

Gold shines while everything else is dull

Gold surged above US\$2,400/oz again last week to hit a new record high. Gold is not critical, but it is certainly essential. The trendy label "critical metals" seems to be more appropriately used when you consider the dire state of investments in that end of the market, or perhaps the critical state of Australia's nickel sector. Notwithstanding the strength of stock markets generally, the resources sector is anaemic.

All that hype about critical metals, battery input materials was just an enormous red herring - a false narrative - as far as investors are concerned. Remember when almost everyone was chasing lithium, graphite and rare earths because of supply fears. The really smart companies were picking up gold projects and ignoring the noise. Well done Agua, with your acquisition of the high grade gold project in Colombia. The timing couldn't have been better. Gold stocks are the best performing companies right now.

Hastings falls further into the Chinese zone

The Chinese strategy of screwing Western rare earth companies comes to mind last week with Hastings Technology Metals announcing a \$7m placement at 36¢ to JL Mag Green (Hong Kong), giving that company 9.8% of Hastings' expanded capital. Sure, it was at a premium to the closing price, but it is a massive discount to historical high of \$5.49.

The Chinese have always been prepared to play the long game. It is about positioning and now JL Mag are inside the gates. There is still an enormous amount of work to do, and funding is yet to be arranged for Yangibana. Meanwhile, Hastings is raising money just to keep the wheels turning.

Shareholders should be prepared for the possibility that the Company will falter as I can't see that Yangibana will be economic at these rare earth prices. If so, The Chinese will happily absorb the Company ... but they might have to parlay with Andrew Forrest's Wyloo Metals, as this company has sunk \$150m into secured notes.

See the table below with recent fund raising initiatives by Hastings. It has raised or received promises of about \$568m. Its market capitalisation before the latest placement was only \$76m, at 42.5¢.

- Oct 2020 \$14.6m placement at 12.5¢ (\$2.50)
- Feb 2021 \$100m placement at 19¢ (\$3.80)
- Feb 2022 \$140m NAIF loan
- March 2022 \$40m placement to L1 Capital 25¢ (\$5.00)

Consolidation of shares 1 for 20. Prices above relate to pre and post consolidation equivalents

- Aug 2022 \$150m secured, redeemable notes Wyloo
 - 3yr life, 9%, \$5.50
- Sept 2022 \$100m placement at \$4.40, +\$10m SPP
- Jan 2023 NAIF loan increased to \$220m

- April 2024 \$36m entitlement issue at 36¢
- July 2024 \$7m placement to JL Mag at 36¢

The Bottom Line

The numbers tell it all. Hastings is in a world of pain. Why would anyone want to throw good money after bad? Well, the Chinese don't care. They are getting in at historical lows and will be prepared to sit on their tiny investment for many years, even decades if necessary. It is the long game and this investment is about leverage.

The share price bounced strongly on the news of the placement but the \$7m capital injection won't last long. I see no room for optimism here. The A\$1bn project NPV announced in 2022, doesn't hold much water today, but that is okay because it was based on a JORC resource!

Massive contrast between Hastings and Lindian

Last week we reviewed Lindian's Feasibility Study, expressing a very positive view. It would be difficult to find something that contrasts more completely with Lindian than Hastings. The investment institutions backed capital ratings by Hastings but they haven't really appeared on Lindian's share register yet. They need to get their priorities right and do their homework. The best way to recover losses on Hastings will be by switching into Lindian.

Reliability of Sth African electricity is improving

Load shedding has been an annoying problem in South Africa in recent years as the electricity grid was struggling to satisfy demand, principally due to bad management. However, as we commented six months ago, things seem to be improving. A report by Bank of America recently stated that improvements in the system have resulted in there being no load shedding for 80 days, since April. The Kusile Power Station's # 5 Unit has recently been brought on stream, adding 800 MW to the national grid. This is good news for West Wits as is closing in on funding for its Qala Shallows Project, designed to reach 70,000 oz p.a., on the Witwatersrand.

Disclosure: The author is a director of Agua Resources and West Wits. Interest associated with the author own share in Agua, Linden and West Wits.

Why is the ASX such a bogey-man?

No-one says anything nice about the ASX anymore. Why is that? Surely it isn't just because the ASX is the regulator of the stock exchange. Australia's numerous police forces play an enforcement and regulatory role in our society, of sorts, but there is not a universal dislike of these forces and their personnel. They help maintain order and that is a good thing. So, the dislike of the ASX can't be because of its regulatory role. There must be another reason. Maybe it is because of its uncompromising overzealousness.

A few weeks ago I wrote a piece entitled "When the regulator becomes the dictator". The topic of the increasingly legalistic and frequently inconsistent behaviour of the ASX in prosecuting the Listing Rules is widely discussed amongst directors of listed companies. A frequent complaint is that the ASX personnel don't understand the working of the markets. Companies are having to spend more and more money on lawyers in order to steer through the increasingly complicated myriad of rules that the ASX prosecutes.

There is a complete lack of common sense or reasonableness in the attitudes of many of the ASX employees called Advisors, a job description which makes them seem as if they should be useful, but they are not. The unhealthy point is that the companies are so scared to challenge its decisions that they usually don't, for fear of subsequently being persecuted and victimised. The tactics of the KGB and the Stasi were supposed to stop with the breakdown of The Wall. In a society where bullying and intimidatory behaviour is called out, why is it that the ASX has a free rein to employ such tactics? Meanwhile, the shareholders of the companies - the people that the ASX claims it seeks to protect - suffer as a result.

I was gobsmacked when I was told by a company that its shares were suspended when it announced the sale of an

asset to a third party for what we all thought was a good price. The shares in that company were subsequently suspended because allegedly, an ASX Advisor read on Hot Copper that the buyer was going to IPO the asset.

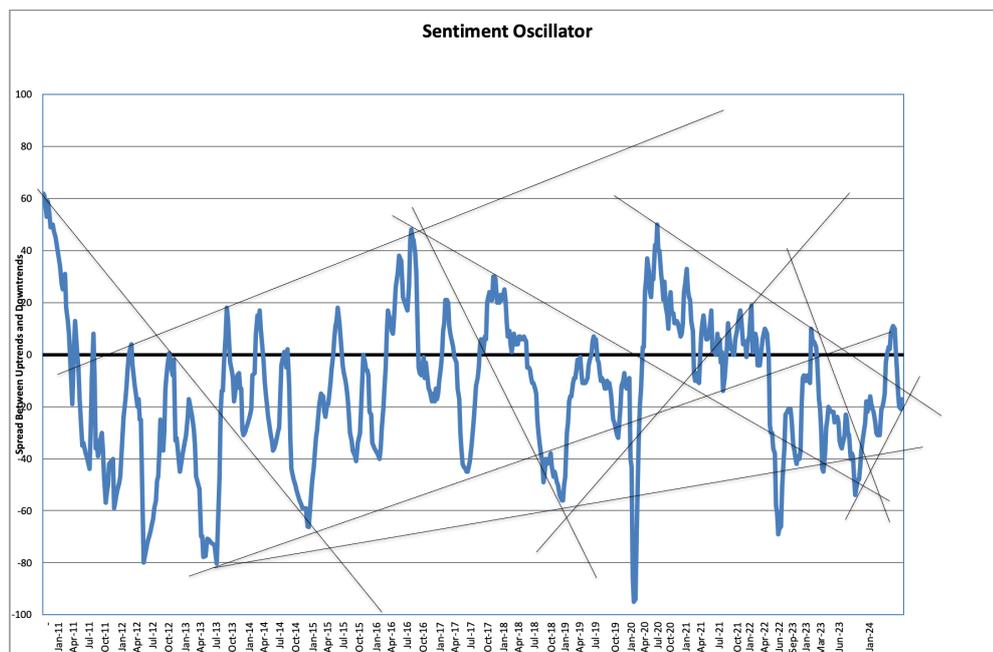
The first point is, what the hell was the ASX doing using Hot Copper as a reliable source of information? The second point is that the selling company should not be concerned with what the buyer wants to do with it. How can the ASX hold that seller accountable for what the buyers intentions are? It sounds like the behaviour you would expect of the Keystone Cops. It is appalling. It is disgraceful. Hot Copper. Really?

Calling all complaints

This is addressed to corporates rather than investors, but if anyone knows of examples of the regulator becoming the dictator, with unreasonable effort, please let me know. I have seen too much capricious behaviour of the ASX, over extending its regulatory mandate, so it is time to draw it to the attention of higher powers. It is time to stand up to the bullying and excesses of power with boundless limits that have caused so many companies unnecessary pain and expense.

It is time to have a proper look at the workings of the ASX to see if it has departed from its original purpose. It is time for companies to stop being intimidated by an organisation that thinks it is a law unto itself, unaccountable to anyone - especially to the community to which it serves. ASIC has been undergoing such a review recently, as we have seen in the papers. What about doing it for the ASX as well?

We can start by building a dossier of offending experiences. Give me some examples and we will see where it leads. We will keep names confidential in order to protect the innocent from retaliation.



Sentiment Oscillator: Sentiment improved a little. There were 30% (30%) of stocks in uptrend and 47% (51%) in downtrend at the close of the week

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	new high	
Metals and Mining	XMM	falling	
Energy	XEJ	still under long term downtrend line	
Information Technology	XIJ	off its highs	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	new low	boron
Advance Metals (was Pacific American)	AVM	back to lows	coal, gold exploration
Agua Resources	AGR	new high	phosphate, gold
Alkane Resources	ALK	still down	gold
Alicanto Minerals	AQI	new low	base metals, silver, gold
Alligator Energy	AGE	down	uranium
Almonty Industries	All	testing uptrend	tungsten
Alpha HPA	A4N	testing longer term uptrend	HPA
Altech Chemical	ATC	back in downtrend	HPA, anodes
Alto Metals	AME	down	gold
American Rare Earths	ARR	consolidating	rare earths
Anax Metals	ANX	heavy slump	copper
Anteotech	ADO	sideways at lows	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths
Ardea Resources	ARL	down	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	new uptrend	gold
Averina	AEV	down heavily	phosphate
Aurora Energy Metals	1AE	down	uranium
Aurelia Metals	AMI	rising	copper + base metals
Australian Gold and Copper	AGC	testing short term downtrend	base metals, silver, gold
Australian Rare Earths	AR3	new low	rare earths
Australian Strategic Materials	ASM	new low	rare earths
BHP	BHP	down	diversified, iron ore
Barton Gold	BGD	falling	gold exploration
Beach Energy	BPT	breached uptrend	oil and gas
Bellevue Gold	BGL	breached uptrend	gold
Besra Gold	BEZ	suspended	gold
Black Cat Syndicate	BC8	stronger	gold
Boab Metals	BML	down	silver/lead
Brazil Critical Minerals	BCM	down on placement	rare earths
Brazilian Rare Earths	BRE	new high	rare earths
Brightstar Resources	BTR	uptrend	gold
Calidus Resources	CAI	back to downtrend	gold

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Caravel Minerals	CVV		correcting lower	copper
Carnaby Resources	CNB		collapse on Scoping Study, testing support	copper
Castile Resources	CST		trying to hold support line	gold/copper/cobalt
Catalyst Metals	CYL		surge to new high	gold
Cazaly Resources	CAZ		forming a base	rare earths
Celsius Resources	CLA		stronger	copper
Cobalt Blue	COB		new low	cobalt
Cyprium Metals	CYM		breached downtrend, surged higher	copper
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		new high	gas
EQ Resources	EQR		breaching downtrend	tungsten
Evolution Energy	EV1		collapse to a new low	graphite
Evolution Mining	EVN		rising	gold
First Graphene	FGR		down	graphene
Fortescue Metals	FMG		down	iron ore
Genesis Minerals	GMD		rising	gold
Globe Metals and Mining	GBE		steeply higher	niobium
Gold 50	G50		testing downtrend	gold exploration + gallium
Great Boulder Resources	GBR		sideways at lows	gold exploration
Group 6 Metals	G6M		breached downtrend	tungsten
Hamelin Gold	HMG		stronger	gold exploration
Hastings Technology Metals	HAS		surge on placement to Chinese	rare earths
Heavy Minerals	HVY		bounced to test resistance line	garnet
Hillgrove Resources	HGO		lower	copper
Iluka Resources	ILU		down	mineral sands
ioneer (was Global Geoscience)	INR		breached uptrend	lithium
Ionic Rare Earths	IXR		down	rare earths
Jervois Mining	JVR		strong rally	nickel/cobalt
Jindalee Lithium	JLL		new low	lithium
Jupiter Mines	JSM		down	manganese
Kaiser Reef	KAU		improving	gold
Krakatoa Resources	KTA		back to lows	rare earths
Larvotto Resources	LRV		rising	gold, antimony
Lindian Resources	LIN		new low	rare earths + bauxite
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold/nickel exploration
Lotus Resources	LOT		trying to hold uptrend	uranium
Lucapa Diamond	LOM		new low	diamonds
Lunnon Metals	LM8		down	nickel
Lynas Corp.	LYC		rallied to meet resistance	rare earths
Marmota	MEU		rising	gold/uranium exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		at lows	gold
MetalsX	MLX		rising	tin, nickel

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Meteoric Resources	MEI	■	down	rare earths
Metro Mining	MMI	■	new high	bauxite
Midas Minerals	MM1	■	testing downtrend	lithium
Mitre Mining	MMC	■	steep rise	silver
Nagambie Resources	NAG	■	another new low	gold, antimony
Neometals	NMT	■	new low	lithium
Newfield Resources	NWF	■	down again	diamonds
Nexgen Energy	NXG	■	breached uptrend	uranium
Northern Star Res.	NST	■	down	gold
Nova Minerals	NVA	■	down	gold exploration
Novo Resources	NVO	■	down	gold exploration
Pacific Gold	PGO	■	breached downtrend	gold exploration
Paladin Energy	PDN	■	down heavily on takeover bid	uranium
Pantoro	PNR	■	rising again	gold
Patriot Battery Metals	PMT	■	collapse to a new low	lithium
Peninsula Energy	PEN	■	gently lower	uranium
Perseus Mining	PRU	■	new high	gold
Provaris Energy	PV1	■	down	hydrogen
QMines	QML	■	new low	copper
Queensland Pacific Metals	QPM	■	new low	nickel/cobalt/HPA
RareX	REE	■	new low	phosphate, rare earths
Regis Resources	RRL	■	testing uptrend	gold
Regergen	RLT	■	down	gas, helium
Richmond Vanadium	RVT	■	heavy fall	vanadium
RIO	RIO	■	heavy slump	diversified, iron ore
RTG Mining	RTG	■	rising again	copper
Rumble Resources	RTR	■	new low	zinc exploration
S2 Resources	S2R	■	downtrend accelerating	gold exploration
Sandfire Resources	SFR	■	pullback	copper
Santos	STO	■	weaker	oil/gas
Sarytogan Graphite	SGA	■	down	graphite
Siren Gold	SNG	■	rising	gold exploration
South Harz Potash	SHP	■	new low	potash
Southern Cross Gold	SXG	■	heavy slump breaching uptrend	gold exploration
Southern Palladium	SPD	■	rising again	PGMs
Stanmore Coal	SMR	■	testing downtrend	coal
Stellar Resources	SRZ	■	uptrend	tin
Summit Resources	SUM	■	heavy correction	niobium, rare earths
Suvo Strategic Minerals	SUV	■	spiked higher	kaolin
Talga Resources	TLG	■	slump	graphite
Tamboran Resources	TBN	■	rising again	gas
Theta Gold Mines	TGM	■	rising again	gold
Thor Energy	THR	■	down	uranium
Torque Metals	TOR	■	back to lows	gold exploration + lithium

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Vanadium Resources	VR8		new uptrend	vanadium
Venture Minerals	VMS		back to recent high	tin, tungsten
Vintage Energy	VEN		new low	gas
Voltaic Strategic Resources	VSR		at lows	REO + lithium
Vertex Minerals	VTX		breached downtrend	gold
Walkabout Resources	WKT		sideways	graphite
Warriedar Resources	WA8		breached downtrend	gold exploration
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		rising	gold
West Wits Mining	WWI		rising again	gold
Whitehaven Coal	WHC		testing uptrend	coal
Totals	30%	40	Uptrend	
	47%	64	Downtrend	
		135	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	27	20.0%	
Gold Exploration	15	11.1%	
Rare Earths	13	9.6%	
Copper	10	7.4%	
Uranium	7	5.2%	
Lithium	6	4.4%	
Oil/Gas	6	4.4%	
Nickel	5	3.7%	
Graphite/graphene	5	3.7%	
Iron Ore/Manganese	4	3.0%	
Potash/Phosphate	4	3.0%	

Coal	3	2.2%	
Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	30.0%	
Diamonds	2	1.5%	
Niobium	2	1.5%	
Vanadium	2	20.0%	
Zinc/Lead	2	1.5%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	10		
Total	135		

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