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On Friday's Close

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Uranium stocks spike on news of Cameco cutbacks

The strength in the Australian market continued as the week progressed, playing catch up with overseas markets. The buyers are loosening their purse strings across a broad range of sectors.

Uranium stocks spiked on Thursday with the news that Cameco was temporarily suspending production from the McArthur River and Key Lake uranium operations in Canada. However, it will continue to supply the market from its large inventory, expecting that the shutdown will last for about 10 months.

The Aussie uranium stocks immediately reacted with speculators buying aggressively, but as usual, the emotional gut reaction lacked any logic. This is a temporary closure. It doesn't take the mines offline permanently. There will be no disruption to supply, as there is a large stockpile to draw upon. The reason why the suspension is taking place is because the uranium market is very ugly. Thus, it is an acknowledgement of how bad it really is. It is not a buy signal.

There were two ASX listed uranium producers (outside of BHP and RIO), Paladin and Peninsula. Both were born out of the uranium bubble that we saw a decade ago. Now there is only one left. Paladin is in administration and Peninsula is finding it more profitable to buy spot uranium than produce it. It is very fortunate to have forward sales above US\$50/lb.

Every other listed uranium hopeful is living in fantasy land if they think they are going to start up a new uranium mine. Only a lemming would contemplate doing so given the dour outlook for the uranium price and nuclear energy. Social pressure for renewables has won out over economics and science such that the window of opportunity for nuclear power has now closed. Fukushima was the final nail in the coffin. Those still holding uranium stocks should see this as an opportunity to bail.

Volatility is at low levels, but for how long?

Stock prices have been rising strongly in the USA, but in mid-October the volumes on the major stock exchanges were down 22% on last year's average. Average daily trading volume of ETFs was down 8.5% from a year ago. Trading volume on the MSCI Europe index fell to its lowest level in five years. The CBOE Volatility Index (VIX) fell to its lowest level in 20 years in early October.

Looking at our market, the enthusiasm for stocks has been relatively low (up until recently). Investors have been cautious in what seemed like a balanced market. Short selling levels have been relatively high, being double what they were in 2010. Many brokers will tell you that the market is boring, even though it is moving higher. FOMO is not common, but in the smaller end some of the more speculative stocks have surged. Look at the Pilbara gold play. Money is being made if you want to be in the fast

lane. Our Sentiment Oscillator has been calling the direction quite accurately.

At some point there will be an event that re-introduces volatility, but will it be a good or a bad event; up or down? Can you afford to miss out if the market runs harder? (It is interesting about how no-one is talking about higher interest rate at present).

Oil stocks attracting attention

Money continues to flow into oil stocks with the oil price holding above US\$60/bbl, the best price seen in two years. Journalists are starting to pick up on the theme, interviewing analysts to nominate the best buys. Santos and Beach come out as preferred stocks but there is a host of others that are starting to improve. The highest risk ones will obviously offer the greatest leverage. The oil stocks we cover in the charts are all trending upwards, so for the time being the trend is your friend.

Lucapa results - some encouraging, others not

Late on Friday Lucapa brought out the long awaited results of the chemistry analysis for the first seven holes. One of those holes provided encouragement, with the other six showing chemistry to be outside the optimum environment for the creation of diamonds - the diamond stability field. Thus they drop to the back of the field with respect to prospectivity. The seventh sample, from L14, continues to offer some promise so it will be assessed further.

The objective of exploration at this stage is to knock out those kimberlites that are likely to be a waste of time, and focus on the ones that give the right (positive) chemical signature. Even when this first pass chemistry gives us encouragement there will always be further work required. You will never get a drill core that is dripping with diamonds. It is a process of elimination to find the exact source of the high value diamonds.

While the results released yesterday have not giving us the instant gratification we would have liked first up, it should be noted that they came from targets that were accessible during the wet season and these were not necessarily the best targets. Further, they were drilled prior to receipt of the TDEM survey results. Yet, the high value diamonds have come from somewhere nearby.

Lucapa is now preparing the core for the testing of the next 11 holes drilled. Significantly, five of these are from targets that drain into the rich Mining Block 8.

Disclosure: FEC has received capital raising fees from Lucapa Diamond Co in the past and associates of FEC own shares in Lucapa.

Argent Minerals - dramatically expanding potential

During the week Argent (ARD) brought out two major announcements. The first related to the dimensions of the Kempfield silver/lead/zinc resource, while the second disclosed significant improvements in the metallurgy for the same resource.

The Kempfield resource had previously been disclosed to be 21.8 Mt at 47 gpt Ag, 0.12 gpt Au, with associated zinc and lead. The silver equivalent numbers were 75 gpt for 52 Moz. It was a useful but not compelling resource, but since this was announced in 2012, ARD has been working away to determine just how big the system could be. An additional 34 holes have been drilled, to depths of 700m, and the 3D geology and exploration model has been substantially reworked. The strike length has been increased by 250%, the width has been increased by 80%, and the depth has doubled to 400m. Thus its size is starting to look substantial indeed, and the new geological detail gives a much better understanding of the deposit.

When you add the existing resource to the revised exploration target, you are now looking at the potential for 60 Mt, with the incremental grade being 65 gpt Ag, 0.3 gpt Au, 1.2% Zn and 0.6% Pb. The contained silver equivalent ounces goes up from 52 Moz to 152 Moz. Of course, that is the optimistic scenario, but it gives a feel for the ultimate potential. We all like to know just how big these things can become. It will take 5,000m of RC, by the end of Q1 2018 to verify this target, and a second stage of drilling to achieve JORC status.

As good as the larger resource is going to be, the real leverage comes from the improvement in the metallurgical test results that reported to a bulk metal concentrate. Silver and gold recoveries have increased from 80% initially, to 89.5% and 88.6% respectively. The zinc and lead improvements have been more dramatic, up from 55% to 97.5% and 83.4% respectively. Testing was undertaken on drill core samples, whereas the earlier tests were taken on residue from CIL tests.

The improvement in the zinc recoveries is quite timely given the performance of zinc prices recently. While it has traditionally been a silver play, zinc now becomes important - maybe even more important than silver, if the AGM presentation given on Friday is accurate. The order of magnitude increases disclosed last week add greatly to the likelihood that Kempfield could constitute a worthy multi-metal development in due course. In the meantime it is clearly a stronger, legitimate silver play.

Disclosure: FEC and associates own shares in Argent Minerals

Tin seminar

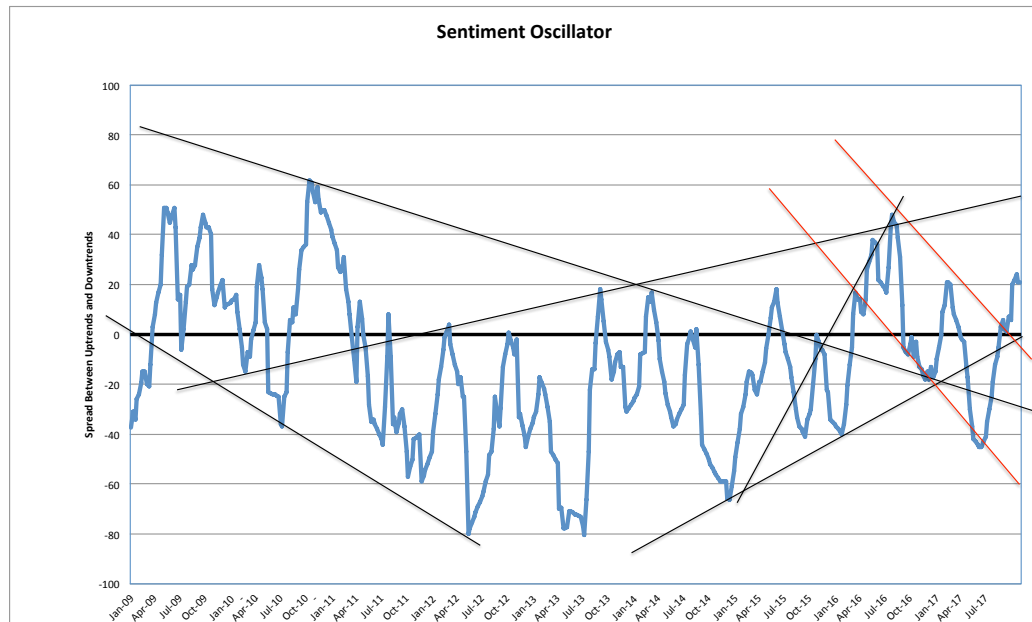
Last Monday there was a Tin Seminar held in Sydney that was attended by 30-40 brokers, analysts and investors. The keynote speaker was Tom Mulqueen from ITRI Ltd, an expert in tin markets who had flown in from the UK. Four companies presented their merits; Aust Tin, Kasbah Resources, MetalsX and Stellar Resources. Two of these were pure tin plays. The best performer in the market last week was MetalsX, probably because of the nickel and copper projects that offer exposure to a wide range of battery input metals.

Tin seems to be a commodity that has had a recent history of disappointing the optimists. Just when there was a shortage predicted, a fabulously high grade near-surface field was discovered in Myanmar, dramatically adding to global supply. Now that the easiest of this tin has been exploited the tin market is expected to resume the previous trends. Still, the expected growth rate in demand seems to be in the order of 1-3% p.a. Tin is promoted as a green metal, and is of importance to the battery market, but it is part of the mix as opposed to an essential metal in short supply. Soldering still constitutes about half of the demand for tin.

Anyone looking at tin investments will need to do their homework and be satisfied that the company under review has good project fundamentals rather than rely on a hot tin market. There is one positive though; known tin stockpiles are at the lowest level that they have been for 15 years, and they are half what they were in 2009.

Data collection is massive today

Reading The Credit Strategist last week, I came across this following statement from Christopher Cole of Artemis Capital Management, stating that "90% of the world's data across history has been created in the last two years ...". That is quite astonishing in itself, but what does it mean? Are we suddenly massively empowered like never before - assuming that data is meaningful? Maybe, but the article put this figure up to emphasis that all of our financial and economic models are inherently flawed because the historical data they use is incomplete i.e. they are unreliable.







Sentiment Indicator: Even though it was a strong market, the Sentiment Oscillator was steady. There were 46% (46%) of the charts in uptrend and 25% (24%) in downtrend on Friday's close.

Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant.

Indices	Code	Trend Comment	
All Ordinaries	XAO	holding highs	
Metals and Mining	XMM	into a steeper uptrend now	
Energy	XEJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	breached trend line	gold
Aeon Metals	AML	back to highs	copper + cobalt
Alacer Gold	AQG	testing uptrend	gold – production
Alkane Resources	ALK	testing recent downtrend	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Agua Resources	AGR	back in downtrend	phosphate
Alicanto Minerals	AQI	testing downtrend	gold exploration
Allegiance Coal	AHQ	down	coal
Alliance Resources	AGS	sideways	gold exploration
Alltech Chemicals	ATC	stronger	industrial minerals
Anova Metals	AWV	falling again	gold
Antipa Minerals	AZY	sideways	gold
Apollo Consolidated	AOP	new high	gold exploration
Archer Exploration	AXE	strongly higher	magnesite, graphite
Argent Minerals	ARD	testing downtrend	polymetallic
Artemis Resources	ARV	Uptrend	gold, nickel
Aspire Mining	AKM	new low	coal
Aurelia Metals	AMI	upside breakout	gold + base metals
Auroch Minerals	AOU	continuing higher	exploration
Aus Tin	ANW	sideways	tin, cobalt
Australian Bauxite	ABX	breached uptrend	bauxite

















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Australian Potash	APC		slump back into downtrend	potash
Australian Mines	AUZ		working around highs	cobalt/nickel
Australian Vanadium	AVL		turning higher	vanadium
Avanco Resources	AVB		sideways	copper
AWE	AWE		stronger	oil and gas
Azure Minerals	AZS		strong rise	silver
BHP	BHP		stronger	diversified
Base Resources	BSE		rallying	mineral sands
Bathurst Resources	BRL		heading down	coal
Battery Minerals	BAT		testing downtrend	graphite
BBX Minerals	BBX		suspended	gold
Beach Energy	BPT		rising	oil and gas
Beadell Resources	BDR		around lows again	gold
Berkeley Resources	BKY		spike on Cameco suspensions	uranium
Berkut Minerals	BMT		rising	cobalt
Blackham Resources	BLK		crunched down again	gold
Broken Hill Prospect.	BPL		strongly higher	minerals sands, cobalt
Buru Energy	BRU		strongly higher	oil
Canyon Resources	CAY		correcting of recent high	bauxite
Cardinal Resources	CDV		testing uptrend	gold exploration
Cassini Resources	CZI		rising	nickel/Cu expl.
Chalice Gold	CHN		surge	gold
Cobalt One	CO1		back in downtrend	cobalt
Cobalt Blue	COB		spiked higher	cobalt
Comet Resources	CRL		pushing higher	graphite/graphene
Consolidated Zinc	CZL		downtrend being tested	zinc
Corizon Mining	CZN		down	cobalt
Crusader Resources	CAS		new low	gold/iron ore
Dacian Gold	DCN		bounced off support line	gold exploration
Danakali	DNK		bounced off support line	potash
Doray Minerals	DRM		back in downtrend	gold
Draig Resources	DRG		new high	gold
Eden Innovations	EDE		new low	carbon nanotubes in concrete
Emerald Resource	EMR		sideways	gold
Energia Minerals	EMX		weak	zinc
Evolution Mining	EVN		gently stronger	gold
Excelsior Gold	EXG		new high	gold
Finders Resources	FND		stronger	copper
First Australian	FAR		testing uptrend	oil/gas
First Graphite	FGR		strong breach of downtrend	graphite
Fortescue Metals	FMG		testing longer term uptrend	iron ore
Galaxy Resources	GXY		steeply higher	lithium
Galilee Energy	GLL		surge out of downtrend	oil and gas, CBM
Gascoyne Resources	GCY		testing steeper downtrend	gold
Global Geoscience	GSC		new high	lithium
Gold Road	GOR		uptrend continuing	gold exploration
Graphex Mining	GPX		new uptrend	graphite
Heron Resources	HRR		testing downtrend	zinc
Highfield Resources	HFR		breached downtrend	potash
Highlands Pacific	HIG		breached downtrend	copper, nickel
Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		surged higher	mineral sands
Image Resources	IMA		spiked higher	mineral sands
Independence	IGO		stronger	gold, nickel

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Intrepid Mines	IAU		sideways	copper
Karoo Gas	KAR		breached support line	gas
Kibaran Resources	KNL		breached downtrend	graphite
Kin Mining	KIN		rallying	gold
Legend Mining	LEG		sideways	exploration
Lepidico	LPD		steep rise	lithium
Lithium Australia	LIT		rising again	lithium
Lucapa Diamond	LOM		testing downtrend	diamonds
Macphersons Res.	MRP		downtrend	silver
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		spiked higher	tin, nickel
Metro Mining	MMI		stronger	bauxite
Mincor Resources	MCR		spiked higher	nickel
Mineral Deposits	MDL		on support line	mineral sands
Mustang Resources	MUS		collapse	diamonds, rubies
Myanmar Minerals	MYL		rising on re-listing	zinc
MZI Resources	MZI		testing downtrend	mineral sands
Northern Cobalt	N27		strong rise	cobalt
Northern Minerals	NTU		testing downtrend	REE
Northern Star Res.	NST		rising again	gold
NTM Gold	NTM		uptrend forming	gold
Oceana Gold	OGC		down after steep fall	gold
Oklo Resources	OKU		heavy correction	gold expl.
OreCorp	ORR		risen off lows	gold development
Orinoco Gold	OGX		collapse on 1 for 2 issue	gold development
Orocobre	ORE		stronger	lithium
Oz Minerals	OZL		bounced off support line	copper
Pacific American Coal	PAK		good bounce to meet resistance line	coal, graphene
Pantoro	PNR		struggling to hold uptrend	gold
Panoramic Res	PAN		surge through downtrend	nickel
Peel Mining	PEX		another spike on big zinc hit	copper
Peninsula Energy	PEN		spike on Cameco suspensions	uranium
Perseus Mining	PRU		breaching uptrend	gold
Pilbara Minerals	PLS		steeply higher	lithium/tantalum
PNX Metals	PNX		sideways	gold, silver, zinc
Red River Resources	RVR		holding longer term uptrend	zinc
Regis Resources	RRL		testing uptrend	gold
Resolute Mining	RSG		at lows again	gold
RIO	RIO		rising	diversified
Salt Lake Potash	SO4		new uptrend started	potash
Saracen Minerals	SAR		holding long term uptrend	gold
St Barbara	SBM		sideways at highs	gold
Sandfire Resources	SFR		breaching downtrend	copper
Santana Minerals	SMI		short term down	silver
Santos	STO		steeply higher	oil/gas
Sheffield Resources	SFX		steep rise	mineral sands
Silver Lake Resources	SLR		heavy fall	gold
Silver Mines	SVL		down again	silver
Sino Gas & Energy	SEH		breached steepest downtrend	gas
Southern Gold	SAU		gentle LT uptrend	gold
Stanmore Coal	SMR		breaching long term support	coal
Sundance Energy	SEA		new uptrend started	oil/gas
Syrah Resources	SYR		rallying	graphite
Talga Resources	TLG		downtrend	graphene

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Tanami Gold	TAM		down	gold
Tempo Australia	TPP		sideways to higher	mining services
Tiger Realm	TIG		spiked higher	coal
Torian Resources	TNR		new low	gold expl'n
Triton Minerals	TON		uptrend	graphite
Troy Resources	TRY		back in downtrend	gold
Tyranna Resources	TYX		spiked higher	gold exploration
Vango Mining	VAN		down	gold
Vimy Resources	VMY		testing downtrend	uranium
West African Resources	WAF		correcting	gold
Westwits	WWI		rallying	gold exploration/development
Western Areas	WSA		new uptrend	nickel
White Rock Minerals	WRM		sideways	silver
Whitehaven Coal	WHC		gently higher	coal
WPG Resources	WPG		collapse	gold
Wolf Minerals	WLF		testing downtrend	tungsten
Totals	46%	66	Uptrend	
	25%	36	Downtrend	
		144	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	32	22.2%	
Gold Exploration	16	11.1%	
Copper	11	7.6%	
Coal	9	6.3%	
Oil/Gas	9	6.3%	
Mineral Sands	7	4.9%	
Graphite	8	5.6%	
Zinc	7	4.9%	
Silver	6	4.2%	
Lithium	6	4.2%	

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Weightings of Sectors Represented in the Company Charts

Nickel	4	2.8%	
Potash/Phosphate	5	3.5%	
Cobalt	5	3.5%	
Uranium	3	2.1%	
Bauxite	3	2.1%	
Tin	2	1.4%	
Diamonds	2	1.4%	
Iron Ore	1	0.7%	
Other	8		
Total	144		

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