MACRO OPS
TRADE - LEARN - EVOLVE

September 24, 2025

THE LONG PULL: Chalice Mining (CHN.ASX) & Precious Metals Thoughts

We've got a ton to cover this week, so grab a coffee, find a comfortable reading spot, and settle in.

First, we pitch Chalice Mining (CHN.ASX), our newest PGM developer position. CHN meets our Trifecta Lens Criteria:

- **Fundamentals:** Largest undeveloped PGM asset in the Western world trading at <$30/oz of 3E PGM resource (excluding all nickel, copper, or cobalt).
- **Technicals:** The stock broke out of a two-year rectangle base on strong volume.
- **Sentiment:** PGMs are moving from "hated" to "the next place to put money after gold and silver." You can make a lot of money during this shift in sentiment.

Then, I outline my current thoughts on precious metals (gold and silver) and discuss my trading/allocation plan going forward as I shift focus to other commodities/thematics.

A lot is happening in the markets, particularly in commodities. It feels overwhelming. My job is to ensure you feel prepared to tackle anything the market throws your way.

Let's get after it.

Chalice Mining (CHN.ASX): A Tier-1 Western PGM Asset

CHN owns the Western world's largest undeveloped PGM asset: the Gonneville Palladium-Nickel-Copper project. The initial resource estimate contains:

- 17Moz of Platinum-Palladium-Gold (3E)
- 960kt Nickel
- 540kt Copper
- 96kt Cobalt

The company has $51M in cash, no debt, and over 7,000km of 100% owned unexplored land packages near existing infrastructure (Perth, Australia).

There are two critical factors in the company's above resource estimate.

First, CHN has doubled its resources in <3 years (from 330Mt to 660Mt), with contained 3E PGM metal increasing from 10Moz to 17Moz.

Second, the company's resource shows a high-grade sulphide zone of 3.8Moz

3E + 120 kt Ni + 120 kt Cu that could act as a starter open pit to enhance project economics and near-term cash flow.

The high-grade starter pit positions the Gonneville project in the second-quartile cost curve, making it one of the **lowest-cost Western PGM projects globally.**

Let's review current in-situ values.

CHN's In-Situ Value: A Lot For A Little

Given CHN's polymetallic deposit, we can compare in-situ values across three modems:

1. Total In-Situ Value
2. 3E In-Situ Value
3. Base Metal In-Situ Value

In other words, what is the in-situ value of CHN's total deposit versus *just* the 3E metals versus *just* the base metals (nickel, copper, and cobalt)?

Check out the results below.

Metal	Contained Res (m)	Price	Value	Notes
Palladium	13.5	$1,860	$25,110.00	oz
Platinum	3	$1,705	$5,115.00	oz
Gold	0.5	$3,500	$1,750.00	oz
Nickel	0.96	$15,000	$14,400.00	t
Copper	0.54	$10,000	$5,400.00	t
Cobalt	0.096	$35,000	$3,360.00	t
Total		3%	5%	1.50%
In-Situ Value	**$55,135**	$1,654	$2,757	$827
3E In-Situ Value	**$31,975**	$959	$1,599	$480
Base Metal In-Situ	**$23,160**	$695	$1,158	$347
Current CHN EV	$533			
% In-Situ	0.97%			
% 3E In-Situ	1.67%			
% Base Metal	2.30%			

CHN trades at <1% of total in-situ value, <2% of *just* the 3E metal in-situ, and 2.3% of its base metals in-situ value.

The company is deeply undervalued based on its in-situ value. Most developers of this size, jurisdiction, and resource estimate trade around 2.5-3.5% of in-situ value … **which is lower than *just* the base metal component of CHN's Gonneville deposit.**

Here's another way to frame CHN's discount. Comparable assets trade around $50/PdEq oz. We already know CHN trades at $37/oz of 3E *without* assigning any value to its nickel, copper, and cobalt assets. However, combined, **CHN trades at $13/PdEq oz, representing a 75% discount to its peers.**

Like all mining companies, there are reasons why the stock and deposit are so cheap.

Why Is CHN So Cheap?

First, PGM prices are *just now* recovering from a decade-long bear market. Nobody wanted to touch PGM assets when they could buy EV-friendly lithium.

Second, CHN released a scoping study in 2023 with highly optimistic 3E PGM prices and a low discount rate (6.5%).

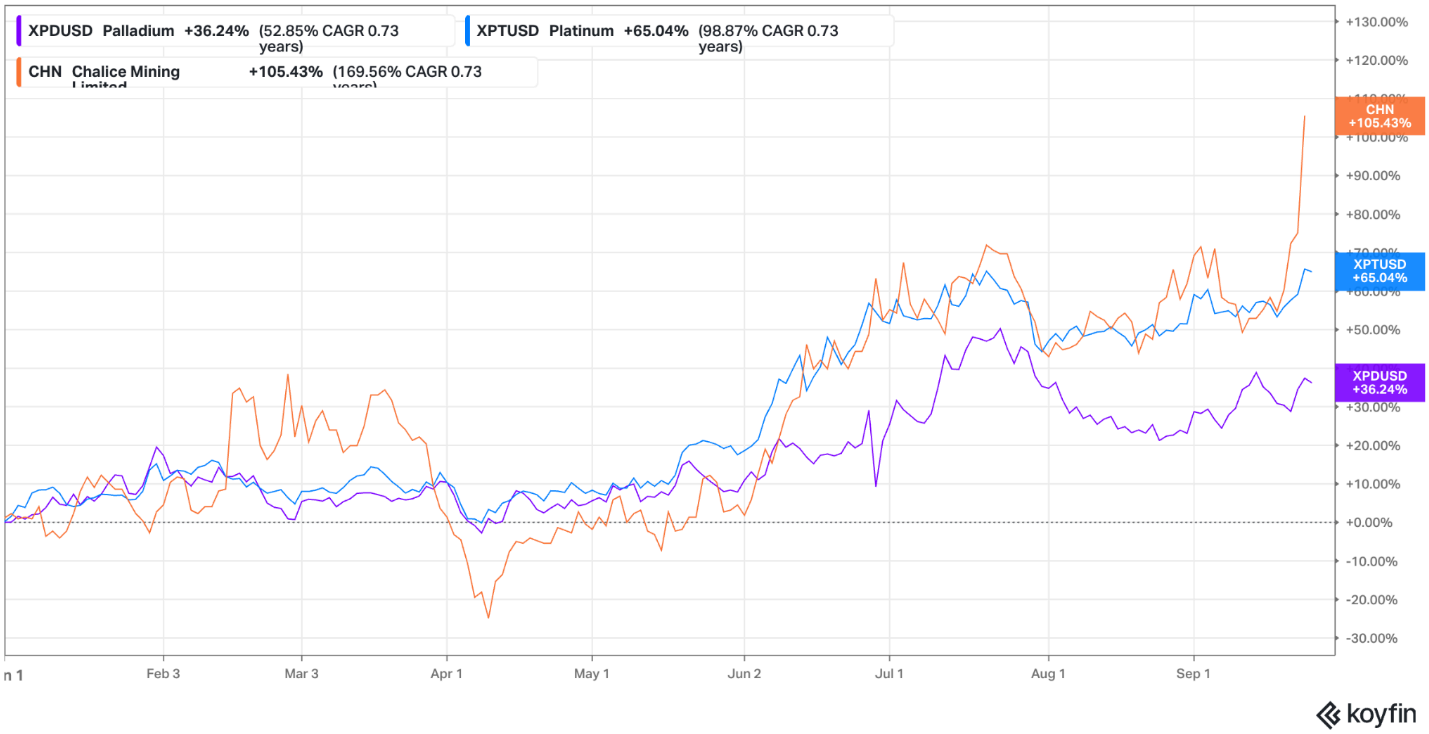
Third, the scoping study revealed a **$1B+ capex project** for a massive open-pit mine with high-grade underground mining potential in later years. Most investors, myself included, prefer smaller capex development projects.

The stock declined by 80% after the study, which is what happens when you release an overly optimistic scoping study during the heat of a commodity price bear market.

That said, these reasons no longer apply because:

1. PGMs are starting a bull market price cycle (so maybe those 2023 price scenarios weren't *that* optimistic!)
2. CHN shifted its focus to prioritize the high-grade, shallow sulfide zone starter pit, aiming to reduce initial capital expenditures and expedite cash flow.

Palladium and Platinum are up 36% and 65% YTD, respectively. **CHN is up 105% YTD**, far outpacing its primary underlying commodities (we want to see relative strength against the commodity).



What Makes CHN Go Up From Here?

There are three potential catalysts for further share price appreciation:

1. Technical inflection

I know, that's not a "hard" catalyst. But momentum begets momentum, and CHN has outperformed PGMs, ranking in the 75th percentile (or higher) on 1W, 1M, and YTD Returns across Global Materials stocks (see below).

Price Change %		
Price Change % (1W)	32.75%	92
Price Change % (1M)	39.26%	79
Price Change % (3M)	42.32%	63
Price Change % (6M)	65.69%	70
Price Change % (YTD)	105.43%	79

As I mentioned earlier, the stock broke out of a two-year rectangle base this week (see below).

2. **Pre-Feasibility Study Release (mid-to-late 2025)**

The company is working on a PFS, due by year-end 2025, which will refine the development concept.

The PFS includes the smaller-scale, higher-grade starter pit (leveraging the 59 Mt high-grade resource) to reduce upfront capital and boost early cash flow.

This could involve starting at ~5–7 Mtpa, focusing on the high-grade core (via smaller pit and/or underground operations), and then scaling up later – a strategy to improve NPV/Capex and financing feasibility.

3. **Improvement in NPV and Capex Figures**

CHN's 2023 Scoping Study outlined 15-30Mtpa of production over a ~19YR mine life with AUD $1.4B in initial capex. The 2023 scoping study NPV was ~AUD $3.5B with a 26% IRR. Lower initial capex costs should offset a "normalization" of 3E PGM price assumptions and provide higher IRRs.

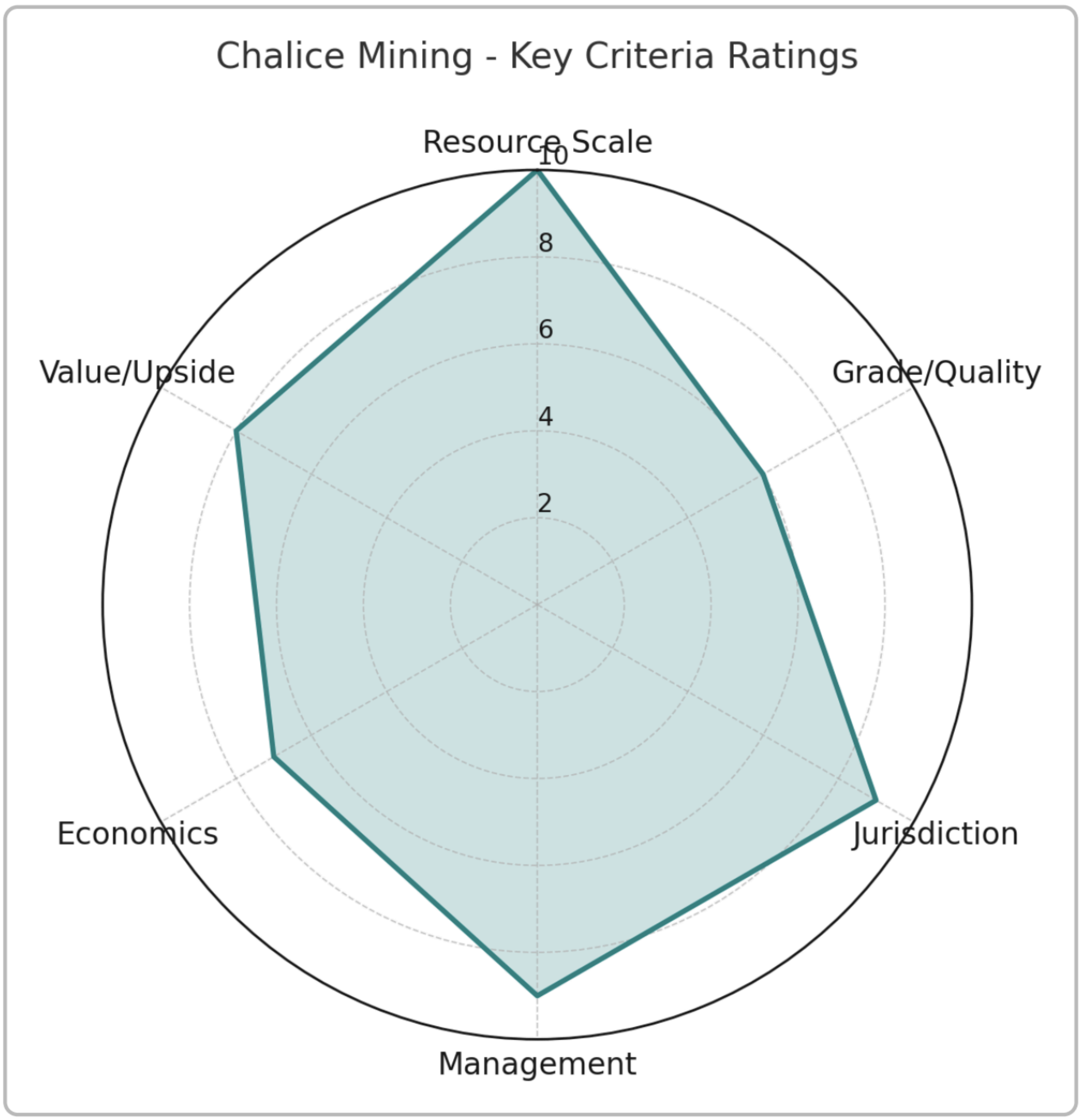
4. **Nationally Strategic Designation**

There is a non-zero chance that Australia or the US designates Gonneville as "Nationally Strategic," as it reduces PGM supply reliance on Russia. This could materialize in equity stakes, sweetheart loans, or federal grants.

Conclusion: Tier-1 PGM Asset w/ Torque

CHN has all the ingredients to become the next Tier-1 PGM asset.

1. **Resource Scale:** 660Mt of PGMs, nickel, copper, and cobalt
2. **Jurisdiction:** Perth, Australia, is one of the best mining jurisdictions
3. **Management Track Record:** Founded by mining entrepreneur Tim Goyder, who also built Liontown Resources (AUD 2.6B).
4. **Resource Grade/Quality:** 59Mt of high-grade starter with a large-scale low-to-medium grade system.
5. **Economics/Development:** 7x NPV to market cap and 2x NPV to capex despite AUD 1B+ initial capex projection.
6. **Market Valuation & Upside:** Trades at a 75% discount to peers and <1% of in-situ value.



Quick Thoughts on Precious Metals / How I'm Positioning The Book

I tweeted this morning that I'm shifting incremental research and due diligence from precious metals into:

- ➢ **Potash**
- ➢ **Copper**
- ➢ **Uranium**
- ➢ **Defense metals (tungsten, antimony, etc.)**
- ➢ **Nickel**
- ➢ **Lithium**
- ➢ **Solar**

As Alex mentioned in his latest trade alert (see below), we will likely see a rotation as gold/silver digests the recent move, and I want to be prepared.

> **Alex** 13:54
> @channel TRADE ALERT: TAKING PROFITS ON LONG DOW MINI, AUD, AND CHF FUTURES. TAKING 25% PROFITS ON LONG GOLD AND SILVER FUTURES, AS WELL AS GOLD MINERS (GDX)
>
> Operators -- We're locking in some profits as our book has been stuffed with risk, is up over 40%ytd, and several trades have hit their measured move targets. We still like the short USD and long PM trades and are keeping exposure there, but gold hit its measured move target, and a period of consolidation is expected soon. So consider this just a little book cleaning to take some chips off the table and thin out our positions a bit.
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Gold and silver are at textbook "measured move" price targets, which are nice, round numbers ($3,750-$3,800 for gold and $44/oz for silver). Our base case is that both metals consolidate for a few months before signaling their next move.

It reminds me of the April-August 2025 consolidation in gold before it shot to $3,750/oz.

Not only do we expect a consolidation period, but we'd welcome it. Consolidations along existing long-term trends fuel the fire for … longer continuation trends!

Additionally, gold producers don't need higher prices to generate substantial free cash flows. Miners will keep printing money as long as the gold price remains above $3,000/oz.

So what does this mean for us? It allows us to add to our favorite gold producers and ETFs (such as GDX/GDXJ) on any pullbacks, as the underlying commodity's breather brings down the producers' stock prices.

For example, we took 25% partial profits in GDX today as it trades at a 9x ATR Multiple (see below).

Booked profits today provide dry powder for tomorrow's add at better (read: lower) prices.

The good news is that there are plenty of thematics and commodities to focus on while gold takes a rest day. Look at the above list. All of those commodities and thematics are breaking out.

Here's copper.

European Defense (SHLD) is breaking out to new all-time highs.

Uranium keeps making new weekly highs.

Do you see what I mean? We don't have to stay married to precious metals because they've been big winners for us so far. We can shift capital to other actionable ideas/setups that offer *even better* risk-reward ratios at current prices.

We'll return to gold and silver after they consolidate. But we have plenty of ideas to keep us busy in the meantime.

And that's the best part of our process at Macro Ops. We leverage RS Inflection and RS Composite to identify market corners that offer the highest *return velocity* on our capital.

Except in these markets, it feels like those corners are everywhere, and you can't keep up!

That's why we have systems. That's why we follow systems,

Your Value Operator,

Brandon