



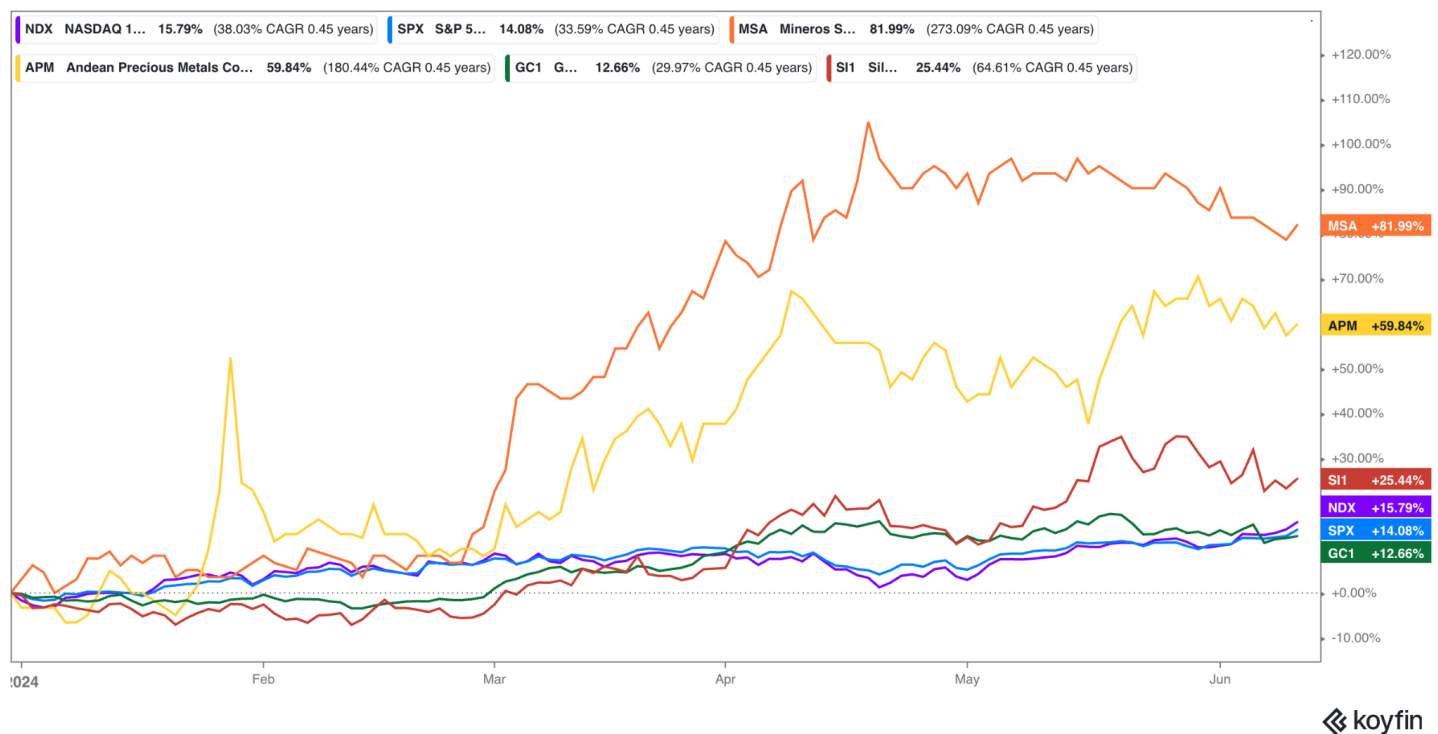
June 03, 2024

## THE LONG PULL: An Event-Driven Mining Investing Strategy

Mining investing is hard. As a group, they almost *always* lose money. So it pays to identify strategies that weed out the good from the crap.

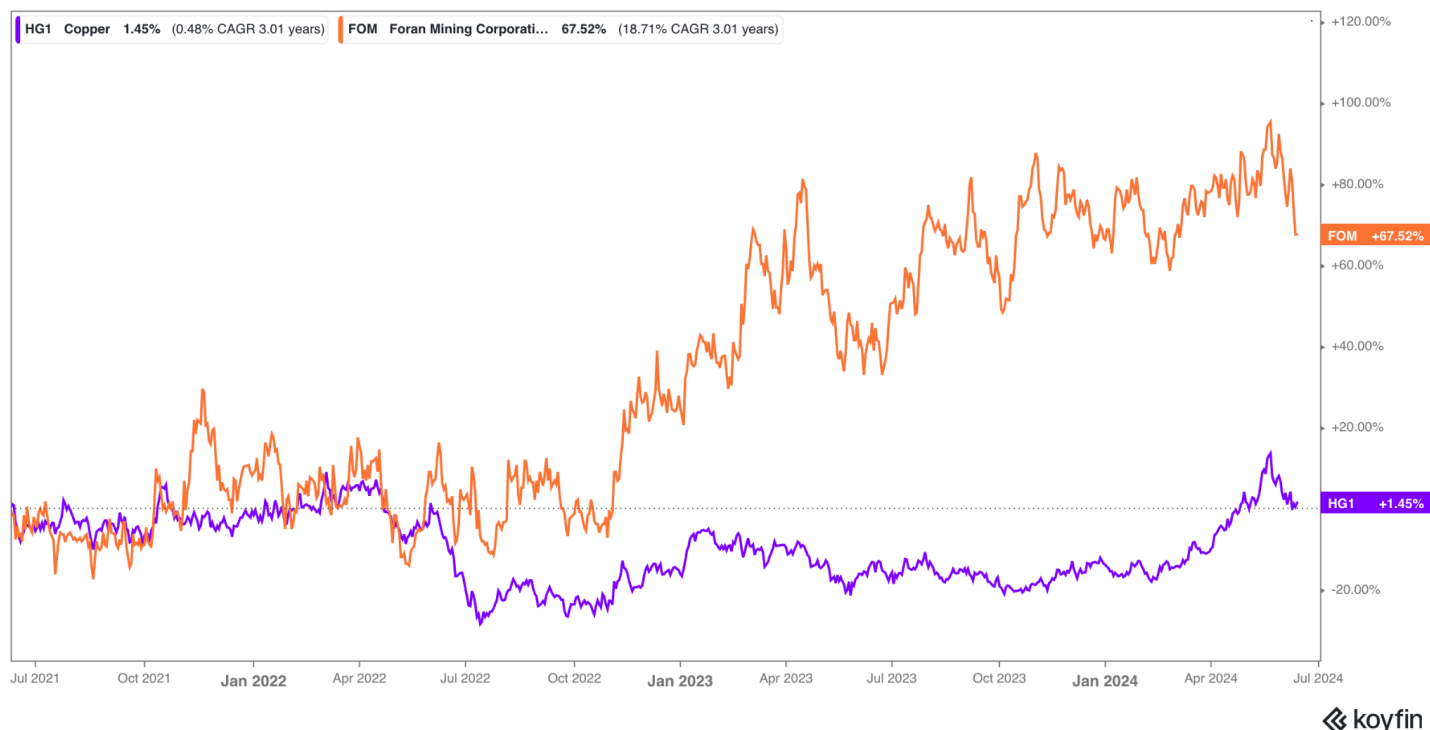
I've written a lot about one way to do that ... finding cheap small-to-mid-tier producers growing reserves, generating free cash flow, and using that cash flow to reduce debt, pay dividends, or buy back stock (APM.V and MSA.V, for example).

So far, that's worked well for us.



The other strategy we've discussed is buying developers trading at massive discounts to NPVs in solid jurisdictions with good metallurgy and a management team that owns a bunch of stock.

Like [Foran Mining \(FOM.V\)](#).



Last week, I discovered what might be my favorite mining stock strategy ... **The Pre-Production Sweet Spot (or PPSS).**

The PPSS takes the second-most explosive yet half-as-risky part of the Lasso Curve to capture 100%+ returns through the cycle.

My friend Lobo Tiggre of *Independent Speculator* was the first to publish this strategy. You can read the original white paper [here](#).

This *Long Pull Report* will explain the PPSS strategy and offer a systematic way of finding PPSS stocks you can use *today*.

Remember, the more eyes we have on these strategies, the better our chances of finding great ideas.

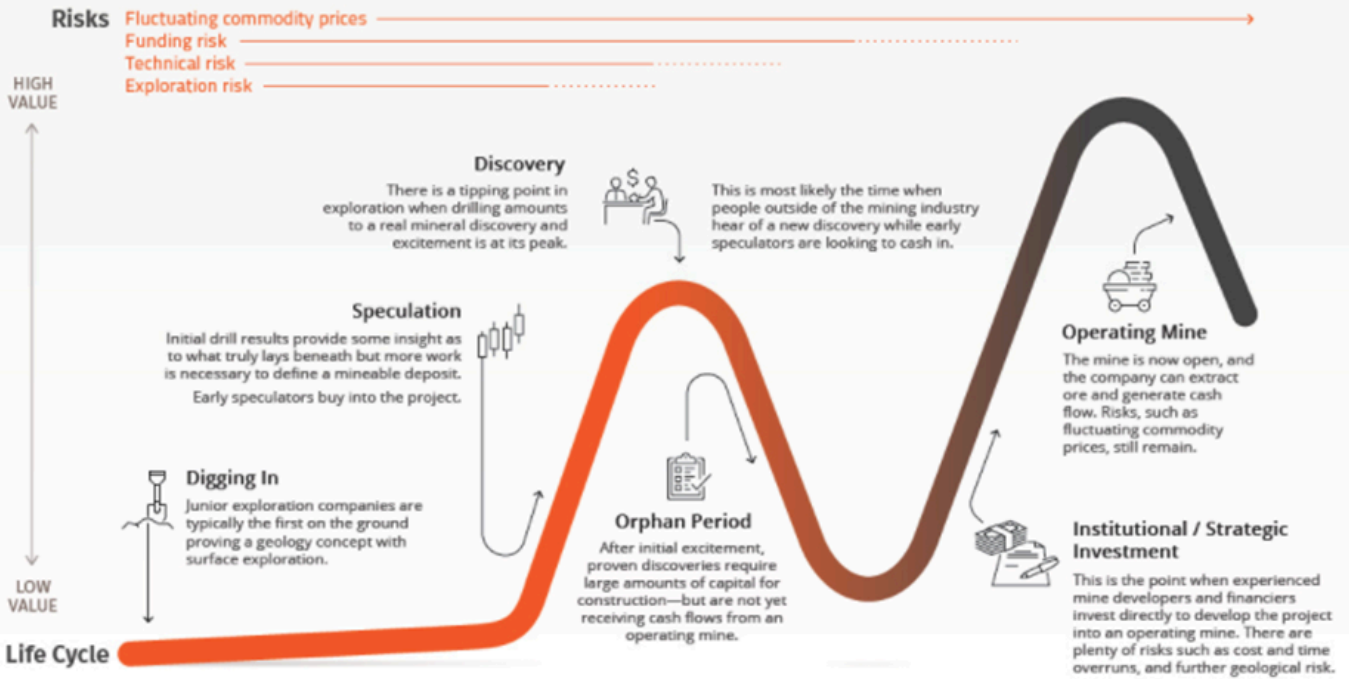
Let's get after it!

## The Pre-Production Sweet Spot (PPSS): Capturing The Lasso Curve

Before we dive into the strategy, let's review the Lasso Curve.

The Lasso Curve plots the lifecycle of a mining company from exploration to production (see below).

# The Lifecycle of a Mineral Discovery



You can think about the curve as moving from highest to lowest “risk.” For instance, something like 1 out of every 1,000 discoveries becomes a producing mine.

On the far left side are the lottery tickets. Even if you’re the world’s best geologist, your odds of winning are low. So I don’t play there.

That doesn’t mean you can’t win big. One positive drill result can send an exploration stock up 100%+. Check out Bravo Mining (BRVO) from this past week (see below).

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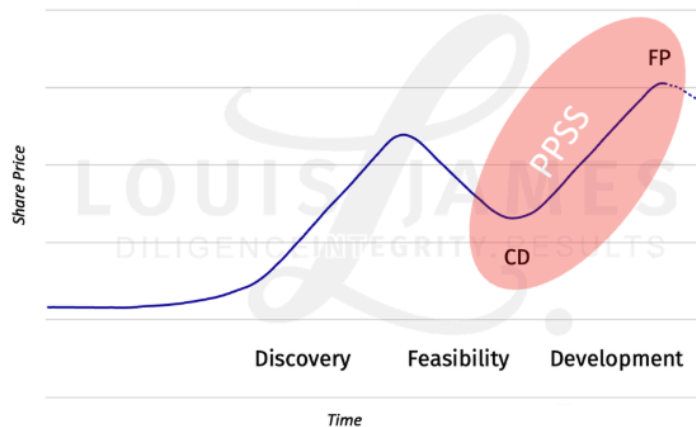


But we want something repeatable. Something with better odds than a lottery ticket ... especially as generalists.

Enter the PPSS.

The Pre-Production Sweet Spot is the second significant upswing on the Lasso Curve (see below).

### PPSS: Added Value as a Discovery Becomes a Mine



Source: IndependentSpeculator.com

Lobo defines the PPSS as *“The slope from a construction decision (CD) up to the first production (First Pour, First Plate—FP).”*

The idea is **to buy the company’s stock right when it starts constructing its first mine.**

Simple enough? You find a company that’s discovered a project, passed PEA/PFS studies, received permits, and now they’re doing the thing!

## **The Numbers Behind the PPSS**

Lobo backtested 124 cases of first-time mine builders going back to the 1980s. He used the following criteria:

- *Exploration companies with a published CD or an announcement that construction has started.*
- *We counted those that reached FP and commercial production (CP).*
- *We counted those that failed to reach either FP or CP.*
- *Cases with incomplete or unclear data were excluded.*
- *Cases in which existing mines on care and maintenance that were restarted were excluded.*
- *Companies buying producing mines or building on existing production were excluded.*

Here are the results (emphasis added):

- **91.9% succeed at building their mines** (making it from CD to FP).
- 95.2% succeed if we count mines built after a takeover.
- 568.8 days is the average time from CD to FP.
- **97.0% is the average gain from CD to FP.**
- **111.0% is the average gain from CD to Commercial Production (CP).**
- 745.5% is the average gain from CD to FP for the top five cases.
- **20.2% is the average gain during bear markets.**
- 132.4% is the average gain during bull markets.
- **75.4% of all PPSS cases delivered positive gains** (counting zero as negative).

I’ll just leave this here ... *“The overall odds of success are 92–95%; the average gain of these is almost 100%; and it’s possible to bag around 750% on the top performers.”*

## What About Timing? What If I Miss Construction?

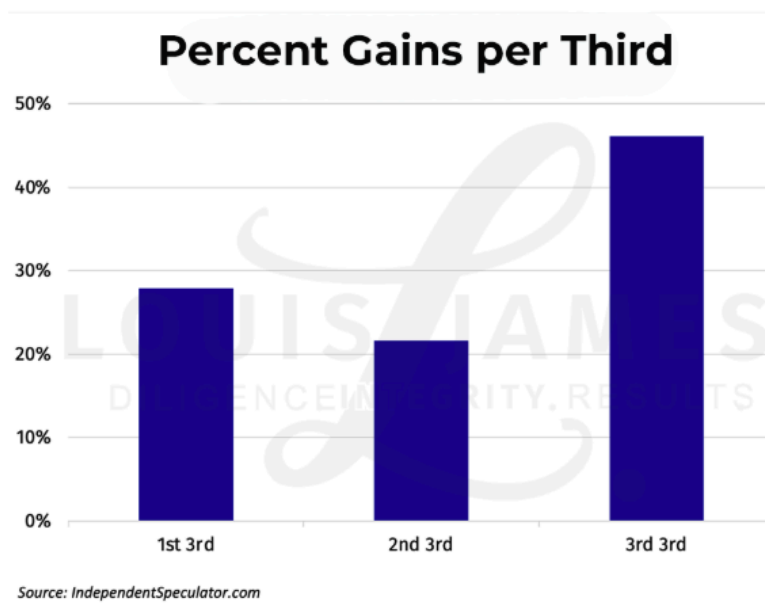
My first thought was, what if I didn't buy *right* when they put shovels in the ground? Would I miss all the gains?

Not according to the study (emphasis added):

*“The results show a decent start after the construction decision. **Gains increase as the word gets out that the company is building a mine.** Then, there's a slump as construction drags on. The most excitement—and hence highest gains—come in the final quarter as companies race up the slope to FP ...*

*The takeaway is that **while we maximize gains by buying in at the CD, there's no huge rush.** If we don't notice that a company is building its first mine or if the markets look iffy at the time of CD, **we can still cash in on the bulk of the gains well into the construction period.**”*

Total returns skewed more positively the closer you got to the first pour (see below).



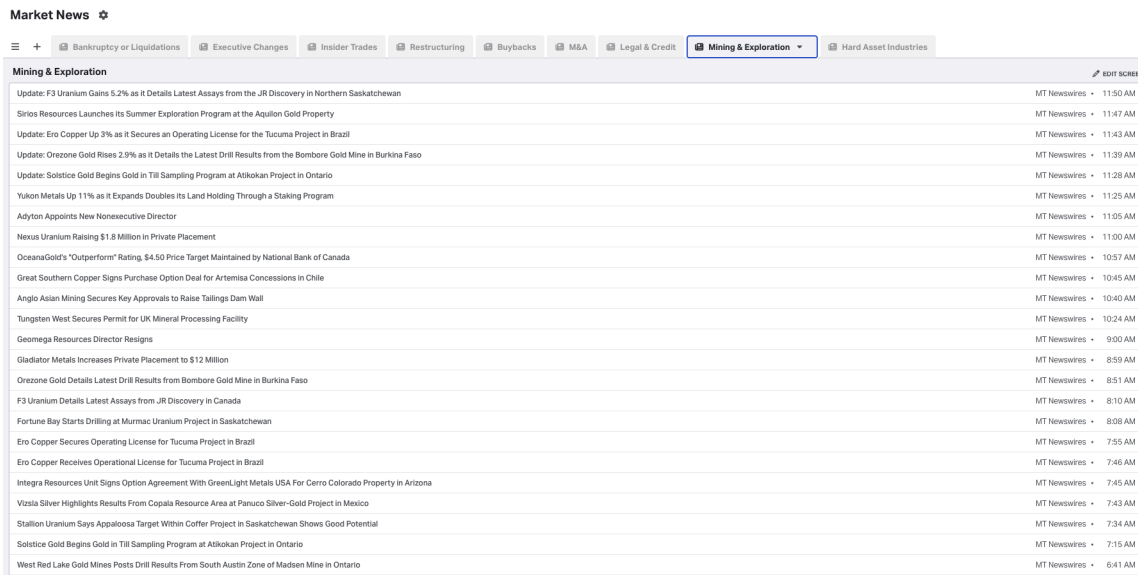
So, to recap ... PPSS removes all the exploration risk while delivering similar magnitude returns, and it's OK if you miss the first construction date announcement because most of the returns come in the final two-thirds of the construction period.

Not bad. But how do we find companies that are starting construction? And can we create a systematic approach to this thesis?

# Designing Our Event-Driven Mining System

There are three “engines” to my v1 Event-Driven Mining System.

The first engine is brute force, reading news releases from the mining and metals industry via Koyfin (see below).

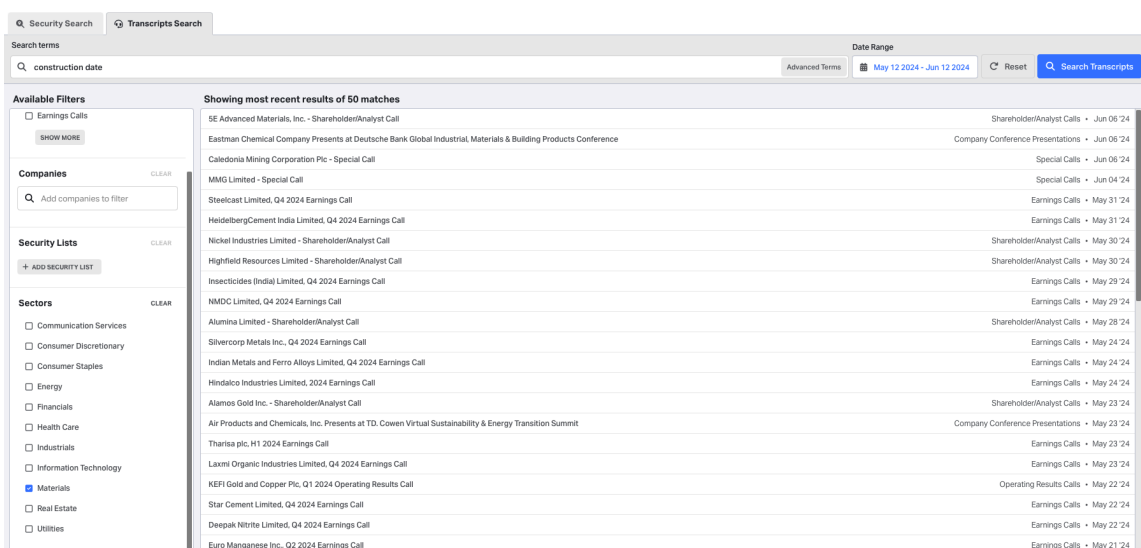


The screenshot shows the 'Market News' interface on Koyfin, filtered for 'Mining & Exploration'. The page displays a list of news items with their titles and timestamps. The news items include updates on uranium discoveries, exploration programs, and operational licenses for various mining projects.

News Title	Timestamp
Update: F3 Uranium Gains 5.2% as it Details Latest Assays from the J.R. Discovery in Northern Saskatchewan	MT Newswires • 11:50 AM
Sirios Resources Launches its Summer Exploration Program at the Aquilon Gold Property	MT Newswires • 11:47 AM
Update: Ero Copper Up 3% as it Secures an Operating License for the Tucuma Project in Brazil	MT Newswires • 11:43 AM
Update: Orezone Gold Rises 2.9% as it Details the Latest Drill Results from the Bombores Gold Mine in Burkina Faso	MT Newswires • 11:39 AM
Update: Solstice Gold Begins Gold in Till Sampling Program at Atkikokan Project in Ontario	MT Newswires • 11:28 AM
Yukon Metals Up 11% as it Expands Doubles its Land Holding Through a Staking Program	MT Newswires • 11:25 AM
Adyton Appoints New Nonexecutive Director	MT Newswires • 11:05 AM
Nexus Uranium Raising \$1.8 Million in Private Placement	MT Newswires • 11:00 AM
OceanaGold's "Outperform" Rating, \$4.50 Price Target Maintained by National Bank of Canada	MT Newswires • 10:57 AM
Great Southern Copper Signs Purchase Option Deal for Artemisa Concessions in Chile	MT Newswires • 10:45 AM
Anglo Asian Mining Secures Key Approvals to Raise Tailings Dam Wall	MT Newswires • 10:40 AM
Tungsten West Secures Permit for UK Mineral Processing Facility	MT Newswires • 10:24 AM
Geomega Resources Director Resigns	MT Newswires • 9:00 AM
Gladliator Metals Increases Private Placement to \$12 Million	MT Newswires • 8:59 AM
Orezone Gold Details Latest Drill Results from Bombores Gold Mine in Burkina Faso	MT Newswires • 8:51 AM
F3 Uranium Details Latest Assays from J.R. Discovery in Canada	MT Newswires • 8:10 AM
Fortune Bay Starts Drilling at Murmac Uranium Project in Saskatchewan	MT Newswires • 8:08 AM
Ero Copper Secures Operating License for Tucuma Project in Brazil	MT Newswires • 7:55 AM
Ero Copper Receives Operational License for Tucuma Project in Brazil	MT Newswires • 7:46 AM
Integra Resources Unit Signs Option Agreement With GreenLight Metals USA For Cerro Colorado Property in Arizona	MT Newswires • 7:45 AM
Vizsla Silver Highlights Results From Copala Resource Area at Panuco Silver-Gold Project in Mexico	MT Newswires • 7:43 AM
Stallion Uranium Says Appaloosa Target Within Coffey Project in Saskatchewan Shows Good Potential	MT Newswires • 7:34 AM
Solstice Gold Begins Gold in Till Sampling Program at Atkikokan Project in Ontario	MT Newswires • 7:15 AM
West Red Lake Gold Mines Posts Drill Results From South Austin Zone of Madsen Mine in Ontario	MT Newswires • 6:41 AM

Yes, it’s a ton of work. But stay disciplined, and you won’t have a backlog of hundreds of alerts. You can quickly discard most of these if you don’t see the words “construction” or “build date.” I usually read this every morning before the market opens.

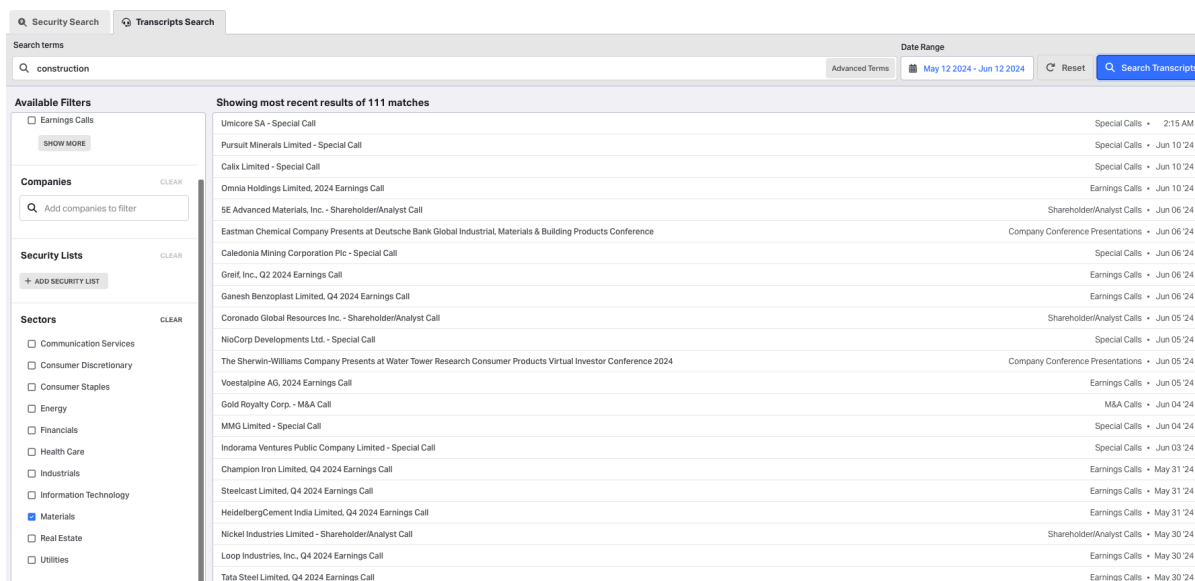
The second engine is Koyfin’s *Transcript Search* function. I enter the keywords “construction date” or “construction” or something similar... specifying that I only want results from the “Materials” sector, and then select everything from the past month (see below).



The screenshot shows the 'Transcripts Search' interface on Koyfin. The search terms are 'construction date' and the date range is set to 'May 12 2024 - Jun 12 2024'. The results show 50 matches, with the most recent results displayed. The results include various company calls and presentations, such as 'SE Advanced Materials, Inc. - Shareholder/Analyst Call' and 'Eastman Chemical Company Presents at Deutsche Bank Global Industrial, Materials & Building Products Conference'.

Company/Event	Date
SE Advanced Materials, Inc. - Shareholder/Analyst Call	Shareholder/Analyst Calls • Jun 06 '24
Eastman Chemical Company Presents at Deutsche Bank Global Industrial, Materials & Building Products Conference	Company Conference Presentations • Jun 06 '24
Caledonia Mining Corporation Plc - Special Call	Special Calls • Jun 06 '24
MMG Limited - Special Call	Special Calls • Jun 04 '24
Steelcast Limited, Q4 2024 Earnings Call	Earnings Calls • May 31 '24
HeidelbergCement India Limited, Q4 2024 Earnings Call	Earnings Calls • May 31 '24
Nickel Industries Limited - Shareholder/Analyst Call	Shareholder/Analyst Calls • May 30 '24
Highfield Resources Limited - Shareholder/Analyst Call	Shareholder/Analyst Calls • May 30 '24
Insecticides (India) Limited, Q4 2024 Earnings Call	Earnings Calls • May 29 '24
NMDC Limited, Q4 2024 Earnings Call	Earnings Calls • May 29 '24
Alumina Limited - Shareholder/Analyst Call	Shareholder/Analyst Calls • May 28 '24
Silvercorp Metals Inc., Q4 2024 Earnings Call	Earnings Calls • May 24 '24
Indian Metals and Ferro Alloys Limited, Q4 2024 Earnings Call	Earnings Calls • May 24 '24
Hindalco Industries Limited, 2024 Earnings Call	Earnings Calls • May 24 '24
Alamos Gold Inc. - Shareholder/Analyst Call	Shareholder/Analyst Calls • May 23 '24
Air Products and Chemicals, Inc. Presents at TD, Cowen Virtual Sustainability & Energy Transition Summit	Company Conference Presentations • May 23 '24
Tharisa plc, H1 2024 Earnings Call	Earnings Calls • May 23 '24
Luxmi Organic Industries Limited, Q4 2024 Earnings Call	Earnings Calls • May 23 '24
KEFI Gold and Copper Plc, Q1 2024 Operating Results Call	Operating Results Calls • May 22 '24
Star Cement Limited, Q4 2024 Earnings Call	Earnings Calls • May 22 '24
Deepak Nitrite Limited, Q4 2024 Earnings Call	Earnings Calls • May 22 '24
Euro Manganese Inc., Q2 2024 Earnings Call	Earnings Calls • May 21 '24

This produced 50 recent results. I can broaden my scope by only using “construction” as my keyword (see below).



That doubled the results. And yes, most of these won't hit. But that's the point. You must turn over a lot of rocks.

The final strategy is a simple Google Alert for the following keywords:

- **Construction Date Mine**
- **Feasibility Study**
- **Pre-Feasibility Study**

So my inbox looks like this ...

<input type="checkbox"/> ☆ Google Alerts 4	Google Alert - <b>feasibility study</b> - Google feasibility study As-it-happens update · June 12, 2024 NEWS Study on ammonia supply base in Fukushima reac...	11:53 AM
<input type="checkbox"/> ☆ Google Alerts 20	Google Alert - <b>pre-feasibility study</b> - Google pre-feasibility study As-it-happens update · June 10, 2024 NEWS Beowulf Mining Excels in Graphite Produc...	11:51 AM
<input type="checkbox"/> ☆ Google Alerts 23	Google Alert - <b>preliminary economic assessment</b> - Google preliminary economic assessment As-it-happens update · June 10, 2024 NEWS Southern Sil...	11:15 AM
<input type="checkbox"/> ☆ Google Alerts 95	Google Alert - <b>feasibility study</b> - Google feasibility study As-it-happens update · June 5, 2024 NEWS Lokavant unveils AI feasibility solution at DIA 2024 -...	5:54 AM

Here's what I'm looking for within each alert.

- **Construction Date Mine**

I hope they say, “Yes, we started construction today, please buy our stock now.”

- **Feasibility Study**



Banks and investors finance great projects, and great projects usually have great feasibility studies. I'm looking for everything we explained in our 80/20 primer ... high NPV to Capex, high NPV to market cap, initial capex figures, etc.

This tells me the odds of someone building the project, whether the existing company or a JV partner.

Then, I subscribe to the company's email list and wait for the construction date announcement.

### ➤ **Pre-Feasibility Study**

I'm trying to find a project earlier in its lifecycle. This will allow me to more deeply understand the company, its assets, the management team, and its valuation before construction begins.

Like every other engine, this requires a lot of work. But you'll find ideas that don't appear on screeners. And most times, those are the best ideas.

## **Conclusion: Another Tool In Our Metals/Commodities Toolbox**

I hope you enjoyed learning about this event-driven mining strategy.

The metals and mining space will offer some of the highest returns in markets over the next decade.

This strategy is another tool to find alpha in an otherwise capital-starved and hated industry.

I can't wait to see the ideas and situations we uncover that nobody else thinks about.

It's one of the reasons why I wake up every morning excited to get after it.

Until next week,

Brandon