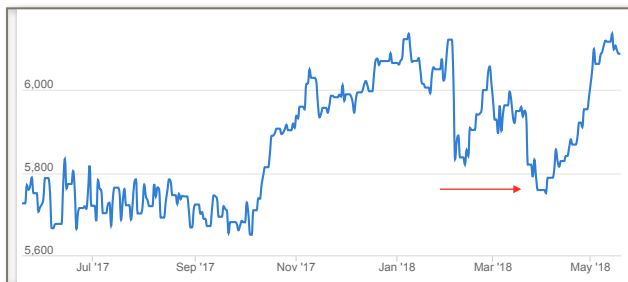


It has been all about oil in recent weeks

The market has been very strong since the previous Weekly went out on the 7th April, in which I opined that the general market didn't have much further to fall. In fact, from that date it started to strengthen aggressively. (*I have arrowed the timing of that comment, on the ASX 200 chart below*) The strength in the index coincided with BHP rising from \$28.60 to peak at \$34.63, a rise of 21% in only six weeks - presumably on the back of the oil price. It has been many years since it has given such joy to shareholders.



The Metals & Mining Index is holding true to my previous comment going back to January, that it had risen above a major, long term resistance line that meant the future would be much brighter. At the time it coincided with an almighty surge. The subsequent couple of months of retreat was just an extended correction. The recent surge to a new high is testament to that observation. In all probability we should probably be looking for another correction in the near term as the rate of rise over the last few weeks is unsustainable. There will be profit taking but this is most likely to be in the leading stocks i.e. those that have had a strong month to now. Apart from that caveat, markets are on an improving trend.

Global growth is maintaining, but not surging

There has been some mixed economic data over the past month that suggest the international economy is maintaining growth rather than accelerating it, taking away the pressure to jump into equities at the same time that the interest rate trend is higher. However, there has been some good news from the US.

The US economy continues to be stronger with capital goods expenditure hitting US\$166bn in the March quarter. This is 24% higher than last year and the fastest rise since 2011. I would have thought this was very good news but The Wall Street Journal chose to take a negative slant, saying that it might be bad for share prices as "history shows" that investors worry about "whether it is worthwhile to bet on companies with costly projects". I'd like to see the proof of this thesis rather than just reading "history shows".

Companies need to reinvest to grow their businesses. Many companies held back during the Obama years due to lack of confidence in the administration. Now, with a President who encourages investment, its back to business

with some catchup. This is good news. Only a biased left wing journalist could suggest otherwise. It is an example of the deteriorating standards of journalists today.

Thermal coal prices improve while gold goes south

Proving that every dog has its day, thermal coal prices have jumped by 16% in the last four weeks to be nearly \$110 pt, making it one of the best performing commodities so far in 2018. Much of this rise is due to Chinese thermal coal imports in March having been 50% higher than a year ago. In the past there has often been a correlation between oil and thermal coal. It seems to continue to have some relevance.

The gold market continues to be a battlefield between the bulls and the bears, with the bears winning the latest skirmish, taking the price back to levels not seen since December. Most of the volatility between \$1,300 and \$1,350 has been coming from trading on interest rate expectations, while this has been augmented by safe haven buying as international tensions wax and wane. The last sell-down coincided with reports of strong retail sales in the US. Each time the market price has attempted to penetrate the \$1,350 level it has been reined in, blowing away the optimists who were getting set for a breakout.

Any analysis of the gold market based on supply and demand is a waste of time while the big boys in New York are effectively managing the gold price. It is starting to look somewhat boring, but at least the producers are making plenty of cash at these levels.

Conference Roundup

Whilst travelling over the past six weeks I attended a number of conferences, ranging from the traditional mining and gold conferences in Zurich and New York to the more specialised Benchmark Battery Input Materials Conference and TechConnect and ID TechEX conferences in Anaheim and Berlin. You get to see quite a cross section of companies and people.

A few years ago the **Benchmark** Conference was all about graphite, but there was almost no mention of graphite this time, in New York. What does that mean? Instead, it was all about lithium, and one cobalt company. This type of conference provides a forum for emerging companies to present their wares but it would be unwise for attendees to take for gospel what is being said. All the companies are talking their own books. When the speakers were all gathered on the stage for the closing Q & A session, they were all in denial about new technologies that could disrupt the lithium-ion battery business. It would be interesting to jump forward two years, to see what is being pumped then.

The gold and mining conferences were par for the course, but the technology conferences showed differing themes. In Berlin, it seemed to be more about 3D printing and conductive inks than anything else, though there were obviously companies from many other areas of technology.

The TechConnect conference in Anaheim was more about nanomaterials and there was a surprisingly large number of companies involved with carbon nanotubes. Interestingly, they were all keen to see how they could work with graphene companies. There is an enormous amount of follow-up work required to achieve maximum benefit from these events.

At last, some pushback on the gender jihad

The Australian ran an article yesterday concerning Chris Corrigan’s resignation from the board of Qube Holdings. It spoke of a culture of boards being bullied by institutional shareholders to appoint women to boards based on their sex, irrespective of suitability according to experience and ability. Chris Corrigan decided to resign rather than be bullied into pursuing a flawed corporate governance agenda that would not ensure the best outcomes for shareholders. It is an article that you should read. The journalist, Janet Albrechtsen, should be applauded for her hard hitting analysis.

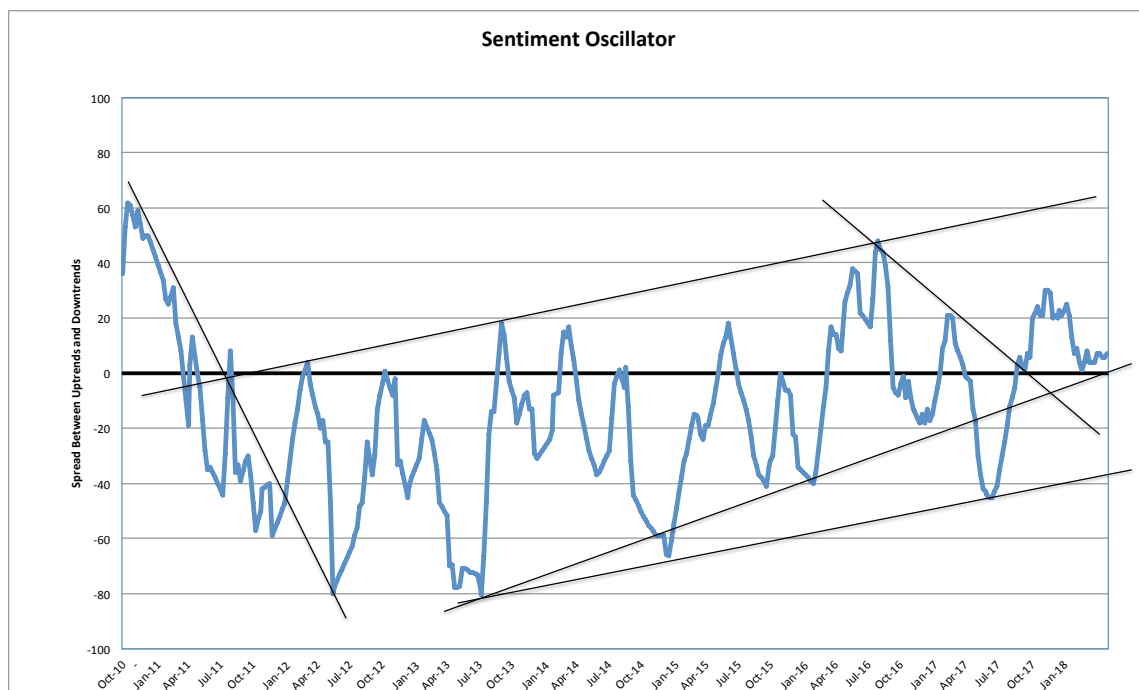
There were some comments made about the Australian Institute of Company Directors and its role in aggressively pushing for women on boards, effectively dictating the agenda. When I first joined the AICD back in the early 1990s it was much more about legal and business orientated law. It is now all about social issues more than anything else and quite frankly, it no longer corresponds with what I believe is necessary. I won’t be renewing my

membership when it falls due. I don’t want have them waste my money.

While it is good to see the views of Mr Corrigan being aired, we should not leave it to the likes of him to do the heavy lifting. There is no merit in just standing on the sidelines behaving like “Mushies” or “Cowards”. It is blatant sexual discrimination to say that a person should be appointed to a board because that person is a woman. Its time to call a spade a spade.

I was recently approached by someone offering her services as a director, saying “Need a woman on your board?” I said I could not respond to a question that was so clearly sexist. I don’t care what sex a person is. I just want someone who is very good and I want someone who is value adding.

Disclosure: Nothing to disclose this week, other than common sense.



Sentiment Indicator: Sentiment didn’t change much last week, just as the Oscillator hasn’t changed much over the past six weeks; 37% (39%) of the charts in uptrend and 30% (33%) 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.

Indices	Code	Trend Comment	
All Ordinaries	XAO	just fallen below the support line	
Metals and Mining	XMM	still falling towards major trend line	
Energy	XEJ	positive break upside	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	at final resistance	gold
Aeon Metals	AML	rising again	copper + cobalt
Alacer Gold	AQG	surge higher	gold – production
Alkane Resources	ALK	down after hitting LT resistance	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Agua Resources	AGR	weaker	phosphate
Alicanto Minerals	AQI	down	gold exploration
Allegiance Coal	AHQ	breached support	coal
Alliance Resources	AGS	continuing down	gold exploration
Altech Chemicals	ATC	holding on support line	industrial minerals - synthetic sapphire
Anova Metals	AWV	sideways through downtrend	gold
Antipa Minerals	AZY	new low	gold
Apollo Consolidated	AOP	slump	gold exploration
Archer Exploration	AXE	stronger but met resistance	magnesite, graphite
Argent Minerals	ARD	still in downtrend	polymetallic
Aurelia Metals	AMI	still rising	gold + base metals
AusTin	ANW	down	tin, cobalt
Australian Bauxite	ABX	sideways	bauxite
Australian Potash	APC	down	potash
Australian Mines	AUZ	down	cobalt/nickel
Australian Vanadium	AVL	correcting	vanadium
Avanco Resources	AVB	take-over at 100% premium	copper
Azure Minerals	AZS	new low	silver
BHP	BHP	surge to new high	diversified
Base Resources	BSE	sideways through downtrend	mineral sands
Bathurst Resources	BRL	sideways	coal
Battery Minerals	BAT	down	graphite
BBX Minerals	BBX	down	gold
Beach Energy	BPT	new high	oil and gas
Beadell Resources	BDR	another new low	gold
Berkeley Energia	BKY	down	uranium
Berkut Minerals	BMT	sideways through downtrend	cobalt
Blackham Resources	BLK	correcting lower again	gold
Blackstone Minerals	BSX	just hanging onto uptrend	gold, cobalt
Broken Hill Prospect.	BPL	sideways	minerals sands, cobalt
Buru Energy	BRU	new high	oil
Cardinal Resources	CDV	testing uptrend	gold exploration
Cassini Resources	CZI	sideways	nickel/Cu expl.
Celsius Resources	CLA	off high after placement	copper/cobalt
Chalice Gold	CHN	heading lower	gold
Cobalt Blue	COB	correcting but still in uptrend	cobalt
Comet Resources	CRL	heavy slump	graphite/graphene
Consolidated Zinc	CZL	continuing weakness	zinc
Crusader Resources	CAS	new low	gold/iron ore
Dacian Gold	DCN	off its highs	gold exploration

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Danakali	DNK		weakness confirms downward direction	potash
Doray Minerals	DRM		resumed uptrend	gold
Draig Resources	DRG		testing uptrend	gold
Eden Innovations	EDE		down	carbon nanotubes in concrete
Egan Street Resources	EGA		sideways	gold
Emerald Resource	EMR		sideways	gold
Evolution Mining	EVN		new high	gold
Excelsior Gold	EXG		slump, testing uptrend	gold
FAR	FAR		risen to meet long term resistance line	oil/gas
First Cobalt	FCC		new low	cobalt
First Graphene	FGR		strong rise	graphite
Frontier Diamonds	FDX		down after IPO	diamonds
Fortescue Metals	FMG		rallied out of steepest, but still in LT downtrend	iron ore
Galaxy Resources	GXY		breaching downtrend	lithium
Galilee Energy	GLL		pullback	oil and gas, CBM
Gascoyne Resources	GCY		holding longer term uptrend	gold
Global Geoscience	GSC		new high	lithium
Gold Road	GOR		new high	gold exploration
Golden Rim	GMR		breached downtrend	gold exploration
Graphex Mining	GPX		breaching downtrend	graphite
Heron Resources	HRR		downtrend persisting	zinc
Highfield Resources	HFR		rally within long term downtrend	potash
Highlands Pacific	HIG		sideways	copper, nickel
Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		new high	mineral sands
Image Resources	IMA		resumed LT uptrend	mineral sands
Independence Group	IGO		rising, but with a pullback	gold, nickel
Jervois Mining	JVR		sideways through downtrend	nickel/cobalt
Karoon Gas	KAR		at lows	gas
Kasbah Resources	KAS		still in LT downtrend	tin
Kibaran Resources	KNL		gently lower	graphite
Kin Mining	KIN		down heavily	gold
Legend Mining	LEG		surge higher, now correcting	exploration
Lepidico	LPD		breached uptrend	lithium
Lithium Australia	LIT		breached uptrend	lithium
Lucapa Diamond	LOM		breached downtrend	diamonds
Macphersons Res.	MRP		Spike though downtrend, then pullback	silver
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		rising again	tin, nickel
Metro Mining	MMI		breached steepest uptrend	bauxite
Mincor Resources	MCR		uptrend	nickel
Mineral Deposits	MDL		strongly higher on takeover approach	mineral sands
Myanmar Minerals	MYL		downtrend	zinc
MZI Resources	MZI		testing downtrend	mineral sands
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		rallied back to resistance line	REE
Northern Star Res.	NST		off its high	gold
NTM Gold	NTM		breached downtrend	gold
Oceana Gold	OGC		breached downtrend	gold
Oklo Resources	OKU		downside break from wedge	gold expl.
OreCorp	ORR		breached recent uptrend	gold development
Orinoco Gold	OGX		testing correcting pattern	gold development
Orocobre	ORE		upside breakout from downtrend	lithium

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Oz Minerals	OZL		continuing in uptrend	copper
Pacific American Coal	PAK		strongly higher	coal, graphene
Pantoro	PNR		new high	gold
Panoramic Res	PAN		on support line	nickel
Peel Mining	PEX		surge to new high, then pullback	copper
Peninsula Energy	PEN		sideways through downtrend	uranium
Perseus Mining	PRU		breached downtrend	gold
Pilbara Minerals	PLS		rallying	lithium/tantalum
PNX Metals	PNX		sideways	gold, silver, zinc
Red5	RED		down	gold
Red River Resources	RVR		fallen to support line	zinc
Regis Resources	RRL		new high	gold
Resolute Mining	RSG		sideways	gold
RIO	RIO		new high	diversified
Salt Lake Potash	SO4		breached downtrend	potash
Saracen Minerals	SAR		new high	gold
St Barbara	SBM		strong	gold
Sandfire Resources	SFR		new high	copper
Santana Minerals	SMI		new low	silver
Santos	STO		new high	oil/gas
Sheffield Resources	SFX		rising again	mineral sands
Sino Gas & Energy	SEH		confirming uptrend	gas
Stanmore Coal	SMR		correcting lower	coal
Sundance Energy	SEA		testing uptrend	oil/gas
Syrah Resources	SYR		back to downtrend	graphite
Talga Resources	TLG		breaching resistance line	graphene
Tanami Gold	TAM		down	gold
Tempo Australia	TPP		testing downtrend	mining services
Tiger Realm	TIG		spiked higher, off lows	coal
Torian Resources	TNR		new low	gold expl'n
Triton Minerals	TON		uptrend being tested	graphite
Troy Resources	TRY		uptrend	gold
Tyranna Resources	TYX		back to lows	gold exploration
Vango Mining	VAN		surge to new high	gold
Vector Resources	VEC		near lows	gold
Vimy Resources	VMY		down	uranium
Volt Resources	VRC		uptrend	graphite
West African Resources	WAF		uptrend being tested	gold
Westwits	WWI		sideways	gold exploration/development
Western Areas	WSA		rising again	nickel
White Rock Minerals	WRM		new low	silver
Whitehaven Coal	WHC		new high	coal
WPG Resources	WPG		down again	gold
Wolf Minerals	WLF		sideways at lows	tungsten
Totals	37%	53	Uptrend	
	30%	43	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.

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- 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	23.2%
Gold Exploration	15	10.6%
Copper	9	6.3%
Coal	8	5.6%
Oil/Gas	8	5.6%
Graphite	9	6.3%
Mineral Sands	7	4.9%
Cobalt	6	4.2%
Zinc	6	4.2%
Lithium	7	4.9%
Silver	5	3.5%
Nickel	5	3.5%
Potash/Phosphate	5	3.5%
Uranium	3	2.1%
Bauxite	2	1.4%
Tin	3	2.1%
Diamonds	3	2.1%
Iron Ore	1	0.7%
Other	7	
Total	142	

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