

## Quiet markets, so let's focus on a few positive announcements in carbon products and gold

### *Leading indices struggling to maintain levels*

It was a week during which the lead indices that we chart shifted from uptrend to an each way bet. The recent rise from their brief uptrends is faltering with the All Ords looking the weakest. Looking further into the individual company charts there are a number that are struggling to hold their short term uptrends. There is no guarantee that they are going to turn down, but there is a risk. Next week will be important for these patterns.

### *A few interesting performers in the market ...*

This edition I thought I should mention a few companies that performed during the week on ASX releases, achieving new highs.

### *... Eden Energy (EDE) get commercial order*

This is another advanced carbon company, focusing on markets in the USA. Its specialist field is the production and application of carbon nanotubes (CNTs) to improve performance of concrete. During 2015, EDE reported successful field trials and approvals from governments in the USA for its EdenCrete™ product to be used in concrete for roads and infrastructure projects, specifically in Georgia.

Last Friday, EDE reported a commercial order for its product, to be used in the replacement of a high strength concrete slab. Use of EdenCrete is expected to cut the cost of the project by 40-45% whilst being 50% thinner than the alternative. There will be no need for steel mesh or rebar as the CNTs and fibreglass fibres give a better outcome.

We have previously commented that EdenCrete is an example of what can be done with advanced carbons, the use of which is promising to open up a whole new world of advanced materials. The dawning of this age of advanced carbon materials, covering CNTs, micro graphite and graphene amongst others, can be likened to the revolution that happened to manufacturing when plastics were first introduced to markets.

The \$64 question is how big this market is going to be, and then we need to ask how long it will take to gather momentum such that investors can profit. While EDE's release says it has a commercial order it doesn't give us any clues as to how much it is worth. By implication we are left to assume that it is not large, but it is a step in the right direction. We can look at the potential market, which is billions of dollars, but serious long term investors need to see somethings less theoretical and more tangible. In the meantime, we can at least acknowledge great potential.

### *OreCorp announces 2.78 Mill Oz JORC resource*

Last year OreCorp (ORR) announced a deal whereby it can earn into a 4.2 Mill Oz gold resource in Tanzania, with

a grade of 1.3 gpt. The current owner is Acacia Mining plc (formerly African Barrick Gold plc). To date there has been over 237,000 m of drilling completed.

In last week's release ORR updated the numbers with a JORC compliant resource, calculated by CSA Global. That came in at 21.3 Mt at 4.1 gpt for 2.78 Moz (83% Measured and Indicated). The grade is noticeably better than the earlier global resource estimate of 1.3 gpt, as the cut-off grade has been lifted from 0.4 gpt to 1.5 gpt. Nevertheless, the size of the orebody continues to be genuinely world class.

Armed with these numbers ORR can now accelerate studies into the commerciality of Nyanzaga. The first step is a scoping study, due for completion by the end of 2016. Metallurgy already looks good with a coarse grind (P80/106µ) giving recoveries of 92% for oxide and 86% for sulphide ore. The tail was 0.21 gpt on a 1.5 gpt head grade. This metallurgy is likely to be optimised.

ORR presents itself as a institutional-class emerging gold developer. It has the project scale and it has board and management (Craig Williams, Mike Klessens, Robert Rigo) with a strong track record of success, having previously taken Equinox Minerals from a junior copper status to a huge copper producer, sufficient to earn it a successful \$7bn takeover. It was a perfect exit strategy. Similarly, Matthew Yates and Luke Watson were instrumental in Mantra Resources and OmegaCorp, both of which were successfully taken over. This team knows how to create value for shareholders. If you believe that the gold price is heading higher, and you are cautious about management risk, you would sleep much better at night knowing these guys are the stewards of your investment. Those of you that like to know that management has "skin in the game", note that directors and associates have 43% of the company.

However, before getting too enthusiastic, you should note that ORR does not have 100% of the project. It is earning 25% by spending US\$14m and completing a DFS. It may increase this stake to 51% by paying US\$5m and a US\$10m capped royalty, depending upon Acacia's election. Should Acacia choose to stay at 75%, a NPV multiple based payment will be made to ORR of between 3x to 6x ORR's earn-in expenditure. Nevertheless, it looks like a great opportunity.

### *West African Resources hitting high gold grades*

West African (WAF) shares performed well during the week on news of high grade gold hits at its 100% owned M1 South discovery in Burkina Faso. However, whilst acknowledging that it was good news, we cannot condone the headline which said "... hits 349 gpt ..." when this is just part of an 11m intercept at 43 gpt. This sort of sensationalising should not be encouraged as it is misleading. If you analyse the detail of this hole you see that you have one metre at 349

gpt, another metre at 113 gpt, then a balance of nine metres carrying 15.8 grams, i.e. 1.75 gpt. Yawn. The company should have broken up that 11m intersection into 1m intervals if it was interested in giving an accurate representation of what the mineralisation really looks like.

It is dangerous to focus on individual 1m intercepts of gold as a tiny speck of free gold can have a dramatic affect on the assay. It can seriously distort the numbers. That is why mining resources apply top-cuts to derive a realistic mining head grade. Even then you have problems getting an accurate grade. Just look at the

issues experienced by ABM Resources at its high grade Old Pirate orebody in the NT.

I'm not saying that WAF's project isn't any good, but I am saying that the mineable head grade is much more important than cherry picking 1m intercepts, trying to pump the market. It will only lead to a big disappointment when a resource grade is released, followed by a fall in the share price. It is a classic example of short-term thinking; over-promising and under-delivering. Gold companies should desist from such selective sensationalisation.

**Sentiment Indicator:** The sentiment continued to ease during the week but there is still a stronger weighting to the bulls. There were 35% (39%) of the stocks in uptrend and 26% (27%) 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	recapturing downtrend?	
Metals and Mining	XMM	could go either way	
Energy	XEJ	faltering at resistance line	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	stopped by resistance	gold
Aeon Metals	AML	correcting lower	copper + cobalt
Alacer Gold	AQG	correcting lower	gold – production
Alkane Resources	ALK	continuing down	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
African Energy	AFR	still in downtrend	coal
Agua Resources	AGR	downtrend	phosphate
Alicanto Minerals	AQI	steep rise	gold exploration
Altech Chemicals	ATC	breached uptrend with a placement	industrial minerals
Anova Metals	AWV	uptrend, consolidating	gold
Antipa Minerals	AZY	rising	gold
Archer Exploration	AXE	punched through downtrend	graphite
Argent Minerals	ARD	sideways	polymetallic
Atlas Iron	AGO	retracing rise	iron ore
Atrum Coal	ATU	breached ST uptrend	coal
Australian Bauxite	ABX	New low	bauxite
Avanco Resources	AVB	testing ST uptrend	copper
AWE	AWE	testing ST uptrend	oil and gas
BHP	BHP	still undecided	diversified
Base Resources	BSE	steep rise from lows	mineral sands
Beach Energy	BPT	testing ST uptrend	oil and gas
Beadell Resources	BDR	strong rise	gold
Berkeley Resources	BKY	correcting downwards	uranium
Blackham Resources	BLK	steeply higher	gold
Broken Hill Prospect.	BPL	down	minerals sands, cobalt
Buru Energy	BRU	sideways at lows	oil
Canyon Resources	CAY	rising	bauxite
Cardinal Resources	CDV	sideways	gold exploration
Carnegie Wave	CWE	breached downtrend	wave energy
Cassini Resources	CZI	new uptrend	nickel/Cu expl.
Chalice Gold	CHN	testing ST uptrend	gold
Consolidated Tin	CSD	heavy slump	tin
Consolidated Zinc	CZL	secondary downtrend	zinc

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Coventary Resources	CYY		breached downtrend	copper
Dacian Gold	DCN		uptrend , at high	gold exploration
Danakiali	DNK		down	potash
Doray Minerals	DRM		new high	gold
Duketon Mining	DKM		breached ST uptrend	nickel
Eden Energy	EDE		new high	carbon nanotubes in concrete
Energia Minerals	EMX		strong breach of downtrend	zinc
Energy Resources	ERA		breached downtrend	uranium
Evolution Mining	EVN		back to support line	gold
Excelsior Gold	EXG		rolling over, short term down	gold
First Australian	FAR		breached downtrend	oil/gas
First Graphite	FGR		just testing resistance line	graphite
Fortescue Metals	FMG		huge rise then correction	iron ore
Galaxy Resources	GXY		new high	lithium
Galilee Energy	GXY		surged higher, then pullback	oil and gas, CBM
Gascoyne Resources	GCY		uptrend, new high	gold
General Mining	GMM		new high	lithium
Geopacific Res. Resources	GPR		new uptrend	copper/gold exp.
Gold Road	GOR		uptrend	gold exploration
Goldphyre	GPH		back to support line	potash, gold
Gryphon Minerals	GRY		testing ST uptrend	gold
Herron Resources	HRR		sideways	zinc
Highfield Resources	HFR		heavy fall	potash
Highlands Pacific	HIG		testing downtrend	copper, nickel
Hillgrove Resources	HGO		collapse	copper
Hot Chilli	HCH		off its lows	copper
Iluka Resources	ILU		testing uptrend	mineral sands
Independence	IGO		steep rise	gold, nickel
Intrepid Mines	IAU		sideways	copper
IMX Resources	IXR		testing downtrend	graphite
Karoo Gas	KAR		new low	gas
Kasbah Resources	KAS		breached uptrend	tin
KBL Mining	KBL		collapse back to lows	copper/gold/zinc
Kibaran Resources	KNL		breaching support	graphite
Kin Mining	KIN		at lows	gold
King Island Scheel.	KIS		New low	tungsten
Kingsgate Consol.	KCN		secondary downtrend	gold
Kingsrose Mining	KRM		at resistance	gold
Legend Mining	LEG		testing uptrend	exploration
Lithium Australia	LIT		sideways	lithium
Lucapa Diamond	LOM		breached uptrend (April option expiry influence)	diamonds
Macphersons Res.	MRP		testing uptrend	silver
Medusa Mining	MML		testing uptrend	gold
Metals of Africa	MTA		surged higher, but at resistance line	zinc expl/graph.
MetalsX	MLX		breached downtrend	tin, gold
Mincor Resources	MCR		testing resistance line	nickel
MMJ PhytoTech	MMJ		uptrend breached	medical cannabis
Mount Gibson	MGX		sideways	iron ore
Mustang Resources	MUS		new low	diamonds, rubies
MZI Resources	MZI		new low	mineral sands
Newfield Resources	NWF		collapse on tiny volume	diamonds
Northern Minerals	NTU		new low	REE
Northern Star Res.	NST		looks like a short term top	gold
Oceana Gold	OGC		looks like a short term top	gold
Oklo Resources	OKU		rising	gold expl.
OM Holdings	OMH		New low	manganese
OreCorp	ORR		vertical rise	gold development
Orinoco Gold	OGX		short term down	gold development
Orocobre	ORE		through resistance and higher	lithium

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Oz Minerals	OZL		testing uptrend	copper
Paladin Energy	PDN		breaching downtrend	uranium
Pacific American Coal	PAK		strong rise	coal
Pantorro	PNR		rising	gold
Panoramic Res	PAN		breached uptrend	nickel
Panterra Gold	PGI		new uptrend	gold production
Paringa Resources	PNL		breaching downtrend	coal
Peel Mining	PEX		down	copper
Peninsula Energy	PEN		testing downtrend	uranium
Perseus Mining	PRU		rising again	gold
Pilbara Minerals	PLS		sideways	lithium/tantalum
Platina Resources	PGM		breached downtrend	PGMs, gold
Potash West	PWN		down	potash
Red River Resources	RVR		rising again	zinc
Regal Resources	RER		rising from lows	copper
Regis Resources	RRL		looks like a short term top	gold
Renaissance Min.	RNS		short term higher, with pullback	gold
Resolute Mining	RSG		breached steep uptrend	gold
Reward Minerals	RWD		down	potash
Rex Minerals	RXM		surge through downtrend	copper
RIO	RIO		steep ST uptrend	diversified
RTG Mining	RTG		strongly higher	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		correcting lower	copper
Santana Minerals	SMI		vertical rise	silver
Santos	STO		testing uptrend	oil/gas
Sheffield Resources	SFX		testing downtrend	mineral sands
Silver City Minerals	SCI		heavy fall	base metals
Silver Lake Resources	SLR		breached new uptrend	gold
Sino Gas & Energy	SEH		new uptrend	gas
Southern Gold	SAU		testing uptrend	gold
Sthn Hemisphere	SUH		down	copper
Stavely Minerals	SVY		breached downtrend	copper exploration
Sunbird Energy	SNY		New low	gas/CBM
Sundance Energy	SEA		surge higher	oil/gas
Syrah Resources	SYR		uptrend	graphite
Talga Resources	TLG		sideways through downtrend	graphene
Tanami Gold	TAM		down	gold
Tiger Resources	TGS		back into downtrend	copper
TNG Resources	TGS		secondary uptrend	titanium, vanadium
Torian Resources	TNR		downtrend	gold expl'n
Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		uptrend	gold
UraniumSA	USA		Secondary downtrend	uranium
URI	URI		downtrend	uranium
Vimy Resources	VMY		back to downtrend	uranium
West African Resources	WAF		strong rise	gold
Westwits	WWI		breached downtrend	gold exploration/development
Western Areas	WSA		breached uptrend	nickel
Wolf Minerals	WLF		down	tungsten
Totals	35%	51	Uptrend	
	26%	37	Downtrend	
		144	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	33	22.9%
Copper	18	12.5%
Oil/Gas	10	6.9%
Gold Exploration	10	6.9%
Uranium	8	5.6%
Graphite	6	4.2%
Potash/Phosphate	7	4.9%
Zinc	6	4.2%
Nickel	5	3.5%
Coal	5	3.5%
Mineral Sands	5	3.5%
Iron Ore	3	2.1%
Tin	3	2.1%
Lithium	4	2.8%
Silver	3	2.1%
Diamonds	3	2.1%
Bauxite	2	1.4%
Other	13	
Total	144	

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