

## American versus Russia - it is game on in Syria

### *The gold price reacts appropriately*

The world became a little more edgy last week when the US President showed more resolve than his predecessor. The attack on the Syrian air base would have pleased those Americans who want to regain international respect for their nation's prowess, tired as they are of the world's most powerful and dangerous man, Putin, having his own way. Where this will lead to no-one knows, but there is a real likelihood of a proxy war in Syria between the USA and Russia. What other aggressive moves will be contemplated? Who said the Cold War was over?

Whilst in Hong Kong last week attending the Mines and Money event I heard some scuttlebutt that is worth mentioning, though I have no way of confirming what was said. Apparently, the USA has sent 3,000 Abraham tanks to Europe, and the UK has been mobilising forces with an eye to the Russian borders with Europe. I don't believe this has been disclosed in newspapers, but I also don't think it is wise to just assume the press would tell the truth without an agenda. If this information is true then the USA/Russia relations will be an increasingly important focus on the world stage. It will be interesting to see how Trump reacts to Putin's hypocrisy when they go head to head.

The immediate reaction of the gold price to the Syrian attack shows that the gold bulls are ready to mobilise as well. The risk is pressure upside for security reasons rather than monetary and economic factors. Will Wall Street be prepared to short gold against this dynamic? Probably not. So, the short term outlook for gold has improved. A number of the share price charts of gold companies are testing their downtrends, suggesting the nine month bear market in gold stocks may be coming to an end.

On other commodity fronts coking coal is rising again as a result of the floods in Queensland. There is no rocket science in this though as we have seen it before. Those producers that can keep up supply will be the winners.

The tide continues to flow out on iron ore and steel with price falls of 7.8% and 4.3% respectively.

Commentary on battery input stocks in Hong Kong likened the lithium boom to those we have seen in the past, such as uranium and rare earths. The likelihood of new producers from all the wannabes is very remote, with any that are brave enough to progress to financing and development likely to be knocked on the head by expanded production from established industry players. Similarly graphite hopefuls are all waiting to see what happens with Syrah. If that company fails to commission successfully it will knock the stuffing out of every other hopeful. If it comes in with great success it will flood an already oversupplied market, driving graphite prices lower. You could say it is a lose-lose outlook.

On the other hand, cobalt presents itself as a completely different commodity. There is no obvious supply response to the shortages of the metal and the issues with the DRC

as the primary source. As a by-product, there is very little incentive to commission new copper or nickel mines just to get your hands on cobalt. The volatility is compounded when hedge funds decide to enter the fray as aggressive speculators. You have all the elements for a wild ride that will suck in the lay speculators amongst you.

### *Graphene and water filtration*

There was an article going around on emails last week referring to water desalination technology using graphene (see link below). The high costs of Australian desalination plants in their construction, and now in the care and maintenance as they are not needed, is becoming a hot topic.

The potential market for this technology is huge, and it is only growing as fresh water becomes an increasingly scarce commodity, but you can take this one step further. Graphene-based filters can be very useful in detoxifying polluted water. Interest in graphene will grow as more investors open their minds to the possibilities.

<http://www.bbc.com/news/science-environment-39482342?SThisFB>

### *Cyber bullying*

We have all read about the evils of cyber bullying and abuse, which is a terrible modern day affliction, but let me extend to you a personal experience.

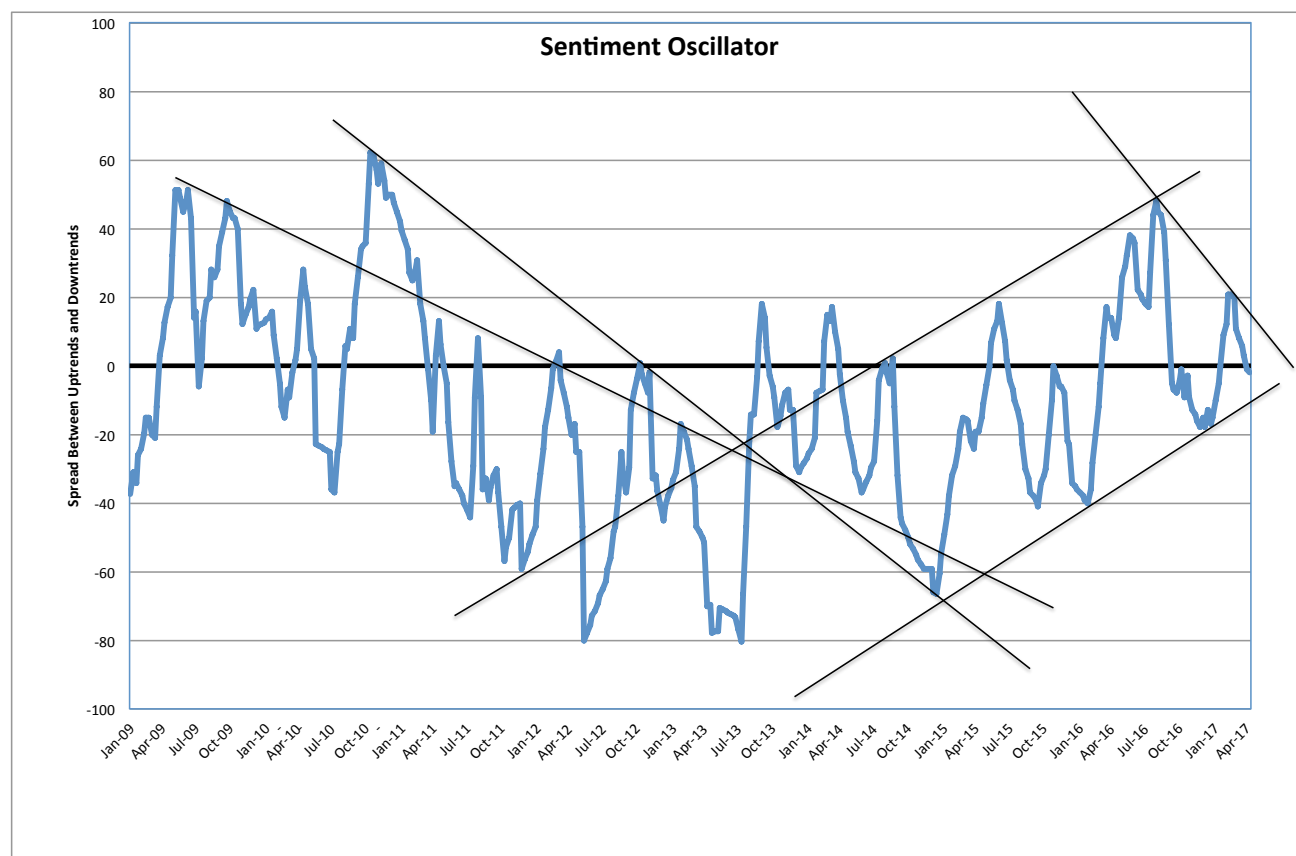
A few weeks ago I started to receive a campaign of offensive emails from the address jl@homerdan.com. I'm not sure who this person is as he has declined my invitation to reveal his full identity, other than to call himself Jonathan Leaver. It has been suggested to me that this person is probably based in Lichtenstein.

These emails became increasingly abusive and threatening, in a personal fashion, along with all the expletive deletives. If anyone recognises the email address, or the service provider, I would appreciate you sharing the information with me so that we can put an end to this disgraceful behaviour. In the traditional Aussie fashion, only my best mates are allowed to talk to me like this, not cowards who hide behind vague emails identities.

But seriously, what gives anyone the right to harass another, anonymously behind an indelible email address? The job of a director is difficult enough today with over-exuberant compliance regimes, oppressive legislation that assumes directors are guilty until proven innocent, and a presumption that directors must lay themselves prostrate before everyone because of the indiscretions of a minority of recalcitrants that you always find in a cross section of society.

I am sure that I am not the only director to be attacked over the internet by cowardly and probably deranged individuals. Others suffer and say nothing, but it is time to put the issue on the table. It is unacceptable, even for a white Anglo Saxon male.

We have added Alliance Resources to the chart coverage, as a company being reborn as a gold explorer.



**Sentiment Indicator:** Sentiment softened slightly during the week, but it would have been even worse had not the gold price kicked. Better coal prices also helped. There were 24% (27%) of the charts in uptrend and 26% (28%) 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  | holding at its highs                     |                     |
| Metals and Mining  | XMM  | rallied and now at resistance line       |                     |
| Energy             | XEJ  | continuing higher                        |                     |
| Stocks             | Code | Trend Comment (updated comments in bold) | Main Interest       |
| ABM Resources      | ABU  | breaching uptrend                        | gold                |
| Aeon Metals        | AML  | sideways through uptrend                 | copper + cobalt     |
| Alacer Gold        | AQG  | breached uptrend                         | gold – production   |
| Alkane Resources   | ALK  | fallen to new low                        | gold, zirconia      |
| Acacia Resources   | AJC  | Sideways at the bottom                   | coal                |
| Aguia Resources    | AGR  | testing resistance line                  | phosphate           |
| Alicanto Minerals  | AQI  | sideways at lows                         | gold exploration    |
| Alliance Resources | AGS  | sideways                                 | gold exploration    |
| Alltech Chemicals  | ATC  | testing short term uptrend               | industrial minerals |

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|                           |     |   |                              |
|---------------------------|-----|---|------------------------------|
| Anova Metals              | AWV | down                                      | gold                         |
| Antipa Minerals           | AZY | testing downtrend                         | gold                         |
| Apollo Consolidated       | AOP | sideways at lows                          | gold exploration             |
| Archer Exploration        | AXE | breached uptrend                          | magnesite, graphite          |
| Argent Minerals           | ARD | pullback                                  | polymetallic                 |
| Aspire Mining             | AKM | continuing to fall                        | coal                         |
| Atrum Coal                | ATU | testing downtrend                         | coal                         |
| Aurelia Metals            | AMI | strongly higher                           | gold + base metals           |
| Auroch Minerals           | AOU | improving                                 | exploration                  |
| Aus Tin                   | ANW | breached downtrend                        | tin, cobalt                  |
| Australian Bauxite        | ABX | beached downtrend at lows                 | bauxite                      |
| Australian Potash         | APC | continuing higher                         | potash                       |
| Australian Mines          | AUZ | short term down                           | cobalt/nickel                |
| Australian Vanadium       | AVL | rising gently                             | vanadium                     |
| Avanco Resources          | AVB | rising                                    | copper                       |
| AWE                       | AWE | down again                                | oil and gas                  |
| Azure Minerals            | AZS | crunch down on Kennecott withdrawal       | silver                       |
| BHP                       | BHP | back into short term downtrend            | diversified                  |
| Base Resources            | BSE | breached steepest uptrend, LT uptrend now | mineral sands                |
| Bathurst Resources        | BRL | testing downtrend                         | coal                         |
| Battery Minerals          | BAT | testing short term downtrend              | graphite                     |
| Beach Energy              | BPT | breached uptrend                          | oil and gas                  |
| Beadell Resources         | BDR | breached ST uptrend                       | gold                         |
| Berkeley Resources        | BKY | heavy fall                                | uranium                      |
| Berkut Minerals           | BMT | down                                      | cobalt                       |
| Blackham Resources        | BLK | down heavily on production downgrade      | gold                         |
| Bligh Resources           | BGH | gentle uptrend                            | gold                         |
| Broken Hill Prospect.     | BPL | hit resistance line                       | minerals sands, cobalt       |
| Buru Energy               | BRU | sideways at lows                          | oil                          |
| Canyon Resources          | CAY | new low                                   | bauxite                      |
| Cardinal Resources        | CDV | rising again                              | gold exploration             |
| Carnegie Clean Energy     | CCE | new high                                  | wave energy                  |
| Cassini Resources         | CZI | new high                                  | nickel/Cu expl.              |
| Chalice Gold              | CHN | holding uptrend                           | gold                         |
| Cobalt Blue               | COB | uptrend commenced                         | cobalt                       |
| Corizon Mining            | CZN | collapsed out of uptrend                  | cobalt                       |
| Crusader Resources        | CAS | sideways through downtrend                | gold/iron ore                |
| Dacian Gold               | DCN | secondary downtrend                       | gold exploration             |
| Danakali                  | DNK | strongly higher                           | potash                       |
| Doray Minerals            | DRM | continuing to fall                        | gold                         |
| Duketon Mining            | DKM | testing downtrend                         | nickel                       |
| Eden Innovations          | EDE | new high                                  | carbon nanotubes in concrete |
| Energia Minerals          | EMX | heavy pullback                            | zinc                         |
| Equator Resources         | EQU | breached uptrend                          | cobalt/nickel                |
| Evolution Mining          | EVN | testing resistance line                   | gold                         |
| Excelsior Gold            | EXG | forming a base                            | gold                         |
| Finders Resources         | FND | breached downtrend                        | copper                       |
| First Australian          | FAR | new uptrend                               | oil/gas                      |
| First Graphite            | FGR | testing downtrend                         | graphite                     |
| Fortescue Metals          | FMG | new downtend                              | iron ore                     |
| Galaxy Resources          | GXY | breached support line                     | lithium                      |
| Galilee Energy            | GLL | testing uptrend                           | oil and gas, CBM             |
| Gascoyne Resources        | GCY | correcting lower                          | gold                         |
| Geopacific Res. Resources | GPR | testing downtrend                         | copper/gold exp.             |

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|                       |     |   |                            |                    |
|-----------------------|-----|---|----------------------------|--------------------|
| Global Geoscience     | GSC |    | new high                   | lithium            |
| Gold Road             | GOR |    | testing downtrend          | gold exploration   |
| Graphex Mining        | GPX |    | breached uptrend           | graphite           |
| Heron Resources       | HRR |    | drifting lower             | zinc               |
| Highfield Resources   | HFR |    | breached downtrend         | potash             |
| Highlands Pacific     | HIG |    | edging higher              | copper, nickel     |
| Hillgrove Resources   | HGO |    | rising again               | copper             |
| Hot Chilli            | HCH |    | testing downtrend          | copper             |
| Iluka Resources       | ILU |    | breached steep uptrend     | mineral sands      |
| Image Resources       | IMA |    | sideways at highs          | mineral sands      |
| Independence          | IGO |    | ST down                    | gold, nickel       |
| Intrepid Mines        | IAU |    | sideways                   | copper             |
| Karoo Gas             | KAR |    | breached downtrend         | gas                |
| Kibaran Resources     | KNL |    | breached support line      | graphite           |
| Kin Mining            | KIN |    | breached downtrend         | gold               |
| Legend Mining         | LEG |    | strong surge, then a slump | exploration        |
| Lithium Australia     | LIT |    | secondary downtrend        | lithium            |
| Lucapa Diamond        | LOM |    | down                       | diamonds           |
| Macphersons Res.      | MRP |    | new high                   | silver             |
| Medusa Mining         | MML |    | testing downtrend          | gold               |
| MetalsX               | MLX |   | breached uptrend           | tin, nickel        |
| Metro Mining          | MMI |  | testing uptrend            | bauxite            |
| Mincor Resources      | MCR |  | at apex of a wedge         | nickel             |
| Mineral Deposits      | MDL |  | continuing up              | mineral sands      |
| Mustang Resources     | MUS |  | correcting lower           | diamonds, rubies   |
| MZI Resources         | MZI |  | still in downtrend         | mineral sands      |
| Northern Minerals     | NTU |  | turning up                 | REE                |
| Northern Star Res.    | NST |  | breached resistance line   | gold               |
| NTM Gold              | NTM |  | breached uptrend           | gold               |
| Oceana Gold           | OGC |  | holding LT uptrend         | gold               |
| Oklo Resources        | OKU |  | steeply higher             | gold expl.         |
| OreCorp               | ORR |  | breached downtrend         | gold development   |
| Orinoco Gold          | OGX |  | rally from lows            | gold development   |
| Orocobre              | ORE |  | rallying                   | lithium            |
| Oz Minerals           | OZL |  | heavy slump                | copper             |
| Paladin Energy        | PDN |  | suspended                  | uranium            |
| Pacific American Coal | PAK |  | breached support line      | coal, graphene     |
| Pantoro               | PNR |  | new high                   | gold               |
| Panoramic Res         | PAN |  | heavy correction           | nickel             |
| Paringa Resources     | PNL |  | stronger                   | coal               |
| Peel Mining           | PEX |  | gentle uptrend             | copper             |
| Peninsula Energy      | PEN |  | slump                      | uranium            |
| Perseus Mining        | PRU |  | testing downtrend          | gold               |
| Pilbara Minerals      | PLS |  | breached wedge downside    | lithium/tantalum   |
| PNX Metals            | PNX |  | down                       | gold, silver, zinc |
| Potash West           | PWN |  | falling                    | potash             |
| Red River Resources   | RVR |  | breached uptrend           | zinc               |
| Regis Resources       | RRL |  | rallying                   | gold               |
| Resolute Mining       | RSG |  | holding long term support  | gold               |
| Reward Minerals       | RWD |  | testing downtrend          | potash             |
| RIO                   | RIO |  | slump                      | diversified        |
| RTG Mining            | RTG |  | down again                 | copper/gold        |
| Rum Jungle            | RUM |  | sideways                   | quartz             |
| Salt Lake Potash      | SO4 |  | steeply higher             | potash             |

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|                        |     |     |  |                              |
|------------------------|-----|-----|--|------------------------------|
| Saracen Minerals       | SAR |     | still under downtrend                  | gold                         |
| St Barbara             | SBM |     | breached resistance line               | gold                         |
| Sandfire Resources     | SFR |     | testing uptrend                        | copper                       |
| Santana Minerals       | SMI |     | testing downtrend                      | silver                       |
| Santos                 | STO |     | falling towards long term support line | oil/gas                      |
| Sheffield Resources    | SFX |     | heavy fall                             | mineral sands                |
| Silver Lake Resources  | SLR |     | heavy fall                             | gold                         |
| Silver Mines           | SVL |     | testing downtrend                      | silver                       |
| Sino Gas & Energy      | SEH |     | sideways                               | gas                          |
| Southern Gold          | SAU |     | down                                   | gold                         |
| Stanmore Coal          | SMR |     | breaching long term support            | coal                         |
| Sundance Energy        | SEA |     | breached uptrend                       | oil/gas                      |
| Syrah Resources        | SYR |     | falling heavily                        | graphite                     |
| Talga Resources        | TLG |     | new high                               | graphene                     |
| Tanami Gold            | TAM |     | short term down                        | gold                         |
| Tempo Australia        | TPP |     | breached downtrend                     | mining services              |
| Teranga Gold           | TGZ |     | secondary downtrend                    | gold                         |
| Tiger Realm            | TIG |     | down                                   | coal                         |
| Tiger Resources        | TGS |     | suspended                              | copper                       |
| TNG Resources          | TNG |     | spiked higher                          | titanium, vanadium           |
| Torian Resources       | TNR |     | downtrend                              | gold expl'n                  |
| Toro Energy            | TOE |     | down                                   | uranium                      |
| Troy Resources         | TRY |     | breaching steep downtrend              | gold                         |
| Tyranna Resources      | TYX |     | sideways                               | gold exploration             |
| Vimy Resources         | VMY |     | sideways                               | uranium                      |
| West African Resources | WAF |     | testing downtrend                      | gold                         |
| Westwits               | WWI |     | testing downtrend                      | gold exploration/development |
| Western Areas          | WSA |     | back to lows                           | nickel                       |
| White Rock             | WRM |     | hitting resistance                     | silver                       |
| Whitehaven Coal        | WHC |     | shallow downtrend breached             | coal                         |
| WPG Resources          | WPG |     | still down                             | gold                         |
| Wolf Minerals          | WLF |     | sideways at the lows                   | tungsten                     |
| Totals                 | 24% | 35  | Uptrend                                |                              |
|                        | 26% | 39  | Downtrend                              |                              |
|                        |     | 148 | 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**

| <b>Sector</b>    | <b>No. of Companies</b> | <b>Weighting</b> |  |
|------------------|-------------------------|------------------|--|
| Gold             | 33                      | 22.3%            |  |
| Copper           | 13                      | 8.8%             |  |
| Gold Exploration | 14                      | 9.5%             |  |
| Coal             | 10                      | 6.8%             |  |
| Oil/Gas          | 9                       | 6.1%             |  |
| Potash/Phosphate | 7                       | 4.7%             |  |
| Mineral Sands    | 7                       | 4.7%             |  |
| Graphite         | 6                       | 4.1%             |  |
| Silver           | 6                       | 4.1%             |  |
| Zinc             | 5                       | 3.4%             |  |
| Lithium          | 5                       | 3.4%             |  |
| Nickel           | 5                       | 3.4%             |  |
| Uranium          | 5                       | 3.4%             |  |
| Cobalt           | 4                       | 2.7%             |  |
| Tin              | 2                       | 1.4%             |  |
| Bauxite          | 3                       | 2.0%             |  |
| Diamonds         | 2                       | 1.4%             |  |
| Iron Ore         | 1                       | 0.7%             |  |
| Other            | 11                      |                  |  |
| <b>Total</b>     | <b>148</b>              |                  |  |

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