

Graphene Sales and Marketing Update

Markets continued to be well behaved with low volatility over the last week. The notable economic event was the determination of the Fed to continue with its recent acquired dovish stance, saying there would be no foreseeable interest rate rises in 2019. It seems like the Fed has listened to the warnings from economists, that further rises in rates would be a step too far given the leading indicators being witnessed. This means we have to adjust our stance and look for a longer period of sideways movements of the Dow rather than expectations of stepping down in a downtrend.

Stable interest rates will limit upward pressure on the US dollar and therefore downward pressure on commodity prices, but we do need to wait and watch to see if anything comes along that will cause a change in the policy.

The Dow has recovered by 13% this calendar year, largely due to the sigh of relief on the Fed taking a softer stance. This is taking it closer to the high point seen last September. Confidence of US investors has been improving in tandem, with investors becoming more interested in tech and innovation stocks. It is likely that all we have seen is a rally as there is nothing happening, anywhere in world, to suggest we should be getting excited by the upside in growth.

Gold has been improving as well

Gold has traditionally been seen as a hedge against inflation because of the inelastic supply of gold. You can't print gold like you can print paper money, so you can't debase the value of gold currency. But like so many aspects of financial markets there is a contrary argument that can be espoused, like the recent commentary that the weaker USA inflation figures caused the recovery of the gold price back above US\$1,300/oz. The logic here is that the weaker inflation is causing the more dovish approach to interest rates. Therefore, the opportunity cost of holding gold, which is a non-income earning asset, becomes less onerous, and the gold price goes up. It is a bit of a guess as to which argument has the greatest impact on the outlook for the gold price, at any given point.

Should we be buying copper and nickel stocks for the EV revolution?

Copper and nickel companies are wanting us to believe they are part of the battery materials input boom, as both commodities are expected to benefit from increased demand. Sure, they will participate to some extent, but not enough that we should be getting FOMO. We don't need to scramble to get set as there are plenty of companies to choose from.

What will be the best ones? Fundamental analysis will tell us which are the best managed and have the best projects. The alternative energy argument is at best incremental to other decision criteria.

FGR - Graphene Sales and marketing Update

On Tuesday, First Graphene released a Graphene Sales & Marketing Update to the ASX. The shares responded strongly as investors seem to have understood the implications.

We all know that graphene is a wonderful new material, but it has suffered from over promotion by ... promoters. For the most part it has been the blind leading the blind with many ASX releases by graphene companies being more concerned with promoting the sizzle rather than the sausage. So, isn't that normal for juniors in the stock market as enthusiasm rolls from one commodity or technology to the next? Less than 5% of junior companies ever achieve sustainable commercial outcomes.

At the risk of talking my own book, First Graphene is destined to be one of those rare commercial successes, as evidenced by the release last week. FGR correctly observed that one of the greatest obstacles to the commercialisation of graphene was the inability of this nascent industry to demonstrate reliable supply capability to industry. Further, there is a wide range of product quality, such that industry had low confidence in what it was receiving. Was it being delivered graphene or graphene nanoplatelets, or even only micro-graphite?

FGR addressed these issues initially by installing a 100 tpa p.a. commercial production facility at Fremantle, and then spending six months on fine tuning the finishing of its high aspect ratio graphene platelets to achieve three very specific product lines; PureGRAPH™ 20, 10 and 5. The numbers relate to the diameter of the platelets measured in microns, that are mostly 5-10 layers thick.

Having addressed the concerns regarding reliable quality and supply, FGR is now dealing with a number of Australian buyers who are champing at the bit to add PureGRAPH™ to their products, once it completes the NICNAS registration process (expected by May). Interestingly, these customers mostly came knocking on the company's door, eager to gain a technical advantage over their competitors.

The Company believes that the initial 5-6 customers already identified will enable it to reach breakeven levels by the end of 2019. Significantly, these are WA-based, from a population of 2.5 million people. Transposing similar product lines to the European market, for example, where the population is more than 700 million, could lead to very exciting growth projections.

While FGR has acted responsibly in seeking compliance with European and Australian authorities regarding the selling of graphene, it recognises that there are many individual product verticals that have additional layers of regulatory approvals, such as those associated with mass transport, concrete and fire retardancy. Commercialisation of these will take longer. While these present excellent long term growth opportunities, FGR is concentrating on

products with faster adoption cycles and less onerous regulatory hurdles. It is about making money in the short term, and being assessed on its ability to do so. It is about delivering the sausage.

Perhaps the most exciting immediate potential comes from industrial composite range of products (fibreglass). The industrial composite market is forecast to reach US\$130bn p.a. by 2024 by growing at 7-8% p.a. Fibreglass accounts for 64% of this market. Other product verticals may include marine, sports & leisure, roofing and wind turbine blades. One customer of FGR has found that it can cut production costs by approximately 30% by adding 1% PureGRAPH™. It is hard to argue against this sort of performance.

We have attached the ASX release for your perusal. It is a little wordy, but very informative.

Disclosure: Interests associated with the author own shares in First Graphene and the author is the non-executive chairman.

have to look at what has been recovered to date in order to form a view and hope that history will be repeated.

Back in May 2017, Lucapa reported an inferred resource of 603,700 m³ at a grade of 6.99 cphm³ for 42,200 carats, worth US\$51m at a valuation of US\$1,215/ct.

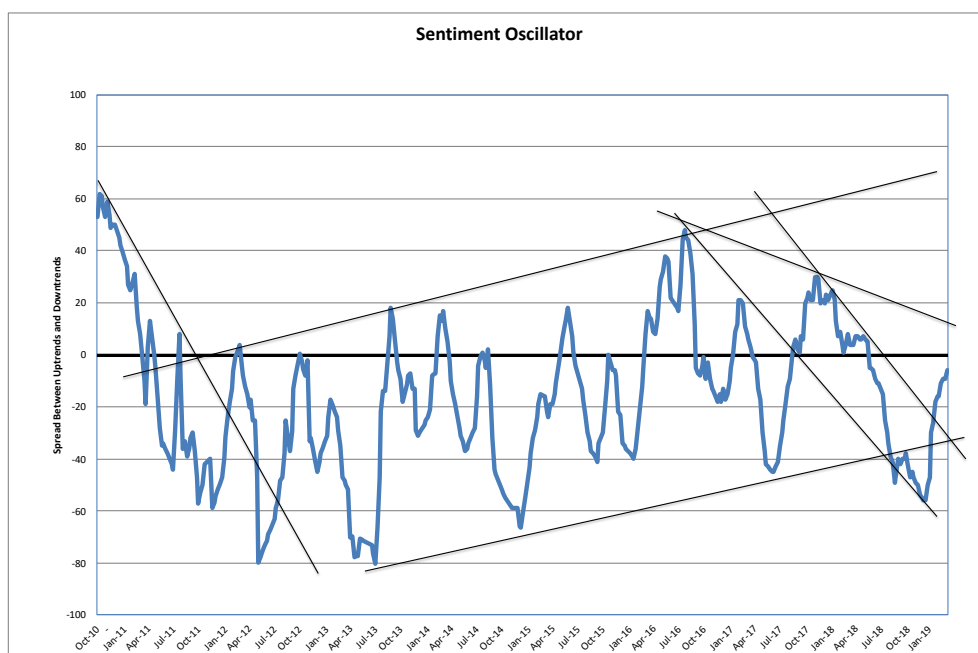
Last Thursday, Lucapa reported a 90% increase in the resource (on contained carats), with 454,000 m³ at a grade of 17.7 cphm³ for 80,400 carats, worth US\$114m at a valuation of US\$1,420/ct. That is a 123% increase in the value of diamonds in situ. Notably, this increase was after Lucapa had been mining for 19 months and recovered 30,000 carats worth US\$62m.

Since operations commenced Lulo has yielded US\$141m worth of diamond sales. The latest upgrade implies another four years of life on known resources, at a rate of 20,000 carats p.a., with expectation of longer life based on exploration targets. Lucapa continues to be a "hidden gem", in my view.

Disclosure: Interests associated with the author own shares in Lucapa Diamond Company

Big increases in diamonds resources at Lulo

One of the biggest concerns with alluvial diamond producers is the ability to come up with reserves and resources, with respect to tonnages and grade. It is difficult for alluvial resources to fit within the confines of the JORC standards, so they are seen as riskier projects. We usually
















Sentiment Oscillator: There were 32% (30%) of the charts in uptrend and 37% (38%) in downtrend on Friday's close. No material change.

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 | but testing steep uptrend | |
| Metals and Mining | XMM | sideways at top | |
| Energy | XEJ | but testing steep uptrend | |
| Stocks | Code | Trend Comment (updated comments in bold) | Main Interest |
| Adriatic Resources | ADT | new high | zinc |
| Aeon Metals | AML | testing downtrend | copper + cobalt |
| Alacer Gold | AQG | new high | gold – production |
| Alkane Resources | ALK | testing downtrend | gold, zirconia |
| Acacia Resources | AJC | Sideways at the bottom | coal |
| Alchemy Resources | ALY | breached downtrend | nickel, cobalt |
| Alicanto Minerals | AQI | back to lows | gold exploration |
| Allegiance Coal | AHQ | back into uptrend | coal |
| Alliance Resources | AGS | new low - 1 for 2 issue at 9.5¢ | gold exploration |
| Altech Chemicals | ATC | new uptrend forming | industrial minerals - synthetic sapphire |
| Anova Metals | AWV | new low on poor production report | gold |
| Apollo Consolidated | AOP | testing resistance | gold exploration |
| Argent Minerals | ARD | still in downtrend | silver |
| Aurelia Metals | AMI | new high | gold + base metals |
| AusTin | ANW | holding support line | tin, cobalt |
| Australian Bauxite | ABX | sideways | bauxite |
| Australian Potash | APC | pullback to support line | potash |
| Australian Mines | AUZ | hitting resistance | cobalt/nickel |
| Australian Vanadium | AVL | rallying, but hitting resistance | vanadium |
| Bounty Coal | B2Y | back to lows | coal |
| BHP | BHP | correcting near highs | diversified |
| Base Resources | BSE | risen to long term resistance | mineral sands |
| Bathurst Resources | BRL | testing resistance line | coal |
| Battery Minerals | BAT | new uptrend forming | graphite |
| BBX Minerals | BBX | rising again | gold |
| Beach Energy | BPT | surged higher | oil and gas |
| Bellevue Gold | BGL | new high | gold |
| Berkeley Energia | BKY | consolidating pattern after steep rise | uranium |
| Blackstone Minerals | BSX | back to lows | gold, cobalt |
| Breaker Resources | BRB | up again | gold |
| Broken Hill Prospecting | BPL | new low | minerals sands |
| Buru Energy | BRU | breaching downtrend | oil |
| Cardinal Resources | CDV | new low | gold exploration |
| Cassini Resources | CZI | consolidating | nickel/Cu expl. |
| Celsius Resources | CLA | back to lows | copper/cobalt |

| | | | | |
|--------------------------------|-----|---|------------------------------------|------------------------------|
| Chalice Gold | CHN |  | sideways, but pushing higher | gold |
| Cobalt Blue | COB |  | new low | cobalt |
| Comet Resources | CRL |  | heavy correction | graphite |
| Dacian Gold | DCN |  | testing uptrend | gold |
| Danakali | DNK |  | sideways | potash |
| Davenport Resources | DAV |  | down | potash |
| Doray Minerals | DRM |  | rising | gold |
| Eden Innovations | EDE |  | down | carbon nanotubes in concrete |
| Egan Street Resources | EGA |  | risen to meet resistance line | gold |
| Emerald Resource | EMR |  | uptrend | gold |
| Evolution Mining | EVN |  | breaching uptrend | gold |
| Exore Resources | ERX |  | testing uptrend | gold exploration |
| FAR | FAR |  | crunched down on dud oil well | oil/gas |
| First Graphene | FGR |  | risen to meet resistance line | graphene |
| Fortescue Metals | FMG |  | surged higher | iron ore |
| Galaxy Resources | GXY |  | back into downtrend | lithium |
| Galena Mining | G1A |  | steep rise | lead |
| Galilee Energy | GLL |  | sideways after breaching downtrend | oil and gas, CBM |
| Gascoyne Resources | GCY |  | suspended | gold |
| Gold Road | GOR |  | rising | gold exploration |
| Golden Rim | GMR |  | new low | gold exploration |
| Graphex Mining | GPX |  | surge, testing downtrend | graphite |
| Heron Resources | HRR |  | breaching downtrend | zinc |
| Highfield Resources | HFR |  | rallied to meet resistance line | potash |
| Hillgrove Resources | HGO |  | sideways | copper |
| Hipo Resources | HIP |  | rallied to meet resistance line | battery metals |
| Iluka Resources | ILU |  | heavy correction | mineral sands |
| Image Resources | IMA |  | higher | mineral sands |
| Independence Group | IGO |  | new uptrend forming | gold, nickel |
| ioneer (was Global Geoscience) | INR |  | testing downtrend | lithium |
| Jervois Mining | JVR |  | testing uptrend | nickel/cobalt |
| Jindalee Resources | JRL |  | surge higher, then a pullback | lithium |
| Karoo Gas | KAR |  | breached downtrend | gas |
| Kasbah Resources | KAS |  | holding new uptrend | tin |
| Kibaran Resources | KNL |  | downtrend | graphite |
| Kin Mining | KIN |  | heavy fall | gold |
| Legend Mining | LEG |  | stronger | nickel exploration |
| Lepidico | LPD |  | rising | lithium |
| Lithium Australia | LIT |  | continuing downtrend | lithium |
| Lucapa Diamond | LOM |  | continuing downtrend | diamonds |
| Lynas Corp. | LYC |  | improving off the lows | rare earths |
| Macphersons Res. | MRP |  | down | gold/silver |
| Mako Gold | MKG |  | higher in new ST uptrend | gold |
| Marmota | MEU | | sideways | gold exploration |

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| | | | | |
|-----------------------|-----|--|---|-------------------------------------|
| MetalsX | MLX | | down heavily | tin, nickel |
| Metro Mining | MMI | | new low | bauxite |
| Mincor Resources | MCR | | breached resistance | gold |
| Musgrave Minerals | MGV | | down | gold exploration |
| Myanmar Minerals | MYL | | uptrend | zinc |
| Nelson Resources | NES | | still struggling in downtrend | gold exploration |
| Neometals | NMT | | down | lithium |
| Northern Cobalt | N27 | | down again | cobalt |
| Northern Minerals | NTU | | spike out of downtrend | REE |
| Northern Star Res. | NST | | struggling with uptrend | gold |
| NTM Gold | NTM | | sideways | gold |
| Oceana Gold | OGC | | bounce off support line | gold |
| Oklo Resources | OKU | | down | gold expl. |
| Orecorp | ORR | | rising | gold development |
| Orinoco Gold | OGX | | down | gold development |
| Orocobre | ORE | | testing downtrend | lithium |
| Oz Minerals | OZL | | resumed uptrend | copper |
| Pacific American Coal | PAK | | at lows | coal |
| Pantoro | PNR | | breached downtrend, moving higher | gold |
| Panoramic Res | PAN | | breached downtrend, at secondary resistance point | gold , nickel |
| Peak Resources | PEK | | in wedge | rare earths |
| Peel Mining | PEX | | testing downtrend | copper |
| Peninsula Energy | PEN | | testing downtrend | uranium |
| Pensana Metals | PM8 | | sideways | rare earths |
| Perseus Mining | PRU | | rising | gold |
| Pilbara Minerals | PLS | | down heavily | lithium/tantalum |
| PNX Metals | PNX | | lower | gold, silver, zinc |
| Polarex | PXX | | new low | polymetallic exploration |
| Prodigy Gold | PRX | | testing downtrend | gold exploration |
| Real Energy | RLE | | slump after placement | gas |
| Red5 | RED | | breached step uptrend | gold |
| Red River Resources | RVR | | breaching downtrend | zinc |
| Regis Resources | RRL | | moving higher | gold |
| Resolute Mining | RSG | | sideways through uptrend line | gold |
| RIO | RIO | | pullback | diversified |
| Salt Lake Potash | SO4 | | re-entering downtrend | potash |
| Saracen Minerals | SAR | | down | gold |
| St Barbara | SBM | | collapse | gold |
| Sandfire Resources | SFR | | rising | copper |
| Santos | STO | | into uptrend | oil/gas |
| Sheffield Resources | SFX | | down | mineral sands |
| St George Mining | SGQ | | new, gentle uptrend forming | nickel |
| Sipa Resources | SRI | | recovered, to sideways pattern | general exploration - Ni,Cu, Co, Au |
| Stanmore Coal | SMR | | new high | coal |

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| | | | | |
|------------------------|-----|---|---|---------------|
| Strandline Resources | STA |  | down | mineral sands |
| Sundance Energy | SEA |  | down again | oil/gas |
| Syrah Resources | SYR |  | new low | graphite |
| Talga Resources | TLG |  | steep rise | graphite |
| Tanami Gold | TAM |  | breached downtrend | gold |
| Technology Metals | TMT |  | short term down | vanadium |
| Tiger Realm | TIG |  | down | coal |
| Triton Minerals | TON |  | breached steepest downtrend | graphite |
| Troy Resources | TRY |  | sideways | gold |
| Vango Mining | VAN |  | down | gold |
| Vector Resources | VEC |  | down | gold |
| Venturex | VXR |  | stronger | zinc |
| Vimy Resources | VMY |  | new uptrend forming | uranium |
| Volt Resources | VRC |  | sideways | graphite |
| West African Resources | WAF |  | down | gold |
| Westwits | WWI |  | down | gold |
| Western Areas | WSA |  | ST uptrend breached | nickel |
| Whitehaven Coal | WHC |  | breached ST downtrend, resistance at \$5-\$5.20 | coal |
| Totals | 32% | 45 | Uptrend | |
| | 37% | 52 | Downtrend | |
| | | 139 | 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 | 35 | 25.2% | |
| Gold Exploration | 14 | 10.1% | |
| Graphite | 8 | 5.8% | |
| Nickel | 8 | 5.8% | |
| Coal | 8 | 5.8% | |

| | | | |
|------------------|-----|------|--|
| Oil/Gas | 8 | 5.8% | |
| Lithium | 8 | 5.8% | |
| Copper | 6 | 4.3% | |
| Mineral Sands | 6 | 4.3% | |
| Zinc/Lead | 6 | 4.3% | |
| Potash/Phosphate | 5 | 3.6% | |
| Cobalt | 4 | 2.9% | |
| Tin | 3 | 2.2% | |
| Uranium | 3 | 2.2% | |
| Rare Earths | 4 | 2.9% | |
| Silver | 1 | 0.7% | |
| Bauxite | 2 | 1.4% | |
| Diamonds | 1 | 0.7% | |
| Vanadium | 2 | 1.4% | |
| Iron Ore | 1 | 0.7% | |
| Other | 6 | | |
| Total | 139 | | |

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