

Subdued Diggers & Dealers is reflective of the Sentiment Oscillator

Diggers & Dealers was subdued ...

I have read some puzzling emails from parties who went to Diggers & Dealers this year, saying how positive the sentiment was. They must have been hanging out in different booths and bars to the ones I was in. Maybe it suits them to try and wind people up.

In reality it was rather subdued this year, which is a reflection of the state of the mining equities markets. There was a lack of overseas people in the 2,300 delegates, particularly on the money side. No-one seems to be running around trying to find the hot buys of 2018. There was no FOMO. Rather, it was a measured consideration of the opportunities.

That is not to say that the industry is down in the dumps. It is not as if companies are going broke - except for those that have made operational errors. Most producers are doing well and explorers are making reasonable progress, with the usual mixture of winners and losers. It is just that "doing well" is not enough to get the punters wound up at present. Enthusiasm is subdued and the market is boring.

... but Bellevue Gold gives cause for excitement

Having said that, on the technical front, the most interesting story to emerge over recent months has been Bellevue Gold (BGL) (formerly Draig). We first mentioned Bellevue in August last year when the share price was only 5¢. We were keen on it for two reasons. Firstly, it had been a very profitable gold mine in the 1980s and 1990s. Secondly, with the introduction of Steve Parsons to the equation, we saw the upside with his revised geological thought processes and his promotional skills. At the time we observed;

Located only 40 km from Leinster, the Bellevue gold mine boasts historical gold production of around 800,000 oz at 15 gpt. It was actually one of the first projects that I looked at as a young gold analyst, in 1983. Back then it was operated by Queen Margaret Gold Mines NL in joint venture with Spargos Exploration, junior companies in the Minox stable that was owned by the likes of Mark Smyth, Peter Jermyn, Barry Feldberg and Ian Veale.

The last phase of mining was from 1988 until 1995. The underground mine was very profitable for a while due to the free milling ore and high grades that at times exceeded 30 gpt. So profitable was it that Independent Resources swooped on the company after about three years. Thereafter the history becomes a little more clouded, but the mine continued to generate strong profits. Eventually it was sold to Plutonic Resources, but that company had bigger fish to fry.

Since August last year the company has raised capital three times; \$3m at 5¢, \$5m at 20¢ in November, and \$8m at 20¢ in March. The share price peaked at 27.5¢ in November on the enthusiasm of the drill results, but the two

subsequent placements have sufficiently fed the appetite for stock such that the shares have been drifting sideways, under the placement price.

The company originally planned to drill for offset extensions of the rich Bellevue orebody at depths of 450-650m, but it was distracted by some historical results to the west of the old mine on the other side of the Highway Shear. Blessed with good fortune, the drilling provided very good result sight from the start. So good were these drill results that a couple of weeks ago the Company was able to announce a JORC Inferred Resource of 580,000 oz at 6.3 gpt using a 2 gpt cut-off. Lifting this cut-off to 5 gpt still results in 430,000 oz at 9.6 gpt.

We should be looking at this initial resource as proof of quality of the exploration potential of the licences. We expect that there will be much more gold found both in depth extensions and the surrounds of the old mine. Don't expect the company to be talking about a mine development for some time though. One sure way to dampen enthusiasm in the market is to go down the production path too soon. Look at how many companies mismanage the switch. Let's just have some fun with exploration for a while.

When we first looked at BGL the market capitalisation was around \$15m. It is now at \$70m, having raised \$16m along the way. It is still below the standard \$100m level needed to get most institutions involved, but the specialists that understand gold won't hesitate to come down to this size company for quality. There will be some stock slopping around under the 20¢ placement price, but once it clears that overhang we could see much higher prices if we continue to get goodwill results. We have started to accumulate shares at around these levels.

Disclosure: Interests associated with the author own shares in Bellevue Gold and has received capitalising fees.

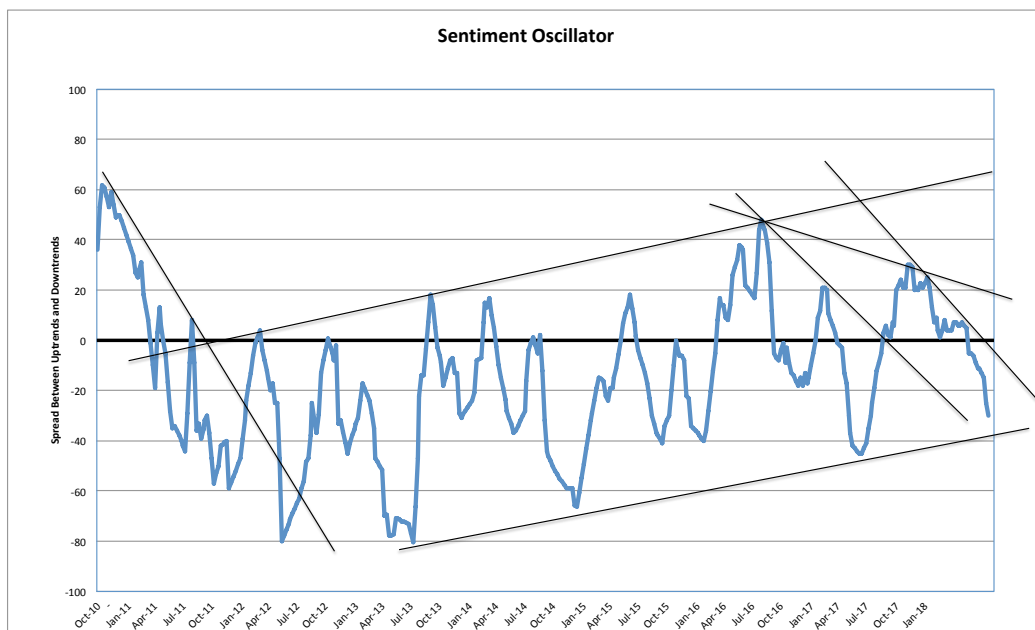
Cobalt stocks are flat on the canvas

The cobalt boom was remarkably short-lived given that the enthusiasm for other battery metals such as lithium, over an extended period of time, and the very clear shortfall in supply looking ahead. Yes, the price of cobalt had run hard and yes, battery manufacturers are developing technologies that will reduce the dependence on cobalt, but when has the market been very good at looking five years out. Cobalt supply will continue to be an issue in the foreseeable future.

The 12 month cobalt chart below shows that the price is back to where it was a year ago. That is not an accurate representation of the fundamentals, but rather, a reflection of expectations. There will be a reversal of the trend at some point.



If we are going to enter the discussion about what technological improvements are in the pipeline, such as the greater use of nickel to the detriment of cobalt, then surely we should be asking how long it will be until lithium batteries are replaced by more superior technology. Everyone is racing around after lithium, mostly in denial about the problems that come with lithium in terms of safety and performance. Lithium is the best right now, but we will start to see graphene-based alternatives coming to market. These will be much safer with no risk of fire, they will charge in a matter of seconds rather than hours and they will last 10x longer than any lithium-based battery. Industry won't immediately switch to a better energy storage device as there is so much already invested in the manufacturing facilities for lithium ion. It will take time to make the upgrade, but it will happen.






































Sentiment Indicator: The bad news is that sentiment fell again last week. The good news is that it is very close to bottoming out; 21% (24%) of the charts were in uptrend and 51% (49%) in downtrend on Friday's close. It is rapidly approaching support levels.

Detailed Chart Comments
















































NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code	Trend Comment	
All Ordinaries	XAO	at highs	
Metals and Mining	XMM	holding	
Energy	XEJ	at highs	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Adriatic Resources	ADT	correcting from highs	zinc
Aeon Metals	AML	on support line	copper + cobalt
Alacer Gold	AQG	back to recent highs	gold – production
Alkane Resources	ALK	breached long term support line	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alchemy Resources	ALY	base forming	nickel, cobalt
Alicanto Minerals	AQI	down	gold exploration
Allegiance Coal	AHQ	holding LT uptrend	coal
Alliance Resources	AGS	continuing down	gold exploration
Altech Chemicals	ATC	holding on support line	industrial minerals - synthetic sapphire
Anova Metals	AWV	new low on poor production report	gold
Apollo Consolidated	AOP	rallying	gold exploration
Archer Exploration	AXE	breach of support	magnesite, graphite
Argent Minerals	ARD	down	polymetallic
Aurelia Metals	AMI	new high	gold + base metals
AusTin	ANW	new low	tin, cobalt
Australian Bauxite	ABX	testing downtrend	bauxite
Australian Potash	APC	testing downtrend	potash
Australian Mines	AUZ	down	cobalt/nickel
Australian Vanadium	AVL	new high	vanadium
Azure Minerals	AZS	new low	silver
Bounty Coal	B2Y	below issue price	coal
BHP	BHP	in a rising wedge	diversified
Base Resources	BSE	sideways through downtrend	mineral sands
Bathurst Resources	BRL	sideways	coal
Battery Minerals	BAT	collapse to new low	graphite
BBX Minerals	BBX	down	gold
Beach Energy	BPT	near highs	oil and gas
Beadell Resources	BDR	another new low	gold
Bellevue Gold	BGL	testing resistance	gold
Berkeley Energia	BKY	down	uranium
Berkut Minerals	BMT	new low	cobalt
Blackham Resources	BLK	down again	gold
Blackstone Minerals	BSX	new low	gold, cobalt
Broken Hill Prospect.	BPL	down	minerals sands, cobalt
Buru Energy	BRU	slump	oil
Cardinal Resources	CDV	testing uptrend, down	gold exploration
Cassini Resources	CZI	sideways	nickel/Cu expl.
Celsius Resources	CLA	back in downtrend	copper/cobalt
Chalice Gold	CHN	testing downtrend	gold
Cobalt Blue	COB	free fall on study results	cobalt

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Comet Resources	CRL		new low	graphite/graphene
Crusader Resources	CAS		new low	gold/iron ore
Dacian Gold	DCN		struggling	gold exploration
Danakali	DNK		rising again	potash
Doray Minerals	DRM		trying to hold uptrend	gold
Eden Innovations	EDE		down	carbon nanotubes in concrete
Egan Street Resources	EGA		new low	gold
Emerald Resource	EMR		surge out of downtrend	gold
Evolution Mining	EVN		down	gold
Excelsior Gold	EXG		down	gold
FAR	FAR		uptrend emerging	oil/gas
First Cobalt	FCC		new low	cobalt
First Graphene	FGR		holding uptrend	graphene
Frontier Diamonds	FDX		new low	diamonds
Fortescue Metals	FMG		rallied out of steepest, but still in LT downtrend	iron ore
Galaxy Resources	GXY		longer term downtrend confirmed	lithium
Galilee Energy	GLL		retaining uptrend	oil and gas, CBM
Gascoyne Resources	GCY		down	gold
Global Geoscience	GSC		breached uptrend	lithium
Gold Road	GOR		new high	gold exploration
Golden Rim	GMR		new low	gold exploration
Graphex Mining	GPX		new low	graphite
Heron Resources	HRR		downtrend persisting	zinc
Highfield Resources	HFR		down again	potash
Highlands Pacific	HIG		still in uptrend	copper, nickel
Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		breached support line	mineral sands
Image Resources	IMA		resumed LT uptrend	mineral sands
Independence Group	IGO		breached support line	gold, nickel
Jervois Mining	JVR		strong bounce	nickel/cobalt
Karoo Gas	KAR		new low	gas
Kasbah Resources	KAS		still in downtrend	tin
Kibaran Resources	KNL		sideways	graphite
Kin Mining	KIN		trying to form a base	gold
Legend Mining	LEG		strongly higher	exploration
Lepidico	LPD		continuing down	lithium
Lithium Australia	LIT		testing downtrend	lithium
Lucapa Diamond	LOM		breached downtrend	diamonds
Macphersons Res.	MRP		rallying	silver
Mako Gold	MKG			gold
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		down again	tin, nickel
Metro Mining	MMI		fallen back to support	bauxite
Mincor Resources	MCR		breached uptrend	nickel
Mineral Deposits	MDL		strongly higher on takeover approach	mineral sands
Myanmar Minerals	MYL		downtrend breached	zinc
MZI Resources	MZI		bounced off low	mineral sands
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		rallied back to resistance line	REE

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Northern Star Res.	NST		still strong	gold
NTM Gold	NTM		continuing downtrend	gold
Oceana Gold	OGC		rising again	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		breached downtrend	gold development
Orinoco Gold	OGX		down	gold development
Orocobre	ORE		secondary downtrend	lithium
Oz Minerals	OZL		struggling with uptrend	copper
Pacific American Coal	PAK		still in uptrend	coal, graphene
Pantoro	PNR		pullback	gold
Panoramic Res	PAN		testing uptrend	nickel
Peel Mining	PEX		downtrend confirmed	copper
Peninsula Energy	PEN		risen to resistance line	uranium
Perseus Mining	PRU		breaching uptrend	gold
Pilbara Minerals	PLS		testing uptrend	lithium/tantalum
PNX Metals	PNX		lower	gold, silver, zinc
Polarex	PXX		testing downtrend	polymetallic
Prodigy Gold	PRX		testing uptrend	gold exploration
Red5	RED		struggling	gold
Red River Resources	RVR		down	zinc
Regis Resources	RRL		slump beneath trend line	gold
Resolute Mining	RSG		testing downtrend	gold
RIO	RIO		down	diversified
Salt Lake Potash	SO4		re-entering downtrend	potash
Saracen Minerals	SAR		down	gold
St Barbara	SBM		breached uptrend	gold
Sandfire Resources	SFR		down	copper
Santana Minerals	SMI		new low	silver
Santos	STO		back to highs	oil/gas
Sheffield Resources	SFX		rising again	mineral sands
Sino Gas & Energy	SEH		confirming uptrend	gas
Sipa Resources	SRI		sideways	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new high	coal
Sundance Energy	SEA		testing uptrend	oil/gas
Syrah Resources	SYR		new low	graphite
Talga Resources	TLG		down	graphite
Tanami Gold	TAM		slump	gold
Tiger Realm	TIG		down	coal
Triton Minerals	TON		down	graphite
Troy Resources	TRY		uptrend breached	gold
Tyranna Resources	TYX		Sideways at the bottom	gold exploration
Vango Mining	VAN		correcting	gold
Vector Resources	VEC		back to lows	gold
Vimy Resources	VMY		testing downtrend	uranium
Volt Resources	VRC		down	graphite
West African Resources	WAF		breached downtrend, but then a slump	gold
Westwits	WWI		down	gold exploration/development
Western Areas	WSA		down	nickel
White Rock Minerals	WRM		new low	silver
Whitehaven Coal	WHC		new high	coal

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WPG Resources	WPG	■	down again	gold
Wolf Minerals	WLF	■	sideways at lows	tungsten
Totals	21%	30	Uptrend	
	51%	73	Downtrend	
		142	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend)). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts			
Sector	No. of Companies	Weighting	
Gold	33	23.2%	
Gold Exploration	15	10.6%	
Coal	10	7.0%	
Copper	9	6.3%	
Graphite	9	6.3%	
Oil/Gas	8	5.6%	
Mineral Sands	7	4.9%	
Cobalt	7	4.9%	
Lithium	7	4.9%	
Zinc	6	4.2%	
Silver	5	3.5%	
Nickel	5	3.5%	
Potash/Phosphate	4	2.8%	
Uranium	3	2.1%	
Bauxite	2	1.4%	
Tin	3	2.1%	
Diamonds	3	2.1%	
Iron Ore	1	0.7%	
Other	5		
Total	142		

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