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WEEKLY RESOURCE REPORT by Gavin Wendt



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OVERVIEW

- The pummeling of the various major resource indices that commenced in August has accelerated, with the copper and gold narratives really taken a beating. Data centre/AI negativity has impacted a copper market that was priced for perfection, whilst rising rates and US dollar strength have eroded gold's investment appeal.
- The 12-month graphic below shows the ASX 200 Energy Index (XEJ) is up 11%, the ASX 300 Metals & Mining Index (XMM) up 1%, and the ASX All Ordinaries Gold Index (XGD) down 10% – whilst the ASX All Ordinaries Index (XAO) is down 2%. Resource equities have been smashed in line with underlying commodity prices.

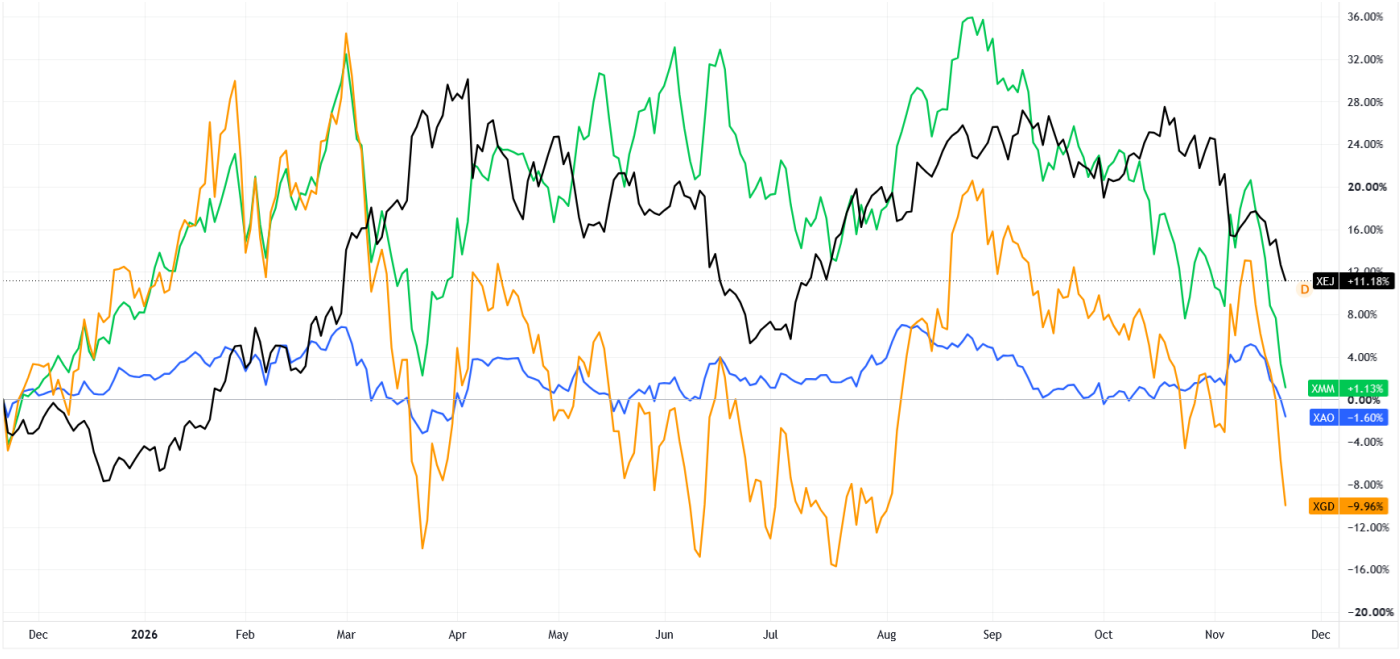


Figure 1: 12-month graphic comparing the relative performances of the ASX Metals & Mining, Energy, Gold, and All Ordinaries indices.

- For a longer-term perspective, we've taken the same indices and shown their performance over a five-year period in the graphic below. Over this extended timeframe, the ASX All Ordinaries Gold Index (XGD) is up 123%, the ASX 300 Metals & Mining Index (XMM) is up 37%, the ASX 200 Energy Index (XEJ) is up 22% - and the ASX All Ordinaries Index (XAO) is up 12%.
- Gold broke out strongly in 2024 – driven by a cocktail of supportive factors that we haven't seen since the 1970s – rising inflation, stagnating growth, skyrocketing debt, political uncertainty and military conflict.
- Whilst gold has corrected in 2026, the underlying narrative has not completely changed.

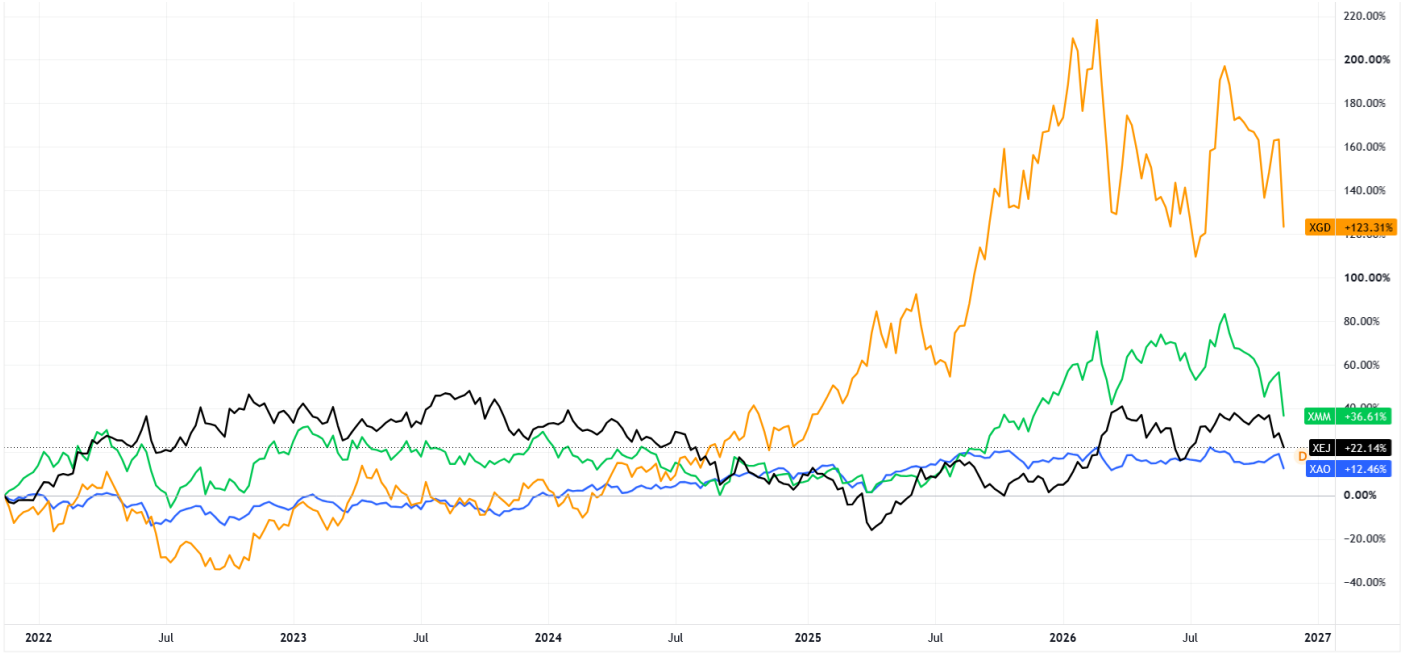


Figure 2: 5-year graphic comparing the relative performances of the ASX Metals & Mining, Energy, Gold, and All Ordinaries indices.

Performance of Our Top 10 Miners

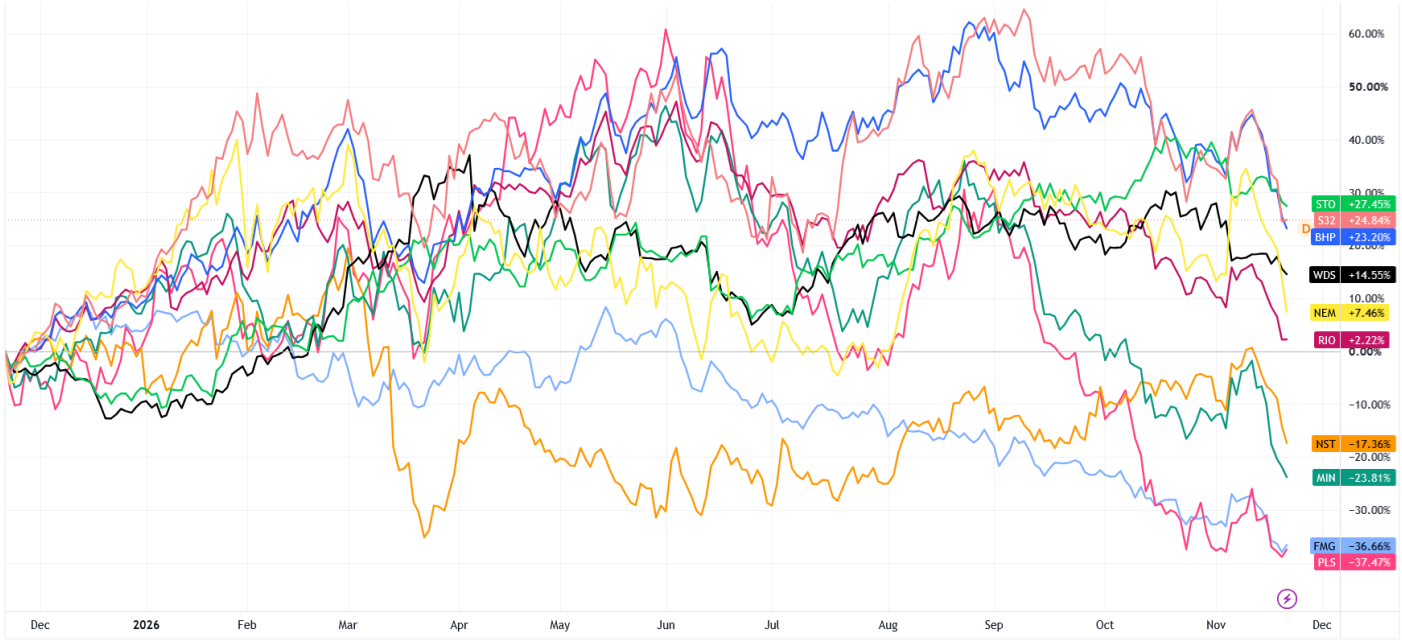


Figure 3: 12-month rolling graphic comparing the relative performances of Australia's biggest mining and energy stocks.

The relative 12-month performances of Australia's biggest mining and energy companies:

1. Santos (ASX: STO): +27%
2. South32 (ASX: S32): +25%
3. BHP Group (ASX: BHP): +23%
4. Woodside Energy (ASX: WDS): +15%
5. Newmont Corporation (ASX: NEM): +7%
6. Rio Tinto (ASX: RIO): +2%
7. Northern Star Resources (ASX: NST): -17%
8. Mineral Resources (ASX: MIN): -24%
9. Fortescue (ASX: FMG): -37%
10. PLS Group (ASX: PLS): -37%

COMMODITY COMPARISON CHART

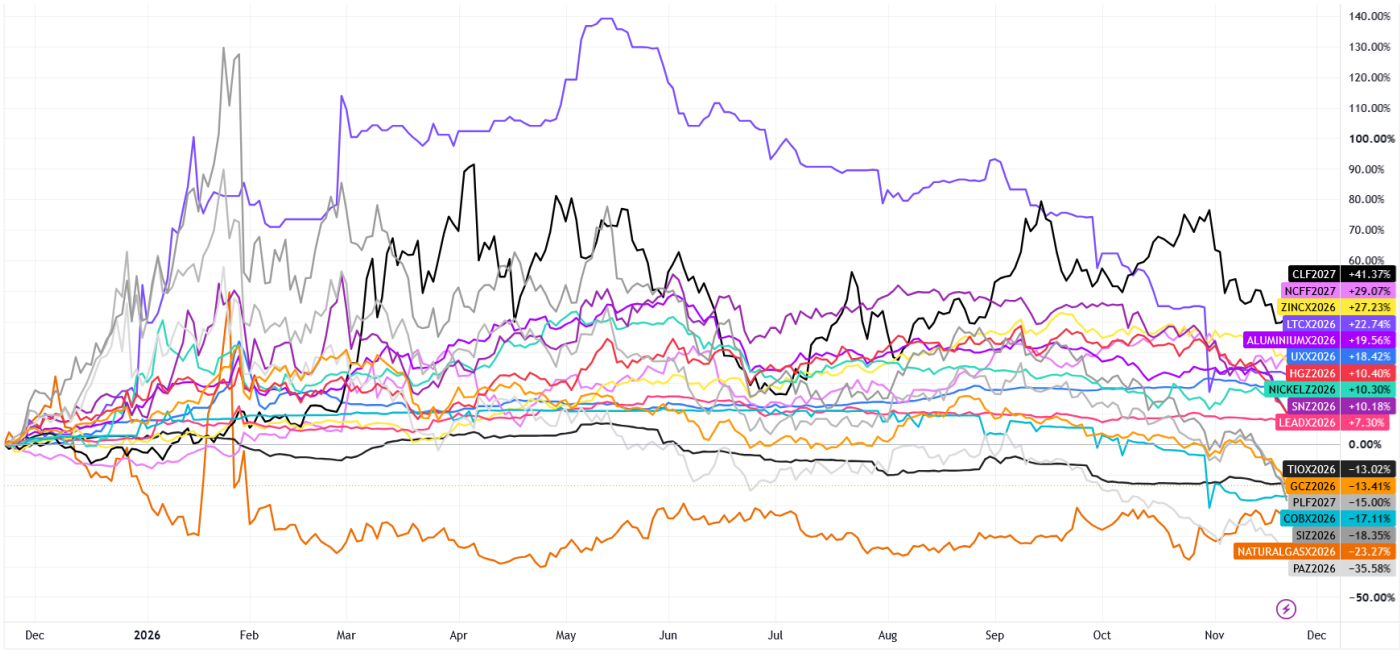


Figure 4: 12-month rolling graphic comparing the relative performances of a basket of commodity futures prices.

- **Crude Oil (+41%)** – 3-week decline to a 3-month low of $82/barrel on the back of abundant global supply.
- **Coal (+29%)** – risen from 2-month low as persistent Middle East tensions keep coal price risk premium high.
- **Zinc (+27%)** – lowest level since July amid expectations of higher refined output and lower industrial demand.
- **Lithium Carbonate (+23%)** – 12-month low on lower demand as EU halves China's EV imports into the bloc.
- **Aluminium (+20%)** – 12-month low on improving supply, mainly from China, with surplus expected in 2027.
- **Uranium (+18%)** – steady at $90/lb and continuing gains since Feb on strong long-term demand outlook.
- **Copper (+10%)** – 7-month price low of $5.50/lb on concerns over risks to AI data centre demand.
- **Nickel (+10%)** – retreated from 2-month high due to global oversupply and subdued downstream demand.
- **Tin (+10%)** – down 10% in Nov to 8-month low due to concerns a slower data centre buildout.
- **Lead (+7%)** – prices steady despite broader demand concerns around the future of ICE vehicles.
- **Iron Ore (-13%)** – close to a 4-year low at $90/t amid soft Chinese steel demand and rising global supply.
- **Gold (-13%)** – lowest level since Sep 2025 and its steepest weekly decline in 8 months to $3,540/oz.

- **Platinum (-15%)** – lowest level since June 2025 due to higher interest rates and weak automotive demand.
- **Cobalt (-17%)** – prices weakening as consumer electronics sales fall due to price rises, reducing demand.
- **Silver (-18%)** – below $42/oz to its lowest level since Sep 2025 on the likelihood of US interest rate rises.
- **Natural Gas (-23%)** – prices recovering from recent low due to concerns about tighter winter supplies.
- **Palladium (-36%)** – below $900/oz to its lowest level since April 2025 on fears of higher US interest rates.

Resource Equity Performance

The average resource sector share price is now at its lowest level since September 2025 – with a 30% retracement since its peak in February this year. If we take out the profitable larger and mid-cap miners that will have been propping up the graph, it's clear that the vast majority of companies are struggling.

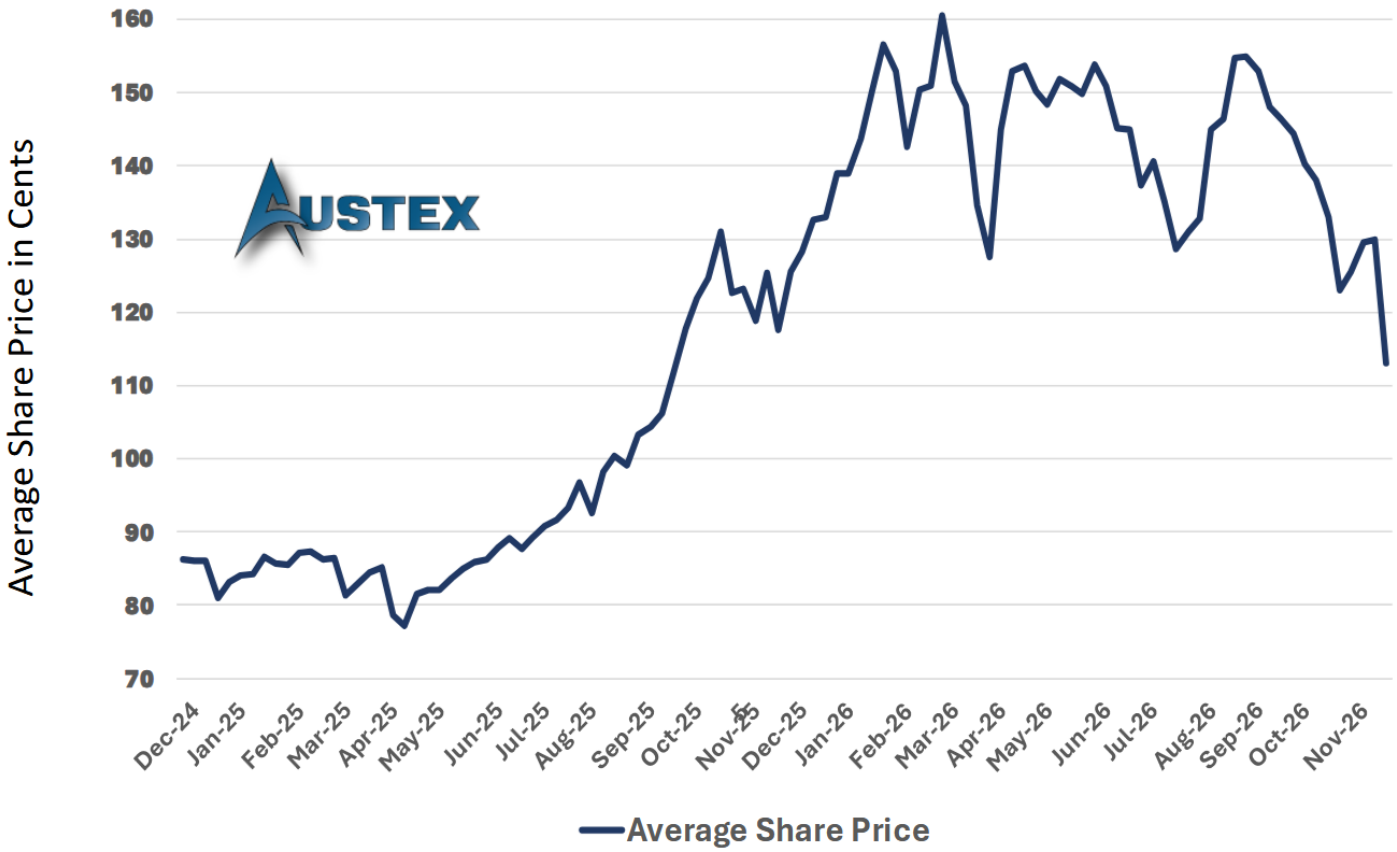


Figure 5: Average ASX resource companies' share price over the past two years (Courtesy of Austex).

Commentary

Gold

Week in Review

- Gold has recorded its steepest weekly loss in eight months after a bruising stretch of trading that pushed prices below $4,000/oz before the week even began. By Friday, the metal closed just below $3,540/oz as investors reassessed the Federal Reserve's interest rate outlook.
- Minutes from the October FOMC meeting showed that a strong majority of participants saw further hikes as necessary to contain renewed inflation pressure. That message strengthened expectations for another

increase in December, while a rising US dollar and higher Treasury yields compounded the pressure on non-yielding gold.

- The market faced an additional setback on Wednesday when Fed Governor Christopher Waller called for a possible 50-basis-point December hike if incoming inflation figures fail to improve. October retail sales also exceeded forecasts, suggesting that consumer demand remains resilient enough to withstand tighter monetary policy.
- With gold now trading from a considerably weaker position, attention turns to this Wednesday's PCE Price Index for the next inflation signal. The Thanksgiving holiday should otherwise make for a lighter economic calendar and potentially thinner news flow. Traders will be watching whether gold can stabilize after this week's sharp decline or whether the Fed-driven pressure persists.

An Increasingly Critical Phase

- Gold is trading in an increasingly critical phase, caught between mounting monetary pressures and geopolitical risks, as the precious metal struggles to regain its bullish momentum despite persistent uncertainty across global markets.
- In my view, the current price action represents more than just a temporary correction in gold prices - it reflects a significant shift in the forces shaping the market, with the US dollar regaining prominence, expectations of prolonged restrictive monetary policy from the Federal Reserve intensifying, and US Treasury yields rising. Together, these factors are putting gold to a serious test, challenging buyers' ability to defend current price levels.

US Dollar

- At the forefront of developments is the US dollar, which has staged a notable recovery, climbing to levels not seen in approximately 19 months. The greenback has benefited from increased demand for US assets amid escalating geopolitical tensions, as well as shifting expectations surrounding the Federal Reserve's monetary policy.
- The implications for gold are significant, as a stronger dollar makes the precious metal more expensive for investors holding other currencies, while simultaneously reducing its relative investment appeal compared with US dollar-denominated assets. However, the impact goes beyond currency valuation. If the dollar's strength persists, it could create a double headwind for gold by weakening investment demand and undermining buying momentum across global markets.

Interest Rates

- Perhaps the most important factor in determining gold's next move is the Federal Reserve's policy stance and the evolving outlook for US interest rates. Recent hawkish remarks from several central bank officials highlight persistent concerns about inflation, particularly as price pressures remain above the Fed's target levels. These signals have brought the prospect of interest rates remaining elevated for longer back into focus, while also leaving the door open to further monetary tightening if incoming economic data warrants such action.
- In my view, markets may have already begun repricing the Federal Reserve's policy outlook, helping explain much of the recent strength in the US dollar and the decline in gold's investment appeal.
- This equation cannot be separated from US Treasury yields, which have emerged as another major challenge for gold. Rising yields, particularly on longer-dated government bonds, increase the opportunity cost of holding a non-yielding asset such as gold, encouraging some investors to reallocate their portfolios toward fixed-income instruments. The yield on the benchmark 10-year US Treasury note has moved above the 5% threshold, reflecting a clear shift in market expectations regarding inflation and the future path of interest rates.

Inflation

- This development is not merely a short-term negative for gold - it also highlights investors' growing sensitivity to persistent inflation risk, potentially extending the period of pressure on assets that do not generate regular income. Recent US inflation data have reinforced these concerns, with October figures pointing to continued price pressures. Annual producer price inflation climbed to 6.5%, while the core measure rose 5%.
- Although moderation in some monthly components may offer markets some optimism, the broader picture still suggests that bringing inflation back to the Federal Reserve's 2% target could prove challenging. Consequently, any upcoming economic reading that exceeds expectations could revive bets on further interest rate hikes, providing additional support for the US dollar and Treasury yields while exposing gold prices to another wave of selling pressure.

Geopolitical Tensions

- One of the most striking aspects of the current market environment is that geopolitical tensions, which traditionally support demand for gold as a safe-haven asset, have so far failed to halt its decline. Escalating tensions between Iran and the United States, along with growing concerns over maritime security and energy supplies across the Gulf region, are heightening uncertainty and supporting demand for defensive assets.
- However, the strength of the US dollar is competing directly with gold for these safe-haven flows. Furthermore, any increase in energy prices resulting from supply disruptions could reignite inflationary pressures, potentially strengthening the case for tighter monetary policy. This is where the current market environment becomes particularly challenging for gold. Geopolitical tensions could shift from being a direct source of support for the precious metal to an indirect headwind if they trigger higher oil prices, rising inflation, and stronger US Treasury yields.



Figure 6: 25-year graphic of the performance of the US$ gold futures price.

Outlook

- Despite these negative factors, it’s not all doom and gloom for gold, as the precious metal still has several strategic drivers that could reshape its medium- and long-term outlook. These include continued central bank purchases, efforts to diversify foreign exchange reserves away from the US dollar, growing concerns

surrounding US debt and fiscal deficits, and the potential erosion of confidence in traditional financial assets if economic and geopolitical instability intensifies.

- Furthermore, prolonged international tensions could revive investment demand for gold once the pressures stemming from elevated Treasury yields and a stronger dollar begin to ease. Nevertheless, I believe these long-term supportive factors need a clear monetary policy catalyst to translate into a sustainable bullish rally rather than temporary rebounds within a broader downward correction.
- Maintaining perspective is really important when evaluating the gold market. Gold's recent correction has understandably unsettled investors - but the past 25 years or so saw an unprecedented price run from ~US$250 per ounce in 1999 to record highs. Along the way gold has weathered multiple recessions, financial crises, interest-rate cycles, currency shocks and geopolitical events, whilst still producing strong long-term returns.
- In the near-term though, the gold price has continued to break through major support levels, which raises the likelihood of a deeper correction, particularly if accompanied by continued strength in the US dollar and rising Treasury yields. I therefore remain cautious on gold, with selling pressure likely to persist unless we see a meaningful shift in expectations surrounding US monetary policy.

Recent Equity Coverage

Thursday 19 November

Locksley Resources (ASX: LKY) - Share Price: $0.056 | Market Cap: $21M |

- We've introduced LKY as a Stock to Watch, based on the company's decision to abandon its rare earths exploration plans in the USA and instead refocus its attention on its core projects within the Greater Tottenham copper-gold district in central NSW encompassing ~1,000 sq km.
- From a geological perspective, the district sits within the Girilambone Basin of the Lachlan Fold Belt - the same broad mineralised and infrastructure corridor as the Tritton, Nymagee/Hera, Mineral Hill and Cobar mining operations.
- LKY maintains a current JORC 2012 Mineral Resource, multiple brownfield growth centres, a deep technical dataset and a defined program that aims to grow, de-risk and commercialise the Greater Tottenham district.
- LKY has recently upgraded its Greater Tottenham Mineral Resource 10 Mt at 1.10% Cu and 0.32 g/t Au - containing 110kt of copper and 100koz of gold.
- It's also commenced diamond drilling at the Iron Duke copper-gold project, the first step in a district-scale drilling program across the greater project.

Wednesday 18th November

Aureka Limited (ASX: AKA) - Share Price: $0.16 | Market Cap: $44M |

- AKA holds an extensive portfolio of advanced-stage, high-grade Victorian gold projects, targeting discovery/development of next generation multi-million-ounce deposits.
- The Stawell Corridor Gold Project captures 60km of a multi-million-ounce gold zone, with a 40km section of this corridor yielding +6 million ounces of gold within two multi-million-ounce goldfields – Stawell and Ararat.
- AKA's Global Resource inventory comprises 6,240,000 tonnes at 2.27 g/t Au 454,800 oz.

- After initially negotiating a binding toll mill partnership with the Wedderburn Gold Processing facility to treat ore from the Walkers Pit at its Comstock deposit, AKA has since completed a deal to acquire the Wedderburn mill and nearby gold and silver deposits – fast-tracking its move to producer status.

Monday 16th November

Aruma Resources (ASX: AAJ) - Share Price: $0.003 | Market Cap: $5.4M |

- AAJ's core project is the high-grade Tillex Copper Silver Project within the prolific Timmins mineral district in Ontario, Canada – and it is this project that has attracted our attention.
- Ongoing Phase 2 diamond drilling at Tillex is progressively demonstrating a potentially substantial copper-silver system rather than a series of isolated high-grade intersections. Its latest results extend the continuous mineralised footprint to approximately 245 metres of strike length, whilst remaining open in all directions.
- The scale potential also continues to expand - with the broader Tillex trend extending for approximately 3.2-3.4km, the majority of which remains largely unexplored.
- Pending assays from 8 holes are keenly anticipated, as they have the potential to materially extend the known footprint and further strengthen the case that Tillex is emerging as a significant Canadian copper-silver discovery.

Sunday 15th November

ADX Energy (ASX: ADX) - Share Price: $0.011 | Market Cap: $12M |

- ADX has a strong operational focus on Austria - where it has existing small-scale oil production operations, as well as bigger picture gas exploration ambitions.
- ADX has enjoyed significant initial success with its exploration drilling programs, with the drilling and now testing of the first of three shallow onshore gas wells presently underway.
- The successful GA-093 workover has already demonstrated the value embedded within the company's Austrian production portfolio, while the upcoming HOCH-1 testing and GOLD-1 drilling campaign offer potentially material resource growth opportunities.
- Importantly, all of this is occurring against a backdrop of elevated European gas prices, which magnify the commercial impact of any incremental production or successful discovery.
- ADX is advancing a portfolio capable of delivering both short-term operational gains and longer-term exploration upside.

Wednesday 11th November

Great Boulder Resources - Share Price: $0.071 | Market Cap: $140M |

- GBR represents an advanced gold explorer, with a strategy of evaluation, progression and commercialization of its original and high-grade Side Well Gold Project, located within the heart of the multi-million-ounce Murchison goldfield in Western Australia.
- Side Well hosts a Mineral Resource of 16.0Mt @ 2.0g/t Au for 1.02Moz Au (626koz @ 2.8g/t Au Indicated, 395koz @ 1.4g/t Au Inferred). Encouragingly, 61% of the ounces lie within the Indicated JORC category, an important step in enhancing the geological understanding of Side Well, and 68% of resource ounces have open-pit mining potential (<150m from surface).

- GBR recently expanded its Murchison gold project interests – acquiring Westgold Resources' (ASX: WGR) Peak Hill Gold Project, which hosts a Mineral Resource of 9.4Mt @ 1.6g/t Au for 481,000oz.
- Both Side Well and Peak Hill lie in close proximity to processing infrastructure.

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