

Gold company share prices continue to disappoint

Gold pulled back on overseas markets on Tuesday in response to the news that inflation was slightly above expectations in the USA. Strangely, equity markets moved higher on the same news, which is not what what equities markets should be doing if rates aren't falling. Rather than over-analyse one day's movements, it is best to continue with the thematic that interests rates are expected to fall in 2024, and that is what continues to drive market expectations ... at least until further notice.

Commodity prices are moving more on industry specific news at the moment. Iron ore prices have been falling on lack of inspiration from Chinese markets and falling house prices. Copper and tin prices have been firmer on supply disruptions but there are no compelling trends to motivate markets.

Alternative energy is not a one way street

News that large scale energy developments (solar and wind) in Australia fell by 77% last year from \$6.5bn to \$1.5bn, should give us pause for thought. The whole push to alternative energy as been like a rabid crusade that has been big on rhetoric but small on facilitation. It is ironic that one of the major causes of the slowdown has been bureaucratic approvals. The government is telling us to get on with the job whilst frustrating the progress with excessive regulatory approvals. It needs to get its act together.

While we are on the topic of governments, it doesn't make sense for the Federal Government to be supporting Australia's richest woman with the US\$533m debt finance package to get the Nolan Project going in the Northern Territory. I am not against governments providing some assistance for rare earths projects as a foil to Chinese Government activities, but there is something inherently wrong about this deal. Is it Labor Party policy to be making the rich people richer?

Uranium taking a breather

A number of uranium stocks, but not all, have breached uptrends in response to the softer uranium price. The thematic hasn't changed so the long term outlook remains favourable while profit takers move money around.

Gold is good, but not so the share prices

The gold price has been performing very well over recent months but there has been a disconnect between bullion and the share prices of most of the ASX juniors that espouse gold projects. Many companies with interesting projects continue to fall in the market. Why is that?

One investor lamented that it was ridiculous for gold resources to be valued at \$20/oz in the ground. He may be right, but that is only a rule of thumb. There are many companies with resources that will never be mined, so maybe \$20/oz for these is generous. You need to look

further than just the number of ounces. You need to consider what is economically mineable.

Most of the gold resources quoted by companies are those left over from previous mining operations, perhaps with some additional ounces that have been tacked on following recent exploration. The gold in the ground was left behind for a number of reasons - mostly because of the economics of the gold price at the time, but also for technical reasons. The higher gold prices obviously helps today, but you need to consider how the cost structure has changed as well. You need to do your homework.

Western Australia in particular is peppered with gold projects wherever you look. It can be hard to distinguish one from another in trying to find the better ones. Many of them look good on paper, but there is often a lack of critical mass.

Any assessment also has to take into account the quality of the management team. That goes without saying. There is a strong probability that the market has a low level of confidence in many of the management teams, but the doesn't explain why a well-managed company like Astral Resources is also being shunned. The malaise seems to be indiscriminate.

Maybe the market is tired of the same old stories and the failure of management to achieve commercial success. Maybe investors should be looking for new stories without stale bulls who fill in buyers whenever they stick their heads up above the trenches. Maybe there are just too many companies to choose from, and not sufficient investable funds to take them higher. The frustration comes because there are more questions than answers.

LCL's switch to nickel is delivering grade

Notwithstanding the exploration success that LCL Resources had in drilling out porphyries in Colombia, the reality that this style of orebody can be the undoing of junior companies was highlighted by its decision to switch focus to nickel in PNG.

One of the reasons given was that the President of Colombia was anti-mining, but I'm sure that was a simplification. Maybe the President is against mining, but Congress is not. There is little he can do to obstruct mining without control of Congress. Mining will continue to be an important industry.

A huge porphyry will always bring environmental and social issues that need to be addressed and junior companies seldom have sufficient finances to survive what can be a 5-10 year pre-production process. That is why juniors need to have a strong joint venture partner to do the heavy lifting, and LCL didn't have that partner.

It is interesting how ASX listed companies went through a period where investors blindly ignored the reality and punters piled into the porphyry stocks, to no effective

outcome. As I have said previously, these projects can hang around for a number of ASX cycles, and still remain undeveloped. They can easily send a junior broke.

So, LCL Resources decided to roll the dice in PNG instead - not that PNG is a low geopolitical risk jurisdiction. PNG has great geology, but fast tracking anything in this country is most unlikely.

Last week LCL released some strong nickel assays, with gold, from surface trenches. Quite correctly, the Company

Disclosure: Interests associated with the author owns shares in LCL Resources.

advised the tropical environments can lead to surface enrichment such that surface greats might not correlate with deeper grades. Nevertheless, a high grade start is better than the low grade alternative.

Nickel has been under a spotlight recently due to the dominance of Indonesia in the sector and the collapse of the nickel price. That may take some of the gloss off these exploration results, but PNG is parallel with Indonesia on the map. They can have similar geology. Maybe nickel has a good long term future in PNG as well.

Ardea Resources is not caught up in the nickel blues

One emerging nickel stock in WA has managed to avoid the nickel blues hitting that state. Ardea Resources (ARL) has almost doubled in price this year on the back of Japanese interest in its Goongarrie Hub nickel project. Due diligence has been completed and binding agreements are expected to be executed by the end of March.

Brazil's position in global food supply

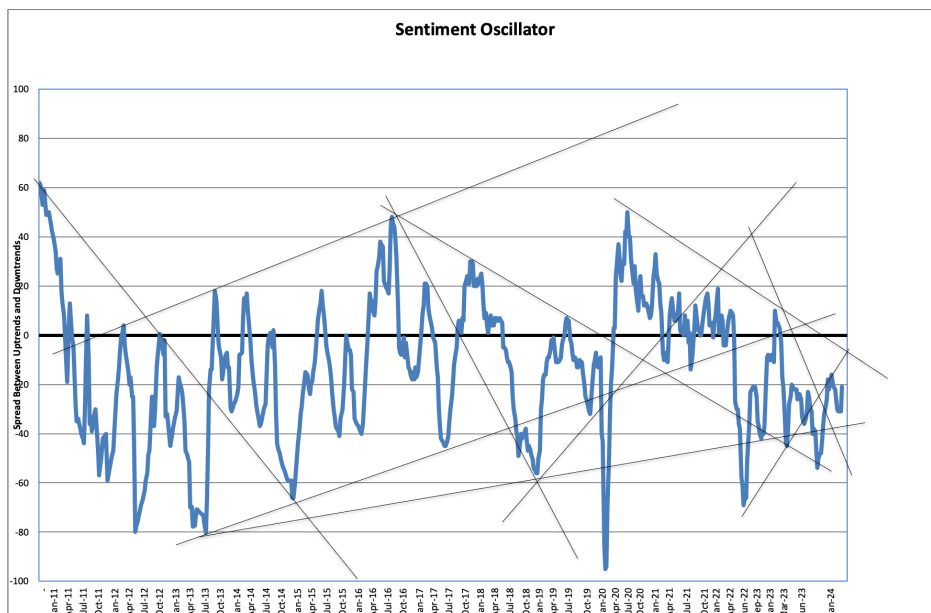
Last week we commented on Brazil, food supply security and phosphate, noting that Brazil is one of the best placed countries to address this global issue.

Over the years I have seen a number of phosphate projects promoted by Australia juniors. The one thing they have in common, whether in Australia, Africa or elsewhere, is their distance from markets. Phosphate is a bulk commodity that requires good logistics to get to markets. The further away from markets the more difficult it is to get the economics right. That is why Australian projects in remote areas never seem to get anywhere. Whatever the thematic, no matter how much fertiliser is needed, the final stumbling block has always been transport costs to market. There is no rocket science here.

The overwhelming advantage that Agua has in Brazil is that its product will be sold within 300 km from the mine gate, in the middle of a rich farming community. No rail is needed, no ships are required; just trucks from the mine to the farm.

Mining and crushing of rock phosphate and processing in a chemical free circuit is the most environmentally friendly source of fertiliser.

Disclosure: Interests associated with the author owns shares in Agua and has received capital raising fees. The author is chairman of Agua



Sentiment Oscillator: Sentiment improved usefully. There were 28% (24%) of stocks in uptrend and 49% (54%) in downtrend at the close of the week.

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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 its high	
Metals and Mining	XMM	heading down	
Energy	XEJ	down	
Information Technology	XIJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	spiked through downtrend	boron
92 Energy	92E	rising	uranium
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	back to lows	coal, gold exploration
Aguia Resources	AGR	breached LT downtrend	phosphate, copper exploration
Alkane Resources	ALK	down	gold
Alicanto Minerals	AQI	rallying	base metals, silver, gold
Alligator Energy	AGE	breached uptrend	uranium
Almonty Industries	All	rising	tungsten
Alpha HPA	A4N	wedge forming	HPA
Altech Chemical	ATC	breaching downtrend	HPA, anodes
Alto Metals	AME	at lows with a placement	gold exploration
American Rare Earths	ARR	surge through downtrend line	rare earths
Anax Metals	ANX	new low	copper
Anteotech	ADO	breached downtrend	silicon anodes, biotech
Antilles Gold	AAU	new low	gold and copper expl.
Aradura Resources	ARU	surge out of downtrend	rare earths
Ardea Resources	ARL	breaching downtrend	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	gentle downtrend	gold
Averina	AEV	breaching uptrend	phosphate
Aurora Energy Metals	1AE	breaching correction pattern in LT uptrend	uranium
Aurelia Metals	AMI	rising	gold + base metals
Australian Rare Earths	AR3	at lows	rare earths
Australian Strategic Materials	ASM	continuing lower	rare earths
Azure Minerals	AZS	another surge higher then pullback	nickel exploration
BHP	BHP	down	diversified, iron ore
Barton Gold	BGD	sideways through support line	gold exploration
Beach Energy	BPT	rising gently	oil and gas
Bellevue Gold	BGL	off its highs	gold exploration
Besra Gold	BEZ	breached downtrend	gold
Black Cat Syndicate	BC8	steep rally	gold
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	heavy fall	silver/lead

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Cadoux (was FYI)	CCM		testing steepest downtrend	HPA
Calidus Resources	CAI		new uptrend	gold
Caravel Minerals	CVV		strong rally	copper
Carnaby Resources	CNB		secondary downtrend	copper
Castile Resources	CST		new uptrend	gold/copper/cobalt
Cazaly Resources	CAZ		back to downtrend	rare earths
Celsius Resources	CLA		sideways	copper
Cobalt Blue	COB		down again	cobalt
Cyprium Metals	CYM		new low	copper
Ecograf	EGR		breaching downtrend	graphite
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		fallen to support line	gas
EQ Resources	EQR		breaching downtrend	tungsten
Euro Manganese	EMN		new low	manganese
Evolution Energy	EV1		new low	graphite
Evolution Mining	EVN		crashed lower	gold
First Graphene	FGR		new high	graphene
Fortescue Metals	FMG		off its high	iron ore
Galena Mining	G1A		suspended	lead
Genesis Minerals	GMD		testing uptrend	gold
Genmin	GEN		suspended	iron ore
Gold 50	G50		down again	gold exploration + gallium
Great Boulder Resources	GBR		new low	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		new low	gold exploration
Hastings Technology Metals	HAS		back to lows	rare earths
Hazer Group	HZR		testing downtrend	hydrogen
Heavy Minerals	HVY		new low	garnet
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		heavy fall	mineral sands
ioneer (was Global Geoscience)	INR		new low	lithium
Ionic Rare Earths	IXR		breached downtrend	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Lithium	JLL		back to lows	lithium
Kaiser Reef	KAU		breached downtrend	gold
Krakatoa Resources	KTA		new low	rare earths
Kingfisher Mining	KFM		breached downtrend	rare earths
Lepidico	LPD		new low	lithium
Lindian Resources	LIN		new low	rare earths + bauxite
Lion One Metals	LLO		heavy fall - suspension	gold
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold exploration
Lotus Resources	LOT		rising	uranium
Lucapa Diamond	LOM		sideways	diamonds

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Lunnon Metals	LM8		new low	nickel
Lynas Corp.	LYC		still down	rare earths
Marmota	MEU		rising	gold exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		down	gold
MetalsX	MLX		down	tin, nickel
Meteoric Resources	MEI		breaching downtrend	rare earths
Metro Mining	MMI		improving	bauxite
Midas Minerals	MM1		slump	lithium
Nagambie Resources	NAG		collapse to a new low	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		down	diamonds
Nexgen Energy	NXG		rising	uranium
Northern Star Res.	NST		rising	gold
Nova Minerals	NVA		off its highs	gold exploration
Pacific Gold	PGO		new low	gold exploration
Paladin Energy	PDN		new high	uranium
Pantoro	PNR		breached short term uptrend	gold
Patriot Battery Metals	PMT		testing downtrend	lithium
Peak Resources	PEK		new low	rare earths
Peninsula Energy	PEN		breached downtrend	uranium
Perseus Mining	PRU		testing support line	gold
Poseidon Nickel	POS		new low	nickel
Provaris Energy	PV1		down	hydrogen
QMiner	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
RareX	REE		new low	rare earths, phosphate
Regis Resources	RRL		turned down again	gold
Reenergy	RLT		down	gas, helium
Richmond Vanadium	RVT		rising	vanadium
RIO	RIO		off its highs	diversified, iron ore
Rumble Resources	RTR		new low	gold exploration
S2 Resources	S2R		down	gold exploration
Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarama Resources	SRR		sideways	gold exploration
Sarytogan Graphite	SGA		rising off lows	graphite
Siren Gold	SNG		bounced from lows	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		spike to new high	gold exploration
Southern Palladium	SPD		testing downtrend	PGMs
Stanmore Coal	SMR		testing uptrend	coal
Strandline Resources	STA		suspended	mineral sands
Sunstone Metals	STM		meeting resistance line	gold/copper exploration

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Suvo Strategic Minerals	SUV		rising	kaolin
Talga Resources	TLG		rallying	graphite
Tamboran Resources	TBN		rising again	gas
Technology Metals	TMT		down	vanadium
Theta Gold Mines	TGM		breached downtrend	gold
Thor Energy	THR		new uptrend	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Vanadium Resources	VR8		drifting lower	vanadium
Venture Minerals	VMS		breached uptrend	tin, tungsten
Vintage Energy	VEN		breached downtrend	gas
Voltaic Strategic Resources	VSR		new low	REO + lithium
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		new high	gold
West Wits Mining	WWI		sideways	gold
Whitehaven Coal	WHC		testing uptrend	coal
Xantippe Resources	XTC		suspended	lithium
Zenith Minerals	ZNC		new low	gold exploration
Totals	28%	39	Uptrend	
	49%	67	Downtrend	
		138	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 Exploration	18	13.0%	
Gold	19	13.8%	
Rare Earths	14	10.1%	

Lithium	10	7.2%	
Copper	9	6.5%	
Uranium	9	6.5%	
Oil/Gas	8	5.8%	
Nickel	6	4.3%	
Iron Ore/Manganese	5	3.6%	
Graphite/graphene	5	3.6%	
Silver	4	44.4%	
Tungsten	3	2.2%	
Mineral Sands	2	1.4%	
Vanadium	3	33.3%	
Zinc/Lead	2	1.4%	
Coal	2	1.4%	
Potash/Phosphate	3	2.2%	
Bauxite	2	1.4%	
Tin	2	1.4%	
Cobalt	1	0.7%	
Diamonds	2	1.4%	
Other	9		
Total	138		

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