.7 | |
| BUY | Elixir Energy | EXR | 07/12/19 | 4.2 | C | 891.7 | 2.6 | NA | NE | Nil | 16.0 | Nil | +281% |
| BUY | FBR Limited | FBR | 07/07/17 | 13.5 | D | 2428.8 | 6.4 | NA | NE | Nil | 3.0 | Nil | -78% |
| BUY | Fenix Resources | FEX | 08/11/21 | 21.5 | A | 516.2 | 2.2 | 1.23 | 3 | 17.5 | 30 | Nil | +40% |
| HOLD | Fiducian Group | FID | 11/02/08 | 260 | B | 31.5 | 0.5 | 4.11 | 20 | 3.5 | 766 | 192.8 | +269% |
| HOLD | Finbar Group Ltd | FRI | 12/04/10 | 106 | B | 272.1 | 1.1 | 2.00 | 23 | 5.3 | 75 | 84.5 | +50% |
| HOLD+ | Greenland Minerals | GGG | 11/11/19 | 11.0 | B | 1344.1 | 3.8 | NA | NE | Nil | 6.7 | Nil | -39% |
| HOLD | Ignite Ltd | IGN | 08/04/03 | 82.2* | C | 89.6 | 2.4 | 0.13 | 6 | Nil | 16.0 | 70.5 | +5% |
| HOLD+ | Iluka Resources Ltd ² | ILU | 12/10/04 | 471 | A | 424.2 | 0.4 | 2.94 | 13 | 2.2 | 1084 | 340.0 | +311% |
| BUY | Integrated Research | IRI | 14/01/08 | 40.0 | C | 172.5 | 1.2 | 1.62 | 16 | Nil | 74 | 70.5 | +261% |
| HOLD | McMillan Shakespeare | MMS | 07/11/16 | 1041 | B | 77.4 | 0.6 | 1.59 | 14 | 5.5 | 1121 | 342.3 | +41% |
| HOLD | Michael Hill Int'l Ltd | MHJ | 11/06/91 | 4.4* | B | 388.3 | 1.2 | 0.77 | 10 | 4.1 | 111 | 80.3 | +4219% |
| BUY | Mt Gibson Iron | MGX | 10/11/14 | 44.0 | A | 1210.6 | 1.3 | 2.55 | 13 | 2.8 | 71 | 14.0 | +93% |
| HOLD | Nova Eye Medical | EYE | 14/03/06 | 49.0 | C | 143.6 | 2.2 | 2.81 | NE | Nil | 25 | 42.5 | +38% |
| HOLD+ | Opthea Limited | OPT | 10/02/04 | 188 | E | 351.9 | 1.1 | NA | NE | Nil | 102 | 65.0 | -11% |
| HOLD+ | OZ Minerals | OZL | 14/03/16 | 522 | A | 334.7 | 0.4 | 5.80 | 37 | 1.1 | 2345 | 130.0 | +374% |
| BUY | Prophecy International | PRO | 08/09/08 | 26.0 | D | 64.1 | 1.1 | 5.11 | NE | Nil | 103 | 24.5 | +388% |
| BUY | Reckon Limited ¹ | RKN | 08/08/16 | 141 | B | 113.3 | 1.2 | 1.23 | 10 | 6.1 | 82 | 23.0 | +1% |
| HOLD+ | St Barbara | SBM | 12/08/19 | 396 | B | 815.7 | 1.0 | 1.22 | 11 | 4.7 | 127 | 18.0 | -63% |
| BUY | Vulcan Energy Ltd | VUL | 08/03/21 | 602 | D | 131.6 | 0.9 | NA | NE | Nil | 768 | Nil | +28% |
| BUY | Woodside Petroleum | WPL | 08/04/19 | 3410 | A | 984.0 | 0.4 | 6.45 | 52 | 1.6 | 3139 | 375.1 | +3% |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +313.8%. This is equal to an average annual rate of +25.9%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 37 current and 177 closed out) is +29.5%, compared with a market gain of +3.4% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

(1) Ardea Resources' return includes 1/4 share of Kalgoorlie Gold (KAL) worth 12.5 cents and Reckon Ltd includes 1/3 share of GetBusy plc (GETB) worth 64 pence (111.5 Aust cents). (2) Iluka Resources includes one share of Deterra Royalties.

Recommended Investments

(Continued from Page 3)

(to buy shares at 16 cents) have a final exercise/expiry date of 30 June. Shares received from exercising those options will, of course, participate in the scheme of arrangement.

Shareholders will get to vote on the scheme at a meeting scheduled for 11 July and, if approved, the scheme will be implemented on 26 July.

Cash at the end of March was \$15.2 million (6.9 cents per share).

Big River Gold



CardieX and **Mobvoi** launched the *TicWatch GTH Pro* smartwatch on 1 March in the United States and this is now also available for customers in Australia and New Zealand.

The company had submitted an application with the US **FDA** for the *CONNEQT* app. This will allow the *CONNEQT Pulse* device to provide heart monitoring information “based on the existing FDA-cleared *SphygmoCor* technology”.

Revenues for the March quarter were \$1,066,000 with a cash operating deficit of \$2,113,000. Cash at 31 March was \$3,851,000

CardieX Ltd



Cynata Therapeutics has - after some delays - begun initial enrolment of patients for its Diabetic Foot Ulcer (DFU) clinical trial in April. It seeks 30 patients, half receiving the stem cell treatment and half the standard care, for the four week treatment and 24 week follow-up. The trial should be completed “later this year”.

The respiratory disease trial also experienced some delays. While the spread of Omicron increased potential patients, “pressure on hospitals” resulted in “unexpected delays as routine care was prioritised for patients”. The study has recruited over half of the required 24 patients and should be completed “by the end of the year”.

The March quarter cash operating deficit was \$1,230,000 with the company ending the quarter with

\$25,277,000 (17.6 cents per share) cash in the bank.

Cynata Therapeutics



Deterra Royalties reports March quarter production of 29.3 million wet metric tonnes, up 9% from the previous quarter. That higher volume, plus a recovery in Iron Ore prices, lifted the March quarter royalty income 78.3% from the December quarter to \$59.2 million (11.2 cents per share, before tax).

Deterra Royalties



Elixir Energy reports an operating cash deficit of \$443,000 for the March quarter, plus \$2.4 million spent on capitalised exploration. Cash at 31 March was \$25.3 million (2.8 cents per share).

The *Tim-2* well was drilled to 1020 metres - the deepest well to date - but encountered only three metres of coal and five metres of silty coal, owing to local faulting. The company will seek to use this information to “better define the coal bearing sub-basin”.

The *Yangir-4* well has been spudded and *Bulag Suuj-1* - targeting a new potential coal sub-basin - will begin in the very near future.

Work on the extended pilot production testing is on schedule with tendering for the civil works “well advanced and a contractor expected to be hired shortly”.

Elixir Energy



FBR Ltd now has two *Hadrian X* robots “working on

two different suburban building sites”.

H01, the upgraded version aims at zero waste by laying pre-cut, sequenced pallets. “With no requirement to cut blocks, the saw module has been completely removed along with the pack conveyors, dehacker robots and rejection chute”, with “higher reliability and faster block delivery”. The size has also been reduced by 2.5 metres, enabling access to more construction sites. Onboard power has simplified deployment requirements and a new DST has reduced the number of laser trackers on-site from three to one. A new mobile HMI (human-machine interface) “will enable one-man Hadrian operation via a tablet”.

The “production of the next-generation *Hadrian X* is accelerating, with the first modules now mechanically assembled”. A new transfer robot and brick shuttle is being tested. New tooling has been installed, including a 12metre oven for boom sections, a large paint booth and a laser cutter that can cut steel and aluminium plate up to 8 x 2.5 metres.

FBR Ltd



Fenix Resources reports March quarter revenues of \$61.4 million and an operating cash surplus of \$33.1 million. This lifts cash in the bank to \$85.6 million (16.6 cents per share).

With a strong recovery in Iron Ore prices (and monthly settlements) the current mark-to-market value of the hedge contract was \$6.4 million.

Two factors could boost the net cash surplus in the current June quarter; Firstly, five shipments were made in the March quarter but six shipments are expected this quarter. Secondly, waste stripping was elevated during the March quarter (i.e. boosting cash costs) due to the Stage 2 cutback, but will revert to normal in the current June quarter.

The 50% owned transport joint venture “successfully trialled and is now rolling out a new four trailer combination”. This will increase capacity and reduce this major operating cost.

Fenix Resources



Fiducian Group recorded cash receipts of \$19.8 million for the March quarter and a net operating surplus of \$5.6 million. After paying \$7.1 million on a business acquisition, cash in the bank at 31 March was \$14.2 million (45.1 cents per share).

Fiducian Group



Greenland Minerals had no revenues and an operating cash deficit of \$614,000 for the March quarter. Cash in the bank was \$29.0 million (2.2 cents per share).

Discussions with the Greenland Government “failed to deliver any viable solution” so the company has requested arbitration of its dispute, “seeking an independent legal ruling on whether Act No. 20 applies” to its exploration licence. The exploration licence provides that disputes be settled “before a tribunal of three arbitrators seated in Copenhagen”.

Act 20 “explicitly states that it does not apply to existing licences” and “the explanatory note emphasises that Act 20 does not apply if its application would result in expropriation”.

The company maintains that “if Act 20 does not apply” then it “retains its entitlement to an exploitation licence” which “must be granted by the Government of Greenland”.

“If it is determined that Act 20 does apply, the company will claim compensation for expropriation in an amount that takes into account the fair market value of the project”.

Greenland Minerals



Ignite Ltd cash receipts for the March quarter were \$28.9 million but there was a cash operating deficit of \$1.4 million. The company held cash of \$252,000 but has drawn \$2.2 million against its debtor finance facility.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Ignite Ltd



Iluka Resources intends, subject to shareholder approval, to demerge **Sierra Rutile** which will become a separate listed company with its shares distributed to Iluka Resources shareholders.

Sierra Rutile has not worked out as Iluka Resources had hoped . . . and now the company is more focused on developing a Rare Earth business in Australia. Presumably it has not been able to find a buyer for Sierra Rutile and so will separate the company and distribute it to its own shareholders.

Sierra Rutile will focus on (1) maximising the remaining deposits at Area 1 and (2) developing the *Sembehun* project. The **International Finance Corporation** will “exit its investment in Sierra Rutile prior to the demerger” (but the terms of this are not disclosed).

Sierra Rutile is not a particularly attractive business . . . and the market will likely place a low value on these shares . . . so the Sierra Rutile shares will probably be worth holding over the medium to longer term. [Editor's Note: The highest investment returns do not come from “good” companies that become “great” companies, but from “really terrible” companies being re-rated to “not too bad” companies. As a stand alone company Sierra Rutile could perform “less bad” and the share price could potentially be re-rated strongly.]

Iluka Resources' March quarterly production was 298.3 thousand tonnes, down 25.7% on the December quarter but up 37.6% on the March 2021 quarter.

Sales were 235.7 thousand tonnes, down 6.5% on the previous quarter and down 14.4% on the March 2021 quarter.

Selling prices, however, continue to rise, so revenues were \$414.0 million, up 15.5% on the December 2021 quarter and up 20.2% on the March 2021 quarter.

Zircon prices increased a further US\$100/tonne from 1 April.

The Ukraine is the largest world supplier of Rutile for welding and a major supplier of Ilmenite for pigment manufacture which may “further constrain supply into what is already a tight market”. Higher gas prices in Europe has forced some tile manufacturers to reduce production (and demand for Zircon) but Chinese tile production has increased.

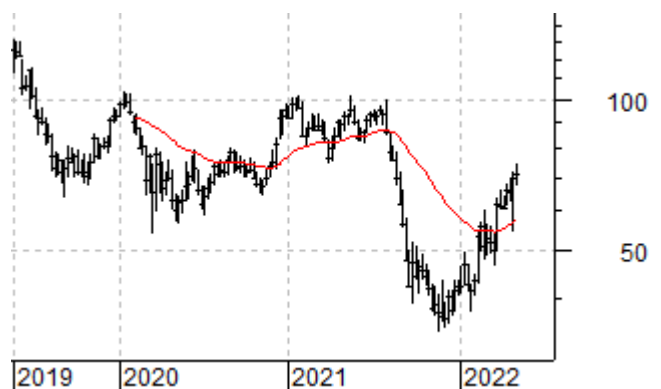
Iluka Resources



Mt Gibson Iron reported a cash operating *deficit* of \$38 million for the March quarter, with the “final stages of the overburden stripping program”. The company anticipates “increased cashflow generation in the June quarter and following financial years”.

Iron Ore quality should also rise - from 62.8% Fe in the March quarter towards 65% over the June quarter. The company will generate “substantial cashflows from *Koolan Island* over the next five years”.

Mt Gibson Iron



Michael Hill International will sell its in-house Canadian credit receivables to **Flexiti Financial Inc** on 31 May for around A\$12 million. Flexiti Financial will continue to provide consumer credit through Michael Hill's 85 Canadian stores.

All stores sales for the group were up 11.1% at \$131.6 million for the March quarter, with nine-month year to date sales now up 4.8% at \$456.8 million.

The company also reports margin growth of 2.0-3.0% in all markets, compared with the March 2021 quarter.

Michael Hill International



Nova Eye Medical plans a clinical study of its 2RT treatment for intermediate age related macular degeneration (iAMD) which (if successful) would lead to FDA approval and commercialisation of the treatment in the United States (and worldwide).

Firstly the company will seek a partner for its *AlphaRET Pty* subsidiary to help fund the clinical trial. This may take about a year.

Secondly, once partner funding is finalised, the clinical trial will begin in Australia, Europe and Canada - and if this initial data satisfies the FDA - expanded to patients in the United States about a year later.

Commercial rollout may be possible after about five years, but is estimated to generate annual revenues of US\$600 million - so this would be a very valuable business.

The trial will involve two protocols, run concurrently. Protocol A will “fast track” iAMD patients “at a higher risk of progression”. These 250 patients will receive four treatments over 24 months and provide an early study outcome.

Protocol B will involve around 500 iAMD patients who will receive six treatments over 36 months.

Nova Eye Medical



OZ Minerals reports a “softer” March quarter, partly owing to Covid related disruptions to the workforce, “supply challenges” and heavy rainfall in January (closing road and rail links). Overall this reduced production of ore over the period by around 25%.

OZ Minerals



Prophecy International Holdings reports continued strong growth. Annualised Recurring Revenue is now \$16.86 million, up 57% for the nine months to date of the current financial year. This “strong performance is

expected to continue” through the June 2023 financial year.

Cash at 31 March was \$10.4 million (14.1 cents per share).

Prophecy International Holdings



St Barbara has completed the acquisition of **Bardoc Gold**.

The group's March quarter Gold production was 61,819 ounces, down 5.7% from the December quarter and 24.9% lower than the March 2021 quarter.

St Barbara



Vulcan Energy recorded March quarter receipts of Euro 2.2 million but an operating cash deficit of Euro 3.1 million. A further Euro 2.4 million was spent on exploration. Cash at the end of March was Euro 115.6 million.

The company has also signed a binding agreement to provide steam or hot water for heating - equal to 240-350,000 MWh per year - to **MVV Energie AG** for 20 years.

Vulcan Energy



| Company | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|-------------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Noxopharm Ltd | 29 | 30 | 1-3 | 14.0 | 6.9 | +104 | 0.57 | 2.57 | 1.0 | +41 |
| Nutritional Growth Sol. | 15 | 27 | 1-6 | 1.0 | 1.8 | -44 | 0.64 | 2.79 | 1.0 | +56 |
| Okajee Corporation | 4.9 | 8.0 | 0-1 | 0.1 | 0.0 | +999 | 0.78 | 9.99 | 1.0 | +999 |
| Okapi Resources | 27 | 30 | 0-10 | 9.0 | 9.1 | -1 | 1.05 | 1.92 | 1.0 | +55 |
| Ozz Resources | 10 | 25 | 2-5 | 1.7 | 1.8 | -7 | 0.69 | 2.19 | 1.0 | +50 |
| Paterson Resources | 2.4 | 11 | 1-4 | 0.4 | 0.1 | +261 | 0.81 | 2.99 | 1.0 | +211 |
| Patrys Ltd | 2.2 | 2.4 | 1-2 | 1.2 | 0.7 | +68 | 0.83 | 1.98 | 1.0 | +52 |
| Patrys Ltd | 2.2 | 4.0 | 1-7 | 0.9 | 0.5 | +78 | 0.83 | 2.09 | 1.0 | +68 |
| Peppermint Innovation | 1.4 | 3.0 | 1-1 | 0.3 | 0.2 | +53 | 0.87 | 2.51 | 1.0 | +121 |
| Peregrine Gold | 48 | 20 | 1-7 | 25.0 | 29.2 | -14 | 0.62 | 1.52 | 1.0 | -3 |
| Perpetual Equity | 124 | 135 | 0-3 | 0.2 | 0.4 | -55 | 0.13 | 9.99 | 1.0 | +41 |
| Pharmaust Ltd | 8.7 | 20 | 1-5 | 1.5 | 0.1 | +999 | 0.38 | 6.06 | 1.0 | +89 |
| Pointsbet Holdings | 284 | 1300 | 0-4 | 3.0 | 0.0 | +999 | 0.57 | 9.99 | 1.0 | +999 |
| Powerhouse Ventures | 9.0 | 7.0 | 1-7 | 1.8 | 4.1 | -56 | 0.76 | 1.72 | 1.0 | -1 |
| Predictive Discovery | 21 | 1.8 | 0-7 | 19.0 | 18.7 | +2 | 0.91 | 1.10 | 1.0 | +3 |
| Prescient Therapeutics | 13 | 6.3 | 0-10 | 6.5 | 6.9 | -6 | 0.84 | 1.63 | 1.0 | +2 |
| Prominence Energy | 1.1 | 2.0 | 1-3 | 0.5 | 0.4 | +27 | 1.22 | 1.67 | 1.0 | +93 |
| Pure Alumina | 1.3 | 2.5 | 0-7 | 0.4 | 0.0 | +813 | 0.67 | 4.62 | 1.0 | +296 |
| Ragnar Metals | 4.3 | 4.0 | 0-12 | 1.7 | 2.2 | -24 | 1.36 | 1.48 | 1.0 | +34 |
| Raiden Resources | 1.2 | 4.0 | 1-7 | 0.7 | 0.2 | +274 | 0.94 | 2.16 | 1.0 | +137 |
| Reach Resources | 0.7 | 1.0 | 1-12 | 0.4 | 0.4 | +12 | 1.15 | 1.42 | 1.0 | +42 |
| Red Mountain Mining | 0.9 | 1.1 | 0-4 | 0.3 | 0.1 | +313 | 0.66 | 4.62 | 1.0 | +276 |
| Renascor Resources | 23 | 2.0 | 0-7 | 19.5 | 20.5 | -5 | 0.88 | 1.10 | 1.0 | -7 |
| Renu Energy | 4.6 | 7.0 | 1-7 | 2.4 | 1.4 | +66 | 0.90 | 1.85 | 1.0 | +57 |
| Resolution Minerals | 1.4 | 10 | 0-1 | 0.1 | 0.0 | +999 | 0.58 | 9.99 | 1.0 | +999 |
| Resolution Minerals | 1.4 | 12 | 1-4 | 0.4 | 0.0 | +999 | 0.58 | 6.13 | 1.0 | +413 |
| Roots Sustainable | 0.5 | 12 | 0-2 | 0.1 | 0.0 | +999 | 0.68 | 9.99 | 1.0 | +999 |
| Roto-Gro Int'l | 1.1 | 20 | 0-5 | 0.2 | 0.0 | +999 | 0.55 | 9.99 | 1.0 | +999 |
| Roto-Gro Int'l | 1.1 | 6.0 | 1-7 | 0.1 | 0.0 | +999 | 0.55 | 5.00 | 1.0 | +195 |
| Roto-Gro Int'l | 1.1 | 5.0 | 1-7 | 0.2 | 0.0 | +999 | 0.55 | 4.66 | 1.0 | +167 |
| Sabre Resources | 0.5 | 0.8 | 0-4 | 0.1 | 0.0 | +140 | 0.99 | 3.60 | 1.0 | +483 |
| Sayona Mining | 29 | 3.0 | 0-2 | 26.5 | 25.5 | +4 | 0.95 | 1.12 | 1.0 | +26 |
| Sayona Mining | 29 | 2.0 | 0-11 | 26.0 | 26.5 | -2 | 0.95 | 1.07 | 1.0 | -2 |
| Six Sigma Metals | 1.0 | 0.8 | 0-1 | 0.3 | 0.2 | +46 | 0.55 | 4.52 | 1.0 | +214 |
| South Harz Potash | 15 | 20 | 1-2 | 8.0 | 3.7 | +115 | 0.85 | 2.13 | 1.0 | +76 |
| Spenda Ltd | 1.2 | 2.5 | 1-4 | 0.6 | 0.2 | +262 | 0.77 | 2.55 | 1.0 | +107 |
| Sportshero Ltd | 2.4 | 5.0 | 0-7 | 0.4 | 0.0 | +999 | 0.61 | 5.80 | 1.0 | +347 |
| Star Minerals | 22 | 30 | 2-5 | 2.5 | 1.1 | +134 | 0.24 | 5.26 | 1.0 | +19 |
| Sihm Hemisphere | 2.7 | 10 | 1-9 | 0.5 | 0.1 | +669 | 0.58 | 3.76 | 1.0 | +121 |
| Strickland Metals | 8.2 | 3.6 | 1-12 | 4.5 | 5.3 | -15 | 0.75 | 1.41 | 1.0 | -1 |
| Sumble Solutions | 1.2 | 4.0 | 2-2 | 0.5 | 0.2 | +206 | 0.76 | 2.27 | 1.0 | +83 |
| Surefire Resources | 3.4 | 0.6 | 0-1 | 2.3 | 2.8 | -18 | 0.88 | 1.21 | 1.0 | -85 |
| Tasman Resources | 1.6 | 5.0 | 1-2 | 0.6 | 0.0 | +999 | 0.52 | 5.33 | 1.0 | +188 |
| Tempest Minerals | 7.6 | 3.0 | 0-10 | 4.5 | 6.3 | -28 | 2.27 | 1.13 | 1.0 | -2 |
| Tennant Minerals | 4.4 | 3.0 | 1-11 | 3.0 | 2.6 | +15 | 0.96 | 1.40 | 1.0 | +18 |
| Thomson Resources | 3.1 | 3.0 | 0-6 | 1.5 | 0.6 | +137 | 0.67 | 3.06 | 1.0 | +111 |
| Thomson Resources | 3.1 | 12 | 2-5 | 1.0 | 0.3 | +236 | 0.67 | 2.50 | 1.0 | +78 |
| Titanium Sands | 1.5 | 10 | 1-6 | 0.2 | 0.0 | +999 | 0.49 | 6.77 | 1.0 | +272 |
| Titomic Ltd | 19 | 40 | 1-8 | 4.5 | 1.9 | +136 | 0.62 | 2.85 | 1.0 | +69 |
| Torian Resources | 3.3 | 3.5 | 1-6 | 1.2 | 1.0 | +16 | 0.69 | 2.06 | 1.0 | +27 |
| Total Brain | 9.5 | 36 | 0-3 | 0.1 | 0.0 | +999 | 0.77 | 9.99 | 1.0 | +999 |
| Triangle Energy | 1.2 | 3.5 | 1-2 | 0.2 | 0.0 | +414 | 0.65 | 3.78 | 1.0 | +161 |
| Trigg Mining | 9.5 | 15 | 1-9 | 1.7 | 1.8 | -6 | 0.64 | 2.40 | 1.0 | +39 |
| Trigg Mining | 9.5 | 20 | 1-2 | 0.7 | 0.7 | +7 | 0.64 | 3.38 | 1.0 | +100 |
| Trigg Mining | 9.5 | 25 | 0-5 | 0.2 | 0.0 | +823 | 0.64 | 7.64 | 1.0 | +939 |
| Triton Minerals | 3.1 | 9.0 | 1-7 | 0.4 | 0.1 | +250 | 0.57 | 3.65 | 1.0 | +101 |
| Tubi Ltd | 4.9 | 15 | 0-1 | 0.2 | 0.0 | +999 | 0.00 | 9.99 | 1.0 | +999 |
| Twenty Seven Co. | 0.4 | 0.9 | 1-5 | 0.1 | 0.2 | -43 | 1.42 | 1.47 | 1.0 | +91 |
| Tymlez Group | 2.8 | 6.5 | 1-7 | 1.9 | 1.2 | +63 | 1.31 | 1.51 | 1.0 | +100 |
| UVV Aquabotix | 0.2 | 0.1 | 1-2 | 0.1 | 0.1 | -18 | 0.99 | 1.44 | 1.0 | +0 |
| Visioneering Tech. | 42 | 3.0 | 1-9 | 4.3 | 39.1 | -89 | 0.53 | 1.08 | 1.0 | -63 |
| Vortiv Ltd | 2.2 | 4.5 | 1-8 | 0.3 | 0.2 | +25 | 0.62 | 2.84 | 1.0 | +62 |
| WAM Active | 104 | 110 | 0-5 | 0.9 | 1.4 | -34 | 0.13 | 9.99 | 1.0 | +17 |
| WAM Global | 213 | 254 | 0-3 | 0.2 | 0.0 | +999 | 0.11 | 9.99 | 1.0 | +87 |
| WCM Global Growth | 122 | 150 | 0-3 | 0.2 | 0.0 | +406 | 0.18 | 9.99 | 1.0 | +130 |
| Wellfully | 6.8 | 20 | 1-9 | 0.9 | 1.1 | -18 | 0.86 | 2.18 | 1.0 | +91 |
| Wellfully Ltd | 6.8 | 15 | 0-10 | 1.7 | 0.6 | +173 | 0.86 | 2.95 | 1.0 | +194 |
| Wellnex Life | 9.8 | 20 | 1-1 | 4.0 | 3.6 | +12 | 1.37 | 1.63 | 1.0 | +124 |
| West Wits Mining | 2.6 | 12 | 0-2 | 0.1 | 0.0 | +999 | 0.64 | 9.99 | 1.0 | +999 |
| White Cliff Minerals | 2.4 | 1.5 | 1-9 | 1.2 | 1.4 | -16 | 0.95 | 1.42 | 1.0 | +7 |
| White Rock Minerals | 14 | 1.0 | 0-5 | 8.0 | 13.0 | -38 | 0.61 | 1.08 | 1.0 | -65 |
| Woomera Mining | 2.2 | 3.0 | 1-1 | 1.0 | 0.3 | +205 | 0.61 | 2.95 | 1.0 | +74 |
| Woomera Mining | 2.2 | 3.5 | 2-0 | 1.2 | 0.4 | +174 | 0.61 | 2.35 | 1.0 | +46 |
| Xantippe Resources | 1.2 | 0.4 | 2-4 | 0.8 | 1.1 | -30 | 2.17 | 1.03 | 1.0 | -2 |
| Zuleika Gold | 2.9 | 10 | 0-8 | 0.6 | 0.0 | +999 | 0.82 | 4.36 | 1.0 | +599 |

Investment Outlook

(Continued from Page 1)

are fixed while inflation lifts the revenue from production.

Today we should also benefit from the long term decline in real commodity prices over the last 40 years (i.e. since around 1981). Commodity prices are at historically lows levels (and poised for a mean reversion in value) and commodity share prices are also relatively low. Stockmarkets have risen strongly over the last 40 years but commodity shares (and some other lower growth sectors) have been neglected and become undervalued over the last 20 years as investors piled into Technology/Growth shares!

Green energy technologies are also very mineral intensive, especially for critical materials, so this will significantly boost demand - and the price of these critical materials - further making commodity producers a very attractive equity investment.

We don't know where the stockmarket will go over the next month. We don't really care. These are *long term* trends and there will be a lot of volatility in commodity prices but, if our portfolios are positioned correctly, should help us build significant wealth over the next 5-20 years.

We recommend remaining fully invested in shares, but with a major focus on green commodities, gold miners (as an inflation hedge), cleaner traditional energies (i.e. gas) as well as some new technology companies trading at reasonable valuations (i.e. if a company can do something *faster, better or cheaper* than existing competitors then it can win market share and grow and be a great investment, even if the overall economy is stagnant). The general stockmarket may weaken but, if our portfolio is positioned for the current environment, a few large winners could significantly grow our overall wealth.

Total Return Index for All Listed Shares

| | | | |
|--------|---------|--------|---------|
| Apr 11 | 1792.50 | Apr 18 | Holiday |
| Apr 12 | 1784.70 | Apr 19 | 1774.03 |
| Apr 13 | 1781.72 | Apr 20 | 1778.95 |
| Apr 14 | 1773.42 | Apr 21 | 1776.19 |
| Apr 15 | Holiday | Apr 22 | 1770.57 |
| Apr 25 | Holiday | May 2 | 1747.31 |
| Apr 26 | 1766.57 | May 3 | 1741.66 |
| Apr 27 | 1755.43 | May 4 | 1736.77 |
| Apr 28 | 1765.16 | May 5 | 1738.96 |
| Apr 29 | 1760.63 | May 6 | 1721.29 |

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday June 13, 2022.

The print version will be delivered later that week, depending upon printing and postal delivery times.

MARKET ANALYSIS is published 12 times per year by Securities Research Company, 3/47 Boyce Ave, Mt Roskill, Auckland. Subscribe online at www.stockmarket.co.nz or email james@stockmarket.co.nz.

Nothing in this newsletter is intended to be investment advice. Securities Research Co is not a registered investment advisor or broker/dealer. This newsletter is published for general informational, educational and entertainment purposes only, for readers wishing to follow the personal stockmarket experiences and current share investments of James Cornell (and family investment entities). Starting in 1971 with very little capital, James built significant investment wealth in half a lifetime and has compounded that further since "retiring" in 2006 to a more tax friendly jurisdiction. As the investment goals of readers may differ, please do your own research or seek professional advice appropriate to your investment goals and personal circumstances before making any investment decision.

The entire contents are copyright. Reproduction in whole or part is strictly forbidden without the approval of the publisher.