

8 July 2023

Chart comments at Friday's close

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Ardea Resources shows what can be done if the project is right

The new financial year started well, initially. The abatement of the selling enabled a number of the junior stocks to bounce off their lows but as the week progressed the weaker US market caused a wave of selling, particularly in the leaders such as BHP. The subdued economic recovery in China is not doing us any favours. We are still searching for a driver in the markets.

Many market participants are off on holidays at present and that always slows things down. July is typically a slow month with enthusiasm being muted. Often it is not until the Diggers and Dealers Conference that sentiment starts to inspire some confidence, early in August, and momentum starts to pick up. I will be joining the Australian crowd that has flown overseas, taking a three week break with the family in the USA. There may or may not be Weeklies produced in this period, depending upon competing priorities.

Ardea surges on deal with Japanese and PFS

Ardea Resources surged last week on news of a deal with Sumitomo Metal Mining, Mitsubishi Corporation and Mitsui, three heavyweights from Japan. Although the MoU is non-binding, it nevertheless is good testament to the quality Kalgoorlie Nickel Project - Goongarrie Hub.

The first step is to define a scope of work for a Definitive Feasibility Study, which will be funded by these three companies. That is good news for Ardea, not just in being free carried through this stage with a cost potentially in the order of \$50m, but because the Japanese Consortium will likely be doing it to the high standards it wants, rather than picking apart one already completed by the Company. There are still quite a few details that have to be decided, such as equity in the project and joint venture terms, but it is a good start.

Positive PFS as well

Additionally, a very positive PFS was released by Ardea last week, based on a 3.5 Mtpa operation that would produce an average of 30,000 tpa of nickel and 2,000 tpa of cobalt, over a 40 year mine life. This is going to be a low grade mine with reserve grades of 0.7% Ni, and 0.05% Co, yet it still has an excellent capex payback period of only three years. That is unusually short for a project of this size. The economics are obviously enhanced by the low waste to ore ratio of only 1.5:1 for the first 35 years. Another impressive figure is the average annual EBITDA of \$800m. The capex of \$3.1bn would normally be intimidating, but that becomes manageable when you have the three heavyweight Japanese companies stepping up to the plate.

All up, it is a great achievement by Ardea to get to this point. There is still heavy lifting to be done with a DFS likely to take 12-18 months to complete, and construction could easily be another couple of years once a commitment is made, but this is a reflection of the size of the project. The

partners will want it done properly. It might become too serious for the punters in the market but it will nonetheless offer useful leverage for those who want a proxy for the nickel price. Longer term investors should be able to take positions with confidence, knowing that this promises to be a very profitable project.

The Bottom Line

The deal announced by Ardea is an example of what can be done with very large strategic mining projects if you get the right parties involved, and the project has real merit. Normally the investors are intimidated by the amount of equity capital required by juniors for projects this size. That is why it is such a win for the company to have secured the participation of the Japanese Consortium. The risk profile for the development has been significantly moderated with the announcements today.

First Graphene roadshow well received

Last week First Graphene was on a roadshow in Sydney and Melbourne, the first time in over 12 months. The last year has been a waiting game as the Company has been preparing for large scale trials to be undertaken on graphene-enhanced cement by Breedon, the largest cement producer in the UK. As previously advised in ASX releases, this trial is the largest scale test of of its type ever undertaken.

There are plenty of companies telling us how they can make green cement i.e. carbon reduced cement, but most of their efforts have been in laboratory or small scale exercises. Doing the same at industrial scale is the real litmus test, and this takes time. Once these companies publish favourable initial tests results, it can easily be a years before they attract and engage with cement companies. Repeated tests are required, not just one. First Graphene has already gone through much of this phase and it has a ready made offtake partner in Breedon, provided the large scale tests confirm the earlier results.

At present First Graphene is selling its PureGraph products to about 30 buyers across a wide range of applications. Sales are growing by 30-50% p.a., from a small base. That is good, but the company is still producing below its breakeven volumes. The real money is in high volume applications with cement being one of the best examples. Success in the current and subsequent trials could require dramatic expansions in graphene production capacity and lead to very strong earnings. Capital expenditure will be needed, but it will be based on firm orders with an element of "bankability". The business is not capital intensive and most items can be purchased off the shelf. Capital payback is estimated to be much less than 12 months.

As significant as the cement initiative could be for First Graphene, it is not a one trick pony. There are several other product lines on the book that could provide the inflection

point and high volumes, but more about those later. The main point is that the patience of shareholders could soon be rewarded with a very strong growth curve that would go on for many years. We are not talking about a cyclical company here.

It was good to see that many of the investors and brokers visited last week seemed to appreciate the potential. This ties in with my frequent comments about the need for regular promotion to keep a company's name in the front of the minds of brokers and investors, in addition to operational performance.

Interestingly, the Company didn't have a presentation to speak to. Instead, it was a series of engaging conversations without the distraction of flicking through a power point presentation. Maybe there is a lesson in that.

Disclosure: Interests associated with the author own shares in First Graphene. The author is non-executive chairman of the Company.

Krakatoa surges on 4.3% lithium "discovery"

The last time we mentioned Krakatoa was in 2022, regarding a rare earths discovery in WA. Seven months later it announced a mineral resource of 101 Mt @ 840 ppm TREO (40% Indicated, 60% Inferred). Still, that wasn't enough to prevent the share price collapsing along with many other juniors over the last six months. However, there was a significant reversal of the share price last week with the announcement of rock-chip results from the King Tamba lithium exploration project near Mt Magnet in WA. The shares traded as high as 5.4¢, having been as low as 2¢ a week earlier.

I'm quite happy with the performance given that I have a few shares in Krakatoa, but in the interests of accuracy and relevance, we should note that rock chip sample assays should be treated with caution. They are always highly selective. They are like picking the eyes out of the mineralisation and will never be representative of the average grade of an orebody. Nevertheless, the more aggressive punters can get exited, like we saw last week.

On the positive side, the samples come from an 800m long mineralised zone enriched with tantalum and niobium. Within this the Wilson Zone hosts a series of pegmatite outcrops over 250m and it is drill ready. More work is

required to determine which minerals are hosting the lithium, and a drill program is being planned to test the prospect at depth.

Market activity and funding

The daily value of the shares traded on the ASX over the last 30 days has been usually less than \$10,000. On the day of the release the value was \$5.3m, so the traders really got stuck into it. Then, surprise surprise, the shares went into a trading halt on Thursday to undertake a capital raising (we don't have the details). Prior to the placement the market capitalisation was a modest \$15m. The rock chip samples appear to have been very convenient. Here's hoping that the drill results can match the excitement of the rock chip assays.

Disclosure: Interests associated with the author own shares in Krakatoa Resources.

Xantippe consolidating shares 200 into 1

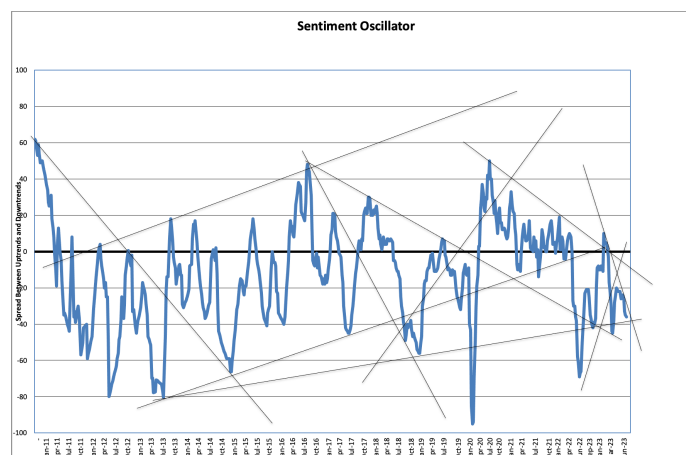
When a company's share price is trading below 1¢, every tick in the price represents a big percentage move. That gives traders an incentive to buy at say, 0.5¢, and immediately get in the queue with a sell order at 0.6¢ in order to lock in a 20% gain. It is as simple as milking a cow, but it causes the share price to be locked into a range from which it has trouble escaping.

A recent example is Xantippe Resources, which has been trading at 0.2-0.3¢ recently. It is useless charting these shares as the picture is one of a flat lying sideways pattern with big percentage moves, but very little volatility.

It is good to see the board has bitten the bullet and decided to undertake a 200 into one consolidation, reducing the 11.5 billion shares on issue to only 57.4 million. The conventional wisdom is that a consolidation should be accompanied by positive news flow. Maybe this is an early pointer of better things to come.

Disclosure: Interests associated with the author own shares in Xantippe Resources.

We have added Australian Strategic Minerals (ASM) to the chart coverage.



Sentiment Oscillator: Sentiment dropped again last week. There were 20% (20%) of the charts in uptrend, and 56% (55%) in downtrend. Provided that there are no dramatic shocks to the market that might cause short term panic, the oscillator is telling us the we are just above a support level from which the market will move higher.

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 support line	
Metals and Mining	XMM	failed at resistance line	
Energy	XEJ	edging higher	
Information Technology	XIJ	pullback	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	still in downtrend	boron
92 Energy	92E	stronger, within a longer term downtrend	uranium
A-Cap Energy	ACB	still at lows	uranium
Alpha HPA	A4N	new high	HPA
Adriatic Resources	ADT	off its highs	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	back to lows	coal, gold exploration
Alkane Resources	ALK	testing uptrend	gold
Alicanto Minerals	AQI	sideways at lows	base metals, silver, gold
Almonty Industries	All	weaker	tungsten
Altech Chemical	ATC	failing at resistance line	HPA, anodes
Anteotech	ADO	back into downtrend	silicon anodes, biotech
Alto Metals	AME	still in downtrend	gold exploration
American Rare Earths	ARR	down steeply	rare earths
Antilles Gold	AAU	rising	gold
Anax Metals	ANX	sideways below 8c	copper
Arafura Resources	ARU	down	rare earths
Ardea Resources	ARL	spike to meet resistance line	nickel
Aurelia Metals	AMI	back to lows	gold + base metals
Australian Rare Earths	AR3	heavy correction on placement	rare earths
Australian Strategi Materials	ASM	sideways	rare earths
Arizona Lithium	AZL	new low	lithium
Azure Minerals	AZS	another surge higher	nickel exploration
BHP	BHP	breached uptrend	diversified, iron ore
Barton Gold	BGD	resting on support line	gold exploration
Beach Energy	BPT	down	oil and gas
Bellevue Gold	BGL	off its highs	gold exploration
Benz Mining	BNZ	surging out of downtrend	gold
Black Cat Syndicate	BC8	recapturing uptrend	gold
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	at resistance line	silver/lead

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Buru Energy	BRU		new low	oil
Calidus Resources	CAI		new low	gold
Caravel Minerals	CVV		on support line	copper
Carnaby Resources	CNB		testing downtrend	copper
Castile Resources	CST		still in downtrend	gold/copper/cobalt
Celsius Resources	CLA		rising on takeover bid	copper
Cobalt Blue	COB		breaching downtrend	cobalt
Cyprium Metals	CYM		suspended	copper
Dateline	DTR		correcting lower	rare earths
Ecograf	EGR		new low	graphite
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		risen to resistance line	gas
EQ Resources	EQR		on support line	tungsten
Euro Manganese	EMN		new low	manganese
Evolution Energy	EV1		down	graphite
Evolution Mining	EVN		off its highs	gold
First Graphene	FGR		down	graphene
Fortescue Metals	FMG		rising again	iron ore
FYI Resources	FYI		down	HPA
Galena Mining	G1A		off its lows	lead
Genesis Minerals	GMD		trying to breach downtrend	gold
Genmin	GEN		testing downtrend	iron ore
Gold Road	GOR		breaching support line	gold
Great Boulder Resources	GBR		sideways to lower	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		testing downtrend	gold exploration
Hastings Technology Metals	HAS		bounced off lows	rare earths
Hazer Group	HZR		breached uptrend, ST down	hydrogen
Heavy Minerals	HVY		down	garnet
Highfield Resources	HFR		down	potash
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		still at highs	mineral sands
ioneer (was Global Geoscience)	INR		breaching ST uptrend	lithium
Ionic Rare Earths	IXR		down	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Resources	JRL		at lows	lithium
Kaiser Reef	KAU		sideways through downtrend	gold
Kalina Power	KPO		new low	power station additive
Krakatoa Resources	KTA		surge out of downtrend	rare earths
Kingfisher Mining	KFM		off its lows	rare earths
Lepidico	LPD		sideways at lows	lithium
Lindian Resources	LIN		back to highs	rare earths + bauxite
Lion One Metals	LLO		surge out of downtrend	gold
Li-S Energy	LIS		breached downtrend	Lithium sulphur battery technology

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Los Cerros	LCL		down	gold exploration
Lotus Resources	LOT		down	uranium
Lucapa Diamond	LOM		testing downtrend	diamonds
Lunnon Metals	LM8		testing uptrend	nickel
Lynas Corp.	LYC		down	rare earths
Mako Gold	MKG		sideways	gold exploration
Marmota	MEU		drifting lower	gold exploration
Matador Mining	MZZ		down	gold exploration
Mayur Resources	MRL		testing downtrend	renewables, cement
Meeka Gold	MEK		bouncing off lows	gold
Megado Gold	MEG		breached uptrend then rebound	rare earths, gold exploration
MetalsX	MLX		down	tin, nickel
Meteoric Resources	MEI		rising again	rare earths
Metro Mining	MMI		rising	bauxite
Midas Minerals	MM1		steeply higher	lithium
Musgrave Minerals	MGV		up on takeover approach	gold exploration
Nagambie Resources	NAG		down	gold, antimony
Neometals	NMT		breached downtrend	lithium
Newfield Resources	NWF		down	diamonds
Northern Star Res.	NST		down	gold
Nova Minerals	NVA		spiked higher	gold exploration
Orecorp	ORR		off its lows	gold development
Pacific Gold	PGO		breached short term uptrend	gold exploration
Pantoro	PNR		down	gold
Panoramic Res	PAN		down	nickel
Parabellum Resources	PBL		down	rare earths
Patriot Battery Metals	PMT		testing uptrend	lithium
Peak Resources	PEK		down	rare earths
Peninsula Energy	PEN		rising	uranium
Perseus Mining	PRU		down	gold
Poseidon Nickel	POS		sideways	nickel
Provaris Energy	PV1		sideways	hydrogen
QMiners	QML		new low	copper
Queensland Pacific Metals	QPM		long term down	nickel/cobalt/HPA
RareX	REE		down	rare earths, phosphate
Regis Resources	RRL		uptrend breached	gold
Reenergy	RLT		breaching steepest downtrend	gas, helium
Richmond Vanadium	RVT		sideways	vanadium
RIO	RIO		recovery, but within a downtrend	diversified, iron ore
Rumble Resources	RTR		secondary downtrend	gold exploration
S2 Resources	S2R		testing gentle downtrend	gold exploration
Sandfire Resources	SFR		down	copper
Santos	STO		softer	oil/gas
Sarama Resources	SRR		down to new low	gold exploration

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Sarytogan Graphite	SGA		down	graphite
Siren Gold	SNG		bounce from lows	gold exploration
South Harz Potash	SHP		down again	potash
Southern Cross Gold	SXG		down	gold exploration
Southern Palladium	SPD		down	PGMs
Stanmore Coal	SMR		down	coal
Strandline Resources	STA		down	mineral sands
Sunstone Metals	STM		breached steepest downtrend	gold/copper exploration
Suvo Strategic Minerals	SUV		new low	kaolin
Talga Resources	TLG		holding support line	graphite
Tamboran Resources	TBN		sideways	gas
Technology Metals	TMT		down	vanadium
Theta Gold Mines	TGM		sideways	gold
Thor Mining	THR		sideways	gold exploration
Tietto Minerals	TIE		still down	gold
Vanadium Resources	VR8		drifting lower	vanadium
Venture Minerals	VMS		down	tin, tungsten
Vintage Energy	VEN		down	gas
Voltaic Strategic Resources	VSR		off its highs	REO + lithium
West African Resources	WAF		down	gold
West Cobar	WC1		down	rare earth + lithium
Westgold Resources	WGX		off its highs	gold
West Wits Mining	WWI		at lows	gold
Whitehaven Coal	WHC		bouncing off lows	coal
Xantippe Resources	XTC		down	lithium
Zenith Minerals	ZNC		down	gold exploration
Totals	20%	28	Uptrend	
	56%	79	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.

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Weightings of Sectors Represented in the Company Charts			
Sector	No. of Companies	Weighting	
Gold Exploration	20	14.1%	
Gold	21	14.8%	
Rare Earths	16	11.3%	
Lithium	10	7.0%	
Oil/Gas	9	6.3%	
Copper	9	6.3%	
Nickel	7	4.9%	
Iron Ore/Manganese	5	3.5%	
Graphite/graphene	5	3.5%	
Uranium	5	3.5%	
Silver	4	40.0%	
Tungsten	3	2.1%	
Mineral Sands	2	1.4%	
Vanadium	3	30.0%	
Zinc/Lead	2	1.4%	
Coal	2	1.4%	
Potash/Phosphate	2	1.4%	
Bauxite	2	1.4%	
Tin	2	1.4%	
Cobalt	1	0.7%	
Diamonds	2	1.4%	
Other	10		
Total	142		

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