

Fundamental notes

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Summary

Companies move in stages

- Stage 1 construction
- Ramp Up (dangerous point)

Mine restart

FA Overview

MTM Fundamental Analysis Framework — Reference Notes

Distilled from weekly FA calls (March–May 2026). Filler removed, substance retained.

Core Philosophy

Resource companies move in stages: exploration → discovery → resource definition → studies (scoping → PFS → DFS/BFS) → permitting → construction → ramp-up → production. Every strategy he runs is built around specific stages and specific windows within those stages. Some strategies capture a month, some span years. He doesn't step outside the stages he plays.

The goal is always to find a "super, super value point" as an entry — a price where you're protected against all the things that happen through cycles. If you find the real undervalued point, you can hold through pullbacks (which are common and expected in resource companies) or take profit and re-enter on the next dip.

How He Evaluates a Company

1. Market Cap vs. What's Actually There ("Table Without Legs")

The first question is always: what is actually underpinning this market cap?

A company's valuation needs structural support — defined resources, cash, advanced studies, confirmed deposits, near-term production. Without those, the valuation is "a table without legs" and the share price naturally drifts back down. This is the most common pattern in early explorers: hype pumps the price, profits get taken, and it falls because there's nothing structural underneath.

He constantly stacks companies against each other on a market-cap-per-substance basis. The question is: what is your money actually getting you in terms of activity, opportunity, and asset backing?

Examples from the transcripts:

- MDI: \$35M market cap, only ever drilled once (857m), no resource, no MRE. Held up by social media hype.
- AKA: Less than \$35M market cap, 300,000 oz gold, millions in cash, potential to produce within a year.
- ALV: \$8M market cap, 30,000m of diamond drilling, defined MRE (7.6Mt at 2% CuEq), VMS field with 30+ targets.
- His conclusion: "You're paying double for not much at all."

What to look for as "legs":

- A JORC-compliant mineral resource estimate (MRE)
- Multiple phases of drilling (not just one program)
- Cash in the bank relative to burn rate
- Advancing studies or near-term catalysts
- Existing infrastructure (mills, processing plants, roads, declines)
- Granted mining leases, completed environmental work

2. Resource Quality and Confidence (JORC Classification)

He pays close attention to the split between measured, indicated, and inferred resource.

- Indicated resource should cover the full payback period in any study. If a scoping study shows the first 11 years of production at 71% indicated, that's "actually quite good."
- A huge gap between indicated and inferred grades is a flag to investigate (e.g., WCE's silver resource: indicated at 137 g/t vs. inferred at 1,331 g/t — "massive disparity" that needs explaining).
- Exploration targets are low quality. "I don't pay much attention to exploration targets. They're not very high quality. I don't like them." They're becoming an industry norm for getting market attention, but they frequently don't get met on the first attempt.

3. Study Economics (Scoping → PFS → DFS)

He has personal benchmarks and checks every study against them.

What he looks at:

- **CapEx** — does it sit in a normal range for the commodity and project type? He had a specific expectation for LGM (\$150–180M) and flagged the actual \$220M as high but "not abnormal."
- **NPV (post-tax)** — the net present value of the project. If CapEx exceeds NPV, that's a serious problem (Vulcan: €2.2B to build, €1.15B NPV — "the money to get there is more than the NPV of the damn project").
- **IRR (post-tax)** — the internal rate of return. 13% is "not a good number at all." Most ASX resource projects with numbers like that "would get dumped. It wouldn't even go ahead."
- **Mine life** — funders like 10+ years. A 7-year mine life is short and surprising that it secured debt funding.
- **Payback period** — wants to see indicated resource covering the entire payback period plus extra.
- **Recovery rates** — early metallurgical test work showing 78% gold recovery and low-80s silver means there's room for improvement as they optimize, which will change study economics.
- **What's included vs. excluded** — LGM's scoping study only put half the gold and silver through, excluded copper/zinc/lead credits entirely. The next study (PFS) will likely be dramatically different and potentially "not even comparable."

Key principle: conservative base-case studies are a positive. "We want to see conservative studies done by companies so we know that they can withstand cycle pressures, cost pressures."

Study progression matters: a scoping study is early-stage and shouldn't be judged like a DFS. Resources grow, recovery rates improve, more metal credits get included, processing scale can increase. Understand what stage the study is at before judging the numbers.

4. Cash Position and Runway

He reads the quarterly 4C cash flow reports closely, going back three consecutive quarterlies (nine months) to spot patterns.

What he's looking for:

- Cash balance and quarterly burn rate
- Whether the company is actively spending on meaningful work or just treading water
- Whether "income" is real revenue or just asset sales (VSR sold shares to pad a quarterly)

- How many quarters of runway remain before a cap raise is needed
- Whether conditional grant funding or debt has strings attached that may not be met

Red flag pattern: a company that shows mapping, sampling, and interpretation quarter after quarter with minimal spend — "these guys have spent nine months doing pretty much nothing." Often signals they're actually hunting for an acquisition and haven't found one.

5. Capital Raises

He doesn't fear cap raises. "We always use cap raises to our advantage whenever we can. We don't be scared of cap raises." He treats them as potential entry points.

He can usually predict when one is coming based on cash runway and upcoming work programs, and factors that into his positioning.

6. Permitting and Development Pathway

De-risked permitting is highly valued:

- Granted mining leases (vs. exploration licenses)
- Gazetted township area = no native title = faster track
- Completed and accepted environmental baseline studies
- Old mine plans that can be leveraged
- Existing processing infrastructure nearby (mills on care and maintenance, toll-treating options)

Timeframes are long. Copper porphyries take 10–15 years from exploration to production and cost billions in CapEx. A two-year bore water monitoring program is "really, really normal" in that context. "Pretty much every single resource company that you see on the ASX are years away from production yet."

7. Management and Insider Alignment

Director shareholdings matter — how they acquired them matters more. A director putting \$380–400K of personal money in via salary sacrifice and market purchases is a genuine positive signal.

Big-name billionaire investors do NOT provide extra confidence. On Gina Rinehart: "She has zero alignment with you as a shareholder. She does not care about you, even remotely. She can afford to drop 140 mil into a project and have that thing not pay off for 50 years." He cites the lithium games where billionaires bought blocking stakes to frustrate each other and destroyed projects in the process. "These big players, these individual big players, don't have any alignment with you at all."

Management transparency is a quality signal. He praised FMR for immediately telling shareholders they hadn't hit the porphyry core — no spin, no waiting for assays. They also stopped drilling early once they knew they'd missed, saving money for the next hole.

Presentation content is diagnostic. If a company's investor presentation spends most of its slides talking about the broader theme (battery markets, data centers) rather than their own assets and progress, that signals there's probably nothing imminent. "It kind of lets you know that these guys aren't suddenly going to bring a mine online."

8. Processing and Downstream Risk

Moving from mining into downstream processing (lithium hydroxide, graphite anodes, chemical conversion) is a fundamentally different and harder business. "You go from being a company who is extracting to being in the chemical space." Downstream qualification processes are onerous — graphite off-takers require small-scale production runs through multiple test phases before committing. Even base graphite needs qualification on flake sizes and specifications.

Example: IGO's Kwinana lithium hydroxide refinery — three years in and only at 51% availability/capacity. "Everyone thinks it's so easy."

Ramp-Up Rules

Ramp-up is the single highest risk period in any resource development company. "You don't just turn it on and it all works. That's almost impossible. Something usually breaks down, doesn't quite work as expected, or it just takes a lot longer."

His rule: "If you're not already in, taking a position in ramp up is fraught with danger and there's just no need to take on extra risk." If not already positioned, watch and wait through ramp-up, then reassess as the months pass.

What to watch during ramp-up:

- Are they hitting throughput and recovery targets?
- Do they need additional cap raises to cover expansion costs?
- How is the mill running (throughput consistency)?
- Are costs tracking to study estimates?

Always add a buffer to timelines. "Always give yourself three to six months buffer" beyond management guidance, especially for complex projects.

Positioning and Strategy

Entry Approach

He splits positions between two modes:

1. **Catalyst plays** — smaller position ahead of a specific upcoming announcement (assays, study results, MRE update). If the catalyst is positive and FA improves but the share price doesn't fully respond, he adds.
2. **Value plays** — the FA keeps getting better but the share price hasn't caught up. "The value's barely changed, but the actual intrinsic value and what's gotten better — that's where we want to be. The market hasn't seen it yet. Happy days. I want to get ready because when it does, it's going to move fast and I'll be very, very loaded into that space already."

Holding Period

Totally strategy dependent. Some strategies capture a month, some hold for 3–4 years through to first production. "The joy of value: if you find the real undervalued point, you can hold through all those moments or take profit at a good point and add again on the big pullbacks."

Peer Comparison for Valuation

He compares companies at similar development stages across:

- Market cap
- Resource size (converted to gold-equivalent ounces for cross-commodity comparison — e.g., 2.8M oz silver $\approx$ 40,000 oz gold equivalent)
- Construction cost
- Financial metrics (IRR, NPV, payback)
- Jurisdiction risk (Australia premium vs. South Africa discount, for example)
- Mine life
- Infrastructure advantage

Example: Rocks Resources at \$550M market cap with 2M oz gold and still building, vs. Theta Gold Mines at \$200M with 6M oz, cheaper construction, and early cash flow from surface processing. "There is a large gap in that valuation."

Sector-Specific Notes

Gold and Silver

- High-grade narrow-vein deposits (like Elizabeth Hill silver) are a completely different proposition to bulk tonnage. The goal isn't mass scale — it's maintaining grades and running a small, cheap, highly profitable operation.
- "Continuity of grade" is the key metric to watch for high-grade deposits through successive drill programs.
- Gold equivalent conversion is the standard way to compare across metals and put scale in perspective.

Copper Porphyries

- Very large, very low grade — you need 100–300m widths because grades are so low, compensated by mass tonnage.
- Geophysics may light up areas around the core rather than the core itself. Exploration is iterative: drill, miss, reinterpret, retarget.
- Extremely long development timelines (10–15 years) and billions in CapEx.

VMS Deposits

- Occur in clusters — finding one means there's likely more nearby. That's fundamental to the geology.
- Narrower drill intercepts (5–20m) but better grades with multiple metals (copper, zinc, lead, silver).
- The "equivalent" calculation (copper equivalent, gold equivalent) tells you the dominant contained metal, not necessarily the highest grade metal.

Lithium

- Ramp-up risk is acute. Brine operations face different challenges to hard rock.
- Downstream qualification (carbonate, hydroxide) is extremely difficult and time-consuming.
- Market cyclicity means financing can be delayed or restructured mid-development.

Agricultural / Soft Commodities

Don't blindly buy "ag stocks" when the soft commodity rotation narrative kicks in. Think through the actual mechanics:

- If farmers aren't planting → fertilizer companies lose customers, grain middlemen have nothing to sell
- High input costs squeeze margins even for fertilizer sellers unless they have diversified supply chains
- Drought → herds get panic-sold → cattle yard operators and middlemen still see churn. Cattle gives more consistent exposure than grain in uncertain conditions.
- Stock feed demand increases when farmers add cattle and can't grow their own feed.

What to look for: scale, pricing power, diversified supply chains, market dominance. Number one position in a market provides protection on both supply and demand sides.

Weather cycles (El Niño/La Niña) matter. He looks at when the cycle change is expected and factors it into timing. But cycles can be strong or weak versions — it's not a blanket prediction.

Ag stocks are rarely set-and-forget. Weather events (drought, flood, fire) can wipe out crops and wreck companies for three years. "The agricultural sector on the ASX is super varied and a lot of the agricultural companies actually don't touch crops or fruit or cattle."

Direct commodity exposure (ETFs, futures) is often better than trying to find an ASX company that perfectly fits the theme. Sugar, coffee, wheat — you can access the commodity directly rather than finding a company that meets all the criteria.

Biotech

- Trials take 8–15 years. Timeframes are similar to mining in terms of patience required.
- FDA approval thresholds are the key benchmark (e.g., BB1 needs 65% sensitivity/specificity; their testing shows 80s+).
- Stress-testing across the full spectrum (not cherry-picking easy cases) is the quality signal.
- Competitor benchmarking against already-approved products gives you a reference point for relative performance.

Oil and Gas

- Geopolitical price spikes don't change underlying fundamentals unless there's significant infrastructure damage.
- ASX oil/gas operates very differently to US — different money flow, different production access, different development models.
- US model: get a few wells working, use cash flow to fund more wells. ASX model: full field development studies, massive cap raises, long timelines.

Exploration Evaluation

Target Quality — "Stacking"

Good exploration targeting means independent data sets converging on the same area:

1. Geology and mapping
2. Geophysics
3. Soil sampling
4. Rock chipping
5. Structural interpretation (faults, shear zones, intersections)

"You want targets lining up on top of each other." The more layers that stack, the higher confidence the target. If a company only has geology and no geophysics or assays, they don't have enough to make a high-quality target.

Fault Zones and Shear Zones

These are the conduits for mineralized fluid — they carry the gold. Intersections, kinks, and wobbles in faults are where fluids get trapped and gold gets deposited. Following faults and shear zones, especially where they intersect and crosscut, is fundamental to targeting.

Drilling Interpretation

- Not hitting the target is normal in exploration, especially for deep porphyries. What matters is what you learn and how you retarget.
- Companies that are transparent about missing targets (rather than spinning results) are a positive signal.
- Saving money by stopping a drill hole early when they know they've missed, rather than drilling to planned depth, shows good capital discipline.
- Resampling historical drill core is cost-effective — you don't have to drill it yourself, you just pay for new assays.

IPO Evaluation

Three sections to read from any prospectus:

1. **Chairman's letter** — overview of the company story

2. **Asset/project overview** — what they actually have, not what's around them
3. **Post-IPO work program** — what they'll actually do with the money

Most IPO companies are far earlier than people assume. Heritage surveys, environmental work, permitting, and early targeting often need to happen before any drilling. Expect 6–9 months post-IPO before a first drill campaign in most cases. "There's often this assumption that this company is going to hit the ground running. A small number of companies actually do that off IPO."

TA Integration

He uses OBV (On Balance Volume) as a key indicator for accumulation vs. distribution patterns. Higher lows on OBV while price consolidates suggests accumulation — buyers are building positions.

He combines FA and TA in what he calls "Captain Planet" analysis. The best opportunities are where both align: strong FA (undervaluation, upcoming catalysts, resource growth) confirmed by TA (accumulation patterns, support levels, breakout potential).

He's clear that TA alone isn't enough. A stock can have a great chart but if the fundamentals are empty, it's not worth playing for anything beyond a short-term trade.

Psychology and Process

Decision Fatigue

The brain is evolved for ~200 decisions per day. Modern information overload pushes to 2,000–3,000. This directly impacts investing: ability to see setups, recognise signals, and execute (both buys and sells).

His approach: don't follow markets constantly. Check once or twice a day. Let your brain do background processing ("integration"). "I don't chase and follow everything all day. It doesn't help or benefit my investing and trading at all."

During Market Crises

During high-intensity geopolitical or market events, step back from the information flow. "Give yourself a break in these super high intense world moments. I guarantee your education, your

thinking, your trading and investing will actually thank you for it."

Execution Discipline

"You have to make decisions. You have to see your strategy come into play and you have to execute. Whether that's execute your buy or execute your sell, you have to see it, recognise it, and act."

Strategies must be solid and defined before the moment arrives. Different strategies for different timeframes, but be disciplined about not stepping outside the stages you play.

Quick Reference Checklist

When evaluating a new company:

- What's the market cap? What's actually underpinning it?
- Is there a JORC-compliant MRE? What's the indicated/inferred split?
- How much cash is in the bank? What's the quarterly burn rate? When's the next cap raise?
- What stage are they at? (exploration / resource definition / studies / permitting / construction / ramp-up / production)
- What are the upcoming catalysts and their likely timeframes?
- Who are the significant holders and how did they acquire their positions?
- How does the market cap compare to peers at similar stages with similar assets?
- What does the study economics look like? (CapEx, NPV, IRR, mine life, payback, recovery rates)
- What's excluded from current studies that could improve future ones?
- Is there existing infrastructure that de-risks development?
- Is management transparent and capital-disciplined?
- What does the presentation spend most of its time on — their own assets, or the broader theme?
- Read three consecutive quarterlies — is the company progressing or stalling?