

Positive sentiment surged last week

Our mining company market is showing signs of a recovery coming through. The Metals and Minerals Index has broken out of the downtrend that had been sending it in the opposite direction to the All Ordinaries and the Energy Index. That means money is coming back into the sector. The gold price has been the most obvious positive factor as it is in a steep uptrend, but there is increasing talk about a bright outlook for copper. The rare earth and lithium prices seem to have bottomed. All this is encouraging investors to be coming out of their trenches, as sentiment is improving.

Relating this back to the Sentiment Oscillator chart on page two, you can see that the line has just broken the downtrend that started nearly four years ago. That is very positive. Provided there is no reversal from this point in the coming week, we should have a period of further rising prices. It will be time to loosen the purse strings.

Even with my experience, it has been confusing

I saw something on an email last week that sums up the recent situation (in the Kobeissi Letter). I'm glad I'm not the only person who has been confused.

- Stocks are rising like the Fed is about to cut rates
- Bonds are falling like rate hikes are coming back
- Gold prices are rising like we are entering a recession
- Oil prices are rising like the economy is perfectly fine
- Crypto is at all time highs like absolutely nothing is happening

What is happening here? Having posed that question, people who want to look into the crystal ball should read the opening paragraphs of this Weekly again. The weakness in the US markets late last week does not change the view, as it was a reaction to the inflation news and relates to timing rather than overall direction - provided inflation doesn't get worse from here.

Rising gold price is making WWI look better

Any company that is fortunate enough to have a large gold resource is looking better by the day. When West Wits did its DFS for the Quala Shallows Gold Project last year, it used the gold price of US\$1,850/oz. If we throw US\$2,300/oz into the sensitivities table of the model we see a dramatic improvement in the key measures. Have a look at the table below. At the higher gold price the IRR jumps to an impressive 83%. The peak funding requirement falls to only US\$34m. (Note that the mine ramps up to full production over three years to achieve steady state production of 70,000 oz p.a.). During that period it will receive cash flow from progressively expanding gold production and sales. The higher the gold price, the more money it can earn during the ramp period to alleviate external funding sources. Thus WWI is a big winner from the leverage to the gold price.

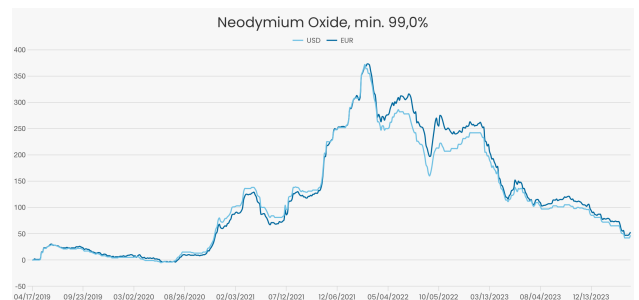
100% of Project	DFS	Updated
US\$ Gold Price	US\$1,850/oz	US\$2,300/oz
ZAR/USD	17.5	18.5
Post Tax NPV _{7.5}	US\$255m	US\$409m
Post Tax IRR	53%	83%
Peak Funding Requirement	US\$54m	US\$34m

NB: WWI is not in production yet. It is negotiating with third parties to secure mine finance. It has a 66% interest in the project.

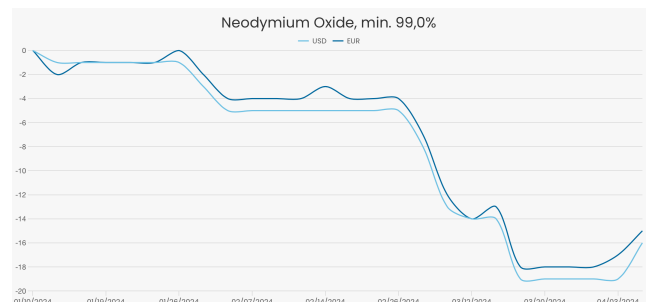
Disclosure: Interests associated with the author owns shares in West Wits, and he is a non-executive director. FEC has received fees for capital raisings.

NdPr prices showing a slight recovery

A reader pointed out that the NdPr prices have started to turn around, so I took a closer look. Looking at the neodymium price chart over the the last five years shows how high the price rose, and how far it has fallen. It looks to be in a downtrend still, but nearing the bottom.



Looking more closely at the last three months, you can see the bottom and the slight upward lift since then. Maybe it is the start of recovery but we need another month or two



before we can be certain. Some of the stock prices are already factoring in the upturn e.g. Lindian (LIN).

The lithium carbonate price chart is showing a similar pattern. It seems have bottomed and is now edging higher.



Geopolitical risk comes and goes

Investors will always have a list of reasons why they do or don't divert their funds into any particular company that is being promoted to them. It is part of the ploy to appear to be objective, even though it is often just an excuse. Geopolitical risk is often used as a reason for not going into some of the more exotic countries, though often it is an individual's perspective rather than hard reality. One example of this was when an established company was offered a position in a prospective South African gold producer, but it knocked back the approach on the basis that South Africa was viewed as having too high geopolitical risk. Yet that same company had acquired a project in war-torn Sudan. Beauty is in the eye of the beholder.

Sarama Resources (SRR) is a company with extensive gold resources in Burkina Faso. Last year it complemented its Canadian listing with one on the ASX, but the share price immediately headed south, falling 90% on the back of geological risk assessment in Burkina brought on by increasing Islamic militarism. Nevertheless, a successful company such as West African Resources is testament to

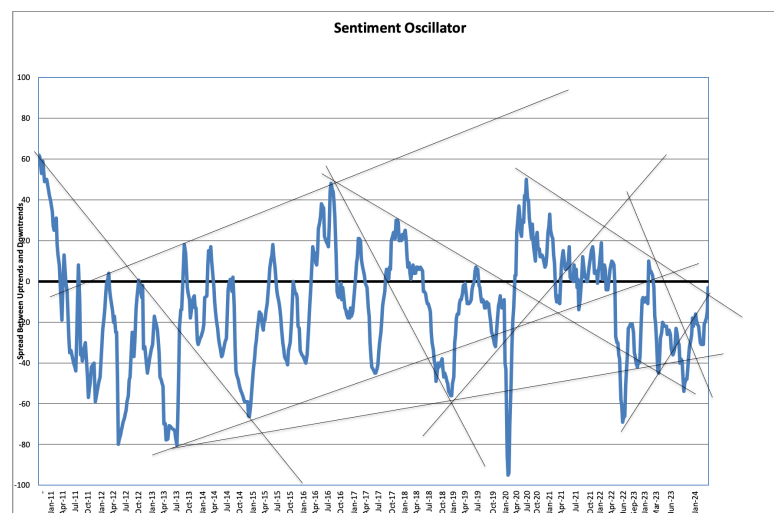
the fact that it is possible to run profitable operations in that country.

Once a share price has found a level at which everyone in the marketplace has had the opportunity to buy or sell, according to their preferences, there develops an appropriately stable base on the charts. In the case of Sarama, all of the negatives have been factored into the share price. Where that price moves in the future will be dependent upon what comes next. In the case of Sarama, the share price performed strongly last week as the gold price became the dominant influence, causing the market to overlook the geopolitical viewpoint. So, you have a battle between a positive and a negative factor. The positive gold price is providing trading opportunities for those prepared to overlook the negative. But note, Sarama's share price fell back down by the end of the week. There were obviously some stale bulls who were prepared to sell - or maybe these sellers were traders who did some bottom fishing and were happy to take trading profits.

Westgold share price is falling away

You might be surprised to see the Westgold Resources (WGX) share price falling away just as the gold price has been shooting higher. You shouldn't be. Last week WGX announced a takeover bid for Karora Resources, a Canadian-listed company with gold production in WA. Ramelius Resources (RMS) had looked at doing the same, but wasn't prepared to pay as high a price as Westgold.

When a takeover like this occurs, I would always prefer to be in the company being taken over rather than the company making the bid. The aggressor invariably has to pay a premium. What does the bidder know about the future of the target that its shareholders don't already know? Maybe the bid is promoted by the rationalisation of assets and costs. Maybe the bidder is desperate to get more ore to feed its mills, or maybe the whole exercise is driven by egos rather than economics. If it is the later, shareholders have good cause for concern. Time will tell if this has been a smart move but not all shareholders are prepared to wait. Hence, the share price fall should not be unexpected.



Sentiment Oscillator: Positive sentiment surged higher last week with a number of companies breaching downtrends. There were 33% (29%) of stocks in uptrend and 36% (44%) in downtrend at the close of the week.

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	at highs	
Metals and Mining	XMM	rising	
Energy	XEJ	still under long term downtrend line	
Information Technology	XIJ	peaking	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
5EA Advanced Materials	5EA	spiked through downtrend	boron
92 Energy	92E	trying to hold trend line	uranium
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	collapse on placement	coal, gold exploration
Aguia Resources	AGR	breached LT downtrend	phosphate, copper exploration
Alkane Resources	ALK	testing downtrend	gold
Alicanto Minerals	AQI	fallen back to lows	base metals, silver, gold
Alligator Energy	AGE	recovering	uranium
Almonty Industries	All	testing uptrend	tungsten
Alpha HPA	A4N	upside breakout from wedge	HPA
Altech Chemical	ATC	breaching downtrend	HPA, anodes
Alto Metals	AME	breached secondary downtrend	gold exploration
American Rare Earths	ARR	continuing to fall	rare earths
Anax Metals	ANX	rising	copper
Anteotech	ADO	collapse on another placement	silicon anodes, biotech
Arafura Resources	ARU	pullback	rare earths
Ardea Resources	ARL	breaching downtrend	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	gentle downtrend	gold
Averina	AEV	down heavily	phosphate
Aurora Energy Metals	1AE	back to trend line	uranium
Aurelia Metals	AMI	rising	gold + base metals
Australian Rare Earths	AR3	breaching downtrend	rare earths
Australian Strategic Materials	ASM	strong rally but hit LT resistance line	rare earths
Azure Minerals	AZS	another surge higher then pullback	nickel exploration
BHP	BHP	rising again	diversified, iron ore
Barton Gold	BGD	rising gently	gold exploration
Beach Energy	BPT	rising gently	oil and gas
Bellevue Gold	BGL	new high	gold exploration
Besra Gold	BEZ	collapse to new low	gold
Black Cat Syndicate	BC8	testing downtrend	gold

BMG Resources	BMG		down	gold exploration
Boab Metals	BML		strong rise	silver/lead
Cadoux (was FYI)	CCM		testing steepest downtrend	HPA
Calidus Resources	CAI		down to new low on placement	gold
Caravel Minerals	CVV		breached downtrend	copper
Carnaby Resources	CNB		secondary downtrend	copper
Castile Resources	CST		rallying	gold/copper/cobalt
Catalyst Metals	CYL		new uptrend	
Cazaly Resources	CAZ		forming a base	rare earths
Celsius Resources	CLA		stronger	copper
Cobalt Blue	COB		down again	cobalt
Cyprium Metals	CYM		breached downtrend, surged higher	copper
Ecograf	EGR		testing support line	graphite
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		breached support	gas
EQ Resources	EQR		breaching downtrend	tungsten
Euro Manganese	EMN		testing downtrend	manganese
Evolution Energy	EV1		new low	graphite
Evolution Mining	EVN		rising	gold
First Graphene	FGR		spiked higher	graphene
Fortescue Metals	FMG		off its high	iron ore
Genesis Minerals	GMD		rising	gold
Gold 50	G50		breaching downtrend	gold exploration + gallium
Great Boulder Resources	GBR		new low	gold exploration
Group 6 Metals	G6M		down	tungsten
Hamelin Gold	HMG		sideways through downtrend	gold exploration
Hastings Technology Metals	HAS		collapse to new low	rare earths
Hazer Group	HZR		testing downtrend	hydrogen
Heavy Minerals	HVY		new low	garnet
Hillgrove Resources	HGO		rising gently	copper
Iluka Resources	ILU		heavy fall	mineral sands
ioneer (was Global Geoscience)	INR		rising again	lithium
Ionic Rare Earths	IXR		breached downtrend	rare earths
Jervois Mining	JVR		new low	nickel/cobalt
Jindalee Lithium	JLL		back to lows	lithium
Kaiser Reef	KAU		improving	gold
Krakatoa Resources	KTA		beached downtrend	rare earths
Kingfisher Mining	KFM		breached downtrend	rare earths
Lepidico	LPD		new low	lithium
Lindian Resources	LIN		breached downtrend	rare earths + bauxite
Lion One Metals	LLO		heavy fall - suspension	gold
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold exploration
Lotus Resources	LOT		rising	uranium

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Lucapa Diamond	LOM		sideways	diamonds
Lunnun Metals	LM8		new low	nickel
Lynas Corp.	LYC		still down	rare earths
Marmota	MEU		rising	gold exploration
Mayur Resources	MRL		breached uptrend	renewables, cement
Meeka Gold	MEK		sideways through downtrend	gold
MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		breaching downtrend	rare earths
Metro Mining	MMI		new high	bauxite
Midas Minerals	MM1		slump	lithium
Nagambie Resources	NAG		another new low	gold, antimony
Neometals	NMT		new low	lithium
Newfield Resources	NWF		down	diamonds
Nexgen Energy	NXG		new high	uranium
Northern Star Res.	NST		rising	gold
Nova Minerals	NVA		off its highs	gold exploration
Pacific Gold	PGO		new low	gold exploration
Paladin Energy	PDN		new high	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		testing downtrend	lithium
Peak Resources	PEK		new low	rare earths
Peninsula Energy	PEN		breached downtrend	uranium
Perseus Mining	PRU		testing support line	gold
Poseidon Nickel	POS		new low	nickel
Provaris Energy	PV1		down	hydrogen
QMines	QML		new low	copper
Queensland Pacific Metals	QPM		new low	nickel/cobalt/HPA
RareX	REE		new low	rare earths, phosphate
Regis Resources	RRL		turned down again	gold
Regergen	RLT		breached downtrend	gas, helium
Richmond Vanadium	RVT		softer	vanadium
RIO	RIO		rising again	diversified, iron ore
Rumble Resources	RTR		new low	gold exploration
S2 Resources	S2R		sideways	gold exploration
Sandfire Resources	SFR		rising again	copper
Santos	STO		weaker	oil/gas
Sarama Resources	SRR		rising	gold exploration
Sarytogan Graphite	SGA		testing uptrend	graphite
Siren Gold	SNG		bounced from lows	gold exploration
South Harz Potash	SHP		new low	potash
Southern Cross Gold	SXG		spike to new high	gold exploration
Southern Palladium	SPD		testing downtrend	PGMs
Stanmore Coal	SMR		down	coal
Sunstone Metals	STM		breaching downtrend line	gold/copper exploration

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Suvo Strategic Minerals	SUV		rising	kaolin
Talga Resources	TLG		rallying	graphite
Tamboran Resources	TBN		rising again	gas
Theta Gold Mines	TGM		rising again	gold
Thor Energy	THR		new uptrend	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Vanadium Resources	VR8		breaching downtrend	vanadium
Venture Minerals	VMS		rising	tin, tungsten
Vertex Minerals	VTX		down	gold
Vintage Energy	VEN		new low	gas
Voltaic Strategic Resources	VSR		new low	REO + lithium
Walkabout Resources	WKT		sideways	graphite
West Cobar	WC1		new low	rare earth + lithium
Westgold Resources	WGX		new high	gold
West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		testing uptrend	coal
Zenith Minerals	ZNC		new low	gold exploration
Totals	33%	45	Uptrend	
	36%	48	Downtrend	
		135	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 Exploration	18	13.3%
Gold	20	14.8%
Rare Earths	14	10.4%

Lithium	9	6.7%	
Copper	9	6.7%	
Uranium	9	6.7%	
Oil/Gas	8	5.9%	
Nickel	6	4.4%	
Iron Ore/Manganese	4	3.0%	
Graphite/graphene	6	4.4%	
Silver	4	50.0%	
Tungsten	3	2.2%	
Mineral Sands	1	0.7%	
Vanadium	3	37.5%	
Zinc/Lead	1	0.7%	
Coal	2	1.5%	
Potash/Phosphate	3	2.2%	
Bauxite	2	1.5%	
Tin	2	1.5%	
Cobalt	1	0.7%	
Diamonds	2	1.5%	
Other	8		
Total	135		

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