

Gold opens up 2020 with a bang

The markets keep going higher notwithstanding global anxiety, though it is that very aspect that has prompted the revival in gold interest over recent weeks. For a while there, the gold price was moving in the opposite direction to the equities markets in the US, but they seem to be working in parallel now. The progress made on the trade war resolution has been an obvious fillip to the market.

We have been experiencing a New Year rally in the mining sector with the Sentiment Oscillator on the way up again. As usual, the real test of this comes as people start to come back from holidays. Again, the higher the market the more likely it is that many of the juniors will seek to raise capital as many of them are still living hand to mouth.

Fires have been the focus

I had planned to recommence the Weekly last weekend, but the fires near my mountain residence took priority. Last Saturday we had three helicopters, four aircraft and 10-15 trucks working to suppress the fires in the ground around the house. It was full on. While it was quite dramatic - I hadn't previously witnessed such a concentration of fire fighting resources in my 22 years of RFS service - the real objective was to prevent the fires moving north to the ACT border and the Namadgi National Park, 2km to the north of the house. A week of hard work by the RFS, and then 25mm of rain, effectively doused the fires a couple of days ago.

While the media is full of commentary and political point scoring by people who live in major cities, the reality is that fires are a regular event for country people. Some years are worse than others. This year it is one of the worst because the drought has caused everything to be very dry and water resources have been scarce. I had ground burning in the mountains that haven't seen fire for more than 50 years. You can imagine the buildup of bark, leaves and fallen timber. While this year is bad, it won't be like this next year. There will be nothing left to burn so we can move into the cycle of regeneration again.

The dominant social theme of our time - climate change - has received even greater focus due to these fires. Surely this is ample evidence that the climate is changing, but what is new? It is always changing. The controversial issue is whether or not this climate change has been caused by modern man. If it has, then it is a logical conclusion that the ultimate cause has been population growth; but no-one seems to take the discussion to the full extent. What do the climate change activists suggest we do about the overpopulation going forward? What do they expect the government to do about this?

Lindian confirms high grade conglomerate bauxite

Lindian has been having issues with the drilling rig at the Gaoual Conglomerate Bauxite Project in Guinea, but has nevertheless confirmed that the deposit is indeed a high grade conglomerate. Two holes have been drilled so far, but neither of them got to the basement. Hole one only got to 8m depth, and hole two to 12m. Excellent grades of 60.8% and 61.3% Al₂O₃ were achieved, but we still don't know the depth extensions yet. Nevertheless, it is looking good so far.

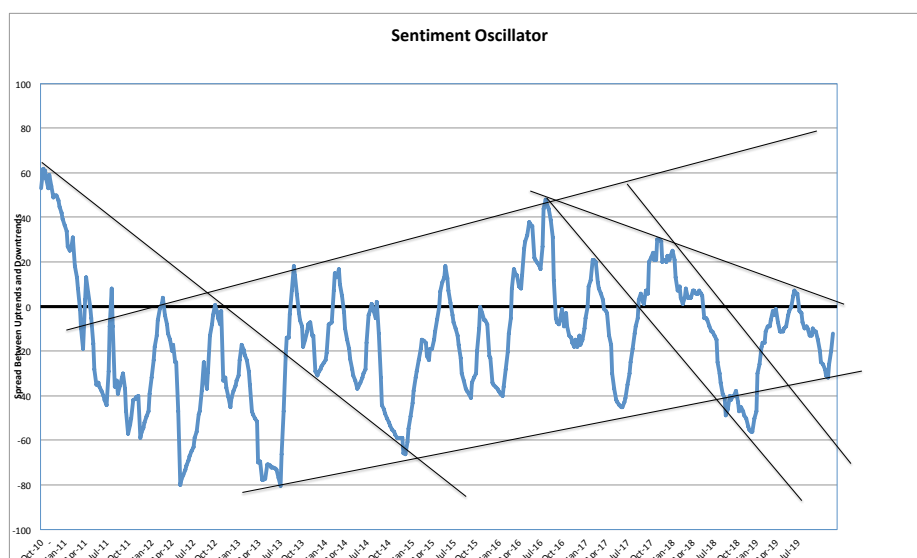
Disclosure: Interests associated with the author hold shares in Lindian Resources and have received capital raising fees.

WWI funding deal keeps the wheels turning

West Wits Mining is a junior gold company that has failed to develop much following in the market notwithstanding a resource estimate of 3.6 Moz in the Witwatersrand Basin. Maybe it is because many investors don't like South Africa. Maybe it is because it has been undercapitalised while it has also been waiting for a long time to get its mining rights granted. Well, things may be changing now with the emergence of some New York-based investors who are injecting US\$1m via convertible notes.

The numbers suggest that the gold project is worth many times the current market capitalisation of only \$10m. This initial injection of capital will carry it through until the formal grant of the mining rights, and then further funding will be required to ramp up production. WWI is in the fortunate position that there are a number of hungry plants within trucking distance of the leases. Thus the capital requirements will be much lower than otherwise. Things should get better from this point on. While it is still high risk, there is great leverage.

Disclosure: Interests associated with the author hold shares in West Wits Mining and have received corporate fees in the past.














Sentiment Oscillator: The market sentiment continued to improve with 33% (28%) of the charts in uptrend and 43% (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	new high	
Metals and Mining	XMM	new recent high	
Energy	XEJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	stronger	HPA
Adriatic Resources	ADT	new high	zinc
Aeon Metals	AML	breached downtrend	copper + cobalt
Alacer Gold	AQG	new high	gold – production
Alkane Resources	ALK	testing downtrend	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alicanto Minerals	AQI	new low	gold exploration
Allegiance Coal	AHQ	recovered back to highs	coal
Alliance Resources	AGS	heading lower after breaching support	gold exploration
Apollo Consolidated	AOP	surge higher	gold exploration
Aradura Resources	ARU	breached downtrend	rare earths
Argent Minerals	ARD	testing downtrend	silver
Aurelia Metals	AMI	still down	gold + base metals
Australian Potash	APC	down	potash
Australian Mines	AUZ	base forming	cobalt/nickel
Australian Vanadium	AVL	new low	vanadium
BHP	BHP	rising after downtrend breached	diversified, iron ore
Base Resources	BSE	down	mineral sands

































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Bathurst Resources	BRL		down	coal
BBX Minerals	BBX		heavy fall, then rallied	gold exploration
Beach Energy	BPT		risen through resistance line	oil and gas
Beacon Mining	BCN		holding less steep uptrend	gold production
Bellevue Gold	BGL		rallied to meet resistance line	gold exploration
Berkeley Energia	BKY		in secondary downtrend	uranium
Blackstone Minerals	BSX		testing uptrend	nickel
Bounty Coal	B2Y		still in downtrend	coal
Breaker Resources	BRB		down	gold exploration
Broken Hill Prospecting	BPL		new low	minerals sands
Buru Energy	BRU		turning down	oil
Buxton Resources	BUX		testing downtrend	nickel exploration
Capricorn Metals	CMM		consolidating 5 into 1	gold
Cardinal Resources	CDV		breached downtrend	gold exploration
Cassini Resources	CZI		softer	nickel/Cu expl.
Central Petroleum	CTP		down	oil/gas
Chalice Gold	CHN		new recent high	gold exploration
Chase Mining	CML		heavy slump	nickel/copper/PGE
Chesser Resources	CHZ		sideways at highs	gold exploration
Cobalt Blue	COB		sideways	cobalt
Dacian Gold	DCN		rising	gold
Danakali	DNK		drifting lower	potash
Davenport Resources	DAV		broken lower, then rally	potash
Ecograf (was Kibaran)	EGR		testing downtrend	graphite
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		new low	oil/gas
First Graphene	FGR		short term down	graphene
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		breached downtrend	lithium
Galena Mining	G1A		slump	lead
Galilee Energy	GLL		downtrend forming	oil and gas, CBM
Gold Road	GOR		steeply higher	gold
Graphex Mining	GPX		drifting lower	graphite
Heron Resources	HRR		new low	zinc
Highfield Resources	HFR		testing downtrend	potash
Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		breached downtrend	mineral sands
Image Resources	IMA		still in downtrend	mineral sands
Independence Group	IGO		new high	gold, nickel
ioneer (was Global Geoscience)	INR		testing support	lithium
Jervois Mining	JVR		sideways at lows	nickel/cobalt
Jindalee Resources	JRL		rallying	lithium

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Karoo Gas	KAR		breached downtrend	gas
Kasbah Resources	KAS		new low	tin
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		surged higher	lithium
Lucapa Diamond	LOM		new low	diamonds
Lynas Corp.	LYC		strong rally	rare earths
Mako Gold	MKG		rising off lows	gold exploration
Marmota	MEU		breached downtrend	gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		gentle uptrend	bauxite
Mincor Resources	MCR		continuing higher	gold
Musgrave Minerals	MGV		new high	gold exploration
Myanmar Minerals	MYL		testing downtrend	zinc
Nelson Resources	NES		recovering from lows	gold exploration
Neometals	NMT		continuing down	lithium
Resolute Minerals	RML		heavy fall (was Northern Cobalt)	cobalt
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		strong higher	gold
NTM Gold	NTM		new high	gold exploration
Oceana Gold	OGC		breached steepest downtrend	gold
Oklo Resources	OKU		stronger	gold expl.
OreCorp	ORR		continuing higher	gold development
Oro Verde	OVL		rising	rare earths
Orocobre	ORE		breached downtrend	lithium
Oz Minerals	OZL		uptrend	copper
Pacific American Holdings	PAK		testing downtrend	coal
Pacific Minerals	PMY		rising	silver/lead
Pantoro	PNR		down	gold
Panoramic Res	PAN		up - takeover bid	gold , nickel
Peak Resources	PEK		breached uptrend	rare earths
Peel Mining	PEX		down	copper
Peninsula Energy	PEN		sideways	uranium
Pensana Metals	PM8		at lows	rare earths
Perseus Mining	PRU		new high	gold
Pilbara Minerals	PLS		but strong rally	lithium
PNX Metals	PNX		new uptrend forming	gold, silver, zinc
Polarex	PXX		breached uptrend	polymetallic exploration
Prodigy Gold	PRX		down	gold exploration
Ramelius Resources	RMS		breached ST downtrend	gold production
Real Energy	RLE		new uptrend breached	gas

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Red5	RED		breached downtrend	gold
Red River Resources	RVR		now in secondary downtrend	zinc
Regis Resources	RRL		breached support	gold
Resolute Minerals	RML		heavy fall (was Northern Cobalt)	cobalt
Resolute Mining	RSG		down	gold
RIO	RIO		rising again	diversified, iron ore
Salt Lake Potash	SO4		down	potash
Saracen Minerals	SAR		testing downtrend	gold
St Barbara	SBM		breached steepest downtrend	gold
Sandfire Resources	SFR		down	copper
Santos	STO		into uptrend	oil/gas
Saturn Metals	STN		breached downtrend	gold exploration
Sheffield Resources	SFX		down	mineral sands
St George Mining	SGQ		down	nickel
Sipa Resources	SRI		down	general exploration - Ni,Cu, Co, Au
Spectrum Metals	SPX		breached downtrend	gold exploration
Stanmore Coal	SMR		sideways through downtrend line	coal
Strandline Resources	STA		breaching downtrend	mineral sands
Syrah Resources	SYR		short term higher	graphite
Talga Resources	TLG		breached downtrend	graphite
Technology Metals	TMT		sideways	vanadium
Vango Mining	VAN		breached uptrend	gold
Venturex	VXR		strong rally, hit resistance line	zinc
Vimy Resources	VMY		sideways under LT downtrend	uranium
West African Resources	WAF		down after breaching support	gold
Westgold Resources	WGX		breached uptrend	gold
West Wits Mining	WWI		new uptrend following US finance	gold
Western Areas	WSA		on support line	nickel
Whitebark Energy	WBE		rising	oil and gas
Whitehaven Coal	WHC		down	coal
Yandal Resources	YRL		down	gold exploration
Zinc Mines of Ireland	ZMI		breached uptrend	zinc
Totals	33%	45	Uptrend	
	43%	59	Downtrend	
		137	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	29	21.2%	
Gold Exploration	20	14.6%	
Oil/Gas	9	6.6%	
Nickel	8	5.8%	
Lithium	8	5.8%	
Coal	7	5.1%	
Zinc/Lead	10	7.3%	
Mineral Sands	6	4.4%	
Rare Earths	6	4.4%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Cobalt	3	2.2%	
Graphite	4	2.9%	
Tin	2	1.5%	
Iron Ore	3	2.2%	
Uranium	2	1.5%	
Bauxite	3	2.2%	
Vanadium	2	1.5%	
Silver	2	1.5%	
Diamonds	1	0.7%	
Other	2		
Total	137		

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