

Continuing with the downtrends irrespective of the election outcome

Election result to boost alternative energy stocks

Last week I said that this might be a good election to lose. In fact, the winner may have just been handed a poisoned chalice. Managing inflation and the associated problems will not be easy, especially for an inexperienced government.

The power of the independents and the Greens may compromise any fundamental Labor Party initiatives with the risk that it could become just a puppet. If so, the outcome for Australia will be suboptimal, but Labor will be blamed for everything that goes wrong whether or not it is really its fault. That has been the nature of recent parliaments.

Labor was big on calling Scott Morrison a liar. Now it will have its turn at lying. Labor will be pulling its hair out while trying to satisfy so many interest groups, while the Liberals will have an opportunity to regroup and refresh.

As investors in the equity markets we will have to take what is served up to us by the government of the day, but international events and finance determine the trends more than the parochialism of Australian politics. The best we can hope for is a Federal government that doesn't make a mess of the job, or be dragged down into the gutter by media, conventional and social, that excessively amplifies the "what about me?" cries from vocal minority interest groups.

There will be winners on the bourse with Labor taking control. Foremost of these will be any company that is contributing to alternative energy, be it battery material stocks, hydrogen or new technology. Money is going to be thrown at these sectors as they will be the beneficiaries of Labor's promises to fight climate change.

Who should be blamed for climate change?

To be concerned about climate change is understandable. There are many disturbing signals from extreme weather events all around the world. Scientists have come up with explanations that the electorate is prepared to accept and now they want action. Hence the trend in the voting. However, there is a deep level of naivety in that understanding.

To blame our national government for climate change shows a fundamental failure to recognise who the real bad guys are. Look at Brazil with the destruction of Amazon forests. Look at the number of coal-fired power plants being built in China and India. Australia is insignificant in the big picture. We should only be holding our government accountable if they are in the position to make a real difference. Yes, it makes us feel good if the government is a team player in the climate battle, but let's not ignore those who should be most accountable. Let's not make our government the punching bag for the actions of others.

Downtrends still dominate, so be cautious

The charts show us that the market is continuing to move lower. We have seen enough days of heavy selling followed by subsequent rallies that in the majority of the share price charts there are well performing downtrends. Strong days are when you should be selling, and maybe you can buy back on the really bad days with a view to trading out in the next rally, but the market isn't deep enough to allow everyone to employ this strategy. Now is not the time to aggressively throw money into the market.

Of course, there will always be a minority of share prices that perform well, even in a bear market, but taking advantage of these requires careful stock selection. They can actually attract buyers like moths to a light.

We can take more time to clean out our portfolios, selling those stocks that were bought in a flurry but without any long term conviction. We need to have funds available to take advantage of future opportunities when they arise, rather than just holding on hoping that this is just a correction from which we can quickly recover.

QMiner looking for another resource upgrade

FEC covered QMiner (QML) in the Weekly of 20 November 2021, when the share price was 38¢. At the time we thought it was a promising emerging copper producer in Queensland with excellent logistical benefits, but it really needed to find additional resources to build the potential mine life. It is time to have another look with an additional six months exploration results to factor in.

QMiner raised \$11.5m in an IPO, in May 2021, for the purpose of growing the resource at 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. QMiner has gone back to assess and expand the disseminated mineralisation around the old mine, then 3.9 Mt at 1.15% Cu and 0.8 gpt Au. (1.9% CuEq).

Since listing, QML has come out with its second resource upgrade. The most recent, on 1/12/21, was a 38% boost to 5.8 Mt at 1.7% CuEq for 101,000 t copper equivalent. There was a high confidence level in this resource with 78% of it being in the Measured and Indicated categories. A 0.5% CuEq cut-off grade was applied. A third upgrade is expected late in September, that will incorporate drill results from the 2022 program.

The resource, around the old open pit, covers a 700m strike length from north to south and width of about 250m. There are zones up to 50m in thickness for the stringer zone and 5m to 20m for the massive sulphide domains. Mineralisation is exposed in the pits and extends to a

vertical depth of 200m below surface. The dip varies between 10° and 40°.

Metallurgy appears to be good with recoveries of 97% for copper, 86.5% for gold, 77.5% for zinc, 70.5% for silver and 85% for lead based on a 230 kg test size from diamond drill cores.

The Company expects that the Woods Shaft exploration area, 700m SW of the Mt Chalmers Deposit, will add to the Dec 2022 resource. The zone of interest has a strike length of 350m and a width of 200m, to a depth of 90m vertical. Woods Shaft already has 40 historical holes and a new 21 hole program is about to commence. This should provide sufficient data to bring this prospect into a resource category.

With Mt Chalmers being a VMS-style orebody, it is reasonable to expect that more deposits will be found in close proximity. There are seven prospects being assessed, including three that are sufficiently advanced to be described as Exploration Targets within the Code.

The Bottom Line - sound value

The share price has come down along with the rest of the market, being 25¢ at the time of writing. That gives a modest market capitalisation of \$28m. Cash as at 31/3/22 was reported as \$3.5m. There is no immediate need to raise funds, but a top-up is probably required in Q4, possibly after the release of the next resource upgrade.

Mt Chalmers is a tangible copper development opportunity with a relatively low risk profile and excellent logistics. There is little speculative content in the recent share price, meaning that there hasn't really been any exploration success factored in yet. The Company is sensibly investigating just how much larger the resource may be, testing nearby targets, in order to get a better idea of the optimum scale of any prospective mining operation. Upside in the share price could come from resources increases and exploration success that might change the scale of expectations. Copper is a good sector in which to maintain exposure, as a battery input material.

The Economist says concrete may be graphene's killer app. We agree

On 15th May, The Economic published an article entitled "The wonder material graphene may have found its killer app". So, the message that First Graphene has been articulating with respect to concrete is starting to get through to mainstream media. It was written from a high level viewpoint, and I don't agree with the accuracy of some of the numbers and opinions being quoted, but hey, any publicity is good publicity ... isn't it?

Regular readers will be aware my involvement in First Graphene, enabling me to have developed a deep understanding of the material and the graphene sector. There continues to be a number of misconceptions about what is possible when you add graphene e.g. that graphene in concrete can be used to avoid the need for rebar. That has not yet been proven, though use of graphene can reduce permeability of concrete by up to 50%, thereby ensuring rebar is less susceptible to ingress of water and consequential concrete cancer.

The article says that you can make graphene from many different materials, which is true, but the vast majority of these sources will never be commercial due to a range of

issues that include cost and scalability. Make it work in a laboratory doesn't necessarily translate into an industrial scale process.

Determining when and where graphene works to give a commercial advantage in any given material involves more than extrapolating thought bubbles. As Adrian Potts says in the article, one of the biggest hurdles is achieving effective dispersion so that graphene can exercise its charm. Just throwing a handful of graphene into the pot falls a long way short of making it effective. Even the task of disbursing graphene into concrete is difficult, requiring proprietary know-how that most companies do not have.

Another point in the article is that there is a wide range of graphene qualities that need to be considered, taking into account how it is made, what defects are present and whether or not it is really graphene, in any event. This is a young sector where promotion has had the front seat, more so than actual delivery of commercial outcomes.

Two years ago we approached concrete companies with test results that showed concrete could be made +20% stronger with graphene. The response was rather dismissive, with operators saying that concrete could be made strong with the addition of a range of materials, but they were happy with the products they supplied and there was no appetite for innovation.

Maybe you would think that if you could make concrete 20% stronger there would be a benefit in using 20% less in construction. The weight savings and engineering benefit could significantly add to the efficiency. But no, there is no interest in changing the standards or the designs. That would only complicate their lives and require architects to go back to their drawing boards. That would open up a compliance nightmare in dozens of jurisdictions and it would take years of test work before there is a green light.

It would seem the reality is much more simple. Keep the standards of strength at the levels they are now, but use graphene to reduce carbon emissions with a focus on chemistry rather than weight saving. That is what First Graphene is doing. We agree that there is huge potential for the graphene sector on this front and we believe we have the solution. We are now working on securing commercial scale orders, working closely with global supply partners in the cement supply chain.

Disclosure: Interests associated with the author own shares in First Graphene and the author is a director of FGR.

Lucapa comes up with another monster diamond

Last Wednesday Lucapa reported the recovery of a 204 carat diamond from the Mothae mine in Lesotho. The 204 carat white stone is the eighth +100 carat diamond and third +200 carat to be recovered from the Mothae mine since commercial mining commenced in January 2019, underlining its unique large stone nature. It was a simple release with no speculation as to what the stone may be worth, but you should expect it will be very valuable. Once again it confirms the high quality nature of the mine that is still not being factored into the share price.

Disclosure: Interests associated with the author own shares in Lucapa.

Democracy may be the best of a bad bunch

As I contemplated the political outcome a week prior to the election, I jotted down a few points on our Westminster system of democracy that we so vehemently defend and philosophised about who this system really serves? Who benefits the most? Maybe you could say that democracy protects our freedom, but with so many laws, regulations and rules, is this really freedom?

With the risk that it could be a be minority government at least half the electorate will not be happy with the outcome. Even if one party gets 50.1% of the vote, there will be almost half the population that will be unhappy with the outcome. That never bodes well for unity.

At least we get a regular opportunity to rotate the idiots out front every three years.

Democracy - a con or a noble concept?

Democracy is a noble concept but it is distraught with naivety.

The suggestion that if each of us have a vote we will have some sort of path to freedom, is one of the greats cons in political philosophy.

Go back to the origins of modern democracy.

You will see that it was birthed in the struggle between kings and the barons.

The barons and nobles needed the manpower of the masses to raise armies that could challenge the might of the kings.

By using the universal suffrage platform the nobles could argue for the common cause, just enough to gain the leverage over the Crown, to rein it in

to curb its excesses,

so that the barons and the nobles could maintain control over their lives

without excessive interference from the Crown.

Democracy is really a mechanism whereby the wealthy can do as they wish within the laws of the land as passed by parliament,

and the common man is fooled into thinking he has control over his life,

according to democratic principles.

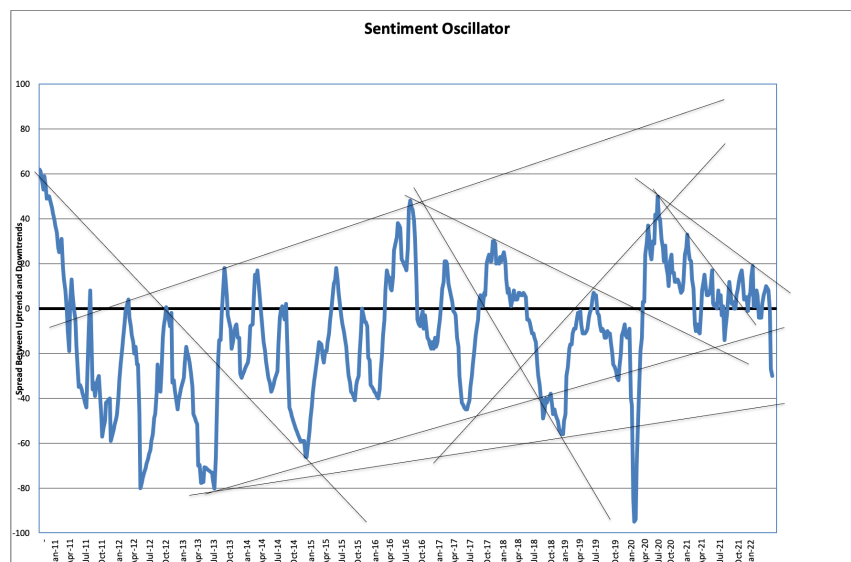
Or maybe we just accept democracy for what it is with all its flaws

because we can't do anything else,

and in any event,

it is the best system out of a bad bunch.

We have added Heavy Minerals (HVY), a prospective garnet company, and QMiner (QML) a prospective copper company, to our char coverage.



Sentiment Oscillator: Sentiment softened further last week, notwithstanding some good rallies. There were 22% (21%) of the charts in uptrend and 52% (48%) 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	falling in broad downtrend	
Metals and Mining	XMM	strong rally	
Energy	XEJ	correction	
Information Technology	XIJ	down	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	bounced off support line	HPA
Adriatic Resources	ADT	shallower downtrend	zinc, polymetallic
Alkane Resources	ALK	breached uptrend	gold
Alicanto Minerals	AQI	down	base metals, silver, gold
Altech Chemical	ATC	down	HPA, anodes
Anteotech	ADO	back to lows	silicon anodes, biotech
Alto Metals	AME	sideways	gold exploration
American Rare Earths (was BPL)	ARR	off its highs	rare earths
Antilles Gold	AAU	still down	gold
Arafura Resources	ARU	off its highs	rare earths
Ardea Resources	ARL	heavy retracement	nickel
Aurelia Metals	AMI	breached support line	gold + base metals
Australian Potash	APC	risen to hit downtrend line	potash
Australian Rare Earths	AR3	down	rare earths
Auteco Minerals	AUT	new low	gold exploration
Arizona Lithium	AZL	uptrend	lithium
Azure Minerals	AZS	collapse	nickel exploration
BHP	BHP	slump out of uptrend	diversified, iron ore
Beach Energy	BPT	new uptrend confirmed	oil and gas
Bellevue Gold	BGL	slump	gold exploration
Benz Mining	BNZ	back to previous lows	gold
Blue Star Helium	BNL	down	gas, helium
BMG Resources	BMG	shallower downtrend	gold exploration
Boab Metals	BML	back above resistance line	silver/lead
Breaker Resources	BRB	on support line	gold exploration
Buru Energy	BRU	falling	oil
Calidus Resources	CAI	on support line	gold
Capricorn Metals	CMM	slump	gold
Caravel Minerals	CVV	rallied to meet resistance line	copper
Castile Resources	CST	good rise	gold/copper/cobalt
Celsius Resources	CLA	falling	copper
Chalice Mining	CHN	down	nickel, copper, PGMs, gold exploration
Chesser Resources	CHZ	rallied off lows	gold exploration
Cobalt Blue	COB	correcting lower	cobalt

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

Cyprium Metals	CYM		surge out of downtrend	copper
Danakali	DNK		downtrend accelerating	potash
De Grey	DEG		falling	gold
E2 Metals	E2M		down	gold exploration
Ecograf	EGR		down	graphite
Element 25	E25		down	manganese
Emerald Resources	EMR		recovered to highs	gold
Empire Energy	EEG		down	gas
Euro Manganese	EMN		down	manganese
Evolution Mining	EVN		slump	gold
Firefinch	FFX		slump out of uptrend	gold
First Graphene	FGR		good rally	graphene
Fortescue Metals	FMG		rallying after heavy fall	iron ore
FYI Resources	FYI		down	HPA
Galena Mining	G1A		still down	lead
Galilee Energy	GLL		breaching downtrend	oil and gas, CBM
Genesis Minerals	GMD		collapse back to downtrend	gold
Genmin	GEN		new uptrend breached	iron ore
Global Energy Ventures	GEV		down	hydrogen
Gold Road	GOR		down	gold
Great Boulder Resources	GBR		down	gold exploration
Hastings Technology Metals	HAS		testing uptrend	rare earths
Hazer Group	HZR		heavy slump	hydrogen
Heavy Minerals	HVY		back to support line	garnet
Highfield Resources	HFR		back to resistance line	potash
Hillgrove Resources	HGO		long term uptrend	copper
Iluka Resources	ILU		down	mineral sands
Image Resources	IMA		new uptrend breached	mineral sands
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths (Oro Verde)	IXR		new high	rare earths
Jervois Mining	JVR		on support line	nickel/cobalt
Kingston Resources	KSN		down	gold
Krakatoa Resources	KTA		short term down	rare earths
Kingwest Resources	KWR		drifting lower	gold
Legend Mining	LEG		sideways	nickel exploration
Lepidico	LPD		breached uptrend	lithium
Lindian Resources	LIN		holding long term uptrend	bauxite
Lion One Metals	LLO		slump	gold
Los Cerros	LCL		new low	gold exploration
Lotus Resources	LOT		testing long term uptrend	uranium
Lucapa Diamond	LOM		back to lows	diamonds
Lynas Corp.	LYC		down	rare earths
Magnetic Resources	MAU		shallow downtrend	gold exploration
Mako Gold	MKG		sideways	gold exploration

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Marmota	MEU		surge higher on REE news	gold exploration
Marvel Gold	MVL		breached uptrend	gold exploration
Matador Mining	MZZ		new low	gold exploration
Mayur Resources	MRL		slump to new low	renewables, cement
Meeka Gold	MEK		testing downtrend	gold
Megado Gold	MEG		back to trend line	rare earths, gold exploration
Meteoric Resources	MEI		sideways through downtrend line	gold exploration
MetalsX	MLX		heavy fall	tin, nickel
Metro Mining	MMI		holding support line	bauxite
Mincor Resources	MCR		down	gold/nickel
Mithril Resources	MTH		down	gold/silver
Musgrave Minerals	MGV		testing downtrend	gold exploration
Neometals	NMT		breached uptrend	lithium
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		breached downtrend	gold
Nova Minerals	NVA		down again	gold exploration
Oceana Gold	OGC		rising	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		down	gold development
Oz Minerals	OZL		back into downtrend	copper
Pacific American	PAK		back to lows	coking coal
Pantoro	PNR		down	gold
Panoramic Res	PAN		testing uptrend	nickel
Peak Minerals	PUA		pullback	copper exploration
Peak Resources	PEK		down	rare earths
Peel Mining	PEX		sideways	copper
Peninsula Energy	PEN		breached uptrend	uranium
Poseidon Nickel	POS		drifting lower	nickel
Perseus Mining	PRU		near highs	gold
PVW Resources	PVW		down heavily	rare earths
QMiner	QML		downtrend	copper
Queensland Pacific Metals	QPM		testing downtrend	nickel/cobalt/HPA
Red River Resources	RVR		testing uptrend	zinc
Regis Resources	RRL		down	gold
Reenergy	RLT		breached uptrend	gas, helium
RIO	RIO		down	diversified, iron ore
Rumble Resources	RTR		good rally	gold exploration
S2 Resources	S2R		drifting lower	gold exploration
St Barbara	SBM		down	gold
Sandfire Resources	SFR		down	copper
Santos	STO		uptrend	oil/gas
Saturn Metals	STN		sideways	gold exploration
Silex Systems	SLX		holding support	uranium enrichment technology
Silver Mines	SVL		down	silver

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

South Harz Potash	SHP		still holding long term uptrend	potash
Stanmore Coal	SMR		pullback	coal
Strandline Resources	STA		pullback	mineral sands
Sunstone Metals	STM		downtrend	exploration
Talga Resources	TLG		down	graphite
Technology Metals	TMT		down	vanadium
Tesoro Resources	TSO		down again	gold exploration
Theta Gold Mines	TGM		down	gold
Thor Mining	THR		correcting lower	gold exploration
Tietto Minerals	TIE		down	gold
Titan Minerals	TTM		down	gold
Turaco Gold	TCG		downtrend	gold exploration
Vanadium Resources	VR8		heavy correction	vanadium
West African Resources	WAF		holding uptrend	gold
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		heavy fall	gold
Whitehaven Coal	WHC		secondary uptrend	coal
Wiluna Mining	WMC		heavy fall	gold
Yandal Resources	YRL		sideways	gold exploration
Zenith Minerals	ZNC		off its highs	gold exploration
Zinc Mines of Ireland	ZMI		sideways	zinc
Totals	22%	32	Uptrend	
	52%	75	Downtrend	
		143	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	31	21.7%	
Gold Exploration	23	16.1%	
Nickel	11	7.7%	
Copper	11	7.7%	
Rare Earths	11	7.7%	
Oil/Gas	7	4.9%	
Iron Ore/Manganese	6	4.2%	
Lithium	4	2.8%	
Potash/Phosphate	5	3.5%	
Graphite/graphene	4	2.8%	
Uranium	3	2.1%	
Zinc/Lead	4	2.8%	
Mineral Sands	3	2.1%	
Silver	3	2.1%	
Coal	3	2.1%	
Bauxite	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	9		
Total	143		

FEC Disclosure of Interests: It is a requirement of ASIC that holders of AFS licences prominently disclose any conflicts of interest. At all times readers should be aware that Far East Capital Ltd is an active investor. It shares its research and opinions free of charge to other investors and it aims to do so on an ethical basis. Accordingly, when it is writing about stocks in which it holds interests, these will be disclosed. In this week's publication FEC discloses that interests associated with the the author hold shares in First Graphene. and Lucapa Diamond Company. The author is chairman of First Graphene and one of the largest shareholders, through a number of entities. Over the last three years FEC has received fees from Alicanto Minerals, Blackstone Minerals, Broken Hill Prospecting, Cobalt Blue, First Graphene, Golden Rim, Lindian Resources, Lucapa Diamond Company, Orinoco Gold, Pacific American and West Wits for corporate and capital raising services. Its primary business is investing and managing its own money, but it does occasionally raise money for resource companies.

Disclaimer: This Research Report has been prepared exclusively for Far East Capital clients and is not to be relied upon by anyone else. In compiling this Commentary, we are of necessity unable to take account of the particular investment objectives, financial situation and needs of any of our individual clients. Accordingly, each client should evaluate the recommendations obtained in this Commentary in the light of their own particular investment objectives, financial situation and needs. If you wish to obtain further advice regarding any recommendation made in this Commentary to take account of your particular investment objectives, financial situation and needs, you should contact us. We believe that the advice and information herein are accurate and reliable, but no warranty of accuracy, reliability or completeness is given and (except insofar as liability under any statute cannot be excluded) no responsibility arising in any other way for errors or omissions or in negligence is accepted by Far East Capital Limited or any employee or agent. For private circulation only. This document is not intended to be an offer, or a solicitation of an offer, to buy or sell any relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrant, or rights with respect to or interests in any such securities). We do not guarantee the accuracy or completeness of the information herein, or upon which opinions herein have been based. At any time we or any of our connected or affiliated companies (or our or their employees) may have a position, subject to change, and we or any such companies may make a

*This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.*

market or act as principal in transactions, in any relevant securities or provide advisory or other services to an issuer of relevant securities or any company therewith. Unless otherwise stated all views expressed herein (including estimates or forecasts) are solely those of our research department and subject to change without notice. This document may not be reproduced or copies circulated without authority. Copyright © Far East Capital Ltd 2021.