

Gold producers looking better on the charts

Even though the leading indices continue to be in recess, the gold sector was showing some positive signs during the week. On Tuesday, many of the gold producers broke through their short term downtrends that they had been trapped in for the last few weeks. A number of gold exploration stocks continued to rise with sustainable uptrends while the market continued to be positively responsive to good exploration results. There has been nothing to suggest that gold's good times will end any time soon. News from the US that interest rates will stay low until 2023, means good times will continue for the gold price.

PAK farms into prospective gold exploration

We have previously written about Pacific American as the owner of a good quality coking coal licence in British Columbia, Canada. Independent analysts have opined over recent years that the Elko Project could be worth up to \$50m, and even much more once a pre-feasibility study has been completed, but that hasn't helped the share price. Capitalised at less than \$5m for much of 2020, the company has appeared to be a shag on a rock.

In its wisdom the board of PAK has bitten the bullet and decided to redirect its attention, and the fortunes of the company, towards gold exploration. Gold is what the market wants and so a gold exploration project is going to lead to greater interest in the share price.

Last week PAK announced an earn-in deal whereby it can earn up to 60% of exploration licences to the north of the 0.9 Moz Porphyry Gold mine, operated by Saracen Minerals, NE of Kalgoorlie. The current owners of the licences have been diligently working for a number of years assessing past exploration results and conducting their own programs with an aim of defining high quality drill targets. This ground is much more interesting than moose pasture as it is well located in a productive structural setting with plenty of evidence of gold mineralisation. While there has been lots of near surface work over the years, no-one has conducted a proper RC drilling program to test for gold mineralisation at depth. The potential remains untested.

One of the appealing features of the deal that PAK has done is that the money being spent will almost exclusively be spent in the ground. As some people would say, this is being done on wholesale pricing, not retail. The current owners are not selling out to take advantage of the gold bull market. Rather, they have invited PAK to come in and seek to add value to the project by spending exploration dollars. Thus it is as prudent a deal as you can get in the exploration business.

The ultimate measure of success will be determined by the RC drilling results, with drilling scheduled to commence in Q1 of 2020. Maybe there is an orebody just waiting to be drilled, or maybe not. Whatever the outcome, at least the company is now playing in the mainstream. The coal asset

could still be worth much more than the current market capitalisation in a trade sale or in the recovery of sentiment towards coking coal, but in the meantime it should be seen as a latent asset. The immediate focus will now be on gold.

Disclosure: Interest associated with the author own share in Pacific American and it is in receipt of fees for a recent capital raising.

Covid is changing the nature of diamond sales

The traditional method of selling diamonds has long been the holding of Sight events, whereby product is put on show for a week to enable buyers to assess the diamonds, and at the end of the week bids are accepted for the various parcels. This year lockdowns and travel restrictions have caused a change in the sales methodology. Companies like De Beers are selling diamonds in near-continuous sales. De Beers has reported that the diamond markets have shown continuous improvement in August and September.

Alrosa is adopting similar a strategy to selling as it too is experiencing better sales, but the recovery in volumes is still not back to pre-virus levels.

Value of site visits - the depth of understanding

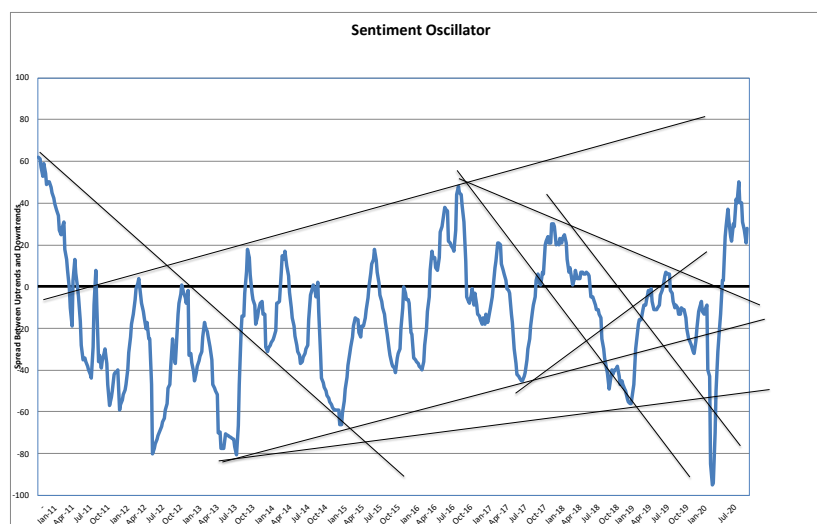
In the past exploration companies have arranged site visits for investors to come and inspect their wares, but these site visits are off the agenda for now due to travel restrictions. Yet, this hasn't held back the share price performance in recent months. Investors are ready and willing to embrace exploration risk without the need to kick the ground first, even where the projects are in more exotic locations in African and South America.

So, one may ask what the value is in holding these visits in the first place. Are they now a thing of the past? They can be expensive and take up valuable time.

Speaking from an analyst's point of view, the site visits offer more than just being able to walk the ground and get a feel for the geological environment. They offer quality time with company management and geologists that you would not normally get access to over the telephone or in a virtual conference. They provide deeper insight and understanding as you get to discuss the projects at much greater depth, and there is better opportunity to ask questions that assist with the perceptions.

When analysts get back to their desks they are in a better position to understand the significance of subsequent ASX releases owing to the intimacy with the projects that they have acquired. So the field trips are value in building trust and confidence.

We have added Sun Metals (STM) and Tietto Minerals (TIE) to our charts coverage.



Sentiment Oscillator: Sentiment improved over the week. There were 50% (49%) of the charts in uptrend and 22% (28%) 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	down	
Metals and Mining	XMM	breached ST downtrend	
Energy	XEJ	down	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	down heavily, testing uptrend	zinc, polymetallic
Aeon Metals	AML	new high	copper + cobalt
Alkane Resources	ALK	new high	gold, zirconia
Alicanto Minerals	AQI	surge to new high	base metals, silver, gold
Allegiance Coal	AHQ	sideways	coking coal
Alliance Resources	AGS	pullback	gold predevelopment
American Rare Earths (was BPL)	ARR	heavy correction	rare earths
Apollo Consolidated	AOP	downtrend commenced	gold exploration
Arafura Resources	ARU	breached downtrend	rare earths
Aurelia Metals	AMI	on support line	gold + base metals
Australian Potash	APC	strongly higher	potash
Auteco Minerals	AUT	on support line	gold exploration
BHP	BHP	breached short term downtrend	diversified, iron ore
Base Resources	BSE	rising	mineral sands
BBX Minerals	BBX	higher	gold exploration
Beach Energy	BPT	down	oil and gas
Beacon Mining	BCN	testing downtrend	gold production







































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Bellevue Gold	BGL		new high again	gold exploration
Blackstone Minerals	BSX		rising	nickel
Blue Star Helium	BNL		rising	gas, helium
Breaker Resources	BRB		still in LT downtrend	gold exploration
Buru Energy	BRU		sideways	oil
Buxton Resources	BUX		sideways at highs	nickel exploration
Calidus Resources	CAI		sideways at highs	gold
Capricorn Metals	CMM		breached uptrend	gold
Central Petroleum	CTP		rising	oil/gas
Chalice Gold	CHN		new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML		hit resistance	nickel/copper/PGE
Chesser Resources	CHZ		off its highs	gold exploration
Cobalt Blue	COB		on support line	cobalt
Dacian Gold	DCN		rallying	gold
Danakali	DNK		testing uptrend	potash
Davenport Resources	DAV		still in longer term downtrend	potash
De Grey	DEG		new high	gold
E2 Metals	E2M		testing uptrend	gold exploration
Ecograp (was Kibaran)	EGR		surge to new high	graphite
Element 25	E25		off its highs	manganese
Emerald Resources	EMR		breached uptrend	gold
Euro Manganese	EMN		breached downtrend	manganese
Evolution Mining	EVN		sideways	gold
First Graphene	FGR		sideways	graphene
Fortescue Metals	FMG		breached uptrend	iron ore
Galaxy Resources	GXY		rising	lithium
Galena Mining	G1A		rising	lead
Galilee Energy	GLL		rising	oil and gas, CBM
Genesis Minerals	GMD		uptrend	gold
Gold Road	GOR		down	gold
Highfield Resources	HFR		testing downtrend	potash
Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		higher	mineral sands
Image Resources	IMA		higher	mineral sands
Independence Group	IGO		down	gold
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths (Oro Verde)	IXR		gentle uptrend	rare earths
Jervois Mining	JVR		breached uptrend	nickel/cobalt
Jindalee Resources	JRL		surge out of downtrend	lithium
Kin Mining	KIN		new high	gold
Kingston Resources	KSN		testing uptrend	gold
Kingwest Resources	KWR		testing downtrend	gold
Legend Mining	LEG		rising again	nickel exploration
Lepidico	LPD		sideways	lithium

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Lindian Resources	LIN		higher	bauxite
Lithium Australia	LIT		testing uptrend	lithium
Los Cerros	LCL		steeply higher	gold exploration
Lotus Resources	LOT		new high	uranium
Lucapa Diamond	LOM		pullback on exploration news	diamonds
Lynas Corp.	LYC		new high	rare earths
Mako Gold	MKG		back in downtrend	gold exploration
Mali Lithium	MLL		uptrend	gold & lithium
Manhattan Corp	MHC		new high	gold exploration
Marmota	MEU		drifting lower	gold exploration
Marvel Gold (was Graphex)	MVL		breached downtrend	gold exploration
MetalTech	MTC		breached uptrend	gold
MetalsX	MLX		sideways	tin, nickel
Metro Mining	MMI		new low	bauxite
Mincor Resources	MCR		rising	gold/nickel
Musgrave Minerals	MGV		off its highs	gold exploration
Myanmar Minerals	MYL		surge to new high	lead, zinc, silver
Nelson Resources	NES		rising	gold exploration
Neometals	NMT		testing downtrend	lithium
Northern Minerals	NTU		steeply higher	REE
Northern Star Res.	NST		breaching downtrend	gold
NTM Gold	NTM		sideways	gold exploration
Oceana Gold	OGC		breached uptrend	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		rising	gold development
Orocobre	ORE		down	lithium
Oz Minerals	OZL		new high	copper
Pacific American Holdings	PAK		strongly higher	coal
Pacifico Minerals	PMY		down	silver/lead
Pantoro	PNR		breached uptrend	gold
Panoramic Res	PAN		breaching downtrend	nickel
Peak Resources	PEK		steeply higher	rare earths
Peel Mining	PEX		uptrend	copper
Peninsula Energy	PEN		down again	uranium
Poseidon Nickel	POS		rising	nickel
Pure Minerals	PM1		rising	nickel/cobalt/HPA
Pensana Metals	PM8		surge to new high	rare earths
Perseus Mining	PRU		testing uptrend	gold
Pilbara Minerals	PLS		rising	lithium
Polarex	PXX		new high	polymetallic exploration
Ramelius Resources	RMS		rising again	gold production
Red5	RED		rallying	gold
Red River Resources	RVR		testing uptrend	zinc
Regis Resources	RRL		breached trend line	gold

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Regergen	RLT		testing uptrend	gas, helium
Resolution Minerals	RML		down	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		breached ST downtrend	diversified, iron ore
Rumble Resources	RTR		rising again	gold exploration
Salt Lake Potash	SO4		hitting resistance	potash
Saracen Minerals	SAR		testing downtrend	gold
St Barbara	SBM		breaching uptrend	gold
Sandfire Resources	SFR		Downtrend	copper
Santos	STO		down	oil/gas
Saturn Metals	STN		down	gold exploration
Sheffield Resources	SFX		correcting lower	mineral sands
Sky Metals	SKY		breaching downtrend	gold exploration
St George Mining	SGQ		down	nickel
Silex Systems	SLX		breaching uptrend	uranium enrichment technology
Silver Mines	SVL		off its high	silver
Sipa Resources	SRI		rising	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new low	coal
Strandline Resources	STA		drifting lower	mineral sands
Sun Metals	STM		uptrend	
Talga Resources	TLG		rising	graphite
Technology Metals	TMT		surge higher	vanadium
Tesoro Resources	TSO		new high	gold exploration
Theta Gold Mines	TGM		uptrend	gold
Tietto Minerals	TIE		breached uptrend	gold
Titan Minerals	TTM		breaching downtrend	gold
Vango Mining	VAN		down	gold
Venturex	VXR		testing downtrend	zinc
Vimy Resources	VMY		sideways	uranium
West African Resources	WAF		new high	gold
Westgold Resources	WGX		breached downtrend	gold
West Wits Mining	WWI		rising	gold
Western Areas	WSA		down	nickel
Whitebark Energy	WBE		down	oil and gas
Whitehaven Coal	WHC		secondary downtrend	coal
Wiluna Mining	WMX		higher	gold
Yandal Resources	YRL		down	gold exploration
Zinc Mines of Ireland	ZMI		testing downtrend	zinc
Totals	50%	72	Uptrend	
	22%	31	Downtrend	
		144	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	37	25.7%	
Gold Exploration	24	16.7%	
Nickel	12	8.3%	
Oil/Gas	8	5.6%	
Lithium	8	5.6%	
Zinc/Lead	7	4.9%	
Rare Earths	7	4.9%	
Copper	6	4.2%	
Mineral Sands	5	3.5%	
Iron Ore/Manganese	5	3.5%	
Potash/Phosphate	5	3.5%	
Coal	4	2.8%	
Uranium	4	2.8%	
Graphite	2	1.4%	
Bauxite	2	1.4%	
Silver	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	3		
Total	144		

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