

## West Wits clears last hurdle for a Mining Right

The gold price gave us another scare last week as it dipped below US\$1,700/oz, but it was encouraging to see it bounce to close at US\$1,730/oz by the weekend. Gold stocks reacted down at first but recovered somewhat by the close of trading on Friday. However, not all gold stocks are dominated by the spot gold price. West Wits is an example of company specifics being more important.

West Wits has been a good trading stock in recent months with plenty of volatility and volume as it winds along the path to a final and conclusive outcome for the granting of the Mining Right

Most significantly, last week we saw South Africa's Minister of Forestry, Fisheries and the Environment unconditionally dismiss all three appeals lodged against the Department of Mineral Resources and Energy ("DMRE") EA approval. The Minister's decision reinstates the DMRE's EA approval, initially granted 23 June 2020, and paves the way to complete the granting of the Mining Right Application through the DMRE.

The granting of the Mining Right should now proceed without further impediment, though it may take a few more weeks to finalise. This will enable the company to pursue its target of first underground gold production in 2021. We are expecting an updated resource statement and the BFS on the Qala Shallows Project in April and July respectively.

Just to remind you, WWI has a stated Mineral Resource of 4.37 Moz at 3.88 gpt (66.6% WWI) at its Witwatersrand Basin Project in South Africa that can easily be valued at much higher levels than the current market capitalisation of \$130m. Having the resource is a good starting point, but as we have seen, it doesn't become a tangible asset until the Mining Right is granted and this can take many years.

There are two paths for the company going forward. The first one is to become a long term gold producer with the ability to toll treat or sell ore to a number of third party treatment plants that are hungry for mill feed. The second path may emerge once the owners of these mills realise how profitable the WWI operation is likely to become. The probability is that they would prefer to buy the whole project or make a takeover bid for the company itself. Either way it is likely to be an excellent outcome for WWI shareholders.

*Disclosure: Interests associated with the author own shares in West Wits and FEC has received capital raising fees.*

### What will China do next?

The Australian ambassador to China was spot on when he described China as a vindictive trading partner. The tariffs on Australian wine are a perfect example. The Australian wine industry has bent over backwards over the last 5-10 years, welcoming Chinese nationals and sharing its expertise. Now, for some totally inexplicable reason, China says that Aussie wine is receiving unfair subsidies.

I recently spent four days in the McLaren Vale and the Barossa wine growing regions of South Australia and I couldn't find one wine maker that was receiving any subsidies, but a number of them expressed frustration at being denied access to what had been a good market. They were all perplexed, wondering where these subsidies were. They certainly hadn't seen any.

So far China has targeted barley, coal, meat and wine as a vindictive response to the Australian Government seeking greater transparency in its dealing with China. These industries have suffered pain but not necessarily to a catastrophic degree. But what happens if China targets more strategic industries such as battery materials and rare earths, bringing to a grinding halt the transition to renewable energy? The markets for a vast range of commodities could be thrown into turmoil if China decides to act unilaterally for political rather than economic reasons. That means there is an unpredictable wild card that could move share prices, either way. It could be a bumpy ride.

### How do I choose which stocks to cover?

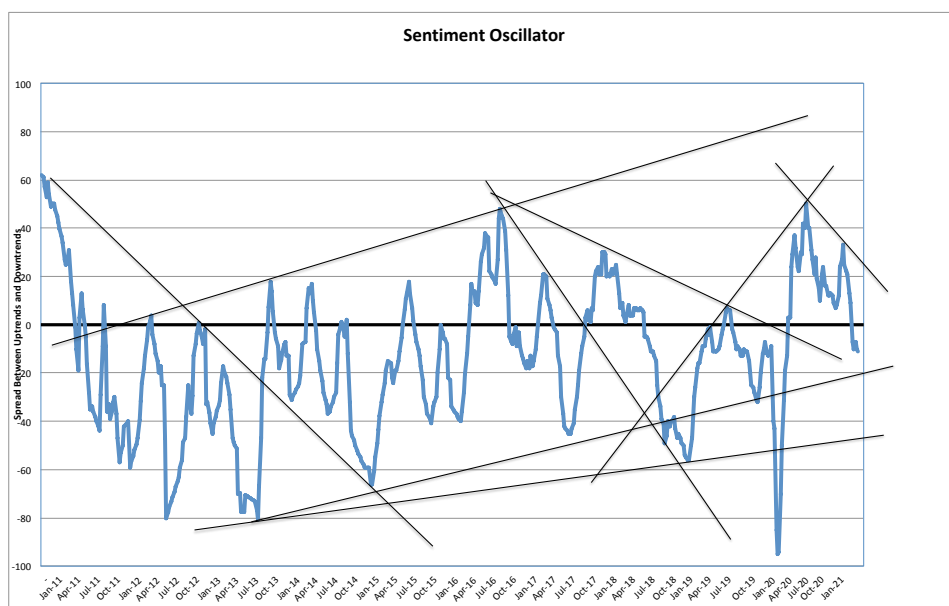
Readers occasionally ask how I come up with my list of 140-150 stocks to cover in the charting pages. The list is very subjective. I like to have a cross section of stocks in each sector. One aim is to be able to identify money flow; which sectors are seeing inflows and which are seeing outflows. I rotate the stocks from time to time, removing those that have become boring or moribund in preference for those that are more topical. Adding or deleting stocks is not necessarily a reflection of whether or not the company are any good. It is more about them being interesting in the market at the time.

When it comes to writing a few paragraphs on individual companies, the motivation is again that they have to be interesting. It doesn't mean a company is a "buy" because I write it up. Sometimes I write them up because they are a "sell". I prefer not to actually say they are a buy or sell in the text. That is for you to decide. I just provide information and opinions. It is up to you to decide whether it is suitable for your portfolio.

One of my readers commented that my comments on a company were rather naive. This person would have to be one of the most experienced investors in the mining space, so I took on board his comments. However, on reflection, I think that naivety is one of the characteristics that describes 90%, if not 99% of punters in the market. They don't want to know all the facts, just those that support their quest for trading profits. If we all had perfect knowledge we would think twice about many of the companies in which we trade, but ignorance is bliss when FOMO takes over. How else can you explain why when a boom occurs in a particular sector, such as uranium in the noughties, there can easily be 100 wannabes and you only get two companies that succeed in developing mines?

I have been known to comment that being a successful punter in the stocks market requires bipolar characteristics. You need to consider the real world of facts and figures as a good starting point, but you also have to be an expert in market psychology and understand market dynamics where perception and deception are the driving forces. Being too grounded in reality will close off the ability to make

enormous trading profits. That is why I often say that even if a company is destined to fail at the end of the day, don't let that stop you making trading profits while naive punters scramble for stock. There is more than one way to get it right. The longer I am involved with markets the more I am convinced that it is all just sophisticated gambling.



**Sentiment Oscillator:** Sentiment weakened slightly. There were 31% (33%) of the charts in uptrend and 42% (43%) in downtrend on Friday's close. The chart seems to be telling us that we are approaching a turning, or a bounce point if the line is drawn corrected.

### 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	testing downtrend	
Metals and Mining	XMM	down	
Energy	XEJ	risen to resistance line	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	down	zinc, polymetallic
Alkane Resources	ALK	breached uptrend, heading down	gold, zirconia
Alicanto Minerals	AQI	sideways	base metals, silver, gold
Altech Chemical	ATC	uptrend - flag forming	HPA, anodes
Alto Metals	AME	down	gold exploration
American Rare Earths (was BPL)	ARR	testing uptrend	rare earths
Apollo Consolidated	AOP	down	gold exploration
Arafura Resources	ARU	on support line	rare earths
Ardea Resources	ARL	breaching support	nickel
Aurelia Metals	AMI	down	gold + base metals

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Australian Potash	APC	holding shallower uptrend	potash
Auteco Minerals	AUT	down	gold exploration
BHP	BHP	aggressive downtrend	diversified, iron ore
Base Resources	BSE	near highs	mineral sands
Beach Energy	BPT	LT downtrend continuing	oil and gas
Bellevue Gold	BGL	off again	gold exploration
Blue Star Helium	BNL	sideways	gas, helium
Boab Metals	BML	down	silver/lead
Breaker Resources	BRB	sideways	gold exploration
Buru Energy	BRU	stronger	oil
Calidus Resources	CAI	down	gold
Capricorn Metals	CMM	down	gold
Caravel Minerals	CVV	recovering	copper
Celsius Resources	CLA	down	uptrend
Chalice Gold	CHN	new high	nickel, copper, PGMs, gold exploration
Chase Mining	CML	back to lows	nickel/copper/PGE
Chesser Resources	CHZ	down now	gold exploration
Cobalt Blue	COB	new high	cobalt
Cyprium Metals	CYM	testing uptrend	copper
Danakali	DNK	steeply higher	potash
Davenport Resources	DAV	rising again	potash
De Grey	DEG	breached downtrend	gold
E2 Metals	E2M	correcting lower, ST downtrend	gold exploration
Ecograp (was Kibaran)	EGR	heavy pullback	graphite
Element 25	E25	pullback	manganese
Emerald Resources	EMR	coming back to support line	gold
Euro Manganese	EMN	breached downtrend	manganese
Evolution Mining	EVN	down	gold
Firefinch	FFX	strongly higher	gold
First Graphene	FGR	correcting lower	graphene
Fortescue Metals	FMG	down	iron ore
Galaxy Resources	GXY	testing downtrend	lithium
Galena Mining	G1A	at recent highs	lead
Galilee Energy	GLL	pullback	oil and gas, CBM
Genesis Minerals	GMD	down	gold
Gold Road	GOR	breaching downtrend	gold
Hastings Technology Metals	HAS	breached uptrend	rare earths
Hazer Group	HZR	down	hydrogen
Highfield Resources	HFR	rising	potash
Hillgrove Resources	HGO	heavy pullback	copper
Iluka Resources	ILU	testing uptrend	mineral sands
Image Resources	IMA	testing support	mineral sands
Independence Group	IGO	pullback	gold
ioneer (was Global Geoscience)	INR	breached uptrend	lithium

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Ionic Rare Earths (Oro Verde)	IXR	at highs	rare earths
Jervois Mining	JVR	rising again	nickel/cobalt
Jindalee Resources	JRL	correcting lower	lithium
Kairos Minerals	KAI	testing downtrend	gold exploration
Kin Mining	KIN	risen to resistance line	gold
Kingston Resources	KSN	testing downtrend	gold
Kingwest Resources	KWR	down	gold
Legend Mining	LEG	turned down at resistance line	nickel exploration
Lepidico	LPD	on support line	lithium
Lindian Resources	LIN	down	bauxite
Lithium Australia	LIT	down	lithium
Los Cerros	LCL	rallying	gold exploration
Lotus Resources	LOT	new high	uranium
Lucapa Diamond	LOM	breaking downtrend	diamonds
Lynas Corp.	LYC	breached uptrend	rare earths
Magnetic Resources	MAU	uptrend	gold exploration
Mako Gold	MKG	down again	gold exploration
Manhattan Corp	MHC	down	gold exploration
Marmota	MEU	still down	gold exploration
Marvel Gold	MVL	breached downtrend	gold exploration
Matador Mining	MZZ	down	gold exploration
MetalTech	MTC	heavy fall	gold
Meteoric Resources	MEI	down	gold exploration
MetalsX	MLX	near highs	tin, nickel
Metro Mining	MMI	down again	bauxite
Mincor Resources	MCR	down	gold/nickel
Musgrave Minerals	MGV	rallying	gold exploration
Myanmar Minerals	MYL	breaching downtrend	lead, zinc, silver
Nelson Resources	NES	new high	gold exploration
Neometals	NMT	near high	lithium
Northern Minerals	NTU	down	REE
Northern Star Res.	NST	down	gold
Oceana Gold	OGC	down	gold
Oklo Resources	OKU	down	gold expl.
OreCorp	ORR	down	gold development
Orocobre	ORE	testing downtrend	lithium
Oz Minerals	OZL	new high	copper
Pacific American Holdings	PAK	sideways	coal
Pantoro	PNR	breached support line	gold
Panoramic Res	PAN	breaching uptrend	nickel
Peak Minerals	PUA	down	copper exploration
Peak Resources	PEK	correcting lower	rare earths
Peel Mining	PEX	off its highs, on support line	copper
Peninsula Energy	PEN	rallying	uranium

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Poseidon Nickel	POS		down	nickel
Perseus Mining	PRU		down	gold
Pilbara Minerals	PLS		pullback	lithium
Polarex	PXX		down	polymetallic exploration
Queensland Pacific Metals	QPM		new high	nickel/cobalt/HPA
Ramelius Resources	RMS		rallying	gold production
Red5	RED		down	gold
Red River Resources	RVR		breached uptrend	zinc
Regis Resources	RRL		down	gold
Regergen	RLT		rising	gas, helium
Resolution Minerals	RML		new low	gold exploration
Resolute Mining	RSG		down	gold
RIO	RIO		steeply lower	diversified, iron ore
Rumble Resources	RTR		back in downtrend	gold exploration
Salt Lake Potash	SO4		down	potash
St Barbara	SBM		secondary downtrend	gold
Sandfire Resources	SFR		ST down	copper
Santos	STO		strongly higher	oil/gas
Saturn Metals	STN		breached downtrend	gold exploration
Sheffield Resources	SFX		rising	mineral sands
St George Mining	SGQ		down	nickel
Silex Systems	SLX		testing downtrend	uranium enrichment technology
Silver Mines	SVL		testing downtrend	silver
Sipa Resources	SRI		testing downtrend	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		breached steepest downtrend	coal
Strandline Resources	STA		rising	mineral sands
Sunstone Metals	STM		improving	
Talga Resources	TLG		breached support line, down	graphite
Technology Metals	TMT		sideways	vanadium
Tesoro Resources	TSO		down	gold exploration
Theta Gold Mines	TGM		down	gold
Thor Mining	THR		lower	gold exploration
Tietto Minerals	TIE		rallying	gold
Titan Minerals	TTM		sideways	gold
Venturex	VXR		surge on funding	zinc
Vimy Resources	VMY		steeply higher	uranium
West African Resources	WAF		breached downtrend	gold
Westgold Resources	WGX		breached downtrend	gold
West Wits Mining	WWI		off its highs	gold
Western Areas	WSA		down	nickel
Whitehaven Coal	WHC		on support line	coal
Wiluna Mining	WMX		down	gold
Yandal Resources	YRL		rising again	gold exploration
Zenith Minerals	ZNC		sideways	gold exploration

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Zinc Mines of Ireland	ZMI		rising	zinc
Totals	31%	45	Uptrend	
	42%	61	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	32	22.2%
Gold Exploration	26	18.1%
Nickel	12	8.3%
Copper	9	6.3%
Oil/Gas	6	4.2%
Lithium	8	5.6%
Zinc/Lead	7	4.9%
Rare Earths	7	4.9%
Mineral Sands	5	3.5%
Iron Ore/Manganese	5	3.5%
Potash/Phosphate	5	3.5%
Coal	4	2.8%
Uranium	4	2.8%
Graphite	2	1.4%
Bauxite	2	1.4%
Silver	2	1.4%

Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	
Other	5		
Total	144		

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