



September 04, 2024

THE LONG PULL: Portfolio Return Recap and Perplexity.AI As An Investment Research Tool

Can you believe that it is already September? We're in the final month of Q3. Where did the summer go?? Sell in May and – BAM – it's Fall.

We've got a quick *Long Pull* this week after the Labor Day holiday.

First, we examine our portfolio returns and explain how we're trading for the rest of the year.

Then, we explore *Perplexity.ai* as a mining investment research tool. If you liked my [thoughts on ChatGPT from last year](#), then you will love this one.

Let's get after it.

Portfolio Returns Snapshot

Here's a quick look at our portfolio returns as of the end of August:

- August 2024: +1.90%
- Q3 2024 (to date): +2.20%
- YTD 2024: +33.88%

You can also see our trailing five-year performance below (this year's number incorporates September performance).

Full Year	Largest Drawdown	MO Return	S&P 500 Return
2020	-14.13%	66.40%	16.26%
2021	-19.80%	6.39%	26.89%
2022	-11.49%	10.21%	-19.44%
2023	-6.56%	23.47%	24.23%
2024 YTD	-2.73%	32.89%	15.92%

Our job is to make a *lot* when we're right and to lose a *little* when we're wrong. So far, we're doing just that.

We have four months left in the trading year ... and our goal is to **not do anything stupid!**

And we do that by holding what's working and cutting what isn't.

It's simple ... but not easy.

Especially with so much going on. Whether it's China's recession, the US rolling over, or commodities like crude oil, copper, and iron ore flopping.

It's *easy* to focus all our attention on the big picture, shiny macro events, and forget that our first job is to **not lose money**.

There are no sacred cows in our portfolio. If the tape tells us to exit, we cut and wait for another opportunity.

I often come back to this Bruce Kovner quote ...

“Fundamentalists who say they are not going to pay any attention to the charts are like a doctor who says he's not going to take a patient's temperature.”

Always respect the tape.

Perplexity.AI As An Investment Tool

Last year, I wrote about how you could use ChatGPT as a fundamental investment research tool. You can read that piece [here](#).

The idea was that you could “prompt” the AI to provide enough information about an idea, industry, or topic to go from 0 to 1 in a fraction of the time it would take without ChatGPT.

It worked well. But then I found Perplexity ... and I now use it every day. There are a few reasons why I like it more than ChatGPT.

First, the UI/UX is more intuitive. Perplexity feels like talking to a person ... like you're DM'ing Tars from *Interstellar*.

Second, you can create “Collections” of threads where you prompt Perplexity with specific criteria for analysis/idea generation. More on that later.

Finally, Perplexity cites its sources for every answer, making cross-referencing information easy.

As you know, I've spent the past year studying commodity markets, specifically metals and mining. So when I found Perplexity, my first thought was, *“How can I use this to make mining stock research more efficient?”*

Through trial and error, I created six “Collections,” each serving a specific investment analysis purpose:

- **Replacement Cost**
- **Doc Jones Breakdown**
- **Mine NPVs**
- **Mine Analysis**
- **Mine Buy-outs**
- **Resource Estimate**

Let’s explore each Collection to see how I use it in my mining research process.

Replacement Cost

This one is self-explanatory. I use it to estimate the replacement cost of certain assets, such as trucks, railcars, mining equipment, offshore vehicles, and tankers.

Here’s the AI Prompt: *“You are an expert asset appraiser. Your job is to assess the replacement cost of any asset we bring you, both secondhand and brand new. Most of these assets will be focused on the mining and resource industry. Things like haulers, big trucks, mills, product tankers, offshore vehicles, ports, and railways.”*

I used this prompt to analyze Fenix Resources’s (FEX) port infrastructure rail assets (see below).

What is the replacement cost for Two rail sidings that provide access to the Mid-West rail network connecting to Geraldton Port?

Pro Search

Researching

Sources

- [PDF] Greater Geraldton Infrastructure Assessment Report - cgg.wa.gov - 1
- Costs of a Rail Siding - ACW Railway Company - acwr - 2
- [PDF] Western Australian Regional Freight Transport Network Plan - transport.wa.gov - 3
- View 14 more

Perplexity

Based on the information provided in the search results, the replacement cost for the two rail sidings (Ruvidini and Perenjori) that provide access to the Mid-West rail network connecting to Geraldton Port is estimated to be more than \$80 million.

Specifically, search result ¹⁵ mentions:


"The substantial port and rail assets we are acquiring have an assessed replacement cost of more than \$80 million."

This refers to the assets acquired by Fenix Resources from Mount Gibson, which include the two rail sidings at Ruvidini and Perenjori that connect to the Mid-West rail network and Geraldton Port, as stated in search results ⁴, ⁵, ⁷, and ⁸. ⁴ ⁶ ⁷ ⁸

Therefore, the replacement cost for the two rail sidings providing access to the Mid-West rail network and Geraldton Port is estimated to be over \$80 million, as part of the larger acquisition of Mid-West iron ore and port assets by Fenix Resources.

As I mentioned above, Perplexity provides sources upfront and then as a footnote for each generated response. It allows me to cross-verify *and* go down any rabbit holes I want on other websites.

Here's another example from this Tuesday of analyzing Caspian Sunrise's (CASP.L) replacement cost of its offshore driller (see below).

 **Perplexity**

Based on the search results, Caspian Sunrise consistently states that the replacement cost for their offshore drilling vessel, the Caspian Explorer, would be approximately \$300 million. Here are the key points:

1. Caspian Sunrise believes a replacement vessel would now cost more than \$300 million to build and take several years to become operational ⁶.
2. The company states that the Caspian Explorer has a "replacement cost believed to be approximately \$300 million today" ⁵.
3. The original construction cost of the Caspian Explorer was approximately \$170 million, with total costs after fit-out estimated at \$200 million ⁴ ⁶.
4. The vessel was constructed between 2010 and 2011 ⁴ ⁷.

While Caspian Sunrise is the primary source for this \$300 million figure, there are some factors that lend credibility to this estimate:

1. The original construction cost of \$170-200 million provides a baseline.
2. Inflation and increased costs since 2010-2011 could reasonably account for a significant increase in price.
3. The vessel is described as unique and specialized for shallow water drilling in the Caspian Sea, which could contribute to a higher replacement cost ⁴ ⁶.

However, it's important to note that:

1. There is no independent verification of this \$300 million figure in the search results.
2. The company has a vested interest in presenting a high replacement value for its asset.

To get a more reliable estimate, you would ideally want to:

1. Consult with independent offshore drilling rig construction experts or shipyards.
2. Look at recent construction costs for similar specialized drilling vessels, if available.
3. Consider factors like current material costs, labor rates, and technological advancements since the original construction.

Without additional independent sources, it's difficult to definitively confirm or refute the \$300 million replacement cost estimate provided by Caspian Sunrise.

I love the part where Perplexity says, *“However, it’s important to note that...”*

It gives you the following steps to further research and verify the above data.

Perplexity saves me hours of research. Who knows how long it would've taken me to find that 2013 article on the South Korean consortium build cost?

Doc Jones Breakdown

I created this Collection after the [MOHO Idea Lunch webinar](#) with private mining investor Doc Jones.

Here's the prompt:

You are Dr. Jim Jones, a private junior mining investor. You have a Twitter profile (<https://x.com/drjimjonesceo>) and are the most-followed user on CEO.CA (<https://ceo.ca/@drjimjones>).

I want you to download all your information from the above sources to become the go-to mining resource analyst.

Your job is to evaluate any junior mining company I present through your unique analytical lens.

Here is the structure:

- Overview of the company and its various projects*
- Your estimate of the company's Resource In-Situ valuation*
- Comparable company in-situ valuations as an EV/Resource metric*
- Your estimate of the company's management team and track record*
- Your estimate of the company's NPV to Market Cap, NPV to CAPEX, and IRRs*
- Your ranking on a scale of 1-10, with 1 being the best and 10 being the worst.*

The prompt will be as follows: "Doc Jones Breakdown: {insert company name}."

This Collection aims to provide a 30,000ft view of a mining company, its resources, management team, and initial in-situ valuation without spending hours combing through investor presentations and filings.

Here's an analysis of Kuya Silver (KUYAF).

Overview of Kuya Silver Corporation

Kuya Silver Corporation (CNSX:KUYA) is a mineral exploration and development company focused on acquiring, exploring, and advancing precious metal assets in Canada and Peru. The company primarily explores for silver, lead, zinc, copper, and gold. Kuya Silver's key projects include:

- **Bethania Silver Project:** Located in Central Peru, this project encompasses approximately 4,500 hectares and includes the Bethania Mine and Carmelitas property. The Bethania Mine was in production until 2016 and is known for its high-grade sulphide ore.
- **Silver Kings Project:** Situated in Northern Ontario, Canada, this project covers around 16,000 hectares in the historic Cobalt mining camp. It includes the Campbell-Crawford discovery, which has shown significant silver grades.

Resource In-Situ Valuation

Kuya Silver's market capitalization is approximately CA\$39.06 million ¹. The company has not reported any revenue, and its earnings for the trailing twelve months (TTM) are - CA\$5.99 million ¹. Given the lack of detailed resource estimates and production data, a precise in-situ valuation is challenging. However, the high-grade nature of the Bethania project and the historical significance of the Silver Kings project suggest potential value.

Comparable Company In-Situ Valuations

To provide context, we can compare Kuya Silver to other junior silver mining companies:

- **First Majestic Silver (AG):** Market cap of approximately \$2.5 billion, with significant silver production and reserves.
- **Hecla Mining Company (HL):** Market cap of around \$2.8 billion, known for its silver and gold production.

These companies have more established operations and larger resource bases, which typically result in higher valuations. Kuya Silver, being in the exploration and early development stages, has a lower market cap and higher risk profile.

Management Team and Track Record

Kuya Silver's management team includes experienced professionals:

- **David Stein, CFA, MSc:** Founder, President, and CEO. Stein has a background in geology and engineering and extensive experience in mining equities analysis and investment.
- **Christian Aramayo:** Chief Operating Officer with over 17 years of experience in mining operations across various regions.
- **David T. Lewis, MSc, PGeo:** VP Exploration with over 20 years of experience in mineral exploration.
- **Tyson King:** VP Corporate Development with over 10 years of experience in managing resource sector companies.

The management team's combined expertise in geology, engineering, and corporate development is a positive indicator for the company's potential success ².

NPV to Market Cap, NPV to CAPEX, and IRRs

Given the early stage of Kuya Silver's projects, detailed Net Present Value (NPV) calculations, Capital Expenditure (CAPEX) estimates, and Internal Rate of Return (IRR) figures are not readily available. These metrics will become more relevant as the company advances its projects towards production and releases feasibility studies.

Ranking

Based on the available information, Kuya Silver Corporation can be ranked as follows:

- **Resource Potential:** High, due to the high-grade nature of the Bethania project and the historical significance of the Silver Kings project.
- **Management Team:** Strong, with a diverse and experienced team.
- **Financial Health:** Moderate, with a market cap of CA\$39.06 million and no revenue yet.
- **Market Performance:** Volatile, with significant price fluctuations and a beta of 2.87 ³.

Overall Ranking: 6/10

Remember, I typed “Doc Jones Breakdown: Kuya Silver (KUYAF)” and instantly received enough information to decide whether to keep researching.

And again, I can cross-check sources to verify information and go down rabbit holes.

How cool is that!?

Mine NPVs

This Collection generates various Mine-level NPV calculations based on specific criteria and parameters.

The goal is to form *rough views* of potential resource valuation for further due diligence.

Here's the prompt:

“You are a mining resource/reserve valuation analyst and the best at what you do. You create NPVs based on grade, tonnage, and other resource estimates.

You have broad experience in all commodities, from iron ore to copper, zinc, silver, gold, and even PGMs.

You also know how to create mine-level NPVs based on very little information, even from a single drill hole result using length, width, depth, and particular gravity metrics.

Use a 10% discount rate for all NPV analyses.

Along with NPV analysis, you also provide in-situ resource valuations for each deposit. This includes total in-situ value and a 2-10% market cap valuation based on the specific company, metal, and price cycle.

Here is the most important part ... you will provide me with all the above information with the following prompt: "Mine NPV Analysis: {insert company and mine project}."

Where all I need to do is type "Mine NPV Analysis" and then the company name and specific project/deposit and you return all the NPV analysis."

Here's an example of this prompt analyzing Galway Metals (GWM).

<p>Overview</p> <ul style="list-style-type: none">• Location: 70 km south-southwest of Fredericton, New Brunswick, Canada• Ownership: 100% undivided interest• Land Position: 60,465 hectares (149,412 acres) with 65 km of strike length along the Sawyer Brook Fault System <p>Drill Results</p> <ul style="list-style-type: none">• George Murphy Zone (GMZ): Intersected 15.3 g/t Au over 18.5m, 2.0 g/t Au over 54.0m, and 22.7 g/t Au over 3.5m ¹.• Adrian Zone: Intersected 78.4 g/t Au over 3.0m, 9.0 g/t Au over 7.4m, and 3.0 g/t Au over 30.5m ¹. <p>Resource Estimate</p> <ul style="list-style-type: none">• Indicated Mineral Resources: 543,051 gold equivalent ounces (AuEq oz) grading 11.3 g/t AuEq• Inferred Mineral Resources: 520,430 AuEq oz grading 7.4 g/t AuEq ³. <p>NPV Analysis</p> <ul style="list-style-type: none">• Discount Rate: 10%• Assumptions:<ul style="list-style-type: none">• Gold price: \$1,800/oz• Operating costs: \$1,200/oz• Capital costs: \$150 million (estimated)• Recovery rate: 90%	<ul style="list-style-type: none">• NPV Calculation:<ul style="list-style-type: none">• Indicated Resources:<ul style="list-style-type: none">• Revenue: 543,051 oz * \$1,800/oz = \$977,692,800• Operating costs: 543,051 oz * \$1,200/oz = \$651,661,200• Capital costs: \$150,000,000• Net cash flow: \$977,692,800 - \$651,661,200 - \$150,000,000 = \$176,031,600• NPV (10% discount rate): $\\$176,031,600 / (1 + 0.10)^1 = \\$159,712,000$• Inferred Resources:<ul style="list-style-type: none">• Revenue: 520,430 oz * \$1,800/oz = \$936,774,000• Operating costs: 520,430 oz * \$1,200/oz = \$624,516,000• Capital costs: \$150,000,000• Net cash flow: \$936,774,000 - \$624,516,000 - \$150,000,000 = \$162,258,000• NPV (10% discount rate): $\\$162,258,000 / (1 + 0.10)^1 = \\$147,352,000$• Total NPV: \$159,712,000 + \$147,352,000 = \$307,064,000 <p>Estrades Polymetallic VMS Project</p> <p>Overview</p> <ul style="list-style-type: none">• Location: Northern Abitibi, western Quebec, Canada• Ownership: 100% undivided interest• Historical Production: 174,946 tonnes grading 12.9% Zn, 6.4 g/t Au, 1.1% Cu, and 173.3 g/t Ag ². <p>Drill Results</p> <ul style="list-style-type: none">• High-grade intersections: 10.7 g/t Au, 22.8% Zn, 423 g/t Ag, 2.8% Cu, and 2.6% Pb over 2.7 meters ¹. <p>Resource Estimate</p> <ul style="list-style-type: none">• Indicated Mineral Resources: 685 million ZnEq lb grading 20.8%• Inferred Mineral Resources: 656 million ZnEq lb grading 13.5% ³.
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NPV Analysis

- **Discount Rate:** 10%
- **Assumptions:**
 - Zinc price: \$1.20/lb
 - Gold price: \$1,800/oz
 - Operating costs: \$1,200/oz (Au), \$0.50/lb (Zn)
 - Capital costs: \$200 million (estimated)
 - Recovery rate: 90%
- **NPV Calculation:**
 - **Indicated Resources:**
 - Revenue: 685,000,000 lb * \$1.20/lb = \$822,000,000
 - Operating costs: 685,000,000 lb * \$0.50/lb = \$342,500,000
 - Capital costs: \$200,000,000
 - Net cash flow: \$822,000,000 - \$342,500,000 - \$200,000,000 = \$279,500,000
 - NPV (10% discount rate): $\$279,500,000 / (1 + 0.10)^1 = \$253,591,000$
 - **Inferred Resources:**
 - Revenue: 656,000,000 lb * \$1.20/lb = \$787,200,000
 - Operating costs: 656,000,000 lb * \$0.50/lb = \$328,000,000
 - Capital costs: \$200,000,000
 - Net cash flow: \$787,200,000 - \$328,000,000 - \$200,000,000 = \$259,200,000
 - NPV (10% discount rate): $\$259,200,000 / (1 + 0.10)^1 = \$235,818,000$
 - **Total NPV:** \$253,591,000 + \$235,818,000 = \$489,409,000

In-Situ Resource Valuation

Clarence Stream

- **Total In-Situ Value:** \$1,800/oz * (543,051 oz + 520,430 oz) = \$1,935,000,000
- **Market Cap Valuation (2-10%):** \$38,700,000 to \$193,500,000

Estrades

- **Total In-Situ Value:** \$1,800/oz * (543,051 oz + 520,430 oz) = \$1,935,000,000
- **Market Cap Valuation (2-10%):** \$38,700,000 to \$193,500,000

That feels like drinking from a firehose. But think about how much time you would've spent getting that information.

Investing is a game of turning over rocks. The investor that turns over the most rocks usually wins. That includes junior mining stocks.

This prompt helps us turn over more rocks more efficiently.

Mine Analysis

This Collection is like a mining analyst intern whose only job is to get me enough information on a mine to determine whether I'm interested. If only it could bring me coffee.

Here's the prompt:

You are a mining and geologist expert that knows everything about every mine on Earth. Your job is to provide me with the most critical information and details on any mine I give you.

Things to include: metallurgy, grade, total resources/reserves, estimated mine life, estimated annual production from that mine, etc.

Finally, include in your analysis an NPV estimate and an annual free cash flow estimate based on either the most recent PFS, PEA, or BFS or historical estimates.

Your prompt will be "Mine Analysis: {insert mine name/project}"

And here's the result for Pasofino Gold (VEIN).

Pasofino Gold's Dugbe Gold Project Analysis

Pasofino Gold Limited is advancing the Dugbe Gold Project in Liberia, which is located in the Birimian geological province, a region known for significant gold deposits in West Africa. The project is strategically positioned 70 kilometers from the Greenville deep-water port, facilitating logistical operations ⁴ ⁵.

Geology and Resources

- **Mineral Resources:** The Dugbe Gold Project contains a combined Measured and Indicated Mineral Resource of approximately 3.3 million ounces of gold, with an average grade of 1.37 grams per tonne (g/t) ⁴ ⁵.
- **Mineral Reserves:** The project has an open-pit Mineral Reserve Estimate of 2.76 million ounces of gold, planned to be mined over a 14-year period ⁵ ⁶.
- **Geological Features:** The deposits are hosted in sulphide-bearing orthopyroxene gneiss, with thick mineralized zones outcropping at the surface. The Tuzon deposit can be as thick as 100 meters in the main fold hinge ⁵.

Production and Operations

- **Annual Production:** The Dugbe Gold Project is expected to produce an average of 173,000 ounces of gold annually, with the first five years seeing an output of 200,000 ounces per annum ⁴ ⁵.
- **Processing Plant:** A 5 million tonnes per annum processing plant is planned to support operations, strategically located between the major deposits ⁴.
- **Strip Ratio:** The project has a low strip ratio of 4.2:1, which is favorable for cost-effective mining operations ⁴.

Economic Analysis

- **Feasibility Study:** The feasibility study completed in 2022 outlines robust project economics with a pre-tax Net Present Value (NPV) of \$690 million at a 5% discount rate and an Internal Rate of Return (IRR) of 26.4% at a base case gold price of \$1,700 per ounce ⁶.
- **Initial Capital Expenditure:** The initial capital expenditure is estimated at \$397 million, with a payback period of 3.3 years ⁶.
- **Potential for Optimization:** There are opportunities to optimize the project design to further improve its economics, including increasing the Mineral Reserve and enhancing project design ⁵ ⁶.

Additional Considerations

- **Exploration Potential:** Less than 20% of the project area has been explored, indicating significant potential for further discoveries. The Bukon Jedeh area, with a history of artisanal gold production, is currently being explored by Pasofino ⁴ ⁵.
- **Community and Environmental Engagement:** Pasofino is committed to responsible development, engaging extensively with local communities and adhering to environmental standards ⁶.
- **Government Agreement:** The project is supported by a 25-year Mineral Development Agreement with the Government of Liberia, which includes a 3% royalty rate on gold production and a 25% income tax rate ⁵.

In summary, the Dugbe Gold Project presents a promising opportunity for Pasofino Gold Limited, with substantial resources and reserves, robust economic projections, and significant exploration potential. The project's strategic location and favorable economic metrics position it as a key player in West Africa's gold mining sector.

I have *enough* information to decide whether to do more due diligence.

Mine Buy-outs

I prompt Perplexity to analyze specific mine buy-out deals and provide me with a price paid per production ounce over the initial expected mine life.

Here's the prompt:

“You are the world's leading expert in mine valuations and acquisition analysis. Your job is to analyze mining take-over/buyout deals and provide in-depth analyses on any acquisition I ask.

You can do this for any commodity across any country.


Most importantly, your job is to provide a valuation for what the company paid on a PER OUNCE basis of the commodity.

Use things like EV/Resource or Market Cap to Resource to find comparable transactions. Also, take the buyout price and divide it by the company's resources or reserves to get a price paid per-ounce of reserves or resources or production, whichever they have. And where applicable, include the price paid on an NPV basis (multiple of NPV).

Also include a discussion on jurisdiction to get an idea of the price paid relative to other deals in that area.

Your prompt will be "Mine Buyout: {insert deal}"

I ran this prompt on the Gold Fields/Osisko Mining acquisition (see below).

 **Perplexity**

Gold Fields Ltd. has agreed to acquire Osisko Mining Inc. in a deal valued at approximately C\$2.16 billion (US\$1.6 billion), marking a significant move to expand its gold mining operations in Canada. This acquisition will give Gold Fields full ownership of the Windfall project in Quebec, which is one of the largest and highest-grade gold development projects globally ^{1 3 4}.

Valuation and Price Per Ounce Analysis

- **Total Acquisition Cost:** C\$2.16 billion (US\$1.6 billion).
- **Price Per Share:** Gold Fields is offering C\$4.90 per share, representing a 55% premium over Osisko's 20-day volume-weighted average price as of August 9, 2024 ^{1 2}.
- **Windfall Project Production:** The Windfall project is expected to produce approximately 300,000 ounces of gold annually, with an all-in sustaining cost (AISC) of \$758 per ounce ^{4 5}.
- **Mine Life:** The project has an expected mine life of ten years ⁴.

To calculate the price paid per ounce of gold, we can use the expected annual production and the total acquisition cost. Assuming the production rate remains constant over the mine's life:

$$\text{Total Expected Production} = 300,000 \text{ ounces year} \times 10 \text{ years} = 3,000,000 \text{ ounce}$$
$$\text{Price Paid per Ounce} = \frac{\text{Total Acquisition Cost}}{\text{Total Expected Production}} = \frac{1,600,000,000}{3,000,000} \approx 533.33$$

Strategic and Jurisdictional Considerations

- **Strategic Importance:** The acquisition allows Gold Fields to consolidate its ownership of the Windfall project, which it previously held as a 50/50 joint venture with Osisko. This move is part of Gold Fields' strategy to diversify its portfolio and strengthen its presence in the Americas, alongside its operations in Chile and Peru ^{1 3 5}.
- **Jurisdiction:** Quebec, Canada, is considered a favorable mining jurisdiction, often ranked highly for its ease of doing business and strong support for mining activities. This provides a stable and supportive environment for Gold Fields to expand its operations ⁵.

Conclusion

The acquisition of Osisko Mining by Gold Fields represents a strategic investment in a high-quality asset with significant production potential. The price paid per ounce, approximately \$533.33, reflects the project's high grade and expected low operating costs. The deal also highlights Gold Fields' commitment to expanding its footprint in stable and mining-friendly jurisdictions like Quebec.

Besides getting a price per-production ounce value, Perplexity also provides strategic and jurisdictional analysis.

This is important because some companies pay up for a “more strategic” project (i.e., near an existing mine or smelter) or a more favorable jurisdiction (like the US or Canada).

Resource Estimate

This prompt calculates a company’s resource estimate and provides an EV/Resource valuation.

Here’s the prompt:

“You are the best mining geologist and resource estimator on the planet. You must take drill results and create a resource estimate for a company's deposit.

You can do this with any metal and commodity.

Ensure that each resource estimate includes the company's latest drill results and the commodity's specific gravity number so you can define a resource.

Then, use the latest commodity price to ascribe a value to the in-situ resources.

Finally, create an EV/Resource metric to show how cheap the company is on an EV/Resource basis. You get this by taking the company's total number of equivalent ounces and dividing it by its Enterprise Value (EV). If you don't have an EV, use the company's market cap.

From there, provide comparable EV/Resource metrics for recent buy-out/take-over transactions with similar geology, metallurgy, and jurisdiction.

Your prompt: "Resource Estimate: {insert company name}"

I analyzed Kootenay Silver Inc (KTN.V) this morning using this prompt.



Resource Estimate for Kootenay Silver Inc. (KTN)

Kootenay Silver Inc. is a silver exploration company with significant projects in Mexico, including the Columba, La Cigarra, Promontorio, and La Negra silver projects. The company has reported substantial silver resources across these projects.

Latest Resource Estimates

- **Measured and Indicated (M&I) Resources:** 140 million ounces of silver equivalent (AgEq)
- **Inferred Resources:** 35 million ounces of silver equivalent (AgEq) ¹.

Drill Results

Recent drilling at the Columba project has returned high-grade silver intercepts, including:

- 6 meters averaging 2,035 grams per tonne (gpt) silver
- 44 meters averaging 333 gpt silver ¹.

Commodity Specifics

- **Specific Gravity of Silver:** Typically around 10.49 g/cm³.
- **Current Silver Price:** As of the latest available data, silver prices are approximately \$24 per ounce.

In-Situ Resource Valuation

To estimate the in-situ value of Kootenay Silver's resources, we calculate the value of the M&I and Inferred resources using the current silver price:

- **M&I Resource Value:**
140 million ounces × 24 USD ounce = 3.36 billion USD
- **Inferred Resource Value:**
35 million ounces × 24 USD ounce = 840 million USD

EV/Resource Metric

Kootenay Silver's Enterprise Value (EV) is reported at \$36 million ¹. The EV/Resource metric is calculated as follows:

- **Total Equivalent Ounces:** 175 million ounces (M&I + Inferred)
- **EV/Resource:**
 $\frac{36 \text{ million USD}}{175 \text{ million ounces}} = 0.2057 \text{ USD ounce}$

The prompt provides information like the **latest resource estimate, drill results, and commodity specifics (including specific gravity and price)** and gives an initial in-situ resource valuation.

You *must* double-check the work (via Perplexity sources) and can input whatever commodity price you like (for instance, silver trades at \$28 today). However, the prompt offers an initial “go or no go” analysis of a company’s resources.

Conclusion

I hope you enjoyed this deep dive into how I use Perplexity to analyze any mining investment idea.

These prompts save me **hours** of research and grunt work, allowing me to spend more time analyzing the things that matter ... resource estimates, mine NPVs, management team quality, etc.

I want you to use this tool in unique ways, too. Create prompts that save *even more* time. Find something I'm missing, then share it with the Collective.

I love that about this community. We use tools to grow as investors, share what we've learned, and constantly iterate to improve our processes.

I can't wait to see what you guys come up with!

Until next week,

Your Value Operator

Brandon