

## THE IMPORTANCE OF MEETING EXPECTATIONS – SPECIFICALLY WITH REGARD TO MILESTONES

I have repeatedly drawn attention to the importance of milestones as an opportune investment strategy. This of course is in a way a personal preference, but I consider milestones, such as a maiden resource estimate (MRE), a preliminary economic assessment (PEA) or a pre-feasibility study not only important benchmarks in the exploration lifecycle, but also kind of lighthouses for me as an investor. Because these can/could/might be times for paychecks. Or not.

### **MILESTONES – OPPORTUNITIES TO PROFIT**

Of course, when investing in early explorers, it is the early milestones such as the MRE and the PEA that are attractive. These are both key events in the life of a Junior, similar to Bar-Mizwar in the life of a Jewish kid – or the wedding day for most of us (unless you start to forget it in the later years, in which case you wish you never had one).

Anyway, let's agree that up to a MRE a stock of an explorer gets bought for the sole reason that investors *hope* their company is on something. Of course, there are hints: Grab samples here, the confirmation of a specific geological structure there, a new outcrop etc.

But what does it mean? It is pretty much a fact that all these are hints. But as every criminal investigator will confirm to you: Only if the suspect finally collapses in your investigation room and admits to have committed X (fill any

popular crime here), will the hints be of value. Otherwise the investigator can put them in the dust-bin.

The MRE gives you a drill-based clue if your deposit is a nice average, the next Oyu Tolgoi or Coffee deposit, or just a bunch of rocks with some occasional gold here and there.

It's the culmination point when all those investors that have lined up finally see if there is a realistic chance that they own stocks of a company that, at one day, might actually produce something of value. Or not.

If an MRE is successful, it is normally the first time that an early explorer gets noticed beyond the exclusive circle of secretive Junior Mining investors. Family offices, venture capitalists etc. get note of this 25mio dollar company on the TSX-V that has just announced a resource of 3 mio ounces – with a potential value of around a billion.

Many brains now start flickering: 25mio -> 1 billion, 25 – 1 25 – 1...hey, that's gonna be money! Lots of money!!

So, in such cases new and bigger investors should come in, driving the stock price up. We can see 100% and beyond here, often within a few days. Hundreds of percent are possible within a few week, if the company knows how to exploit such a situation.

In any case, you got my point: These early milestones are important. Both for the company, but also for the mean underground investor such as us 😊

#### WHAT IF A MILESTONE IS NOT BEING MET?

But as always, where there is light, there is shadows. Because the opposite can also be true: If you don't meet your milestone (or for better clarity: if you don't meet the expectation in your next milestone, you could be ~~fucked~~ ~~doomed~~ loose considerable capital.

This has a lot to do with **expectation management**. If you make investors believe for a consecutive time you are sitting on the next multi-million high-grade ounce deposit, you better **make sure you're in fact sitting on it!**

In this business, it is always better to underpromise and then overdeliver: a run to your shares is almost guaranteed. But markets react very very insulted if you do the opposite of overpromising and underdelivering.

There are companies that have never really recovered from such actions, even though their actual project wasn't so bad after all.

I would like to give AMEX EXPLORATION as a case in point here. Working on a high-grade project in Quebec, they drilled successfully all throughout summer and fall 2023, with a number of excellent results that were reported throughout this time.

Based on that, expectations, supported by management, were in the 2,5 – 3,0 mio ounces of gold range. Again, this is what markets were basically expecting, based on drill results, but also on what was communicated by the company itself.

Finally, on September 03 2024, the MRE came out:

**Table 1:** Summary of total Mineral Resources at the Perron Project

All Zones	Open Pit Constrained			UG stopes			Total		
	COG 0.42 Au g/t			COG 1.29 Au g/t					
	Tonnes	Au gpt	Au oz.	Tonnes	Au gpt	Au oz.	Tonnes	Au gpt	Au oz.
Measured	131,250	1.39	5,880	445,250	6.60	94,530	576,500	5.42	100,400
Indicated	706,600	1.80	40,780	3,030,580	4.65	452,920	3,737,200	4.11	493,700
Indicated+Measured	837,850	1.73	46,660	3,475,830	4.90	547,450	4,313,700	4.28	594,100
Inferred	996,500	2.01	64,420	7,597,300	4.03	985,220	8,593,800	3.80	1,049,650

We see a roughly 1,5 mio ounces MRE. High-grade (3,8 g/t Au to 5,43g/t Au). In an excellent mining jurisdiction. Deposit being open to all sides. Company fully funded for further drilling.

But the market didn't like it:

0,78 EUR

+ Follow

-0.15 (-16.56%) ↓ year to date

13 Sept, 22:00 CEST • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	0,78	Mkt cap	133,61M CAD	52-wk high	1,38
High	0,78	P/E ratio	-	52-wk low	0,67
Low	0,78	Div yield	-		

[More about Amex Exploration Inc →](#)

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After the completion of the MRE-relevant drillhole database on June 30, 2024, share price increased from 94 cents to 1,27 August 16 (35%). Then they pretty much hovered on that level until the MRE was released in September 03, 2024.

After that, stocks dropped from CAD 1,24 to 76 cents within 2 days after the announcement, which is -40%. This represent the lowest levels since spring 2020, with the short exception of fall 2023.

**DID THE COMPANY GET WHAT IS DESERVED?**

One thing there is about markets which is just a fact: Market's react like machines. There aren't many emotions. If they want to kill, they kill. If they want to generate the next business mega-star, they will create. This is based on what markets think will happen.

Normally. Junior Mining markets however have a tendency to overreact. This is not because there is more soul in these markets than others. It simply has to do

with the lower liquidity level. One pissed-off large shareholder can really hit it. That was also the case for Amex.

Because the deposit is still good. Grades are great, size is ok. This is gonna be a mine. And the market share of Amex before the MRE was around CAD 190 mio. The value of the project as is (even at this size) is easy double that level. Instead, markets destroyed 40% of that value, roughly 60mio, within two days.

I believe prices will recover, and someone will mine this deposit.

But what I actually want to point out is, as always, a take-away for us as Junior Mining investors:

We need to examine the marketing and the expectation management of our company. If they aim high, we better be sure it really is going to be good.

Be careful, examine closely. A milestone will open up new avenues: But which direction they will take is not entirely clear.