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The Mining Investment Experts

Weekly Commentary

20 November 2021 *On Friday's Close* Analyst : Warwick Grigor

These battery anode stocks are looking overpriced

Capital raising are continuing

The market continues to be strong for capital raisings as many companies are going back to the well again. That is good for the stockbrokers who have their distribution lines established but it is not always good for pre-existing shareholders. We are seeing many instances of underperformance of share prices once the raisings have been completed. In fact, it seems that the best strategy may to be sell when there is a raising and coming back later, after it has been digested. For those who are not shareholders, buying opportunities may come along later, at cheaper prices. Yet, when a placement is being undertaken, the brokers love to tell how there is strong demand, forcing them to impose heavy cutbacks. The process can be quite deceptive. The ASX should stop companies announcing that placements are "heavily oversubscribed" because that is both meaningless and misleading owing to the process whereby brokers encourage overbidding.

The flood of IPOs is continuing as well. There is plenty of money going around but it needs to be herded into the coffers. The successful ones will be those where effective salesmanship creates demand rather than a relative valuation approach. It is FOMO that gets these over the line and that is more about perception than fundamentals.

Is Magnis Energy the canary in the coal mine?

The Australian ran a story on Magnis Energy (MNS) on Wednesday about an ASIC investigation into the chairman of that company. Details are sketchy at the time of writing, but the concern was sufficient to cause a Trading Halt and a statement from the Company, referring to the article as containing a number of unsubstantiated statements. Nevertheless, the share price continued to fall. It is now down 41% from a week ago. We have no idea what this is all about, or whether it is a personal or a corporate matter. The truth always takes longer to come out. Remember the Chinese proverb; you have to beat the grass to flush out the snake. Let us see where this goes.

The fall in the share price has reduced the Magnis market capitalisation from $700m to $414m. Looking around at peer companies such as Archer Materials (AXE), Ecograph (EGR) Syrah Resources (SYR) and Talga Group (TLG), we see market capitalisations of $300-$650m. The share price performance of many of these companies has been extraordinary, often without sufficiently verifiable information on which to justify market valuations. Remember that most of these companies started out as graphite wannabes, but were unable to get mines up and running (Syrah did construct a mine, but it was a commercial failure). Suddenly these companies morphed into anode and battery material stocks not on the basis of graphite they were going to mine, but on some version of new battery technology. There have been some pretty bullish statements made but I still have trouble in seeing how highly speculative junior mining companies such as these can suddenly pull a rabbit out of the hat to be come leaders in a highly scientific field. How have they been able to muscle multi-billion dollar companies out of the way? It is still most improbable, in my view.

What sort of earnings do these companies need to demonstrate to maintain these prices once economic reality starts to kick in, which must happen eventually. In many cases there will be capital expenditure budgets of many hundreds of millions of dollar. How will they be financed? How many years do we have to wait to see the the new plants constructed and commissioned, and assuming the technology works seamlessly, how will they go about selling their product into markets. These are very fundamental questions that need to be answered.

If a company is capitalised at $500m today, say at least three years ahead of commencing sales, what EBITDA should it be selling on now? Is it two or three times? That would mean these companies would have to be earning $200m plus when the time comes. Can anyone see a clear path to this level of profitability? Just remember that even when a company releases numbers from its studies and models that point to potential profitability, you need to step back and consider the veracity of the numbers. Do they guarantee success? No. There are plenty of examples of projects that look great on a spreadheet, but fail in real life.

Everyone loves a bull market in which most stocks go up without any real reason .. other than continued buying. It is all about feeling good because bits of paper keep rising in price. The emotional high of a rising market overpowers all, and all are impervious to reality, but what happens when shareholders ask these fundamental questions rather than bury their heads in the sand like ostriches. It could get ugly.

One fine point to consider is that if hydrogen is truely the answer going forward, there will be plenty of losers in the battery sector. Factor that into the sentiment.

The worm is turning on nuclear power

A few weeks ago I wrote that a precondition to many governments becoming supportive of a shift towards nuclear power, the only real alternative to coal, was a supportive media. We need the journalists to soften up the public first, using facts as well as emotion. Someone at The Economist must be listening. Last week's edition had no less than three articles on nuclear power with the first headings "*The discrete charm of nuclear power*".

The articles say that nuclear power is "extremely safe", and that is why it is foolish to shut down perfectly good nuclear power stations such as Diablo Canyon in California, because of little more than prejudice.

Whereas high capital costs have been used to argue against nuclear power, you will find that costs and time frames could be significantly reduced if the regulatory approval process changed from being anti-development to being pro-development. Standardisation of design would also bring efficiencies.

Rolls Royce has plans for small, modular nuclear reactors (SMR). Russia has already constructed a floating SMR power station. Innovation is starting to come back to the sector with a more modular approach, amongst other developments.

It won't happen overnight, but a supportive media will make it much easier for countries like Australia to go down the nuclear path and meet zero net carbon targets.

Kingwest confirms discovery, shares higher

Kingwest Resources (KWR) made an ASX release last week headlined "*Huge Potential at Lake Goongarrie Gold Discovery"*. It is interesting that the ASX didn't worry about the Heading and the use of the word "Huge", in its campaign to restrict "ramping-style announcements (more on this ASX assault later).

Anyway, back to the KWR release. Yes, it is indeed shaping up to be something that could very well be "huge". At the moment it is all about determining the length and breadth of the gold bearing system under the lake but it is still too early to be ascribing any sort of grade. It is one of the those discoveries which pop their head up early, but take time to understand fully. We haven't seen the attention grabbing grades yet, that companies put in their highlights to try and boost the share price, because this one is more subtle. We will have a much better picture once the Company has done programs of RC and diamond drilling. If you are buying shares now, you are still buying early. Time will tell just how big and how rich this discovery will be, but I suspect there is a lot more to come.

Disclosure: Interests associated with the author own shares and options in Kingwest

Sunstone reports 111m at 2.3 gpt

Sunstone (STM) seems to have surprised itself with early drilling of the Alba prospect that returned 111m at 2.3 gpt in Hole BMD012. This lies to the NW of the Brama prospect that has been taking most of the attention up until now. The drill rig was positioned to test a magnetic anomaly but this good intersection appears to have hit epithermal gold mineralisation just outside the anomaly as mapped. The gold seems to be in vein-style stock work mineralisation about 20m in width. Visible gold has been identified in the core. The Company described it as a "potential new discovery". The shares performed strongly on the back of the announcement on Thursday, confirming that Sunstone is now one of the more popular South American exploration plays. Continuing news flow will keep this company in the spotlight for the foreseeable future.

Non-binding MoUs are worthless

The ASX is cracking down on what it claims are "ramping" announcements designed to get a share price higher, without it being materially significant, but it is doing a very inconsistent job. According to an ASX spokesman, "*We do provide guidance that announcements should be material and not for promotional purposes predominantly*", but isn't it material if the share price does go up significantly? Surely that is material to shareholders and they are the people the ASX should be looking out for. The whole issue is very subjective.

When is an "agreement" not really an "agreement"? When it is a non-binding MoU. No matter how many times a company calls it an agreement, its unenforcability means that it is not worth the paper it is written on. An announcement based on a non-binding MoU is little more than name dropping. So, should the ASX start to crack down on announcements that cover non-binding MoUs, classifying them as not material?

The master of non-binding MoUs is Talga Group (TLG). It brought out another one last week regarding an MoU with a Taiwan-based manufacturer of anode materials used in lithium-ion batteries. The announcement was written in such a way that it leaves expectations of subsequent "agreements", starting with an Anode Testing Contract. The Taiwan company wants materials from Talga so it can conduct tests, but it would be naive to assume this is commercially significant yet. First, the product has to perform technically, then the commercial arrangements need to be negotiated. Talga still has to finish its qualification facility first (i.e. pilot plant). Next, it has to build a US$484m production facility. Nothing is a fate accompli. Yet, the market obviously thinks it is great news, judging by the jump in the share price in the two weeks before the announcement, from around $1.52 to $2.22 the day before the release; a 46% increase. It has subsequently fallen by 20%. Buy on rumour and sell on news. Maybe someone got an early signal. Imagine what the share price will do if it ever gets a mining licence granted from the Swedish authorities.

121 Hong Kong Conference (continued)

See below more quicks notes on companies that presented at the Hong Kong 121 Conference.

Poseidon Nickel (ASX:POS) Price: 9.4¢ Mkt Cap: $288m Cash $28m (30/9/21). Poseidon stands as a credible nickel company under the leadership of long term nickel captain, Peter Harold. The share price has been under pressure for the last four months, since 26th of July, falling from 16¢ to the current 9.4¢, following the release of the Black Swan Scoping Study. It seems like the market was wanting to see a resource of 10,000 t of nickel at Southern Terrace, but it only came out with a figure of 160,000 t at 4% Ni, or 6,300 t of contained nickel. The sale of 28 million shares by Black Mountain wouldn't have helped the share price. Last week the Company announced an update on the 1.1 Mtpa Black Swan restart. This will treat both high grade underground ore. Capex is estimated at $22m. with commissioning to occur late in 2022. With less than $28m in the bank now, the Company will have to raise $20-30m more, at some time over the next few months. *Intuitively, we feel the stock is reasonable value at these levels but we haven't undertaken any detailed modelling. if my rule of thumb that management quality makes up 80% of the weighting when deciding whether or not to invest still has merit, then Poseidon has this covered.*

QMines (ASX:QML) Price: 38¢ Mkt Cap: $41m Cash $7.5m (30/9/21). QMines raised $11.5m in an IPO, in May 2021, for the purpose of going back to the Mt Chalmers mine that was originally developed by Peko-Wallsend, one of the great Australian mining companies in the 1960s through to the 1980s, when it was taken over by North Limited. Peko extracted about 1.24 Mt at 2% Cu and 3.6 gpt, mostly from the VMS-style massive sulphide mineralisation. QMines has gone back to assess the disseminated mineralisation around the old mine, having drilled out 3.9 Mt at 1.15% Cu and 0.8 gpt Au. (1.9% CuEq). The project is well situated with regards to infrastructure and rail link to Gladstone port. *The upside lies in the identification of surrounding mineralisation not previously mined, where there may be more massive sulphide styles, in addition to the larger tonnage of disseminated mineralisation. So far it looks very interesting.*

QuestEx Gold and Copper Exploration (TSX:QEX) Price: 66¢ Mkt Cap: C$27m Cash C$9.5m. QuestEx is an exploration company exploring in the Golden Triangle region of British Columbia and the Yukon. It has a strong shareholder base with Newmont and Skeena Resources owning 16% and 14% respectively. The Red Chris district Golden Triangle is one of Canada's hot spots for gold exploration. Much of QEX's narrative revolves around its proximity to development projects owned by Newmont and Skeena, though it is expecting to announce a maiden resource at the Inel, on its KSP project later this year. Some of the better intercepts here included 118m at 1.82 gpt and 52m at 4.2 gpt, with a lower grade intercept of 122m at 0.69 gpt. The Sofia property is prospective for porphyry-style mineralisation, as part of the Toodoggone licences. The Company has had active drill programs in 2021, meaning a volatile share price over the year. *The address of its projects means good geology but more work is needed to get a proper idea. Given that, and with the share price near 12 month lows, it makes for interesting speculation.*

Red 5 (ASX:RED) Price: 28.5¢ Mkt Cap: $671m Cash $67.5m (30/9/21). Debt: $38m. RED is an institution-sized gold producer with investors such as Victor Smorgan (15%), Templeton (9.9%), Ruffer (4.8%) and Electrum (4.7%) appearing on the share register. The King of the Hills, 4.7 Mtpa treatment plant has been in the construction phase for the last 13 months, with the first gold pour scheduled for Q2 2022. So far it is on time and within budget. The ore reserve is 65 Mt at 1.2 gpt for 2.4 Moz of gold, sufficient for a 16 year mine life. The first six years will average 176,000 oz p.a., and the LOM AISC is estimated at A$1,415/oz. Treatment costs are estimated to be $11.83 pt. Capex is forecast to be A$226m. Payback is estimated to be 25 months. King of the Hills involves the next development of the previously named Tarmoola Gold Mines with the pit floor down to 285m, on the way to 450m. Thus it is a serious hole in the ground. Open pit ore feed will run at 1.15 gpt. The waste to ore ratio is 6:1. Underground ore sources will average 1.15 gpt from 80,000 tonne, long hole open stopes. Elsewhere the 60-70,000 pz p.a. Darlot Gold Mine experienced AISC of A$2,686/oz in the September Qtr, including A$390/oz Stage 2 cutback costs. This is scheduled to last another two years. RED has completed the US$55m divestment of the Siana Gold Project in the Philippines. *The Red 5 share price has been trading in the range of 15¢ to 35¢ for the past two years, largely tracking the gold price. More recently it has been moving towards the high end of the range. While King of the Hills is a low grade mine, the numbers suggest that it will be strongly profitable. Knowledge of the history of the mine suggests that there should be minimal commissioning risk.*

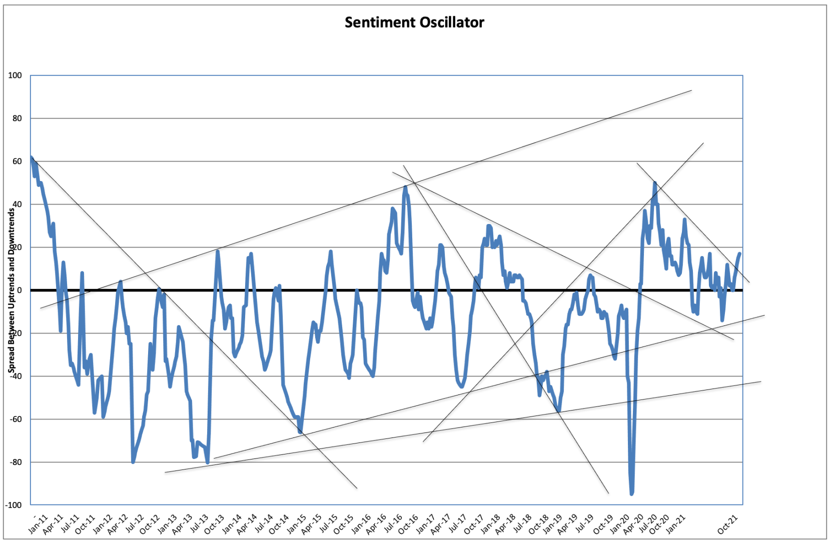
S2 Resources (ASX:S2R) Price: 19¢ Mkt Cap: $68m Cash $68,000 (30/9/21). Up until 20th October, S2 was a specialist gold explorer in the Central Lapland Greenstone Belt in Finland, where modern exploration is starting to unlock a highly prospective greenstone belt. Without detracting from the merit of its exploration program in Finland, there was a dramatic shift in emphasis with S2 being successful in its tender for Block 4 in the Northern Central Victorian Goldfields. This Block was previously held by Kirkland Lake but when it came up for renewal, it had to go through a tender process. Some 30 companies bid for the Block, with S2 being successful when it nominated $10m of expenditure as well as demonstrating considerable expertise and experience. This 394 square kilometre block has a north-south strike extent of 55 km and it surrounds the high-grade, high-margin Fosterville mine operated by Kirkland Lake Gold ("Kirkland Lake", KLA:ASX, KL:TSX), which produced 640,467 ounces of gold at an average grade of 33.9g/t gold in 2020. The award gives S2 the sole right to apply for an exploration licence over what is arguably the most prospective and highly contested gold ground in Australia. The most advanced prospect on the Block is the Goornong South Prospect that includes a near surface pre-JORC resource of 60,000 oz at 1.3 gpt. However, S2R has only passing interest in this deposit. The real prize will be a deep, high-grade gold resource with similarities to Kirkland Lake's Swan Zone. Finding one of these will take some serious geological input and a good understanding of structure at depth. Kirkland Lake drilled to depths of 1,200m in an attempt to hit the prospective structure but was unsuccessful. The style of deposit being sought in this geological environment is still new to the explorers. The model is still evolving. Nevertheless, it is very exciting. *S2R will be one of Australia's favourite gold exploration stock in coming years, though it is unlikely to be drilling before the second half of 2022 - so patience is needed. It is certainly one to have on your radar.*

Sarama Resources (TSX.V:SWA) Price: C$0.205 Mkt Cap: C$20.5m Cash: C$2m. Sarama is TSX-listed, but run by Australians. To some extent it has been a square peg in a round hole over there in Canada, so it has been working on a plan to achieve an ASX listing. However, it has been waiting on the renewal of the strategic Tankoro licence that holds 90% of its resources. That expired in December 2020, but bureaucratic delays have been experienced. Sarama now looks like it may embark on an ASX listing early in 2021, raising maybe $5m in the process, but we still don't have perfect clarity. The exploration projects are all in Burkina Faso, a west African gold country that was viewed favourably a few years back, but changes in the government and increased Boko Haram activity near the border with Niger has increased the perceived geopolitical risk. Cote d'Ivoire has displaced Burkina Faso as the preferred destination in this part of the world. Nevertheless, risks are lower the closer you get to Ouagadougou, the capital. This is where Sarama's Sanutura Project lies with gold resources of 9.4 Mt at 1.9 gpt (0.6 Moz) Indicated, and 52.7 Mt at 1.4 gpt (2.3 Moz) Inferred. It is contemplating a a mineable resource in the order of 2 Moz at around 2 gpt with low technical risk and high gold recoveries. The target resource across its portfolio of projects is 3-3.5m oz. *All the negatives have been factored into the share price, and then some. A market capitalisation of only $20m for 2.9 Moz is way too cheap. We expect that once the AXS listing is sorted, and there is another $5m in the kitty, the share price will rise above the long term downtrend in which it is currently imprisoned.*

Thomson Resources (ASX:TMZ) Price: 7.1¢ Mkt Cap: $39m Cash $68,000 (30/9/21). In October it subsequently raised $4.8m at 7.5¢ a share, with attaching options. Thomson has emerged as a specialist silver explorer with a number of projects in northern NSW, some of which have been historical producers. It owns 100% of three projects; Conrad, Webbs and Texas. Conrad has a resource of 3.33 Mt at 193 gpt AgEq, giving 20 Moz AgEq. Webbs has demonstrated grades up to 300 gpt with base metals.

Texas, on the Qld/NSW border, is the site of a failed attempt at heap leaching by Macmin and then Alcyone. Later, Morton Resources (MRV) had a go, but it too failed, so it sold it to Thomson Resources. Thomson is of the view that heap leaching was never going to achieve the required recovery rates. It intends to approach it differently. The Company has also entered into a JV over Mt Carrington with White Rock, whereby it can earn 30% on completion of a DFS and EIS, then 51% on financing and 70% on a $12.5m payment. This is gold and silver, with a potential mine life of four years. *Thomson has a collection of interesting but well-kicked over silver projects though it will find the building of a critical mass challenging at any one of these. That is why it proposes a hub-and-spoke approach that could deliver mill feed to a central processing facility. At this stage you would best describe this strategy as conceptual. Whatever the merits of its approach, the shares will need the silver price to run if it is going to get better than average share price performance.*

Turaco Gold (ASX:TCG) Price: 14¢ Mkt Cap: $47m Cash $5.7m (30/9/21) It has subsequently raised $10m in a placement at 12¢. Turaco Gold is Justin Tremain's latest foray into West Africa, this time in Côte d'Ivoire. It claims to have the largest holding of gold exploration ground in that country with the key ground being on the Syama greenstone belt that is known for +1 Moz gold deposits. The Boundiali Gold Project includes the Nyangboue and Nyangboue South prospects, hosting 6 km and 2 km long gold anomalies the have just had 4,000m of RC drilling completed. The company is confident that it has a discovery there with a maiden resource scheduled for Q1 2022. The Eburnea Project has been auger drilled with grades of up to 9.91 gpt within a 4.5 km strike length. An 18 hole drill program at Ferke has delivered a number of good widths (20-40m) at grades of 1.5 gpt to 3.5 gpt, but with zone richer grades as well. There seems to be plenty of gold on its licences, judging by assays so far. *The shares have been quite strong since September, but dipped recently owing to the placement. Once this has been digested by the market the impending exploration news should help in the resumption of uptrend. Keep this one on your radar.*



Sentiment Oscillator: Sentiment continues to improve. There were 43% (42%) of the charts in uptrend and 26% (27%) in downtrend on Friday's close. There is nothing to complain about.

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		rising	
Metals and Mining	XMM		base forming	
Energy	XEJ		pullback to support line	
Stocks	**Code**		**Trend Comment (updated comments in bold)**	**Main Interest**

Alpha HPA	A4N	moving higher	HPA
Adriatic Resources	ADT	down	zinc, polymetalic
Alkane Resources	ALK	down	gold
Alicanto Minerals	AQI	higher	base metals, silver, gold
Altech Chemical	ATC	strongly higher	HPA, anodes
Alto Metals	AME	higher	gold exploration
American Borates	ABR	surge higher	borate
American Rare Earths (was BPL)	ARR	rising	rare earths
Antilles Gold	AAU	testing downtrend	gold
Arafura Resources	ARU	rising	rare earths
Ardea Resources	ARL	sideways through support line	nickel
Aurelia Metals	AMI	testing downtrend	gold + base metals
Australian Potash	APC	back into downtrend	potash
Australian Rare Earths	AR3	rising again	rare earths
Auteco Minerals	AUT	back to lows	gold exploration
Azure Minerals	AZS	breached downtrend	nickel exploration
BHP	BHP	still falling	diversified, iron ore
Beach Energy	BPT	hit resistance line	oil and gas
Bellevue Gold	BGL	rallying	gold exploration
Benz Mining	BNZ	down	gold
Blue Star Helium	BNL	strong rise	gas, helium
BMG Resources	BMG	heavy fall on drill results	gold exploration
Boab Metals	BML	in a secondary downtrend	silver/lead
Breaker Resources	BRB	new high	gold exploration
Buru Energy	BRU	rallying	oil
Calidus Resources	CAI	rising again	gold
Capricorn Metals	CMM	surge to new high	gold
Caravel Minerals	CVV	down	copper
Celsius Resources	CLA	breached downtrend	copper
Chalice Mining	CHN	new high	nicklel, copper, PGMs, gold exploration
Chesser Resources	CHZ	sideways	gold exploration
Cobalt Blue	COB	steep rise	cobalt
Cyprium Metals	CYM	continuing down	copper
Danakali	DNK	long term downtrend	potash
De Grey	DEG	shallow downtrend being tested	gold
Develop Global	VXR	rallying	zinc
E2 Metals	E2M	shallower downtrend	gold exploration
Ecograf	EGR	new downtrend	graphite
Element 25	E25	secondary downtrend	manganese
Emerald Resources	EMR	rising again	gold
Euro Manganese	EMN	down	manganese
Evolution Mining	EVN	testing downtrend	gold
Firefinch	FFX	strongly higher	gold
First Graphene	FGR	rising again	graphene

Fortescue Metals	FMG		breaching downtrend	iron ore
FYI Resources	FYI		collapse out of uptrend	HPA
Galena Mining	G1A		still down	lead
Galilee Energy	GLL		down	oil and gas, CBM
Genesis Minerals	GMD		testing downtrend	gold
Genmin	GEN		back in downtrend	iron ore
Global Energy Ventures	GEV		strongly higher	hydrogen
Gold Road	GOR		testing downtrend	gold
Hastings Technology Metals	HAS		rising again	rare earths
Hazer Group	HZR		new uptrend	hydrogen
Highfield Resources	HFR		down	potash
Hillgrove Resources	HGO		breached downtrend	copper
Iluka Resources	ILU		breached uptrend	mineral sands
Image Resources	IMA		sideways	mineral sands
Independence Group	IGO		new high	gold
ioneer (was Global Geoscience)	INR		testing uptrend	lithium
Ionic Rare Earths (Oro Verde)	IXR		recovering long term uptrend	rare earths
Jervois Mining	JVR		shallower uptrend	nickel/cobalt
Jindalee Resources	JRL		breached downtrend	lithium
Kairos Minerals	KAI		surge higher	gold exploration, lithium
Kingston Resources	KSN		rising	gold
Kingwest Resources	KWR		surge out of downtrend	gold
Latitude Consolidated	LCD		testing downtrend	gold
Legend Mining	LEG		turned down at resistance line	nickel exploration
Lepidico	LPD		new high	lithium
Lindian Resources	LIN		off from high	bauxite
Lithium Australia	LIT		heavy slump	lithium
Los Cerros	LCL		sideways through downtrend	gold exploration
Lotus Resources	LOT		rising	uranium
Lucapa Diamond	LOM		new uptrend	diamonds
Lynas Corp.	LYC		heavy fall	rare earths
Magnetic Resources	MAU		slump	gold exploration
Mako Gold	MKG		down again	gold exploration
Marmota	MEU		rallying	gold exploration
Marvel Gold	MVL		new high	gold exploration
Matador Mining	MZZ		breached downtrend	gold exploration
Megado Gold	MEG		down	gold exploration
MetalTech	MTC		off the end of a ramp	gold
Meteoric Resources	MEI		down heavily	gold exploration
MetalsX	MLX		new high	tin, nickel
Metro Mining	MMI		back to lows	bauxite
Mincor Resources	MCR		new high	gold/nickel
Musgrave Minerals	MGV		testing downtrend with steep rise	gold exploration
Neometals	NMT		new high	lithium

Northern Minerals	NTU		rising	REE
Northern Star Res.	NST		breaching downtrend	gold
Nova Minerals	NVA		consolidating after steep rise	gold exploration
Oceana Gold	OGC		rising	gold
Oklo Resources	OKU		new uptrend	gold expl.
Orecorp	ORR		testing uptrend	gold development
Oz Minerals	OZL		rising again	copper
Pacific American	PAK		off its lows	coking coal
Pantoro	PNR		breached support line	gold
Panoramic Res	PAN		surge higher	nickel
Peak Minerals	PUA		new low	copper exploration
Peak Resources	PEK		down	rare earths
Peel Mining	PEX		testing downtrend	copper
Peninsula Energy	PEN		consolidating	uranium
Poseidon Nickel	POS		breached uptrend	nickel
Perseus Mining	PRU		rising	gold
Pilbara Minerals	PLS		new high	lithium
Queensland Pacific Metals	QPM		new high	nickel/cobalt/HPA
Red River Resources	RVR		testing downtrend	zinc
Regis Resources	RRL		new low on large financing	gold
Renergen	RLT		rising	gas, helium
RIO	RIO		testing steep downtrend	diversified, iron ore
Rumble Resources	RTR		breached downtrend	gold exploration
St Barbara	SBM		testing downtrend	gold
Sandfire Resources	SFR		rallying	copper
Santos	STO		rising	oil/gas
Saturn Metals	STN		breached short term uptrend	gold exploration
Silex Systems	SLX		heavy correction	uranium enrichment technology
Silver Mines	SVL		testing downtrend	silver
South Harz Potash	SHP		surge higher	potash
Stanmore Coal	SMR		new high	coal
Strandline Resources	STA		sideways	mineral sands
Sunstone Metals	STM		surged higher	exploration
Talga Resources	TLG		heavy pullback	graphite
Technology Metals	TMT		testing uptrend	vanadium
Tesoro Resources	TSO		new low	gold exploration
Theta Gold Mines	TGM		sideways to lower	gold
Thor Mining	THR		strong rise	gold exploration
Tietto Minerals	TIE		strong rise	gold
Titan Minerals	TTM		sideways	gold
Vimy Resources	VMY		surge through downtrend	uranium
West African Resources	WAF		new high	gold
Westgold Resources	WGX		turned down at resistance line	gold
West Wits Mining	WWI		down	gold

Western Areas	WSA		surge higher	nickel
Whitehaven Coal	WHC		down	coal
Wiluna Mining	WMC		gently higher	gold
Yandal Resources	YRL		breached uptrend	gold exploration
Zenith Minerals	ZNC		placement and downtrend	gold exploration
Zinc Mines of Ireland	ZMI		new uptrend	zinc
Totals	43%	59	Uptrend	
	26%	36	Downtrend	
		138	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	30	21.7%	
Gold Exploration	23	16.7%	
Nickel	12	8.7%	
Copper	10	7.2%	
Lithium	6	4.3%	
Rare Earths	8	5.8%	
Oil/Gas	6	4.3%	
Iron Ore/Manganese	6	4.3%	
Zinc/Lead	5	3.6%	
Mineral Sands	3	2.2%	
Potash/Phosphate	5	3.6%	
Uranium	4	2.9%	

Graphite/graphene	**4**	**2.9%**	
Coal	**3**	**2.2%**	
Bauxite	**2**	**1.4%**	
Silver	**2**	**1.4%**	
Cobalt	**1**	**0.7%**	
Tin	**1**	**0.7%**	
Diamonds	**1**	**0.7%**	
Other	**6**		
Total	**138**		

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