

## Soft gold prices, deal fatigue and Xmas slowdown

Gold company share prices are continuing to erode as the gold price weakens and fails to respond to the same events that were driving the price higher earlier in the year. The occasional rallies have so far just given us false hope. As good as some of the new discoveries have been for some companies, there is no forward movement when the wind is blowing against them.

The oil sector continues to be back in favour. Copper is still benefiting from expectation of increased demand. Rare earth stories are in the most part well supported, and even uranium is making a comeback but without the benefit of a stronger commodity price, yet.

It has been a great year for resource stocks with so many capital raisings that the inevitable deal fatigue syndrome has started to kick-in, as the broking community starts to wind down for Christmas. Maybe there will be a post Christmas/early New Year rally, but as we gradually return to normal next year, the question will be whether or not we will see the same level of buying and trading that has buoyed the market in 2020. Time will tell.

### *Uranium stocks showing plenty of energy*

We have noticed that uranium stocks have been improving in recent weeks, breaking out of long term downtrends in many cases. The uranium sector was on fire at the beginning of last week in Australia and Canada, with the whole sector surging ahead. It wasn't just one or two companies, it was the entire sector. Could this be the start of something more serious, or is it just a rotation of money into a sector that has underperformed for many years?

There is no doubt that nuclear power could solve all of our carbon emission concerns overnight, if it was adopted universally by everyone, but the green movement is unable to overcome the emotional hurdle. The best we can hope for is a swing towards better acceptance of nuclear as part of the energy mix.

The uranium price is still stuck around US\$29-30/lb. It needs to be much closer to US\$50/lb to justify any new mines but there is plenty of surplus capacity on care and maintenance with companies like Cameco before we should consider new developments.

Specifically this week, the fillip to the uranium company share prices was the release of a US Senate bill that if passed, would provide support to US nuclear plants and create a US strategic reserve. However, this will only be open to US production. Perhaps that is why Peninsula Energy's share price was so strong, as it has a mine in Wyoming that is currently switching from alkaline to acid leach.

So, the tide of sentiment does seem to be moving in favour of uranium stocks. Expect to see more promotion of the sector. It is early days yet but it would be smarter to be long than short uranium on stocks just now.

*Disclosure: Interests associated with the author own shares in Peninsula Energy.*

### *Companies need to market and promote, regularly*

When a share price appears to be priced way too cheaply in the market, you may often wonder why. Conversely, when a share price seems way overblown and is defying gravity, you may wonder what other people are seeing that you can't.

In an effort to make sure all the cards are on the table, the regulators prosecute a continuous disclosure policy that is meant to keep the market fully informed in a timely fashion. They think that having the information available to all will ensure a fair market. This intention may sound fair and equitable, but information flow is only part of the equation. Markets and prices move just as much on perspectives and expectations as on hard information.

Differences of opinions are the source of disparity between actual and expected share price movements. Another reason for the disparity may be the technical nature of information released and the inability of uneducated punters to make sense of what is being said. This is where good analyst's opinion can be helpful.

However much sense the above observations are useful in understanding market pricing, there is one essential ingredient that cannot be overlooked, and that is promotion. Unless companies follow through with promotion to emphasise their merits, in a way that motivates investors to act, they will inevitably be on the slow boat. Good marketing of the story is needed to motivate buyers, otherwise even great stories can be overlooked. Too many companies decide to market their merits in the lead up to a placement or share issue, but forget about the need for maintenance marketing in between raisings.

### *Deferred consideration is a no-go for the ASX*

Buying into exploration and mining projects always involves an element of risk. One way that companies try to manage that risk is by paying some money now, and more later, when confidence grows with increasing data and knowledge. Basically, we are talking performance-based deals that share the upfront risk between the vendor and the purchaser. Shareholders would much rather this approach than outlaying everything up front.

However, for some strange reason the ASX has decided it doesn't like these sort of deals. It has started to block them. They are refusing to allow companies to use deferred consideration as a risk minimisation tactic. How stupid! Each week we see more examples of this policy.

It is very disturbing to hear of companies that have been subjected to this policy, expressing extreme frustration, but they are so intimidated by the ASX that they are scared to

say anything in case it gets back to the ASX. They fear that it will be a black mark against their name and they will suffer at the hands of the ASX in subsequent dealings. If this isn't the outcome of bullying, then what is.

Further, compliance with ASX requirements is becoming more difficult because of the swing to "grey law", as opposed to it being in black and white. There is too much discretion in the hands of the ASX and it is showing itself to be exercising that discretion with unhelpful capriciousness. There needs to be a more transparent and objective exercise of the ASX's piers.

### *Talga may be looking for > US\$1bn*

Something that often sends punters running to the hills is news that a company has to raise a large sum of money to advance a project. The market capitalisation of a company is an important parameter, because that gives an indication of potential dilution. The availability of project debt is another important consideration but the debt negotiation process can easily take 12 months or more, and that is a long time for shareholders to have to wait.

Following on from our comments on potential anode producers last week, we see that Talga has just released a scoping study on its graphite anode project in Sweden. This

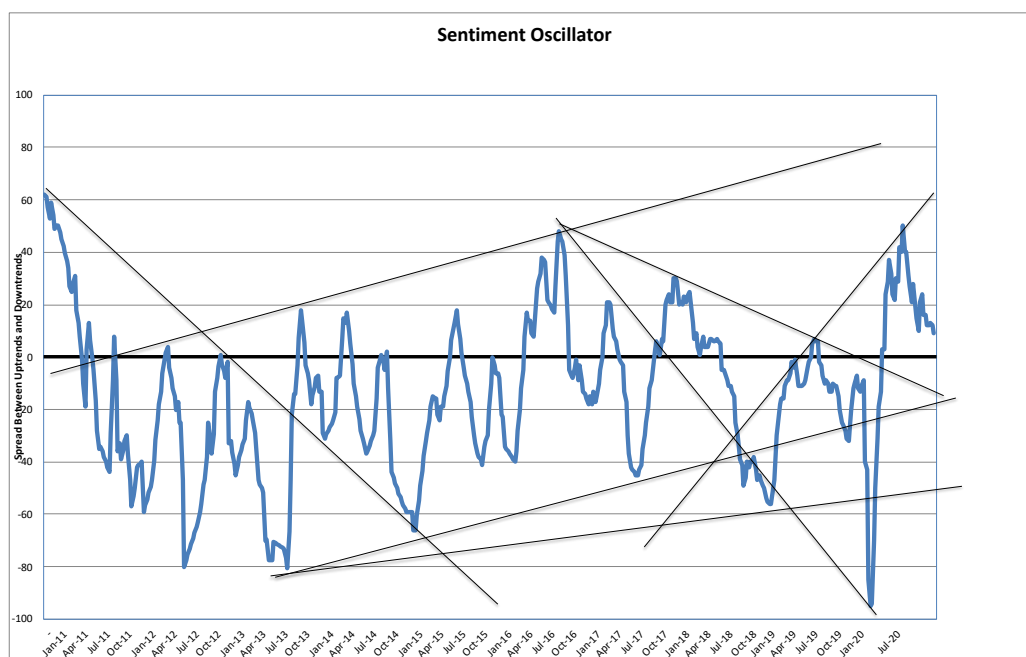
was completed to a low level of accuracy, +/- 30% to 50%, so it still needs a lot more work. The US\$1bn price tag is going to be a challenge and one way or another there is likely to be a material change in ownership of the project, according to the ASX release.

Interestingly, Talga is looking to mine its graphite with an underground operation at a rate of 400,000 tpa. Maybe this explains why Talga has taken so many years to get to the granting of a mining licence (which still hasn't been achieved). It would seem that an open pit mine is environmentally unacceptable.

The Talga share price has been a great performer in recent months but a dose of realities could see it moderate from here.

### *NdPr prices up to US\$66/kg*

Peak Resources has been a very good performer in the rare earth stakes in the last week or two. A quick look at the NdPr price explains why. After spending a long time in the mid US\$40s/kg it is now in the mid US\$60s. That is the level needed for Peak's project to start to show reasonable returns.











**Sentiment Oscillator:** Sentiment has softened little. There were 42% (43%) of the charts in uptrend and 33% (31%) 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. 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		strongly higher	
Metals and Mining	XMM		rising again	
Energy	XEJ		strongly higher	
Stocks	Code		Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N		breaching support line	HPA
Adriatic Resources	ADT		down	zinc, polymetallic
Aeon Metals	AML		sideways to higher	copper + cobalt
Alkane Resources	ALK		breached uptrend, heading down	gold, zirconia
Alicanto Minerals	AQI		down	base metals, silver, gold
Allegiance Coal	AHQ		down	coking coal
Alliance Resources	AGS		down	gold predevelopment
Alto Metals	AME		breaching support line	gold exploration
American Rare Earths (was BPL)	ARR		off its highs	rare earths
Apollo Consolidated	AOP		breaching downtrend	gold exploration
Arafura Resources	ARU		rising again	rare earths
Aurelia Metals	AMI		down	gold + base metals
Australian Potash	APC		testing downtrend	potash
Auteco Minerals	AUT		down	gold exploration
BHP	BHP		new high	diversified, iron ore
Base Resources	BSE		new high	mineral sands
BBX Minerals	BBX		down	gold exploration
Beach Energy	BPT		surged higher	oil and gas
Beacon Mining	BCN		sideways	gold production
Bellevue Gold	BGL		new high	gold exploration
Blackstone Minerals	BSX		breached downtrend	nickel
Blue Star Helium	BNL		down	gas, helium
Breaker Resources	BRB		still in LT downtrend	gold exploration
Buru Energy	BRU		sideways	oil
Calidus Resources	CAI		testing support	gold
Capricorn Metals	CMM		down	gold
Caravel Minerals	CVV		back to highs	copper
Celsius Resources	CLA		rising	uptrend
Central Petroleum	CTP		sideways through uptrend	oil/gas
Chalice Gold	CHN		new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML		collapse on negative drill result	nickel/copper/PGE
Chesser Resources	CHZ		breached support	gold exploration
Cobalt Blue	COB		off its lows	cobalt
Cyprium Metals	CYM		surge higher	copper
Dacian Gold	DCN		rallying	gold
























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Danakali	DNK		down	potash
Davenport Resources	DAV		rising	potash
De Grey	DEG		down	gold
E2 Metals	E2M		surge on drill result	gold exploration
Ecograf (was Kibaran)	EGR		pullback	graphite
Element 25	E25		new high	manganese
Emerald Resources	EMR		sideways	gold
Euro Manganese	EMN		heavy pullback	manganese
Evolution Mining	EVN		sideways	gold
Firefinch	FFX		testing uptrend (was Mali Lithium)	gold
First Graphene	FGR		steeply higher	graphene
Fortescue Metals	FMG		rising again	iron ore
Galaxy Resources	GXY		rising strongly	lithium
Galena Mining	G1A		rising	lead
Galilee Energy	GLL		breaching uptrend	oil and gas, CBM
Genesis Minerals	GMD		uptrend	gold
Gold Road	GOR		down	gold
Highfield Resources	HFR		rising	potash
Hillgrove Resources	HGO		gently higher	copper
Iluka Resources	ILU		demerger	mineral sands
Image Resources	IMA		falling back to support line	mineral sands
Independence Group	IGO		surge through resistance line	gold
ioneer (was Global Geoscience)	INR		steeply higher	lithium
Ionic Rare Earths (Oro Verde)	IXR		gentle uptrend	rare earths
Jervois Mining	JVR		gently lower	nickel/cobalt
Jindalee Resources	JRL		new high	lithium
Kin Mining	KIN		testing uptrend	gold
Kingston Resources	KSN		testing downtrend	gold
Kingwest Resources	KWR		spike higher	gold
Legend Mining	LEG		down	nickel exploration
Lepidico	LPD		sideways	lithium
Lindian Resources	LIN		higher	bauxite
Lithium Australia	LIT		rising	lithium
Los Cerros	LCL		breached uptrend	gold exploration
Lotus Resources	LOT		firmer	uranium
Lucapa Diamond	LOM		at lows	diamonds
Lynas Corp.	LYC		new high	rare earths
Mako Gold	MKG		back in downtrend	gold exploration
Manhattan Corp	MHC		strong rally	gold exploration
Marmota	MEU		drifting lower	gold exploration
Marvel Gold (was Graphex)	MVL		down	gold exploration
MetalTech	MTC		testing downtrend	gold
MetalsX	MLX		breached downtrend	tin, nickel
Metro Mining	MMI		rallying	bauxite

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Mincor Resources	MCR		rising	gold/nickel
Musgrave Minerals	MGV		down	gold exploration
Myanmar Minerals	MYL		down	lead, zinc, silver
Nelson Resources	NES		rising again	gold exploration
Neometals	NMT		rising	lithium
Northern Minerals	NTU		back to support line	REE
Northern Star Res.	NST		down	gold
NTM Gold	NTM		takeover bid	gold exploration
Oceana Gold	OGC		surge through downtrend	gold
Oklo Resources	OKU		down	gold expl.
Orecorp	ORR		breaching uptrend	gold development
Orocobre	ORE		rising	lithium
Oz Minerals	OZL		breached downtrend	copper
Pacific American Holdings	PAK		strongly higher	coal
Pacifico Minerals	PMY		testing downtrend	silver/lead
Pantoro	PNR		testing downtrend	gold
Panoramic Res	PAN		on support line	nickel
Peak Resources	PEK		uptrend	rare earths
Peel Mining	PEX		testing downtrend	copper
Peninsula Energy	PEN		surge out of downtrend	uranium
Poseidon Nickel	POS		rising	nickel
Pensana Metals	PM8		breached uptrend	rare earths
Perseus Mining	PRU		down	gold
Pilbara Minerals	PLS		rising	lithium
Polarex	PXX		down	polymetallic exploration
Queensland Pacific Metals	QPM		correcting lower (was Pure Minerals)	nickel/cobalt/HPA
Ramelius Resources	RMS		down again	gold production
Red5	RED		continuing down	gold
Red River Resources	RVR		new high	zinc
Regis Resources	RRL		down	gold
Regergen	RLT		rising	gas, helium
Resolution Minerals	RML		down	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		breaching downtrend	diversified, iron ore
Rumble Resources	RTR		testing downtrend	gold exploration
Salt Lake Potash	SO4		down again	potash
Saracen Minerals	SAR		weaker	gold
St Barbara	SBM		secondary downtrend	gold
Sandfire Resources	SFR		Downtrend	copper
Santos	STO		breached downtrend	oil/gas
Saturn Metals	STN		secondary downtrend	gold exploration
Sheffield Resources	SFX		rising	mineral sands
Sky Metals	SKY		testing uptrend	gold exploration
St George Mining	SGQ		fallen to support line	nickel

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Silex Systems	SLX		surge through downtrend	uranium enrichment technology
Silver Mines	SVL		on support line	silver
Sipa Resources	SRI		down	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		breached steepest downtrend	coal
Strandline Resources	STA		breaching downtrend	mineral sands
Sunstone Metals	STM		uptrend breached	
Talga Resources	TLG		rising	graphite
Technology Metals	TMT		testing uptrend	vanadium
Tesoro Resources	TSO		down	gold exploration
Theta Gold Mines	TGM		uptrend	gold
Thor Mining	THR		breaching support line	gold exploration
Tietto Minerals	TIE		down	gold
Titan Minerals	TTM		gently lower	gold
Vango Mining	VAN		down	gold
Venturex	VXR		rising	zinc
Vimy Resources	VMY		rising	uranium
West African Resources	WAF		down	gold
Westgold Resources	WGX		strong rally	gold
West Wits Mining	WWI		off its highs	gold
Western Areas	WSA		strong rally to mart resistance line	nickel
Whitehaven Coal	WHC		rising	coal
Wiluna Mining	WMX		down	gold
Yandal Resources	YRL		correcting lower	gold exploration
Zinc Mines of Ireland	ZMI		testing downtrend	zinc
Totals	42%	62	Uptrend	
	33%	49	Downtrend	
		147	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	37	25.2%	
Gold Exploration	25	17.0%	
Nickel	12	8.2%	
Oil/Gas	7	4.8%	
Lithium	8	5.4%	
Zinc/Lead	7	4.8%	
Rare Earths	7	4.8%	
Copper	9	6.1%	
Mineral Sands	5	3.4%	
Iron Ore/Manganese	5	3.4%	
Potash/Phosphate	5	3.4%	
Coal	4	2.7%	
Uranium	4	2.7%	
Graphite	2	1.4%	
Bauxite	2	1.4%	
Silver	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	3		
Total	147		

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