

Module 10: Putting It Together — The "FA Story" and TA Confluence

Why this matters

Modules 1–9 give you the components. This module shows you how to assemble them into a coherent thesis for any individual stock, and how to use technical analysis as the *timing* layer on top of the *fundamental* layer.

Without this synthesis, you have fragments of analysis. With it, you have a structured, repeatable process that scales across your whole portfolio.

The FA Story — what it is

An "FA Story" is a one-pager that summarises everything material about a stock into a coherent narrative. It forces you to:

1. State your thesis clearly
2. Identify what would invalidate it
3. Quantify upside, downside, and time horizon
4. Track catalysts that will validate or kill the thesis

If you can't write the FA Story for a stock, you don't understand it well enough to own it.

The FA Story template

For every position (or candidate position), fill out:

1. Company snapshot

- Ticker, name, current MC, fully diluted MC, cash position
- Project location, jurisdiction, commodity, deposit type
- Current Lasso Curve stage (Module 1)

2. Asset summary

- Resource: tonnage, grade, contained metal, % Inferred vs I+M (Module 2)
- Reserves (if any): grade, tonnes, mine life
- Where the deposit sits on the grade benchmark for this commodity (Module 3)
- Strip ratio, recovery, cut-off (Module 3)
- Met characteristics — clean / refractory / complex flowsheet
- Tier-1 / tier-2 / marginal classification

3. Economics (if past PFS)

- NPV, IRR, capex, AISC, payback, LOM (Module 5)
- Commodity price assumption vs current spot
- Sensitivity at -20% price and +25% capex
- Construction lead time

4. Capital structure

- SOI, options, performance rights, fully diluted SOI
- Top 20 holding %
- Identifiable institutions on register
- Director on-market activity
- Cash runway in quarters
- Likely next capital raise size and timing
- Estimated dilution from current to first cash flow

5. Catalysts

- Next 3 catalysts in chronological order with dates
- Conviction level and expected SP impact for each
- Current pricing-in level (is the catalyst already in the SP, or not?)

6. Macro positioning

- Commodity cycle phase for the relevant commodity
- Spot price vs incentive price
- Stock's stage matches cycle phase? (Module 9)

7. Red and green flags

- Any flags from Module 8 checklist
- Independent net assessment

8. Thesis statement (one paragraph)

"Stock X is a Stage [N] [commodity] [deposit type] in [jurisdiction] trading at [MC] vs estimated [intrinsic value/peer multiple]. The thesis is that [catalyst path] over the next [time horizon] will re-rate the SP because [specific drivers]. Downside is bounded by [floor scenario] because [reason]. The thesis is invalidated if [specific events]."

9. Position sizing

- Conviction level
- Stage-appropriate sizing (see below)
- Entry price plan and exit conditions

10. Risks

- Top 3 specific risks (not generic "commodity price risk")
- Hedging or position management response to each

If you can fill this out for every stock you own, your portfolio is built on actual analysis. If you can't, parts of your portfolio are built on vibes.

The fundamental-price gap pattern
— the highest-conviction
asymmetric setup

This is worth elevating to its own framework piece because it's the most reliable asymmetric setup in mining and most retail miss it.

What the pattern is

A stock is trading at a market cap that's significantly below the intrinsic value implied by its underlying fundamentals — but the market hasn't caught up because:

- The macro cycle for that commodity has been out of favour for an extended period
- The company has been quiet (no recent catalysts to drive coverage)
- The valley-of-death dynamics (Module 1) have crushed the SP while the project itself has been progressing
- Specialist money knows the asset is real, retail has moved on, and the broker pipeline hasn't woken up yet

The gap closes when one or more of: a commodity cycle turn, a specific catalyst, a strategic event (cornerstone investor, takeover bid), or a broker initiation reawakens market attention.

How to identify the pattern

Three things have to align:

1. **The fundamentals genuinely justify a higher valuation.** Resource quality, project economics, capital structure, jurisdiction — all have to stand up to scrutiny. The deposit has to be real, the economics have to be defensible, and the path to value has to be visible.
2. **The price has been compressed by something other than fundamental deterioration.** Cycle, time, neglect, or rotation — not the project breaking. If the project has actually deteriorated, the gap is justified, not an opportunity.
3. **A catalyst exists that could close the gap.** Something has to wake the market up. Without that, "cheap" can stay "cheap" for years.

Worked examples to recognise

The pattern recurs across cycles. A few archetypal cases that industry observers have flagged in 2025–2026 as displaying the fundamental-price gap:

- **PGO (Pacgold) and similar** — gold explorers/developers in good jurisdictions trading well below the implied value of their drilled-out resources, because the gold sector was out of favour earlier in the cycle and the broker pipeline hadn't reactivated
- **QML (Queensland Mining Corp) and similar** — small-cap producers/near-producers where the market cap had fallen below replacement value of the producing assets

- **CNB (Carnaby Resources) and similar** — copper and base metal developers where the macro re-rate hadn't yet flowed through to the SP
- **GRL (Godolphin Resources) and similar** — multi-commodity explorers in tier-1 jurisdictions trading at distressed multiples relative to their resource scale and grade

The specific tickers will rotate over time. The pattern doesn't.

Why the gap exists

Three structural reasons:

1. **Mining capital is highly cyclical.** Generalist money rotates in and out of the sector. When the sector is out of favour, even the highest-quality juniors trade at distressed multiples. When the sector is in favour, even mediocre juniors trade above intrinsic value.
2. **Information arrival in mining is lumpy.** A stock that's done good work on a project but hasn't had a major catalyst in 18 months effectively disappears from the market's mind. The work gets done, the value accrues, but no one is paying attention.
3. **Broker coverage follows price, not fundamentals.** Small-cap brokers initiate coverage when stocks are moving up and drop coverage when stocks are moving down. The result is that the lowest-attention period is often when the fundamentals are quietly improving the most.

The trade structure

The fundamental-price gap is the closest thing to free money in mining, but only if you do the work properly. Three rules:

Rule 1: Verify the fundamentals before getting interested in the price. A "cheap" stock is only interesting if the fundamentals are actually good. Run the FA Story. Check resource quality (Module 2/3), check capital structure (Module 6), check for red flags (Module 8). If the stock is cheap because it deserves to be, walk away.

Rule 2: Identify the specific catalyst that could close the gap. A cycle turn is a catalyst, but it's a slow one. A specific company catalyst (PFS, FID, takeover bid, cornerstone investor) is faster and more identifiable. The best fundamental-price gap setups have at least one identifiable catalyst within 6–12 months.

Rule 3: Size for time, not just outcome. Even with the right setup, the gap can take 12–24 months to close. Position sizing should reflect that you're being paid for time as well as for outcome. Don't go heavy and don't expect immediate validation.

When the pattern fails

Most often when:

- The fundamentals were actually weaker than they looked, and the cheap price was correct
- The catalyst gets pushed back repeatedly and the cycle turns against the commodity before the catalyst arrives
- A capital raise during the orphan period dilutes the per-share value and resets the math
- The stock gets de-listed or the company pivots into something unrelated (Module 8 transformational acquisition pattern)

A failed fundamental-price gap is usually an FA Story problem (you got the fundamentals wrong) or a timing problem (the catalyst arrived too late). Both are post-mortem-able.

Why it's the highest-conviction setup retail consistently miss

The pattern requires three uncomfortable things:

- **Buying in the absence of momentum** (the trend is sideways or down, not up)
- **Holding through quiet periods** (months between catalysts; SP barely moves)
- **Trusting your own work over market sentiment** (the market is telling you the stock is worth less than your analysis says it is)

Most retail can't do this. They want momentum, they want validation, they want short time horizons. The fundamental-price gap rewards the opposite — patience, conviction, and the discipline to ignore short-term price action when the underlying fundamentals are actually strengthening.

This is why the pattern persists. If most retail could execute it, the gap wouldn't exist.

Position sizing by stage

Risk is fundamentally different by stage. Sizing should reflect that.

Stage 1–2 (Concept / Early Drilling)

- **Max 0.5–2% per position** of total mining allocation
- Lottery economics: most go to zero; rare ones 20–50x

- Treat each position as a near-write-off; size to make the win meaningful but the loss survivable

Stage 3–4 (Discovery / Resource Definition)

- **2–4% per position**
- High volatility, high information arrival rate
- Trim into strength after major catalysts; redeploy on pullbacks

Stage 5–7 (Studies / DFS)

- **2–5% per position**
- The orphan period — long time horizons, limited catalysts
- Size for time as much as outcome
- **The fundamental-price gap pattern often appears here.** A stock that's done good work but hasn't had a re-rate event yet, in an out-of-favour sector, is the prototype.

Stage 8–9 (Construction / Commissioning)

- **3–6% per position**
- Highest reward-to-risk if execution is on track
- Cap-ex blowouts and ramp problems are the main risks; trim if they appear

Stage 10 (Production)

- **5–10% per position** if conviction is high
- Lower risk, lower per-stock upside, but compounds via dividends and reserves growth
- Suitable as portfolio anchors

These are **defaults**. Risk-tolerant investors can lean heavier in earlier stages; risk-averse investors should bias to producers.

Total mining sector exposure

A defensible cap on total mining sector exposure as % of total portfolio depends on your circumstances, but most professional resources investors keep total mining exposure under 30–50% of equity portfolio outside of bull-cycle peaks.

TA — what it actually does for you

Technical analysis tells you nothing about whether a stock is fundamentally cheap or expensive. It tells you about:

1. **Trend** — what direction is the SP moving in
2. **Momentum** — is the move accelerating or fading
3. **Support / resistance** — where price has historically reacted
4. **Volume** — is the move backed by participation or thin
5. **Sentiment / positioning** — through indicators like RSI, accumulation/distribution

TA is the **timing layer** on top of FA. FA tells you *what* to buy; TA tells you *when*.

Practical TA for mining FA investors

You don't need to be a chartist. The minimum useful kit:

1. Trend identification

- 50-day and 200-day moving averages
- "200dMA rising" = uptrend; "200dMA falling" = downtrend
- Don't fight the 200dMA

2. Support and resistance

- Prior swing highs and lows
- Round numbers (psychological levels)
- Levels of major capital raises (often act as resistance — placement shareholders often sell at break-even)

3. Volume

- Major moves on heavy volume = real

- Major moves on thin volume = suspect (often reverse)
- Volume on breakouts is critical confirmation

4. Relative strength

- Is the stock outperforming or underperforming peers and the commodity?
- Outperformance suggests something is being priced in that you don't yet see
- Underperformance suggests the opposite

5. Accumulation patterns

- Long sideways range with occasional volume spikes = often institutional accumulation
- Watch for breakouts above the range
- **The fundamental-price gap often shows this pattern just before the gap closes**
 - quiet accumulation by specialist money before the catalyst hits

6. Distribution patterns

- Failed rallies on heavy volume
- Lower highs after a sustained uptrend
- Often precede major down moves

What you don't need

Most chart patterns (head and shoulders, cup and handle, etc.), Elliott Waves, Fibonacci retracement debates, and the entire indicator soup. They add complexity without much edge for fundamentally-driven mining investing.

FA + TA confluence — the actual playbook

Setup A: FA bullish, TA bullish

- Strong fundamentals

- Uptrend, above 200dMA, recent breakout on volume
- **Action:** full position size, add on pullbacks to support

Setup B: FA bullish, TA bearish (the orphan trap / fundamental-price gap)

- Strong fundamentals
- Downtrend, below 200dMA, no buying interest
- **Action:** This is where the fundamental-price gap pattern lives. Wait, but watch. Even a great FA story can take 6-18 months to find a bid in a downtrend. Build a watchlist and start a small position when you see signs of accumulation (volume spikes on no news, sideways range starting to compress); don't go heavy until trend turns or a specific catalyst is imminent.

Setup C: FA neutral, TA bullish

- Mediocre fundamentals
- Stock is moving on momentum / sector rotation / promotion
- **Action:** if you're trading, take a small position with tight stop. If you're investing, ignore.

Setup D: FA bearish, TA bullish (the trap)

- Weak fundamentals (poor grade, poor jurisdiction, poor management)
- Stock running on hype
- **Action:** avoid. The eventual reckoning is brutal.

Setup E: FA bearish, TA bearish

- Avoid. Don't bottom-fish broken companies.

The best risk-adjusted setups come from Setup A and from Setup B *after* the trend turns or a catalyst is identified.

When to sell

Selling is the part most investors are worst at. Pre-define exit conditions for every position:

Sell conditions worth respecting

1. **Thesis invalidated** — the specific catalyst path you bought for has failed
2. **Position size too large** — winning positions can grow into oversized concentrations; trim back to plan
3. **Better opportunity** — capital is fungible; if you find a clearly better setup, rotate
4. **Macro cycle has turned** — trim into late-cycle mania regardless of how good a specific story still looks
5. **Capital raise dilution** — significant unexpected dilution may invalidate your math; recheck the FA Story
6. **The gap has closed** — for a fundamental-price gap trade, when the SP has re-rated to roughly fair value, the asymmetric edge is gone. Rotate to the next gap.

Sell conditions NOT worth respecting

1. "It's down 20%" — only sell on thesis change, not price action alone
2. "I want to lock in profits" — only relevant if you've hit your price target or thesis playing out
3. "Someone on Twitter said it's a fraud" — do your own work
4. Any single-day move

The best mining investments often look bad for periods between catalysts. Selling on price weakness alone is how retail consistently gives up the second peak of the Lassonde curve.

Building and maintaining the system

This is a practice, not a one-off exercise.

Weekly

- Skim ASX announcements for all holdings (15 min)
- Update catalyst calendar with new dates / slippage
- Note any unusual SP / volume action — particularly accumulation patterns on holdings with fundamental-price gap setups

Monthly

- Re-read FA Story for each holding; mark anything stale
- Update macro view on each commodity
- Review portfolio sector allocation vs cycle
- Scan for new fundamental-price gap candidates in commodities you understand

Quarterly

- Read the Appendix 5B for each holding in detail
- Update cash runway calculations
- Re-check fully diluted MC after any raises

Annually

- Read every annual report for every holding (yes, all of it — financial notes especially)
 - Re-test thesis from scratch
 - Cull positions you wouldn't initiate today
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Final perspective

The course brief talked about creating a "well-rounded skill set" and an "FA Story" that integrates everything. Here's the honest version:

The framework is straightforward. The execution is a multi-year discipline. You will get things wrong — sometimes you'll lose 50%+ on a position despite doing the work. The point isn't to be right every time. The point is to:

1. Have a thesis that's structured, falsifiable, and defensible
2. Size positions so individual losses don't wipe you out
3. Hold long enough for catalysts to play out
4. Sell when thesis breaks, not when SP wobbles
5. Repeat across enough positions that variance averages out

Mining is a sector where the math punishes the lazy and rewards the patient. Most retail are neither. If you actually do the FA Story work for every position, hold size discipline, and respect cycles, you'll be ahead of the vast majority.

The fundamental-price gap is the highest-leverage edge in this entire framework — but it's only available if you've internalised everything else. Module 1's stage framework, Module 2's resource

literacy, Module 3's grade context, Module 4's drill reading, Module 5's economic study analysis, Module 6's capital structure reading, Module 7's catalyst calendaring, Module 8's flag detection, and Module 9's macro overlay all have to be working together for you to identify a fundamental-price gap correctly. Skip any one and you'll mistake a value trap for an opportunity.

Practical exercise — your first FA Story

Pick one stock from your current ASX mining holdings. Build the full FA Story above using only ASX-disclosed information (announcements, quarterlies, annual report, presentations). Spend at least 4 hours on it.

When done, ask yourself: *"If I had to defend this position to a sceptical professional investor in 30 minutes, do I have the answers?"*

If the answer is yes, you've internalised the framework. If no, the gaps tell you what to research next.

Practical exercise — finding a fundamental-price gap candidate

Separately, pick a commodity you understand and want to be long over the next cycle. Then:

1. List every ASX small-cap producer/developer/explorer in that commodity
2. Filter to those in tier-1 or tier-2 jurisdictions with no major Module 8 red flags
3. Filter to those whose SP is in the bottom third of its 2-year range
4. For the survivors, build a quick FA Story and identify whether the fundamentals justify a higher valuation
5. For the candidates that pass the fundamental check, identify the specific catalyst that could close the gap
6. Size positions to your conviction in the work, with the expectation that you may wait 12-18 months for validation

This exercise generates the actionable watchlist for the next cycle leg. Most retail will not do this work. That's exactly why the gap exists.

What I'm uncertain about

- Position sizing recommendations are conventional ranges; your circumstances (total wealth, time horizon, dependents, risk tolerance) should drive your specific allocations.
 - TA effectiveness in junior mining is debatable. The signal-to-noise is lower than in liquid large-caps because thin trading and concentrated holders can drive moves unrelated to fundamentals or technicals. Use TA as a tiebreaker, not a primary driver.
 - The "weekly/monthly/quarterly/annual" cadence above is a starting framework. Some periods of intense activity (live drill programs, study release windows) require daily attention; quiet periods need much less.
 - The fundamental-price gap pattern is real but the specific tickers cited above will rotate over time. The pattern doesn't generalise to "any cheap-looking stock"; the specific conditions (genuine fundamentals, identifiable catalyst, cycle-driven compression) all have to be present. Most candidates that look like the pattern are actually value traps.
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Where to go from here

You now have:

- The Lassonde Curve framework (Module 1)
- JORC literacy + foreign estimates (Module 2)
- Grade context + equivalent grades (Module 3)
- Drill result decoding + drilling-type taxonomy (Module 4)
- Economic study analysis + operational realities (Module 5)
- Capital structure analysis (Module 6)
- Catalyst calendaring + dormant-company detection (Module 7)
- Red flag detection + behavioral patterns (Module 8)
- Macro overlay + structural-vs-narrative + China playbook (Module 9)
- Synthesis, position sizing, and the fundamental-price gap (Module 10)

The next step is **applying it to real stocks**. Not in theory — in your actual portfolio, with real money at stake. The framework only becomes valuable when you've used it enough that it becomes second nature.

When you're ready, bring me specific companies, specific announcements, or specific scenarios and we'll work through them together using the framework.

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