

Investors are saying “time to move on”

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Last week I was playing the role of a grief counsellor for brokers and investors who have seen the destruction of their portfolios. The encouragement given in December by the pre-Christmas rally seems to have been setting up so many for the New Year stumble as many of the juniors have been crushed down to new lows. Yet, the leading indices are looking good.

The sentiment continues to be middling with leading stocks performing much better than the tiddlers. A number of these speculative stocks had a bad week, falling to new lows as investors seemed to say “*out with the trash*”. Companies in this category include 5EA Advanced, Cazaly, Alto Metals, Anax Metals, Australian Strategic Materials, Cobalt Blue, Gold 50, Kaiser Reef, Krakatoa, Loneer, LCL Resources, Lepidico, Lunnon Metals, Neometals, Pacific Gold, Poseidon, Talga, Voltaic Strategic Resources and West Cobar. That is not to say that they have no merit, but it does say that the market is “over” them. Cash has to be released from the dogs to be made available for new stories that offer optimism, no matter how painful it is at the time.

EV thematic continues to weaken

All of the previous EV thematics seem to be unwinding as the new age metals that are so critical for the EV are turning into lepers. Even nickel, essential for stainless steel and more recently for batteries, as we are told, is looking like a bloodstained battlefield. Have all the punters been duped?

You can't have lithium prices fall by 85% without changes to the supply outlook. The pain will continue in the market until we start to get some clarity here. It is a familiar story across the EV metals.

Gold and uranium are the better performers

Two commodities stand out as rays of sunshine. Gold is providing stability that comes from its fundamental value as an alternative currency. Rather than being a barbaric metal with a history but no future, as central bankers have been known to say, gold is something that people actually want. The market is deep and right now it is strong, even in the face of an improving US dollar.

The uranium spot market doesn't have the depth of the gold market, with the vast majority sold under long term contract, but that means that the spot price can move higher on surprisingly small volumes. It is tailor made for increased speculative activity as it moves to new highs. A supply response can come from the re-starting of mines in Canada but [Kazatomprom](#) recently cautioned that it is likely to [fall short of production targets](#) through 2025 due to construction delays and “challenges related to the availability of sulfuric acid.”

reports of environmental damage in the Kazakh uranium ISL industry seem to be countering expectations of restarts. Longer term fears about adequacy of supplies is playing a role.

Last time the uranium price boomed in the noughties it surged to the unbelievable height of US\$136/lb, but then the traders jogged on. That may happen again, but not before we see accelerated corporate activity in the sector. All the old projects are being dusted off again. The low grade projects once again offer great leverage. They will attract traders and the hot money, but as always the odds against these being developed will always be long. Nevertheless, they will be actively traded on the ASX.

Pain in the nickel sector

Last week opened with press reports highlighting the pain in the nickel sector. An article in The Australian summarised the battlefield. The nickel price is down around 40% from a year ago with supply up 16% YoY last November. The largest contributor has been Indonesia which now accounts for 30% of world supply, built on laterite HPAL operations. Stockpiles are building.

The situation is so dire that even the big boys in Australia are looking for government support with Forrest's Wyloo requesting a 10% production tax credit for downstream nickel processing. Wyloo is also requesting access to government funding and royalty relief and Glencore suggested that the Australian Labor party needs to support producers to avoid further mine closures and job cuts.

Volatility in the nickel price is nothing new. Western Mining Corporation (WMC) was frequently dogged by this in the 1980s and 1990s before being taken over by BHP, but it wasn't prone to running to the government for help. It diversified earnings and rationalised projects when it had to.

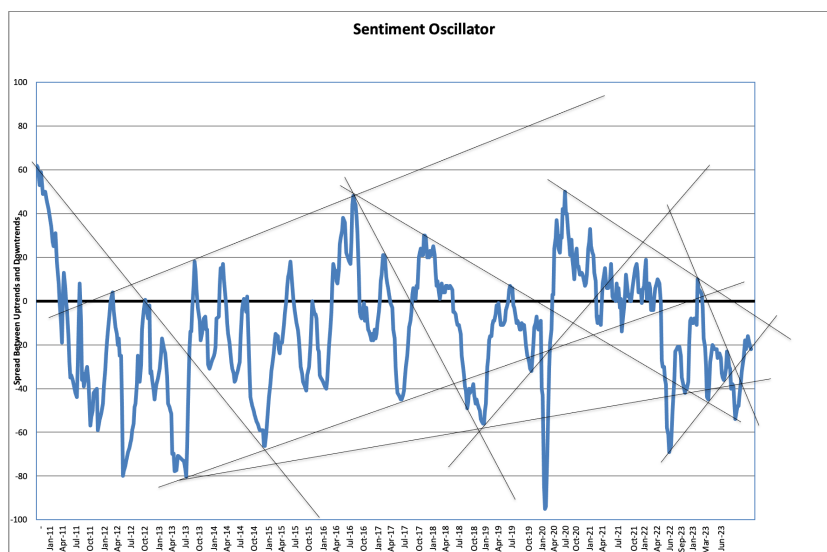
The pain being suffered in our nickel industry is a reminder that Australian producers have to compete on a world stage, regardless of the thematics. Everything needs to work in tandem for companies to make a decent profit. Looking for nickel's role in the EV revolution is nice but there is plenty of competition around the globe. There is no easy street.

Step out drilling from Magnetic

Last Wednesday Magnetic (MAU) released results of extensional drilling on Lady June North 4. Hole MLDD033 recorded 16m at 4.51 gpt from 411m. Significantly this 200m step-out points to potentially economic underground mining grades and widths. A seismic survey shows the controlling structure can be identified at a depth of 1.5km.

That same hole intersected 2m at 15.3 gpt from 247m in new hanging wall mineralisation, and 8.7m at 2.43 gpt from 107m. We would expect this to be picked up in an open pit design.

Those readers who have a technical bent can read the release themselves, but the bottom line is that it is further good news that points to an expanding resource.



Sentiment Oscillator: Sentiment weakened a little. There were 29% (29%) of stocks in uptrend and 51% (49%) in downtrend at the close of the week.

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	off its highs	
Metals and Mining	XMM	off its highs	
Energy	XEJ	breached downtrend	
Information Technology	XIJ	rising	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	another new low	boron
92 Energy	92E	rising	uranium
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	back to lows	coal, gold exploration
Aguia Resources	AGR	new uptrend	phosphate, copper exploration
Alkane Resources	ALK	down	gold
Alicanto Minerals	AQI	back to lows	base metals, silver, gold
Alligator Energy	AGE	rising again	uranium
Almonty Industries	All	rising	tungsten
Alpha HPA	A4N	strong recovery	HPA
Altech Chemical	ATC	sideways	HPA, anodes
Alto Metals	AME	at lows with a placement	gold exploration

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American Rare Earths	ARR	sideways	rare earths
Anax Metals	ANX	new low	copper
Anteotech	ADO	breached uptrend	silicon anodes, biotech
Antilles Gold	AAU	new low	gold and copper expl.
Arafura Resources	ARU	new low	rare earths
Ardea Resources	ARL	secondary downtrend	nickel
Arizona Lithium	AZL	down heavily	lithium
Astral Resources	AAR	gentle downtrend	gold
Averina	AEV	gentle uptrend	phosphate
Aurora Energy Metals	1AE	rising	uranium
Aurelia Metals	AMI	sideways	gold + base metals
Australian Rare Earths	AR3	at lows	rare earths
Australian Strategic Materials	ASM	continuing lower	rare earths
Azure Minerals	AZS	another surge higher then pullback	nickel exploration
BHP	BHP	steep fall from high	diversified, iron ore
Barton Gold	BGD	rising	gold exploration
Beach Energy	BPT	breached uptrend	oil and gas
Bellevue Gold	BGL	new high	gold exploration
Besra Gold	BEZ	recovering from lows	gold
Black Cat Syndicate	BC8	steep rally	gold
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	struggling after steep rise	silver/lead
Cadoux (was FYI)	CCM	testing steepest downtrend	HPA
Calidus Resources	CAI	new uptrend	gold
Caravel Minerals	CVV	strong rally	copper
Carnaby Resources	CNB	secondary downtrend	copper
Castile Resources	CST	testing downtrend	gold/copper/cobalt
Cazaly Resources	CAZ	back to downtrend	rare earths
Celsius Resources	CLA	sideways	copper
Cobalt Blue	COB	down again	cobalt
Cyprium Metals	CYM	forming a base	copper
Ecograf	EGR	turning down at resistance line	graphite
Emerald Resources	EMR	rising, new high	gold
Empire Energy	EEG	fallen to support line	gas
EQ Resources	EQR	breaching downtrend	tungsten
Euro Manganese	EMN	new low	manganese
Evolution Energy	EV1	new low	graphite
Evolution Mining	EVN	crashed lower	gold
First Graphene	FGR	breached uptrend	graphene
Fortescue Metals	FMG	off its high	iron ore
Galena Mining	G1A	suspended	lead
Genesis Minerals	GMD	on support line	gold
Genmin	GEN	suspended	iron ore
Gold 50	G50	sideways through downtrend	gold exploration + gallium

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Great Boulder Resources	GBR		new low	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		new low	gold exploration
Hastings Technology Metals	HAS		back to lows	rare earths
Hazer Group	HZR		continuing down	hydrogen
Heavy Minerals	HVY		sideways through downtrend	garnet
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		heavy fall	mineral sands
ioneer (was Global Geoscience)	INR		new low	lithium
Ionic Rare Earths	IXR		breached downtrend	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Lithium	JLL		trending higher	lithium
Kaiser Reef	KAU		new low	gold
Krakatoa Resources	KTA		new low	rare earths
Kingfisher Mining	KFM		breached downtrend	rare earths
Lepidico	LPD		new low	lithium
Lindian Resources	LIN		testing downtrend	rare earths + bauxite
Lion One Metals	LLO		gentle downtrend	gold
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold exploration
Lotus Resources	LOT		rising	uranium
Lucapa Diamond	LOM		sideways	diamonds
Lunnon Metals	LM8		new low	nickel
Lynas Corp.	LYC		still down	rare earths
Marmota	MEU		surged higher	gold exploration
Mayur Resources	MRL		testing uptrend	renewables, cement
Meeka Gold	MEK		down	gold
MetalsX	MLX		down	tin, nickel
Meteoric Resources	MEI		off its high	rare earths
Metro Mining	MMI		sideways	bauxite
Midas Minerals	MM1		slump	lithium
Nagambie Resources	NAG		down	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		down	diamonds
Nexgen Energy	NXG		rising	uranium
Northern Star Res.	NST		rising	gold
Nova Minerals	NVA		off its highs	gold exploration
Pacific Gold	PGO		new low	gold exploration
Paladin Energy	PDN		new high	uranium
Pantoro	PNR		breached short term uptrend	gold
Patriot Battery Metals	PMT		bounced off new low	lithium
Peak Resources	PEK		new low	rare earths
Peninsula Energy	PEN		breached downtrend	uranium
Perseus Mining	PRU		on support line	gold

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Poseidon Nickel	POS		new low	nickel
Provaris Energy	PV1		down	hydrogen
QMiner	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
RareX	REE		new low	rare earths, phosphate
Regis Resources	RRL		rising	gold
Regergen	RLT		breaching downtrend	gas, helium
Richmond Vanadium	RVT		heavy fall on release of escrowed shares	vanadium
RIO	RIO		off its highs	diversified, iron ore
Rumble Resources	RTR		new low	gold exploration
S2 Resources	S2R		down	gold exploration
Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarama Resources	SRR		at rock bottom	gold exploration
Sarytogan Graphite	SGA		new low	graphite
Siren Gold	SNG		bounced from lows	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		breached support line, then rallied	gold exploration
Southern Palladium	SPD		falling again	PGMs
Stanmore Coal	SMR		new high	coal
Strandline Resources	STA		suspended	mineral sands
Sunstone Metals	STM		meeting resistance line	gold/copper exploration
Suvo Strategic Minerals	SUV		sideways	kaolin
Talga Resources	TLG		heavy fall	graphite
Tamboran Resources	TBN		down	gas
Technology Metals	TMT		down	vanadium
Theta Gold Mines	TGM		resting on support line	gold
Thor Energy	THR		new uptrend	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Vanadium Resources	VR8		drifting lower	vanadium
Venture Minerals	VMS		sideways at the bottom	tin, tungsten
Vintage Energy	VEN		breached downtrend	gas
Voltaic Strategic Resources	VSR		new low	REO + lithium
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		struggling around up-trend line	gold
West Wits Mining	WWI		sideways	gold
Whitehaven Coal	WHC		rising again	coal
Xantippe Resources	XTC		suspended	lithium
Zenith Minerals	ZNC		struggling at resistance line	gold exploration
Totals	29%	40	Uptrend	
	51%	71	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 Exploration	18	13.0%	
Gold	19	13.8%	
Rare Earths	14	10.1%	
Lithium	10	7.2%	
Copper	9	6.5%	
Uranium	9	6.5%	
Oil/Gas	8	5.8%	
Nickel	6	4.3%	
Iron Ore/Manganese	5	3.6%	
Graphite/graphene	5	3.6%	
Silver	4	44.4%	
Tungsten	3	2.2%	
Mineral Sands	2	1.4%	
Vanadium	3	33.3%	
Zinc/Lead	2	1.4%	
Coal	2	1.4%	
Potash/Phosphate	3	2.2%	
Bauxite	2	1.4%	

Tin	2	1.4%	
Cobalt	1	0.7%	
Diamonds	2	1.4%	
Other	9		
Total	138		

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