

Davenport's place in the emerging potash sector

It was a week of mixed signals. Our local market powered higher on Monday with strong buying for leading mining stocks. Iron ore stocks were the feature as the iron price moved to even higher highs, while the enthusiasm flowed over into other commodities as well. The senior stocks were stronger due to institutional buying but the junior stocks continued to struggle and speculative situations took a back seat. Surprisingly, that was against a backdrop of rising gold prices.

In the middle of the week there was news that inflation in the US for the last month that was much higher than expected. This caused tech stocks to be sold down heavily, even though it is difficult to see why they were the focus of inflationary fears. Maybe that is just where investors decided to lock in profits.

By the end of the week the Dow had recovered from its losses, the iron ore price has been crunched lower and the gold price finished on a strong note. Volatility was the key word as markets are trying to figure out what is the most important driver right now.

The Fertiliser Sector in Focus

Fertiliser stocks, principally those in potash and phosphate, have never been of mainstream interest to Australian investors. Very few people have an intuitive feel for the sector (including me), so that when we see companies and projects being promoted we have to go back to square one and acquaint ourselves with industry fundamentals and the necessary project parameters required for operational success.

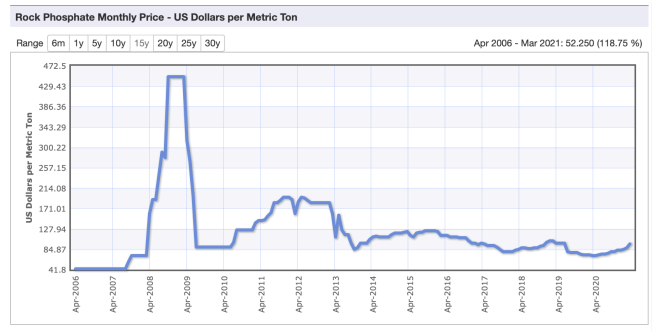
We start with the underlying thematic that fertiliser companies rely upon the ever increasing global population that needs to be fed. There is no argument there, especially when companies like BHP start to take an interest, as they have done. However, choosing the right investment vehicle is not always easy. Often it is what the companies are not telling you about their projects that is the most important differentiator. Growth in demand is only ever steady, at 2-3% p.a., so the market will be sensitive to any boost in supply.

ASX-listed phosphate companies floundered

The last time there was widespread interest in phosphate companies was in 2008/09, when the phosphate price jumped from a price of about US\$42 pt to peak at US\$430 pt. It subsequently collapsed back to US\$85 pt, then rallied to more than US\$200 pt, only to fall to a long term steady trend around US\$100 pt. The chart below demonstrates these movements.

Back then a number of Australian companies began promoting and working on phosphate projects, including Agua Resources (Brazil), Arafura Resources (Nolan's Bore), Nupower Resources (Arganara), Korab Resources (Geolsec), Minemakers (Wonarah), Phosphate Australia (Highland Plains) and Rum Jungle Resources (Amaroo).

However, as usual, bubbles like these don't often lead to operational successes.



Description: Phosphate rock (Morocco), 70% BPL, contract, f.a.s. Casablanca

Focus is more on potash now

Notwithstanding the collapse of the ASX-listed phosphate companies, interest in fertiliser products continued through the emergence of a number of companies promoting potash projects both in Australia and in more exotic locations overseas.

Whereas phosphate promotes a plant's ability to use and store energy, enhancing the process of photosynthesis, potash offer plants the ability to resist diseases and it enhances crop yields and quality. The potassium helps to protect plants when the weather is cold or dry, strengthening their root systems.

The seaborne phosphate trade is dominated by Moroccan producers who essentially control the price. This leaves little room for Australian companies to enter the sector. With potash projects, the hurdle for junior companies relates more to very high capital expenditures and longer development lead-times. Evaporative brine projects such as those being promoted in WA offer a lower capex alternative, but they may be limited by other issues and scalability of project size, and transport costs to port. The ability of the market to absorb the increase in supply also needs to be considered.

There are two types of potash (potassium fertiliser);

1. Muriate of Potash (MOP) (94.5% KCl, 5.5% NaCl)
 - typically 60% K₂O
 - 68 Mtpa market size, growing at 2-3% p.a.
 - price around US\$250 pt
 - applied to low value, chloride tolerant crops
 - can cause increase to soil salinity
 - six companies control 80% market share
 - overcapacity is always a risk, so location to markets is an important competitive consideration
 - Russians and Canadians are major players with mine gate costs around \$50 pt, but transport costs can double the effective cost to market

2. Sulphate of Potash (SOP) (K_2SO_4)
- typically 52% K_2O
 - 5-6 Mtpa market size
 - price US\$400-600 pt, but historically usually at a \$100 premium to MOP
 - high value, chloride sensitive/intolerant crops
 - sulphur is also an important nutrient
 - China dominant, remaining supply is diverse
 - trucking costs to port will be an issue for Australian brine producers, with costs up to \$100 pt
 - most production is from the Mannheim process - high temperature reaction of MOP with sulphuric acid. Brine producers will place pressure on Mannheim producers.

We have included a summary of the junior potash sector further down in this report but this week we have chosen to focus on Davenport Resources (DAV), hereafter referred to by its new name, South Hatz Potash (SHP) due to its relative underpricing in the market when compared to other potash hopefuls. It seems to have been overlooked. It didn't even get a mention in the recent Paydirt article on the new potash companies.

South Harz - The Summary up Front

A quick look through the sector will show that South Harz is almost the lowest market capitalised potash hopeful on the ASX, at \$42m. Most of the other companies are capitalised at or above \$100m, but admittedly these more expensive companies are further down the path of development with many of them having achieved offtake agreements and finance.

Most of the companies are looking at brine extraction methods of mining with a strong WA contingent. The only directly comparable company is Highfield Resources with an underground mining proposition in Spain, and that is capitalised at \$276m.

In terms of size of deposits, South Harz stands out head and shoulders above the rest. That might be more intimidating for some investors due to the implications for scale and capital expenditure, but it also makes it more attractive for major mining companies to become involved either by joint venture or takeover.

While we are awaiting details from the impending drilling and scoping study, these events could be good catalysts for an improving share price. The critical cash operating cost figure is believed to be in the lowest cost quartile, but that is subject to confirmation. One of the big advantages is the proximity to European markets and the ability to avoid high transport costs

In terms of product range, South Harz needs to further study which products the market wants with flexibility to be incorporated into the design of processing plant. This may be another point of distinction from other companies.

South Harz is priced at an option value at around 10¢, with significant share price appreciation expected as the news flow accelerates over coming months.

Note that the name of the company is changing to South Harz Potash Limited on 17th May, with a new ASX code of SHP.

It seems to be off the radar of most investors

It is great if you happen to be a shareholder when a major discovery is made, but being in the right place at the right time is not the only way to make super profits. There are plenty of examples of truly world class deposits that have dropped off the radar due to general stock market conditions, falling commodity prices, inability to raise finance or jaundice that can take over when management flounders in its efforts to commercialise a project. Projects that didn't get off the ground in one cycle can hibernate until circumstances in the next cycle facilitate their reveal.

One such project that seems to be coming around again is that owned by South Harz in Germany; the South Harz Potash Project.

We last mentioned South Harz in November 2018, when the share price was 12.5¢. The shares are trading just below 10¢ today, having traded down as low as 3¢ during the initial virus panic in March 2020. They are now rising in a strong uptrend that commenced in mid 2020. The market capitalisation is currently \$41m

You need to look at the big picture

When considering the merits of South Harz you need to place it in perspective of the global market for potash. The resource size of 5.3 billion tonnes at 10.8% K_2O , is of the size that attracts heavyweight companies like BHP. It is the largest resource of its type in Europe, with the potential to be producing for hundreds of years. A 1 Mtpa operation at Ohmgebirge is the first development being contemplated, but there is potential to quadruple this production rate by developing mines elsewhere on the leases that cover a total area of 659 km².

South Harz is another company that has fallen foul to the ASX attitude towards scoping studies that rely on Inferred Resources. It doesn't allow them. So, it has to drill another 2-3 holes to elevate the status of the resources to Measured and Indicated, thereby opening the door to the release of a Scoping Study.

Some background and history

South Harz covers historical potash mines in a region that once employed 45,000 mine workers back in the days of communist East Germany (GDR). With reunification in the early 1990s, most of the mines were closed and 15-20,000 miners lost their jobs. The government went to sell off the mines but the pricing was unrealistically high, so they sat on the shelf until SHP (formerly DAV) successfully bid €1.3m, completing the acquisition in early 2018. Interestingly, the licences have perpetual title; there are no royalties and no annual rental payments.

During the 20 year period from 1960, these leases were tested by 300 holes to depths in the order of 1,000m, providing very valuable information that would cost up to US\$500m to conduct today. Drill spacing on the **Ebeleben** project is mostly 1,000-1,500m, typically acceptable for this type of project to calculate inferred resources. UK-based consultants, Micon International Co Ltd, has taken the historical data, converting the communist numbers to JORC status to come up with a 560 Mt resource with 324 Mt of this being the preferred sylvinitic mineral at the healthy grade of 14% K_2O . This is up to 12m thick, making the geometry very efficient for underground continuous mining, with development able to be excavated within the ore. There is no history of flooding and the harder than normal sulphate mineralisation should result in good ground

conditions. The gently dipping orebody means that it will be like mining a flat structure. Initially only 40-45% is likely to be extracted due to the need to leave pillars but with tailings backfilling and subsequent retreat mining, final extraction could exceed 80%.

Elsewhere on the licences is the **Muhlhausen** project which has a JORC Inferred resource of 1.1 Bt, containing 800 Mt of sylvinitite. There is an Inferred Resource of 1.7 Bt at 9.7% K₂O at a third location, the **Nohra-Elende** Sub Area, including 101 Mt at 14.2% sylvinitite. The average thickness is 26m, and the orebody starts at 447m depth. A pilot operation was undertaken to the north of this area in the late 1980s, where the Kehmstedt solution mine is now producing muriate of potash (MOP) from carnallite at a rate of approximately 110,000 tpa (not a DAV assets).

Earlier conceptual study at Ohmgebirge

In October 2019, K-Utec completed a conceptual study of a 1 Mtpa MOP production rate from the mining of 4.5-5 Mtpa of raw salt using two continuous miners. An industry standard process flow sheet employing an evaporative and cooling separation process assumed that MOP with a 95% KCl purity could be produced.

Strengthening of the board and management

There have been a number of developments since we last covered South Harz. It is now better funded with \$10m in the kitty following a raising at 4.5¢. The board and management has been strengthened with Ian Farmer coming on as chairman in September 2020. Ian is a qualified chartered accountant who was with the Lonhro Group from 1986 to 2012, with the last few years being the CEO. He has already demonstrated value in strengthening the company's focus. Len Jubber, a very competent engineer, has also joined the board as a NED.

Work program and news flow

There are effectively four projects that cover an area as large as Perth; 659 km². These can be developed sequentially, starting with the **Ohmgebirge** resource of 325 Mt at 13.1% K₂O, comprising sylvinitite (261 Mt at 14% K₂O) and carnallitite (64 Mt at 9.8% K₂O). The resources lie at vertical depths of between 440m and 822m, which is considered to be relatively shallow in this business.

The immediate priority is to upgrade the Ohmgebirge resource of 325 Mt at 13.1% K₂O to the Measured and Indicated categories, by drilling two deep holes to depths of approximately 700m. Each hole will cost about \$2.5m and take a month to complete due to the need for casing all the way down as it passes through a groundwater aquifer. That will facilitate the release of a scoping study late in 2021, and enable work on the DFS to commence with a target delivery date of late 2022.

Although there have been 13 historical holes drilled at Ohmgebirge by previous project owners, that core is unavailable for SHP. Hence the need to drill more.

Engagement and support of landowners and the local community is an unavoidable condition precedent to a mine development everywhere today. To this end Davenport is at an advanced stage with locals and regional politicians who are thought to be generally supportive of a restart to mining operations. Changing the name of the company to South Harz Potash Limited and the local subsidiary to SüdHarzKali GmbH are measures designed to align them better with the local community.

Comparing Giant Projects

One point that South Harz likes to emphasize is the magnitude of the project. It is big, really big. It can be compared to the Jansen Potash project being developed by BHP in Saskatchewan. That has a stated resource of 6.5 Bt at 25.6% K₂O, Measured, Indicated and Inferred.

The Jansen Potash Project in Saskatchewan is estimated to cost \$12bn to develop, over three phases. At peak capacity it will be producing 16-24 Mtpa of ore from twin, 1 km deep shafts, for 8 Mtpa of MOP. The orebody lies at depths of 900-1,000m. After 10 years of conducting feasibility studies, BHP is scheduled to make a final decision on whether to continue, in mid 2021, having already sunk the initial shafts.

As of late 2020, BHP had earmarked \$2.7bn to finish excavation and lining of the production and service shafts, being part of a \$4bn budget. Stage 1 of the development is expected to cost up to \$5.7bn. All three stages could result in cumulative expenditure of \$17bn for production of around 16 Mtpa. The initial production target is initially 4.5 Mtpa of potash.

Jansen has not been without its controversy owing to the scale and cost of the project. The boss of Canadian fertiliser giant, Chuck Magro, has described the project as "sheer folly", but remember that comes from a competitor who doesn't want the increased competition in the market. A project of this scale will definitely have market implications. So, is there a smarter project anywhere else that BHP should focus on, closer to markets? Maybe the South Harz project would be a lower risk option, but first BHP would have to buy-in.

We don't have enough information on South Harz to make an economic comparison, though we can say the resource is similar in size, at depth that is considerably less.

Summary of ASX-Listed Potash Companies

Australia's Paydirt Magazine recently published an article on fertiliser companies, listing the key companies as;

- **Agrimin Ltd (AMN)** Mkt Cap: \$107m
 - Project - Lake Mackay Potash Project (100%), WA
 - Status - DFS done, offtake negotiations underway. Prod'n 2024
 - Product - SOP
 - Method - brine extraction
 - Reserves - 20 Mt, P & P
 - Grade - > 52% K₂O
 - Production Rate - 450,000 tpa
 - Cash Costs - US\$159 pt FOB
 - Capex - US\$415m
 - Capital Intensity - US\$922 pt of annual SOP capacity
- **Australian Potash Ltd (APC)** Mkt Cap: \$89m
 - Project - Lake Wells Project (100%), WA
 - Finance - \$140m, 17 year loan from NT Infrastructure
 - \$45m, 10 year loan from Export Finance Aust.
 - Status - Pre-development, binding offtake for 90% of production
 - Product - SOP (K-Brite™)
 - Method - brine extraction
 - Reserves - 3.6 Mt Probable, 18.1 Mt Measured Resource
 - Grade - > % K₂O 51-52%

- Production Rate - 170,000 tpa
Cash Costs - US\$251 pt FOB
Capex - \$292m (pre-production)
Capital Intensity - US\$1,300 pt of annual SOP capacity
- **Danakali Ltd (DNK)** Mkt Cap: \$170m
Project - Colluli (50%), Eritrea
Finance - US\$221 of senior debt & equity secured
Status - Pre-development. Binding offtake with EuroChem
Product - SOP
Method - solid state mining
Reserves - 1.1 Bt
Grade - 11% K₂O in-situ
Production Rate - 472,000 tpa Phase 1, 944,000 tpa Phase 2
Cash Costs - US\$258 pt
Capex - US\$320m
Capital Intensity - US\$640 pt of annual SOP capacity
 - **Highfield Resources Ltd (HFR)** Mkt Cap: \$276m
Project - Muga (100%), Spain
Finance - Working with Endeavour Financial
Status - Pre-prod'n Non-binding MoU for Phase 1 production
Product - SOP
Method - decline, underground mining
Reserves - 109 Mt Proved & Probable
Grade - 10.2% K₂O in-situ
Production Rate - 1 Mtpa MOP in two phases
Cash Costs - €104 pt FOB
Capex - €368m Phase 1, €208m Phase 2
Capital Intensity - US\$700 pt of annual MOP capacity
 - **Kalium Lakes Ltd (KLL)** Mkt Cap: \$184m
Project - Beyond Lake Potash Project (100%), WA
Status - construction 85% complete, production Q3 2021
 offtake agreement with German fertilizer group, K&S
Product - SOP
Method - brine extraction
Reserves - 5.95 Mt at 17,490 mg/L SOP
Grade - > 50% K₂O, 18% S
Production Rate - 100,000 tpa Stage 1, 180,000 tpa Stage 2
Cash Costs - US\$200 pt AISC
Capex - \$280m
Capital Intensity - US\$2,100 pt of annual SOP capacity
 - **Kore Potash Ltd (KP2)** Mkt Cap: \$122m
Project - Kola and DX (97%), Republic of Congo
Finance - TBA
Status - DFS completed 2019 (Kola), DX in progress
Product - MOP
Method - in-situ solution mining (DX)
Reserves - DX 17.7 Mt sylvinitic, at 41.7% KCl (145 Mt res.)
 Kola 152 Mt sylvinitic at 32.5% KCl (848 Mt res.)
 Additional carnallite resources
Grade - 41.7% KCl
Production Rate - 2.2 Mtpa (Kola), 400,000 tpa (DX)
Cash Costs - US\$86 pt FOB
Capex - US\$2.2bn (Kola), US\$286m (DX)
Capital Intensity - US\$715 pt (DX)
 - **Reward Minerals (RWD)** Mkt Cap: \$26m
Project - Lake Disappointment (100%), WA
Status - Bechtel reviewing PFS
Product - SOP
Method - brine extraction, "Back Mix"
Reserves - 153 Mt Indicated and Inferred Resource
Brine Grade - 11.35 kg/m³
Production Rate - 400,000 tpa
Cash Costs - \$376 pt FOB
Capex - \$451m incl. contingency and pre-production
Capital Intensity - US\$880 pt of annual SOP capacity
 - **Salt Lake Potash (SO4)** Mkt Cap: \$309m
Project - Lake Way Potash Project, WA
Finance - US\$138m facility from Clean Energy Finance Corp
 US\$39m from Sequoia Economic Infr. Income
 US\$35m from Taurus Mining Finance
 US\$25m from Commonwealth Bank
Status - Process plant commissioning commenced March 2021
Product - SOP
Method - brine extraction
Reserves - 47.7 Mt Measured, Indicated & Inferred Resource
 5.4 Mt SOP Probable Ore Reserve
 11.4 Mt SOP Mineral Resource
Grade - 53% K₂O
Production Rate - 245,000 tpa
Cash Costs - \$302 pt C1
Capex - US\$264m
Capital Intensity - \$1,038 pt of annual SOP capacity
 - **South Harz Potash Ltd (SHP)** Mkt Cap: \$42m
Project - South Harz (100%), Germany
Finance - to be arranged. Recently placed \$10m equity
Status - working on scoping study, due mid 2021
Product - SOP
Method - underground mining
Reserves - 5.3 Bt
Grade - 13-14% K₂O in-situ
Production Rate - n/a
Cash Costs - US\$/n/a
Capex - US\$/n/a
Capital Intensity - US\$/n/a pt of annual SOP capacity
 - **Trigg Mining (TMG)** Mkt Cap: \$8.5m
Project - Lake Throssell (100%), WA
Finance - TBA
Status - Exploration
Product - SOP
Method - brine extraction
Resources - 14.2 Mt @ 10.3 kg/m³ K₂SO₄, drainable, Inferred
Grade - 10.3 kg/m³ K₂SO₄
Production Rate - to be determined
Cash Costs - to be determined

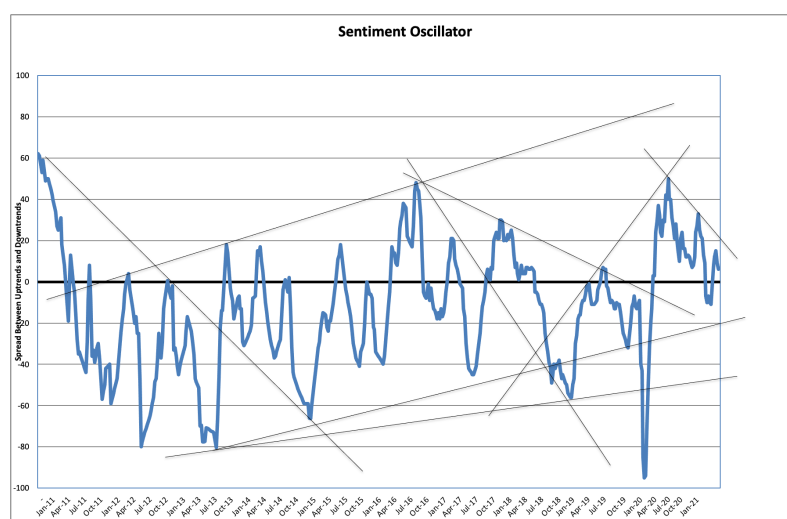
Los Cerros is adding grist to the mill

During the week Los Cerros (LCL) provided further insight into the size of the geological system from which it has been reporting very large gold intercepts, at its Quinchia Gold Project in Colombia. It has commissioned geophysical surveys (a drone-based magnetic survey and a deep IP program) to validate, fine tune and extend the regional model, assist in drill planning and to potentially identify more targets along key controlling structures.

While the company has a good understanding of the Tesorito South projects, with each round of drilling

confirming and expanding the dimensions, the bigger picture involves an appreciation of the possibility of a multitude of discoveries in close proximity. This is not a one card hand.

For those of you who are wondering how this \$87m company is going to continue to fund the drilling, keep in mind that there are options that come due in August 2021. At an exercise price of 16¢, this could lead to an injection of \$8m. If the share price maintains recent levels we should expect a good proportion will be exercised and/or underwritten.



Sentiment Oscillator: Sentiment softened a little over the week. There were 39% (39%) of the charts in uptrend and 33% (30%) 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	off from high	
Metals and Mining	XMM	new high then a slump	
Energy	XEJ	lower	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	surge higher	zinc, polymetallic
Alkane Resources	ALK	spike out of downtrend on drill result	gold, zirconia
Alicanto Minerals	AQI	stronger	base metals, silver, gold
Altech Chemical	ATC	breaching support line	HPA, anodes
Alto Metals	AME	testing resistance line	gold exploration
American Rare Earths (was BPL)	ARR	down	rare earths
Apollo Consolidated	AOP	down	gold exploration

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Arafura Resources	ARU	on support line	rare earths
Ardea Resources	ARL	bounced back to trend line	nickel
Aurelia Metals	AMI	rallying	gold + base metals
Australian Potash	APC	breaching trend line	potash
Auteco Minerals	AUT	down	gold exploration
BHP	BHP	new high then heavy correction	diversified, iron ore
Base Resources	BSE	weaker	mineral sands
Beach Energy	BPT	down, near lows	oil and gas
Bellevue Gold	BGL	down	gold exploration
Blue Star Helium	BNL	down	gas, helium
Boab Metals	BML	down	silver/lead
Breaker Resources	BRB	down	gold exploration
Buru Energy	BRU	slump on placement	oil
Calidus Resources	CAI	still down	gold
Capricorn Metals	CMM	rising	gold
Caravel Minerals	CVV	new high	copper
Celsius Resources	CLA	surge higher	uptrend
Chalice Gold	CHN	new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML	slump	nickel/copper/PGE
Chesser Resources	CHZ	down now	gold exploration
Cobalt Blue	COB	weaker	cobalt
Cyprium Metals	CYM	back to highs	copper
Danakali	DNK	breached uptrend	potash
De Grey	DEG	steeply higher	gold
E2 Metals	E2M	downtrend	gold exploration
Ecograf (was Kibaran)	EGR	down	graphite
Element 25	E25	breached uptrend	manganese
Emerald Resources	EMR	rising	gold
Euro Manganese	EMN	downtrend	manganese
Evolution Mining	EVN	rising	gold
Firefinch	FFX	strongly higher	gold
First Graphene	FGR	breached short term downtrend	graphene
Fortescue Metals	FMG	slump	iron ore
Galaxy Resources	GXY	rising again	lithium
Galena Mining	G1A	off its highs	lead
Galilee Energy	GLL	pullback	oil and gas, CBM
Genesis Minerals	GMD	down	gold
Gold Road	GOR	rising	gold
Hastings Technology Metals	HAS	down	rare earths
Hazer Group	HZR	rallying	hydrogen
Highfield Resources	HFR	rising	potash
Hillgrove Resources	HGO	spiked higher on drill intercept	copper
Iluka Resources	ILU	new high	mineral sands
Image Resources	IMA	sideways	mineral sands

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Independence Group	IGO		bouncing	gold
ioneer (was Global Geoscience)	INR		breached downtrend	lithium
Ionic Rare Earths (Oro Verde)	IXR		collapse on scoping study	rare earths
Jervois Mining	JVR		rising again	nickel/cobalt
Jindalee Resources	JRL		at highs	lithium
Kairos Minerals	KAI		breached support line	gold exploration
Kin Mining	KIN		sideways	gold
Kingston Resources	KSN		down	gold
Kingwest Resources	KWR		down	gold
Latitude Consolidated	LCD		strongly higher	gold
Legend Mining	LEG		turned down at resistance line	nickel exploration
Lepidico	LPD		down	lithium
Lindian Resources	LIN		testing downtrend	bauxite
Lithium Australia	LIT		down	lithium
Los Cerros	LCL		rising again on drill results	gold exploration
Lotus Resources	LOT		surge to new high	uranium
Lucapa Diamond	LOM		breaking downtrend	diamonds
Lynas Corp.	LYC		testing downtrend	rare earths
Magnetic Resources	MAU		uptrend	gold exploration
Mako Gold	MKG		down again	gold exploration
Manhattan Corp	MHC		down	gold exploration
Marmota	MEU		still down	gold exploration
Marvel Gold	MVL		on support line	gold exploration
Matador Mining	MZZ		new uptrend	gold exploration
MetalTech	MTC		heavy fall	gold
Meteoric Resources	MEI		down	gold exploration
MetalsX	MLX		near highs	tin, nickel
Metro Mining	MMI		down again	bauxite
Mincor Resources	MCR		down	gold/nickel
Musgrave Minerals	MGV		rising	gold exploration
Myanmar Minerals	MYL		breaching downtrend	lead, zinc, silver
Nelson Resources	NES		slump out of uptrend	gold exploration
Neometals	NMT		rising	lithium
Northern Minerals	NTU		testing uptrend	REE
Northern Star Res.	NST		rising	gold
Oceana Gold	OGC		surge higher	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		breached downtrend	gold development
Orocobre	ORE		steeply higher	lithium
Oz Minerals	OZL		new high	copper
Pacific American Holdings	PAK		sideways	coal
Pantoro	PNR		breached support line	gold
Panoramic Res	PAN		breaching uptrend	nickel
Peak Minerals	PUA		new low	copper exploration

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Peak Resources	PEK		shallower downtrend	rare earths
Peel Mining	PEX		testing support	copper
Peninsula Energy	PEN		new high	uranium
Poseidon Nickel	POS		down	nickel
Perseus Mining	PRU		testing downtrend	gold
Pilbara Minerals	PLS		back to highs	lithium
Polarex	PXX		down	polymetallic exploration
Queensland Pacific Metals	QPM		new high	nickel/cobalt/HPA
Ramelius Resources	RMS		rising again	gold production
Red5	RED		testing downtrend	gold
Red River Resources	RVR		down	zinc
Regis Resources	RRL		new low on large financing	gold
Regergen	RLT		heavy fall	gas, helium
Resolution Minerals	RML		new low	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		rising again	diversified, iron ore
Rumble Resources	RTR		surge to new high	gold exploration
Salt Lake Potash	SO4		down	potash
St Barbara	SBM		testing downtrend	gold
Sandfire Resources	SFR		new high	copper
Santos	STO		testing uptrend	oil/gas
Saturn Metals	STN		breached downtrend	gold exploration
Sheffield Resources	SFX		rising	mineral sands
St George Mining	SGQ		risen to resistance line	nickel
Silex Systems	SLX		secondary downtrend	uranium enrichment technology
Silver Mines	SVL		testing downtrend	silver
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
South Harz Potash	SHP		rising again	potash
Stanmore Coal	SMR		breached steepest downtrend	coal
Strandline Resources	STA		pullback	mineral sands
Sunstone Metals	STM		improving	
Talga Resources	TLG		testing downtrend	graphite
Technology Metals	TMT		sideways	vanadium
Tesoro Resources	TSO		down	gold exploration
Theta Gold Mines	TGM		down	gold
Thor Mining	THR		testing downtrend	gold exploration
Tietto Minerals	TIE		at lows	gold
Titan Minerals	TTM		sideways	gold
Venturex	VXR		surge on funding	zinc
Vimy Resources	VMY		steeply higher	uranium
West African Resources	WAF		higher	gold
Westgold Resources	WGX		breached downtrend	gold
West Wits Mining	WWI		off its highs	gold
Western Areas	WSA		testing downtrend	nickel

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Whitehaven Coal	WHC		breached uptrend	coal
Wiluna Mining	WMX		down	gold
Yandal Resources	YRL		rising again	gold exploration
Zenith Minerals	ZNC		surge to new high	gold exploration
Zinc Mines of Ireland	ZMI		rising	zinc
Totals	39%	57	Uptrend	
	33%	48	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.
- 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	33	22.8%	
Gold Exploration	26	17.9%	
Nickel	12	8.3%	
Copper	9	6.2%	
Oil/Gas	6	4.1%	
Lithium	8	5.5%	
Zinc/Lead	7	4.8%	
Rare Earths	7	4.8%	
Mineral Sands	5	3.4%	
Iron Ore/Manganese	5	3.4%	
Potash/Phosphate	5	3.4%	
Coal	4	2.8%	
Uranium	4	2.8%	
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	5		
Total	145		

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