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On Friday's Close

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Chalice has a real company maker in Julimar

After looking as if it was trying to recapture the steep, short term uptrend, the All Ord was brutalised on Friday with a 4.9% slump. Perhaps this was a reality check as the strength in the markets, albeit from extreme lows, has seemed somewhat out of kilter with the economic outlook.

The Sentiment Oscillator has been surging steeply in recent weeks, but it looks like this run could be coming to an end soon. Continue to expect volatility and uncertainty for an indefinite period of time but there will continue to be plenty of trading opportunities.

Chalice's Pd, Ni & Cu discovery is more than just a few good intercepts.

As we have previously commented, Challice (CHN) looks like it has something of real substance at its Julimar discovery, 70 km NE of Perth. While there was the flavour of something unique with the first real showing of commercial palladium grades in Australia, the real significance lies in the potential size of this ultramafic sequence at relatively shallow, mineable depths. It is what we refer to as a "company maker".

Some interesting background to the discovery is that the ground was only staked in 2018, on private land (semi-commercial agricultural) and State Forest. Historically, back in the 1970s and 1980s, mapping of magmatic sulphides by Geoscience Australia encouraged some prospecting but poor resolution in the geophysics hampered exploration efforts.

Chalice's exploration efforts commenced with a 200m-spaced Moving Loop Electromagnetic (MLEM) survey with selective 100m in-fill lines with targeted soil geochemistry over high-priority MLEM conductors, but geological mapping failed to identify any bedrock exposures over the area of interest. However, two MLEM conductors demonstrated anomalous nickel-in-soils along the margins of a discrete magnetic anomaly that had the potential to be a feeder zone.

After spending around \$60,000 on preliminary work, the RC drilling commenced in Q1 of 2020, with the very first drill hole hitting a thick zone of Ni-Cu-PGE rich sulphides at the shallow depth of 48m. JRC001 hit 19m at 2.59% Ni, 1.04%

Cu, 0.14% Co, 8.37 gpt Pd and 1.11 gpt Pt, in fresh rock. The massive sulphide zone was 13m at 3.15% Ni, 1.19% Cu, 0.17% Co and 8.85 gpt Pd. The mineralisation is in a lens-shaped, layered ultramafic-mafic intrusion measuring 1.6 km x 0.7 km.

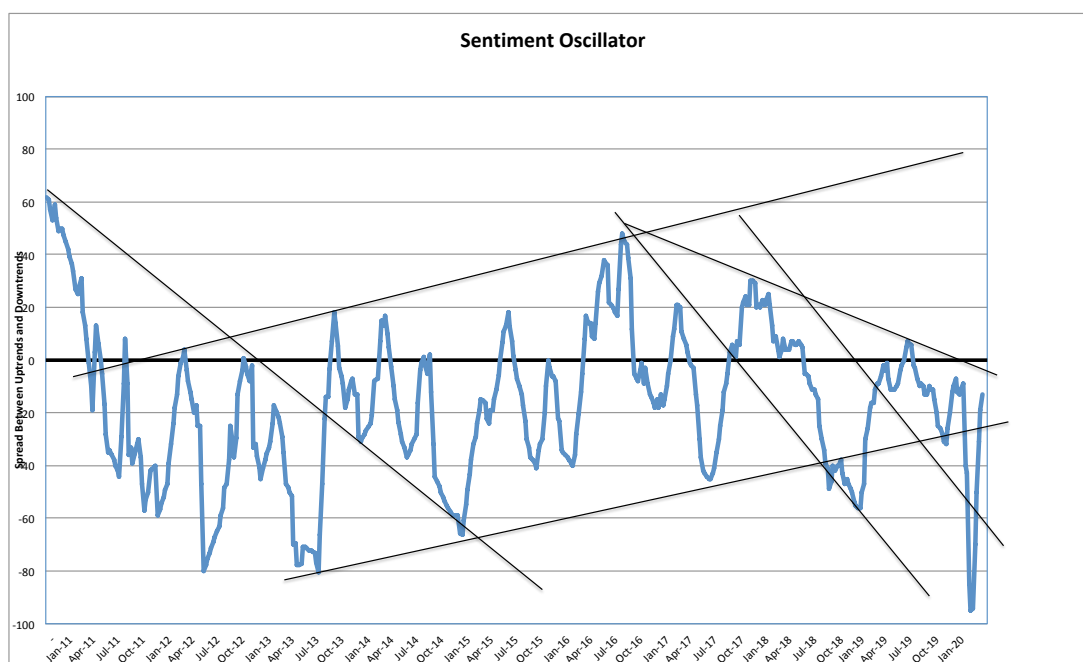
The next release referred to a total of six RC holes, all of which had hit broad zones of PGE mineralisation in the Gonnevillie Intrusive. A new, parallel zone was intersected 60m to the east of the discovery hole, with JRC006 hitting 29m at 1.85 gpt Pd and 0.36 gpt Pt from surface, including 11m t 1.85 gpt Pd. A second zone of 41m at 2.58 gpt Pd, 0.41 gpt Pt, 0.55% Ni, 0.40% Cu and 0.03% Co was hit at 39m. The first interval was in oxides material and the second was moderately oxidised.

Generally, there is a 2m transported sand cover over the prospect followed by a few metres of laterite cover that runs into saprolite, beneath which the ultramafics take over. There seems to be some signs of overturning with massive sulphides overlaying disseminated sulphides. Pentlandite and chalcopyrite seem to be the dominant mineralisation types Geological analogues Jinchuan in China and Kabanga in Tanzania.

Chalice is looking to spend \$3-5m over the next few months drilling holes and conducting EM surveys down each hole. Thus Challice should quickly achieve a deeper appreciation of what it is really dealing with.

With the company holding a market capitalisation of \$327m and the shares having run from 16¢ to \$1.19 it is a bit hard to say that the shares look cheap at these levels, but it is very early days. If Challice keeps on coming up with good drill results, and the size of the structure grows, it can continue to grow from these levels.

Disclosure: Nil



Sentiment Oscillator: There was another healthy improvement in sentiment over the week, with 32% (28%) of the charts in uptrend and 45% (47%) 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	trying to recapturing uptrend	
Metals and Mining	XMM	continuing higher	
Energy	XEJ	rising again	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new uptrend started	HPA
Adriatic Resources	ADT	rising again	zinc
Aeon Metals	AML	bouncing off lows	copper + cobalt
Alacer Gold	AQG	breached downtrend	gold – production
Alkane Resources	ALK	breached downtrend	gold, zirconia
Alicanto Minerals	AQI	rising again	gold exploration
Allegiance Coal	AHQ	down	coal
Alliance Resources	AGS	breached uptrend	gold exploration
Apollo Consolidated	AOP	breaching steepest downtrend	gold exploration
Arafura Resources	ARU	breaching steepest downtrend	rare earths
Aurelia Metals	AMI	risen to resistance line	gold + base metals
Australian Potash	APC	down	potash
Australian Mines	AUZ	base forming	cobalt/nickel
Australian Vanadium	AVL	new low	vanadium
BHP	BHP	rising again	diversified, iron ore








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Base Resources	BSE		down	mineral sands
Bathurst Resources	BRL		down	coal
BBX Minerals	BBX		down	gold exploration
Beach Energy	BPT		rallied through downtrend	oil and gas
Beacon Mining	BCN		breached downtrend	gold production
Bellevue Gold	BGL		steep uptrend from lows	gold exploration
Blackstone Minerals	BSX		rising	nickel
Breaker Resources	BRB		rising	gold exploration
Broken Hill Prospecting	BPL		at lows	minerals sands
Buru Energy	BRU		turning down	oil
Buxton Resources	BUX		turned down at resistance line	nickel exploration
Capricorn Metals	CMM		rising again	gold
Cardinal Resources	CDV		breaching downtrend	gold exploration
Cassini Resources	CZI		strong rally	nickel/Cu expl.
Central Petroleum	CTP		down	oil/gas
Chalice Gold	CHN		another surge on high grade palladium	gold exploration
Chase Mining	CML		testing downtrend	nickel/copper/PGE
Chesser Resources	CHZ		breaching downtrend	gold exploration
Cobalt Blue	COB		breached downtrend	cobalt
Dacian Gold	DCN		collapse on recapitalisation	gold
Danakali	DNK		drifting lower	potash
Davenport Resources	DAV		at lows	potash
De Grey	DEG		Uptrend	gold
Ecograf (was Kibaran)	EGR		down	graphite
Emerald Resource	EMR		breaching downtrend	gold
Evolution Mining	EVN		surge higher	gold
Exore Resources	ERX		testing shallower downtrend	gold exploration
FAR	FAR		new low	oil/gas
First Graphene	FGR		surge through downtrend	graphene
Fortescue Metals	FMG		breached downtrend	iron ore
Galaxy Resources	GXY		down	lithium
Galena Mining	G1A		breached steepest downtrend	lead
Galilee Energy	GLL		back to lows	oil and gas, CBM
Gold Road	GOR		strong recovery	gold
Graphex Mining	GPX		down	graphite
Heron Resources	HRR		new low	zinc
Highfield Resources	HFR		down	potash
Hillgrove Resources	HGO		still in downtrend	copper
Iluka Resources	ILU		breached downtrend	mineral sands
Image Resources	IMA		testing steepest downtrend	mineral sands
Independence Group	IGO		breached downtrend	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Jervois Mining	JVR		sideways	nickel/cobalt
Jindalee Resources	JRL		spike to hit resistance line	lithium

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Kin Mining	KIN		breached support line	gold
Kingston Resources	KSN		turned down at resistance line	gold
Kingwest Resources	KWR		rallying back to resistance line	gold
Legend Mining	LEG		surge to new high	nickel exploration
Lepidico	LPD		down	lithium
Lindian Resources	LIN		testing downtrend	bauxite
Lithium Australia	LIT		strong rally	lithium
Lucapa Diamond	LOM		at lows	diamonds
Lynas Corp.	LYC		rising again	rare earths
Mako Gold	MKG		down	gold exploration
Marmota	MEU		strong recovery	gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		down	bauxite
Mincor Resources	MCR		breached uptrend	gold
Musgrave Minerals	MGV		almost back to highs	gold exploration
Myanmar Minerals	MYL		breached steepest downtrend	zinc
Nelson Resources	NES		strong rally to hit resistance line	gold exploration
Neometals	NMT		continuing down	lithium
Northern Minerals	NTU		down	REE
Northern Star Res.	NST		breached downtrend	gold
NTM Gold	NTM		rising again	gold exploration
Oceana Gold	OGC		strong rise	gold
Oklo Resources	OKU		new high	gold expl.
Orecorp	ORR		breaching downtrend	gold development
Oro Verde	OVL		breached uptrend	rare earths
Orocobre	ORE		forming a base	lithium
Oz Minerals	OZL		strong rally	copper
Pacific American Holdings	PAK		new low	coal
Pacifico Minerals	PMY		down	silver/lead
Pantoro	PNR		breached steepest downtrend	gold
Panoramic Res	PAN		down	gold , nickel
Peak Resources	PEK		testing steepest downtrend	rare earths
Peel Mining	PEX		down	copper
Peninsula Energy	PEN		strong surge	uranium
Pure Minerals	PM1		sideways channel	nickel/cobalt/HPA
Pensana Metals	PM8		down	rare earths
Perseus Mining	PRU		up	gold
Pilbara Minerals	PLS		but strong rally	lithium
PNX Metals	PNX		down	gold, silver, zinc
Polarex	PXX		breached recovery uptrend	polymetallic exploration
Ramelius Resources	RMS		rising	gold production
Real Energy	RLE		testing downtrend	gas
Red5	RED		down	gold
Red River Resources	RVR		rallying	zinc

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Regis Resources	RRL		uptrend again	gold
Resolution Minerals	RML		surge to new high	gold
Resolute Mining	RSG		rising	gold
RIO	RIO		new uptrend breached	diversified, iron ore
Salt Lake Potash	SO4		down	potash
Saracen Minerals	SAR		breached uptrend	gold
St Barbara	SBM		uptrend breaching resistance line	gold
Sandfire Resources	SFR		breached steepest downtrend	copper
Santos	STO		breached steepest downtrend	oil/gas
Saturn Metals	STN		recapturing uptrend	gold exploration
Sheffield Resources	SFX		new low	mineral sands
Sky Metals	SKY		uptrend maintained	gold exploration
St George Mining	SGQ		breached downtrend	nickel
Silex Systems	SLX		strong recovery from lows	uranium enrichment technology
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
Spectrum Metals	SPX		testing uptrend	gold exploration
Stanmore Coal	SMR		surge out of downtrend	coal
Strandline Resources	STA		down	mineral sands
Syrah Resources	SYR		down again	graphite
Talga Resources	TLG		breached downtrend	graphite
Technology Metals	TMT		down	vanadium
Tesoro Resources	TSO		steeply higher	gold exploration
Titan Minerals	TTM		down	gold
Vango Mining	VAN		breaching uptrend	gold
Venturex	VXR		strong rally, hit resistance line	zinc
Vimy Resources	VMY		strong rally	uranium
West African Resources	WAF		uptrend again	gold
Westgold Resources	WGX		rising again	gold
West Wits Mining	WWI		testing uptrend	gold
Western Areas	WSA		rising	nickel
Whitebark Energy	WBE		down	oil and gas
Whitehaven Coal	WHC		turned down at resistance line	coal
Yandal Resources	YRL		testing downtrend	gold exploration
Zinc Mines of Ireland	ZMI		strong rally	zinc
Totals	32%	44	Uptrend	
	45%	61	Downtrend	
		137	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	23.4%	
Gold Exploration	20	14.6%	
Oil/Gas	8	5.8%	
Nickel	9	6.6%	
Lithium	8	5.8%	
Coal	6	4.4%	
Zinc/Lead	10	7.3%	
Mineral Sands	6	4.4%	
Rare Earths	6	4.4%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Cobalt	3	2.2%	
Graphite	4	2.9%	
Tin	1	0.7%	
Iron Ore	3	2.2%	
Uranium	2	1.5%	
Bauxite	3	2.2%	
Vanadium	1	0.7%	
Silver	2	1.5%	
Diamonds	1	0.7%	
Other	2		
Total	137		

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