

## Gold is losing its lustre as the Dow climbs higher

We have just seen a week during which the pendulum has been swinging in the opposite direction to what we were experiencing in late February to early May. The Dow continued to perform well and this had a flow-on effect on our All Ords, but the mining sector didn't do much other than mark time. We have had a mini-boom in mining since February with some spectacular gains in share prices, right across the board, but now it seems as if the momentum is taking a breather. That is entirely understandable and not surprising, especially as we approach the seasonally quiet month of June. The impact of the two tranche placements will be felt at a time when share prices will be uninspiring, so expect that to be a dampening factor.

The lack of conviction in the mining sector either way means that volumes are falling and price movements are somewhat boring. Sometimes this can be a precursor to a crack either way, up or down, and that crack will dictate the next dominant short term trend. If it is down, it will lead to much more selling as people decide the easy money has stopped. If it is up, the greed factor will suck in more money. We seem to be searching for a new thematic.

The performance of the Dow is more a swing within a band rather than a change of circumstances, and it is nearing the highs of the band. There is no evidence that would support the notion that there is strong enough growth in the US economy to warrant a surge to new highs. Granted, the US economy is better than many others, but it is not booming. There continues to be

speculation on interest rates rising, but when we last saw this and the US\$ strengthening as a result, the self correcting elements within the US economy actually slowed things down. We could see the same effect again.

### Gold price is uninspiring

The gold price has gone into reverse while we are speculating on interest rate rises. Gold has been on the back foot for a month now. Had it not been for the simultaneous fall in the A\$ the market reaction would have been greater. Since late April the A\$ has fallen by 5.8% against the US\$. The US\$ gold price has fallen by slightly more, being 6.5%. That has not been enough to cause widespread selling of our gold shares, but it has taken the urgency out of the market. We need to see a reversal of the last month's movements to give us some encouragement, otherwise our gold shares are vulnerable to a slump if everyone decides to lighten their load.

### Research note on Santana Minerals

This Weekly is shorter than usual, partly because of the quieter markets, but I have written a short four pager on *Santana Minerals* (SMI) that is going out in a separate email. This is a tiny \$10m silver exploration play in Mexico that is starting a 16-18 hole exploration drilling program right now. The geology is good and the management is experienced, having proved itself in the past in similar situations; remember Bolnisi Gold which developed the Palmarejo silver/gold mine almost 10 years ago. Couer d'Alene paid a small fortune to acquire.

**Sentiment Indicator:** There was almost no change to the sentiment over the week as the markets held their line. The bulls still dominate the sentiment with their uptrends. There were 55% (56%) of the stocks in uptrend and 19% (19%) in downtrend.













































## Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant.
















Indices	Code	Trend Comment	
All Ordinaries	XAO	touched a new short term high at the close	
Metals and Mining	XMM	testing steepest uptrend	
Energy	XEJ	sideways after correcting	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	secondary downtrend	gold
Aeon Metals	AML	strong rise	copper + cobalt
Alacer Gold	AQG	testing steep uptrend	gold – production
Alkane Resources	ALK	continuing down	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Agua Resources	AGR	punched through downtrend, then pullback	phosphate
Alicanto Minerals	AQI	testing uptrend	gold exploration
Altech Chemicals	ATC	testing downtrend	industrial minerals

Anova Metals	AWV		new high	gold
Antipa Minerals	AZY		rising	gold
Archer Exploration	AXE		slump after placement	graphite
Argent Minerals	ARD		heavy fall	polymetallic
Atlas Iron	AGO		sharp fall	iron ore
Atrum Coal	ATU		surge higher	coal
Aurelia Metals	AMI		correcting within uptrend	gold + base metals
Auroch Minerals	AOU		uptrend	exploration
Australian Bauxite	ABX		correcting	bauxite
Avanco Resources	AVB		breached ST uptrend	copper
AWE	AWE		new high	oil and gas
BHP	BHP		rallying from correction	diversified
Base Resources	BSE		steep rise from lows	mineral sands
Beach Energy	BPT		breached secondary downtrend	oil and gas
Beadell Resources	BDR		breached uptrend	gold
Berkeley Resources	BKY		new high	uranium
Blackham Resources	BLK		steeply higher then a pullback	gold
Broken Hill Prospect.	BPL		new high	minerals sands, cobalt
Buru Energy	BRU		new low	oil
Canyon Resources	CAY		rising	bauxite
Cardinal Resources	CDV		stepped up	gold exploration
Carnegie Wave	CWE		breached downtrend	wave energy
Cassini Resources	CZI		sideways within uptrend	nickel/Cu expl.
Chalice Gold	CHN		moved to new high	gold
Consolidated Tin	CSD		strong rise then pullback	tin
Consolidated Zinc	CZL		secondary downtrend	zinc
Coventry Resources	CYY		heavy correction	copper
Dacian Gold	DCN		uptrend , at high	gold exploration
Danakiali	DNK		off its lows	potash
Doray Minerals	DRM		new high	gold
Duketon Mining	DKM		new high	nickel
Eden Energy	EDE		new high	carbon nanotubes in concrete
Energia Minerals	EMX		testing uptrend	zinc
Evolution Mining	EVN		new high	gold
Excelsior Gold	EXG		new low	gold
First Australian	FAR		ST breached downtrend	oil/gas
First Graphite	FGR		pullback	graphite
Fortescue Metals	FMG		correcting	iron ore
Galaxy Resources	GXY		testing uptrend	lithium
Galilee Energy	GLL		still down	oil and gas, CBM
Gascoyne Resources	GCY		new high	gold
General Mining	GMM		heavy profit taking	lithium
Geopacific Res. Resources	GPR		testing uptrend	copper/gold exp.
Gold Road	GOR		uptrend	gold exploration
Goldphyre	GPH		higher	potash, gold
Gryphon Minerals	GRY		rolling over through steepest uptrend	gold
Herron Resources	HRR		testing gentle uptrend	zinc
Highfield Resources	HFR		heavy fall	potash
Highlands Pacific	HIG		testing downtrend	copper, nickel
Hillgrove Resources	HGO		new low	copper
Hot Chilli	HCH		new uptrend	copper
Iluka Resources	ILU		breached downtrend	mineral sands
Independence	IGO		continuing fall	gold, nickel
Intrepid Mines	IAU		sideways	copper
Karoo Gas	KAR		bounced	gas
Kasbah Resources	KAS		sideways	tin
KBL Mining	KBL		collapse back to lows	copper/gold/zinc
Kibaran Resources	KNL		testing resistance	graphite

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Kin Mining	KIN		strong rise	gold
King Island Scheel.	KIS		New low	tungsten
Kingsgate Consol.	KCN		improving	gold
Kingsrose Mining	KRM		sideways	gold
Legend Mining	LEG		testing uptrend	exploration
Lithium Australia	LIT		heavy profit taking	lithium
Lucapa Diamond	LOM		in a wedge between uptrend and downtrend	diamonds
Macphersons Res.	MRP		sideways to lower	silver
Medusa Mining	MML		turned down	gold
Metals of Africa	MTA		testing downtrend	zinc expl/graph.
MetalsX	MLX		hitting resistance	tin, gold
Mincor Resources	MCR		new uptrend	nickel
MMJ PhytoTech	MMJ		new low	medical cannabis
Mustang Resources	MUS		testing downtrend	diamonds, rubies
MZI Resources	MZI		new low	mineral sands
Northern Minerals	NTU		testing downtrend	REE
Northern Star Res.	NST		new high	gold
Oceana Gold	OGC		new high	gold
Oklo Resources	OKU		rising	gold expl.
OreCorp	ORR		new high	gold development
Orinoco Gold	OGX		testing downtrend	gold development
Orocobre	ORE		through resistance and higher	lithium
Oz Minerals	OZL		testing uptrend	copper
Paladin Energy	PDN		new uptrend	uranium
Pacific American Coal	PAK		new high	coal, graphene
Pantoro	PNR		surge to new high	gold
Panoramic Res	PAN		risen strongly from lows, then pullback	nickel
Panterra Gold	PGI		breached new uptrend	gold production
Paringa Resources	PNL		secondary downtrend	coal
Peel Mining	PEX		breached downtrend	copper
Peninsula Energy	PEN		new low	uranium
Perseus Mining	PRU		new high	gold
Pilbara Minerals	PLS		new high	lithium/tantalum
Potash West	PWN		surged higher	potash
Red River Resources	RVR		new high	zinc
Regal Resources	RER		strong rise	copper
Regis Resources	RRL		new high	gold
Renaissance Min.	RNS		surged higher	gold
Resolute Mining	RSG		new high	gold
Reward Minerals	RWD		breaching downtrend	potash
Rex Minerals	RXM		ST down	copper
RIO	RIO		heavy pullback	diversified
RTG Mining	RTG		correcting lower	copper/gold
Rum Jungle	RUM		turned down at resistance line	quartz
Salt Lake Potash	SO4		uptrend	potash
Saracen Minerals	SAR		new high	gold
St Barbara	SBM		new high	gold
Sandfire Resources	SFR		breached ST downtrend	copper
Santana Minerals	SMI		vertical rise then pullback	silver
Santos	STO		breached uptrend	oil/gas
Sheffield Resources	SFX		uptrend in play	mineral sands
Silver City Minerals	SCI		surge higher	base metals
Silver Lake Resources	SLR		secondary uptrend	gold
Sino Gas & Energy	SEH		new uptrend	gas
Southern Gold	SAU		testing uptrend	gold
Stavely Minerals	SVY		up from lows	copper exploration
Sunbird Energy	SNY		sideways through downtrend	gas/CBM
Sundance Energy	SEA		surge higher	oil/gas

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Syrah Resources	SYR		strongly higher	graphite
Talga Resources	TLG		worst performing graphite stock	graphene
Tanami Gold	TAM		down	gold
Tiger Resources	TGS		new low	copper
TNG Resources	TGS		secondary uptrend	titanium, vanadium
Torian Resources	TNR		downtrend	gold expl'n
Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		uptrend breached	gold
Tyranna Resources	TYX		heavy pullback	gold exploration
Vimy Resources	VMY		down	uranium
West African Resources	WAF		new high	gold
Westwits	WWI		breached downtrend then a pullback	gold exploration/development
Western Areas	WSA		back to lows	nickel
WPG Resources	WPG		uptrend	gold
Wolf Minerals	WLF		testing downtrend	tungsten
Totals	55%	76	Uptrend	
	19%	26	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	35	25.4%	
Copper	17	12.3%	
Oil/Gas	10	7.2%	
Gold Exploration	11	8.0%	
Uranium	5	3.6%	
Graphite	5	3.6%	
Potash/Phosphate	7	5.1%	
Zinc	6	4.3%	
Nickel	5	3.6%	
Coal	4	2.9%	
Mineral Sands	5	3.6%	
Iron Ore	2	1.4%	
Tin	3	2.2%	

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**Weightings of Sectors Represented in the Company Charts**

Lithium	5	3.6%	
Silver	3	2.2%	
Diamonds	2	1.4%	
Bauxite	2	1.4%	
Other	11		
<b>Total</b>	<b>138</b>		

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