

Markets keep falling but extreme value is starting to appear in stocks such as Los Cerros

We have seen the market hit a low in June, followed by a healthy rally that ran out of steam as many shares hit resistance levels. The subsequent falls have snuffed out any hope of a quick turnaround in fortunes, so it is still necessary to be careful. You can buy stocks that are hit particularly hard, hoping to trade out on a bounce, but the lower volumes often limit the opportunities. So, you still have to be careful in this bear market while many stocks are searching for the baseline.

When companies approach cash backing ...

One indicator that a company's share price is approaching its nadir is when it starts to approach its cash backing. Now that is not a guarantee that you will make money as an investor, as that company's funds may already be committed, but it can be a useful indicator of how much further the share price could fall in the near term. You then need to look at whether its assets are any good, and whether the shares have been too heavily discounted in the market of the day.

... as seems to be happening with Los Cerros

At one point, when the share price was 15¢ in November 2021, the market capitalisation was nudging \$100m. Now, with the share price at 2.7¢ on Friday, the market capitalisation of \$17.5m. That is an 82% fall.

The 2.6 Moz gold resource at Quinchia, in Colombia, is a very valuable asset that must be worth more than the \$5m that the market is placing on it today. Being gold it may be out of favour for the time being with the gold price falling, and the geopolitical pendulum in Colombia having swung to the left with the recently elected President, but these factors are working together to present us with a great counter-cyclical buying opportunity either now, or in the near future. *(Disclosure: I averaged down and bought a few more last week).*

The current cash balance is around \$12.5m and won't last forever, but the Company has reduced spending in recent months in recognition that you should not spend money just because you have it, if the market is not in the mood to acknowledge success.

The news flow has been positive

Recall that the Quinchia Project contains multiple targets at various levels of investigation within a 3 km radius. While it has announced 2.6 Moz at 1 gpt in JORC resources, there is nothing to suggest that there isn't much more in the total gold endowment. It is quite possible that LCL will continue to prove up more gold for a number of years and eventually end up with a multiple of this figure.

Without going into too much detail, the latest hole released last week continued to demonstrate the expanding horizons (at depth). This was drilled in the area between Tesorito

and Miraflores, beneath the existing resource shell. While the market didn't react favourably, it nevertheless pointed to a higher grade shoot 70-100m below previously known mineralisation. The system continues with some good grade. It also hit a breccia zone, several hundred metres lower down, that also carried grade.

It is not necessary, or wise, to become too concerned about individual holes in what has amounted to an 80 hole, 37,000m program undertaken over the last three years. There is a bigger picture. We know there is a substantial and growing gold resource that could arguably support a long life, 100-200,000 oz p.a. gold mine. That means it is big enough to attract the majors and the Company is in danger of being taken over when it is selling so cheaply. Thus there is some downside protection. However, an international gold producer may be a little coy while the geological situation is sorting itself out.

Mine development requires both national and local government support

The politics involved in the development of new mines anywhere in the world involves dealing with many speed bumps. Sometimes mining companies are confronted by left leaning governments who seek votes in bashing mining companies, but then replacement politicians seek to reverse the damage done by their predecessors. That is what we are seeing happen in the Philippines today on a national level.

Whatever a national government says, the need for a social licence from local populations is essential ... and it is becoming more so. It is difficult for any individual exploration or mining company to influence national politics, but their behaviour can have a significant impact on the support from local communities. Getting the locals on side is both useful and essential.

With this in mind it is worth looking at a press release made by LCL last week concerning community awards made to the Company. Strangely, the ASX didn't believe that it was sufficiently noteworthy to have it released on the ASX platform, so ASX watchers might not have seen it. *(Hasn't anyone told the ASX about how important matters like this are to mine developments?)*

In a televised event Quinchia Mayor, Mr Absalón Trejos Arias spoke of the economic and social benefits of having Los Cerros within the community and stressed the consultative, open and trustworthy behaviour the Company has demonstrated time and time again. He complimented the Company on its dedication to hiring and training locals.

Further, Mr Jaime López, President of the Artisanal Mining Association of Quinchia also spoke of the trust in Los Cerros earned by the Company consistently delivering on

commitments and engaging with the local artisanal workforce and families.

Israel Londoño, the Deputy Governor (Deputy State Premier) of Risaralda State, said “The Company’s Miraflores/Quinchia project has had the greatest positive impact on the region due to the generation of local employment, socio-economic and productive development and ultimately the tax benefits that would be generated from production.”

So, it seems that Los Cerros has strong advocates that will speak in its favour when negotiations take place with the national government. It is all part of the political process involved in getting a mine going.

Disclosure: Interests associated with the author own shares in Los Cerros.

Magnetic reported results from 29 aircore holes drilled over a 650m strike length, 100m apart. The prospective strike length is considerably greater. The best five holes returned intercepts from 18m to 52m in thickness, at grades of 989 to 1,379 ppm TREO from a saprolitic profile underlying a laterite zone, with granites below the 70m vertical depth. The holes were initially drilled to test for copper and nickel potential but the Company decided it may as well assay for rare earths as well, with favourable results. About 20% of the REE are magnetic rare earths. Uranium levels are low at 10 ppm.

Once again we have a company that has sampled for rare earths and found them, in what can be seen as a fairly standard outcome, though with deeper thickness than other, near surface accumulations reported by others. It is a good result, but not an exceptional one. The field is starting to get crowded but share prices continue to react favourably, for now.

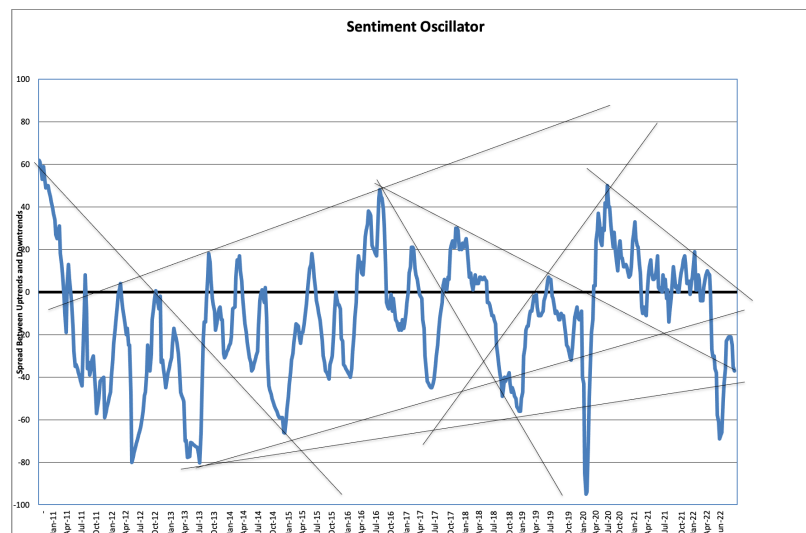
Magnetic Resources joins the REO Rush

Magnetic Resources (MAU) has been a successful gold explorer in the Laverton region but it has recently decided to extend its exploration effort into the rare earth space. As with other companies that have gone into this sector, the release provided shareholders with a useful bounce in the share price.

The Great Global Warming Swindle

A reader sent me a link to the an interesting video on the internet that goes to some length to explain that there is no link nexus between global warming and CO₂ levels. It made sense to me. Maybe it will to you too. What if it is correct?

[The Great Global Warming Swindle - Full Documentary HD - YouTube](#)



Sentiment Oscillator: Sentiment was slumped over the week. There were 16% (19%) of the charts in uptrend and 53% (54%) 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	still in downtrend		
Energy	XEJ	drifting lower		
Information Technology	XIJ	down		
Stocks	Code	Trend	Comment (updated comments in bold)	Main Interest
A-Cap Energy	ACB	on support line		uranium
Alpha HPA	A4N	breached downtrend		HPA
Adriatic Resources	ADT	approaching resistance line		zinc, polymetallic
Advance Metals (was Pacific American)	AVM	down		coal, gold exploration
Alkane Resources	ALK	testing downtrend		gold
Alicanto Minerals	AQI	new low		base metals, silver, gold
Altech Chemical	ATC	strongly higher		HPA, anodes
Anteotech	ADO	new low		silicon anodes, biotech
Alto Metals	AME	at resistance		gold exploration
American Rare Earths	ARR	fallen back to resistance line		rare earths
Antilles Gold	AAU	still down		gold
Arafura Resources	ARU	good bounce		rare earths
Ardea Resources	ARL	testing support		nickel
Aurelia Metals	AMI	new low		gold + base metals
Australian Potash	APC	sideways through downtrend		potash
Australian Rare Earths	AR3	at lows		rare earths
Auteco Minerals	AUT	recovering		gold exploration
Arizona Lithium	AZL	failed at resistance line		lithium
Azure Minerals	AZS	failing at resistance line		nickel exploration
BHP	BHP	back to lows after dividend payment		diversified, iron ore
Beach Energy	BPT	new uptrend confirmed		oil and gas
Bellevue Gold	BGL	breached downtrend		gold exploration
Benz Mining	BNZ	breached downtrend		gold
Black Cat Syndicate	BC8	breaching uptrend		gold
Blue Star Helium	BNL	sideways through downtrend		gas, helium
BMG Resources	BMG	down		gold exploration
Boab Metals	BML	failed at resistance line		silver/lead
Breaker Resources	BRB	testing downtrend		gold exploration
Buru Energy	BRU	gently lower		oil
Calidus Resources	CAI	new low		gold
Capricorn Metals	CMM	back into downtrend		gold
Caravel Minerals	CVV	at resistance		copper
Castile Resources	CST	down		gold/copper/cobalt
Celsius Resources	CLA	sideways at lows		copper
Chalice Mining	CHN	down		nickel, copper, PGMs, gold exploration

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Chesser Resources	CHZ		new low	gold exploration
Cobalt Blue	COB		testing uptrend	cobalt
Cyprium Metals	CYM		new low	copper
Dateline	DTR		down	rare earths
De Grey	DEG		good recovery	gold
E2 Metals	E2M		breached new uptrend	gold exploration
Ecograf	EGR		falling again	graphite
Element 25	E25		new uptrend commenced	manganese
Emerald Resources	EMR		trying to recapture uptrend	gold
Empire Energy	EEG		testing uptrend	gas
Euro Manganese	EMN		breached new uptrend	manganese
Evolution Mining	EVN		new low	gold
Firefinch	FFX		suspended	gold
First Graphene	FGR		breached downtrend	graphene
Fortescue Metals	FMG		failed at resistance line	iron ore
FYI Resources	FYI		sideways through downtrend	HPA
Galena Mining	G1A		testing steepest downtrend	lead
Galilee Energy	GLL		softer	oil and gas, CBM
Genesis Minerals	GMD		down	gold
Genmin	GEN		rising	iron ore
Gold Road	GOR		breached downtrend	gold
Great Boulder Resources	GBR		but approaching resistance line	gold exploration
Hastings Technology Metals	HAS		heavy fall	rare earths
Hazer Group	HZR		still in downtrend	hydrogen
Heavy Minerals	HVY		still in downtrend	garnet
Highfield Resources	HFR		new low	potash
Hillgrove Resources	HGO		down	copper
Iluka Resources	ILU		testing resistance line	mineral sands
Image Resources	IMA		down	mineral sands
ioneer (was Global Geoscience)	INR		testing resistance line	lithium
Ionic Rare Earths	IXR		rising again	rare earths
Jervois Mining	JVR		breached downtrend	nickel/cobalt
Kaiser Reef	KAU		recovering from lows	gold
Kingston Resources	KSN		improving	gold
Krakatoa Resources	KTA		rising	rare earths
Kingfisher Mining	KFM		down	rare earths
Kingwest Resources	KWR		new low	gold
Legend Mining	LEG		new low	nickel exploration
Lepidico	LPD		back to lows	lithium
Lindian Resources	LIN		another new high	bauxite
Lion One Metals	LLO		down	gold
Los Cerros	LCL		new uptrend breached	gold exploration
Lotus Resources	LOT		sideways through downtrend	uranium
Lucapa Diamond	LOM		new uptrend forming, but struggling	diamonds

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Lunnon Metals	LM8		breached support line	nickel
Lynas Corp.	LYC		down	rare earths
Magnetic Resources	MAU		new low	gold exploration
Mako Gold	MKG		failed at resistance line	gold exploration
Marmota	MEU		sideways	gold exploration
Marvel Gold	MVL		new low	gold exploration
Matador Mining	MZZ		new low	gold exploration
Mayur Resources	MRL		strong rise from lows	renewables, cement
Meeka Gold	MEK		surge on drill results -capital raising	gold
Megado Gold	MEG		back to downtrend	rare earths, gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		slump out of new uptrend with a placement	bauxite
Mincor Resources	MCR		recovering from lows	gold/nickel
Mithril Resources	MTH		down	gold/silver
Musgrave Minerals	MGV		testing downtrend	gold exploration
Nagambie Resources	NAG		stronger	gold, antimony
Neometals	NMT		rising	lithium
Northern Star Res.	NST		strong rise	gold
Nova Minerals	NVA		down again	gold exploration
Orecorp	ORR		at lows	gold development
Oz Minerals	OZL		new high on BHP takeover moves	copper
Pantoro	PNR		new low	gold
Panoramic Res	PAN		down	nickel
Peak Resources	PEK		rising	rare earths
Peel Mining	PEX		breached steepest downtrend	copper
Peninsula Energy	PEN		sideways	uranium
Poseidon Nickel	POS		still down	nickel
Perseus Mining	PRU		down	gold
Provaris Energy	PV1		rising	hydrogen
PVW Resources	PVW		breached downtrend	rare earths
QMiner	QML		new low	copper
Queensland Pacific Metals	QPM		sideways	nickel/cobalt/HPA
Red River Resources	RVR		new low	zinc
Regis Resources	RRL		down	gold
Regergen	RLT		down	gas, helium
Resource Mining Corp.	RMI		sideways	nickel exploration
RIO	RIO		new low	diversified, iron ore
Rumble Resources	RTR		secondary downtrend	gold exploration
S2 Resources	S2R		sideways	gold exploration
St Barbara	SBM		down	gold
Sandfire Resources	SFR		heavy fall	copper
Santos	STO		uptrend	oil/gas
Saturn Metals	STN		down	gold exploration
Silex Systems	SLX		new high	uranium enrichment technology

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Silver Mines	SVL		down	silver
South Harz Potash	SHP		still in downtrend	potash
Southern Cross Gold	SXG		down	gold exploration
Stanmore Coal	SMR		surge higher	coal
Strandline Resources	STA		strong rise	mineral sands
Sunstone Metals	STM		downtrend	exploration
Talga Resources	TLG		testing steepest downtrend	graphite
Tamboran Resources	TBN		breached downtrend	gas
Technology Metals	TMT		down	vanadium
Tesoro Resources	TSO		new low	gold exploration
Theta Gold Mines	TGM		strong rise from lows - at resistance	gold
Thor Mining	THR		sideways through downtrend	gold exploration
Tietto Minerals	TIE		breaching downtrend	gold
Turaco Gold	TCG		bouncing from lows	gold exploration
Vanadium Resources	VR8		testing downtrend	vanadium
Venture Minerals	VMS		down	tin, tungsten
West African Resources	WAF		down	gold
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		new low	gold
Whitehaven Coal	WHC		new high	coal
Yandal Resources	YRL		new low	gold exploration
Zenith Minerals	ZNC		breached steepest downtrend	gold exploration
Zinc Mines of Ireland	ZMI		new low	zinc
Totals	16%	23	Uptrend	
	53%	78	Downtrend	
		146	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	32	21.9%	
Gold Exploration	22	15.1%	
Rare Earths	12	8.2%	
Nickel	11	7.5%	
Copper	9	6.2%	
Oil/Gas	9	6.2%	
Iron Ore/Manganese	6	4.1%	
Zinc/Lead	5	3.4%	
Lithium	4	2.7%	
Uranium	4	2.7%	
Graphite/graphene	3	2.1%	
Potash/Phosphate	3	2.1%	
Coal	3	2.1%	
Mineral Sands	3	2.1%	
Silver	2	1.4%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Cobalt	1	0.7%	
Tin	2	1.4%	
Diamonds	1	0.7%	
Other	10		
Total	146		

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