

## Famine, Energy Shortages and Hyperinflation

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I'm going to write today about a junior resource company I like a lot but I'm going to discuss some other things that investors need to keep in mind due to the incredibly stupid sanctions imposed on Russia in an attempt by the US to destroy a nuclear armed country. Have I ever mentioned just how insane that idea is? Why would anyone in their right mind try to eliminate a nuclear-armed country?

[Before the attack on Ukraine](#) the madness of shutting down our existing energy system before replacing it had doubled the price of gasoline in the US. Because fertilizer is so energy intensive, farmers were facing a critical economic future. It was impossible to be able to afford the inputs and still make a profit in farming. Then Putin responded to the constant bombing of Donbass and threats from Ukraine to go nuclear. He stated his demands clearly. Ukraine and the US proved tone deaf and he invaded.

I wrote [one of the most important pieces I have ever written](#) on the 1st of March predicting economic suicide on the part of the EU and the US as a result of the sanctions.

There is a new star in the world financial constellation named Zoltan Pozsar. Mark the name down and any time you see it, read what he has to say. He is brilliant and works for Credit Suisse. He also [spoke about the greatest shift in economic decision making](#) in history as I did. I beat him to the punch by one day. Perhaps he reads me.

We had a problem with prices out of control as a result of the Covid stupidity before this silly little war started by the US. Today we have a crisis that is being pretty much ignored because frankly few people realize how serious it is. I read that there are 800 million people needing food assistance daily. With an effective blockade on Ukraine ports by Russia, the farmers that could afford fuel and fertilizer won't be able to ship their crops this year.

[Thirty-five African countries depend on food supplies from](#) the Black Sea region. They faced starvation before the war due to inflation of energy prices and a lack of affordable food. Many of the 800 million are simply going to starve to death this year. In the US when oil prices reach \$200 a barrel as they are predicted to do and you are paying \$10 a gallon for gas, you may want to consider the millions of people around the world starving because of the sanctions. Dozens of governments are going to be overthrown. There will be mass economic chaos.

So investors need to consider global politics and energy/food related issues. Countries are going to fall and that easily could extend to the US itself as a direct result of their own suicidal decisions.

I was introduced to an interesting company about a week ago and had a nice chat with the president of the company. It's called BacTech Environmental (BAC-C) and they are world leaders in the bacterial leaching of certain types of mineral deposits. The process was invented in Australia over two decades ago. Even though the process works just fine the company really never gained traction.

The concept is simple. Rather than use harsh and often deadly chemicals such as cyanide they use special bacteria that combine with the sulfides to produce environmentally benign products. There is a link on [the home page](#) that explains the simple process. In addition to being far more environmentally friendly, currently treating sulfide rich ores with arsenic requires roasting and high use of energy.

For most of the last twenty years, the company tended to struggle. They got contracts but were working as vendors to the mining companies rather than doing their own processing. As far as I am concerned and the price of the shares seems to agree with me, investors couldn't get their heads around the process and the business plan. The price of shares dropped as low as half a cent in 2019. I didn't even know a share price could drop that low and still trade.

About a year ago the company made a major shift in their business direction. Rather than serving as a subcontractor to mining companies BAC would build a processing plant near the gold rich ore most suitable for their process.

That happens to be in [an area of Ecuador with over fifty small scale miners mining gold material grading 1.75 ounces](#) per tonne but arsenic rich. All refineries tend to charge large penalties for such material. Recently the Chinese have increased the import duty on such ore thereby reducing the price paid to the miners.

BAC plans a tiny fifty TPD mill costing about \$17 million in capital to construct. Their figures show a Pre-Tax IRR of 57.9% with annual production of just over 31,000 ounces a year. Pre-tax earnings would be about \$10.9 million prior to a local employee pool of \$1.64 million.

That doesn't sound like much. \$17 million to construct, 57.9% IRR, 31,000 ounces of gold a year. But they are planning on creating a perfectly scalar process that they can easily expand to more attractive levels of production. They want to get it right first and then cookie cutter it. Their study of the area indicates a potential of between 200 and 250 TPD of the gold ore so they could be producing between 120,000 and 150,000 ounces of gold a year soon.

I like the concept because it gives them an easy to achieve target at a low capital cost but can easily expand. That will give them a solid financial

foundation that they haven't had to date. Certainly the miners and the government are going to love the idea and while everywhere in South American tends to be difficult to deal with, the Ponce Enriquez plant is a win-win for everyone including the Chinese. No one wants the arsenic except their bugs. Their bugs eat rocks.

While plans are in progress for financing and building their plant in Ecuador, the company continues to expand their technology. On April 7th they published a press release talking about a patent application for bacterial leaching for iron and cobalt. That has billion dollars potential and BacTech has no competition with their leaching process. Billions of tonnes of potential material exist in tailings facilities all over Canada.

BacTech is an advertiser. I am participating in a PP and I am biased. Do your own due diligence.

### **BacTech Environmental Corp**

BAC-C \$.11 (Apr 08, 2022)

BCCEF OTCQB 164 million shares

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**Home**