

Good markets continue as share issues are being absorbed

The mining equities markets continued to hold the strongly positive sentiment during the week, with no disrupters spoiling the horizon. We are seeing plenty of companies on the road raising money but that doesn't seem to be a problem. The market wants more paper and the opportunity to take a line in a placement seems preferable to chasing thin volumes in the market, especially if the funds are going into news generating events such as drilling programs.

Looking at movements in the Indices

The All Ords is up almost 18% since its low in mid February this year, but about 5% lower than the peak achieved a year before that. One would have to say that this means things are going well, at least from the perspective of investors, so why did we have the interest rate cut and why are we being warned by the Reserve Bank?

Much of the strength in the markets has come from the reversal of the mining bear market. The Metals and Mining Index has risen about 60% in the last six months, delivering one of the best six monthly periods that I have ever seen. The concerns about the economy seem to be more about the property market than anything else. While ever these concerns about the mining market will continue to be the best hunting ground for investors and traders.

Anova Metals Placement - \$7.1m at 13¢

Last week we were able to offer our Gold Card clients stock in a placement in Anova, which was led by Bell Potter. The total raising was \$7.1m at 13¢, with a follow-up SPP of \$2m being pursued to enable existing shareholders to participate at this favourable price.

I have previously written AWV up as an asset realisation play without the risk of capital expenditure financing. High grade gold orebodies (5-6 gpt) in Nevada will be mined and treated through the Jerritt Canyon mill and roaster, owned by Sprott. It has always been my belief that when the toll treater starts to see how much money AWV will make, it would be a logical takeover target.

AWV has decided to get on to the front foot and expand its resource base. It has a number of ore shoots at Big Springs which are open at depth, and other positions which are obvious targets for additional ounces. AWV will commence a \$5m diamond drilling program in September, with three months of drilling this side of the USA winter and three months after winter.

We can see that there is potential for an additional 250-500,000 oz, which would imply a cost of \$10-20/oz for additional ounces. Given that the margin on producing these ounces could be in the range of US\$300-500/oz (US \$75-\$250m), there is strong incentive to get on and spend that \$5m. Rather than a 3 to 6 year production exercise at 50,000 oz pa., we could see both an expansion in the annual gold production and an extension in the mine life.

None of the above exploration should have any delaying impact on the commencement of production, hopefully before the end of September, under the existing toll

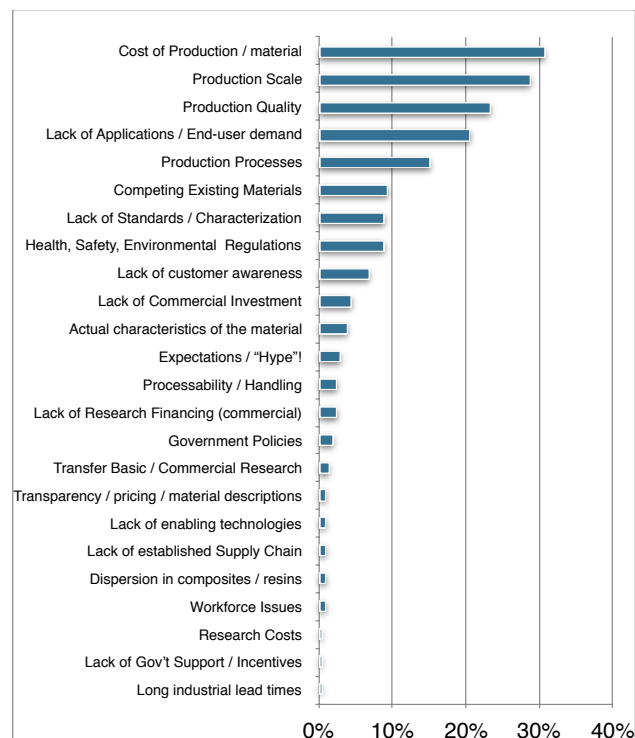
treatment agreement. What it does do is make AWV a much more dynamic stock and opens the door to new possibilities.

Again, what appeals most is the low risk of the Company and the strategy. It is perfectly situated to capitalise on the strong gold price.

The Graphene Council Survey 2016

The Graphene Council has released its 2016 annual survey, providing a good status report on the sector. I have extracted a chart from page 17, which highlights the major barriers that have been identified by 440 industry participants. What is nothing new are the three biggest concerns; cost of material, production scale and production quality. What is very illuminating though, is that First Graphite (FGR) can comprehensively address all of these concerns with its electrochemically exfoliated graphene. FGR just needs to communicate this to the industry participants and overcome the vested interests of those companies that have already committed sizeable funds to less efficient, more expensive technologies. The fourth concern, being the lack of applications, is a function of the first three. That will diminish as the cost of the technology comes down and doors open to industry.

What are the major barriers to market development?



As an indicator of the increasing awareness of graphene we have just had articles on this magical material in two consecutive issues of The Economist. It has a long way to go before we are in a graphene stock market boom, but it will eventually happen.

Global Graphene Applications (GGA)

FEC is currently working on the establishment of a new private company, Global Graphene Applications Pty Ltd. This company will be funding research conducted by the University of NSW, commercialising applications for graphene patents owned by the University as well as researching new application for graphene produced from Sri Lankan sourced graphite/graphene. Ten investors will be invited to contribute approximately \$100,000 each to fund a two year program. If you want to know more about this speculative, but potentially very profitable venture, feel free to contact FEC. We are currently seeking to ensure that GGA will qualify as an Early Stage Innovation Company (ESIC), which will enable generous tax concessions to subscribers.

Leadership - no wonder it is failing us

It is an ever increasing complaint that our leaders are failing us, politically and in the business sense. Without good leadership there is often not much to inspire us or to encourage us to go the next mile. Whilst reading the latest edition of the AICD publication, Company Director, I may have found a reason for the apparent demise of leadership.

In an article titled “*Leader, disrupt thyself*” Kath Walters contends that modern leadership requires a shift from a one-way style to a two way conversation. She states that “*The leader’s role is not to tell their people how to be followers, but to listen to followers about how to be leaders*”. p10, Volume 32, Issue 7, August 2016.

Is she saying that leadership is being socialised? Is she saying the leaders must take advice from a broad range of other, usually less experienced people? Does this make a leader more of a follower?

One traditional view is that a good leader stands in the front line in the heat of the battle, or in a position where he can see the field and direct the traffic from a strong vantage point. If the suggested trend is correct and we are seeing management by committee, or some other circuitous route, where does that leave us?

We have already seen the demise of the strong and aggressive style of leadership that seems to invoke accusations of bullying when employees don’t like what they are being told to do. We are increasingly seeing cases of depression and mental illness being thrown into the mix of modern day management issues, requiring greater compassion and caring from our leaders. I wonder where this is taking us and how effective the leaders of tomorrow will be. Perhaps the meek will inherit the Earth after all.

Sentiment Indicator: This is the second week of softer sentiment with 56% (61%) of the stocks in uptrend and 17% (17%) in downtrend.

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	near peak of trading range	
Metals and Mining	XMM	correction during the week	
Energy	XEJ	sideways to higher	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	breached support line	gold
Aeon Metals	AML	new high	copper + cobalt
Alacer Gold	AQG	rising again	gold – production
Alkane Resources	ALK	late surge to confirm trend	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Aguia Resources	AGR	struggling to hold these levels	phosphate
Alicanto Minerals	AQI	new high	gold exploration
Altech Chemicals	ATC	heavy pullback to support line	industrial minerals
Anova Metals	AWV	new high	gold
Antipa Minerals	AZY	breached support line	gold
Archer Exploration	AXE	breached uptrend	graphite
Argent Minerals	ARD	sideways to lower	polymetallic
Atlas Iron	AGO	down	iron ore
Atrum Coal	ATU	back to recent high	coal
Aurelia Metals	AMI	new high	gold + base metals
Auroch Minerals	AOU	down on withdrawal from lithium deal	exploration
Aus Tin	ANW	stronger	tin, cobalt
Australian Bauxite	ABX	new uptrend confirmed	bauxite











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Australian Vanadium	AVL		strongly higher	vanadium
Avanco Resources	AVB		turning down	copper
AWE	AWE		pullback	oil and gas
Azure Minerals	AZS		trying to hold uptrend	silver
BHP	BHP		hugging trendline	diversified
Base Resources	BSE		breached uptrend, but rallying	mineral sands
Beach Energy	BPT		long term downtrend in play	oil and gas
Beadell Resources	BDR		correcting after rise	gold
Berkeley Resources	BKY		surge to new high	uranium
Blackham Resources	BLK		correcting after rise	gold
Broken Hill Prospect.	BPL		testing ST downtrend	minerals sands, cobalt
Buru Energy	BRU		sideways	oil
Canyon Resources	CAY		sideways breach of pullback pattern	bauxite
Cardinal Resources	CDV		new high	gold exploration
Carnegie Wave	CWE		downtrend	wave energy
Cassini Resources	CZI		stronger	nickel/Cu expl.
Chalice Gold	CHN		new high	gold
Consolidated Zinc	CZL		downtrend breached then heavy pullback	zinc
Coventry Resources	CYY		ST down	copper
Dacian Gold	DCN		new high	gold exploration
Danakali	DNK		rising again	potash
De Grey	DEG		rising	gold
Doray Minerals	DRM		breached uptrend	gold
Duketon Mining	DKM		new high	nickel
Eden Energy	EDE		correcting	carbon nanotubes in concrete
Energia Minerals	EMX		rising again	zinc
Evolution Mining	EVN		new high	gold
Excelsior Gold	EXG		new low	gold
First Australian	FAR		sideways	oil/gas
First Graphite	FGR		break upside to new high	graphite
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		breached uptrend	lithium
Galilee Energy	GLL		still down	oil and gas, CBM
Gascoyne Resources	GCY		rising again	gold
General Mining	GMM		steep uptrend breached	lithium
Geopacific Res. Resources	GPR		breached downtrend	copper/gold exp.
Global Geoscience	GSC		steep uptrend	lithium
Gold Road	GOR		breaching steepest uptrend	gold exploration
Goldphyre	GPH		short term down	potash, gold
Graphex Mining	GPX		heavy correction	graphite
Gryphon Minerals	GRY		new high on takeover bid	gold
Herron Resources	HRR		at highs	zinc
Highfield Resources	HFR		fallen to support line	potash
Highlands Pacific	HIG		sideways around lows	copper, nickel
Hillgrove Resources	HGO		coming off high in a retracement	copper
Hot Chilli	HCH		new low	copper
Iluka Resources	ILU		correcting after rise	mineral sands
Image Resources	IMA		up, but heavy pullback	mineral sands
Independence	IGO		new high	gold, nickel
Intrepid Mines	IAU		sideways - 7¢ capital return proposed	copper
Karoo Gas	KAR		testing downtrend	gas
Kibaran Resources	KNL		breached downtrend but then a pullback	graphite
Kin Mining	KIN		testing uptrend	gold
King Island Scheel.	KIS		new low	tungsten
Kingsgate Consol.	KCN		suspension	gold
Kingsrose Mining	KRM		down	gold
Legend Mining	LEG		breach of gentle dwontrend	exploration
Lithium Australia	LIT		breached ST downtrend	lithium

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Lucapa Diamond	LOM		on support line	diamonds
Macphersons Res.	MRP		rising	silver
Manas Resources	MSR		rising	gold
Medusa Mining	MML		breached ST downtrend	gold
Metals of Africa	MTA		breached uptrend	zinc expl/graph.
MetalsX	MLX		new high	tin, gold
Metro Mining	MMI		uptrend	bauxite
Mincor Resources	MCR		new high	nickel
Mineral Deposits	MDL		spiked out of downtrend	mineral sands
MMJ PhytoTech	MMJ		testing downtrend	medical cannabis
Mustang Resources	MUS		new high	diamonds, rubies
MZI Resources	MZI		testing uptrend	mineral sands
Northern Minerals	NTU		testing downtrend	REE
Northern Star Res.	NST		heavy correction	gold
Oceana Gold	OGC		heavy correction	gold
Oklo Resources	OKU		correction	gold expl.
Orecorp	ORR		new high	gold development
Orinoco Gold	OGX		rising again	gold development
Orocobre	ORE		testing uptrend	lithium
Oz Minerals	OZL		new high	copper
Paladin Energy	PDN		new uptrend	uranium
Pacific American Coal	PAK		sideways through uptrend	coal, graphene
Pantoro	PNR		surge to new high	gold
Panoramic Res	PAN		rising	nickel
Paringa Resources	PNL		down	coal
Peel Mining	PEX		gentle uptrend	copper
Peninsula Energy	PEN		surge off lows	uranium
Perseus Mining	PRU		new high	gold
Pilbara Minerals	PLS		falling	lithium/tantalum
Potash West	PWN		meeting resistance line	potash
Red River Resources	RVR		surge to new high	zinc
Regis Resources	RRL		new high	gold
Renaissance Min.	RNS		still at highs	gold
Resolute Mining	RSG		new high	gold
Reward Minerals	RWD		still down	potash
Rex Minerals	RXM		back to lows	copper
RIO	RIO		testing long term downtrend	diversified
RTG Mining	RTG		correcting	copper/gold
Rum Jungle	RUM		sideways	quartz
Salt Lake Potash	SO4		steeply higher	potash
Saracen Minerals	SAR		new high	gold
St Barbara	SBM		new high	gold
Sandfire Resources	SFR		stronger	copper
Santana Minerals	SMI		strong rise	silver
Santos	STO		breaching uptrend	oil/gas
Sheffield Resources	SFX		new high	mineral sands
Silver City Minerals	SCI		down	base metals
Silver Lake Resources	SLR		new high	gold
Silver Mines	SVL		surge to new high	silver
Sino Gas & Energy	SEH		sideways	gas
Southern Gold	SAU		uptrend continuing	gold
Sundance Energy	SEA		testing downtrend	oil/gas
Syrah Resources	SYR		downtrend	graphite
Talga Resources	TLG		down	graphene
Tanami Gold	TAM		new high	gold
Tiger Resources	TGS		back to lows	copper
TNG Resources	TNG		drifting lower	titanium, vanadium
Torian Resources	TNR		rising again	gold expl'n

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Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		secondary downtrend	gold
Tyranna Resources	TYX		surge on drilling results	gold exploration
Vimy Resources	VMY		down	uranium
West African Resources	WAF		new high	gold
Westwits	WWI		new high	gold exploration/development
Western Areas	WSA		heavy correction	nickel
White Rock	WRM		steep rise	silver
WPG Resources	WPG		testing downtrend	gold
Wolf Minerals	WLF		continuing down	tungsten
Totals	56%	80	Uptrend	
	17%	25	Downtrend	
		143	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	36	25.2%
Copper	14	9.8%
Gold Exploration	11	7.7%
Oil/Gas	9	6.3%
Potash/Phosphate	7	4.9%
Mineral Sands	7	4.9%
Graphite	6	4.2%
Zinc	6	4.2%
Silver	6	4.2%
Lithium	6	4.2%
Nickel	5	3.5%
Uranium	5	3.5%
Coal	4	2.8%
Tin	2	1.4%
Bauxite	3	2.1%
Iron Ore	2	1.4%

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Weightings of Sectors Represented in the Company Charts			
Diamonds	2	1.4%	
Other	12		
Total	143		

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