

Rare earths overview and more good intercepts from Meeka Gold and Southern Cross Gold

Sentiment continued to recover over the week as many stocks marched through their downtrends. Quite a few have risen to the point where they are approaching resistance lines for longer term downtrends. If they conclusively break through these it will be a very positive sign, but it is more common for them to vacillate at these junctures, and possibly even correct lower. Look for macro and micro events that will give a clue as to the probable direction but on balance it would appear that the glass is half full.

Some months ago I said that we were going through a paradigm change in the markets owing to the observation that the inability of the Fed to use monetary policy to save equity markets in times of inflation. Well, I still hold that view, but the performance of the market in the last one or two months necessitates an amendment to the perspective. The strong rebound in the market suggests that the intervention of the Fed is not necessary. There is enough depth in the market that it has been able to recover without any help from the Fed. The fact that this has happened as interest rates have risen is noteworthy.

If inflation rates can continue to moderate and expectations of less aggressive interest rate rises dominate investor sentiment, we should all be happy. However, we never know what is over the horizon.

The China/Taiwan issue has dropped back a gear, but there is concern regarding the nuclear power plant in Ukraine at which the Russians are currently squatting. Could Russia damage the plant either deliberately or inadvertently through recklessness? If so, that could quickly damage sentiment in the uranium sector if it results in release of radioactive gases into the atmosphere. Nuclear power is great, but only if it is managed properly and human incompetence or maliciousness doesn't intervene.

Rare earths round-up

Rare earth stocks continue to be well supported in the rally we have seen over the last six weeks. There are many new entrants into the sector so sorting out the wheat from the chaff can be confusing. The discussion below is a simple overview that reminds us of some of the important considerations that stock market investors should keep in mind.

Look at the uranium cycle first

Whilst discussing the relative merits of rare earth companies with some investors last week I reminded them of an example that I frequently use - the uranium sector. Back in the noughties there were at least 100 uranium wannabes that all believed they could become uranium producers. Reality proved to be very different. Only two companies, Paladin and Peninsula, became producers in their own right. Even then they were only partial commercial successes and shareholders at the peak of the

uranium boom saw the value of their investments evaporate. Fukushima and the collapse in the uranium price played devastating roles, but these macro events saved many companies from having to face up to the technical and metallurgical issues that could have been show stoppers in any event.

The wheel turns and we are in a fresh uranium cycle now that is seeing high valuations placed on many of the projects held by the next generation of uranium companies, often with new management. Research and process development work has improved the chances of success of some of these companies but there is still a higher risk in development of uranium mines than for a conventional gold or base metal mine. Don't ever assume that developing a uranium mine is easy.

Rare earths commercial success has been elusive

The rare earth sector is rapidly becoming one in which there are dozens of hopefuls starting out on the journey. There was a flurry in the sector about 12 years ago, but it came to an abrupt halt when rare earth prices took a dive. The doyen of the sector, Lynas, persevered through near death experiences and it is now a very successful, well-placed company. Another company that has struggled on a 10+ year journey is Northern Minerals. For all its efforts it still needs to go through the pilot stage with a number of steps before it can be viewed as a serious producer.

We have a new prospective producer in the pipeline - Hastings Technology Metals Ltd (HAS), with the Yangibana Project in WA. It was difficult to see exactly what stage of development has been achieved in reading the June Quarterly, but the critical date for completion of construction is 27 months from Q3 in 2022. That suggests late 2024.

How do you decide which is the best buy?

The motivation for the most recent rare earths boom has been geopolitical and strategic-based rather than on spreadsheet fundamentals. That enables the industry players to circumvent analytical scrutiny in most cases, which is just as well as there are very few analysts with the relevant experience in any event.

Given the lack of understanding of the critical issues by almost all of the corporate players, for whom the sector represents a steep learning curve, investors can't rely on what these companies are saying in many instances. Even if investors are able to educate themselves to a high level of appreciation of what is involved, this knowledge is not the most important ingredient in making money on the stock market. As a generalisation, making money in the market depends upon which companies are the best promoters as opposed to which companies have the best projects. That is not me being cynical; that is being realistic.

If you are going to trade the sector, as opposed to being a long term investor who is prepared to sit there for 5-10 years, you need to understand what will create the greatest FOMO. The list of parameters to take into account include;

- i) project location - is it in a safe jurisdiction like Australia or in an exotic place like Africa?
- ii) is it geopolitically strategic where politicians will encourage development - like in the USA?
- iii) does it have any environmental issues?
- iv) is it primary, refractory ore or is it a clay deposit, or even better, a genuine ionic clay deposit?
- v) what is the product mix and grade - how much NdPr?
- vi) how much metallurgy has been done and how long will it take to develop a process flow sheet?
- vii) will the product be a concentrate with lower payability or will the projects entail downstream processing?
- viii) is there a processing plant or downstream processor willing to take the ore or the product?
- ix) who is going to be the buyer of the mine product?

You need to have company management that can address all of these parameter with vigour and enthusiasm. They need to inspire investors to take the plunge and get their backing in order for the share price to move higher. If they can't, they are not effective players.

Relative (perceived) value is always an important distinguishing parameter. There is no point in having the best company if all the value is already factored into the share price. The best leverage will be in the higher risk, earlier stage entrants to the sector.

Upper Gascoyne - an emerging REO province

A case in point is the Upper Gascoyne Region in WA. We have Hasting Technology Metals developing Yangibana. It has a market capitalisation of \$474m. It is going through a 2-3 year construction period that will be followed by a commission phase that may or may not go smoothly. We can point to the company as a sector leader, but where will the share price go in the next two years? You can guarantee that it is unlikely to be an exciting performer ... unless rare earth prices surge upwards.

The next company in the region is a credible explorer named Dreadnought Resources (DRE). It has had similar mineralisation to Hastings and the share price has doubled in response to good drill results, delivering a \$252m market capitalisation. Is it good value at these levels? Maybe the share price is looking a bit frothy.

Go a bit further south and you will see another explorer named Kingfisher Mining (KFM). It has reported some excellent grades from initial drilling, with similar geology to both Hastings and Dreadnought, yet its market capitalisation is tiny at \$10m. Maybe there is more, earlier stage risk with Kingfisher, but the leverage to the upside on continued success is outstanding. It is a great entry point to this emerging rare earths province.

Lindian and Dateline are emerging stories

Lindian is a company that we have mentioned in previous Weeklies as a new entrant to the sector with a high grade project that has been kept from the public eye due to litigation. Now that the litigation has been concluded the company is free to show it to the investment community. While I'm still becoming familiar with the detail of the

project, third parties have described it as one of the "sweetest" in terms of grade and potential profitability. Its location in Malawi may concern some investors, but like Ionic Rare Earths' (IXR) ionic clay deposit in Uganda, the quality of the geology dictate that it be taken seriously. Lindian's 2004 JORC resource is 107,000 tonnes of contained rare earths at the strong grade of 4.2% REO, at Kangankunde. This implies an ore tonnage of around 2.5 Mt.

Another early stage company that has come to my attention is Dateline Resources (DTR) with ground adjacent to the famous Mountain Pass rare earths mine in the USA. Dateline picked up the old Colosseum gold mine in California and fortuitously discovered that on the license there is very similar mineralisation to Mountain Pass, in what looks like a carbonatite. Dateline has completed some positive surface sampling and it is now awaiting the results of a gravity survey. If the positive results continue to flow, and the mineralogy is compatible with the Mountain Pass treatment circuit, it might actually achieve a fast track path to the commercialisation of a rare earths deposit - something that will elude most players. The location in the USA is of great strategic significance.

Disclosure: Interests associated with the author own shares in Lindian and capital raising fees have been received.

Meeka discovery adds some excitement

A company that I have looked on favourably in the past is Meeka Gold (MEK), as much as for the quality of the management as anything else. The last few months have seen the company add to its 800,000 oz gold resource with the discovery of rare earths near Esperance in WA. Now it has released some impressive drill intercepts at St Anne's, 3.5 km south of its Tunberry resource (11.3 Mt at 1.7 gpt for 610,000 oz, in the Murchison.

Headline intercepts from a 38 hole aircore program were 32m at 16.07 Au gpt from 48m, including 16m t 28.59 gpt, and 20m at 20.74 gpt from 48m, including 16m at 24.8 gpt.

The Company had previously reported St Anne intercepts in the range of 24-38m at 1.02 gpt to 4.81 gpt, but this new round introduces a high grade aspect to the prospect.

Some of the short term appetite for the stock will be filled by a \$10m capital raising at 6¢ just being undertaken now, but continuing drilling will be sure to add colour to what we already know.

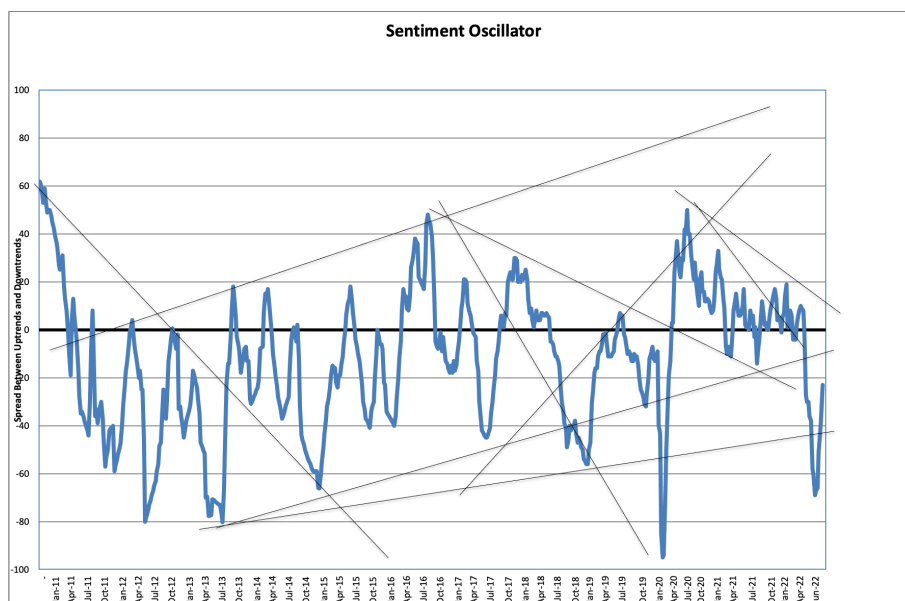
Southern Cross delivers more good intercepts

Following on from last week's comments on Southern Cross Gold (SXG), the company has released results from two more holes. Drill Hole SDDSC039 returned 42m at 4.8 gpt AuEq from 166m, including 13m at 13.9 gpt AuEq from 194m. Within that were some very high grade, narrow intervals of 1m at 23.7 gpt AuEq, 1.5m at 22.6 gpt AuEq, 0.7 gpt at 105.7 gpt AuEq and 0.5m at 82.6 gpt AuEq. Hole SDDSC038 came up with similar, though more modest grades.

As Michael Hudson, the CEO, said in the ASX Release, "Bingo!" These intercepts are adding to the gold/antimony thematic that is gaining in prominence in Victoria's geology

and that is likely to lead to a revival of interest in that region.

NB: I will be in transit for the next two weeks so it is unlikely that I will be able to do the Weekly until I return.



Sentiment Oscillator: The broad recovery continued over the last week. There were 20% (15%) of the charts in uptrend and 43% (51%) 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	breached downtrend	
Metals and Mining	XMM	breached steepest downtrend	
Energy	XEJ	testing support line	
Information Technology	XIJ	breaching downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
A-Cap Energy	ACB	breached downtrend	uranium
Alpha HPA	A4N	testing downtrend	HPA
Adriatic Resources	ADT	bouncing off lows	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	down	coal, gold exploration
Alkane Resources	ALK	at resistance	gold
Alicanto Minerals	AQI	testing downtrend	base metals, silver, gold
Altech Chemical	ATC	bouncing off lows	HPA, anodes
Anteotech	ADO	testing downtrend	silicon anodes, biotech
Alto Metals	AME	at resistance	gold exploration
American Rare Earths	ARR	spiked through resistance lie	rare earths
Antilles Gold	AAU	still down	gold
Arafura Resources	ARU	weaker	rare earths

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Ardea Resources	ARL		back in uptrend	nickel
Aurelia Metals	AMI		new low	gold + base metals
Australian Potash	APC		new low	potash
Australian Rare Earths	AR3		at resistance	rare earths
Auteco Minerals	AUT		recovering	gold exploration
Arizona Lithium	AZL		testing downtrend	lithium
Azure Minerals	AZS		testing downtrend	nickel exploration
BHP	BHP		at resistance	diversified, iron ore
Beach Energy	BPT		new uptrend confirmed	oil and gas
Bellevue Gold	BGL		breached downtrend	gold exploration
Benz Mining	BNZ		breached downtrend	gold
Black Cat Syndicate	BC8		breached downtrend	gold
Blue Star Helium	BNL		sideways through downtrend	gas, helium
BMG Resources	BMG		down	gold exploration
Boab Metals	BML		at resistance	silver/lead
Breaker Resources	BRB		breached support	gold exploration
Buru Energy	BRU		sideways	oil
Calidus Resources	CAI		hitting resistance	gold
Capricorn Metals	CMM		recovering	gold
Caravel Minerals	CVV		new low	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Celsius Resources	CLA		sideways at lows	copper
Chalice Mining	CHN		down	nickel, copper, PGMs, gold exploration
Chesser Resources	CHZ		new low	gold exploration
Cobalt Blue	COB		rising	cobalt
Cyprium Metals	CYM		new low	copper
Dateline	DTR		testing downtrend	rare earths
De Grey	DEG		breaching resistance line	gold
E2 Metals	E2M		testing steepest downtrend	gold exploration
Ecograf	EGR		surge out of downtrend	graphite
Element 25	E25		breaching resistance line	manganese
Emerald Resources	EMR		trying to recapture uptrend	gold
Empire Energy	EEG		spiked higher	gas
Euro Manganese	EMN		surge higher	manganese
Evolution Mining	EVN		bouncing off lows	gold
Firefinch	FFX		suspended	gold
First Graphene	FGR		breached downtrend	graphene
Fortescue Metals	FMG		hitting resistance line	iron ore
FYI Resources	FYI		sideways through downtrend	HPA
Galena Mining	G1A		testing steepest downtrend	lead
Galilee Energy	GLL		softer	oil and gas, CBM
Genesis Minerals	GMD		down	gold
Genmin	GEN		rising	iron ore
Gold Road	GOR		breached downtrend	gold

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Great Boulder Resources	GBR	but approaching resistance line	gold exploration
Hastings Technology Metals	HAS	surge out of downtrend	rare earths
Hazer Group	HZR	still in downtrend	hydrogen
Heavy Minerals	HVY	still in downtrend	garnet
Highfield Resources	HFR	breached downtrend	potash
Hillgrove Resources	HGO	breached downtrend	copper
Iluka Resources	ILU	testing resistance line	mineral sands
Image Resources	IMA	down	mineral sands
ioneer (was Global Geoscience)	INR	testing resistance line	lithium
Ionic Rare Earths	IXR	rising again	rare earths
Jervois Mining	JVR	new low	nickel/cobalt
Kaiser Reef	KAU	recovering from lows	gold
Kingston Resources	KSN	improving	gold
Krakatoa Resources	KTA	breaching downtrend	rare earths
Kingfisher Mining	KFM	down	rare earths
Kingwest Resources	KWR	good rally	gold
Legend Mining	LEG	new low	nickel exploration
Lepidico	LPD	recovering from lows	lithium
Lindian Resources	LIN	another new high	bauxite
Lion One Metals	LLO	breached uptrend	gold
Los Cerros	LCL	new uptrend commenced	gold exploration
Lotus Resources	LOT	sideways through downtrend	uranium
Lucapa Diamond	LOM	new uptrend forming	diamonds
Lunnon Metals	LM8	rising	nickel
Lynas Corp.	LYC	rising again	rare earths
Magnetic Resources	MAU	new low	gold exploration
Mako Gold	MKG	approaching resistance line	gold exploration
Marmota	MEU	down after placement	gold exploration
Marvel Gold	MVL	new low	gold exploration
Matador Mining	MZZ	new low	gold exploration
Mayur Resources	MRL	new low	renewables, cement
Meeka Gold	MEK	surge on drill results -capital raising	gold
Megado Gold	MEG	back to downtrend	rare earths, gold exploration
MetalsX	MLX	new low	tin, nickel
Metro Mining	MMI	slump out of new uptrend with a placement	bauxite
Mincor Resources	MCR	recovering from lows	gold/nickel
Mithril Resources	MTH	down	gold/silver
Musgrave Minerals	MGV	testing downtrend	gold exploration
Nagambie Resources	NAG	stronger	gold, antimony
Neometals	NMT	rising	lithium
Northern Star Res.	NST	strong rise	gold
Nova Minerals	NVA	breached resistance - new upend commenced	gold exploration
Oceana Gold	OGC	down	gold
Orecorp	ORR	recovering from the lows	gold development

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Oz Minerals	OZL	new high on BHP takeover moves	copper
Pantoro	PNR	new low	gold
Panoramic Res	PAN	down	nickel
Peak Resources	PEK	rising	rare earths
Peel Mining	PEX	breached steepest downtrend	copper
Peninsula Energy	PEN	new low	uranium
Poseidon Nickel	POS	breached steepest downtrend	nickel
Perseus Mining	PRU	softer	gold
Provaris Energy	PV1	hitting resistance line	hydrogen
PVW Resources	PVW	breached downtrend	rare earths
QMines	QML	new low	copper
Queensland Pacific Metals	QPM	new low	nickel/cobalt/HPA
Red River Resources	RVR	new low	zinc
Regis Resources	RRL	testing downtrend	gold
Regergen	RLT	testing downtrend	gas, helium
Resource Mining Corp.	RMI	pullback on placement	nickel exploration
RIO	RIO	new low	diversified, iron ore
Rumble Resources	RTR	hitting resistance line	gold exploration
S2 Resources	S2R	testing downtrend	gold exploration
St Barbara	SBM	breached downtrend	gold
Sandfire Resources	SFR	testing resistance line	copper
Santos	STO	uptrend	oil/gas
Saturn Metals	STN	sideways	gold exploration
Silex Systems	SLX	new high	uranium enrichment technology
Silver Mines	SVL	down	silver
South Harz Potash	SHP	still in downtrend	potash
Southern Cross Gold	SXG	strongly higher	gold exploration
Stanmore Coal	SMR	surge higher	coal
Strandline Resources	STA	strong rise	mineral sands
Sunstone Metals	STM	downtrend	exploration
Talga Resources	TLG	testing steepest downtrend	graphite
Technology Metals	TMT	down	vanadium
Tesoro Resources	TSO	new low	gold exploration
Theta Gold Mines	TGM	strong rise from lows - at resistance	gold
Thor Mining	THR	sideways through downtrend	gold exploration
Tietto Minerals	TIE	breaching downtrend	gold
Turaco Gold	TCG	bouncing from lows	gold exploration
Vanadium Resources	VR8	breached uptrend	vanadium
West African Resources	WAF	holding uptrend	gold
Westgold Resources	WGX	breaching downtrend	gold
West Wits Mining	WWI	new low	gold
Whitehaven Coal	WHC	new high	coal
Yandal Resources	YRL	new low	gold exploration
Zenith Minerals	ZNC	breached steepest downtrend	gold exploration

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Zinc Mines of Ireland	ZMI		new low	zinc
Totals	20%	29	Uptrend	
	43%	63	Downtrend	
		145	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.
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Weightings of Sectors Represented in the Company Charts

Sector	No. of Companies	Weighting
Gold	33	22.8%
Gold Exploration	22	15.2%
Rare Earths	12	8.3%
Nickel	11	7.6%
Copper	9	6.2%
Oil/Gas	8	5.5%
Iron Ore/Manganese	6	4.1%
Zinc/Lead	5	3.4%
Lithium	4	2.8%
Uranium	4	2.8%
Graphite/graphene	3	2.1%
Potash/Phosphate	3	2.1%
Coal	3	2.1%
Mineral Sands	3	2.1%
Silver	2	1.4%
Bauxite	2	1.4%

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Vanadium	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	10		
Total	145		

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