

## Expectations are being brought back to earth

The higher they fly, the harder they fall. Six months ago all the hydrogen related stocks were running hard even though the merits of the thematics were questionable. At the time it was more of a thought bubble than anything else, but there is nothing like a bear market to shake out the dreamers and bring them back to earth. Hydrogen is not the only sector that flew too high; most did.

The Down Jones Index has had the worst six month period for many decades. Those of you who invested in the ASX mining sector have seen many falls greater than 50% in the last six months, so the fantasy that began in May 2020, with the rise from the post-pandemic low, is well and truly over. You can blame the Ukraine War, the supply shortages, energy prices, inflation, interested rates and Chinese lockdowns, but whatever the reasons, it was always going to happen. That is how markets work, going from excesses to the extremes at the other end of the cycle.

For the first time in many many months I can look around and see quite a range of companies that I believe offer good fundamental opportunities. It is a great time to buy but don't expect instant gratification. There could be further falls but on a balance of probabilities, and the passage of time, now is the time to be doing some bottom fishing.

Don't assume that stocks that have fallen most heavily will be the best buys. Those stocks that were grossly over-bloated on irrational thematics and rambunctious hyperbole are unlikely to fool investors again as we wake up to the knowledge that the emperors are not wearing clothes. The punters that bought them were purely gambling on the greater fool theory. Now is the time when these companies become exposed for what they are.

When the market collapses almost everything falls, even the good stocks. You can build a portfolio of quality companies now and become more of a fundamental investor, but we know what will eventually happen. When the market recovers most people will move out of these stocks into the more speculative ones that inevitably offer better performance, albeit at greater risk ... and the next cycle unfolds.

This week's publication is more about news flow than analysis due to my absence last week for a visit to the Victorian goldfields. We visited companies such as Kaiser Resources (KAU), Nagambie Resources (NAG), SR Resources (S2R) Southern Cross Exploration (SGX) and Stavely Resources (SVY). Detailed commentary on these companies will come out in subsequent weeks.

### *Raising money at the bottom of the market*

It is an unfortunate consequence of a bear market that companies in need of cash are having to do so at much lower prices than what we were seeing 6-12 months ago. The latest example is the \$16m placement and \$10m entitlement issue announced by Cyprium Metals (CYM).

Cyprium is an emerging copper producer with strong management credentials but it is on a path that requires funding. It can't put things on ice just because the market is down. Many other companies, particularly explorers, have greater flexibility in the management of their finances. They should all be more cautious at the moment and be prudent with their expenditure. Raising money at the lows of the market can be very dilutionary. There is no point in exploring aggressively if the market is not in the mood to buy on the results, and replenish the finances.

### *Los Cerros has more to contend with than just the bear market*

Virtually all stocks fall in a bear market, but when there is some negative news, prices will fall even harder. The recent election saw the first leftist government in Colombia's history take the reins and many people are nervous about what this means. There was a press report that one of the policies of Petro was a ban on open pit mining projects. He has openly stated a dislike of oil and coal exploitation, and openly likening them to narco-trafficking in terms of their danger to society. It is likely that Petro's administration seek to increase taxation and adopt a tougher stance on environmental permitting and standards, but that is happening in most countries anyway.

As far as Los Cerros is concerned, any mining development is unlikely to proceed in the short term in any event due to the project being at such an early stage. Much more drilling, planning and permitting is required before the project gets to the critical points of financing and development. In the meantime the politicians in Colombia will slug it out in the halls of power as they work towards changes in the rules. However, there is increased uncertainty and markets don't like this, so enthusiasm is likely to be subdued until further notice. The reasonable scenario is that a subsequent government will be more sympathetic to open pit mining of gold projects, and that might coincide with Los Cerros's timetable.

*Disclosure: Interests associated with the author own shares in Los Cerros.*

### *Alicanto priming the market for maiden resource*

Last week Alicanto released some more strong silver and zinc assays from the ground between the Sala and Price lodes that have enabled it to describe them as being part of one large system.

The Sala Project, in Sweden, has historical production of more than 200 Moz of silver. AQL has recently drilled 28 diamond holes that will be incorporated in its first JORC resource statement. Once this is released we can start to work out what sort of earnings the project could provide for shareholders.

*Disclosure: Interests associated with the author own shares in Alicanto*

### Magnetic Resources announces 511,000 oz

Talking of companies with maiden resource statements, Magnetic Resources (MAU) has released an Indicated and Inferred Mineral Resource of 13 Mt at 1.22 gpt for 511,000 oz of gold at its deposits near Laverton in WA. About half of this resource is within 50m of the surface and 87% is within 100m, meaning that they are open pittable.

This initial resource is from a series of stacked lodes that extend much deeper, so there are expectations that further drilling will add significantly to the resource. Results from another 17 holes at Lady Julie 4 are awaited.

The resources are strategically located in the Laverton/Leonora region with three treatment plants located 10-35 km away. It would make sense to monetise the deposits through some sort of tolling or sale arrangements to these parties.

### Perovskite solar farm with graphene

We have recently stated that Greatcell Energy's perovskite solar cells have been significantly enhanced with the introduction of graphene. Last week we saw news of another perovskite product using graphene.

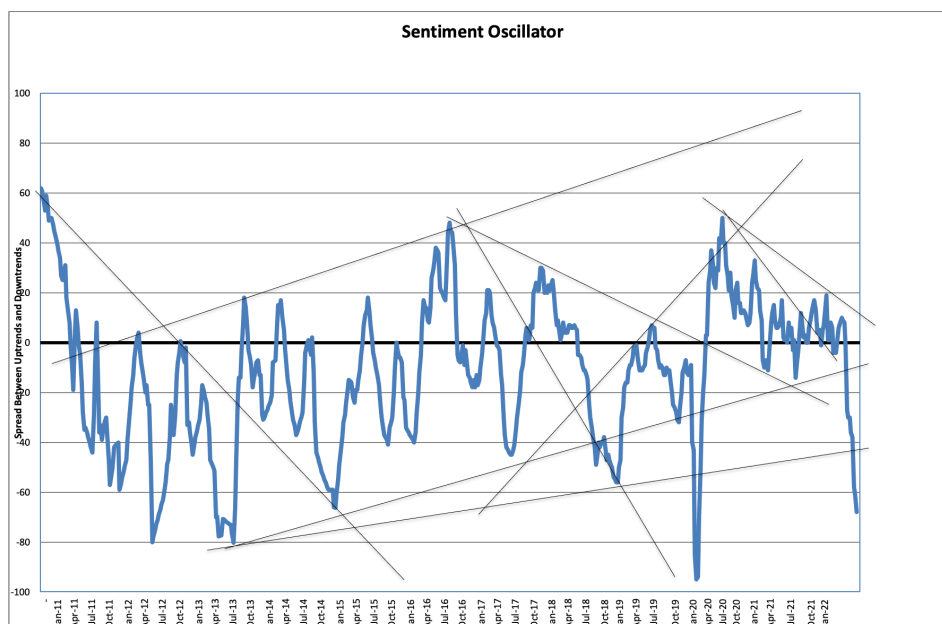
Prof. Aldo Di Carlo and a researchers from CHOSE Centre for Hybrid and Organic Solar Energy supported by Graphene Flagship have created the world's first large area (0.5 m<sup>2</sup>) graphene-enabled perovskite solar panels each containing 40 modules.

The researcher designed solar panels with graphene-doped electron transporting layers and functionalised MoS<sub>2</sub> buffer layers sandwiched between the perovskite and hole transporting layers.

The trial solar farm has been commissioned on the Greek island of Crete, consisting of nine graphene-perovskite panels with a total panel area of 4.5m<sup>2</sup> and a total peak power output exceeding 250 Watt.

For comparison, the commercial silicon solar panels in the market can produce approx. 250-300 Watt of peak power. Furthermore, the team has achieved an excellent power conversion efficiency of 12.5% on an active area of 81.9 cm<sup>2</sup>.

Greatcell has been working on ultra-low light perovskite solar cells that effectively "recycle" electricity used for indoor lighting as opposed to primary collection of solar energy from outdoor facilitates. The common link between the two types, that interests us, is the use of graphene. We will follow these developments with interest.



**Sentiment Oscillator:** Sentiment continued to weaken. There were 11% (14%) of the charts in uptrend and 80% (76%) 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	a rally, then back to lows	
Metals and Mining	XMM	new low	
Energy	XEJ	on support line	
Information Technology	XIJ	still falling	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
A-Cap Energy	ACB	new low	uranium
Alpha HPA	A4N	testing uptrend	HPA
Adriatic Resources	ADT	new low	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	down	coal, gold exploration
Alkane Resources	ALK	new low	gold
Alicanto Minerals	AQI	new low	base metals, silver, gold
Altech Chemical	ATC	new low	HPA, anodes
Anteotech	ADO	new low	silicon anodes, biotech
Alto Metals	AME	testing uptrend	gold exploration
American Rare Earths	ARR	new low	rare earths
Antilles Gold	AAU	still down	gold
Arafura Resources	ARU	heavy fall	rare earths
Ardea Resources	ARL	new low	nickel
Aurelia Metals	AMI	new low	gold + base metals
Australian Potash	APC	new low	potash
Australian Rare Earths	AR3	new low	rare earths
Auteco Minerals	AUT	new low	gold exploration
Arizona Lithium	AZL	new low	lithium
Azure Minerals	AZS	new low	nickel exploration
BHP	BHP	new low	diversified, iron ore
Beach Energy	BPT	new uptrend confirmed	oil and gas
Bellevue Gold	BGL	new low	gold exploration
Benz Mining	BNZ	new low	gold
Blue Star Helium	BNL	new low	gas, helium
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	new low	silver/lead
Breaker Resources	BRB	breached support	gold exploration
Buru Energy	BRU	new low	oil
Calidus Resources	CAI	new low	gold
Capricorn Metals	CMM	breached support line	gold
Caravel Minerals	CVV	new low	copper
Castile Resources	CST	still sideways	gold/copper/cobalt
Celsius Resources	CLA	new low	copper
Chalice Mining	CHN	down	nickel, copper, PGMs, gold exploration

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Chesser Resources	CHZ		new low	gold exploration
Cobalt Blue	COB		new low	cobalt
Cyprium Metals	CYM		new low	copper
De Grey	DEG		new low	gold
E2 Metals	E2M		new low	gold exploration
Ecograf	EGR		new low	graphite
Element 25	E25		new low	manganese
Emerald Resources	EMR		recovered to highs	gold
Empire Energy	EEG		new low	gas
Euro Manganese	EMN		new low	manganese
Evolution Mining	EVN		collapse	gold
Firefinch	FFX		new low	gold
First Graphene	FGR		testing downtrend	graphene
Fortescue Metals	FMG		new low	iron ore
FYI Resources	FYI		new low	HPA
Galena Mining	G1A		new low	lead
Galilee Energy	GLL		hanging on uptrend line	oil and gas, CBM
Genesis Minerals	GMD		down	gold
Genmin	GEN		sideways	iron ore
Gold Road	GOR		down	gold
Great Boulder Resources	GBR		new low	gold exploration
Hastings Technology Metals	HAS		testing support line	rare earths
Hazer Group	HZR		strong rally	hydrogen
Heavy Minerals	HVY		breached support line	garnet
Highfield Resources	HFR		strong rally	potash
Hillgrove Resources	HGO		breaching uptrend	copper
Iluka Resources	ILU		back in downtrend	mineral sands
Image Resources	IMA		new uptrend breached	mineral sands
ioneer (was Global Geoscience)	INR		down	lithium
Ionic Rare Earths	IXR		new low	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Kingston Resources	KSN		new low	gold
Krakatoa Resources	KTA		new low	rare earths
Kingfisher Mining	KFM		on support line	rare earths
Kingwest Resources	KWR		new low	gold
Legend Mining	LEG		new low	nickel exploration
Lepidico	LPD		breached uptrend	lithium
Lindian Resources	LIN		new high	bauxite
Lion One Metals	LLO		pullback	gold
Los Cerros	LCL		new low	gold exploration
Lotus Resources	LOT		down	uranium
Lucapa Diamond	LOM		new low	diamonds
Lynas Corp.	LYC		testing support line	rare earths
Magnetic Resources	MAU		new low	gold exploration

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Mako Gold	MKG		new low	gold exploration
Marmota	MEU		holding short term uptrend	gold exploration
Marvel Gold	MVL		new low	gold exploration
Matador Mining	MZZ		new low	gold exploration
Mayur Resources	MRL		new low	renewables, cement
Meeka Gold	MEK		but pullback	gold
Megado Gold	MEG		back to downtrend	rare earths, gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		down	bauxite
Mincor Resources	MCR		new low	gold/nickel
Mithril Resources	MTH		down	gold/silver
Musgrave Minerals	MGV		testing downtrend	gold exploration
Neometals	NMT		new low	lithium
Northern Star Res.	NST		new low	gold
Nova Minerals	NVA		new low	gold exploration
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		spiked through downtrend	gold expl.
Orecorp	ORR		new low	gold development
Oz Minerals	OZL		new low	copper
Pantoro	PNR		new low	gold
Panoramic Res	PAN		down	nickel
Peak Minerals	PUA		new low	copper exploration
Peak Resources	PEK		new low	rare earths
Peel Mining	PEX		new low	copper
Peninsula Energy	PEN		new low	uranium
Poseidon Nickel	POS		new low	nickel
Perseus Mining	PRU		softer	gold
Provaris Energy	PV1		good rally	hydrogen
PVW Resources	PVW		down heavily	rare earths
QMines	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
Red River Resources	RVR		still down	zinc
Regis Resources	RRL		new low	gold
Regergen	RLT		testing downtrend	gas, helium
Resource Mining Corp.	RMI		at highs	nickel exploration
RIO	RIO		new low	diversified, iron ore
Rumble Resources	RTR		good rally	gold exploration
S2 Resources	S2R		down	gold exploration
St Barbara	SBM		new low	gold
Sandfire Resources	SFR		new low	copper
Santos	STO		uptrend	oil/gas
Saturn Metals	STN		sideways	gold exploration
Silex Systems	SLX		new high	uranium enrichment technology
Silver Mines	SVL		down	silver

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South Harz Potash	SHP		down	potash
Southern Cross Gold	SXG		ST down	gold exploration
Stanmore Coal	SMR		pullback	coal
Strandline Resources	STA		just holding support line	mineral sands
Sunstone Metals	STM		downtrend	exploration
Talga Resources	TLG		new low	graphite
Technology Metals	TMT		down	vanadium
Tesoro Resources	TSO		new low	gold exploration
Theta Gold Mines	TGM		down	gold
Thor Mining	THR		down	gold exploration
Tietto Minerals	TIE		new low	gold
Titan Minerals	TTM		down	gold
Turaco Gold	TCG		downtrend	gold exploration
Vanadium Resources	VR8		breached uptrend	vanadium
West African Resources	WAF		holding uptrend	gold
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		new low	gold
Whitehaven Coal	WHC		secondary uptrend	coal
Wiluna Mining	WMC		new low	gold
Yandal Resources	YRL		new low	gold exploration
Zenith Minerals	ZNC		new low	gold exploration
Zinc Mines of Ireland	ZMI		new low	zinc
Totals	11%	15	Uptrend	
	80%	113	Downtrend	
		142	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	32	22.5%	
Gold Exploration	22	15.5%	
Rare Earths	11	7.7%	
Nickel	10	7.0%	
Copper	10	7.0%	
Oil/Gas	8	5.6%	
Iron Ore/Manganese	6	4.2%	
Zinc/Lead	5	3.5%	
Lithium	4	2.8%	
Uranium	4	2.8%	
Graphite/graphene	3	2.1%	
Potash/Phosphate	3	2.1%	
Coal	3	2.1%	
Mineral Sands	3	2.1%	
Silver	2	1.4%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	9		
Total	142		

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