

Alicanto Minerals sitting on a multi-million ounce project

Catchup market comments

While the fall in the Dow on Friday 9th September rattled our market on the following Monday, then into the week, it shouldn't be given too much credence in the big picture. It was just another page in the saga of the uncertainty and indecision within the floundering monetary policy of the Fed. It shows how hard the market is looking for clues that it took the opinions of the Fed policymaker Eric Rosengren, and reacted dramatically. Rosengren simply said that the US economy could overheat if interest rate rises were delayed too long. That is Economics 101. The real question is "how long is too long?" Since then the market has seen a procession of ripples, much like what we saw after Brexit.

Markets that flatline don't make anyone any money. There needs to be movement and at least some volatility for stockbrokers and the like to earn an income. There are many that will welcome the recent shock to the complacency even when that has taken the market lower.

We have previously seen that the speculation ahead of a rate rise was more disruptive than the rate rise itself. When it finally came, the market took it in its stride. We have also seen that when a rate rise does not materialise the market can fall as it is interpreted as proof that the economy is weaker and earnings aren't on the rise. Everyone is second-guessing as we continue on a familiar treadmill and that makes it hard for the markets to be sensible.

Alicanto Minerals - drilling to confirm expectations

The site visit to Alicanto a week ago was an eye opener, in many ways. It was a much less complicated scenario than one might have imagined, given that it is so far away from Australia. English is the main language, which makes operations much more manageable. Mining plays an important role in the economy with many locals earning income from small scale gold mining. It is a mining friendly country without any noticeable green movement. It is not a society that has been strangled by excessive regulation, yet. The tropical environment offers more logistical challenges than the goldfields of WA, but at least there is no shortage of water. Limited infrastructure is a factor in the country but mining and exploration companies are used to remote locations.

Looking at AQI's main project, Arakaka, the most impressive aspect is the size. It is not just an interesting prospect or two that might evolve into mineable orebodies. Rather, it is 12 km of continuous workings in the saprolite horizon that has supported local mining since the 1960s. That mining has been conducted by small local teams with excavators and gravity recovery circuits. There are depth limitations to their operations and gold recovery rates are probably only 20-30% in most cases. Nevertheless, they seem to be making good money.

There is a clear line of workings over the strike length of AQI's ground that show where the gold trend lies. There has been limited drilling beneath these workings, but what holes that have been reported leave an observer

wondering just how big this could be. The 12 km of strike hosts three different zones of mineralization from high-grade to low-grade horizons. The width of the zone that hosts the three types of mineralization extends over 1.7 km at its maximum.

When AQI drilled 2 km step out lines starting at the old Goat Hill pit they hit the same structures in each line. There is a lot of open ground between these lines and you can't guarantee continuity, but the presence of workings between those lines offer good encouragement. (I remember drilling at Mt Gibson in the late 1980s when similar pisolitic oxidized mineralization was drilled on 400m lines. The shares in Forsayth Minerals were heavily promoted on speculations that these demonstrated a very long ore body with millions of ounces of gold. The share price was ramped to high levels but when the infill drilling was undertaken it showed that the assumption of continuity was naive, if not misleading. Why is Arakaka any different?)

The 2 km lines drilled by AQI were spatially located to test for continuity of structure in order to get a handle on the ultimate dimensions. In between these lines there are extensive workings that have obviously been recovering gold, so the prospectivity extends throughout the strike length. The optimum sites for gold deposition will be dictated by structural influences along this strike length resulting in richer and poorer zones, but at this juncture the entire strike length seems to have potential.

A junior company would understandably be excited by the potential but at the same time it would prudently wonder how it is going to assess the merits without blowing out its capital. After all, it will require many rigs and millions of dollars to evaluate a project of this size. To this end AQI has entered a favourable JV with Barrack Gold Corporation whereby the incomer can earn 65% by spending \$8m over four years and paying \$2m cash at the end of this period. It is a credit to the Company and its geologists that Barrack is happy for AQI to manage the program in the first two, and possibly four years. It also means that the dollars will be spent much more efficiently.

The current work program includes the completion of 5,000m of diamond and RC drilling, with the diamond component now pending analysis. The RC rig is just arriving on site.

We should be looking for a significant upgrade in the value of Arakaka over the next two to four years on the basis of drilling and an \$8m budget. The dimensions suggest that there could be multiple one million ounce gold orebodies with a likely grade of 2-2.5 gpt. Certainly Barrack isn't unlikely to be much interested in anything less than 5 Moz, so expectations have been set. Once it earns its 65%, AQI can contribute and maintain a 35% equity, or it can reduce down to 15% free carried to a decision to mine, or take a 2% royalty.

Elsewhere in Guyana, not far from Arakaka, AQI has the 100%-owned Ianna gold project with walk up drill targets

extending over a 7 km strike length. Historical drilling has already returned promising intercepts, including 50m at 2.47 gpt, 14m at 4.27 gpt and 48m at 1.19 gpt. This will be another source of news flow.

Over the coming weeks I will be completing a Field Trip Report and a more comprehensive research note which will be released to FEC members. In the meantime, you have early notice that this will be a prominent gold explorer in the weeks and months to come. Robert Cohen's 1832 fund and Sprott have each acquired holdings of greater than 5%, so we know that it is to the Canadian's liking.

Lucapa - delivering the goods but not the share price

It is ironic that just when LOM is delivering on its promises, with increasing diamond production and sales, and the recovery of a very valuable 38 carat fancy pink diamond, the share price is underperforming.

Back when LOM was a hotly traded stock, before the turning of the mining equities markets, it was one of the few trading stocks that offered relief from the bear market. Now that the mining sector is hot again there are plenty of other vehicles to trade. Perhaps that is one explanation for the softer price.

The critical piece of news that we still await is the renewal of the kimberlite exploration licence. It seems to be taking forever, but this is nothing new. Angola seems to operate

on a different timetable such that it is impossible to accurately forecast a date. We know it will happen, eventually. In the meantime operations are going well and there is no need to be concerned.

The other news flow we are looking for is the drilling results that are expected to confirm the kimberlite pipe. Until then it is a matter of being what so few traders have trouble being - patient. Prudent investors will be taking advantage of these low prices to add to their holdings, with reasonable expectations of a move to \$1.00 plus over the next 12 months.

Note the chart comments and Sentiment Index have not been updated due to travel commitments.

Sentiment Indicator:

Detailed Chart Comments






NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant.

Indices	Code	Trend Comment	
All Ordinaries	XAO	drifting lower within a broad uptrend	
Metals and Mining	XMM	breached support line	
Energy	XEJ	pulling back	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	breached support line	gold
Aeon Metals	AML	new high	copper + cobalt
Alacer Gold	AQG	breached uptrend	gold – production
Alkane Resources	ALK	back to support line	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Agua Resources	AGR	struggling to hold these levels	phosphate
Alicanto Minerals	AQI	pullback	gold exploration
Atleth Chemicals	ATC	heavy pullback to support line	industrial minerals
Anova Metals	AWV	new high	gold
Antipa Minerals	AZY	short term down	gold
Archer Exploration	AXE	downtrend	graphite
Argent Minerals	ARD	now sitting on long term support at 2.7¢	polymetallic
Atlas Iron	AGO	sideways at the bottom	iron ore
















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Atrum Coal	ATU		new high	coal
Aurelia Metals	AMI		back to support line	gold + base metals
Auroch Minerals	AOU		down on withdrawal from lithium deal	exploration
Aus Tin	ANW		surge higher	tin, cobalt
Australian Bauxite	ABX		turned down at resistance	bauxite
Australian Vanadium	AVL		downtrend	vanadium
Avanco Resources	AVB		down, but sitting on long term support now	copper
AWE	AWE		heavily down	oil and gas
Azure Minerals	AZS		down again	silver
BHP	BHP		breaching support	diversified
Base Resources	BSE		breached uptrend, but rallying	mineral sands
Beach Energy	BPT		long term downtrend in play	oil and gas
Beadell Resources	BDR		breaching support	gold
Berkeley Resources	BKY		testing support	uranium
Blackham Resources	BLK		falling heavily, approaching support line	gold
Broken Hill Prospect.	BPL		lower	minerals sands, cobalt
Buru Energy	BRU		sideways	oil
Canyon Resources	CAY		down	bauxite
Cardinal Resources	CDV		correcting lower	gold exploration
Carnegie Wave	CWE		downtrend	wave energy
Cassini Resources	CZI		stronger	nickel/Cu expl.
Chalice Gold	CHN		new high	gold
Consolidated Zinc	CZL		down	zinc
Coventry Resources	CYY		ST down	copper
Dacian Gold	DCN		pullback	gold exploration
Danakali	DNK		breaching support	potash
De Grey	DEG		sideways	gold
Doray Minerals	DRM		down	gold
Duketon Mining	DKM		testing support	nickel
Eden Energy	EDE		correction turning into a downtrend	carbon nanotubes in concrete
Energia Minerals	EMX		struggling	zinc
Evolution Mining	EVN		rallying from support line	gold
Excelsior Gold	EXG		new low	gold
First Australian	FAR		sideways	oil/gas
First Graphite	FGR		on support line	graphite
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		heavy fall	lithium
Galilee Energy	GLL		breached downtrend	oil and gas, CBM
Gascoyne Resources	GCY		breaching support	gold
Geopacific Res. Resources	GPR		correcting lower	copper/gold exp.
Global Geoscience	GSC		heavy fall	lithium
Gold Road	GOR		breached uptrend	gold exploration
Goldphyre	GPH		short term down	potash, gold
Graphex Mining	GPX		heavy correction	graphite
Gryphon Minerals	GRY		new high on takeover bid	gold
Herron Resources	HRR		at highs	zinc
Highfield Resources	HFR		fallen to support line	potash
Highlands Pacific	HIG		sideways around lows	copper, nickel
Hillgrove Resources	HGO		coming off high in a retracement	copper
Hot Chilli	HCH		new low	copper
Iluka Resources	ILU		heavy fall	mineral sands
Image Resources	IMA		down	mineral sands
Independence	IGO		fallen to support line	gold, nickel
Intrepid Mines	IAU		sideways - 7¢ capital return proposed	copper
Karoo Gas	KAR		sideways	gas
Kibaran Resources	KNL		heading lower	graphite
Kin Mining	KIN		testing uptrend	gold
King Island Scheel.	KIS		new low	tungsten

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Kingsgate Consol.	KCN		suspension	gold
Kingsrose Mining	KRM		testing downtrend	gold
Legend Mining	LEG		breach of gentle dwontrend	exploration
Lithium Australia	LIT		downtrend	lithium
Lucapa Diamond	LOM		breached support line	diamonds
Macphersons Res.	MRP		sideways	silver
Manas Resources	MSR		rising	gold
Medusa Mining	MML		breached ST downtrend	gold
Metals of Africa	MTA		back to previous lows	zinc expl/graph.
MetalsX	MLX		new high	tin, gold
Metro Mining	MMI		uptrend	bauxite
Mincor Resources	MCR		heavy fall	nickel
Mineral Deposits	MDL		heavy pullback	mineral sands
MMJ PhytoTech	MMJ		testing downtrend	medical cannabis
Mustang Resources	MUS		new low	diamonds, rubies
MZI Resources	MZI		breached uptrend	mineral sands
Northern Minerals	NTU		fallen to support line	REE
Northern Star Res.	NST		breaching uptrend, ST down	gold
Oceana Gold	OGC		heavy correction	gold
Oklo Resources	OKU		ST down	gold expl.
OreCorp	ORR		pullback	gold development
Orinoco Gold	OGX		rising again	gold development
Orocobre	ORE		down	lithium
Oz Minerals	OZL		new high	copper
Paladin Energy	PDN		new uptrend	uranium
Pacific American Coal	PAK		breached uptrend	coal, graphene
Pantoro	PNR		surge to new high	gold
Panoramic Res	PAN		rising	nickel
Paringa Resources	PNL		down	coal
Peel Mining	PEX		gentle uptrend	copper
Peninsula Energy	PEN		surge off lows	uranium
Perseus Mining	PRU		down	gold
Pilbara Minerals	PLS		falling	lithium/tantalum
Potash West	PWN		meeting resistance line	potash
Red River Resources	RVR		surge to new high	zinc
Regis Resources	RRL		new high	gold
Renaissance Min.	RNS		new high	gold
Resolute Mining	RSG		on support line	gold
Reward Minerals	RWD		strong rise	potash
Rex Minerals	RXM		back to lows	copper
RIO	RIO		still under long term resistance	diversified
RTG Mining	RTG		correcting	copper/gold
Rum Jungle	RUM		sideways	quartz
Salt Lake Potash	SO4		steeply higher	potash
Saracen Minerals	SAR		breaching uptrend	gold
St Barbara	SBM		now in a correcting downtrend	gold
Sandfire Resources	SFR		stronger	copper
Santana Minerals	SMI		strong rise	silver
Santos	STO		recovering uptrend	oil/gas
Sheffield Resources	SFX		new high	mineral sands
Silver City Minerals	SCI		down	base metals
Silver Lake Resources	SLR		down	gold
Silver Mines	SVL		surge to new high	silver
Sino Gas & Energy	SEH		sideways	gas
Southern Gold	SAU		uptrend continuing	gold
Sundance Energy	SEA		sideways	oil/gas
Syrah Resources	SYR		downtrend	graphite
Talga Resources	TLG		down	graphene

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Talga Resources	TLG		down	graphene
Tanami Gold	TAM		new high	gold
Tiger Resources	TGS		back to lows	copper
TNG Resources	TNG		drifting lower	titanium, vanadium
Torian Resources	TNR		rising again	gold expl'n
Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		secondary downtrend	gold
Tyranna Resources	TYX		down	gold exploration
Vimy Resources	VMY		down	uranium
West African Resources	WAF		pullback	gold
Westwits	WWI		breached uptrend	gold exploration/development
Western Areas	WSA		turned down at resistance	nickel
White Rock	WRM		down	silver
WPG Resources	WPG		improving following placement	gold
Wolf Minerals	WLF		continuing down	tungsten
Totals	32%	46	Uptrend	
	37%	52	Downtrend	
		142	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	36	25.4%	
Copper	14	9.9%	
Gold Exploration	11	7.7%	
Oil/Gas	9	6.3%	
Potash/Phosphate	7	4.9%	
Mineral Sands	7	4.9%	
Graphite	6	4.2%	
Zinc	6	4.2%	
Silver	6	4.2%	
Lithium	5	3.5%	
Nickel	5	3.5%	
Uranium	5	3.5%	

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Weightings of Sectors Represented in the Company Charts			
Coal	4	2.8%	
Tin	2	1.4%	
Bauxite	3	2.1%	
Iron Ore	2	1.4%	
Diamonds	2	1.4%	
Other	12		
Total	142		

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