

Leaders and juniors going opposite directions

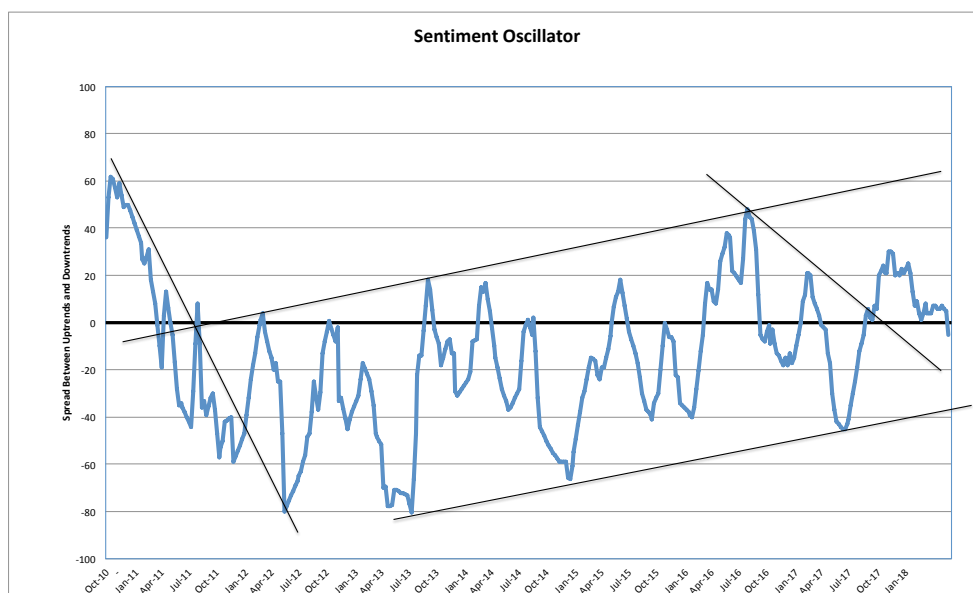
We saw a continued improvement in many stocks last week, particularly with the leading stocks as they were recovering from pullbacks and profit taking. While there was nothing exciting in this observation, it was further evidence that the we are still within broad uptrends.

However, the junior end of the market headed the opposite direction to the leaders with trading patterns that we see almost every June. Prices drift lower on limited volume as we approach the close of the fiscal year. There is no point into getting emotional about the weakness in so many prices. In thin markets any bad news will be dealt with more severely and capital raisings will struggle to get away. So it is every year at this time.

The Sentiment Oscillator has weakened off over the last week due to the larger number of junior stocks represented. Again, this is to be expected.

The battery input sector is giving mixed messages at the moment. Whereas there is a good argument for saying that the lithium sector has peaked and many stocks are looking sicker, we are seeking some new-found strength in some of the leading lithium stocks. Lithium is still a thematic that is resonating with institutional money.

The same cannot be said of cobalt stocks though. They have been very disappointing over the last month or more, notwithstanding the critical shortage of this metal. It may be that there is not only a shortage of cobalt itself, but there is also a shortage of credible companies that are suitable for institutional portfolios. We are yet to see the big swing into this sector but we are confident it will come.



Sentiment Indicator: Sentiment slumped during the week as junior stocks came under pressure due to end of year tax selling; 33% (36%) of the charts were in uptrend and 38% (30%) 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.

Indices	Code	Trend Comment	
All Ordinaries	XAO	continuing with uptrend	
Metals and Mining	XMM	continuing with uptrend	
Energy	XEJ	continuing with uptrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest

Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Aeon Metals	AML	correcting below resistance line	copper + cobalt
Alacer Gold	AQG	pullback	gold – production
Alkane Resources	ALK	wedge forming	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Aguia Resources	AGR	rallying from low	phosphate
Alchemy Resources	ALY	base forming	nickel, cobalt
Alicanto Minerals	AQI	down	gold exploration
Allegiance Coal	AHQ	softer	coal
Alliance Resources	AGS	continuing down	gold exploration
Altech Chemicals	ATC	holding on support line	industrial minerals - synthetic sapphire
Anova Metals	AWV	new low on poor production report	gold
Antipa Minerals	AZY	new low	gold
Apollo Consolidated	AOP	slump	gold exploration
Archer Exploration	AXE	breach of support	magnesite, graphite
Argent Minerals	ARD	sideways within downtrend	polymetallic
Aurelia Metals	AMI	new high	gold + base metals
AusTin	ANW	down	tin, cobalt
Australian Bauxite	ABX	but a new low	bauxite
Australian Potash	APC	down	potash
Australian Mines	AUZ	down	cobalt/nickel
Australian Vanadium	AVL	breached support line	vanadium
Azure Minerals	AZS	new low	silver
BHP	BHP	re-approaching recent high	diversified
Base Resources	BSE	sideways through downtrend	mineral sands
Bathurst Resources	BRL	sideways	coal
Battery Minerals	BAT	down	graphite
BBX Minerals	BBX	down	gold
Beach Energy	BPT	correction from high	oil and gas
Beadell Resources	BDR	another new low	gold
Berkeley Energia	BKY	down	uranium
Berkut Minerals	BMT	new low	cobalt
Blackham Resources	BLK	correcting lower again	gold
Blackstone Minerals	BSX	new low	gold, cobalt
Broken Hill Prospect.	BPL	sideways	minerals sands, cobalt
Buru Energy	BRU	new high	oil
Cardinal Resources	CDV	testing uptrend, down	gold exploration
Cassini Resources	CZI	sideways	nickel/Cu expl.
Celsius Resources	CLA	off high after placement	copper/cobalt
Chalice Gold	CHN	heading lower	gold
Cobalt Blue	COB	testing steep uptrend	cobalt
Comet Resources	CRL	heavy slump	graphite/graphene
Consolidated Zinc	CZL	continuing weakness	zinc
Crusader Resources	CAS	new low	gold/iron ore
Dacian Gold	DCN	off its highs	gold exploration
Danakali	DNK	weakness confirms downward direction	potash
Doray Minerals	DRM	resumed uptrend	gold
Draig Resources	DRG	sideways out of uptrend	gold
Eden Innovations	EDE	down	carbon nanotubes in concrete
Egan Street Resources	EGA	sideways	gold
Emerald Resource	EMR	testing downtrend	gold
Evolution Mining	EVN	new high	gold
Excelsior Gold	EXG	slump, testing uptrend	gold
FAR	FAR	risen to meet long term resistance line	oil/gas

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

First Cobalt	FCC		new low	cobalt
First Graphene	FGR		holding uptrend	graphite
Frontier Diamonds	FDX		down after IPO	diamonds
Fortescue Metals	FMG		rallied out of steepest, but still in LT downtrend	iron ore
Galaxy Resources	GXY		rising again	lithium
Galilee Energy	GLL		testing uptrend	oil and gas, CBM
Gascoyne Resources	GCY		holding longer term uptrend	gold
Global Geoscience	GSC		new high	lithium
Gold Road	GOR		new high	gold exploration
Golden Rim	GMR		slumped to new low	gold exploration
Graphex Mining	GPX		breaching downtrend	graphite
Heron Resources	HRR		downtrend persisting	zinc
Highfield Resources	HFR		down again	potash
Highlands Pacific	HIG		new high in uptrend	copper, nickel
Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		on support line	mineral sands
Image Resources	IMA		resumed LT uptrend	mineral sands
Independence Group	IGO		rising, but with a pullback	gold, nickel
Jervois Mining	JVR		renewed downtrend	nickel/cobalt
Karoon Gas	KAR		new low	gas
Kasbah Resources	KAS		sideways	tin
Kibaran Resources	KNL		firmer, testing trendline	graphite
Kin Mining	KIN		down heavily	gold
Legend Mining	LEG		upside break from correction trend	exploration
Lepidico	LPD		breached uptrend	lithium
Lithium Australia	LIT		breached uptrend	lithium
Lucapa Diamond	LOM		breached downtrend	diamonds
Macphersons Res.	MRP		Spike though downtrend, then pullback	silver
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		slump through support	tin, nickel
Metro Mining	MMI		downtrend	bauxite
Mincor Resources	MCR		uptrend	nickel
Mineral Deposits	MDL		strongly higher on takeover approach	mineral sands
Myanmar Minerals	MYL		downtrend breached	zinc
MZI Resources	MZI		new low	mineral sands
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		rallied back to resistance line	REE
Northern Star Res.	NST		off its high	gold
NTM Gold	NTM		breached downtrend	gold
Oceana Gold	OGC		breached downtrend	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		holding support	gold development
Orinoco Gold	OGX		sideways	gold development
Orocobre	ORE		upside breakout from downtrend	lithium
Oz Minerals	OZL		continuing in uptrend	copper
Pacific American Coal	PAK		strongly higher	coal, graphene
Pantoro	PNR		pullback	gold
Panoramic Res	PAN		new high	nickel
Peel Mining	PEX		surge to new high, then pullback	copper
Peninsula Energy	PEN		sideways through downtrend	uranium
Perseus Mining	PRU		breached downtrend	gold
Pilbara Minerals	PLS		rallying	lithium/tantalum
PNX Metals	PNX		sideways	gold, silver, zinc

This commentary is provided at no charge and in good faith from sources believed to be reliable and accurate. Far East Capital Ltd directors and employees do not accept liability for the results of any action taken on the basis of information provided or for any errors or omissions contained therein. Readers should seek investment advice from their professional advisors before acting on information contained therein. Please see **Disclosure of Conflicts of Interest** at the end of this commentary.

Prodigy Gold	PRX		name change from ABM Resources	gold
Red5	RED		down	gold
Red River Resources	RVR		fallen to support line	zinc
Regis Resources	RRL		new high	gold
Resolute Mining	RSG		still in downtrend	gold
RIO	RIO		back to highs	diversified
Salt Lake Potash	SO4		breached downtrend	potash
Saracen Minerals	SAR		new high	gold
St Barbara	SBM		strong	gold
Sandfire Resources	SFR		new high	copper
Santana Minerals	SMI		new low	silver
Santos	STO		off its high	oil/gas
Sheffield Resources	SFX		rising again	mineral sands
Sino Gas & Energy	SEH		confirming uptrend	gas
Sipa Resources	SRI		sideways	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		testing downtrend	coal
Sundance Energy	SEA		testing uptrend	oil/gas
Syrah Resources	SYR		back to downtrend	graphite
Talga Resources	TLG		sideways	graphene
Tanami Gold	TAM		sideways	gold
Tempo Australia	TPP		testing downtrend	mining services
Tiger Realm	TIG		spiked higher, off lows	coal
Torian Resources	TNR		new low	gold expl'n
Triton Minerals	TON		down	graphite
Troy Resources	TRY		uptrend breached	gold
Tyranna Resources	TYX		back to lows	gold exploration
Vango Mining	VAN		surge to new high	gold
Vector Resources	VEC		new low	gold
Vimy Resources	VMY		down	uranium
Volt Resources	VRC		uptrend breached	graphite
West African Resources	WAF		down	gold
Westwits	WWI		down	gold exploration/development
Western Areas	WSA		rising again	nickel
White Rock Minerals	WRM		new low	silver
Whitehaven Coal	WHC		new high	coal
WPG Resources	WPG		down again	gold
Wolf Minerals	WLF		sideways at lows	tungsten
Totals	33%	47	Uptrend	
	38%	54	Downtrend	
		143	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	33	23.1%
Gold Exploration	16	11.2%
Copper	8	5.6%
Coal	8	5.6%
Oil/Gas	8	5.6%
Graphite	9	6.3%
Mineral Sands	7	4.9%
Cobalt	7	4.9%
Zinc	6	4.2%
Lithium	7	4.9%
Silver	5	3.5%
Nickel	5	3.5%
Potash/Phosphate	5	3.5%
Uranium	3	2.1%
Bauxite	2	1.4%
Tin	3	2.1%
Diamonds	3	2.1%
Iron Ore	1	0.7%
Other	7	
Total	143	

FEC Disclosure of Interests: It is a requirement of ASIC that holders of AFS licences prominently disclose any conflicts of interest. At all times readers should be aware that Far East Capital Ltd is an active investor. It shares its research and opinions free of charge to other investors and it aims to do so on an ethical basis. Accordingly, when it is writing about stocks in which it holds interests, these will be disclosed. In this week's publication FEC discloses that interests associated with the the author hold shares in MacPhersons and Orinoco. The author is chairman of First Graphene and one of the largest shareholders, through a number of entities. Over the last three years FEC has received fees from Blackstone Minerals, Broken Hill Prospecting, Cobalt Blue, First Graphene, Golden Rim, Lucapa Diamond Company, Orinoco Gold and West Wits for corporate and capital raising services. Its primary business is investing and managing its own money, but it does occasionally raise money for resource companies.

Disclaimer: This Research Report has been prepared exclusively for Far East Capital clients and is not to be relied upon by anyone else. In compiling this Commentary, we are of necessity unable to take account of the particular investment objectives, financial situation and needs of any of our individual clients. Accordingly, each client should evaluate the recommendations obtained in this Commentary in the light of their own particular investment objectives, financial situation and needs. If you wish to obtain further advice regarding any recommendation made in this Commentary to take account of your particular investment objectives, financial situation and needs, you should contact us. We believe that the advice and information herein are accurate and reliable, but no warranty of accuracy, reliability or completeness is given and (except insofar as liability under any statute cannot be excluded) no responsibility arising in any other way for errors or omissions or in negligence is accepted by Far East Capital Limited or any employee or agent. For private circulation only. This document is not intended to be an offer, or a solicitation of an offer, to buy or sell any relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrant, or rights with respect to or interests in any such securities). We do not guarantee the accuracy or completeness of the information herein, or upon which opinions herein have been based. At any time we or any of our connected or affiliated companies (or our or their employees) may have a position, subject to change, and we or any such companies may make a market or act as principal in transactions, in any relevant securities or provide advisory or other services to an issuer of relevant securities or any company therewith. Unless otherwise stated all views expressed herein (including estimates or forecasts) are solely those of our research department and subject to change without notice. This document may not be reproduced or copies circulated without authority. Copyright © Far East Capital Ltd 2018.