

No overwhelming thematic (other than climate change) in the market place

Our key stock market indices are looking healthier even though the resource stocks in our coverage have experienced further softening in sentiment over the week. It's not that everyone is selling. Rather, the buyers are standing back. There seems no urgency to be doing anything as we go through one of the calm periods in our chaotic World. It is not unusual, seasonally speaking.

Gold has bounced a little at the end of the week after a round of stop loss selling, but where to from here? According to one chart commentator out of the US, if all this selling is absorbed and the market reverses to the upside, we should experience bear trap reversals. He would interpret this as smart money buying what the public is selling. That is the chartist's view. The fundamentalists take a longer term view. Gold is still something you need to have due to the uncertainties in the world.

Alicanto Minerals pegs IOCG target in Sweden

On Thursday last week, AQL announced it had increased its ground position in Sweden to include a new high-grade copper-gold target that has returned 11.9% copper grades at surface. Named Wolf Mountain, this prospect has an area of interest that extends by more than one kilometre with widths up to 700m. It has been interpreted as an IOCG target that offers significant tonnage potential. It is more "meat on the bone" for what is emerging as a high quality exploration company. *Have a look at the detailed research note I have released today following the site visit in October.* Hopefully it gets the message across for even non-geologists to understand.

Disclosure: Interests associated with the author own shares in Alicanto Minerals.

Rare earths still an area of interest

It is interesting to read that the Federal Government is working with the US to ensure that funding is available for development of rare earth projects, to reduce China's stranglehold on supply. If ever there was a critical strategic commodity it seems that rare earths qualify.

Investors will be looking at how they can benefit from such resolve but the tangible field is fairly limited. Lynas is in the box seat while Northern Minerals and Arafura are in the running, perhaps bringing to a close the very difficult decade that they have been weathering. Maybe there will be joy for shareholders soon. Alkane has been waiting in the wings for closer to 20 years, though it has successfully developed gold mining operations in the meantime.

There is still interest in the companies with less advanced projects and exploration properties but they will be further down the food chain. They will not be in the inner circle,

therefore they will continue to carry the risks associated with speculative ventures. How much enthusiasm flows into this end of the market remains to be seen. So far in 2019, we have seen an early surge of interest followed by a period of circumspection. Will we see another tick upwards? Rare earths is a good topical space to be in, but it is not going to be easy to advance the projects.

Deutsche Bank rumours causing concern

Despatches out of Europe about the potential collapse of Deutsche Bank are causing concern in European financial circles. It is difficult to get an accurate picture but remember the adage "if there is smoke there is fire". Michael Snyder, writing in The Economic Collapse blog, opines that if Deutsche Bank fails it will be more catastrophic than when Lehman Brothers went down.

I can't comment upon everything he has written or whether there is any accuracy in it, but it worth noting that there is a dark cloud out there. It is unrealistic to spend our lives fretting about the risk of failure by any one bank - even a major bank. If there is a failure, much depends on how the governments and the banking system work together to manage the damage control. Having gold positions would be a good way to profit out of the speculation and uncertainly that goes with these scenarios.

Bushfires and climate change

It shouldn't surprise us that all manner of people are trying to blame bushfires on climate change, with the media fanfare that goes with it. The fact is that Australia has had decades of history in which it has suffered from horrific fires with loss of life and property. Dangerous fire seasons usually coincide with droughts. There is nothing new here.

Speaking from the experience of more than 20 years on the ground as a volunteer fire fighter, I have noticed that the media always over-dramatises bushfire events to the point that it sometimes starts to get embarrassing. I'm not downplaying the events themselves or the critical role that the fireys play in combating the dangers, but the media does feed off such events. Now it has another angle and that is the effect of climates change.

One veteran Australian has made an interesting comment that went like this, "Until we put an Aboriginal in charge of hazard reductions to burn excessive fuel levels in forest, we are going to continue to have bad fires". This is a commentary on the way Aboriginals managed their environment before white settlement. Maybe there is some merit in this view. We should be doing more hazard reductions (even more work for the volunteers), accepting more smaller fires instead of larger ones. There will always be fires, but we can influence how bad they will be.

The climate change does have an impact according to whether it is changing from dry to wet periods, with these

swings of the pendulum taking a number of years to play out, but you need to assess it over a much longer time frame - maybe multiples of 50-100 years, to really understand the cycles. The trouble is, no-one is prepared to look at the big picture that extends beyond one generation. No-one lives long enough to experience anything other than short-termism. Opinions are based on beliefs that selectively extract facts that support those beliefs. At least with the YK2 bug there was a deadline on the time frame to the disruption that it caused. Just remember, nothing stays the same forever. Expect continuous change.

Demands for immediate climate change action by the government leave me perplexed. What action can immediately make a difference? If it was that easy I'm sure the government would be acting. We have arrived at this position after 100-200 years of economic progress. You can't just flick a switch. We are making changes on many fronts but these take time to make an impact, and they will be meaningless unless China pulls into line. Creating panic or stamping our feet is pointless apart from creating copy for the media.

Is the Australian Government really doing nothing? ANU experts Andrew Blakers and Matt Stocks recently stated that Australia is on track to meet its Paris emissions reduction targets, investing 11x the global average in renewable energy. That sounds like something to me.

Fortunately we do have some wise old heads amongst the journalists. Paul Kelly, Editor-at-Large for The Australian, said *"The more people believe the bushfires are driven by climate change and demand greater Australian action on global warming, the more exposed is the fantasy that this country, with only 1.3% of global emissions, could make*

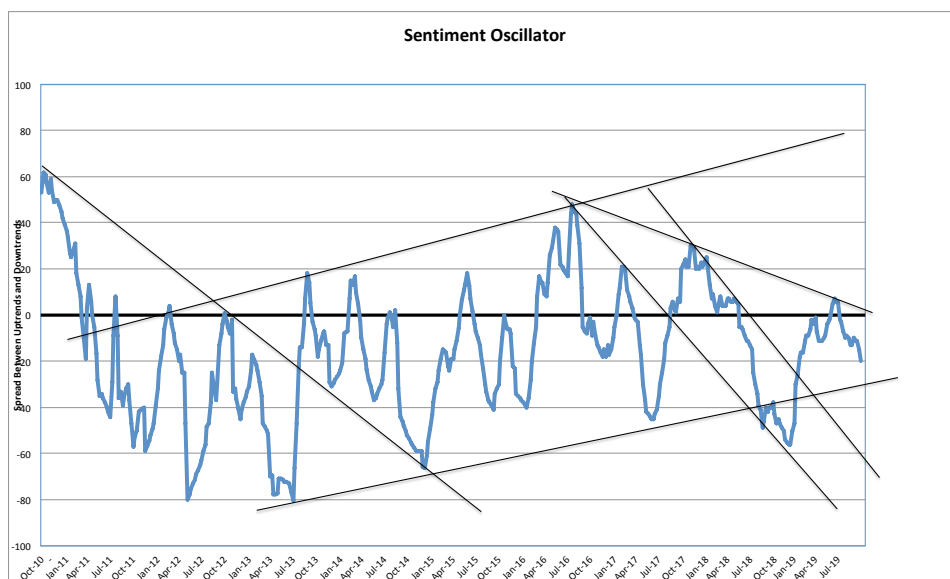
any tangible difference in its own right. It is what other nations do that will have the impact on Australia - that's the scientific reality." (The Weekend Australian, Nov16-17, p.15).

Further, *"This week, journalists and politicians have wilfully misrepresented claims from NSW fire authorities that they have never confronted so many emergency-level fires at once"*, and the punchline was *"An unprecedented number of fires, especially when deliberately lit, has more to do with expanding population than climate"*.

If you think through the logic on climate change, if that means that the countryside will be drier going forward, then that means you will have less vegetation and therefore less fuel to burn. That means less severe fires. The ecological system will be self-sorting if indeed this is a one way street. If we continue to fluctuate between wet and dry cycles, we will just see more of the same.

Typically, you get the greatest build-up of highly flammable ground cover in areas of higher rainfall e.g wet sclerophyll forests. It is difficult to conduct hazard reductions in these areas because of the natural moisture levels. These are most vulnerable in periods of drought, like we are experiencing now in NE NSW, and these are the most dramatic fires.

We have rotated a few of the stocks under chart coverage, deleting AlTech Chemicals, Australian Bauxite, AustTin, Celcius Minerals, Tigers Realm, Troy Resources and Vector Resources. We have added Kingston Resources (gold at Misima) and Lidian Resources (bauxite in Guinea).















Sentiment Oscillator: Sentiment weakened over the week. There were 27% (28%) of the charts in uptrend and 47% (43%) 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	broken upside from wedge	
Metals and Mining	XMM	breached downtrend	
Energy	XEJ	looking stronger	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	resuming broad uptrend channel	HPA
Adriatic Resources	ADT	broad, shallower uptrend	zinc
Aeon Metals	AML	new low	copper + cobalt
Alacer Gold	AQG	new high	gold – production
Alkane Resources	ALK	testing support line	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alicanto Minerals	AQI	breached uptrend	gold exploration
Allegiance Coal	AHQ	sideways near highs	coal
Alliance Resources	AGS	higher	gold exploration
Apollo Consolidated	AOP	back to support line	gold exploration
Arafura Resources	ARU	breached downtrend	rare earths
Argent Minerals	ARD	down	silver
Aurelia Metals	AMI	testing downtrend	gold + base metals
Australian Potash	APC	testing uptrend	potash
Australian Mines	AUZ	continuing down	cobalt/nickel
Australian Vanadium	AVL	new low	vanadium
BHP	BHP	rising after downtrend breached	diversified, iron ore
Base Resources	BSE	down	mineral sands
Bathurst Resources	BRL	down	coal
BBX Minerals	BBX	sideways through downtrend line	gold exploration
Beach Energy	BPT	risen through resistance line	oil and gas
Beacon Mining	BCN	down	gold production
Bellevue Gold	BGL	breached support, downtrend	gold exploration
Berkeley Energia	BKY	in secondary downtrend	uranium
Blackstone Minerals	BSX	downtrend breaching support	nickel
Bounty Coal	B2Y	still in downtrend	coal
Breaker Resources	BRB	down	gold exploration
Broken Hill Prospecting	BPL	steeply higher, then all the way back down	minerals sands
Buru Energy	BRU	turning down	oil
Buxton Resources	BUX	continuing down	nickel exploration
Capricorn Metals	CMM	sideways to softer	gold
Cardinal Resources	CDV	down	gold exploration
Cassini Resources	CZI	softer	nickel/Cu expl.
Central Petroleum	CTP	new uptrend	oil/gas
Chalice Gold	CHN	ST downtrend commencing	gold exploration

Chase Mining	CML		breached downtrend	nickel/copper/PGE
Chesser Resources	CHZ		breached downtrend	gold exploration
Cobalt Blue	COB		breaching downtrend, but pullback	cobalt
Dacian Gold	DCN		turning down on LT resistance line	gold
Danakali	DNK		drifting lower	potash
Davenport Resources	DAV		broken lower	potash
Egan Street Resources	EGA		under takeover offer, but weaker	gold
Emerald Resource	EMR		gentle downtrend	gold
Evolution Mining	EVN		approaching support line in ST downtrend	gold
Exore Resources	ERX		higher for placement then slump	gold exploration
FAR	FAR		sideways at lows	oil/gas
First Graphene	FGR		short term down	graphene
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		new low	lithium
Galena Mining	G1A		slump	lead
Galilee Energy	GLL		downtrend forming	oil and gas, CBM
Gold Road	GOR		down	gold
Graphex Mining	GPX		drifting lower	graphite
Heron Resources	HRR		new low	zinc
Highfield Resources	HFR		down heavily	potash
Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		breached downtrend	mineral sands
Image Resources	IMA		testing uptrend	mineral sands
Independence Group	IGO		new high	gold, nickel
ioneer (was Global Geoscience)	INR		rising again	lithium
Jervois Mining	JVR		sideways at lows	nickel/cobalt
Jindalee Resources	JRL		heavy fall	lithium
Karoon Gas	KAR		heading lower	gas
Kasbah Resources	KAS		new low	tin
Kibaran Resources	KNL		new low	graphite
Kin Mining	KIN		down again	gold
Kingston Resources	KSN		down	gold
Legend Mining	LEG		stronger	nickel exploration
Lepidico	LPD		down	lithium
Lindian Resources	LIN		Uptrend	bauxite
Lithium Australia	LIT		new low	lithium
Lucapa Diamond	LOM		new low	diamonds
Lynas Corp.	LYC		down	rare earths
Mako Gold	MKG		rising off lows	gold exploration
Marmota	MEU		breached uptrend	gold exploration
MetalsX	MLX		rallying	tin, nickel
Metro Mining	MMI		sideways	bauxite
Mincor Resources	MCR		continuing higher	gold
Musgrave Minerals	MGV		breached downtrend	gold exploration

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Myanmar Minerals	MYL		new low	zinc
Nelson Resources	NES		new uptrend	gold exploration
Neometals	NMT		continuing down	lithium
Northern Cobalt	N27		surge out of downtrend	cobalt
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		down heavily	gold
NTM Gold	NTM		rising again	gold exploration
Oceana Gold	OGC		failed at resistance line	gold
Oklo Resources	OKU		breached downtrend	gold expl.
Orecorp	ORR		rising again	gold development
Oro Verde	OVL		rising	rare earths
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		surged higher in long-term uptrend	copper
Pacific American Holdings	PAK		at lows	coal
Pacifico Minerals	PMY		rising	silver/lead
Pantoro	PNR		down	gold
Panoramic Res	PAN		up - takeover bid	gold , nickel
Peak Resources	PEK		rising again	rare earths
Peel Mining	PEX		sideways	copper
Peninsula Energy	PEN		sideways	uranium
Pensana Metals	PM8		testing downtrend	rare earths
Perseus Mining	PRU		off its high	gold
Pilbara Minerals	PLS		down	lithium
PNX Metals	PNX		new uptrend forming	gold, silver, zinc
Polarex	PXX		breached uptrend	polymetallic exploration
Prodigy Gold	PRX		sideways	gold exploration
Ramelius Resources	RMS		heavy fall	gold production
Real Energy	RLE		new low	gas
Red5	RED		correcting lower	gold
Red River Resources	RVR		now in secondary downtrend	zinc
Regis Resources	RRL		breached support	gold
Resolute Mining	RSG		down	gold
RIO	RIO		breached downtrend	diversified, iron ore
Salt Lake Potash	SO4		breached uptrend	potash
Saracen Minerals	SAR		breached uptrend	gold
St Barbara	SBM		down	gold
Sandfire Resources	SFR		down	copper
Santos	STO		into uptrend	oil/gas
Saturn Metals	STN		uptrend breached	gold exploration
Sheffield Resources	SFX		down	mineral sands
St George Mining	SGQ		down	nickel
Sipa Resources	SRI		recovered, to sideways pattern	general exploration - Ni,Cu, Co, Au
Spectrum Metals	SPX		falling from highs	gold exploration
Stanmore Coal	SMR		down	coal

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Strandline Resources	STA		breaching downtrend	mineral sands
Sundance Energy	SEA		heading lower	oil/gas
Syrah Resources	SYR		free fall on capital raising	graphite
Talga Resources	TLG		breached downtrend	graphite
Technology Metals	TMT		sideways	vanadium
Vango Mining	VAN		moving higher	gold
Venturex	VXR		new low on resignation of CEO	zinc
Vimy Resources	VMY		sideways under LT downtrend	uranium
West African Resources	WAF		improving	gold
Westgold Resources	WGX		breached uptrend	gold
Westwits	WWI		down	gold
Western Areas	WSA		surge out of downtrend	nickel
Whitebark Energy	WBE		rising	oil and gas
Whitehaven Coal	WHC		down	coal
Yandal Resources	YRL		breached ST uptrend	gold exploration
Zinc Mines of Ireland	ZMI		breached downtrend	zinc
Totals	27%	38	Uptrend	
	47%	65	Downtrend	
		139	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	30	21.6%
Gold Exploration	20	14.4%
Oil/Gas	10	7.2%
Nickel	8	5.8%
Lithium	8	5.8%

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Coal	7	5.0%	
Zinc/Lead	10	7.2%	
Mineral Sands	6	4.3%	
Rare Earths	6	4.3%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Cobalt	3	2.2%	
Graphite	4	2.9%	
Tin	2	1.4%	
Iron Ore	3	2.2%	
Uranium	2	1.4%	
Bauxite	3	2.2%	
Vanadium	2	1.4%	
Silver	2	1.4%	
Diamonds	1	0.7%	
Other	2		
Total	139		

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