

Continued softness in the mining market

The All Ords is showing great resilience at present, recovering to resume the uptrend that has been in play since early 2016, when it formed a base at 4,800. It is now 23% higher than a year ago, notwithstanding the number of concerns about the economy, the politics and the longevity of the property boom. The most recent strength has been occurring while the mining sector has been in a pullback mode, notwithstanding that international economic news should be supportive of better commodity prices.

Gold is showing more promise but iron ore less so

Gold crept up to US\$1,264/oz in trading on Monday, in New York, as the Dow experienced its eighth daily fall in succession. Yet, the buyers haven't embraced gold company shares sufficiently to turn the tide. Most of them are still in downtrends that go back to July 2016, as bullion tries to figure out where it wants to be.

Iron ore is being talked down by most commentators now, with Chinese stockpiles at record levels and suggestions that steel production is destined to fall. The rains in Queensland might interrupt coking coal production, so maybe the spot market will tighten up. Apart from that, there has not been much news on the commodity front.

Maiden profit for Lucapa - A\$3.6m

For some strange reason Lucapa didn't make a song and dance about its maiden profit. Rather than making a celebratory ASX release, like every other company would have done, it hid the news in the annual report. Thus it missed out on a great promotional opportunity, much to the chagrin of shareholders.

The calendar year profit was US\$2.7m (A\$3.6m), from a year which saw the ramping up of production from its Lulo diamond mine in Angola. This was based on sales of US\$51m for the year. Already, in the first two months of 2017, LOM has reported sales of US\$11m. Thus 2017 promises to be a much better year.

Funds have begun flowing back to Australia with a distribution of A\$7.3m. Thus, on all measures, Lucapa is proving itself to be both a technical and financial success. It is now entering the wealth accumulation phase on the alluvials, while still offering enormous promise on the hard rock kimberlite projects.

Lucapa's JORC resource increased 10% and grade by 54%

Normally it is very difficult to get a JORC resource for an alluvial operation, so it is a credit to Lucapa that it has been able to achieve this with its Lulo alluvial diamond mine, and now an increase on both tonnage and diamond value.

The latest figure, 10% larger than the initial resource, enables a mine life of more than four years at a rate of 20,000 bcm per month (after 15 months of continuous operations to date). More significant though is the 54% increase in the average diamond value to US\$1,246/ct.

More high grade gold hits for MacPhersons (MRP)

Diamond drilling at Boorara has returned another good intersection of 57m at 2.97 gpt, from 139m downhole. A second diamond hole returned multiple intercepts with the better ones being 32m at 1.86 gpt, 35m at 1.37 gpt and 11m at 2.96 gpt. An RC hole returned 69m at 1.32 gpt.

The continued success of the drilling confirms that we are looking at a large scale gold system with three identified gold deposits over a 1.5 km strike length. Again, the analysis of the geology shows it to be identical to the Mt Charlotte dolerite which has hosted 6 million ounces of gold along the Golden Mile, only 8 km to the west.

Of all the stocks we have under coverage, MacPhersons has been the best performer over the last month, rising from 9¢ to 30¢. There is no reason why it won't continue to rise while ever the drilling results keep adding to the database and the potential moves into the 1-2 Moz range.

Sir Richard Branson advocates graphene

It is encouraging to see Sir Richard Branson bestowing the merits of graphene during the week, describing the super-lightweight material as the answer to soaring fuel costs in the airline industry. He was one of the prime motivators for the use of carbon fibre materials in airplanes, resulting in the 787 Dreamliner being made 50% from carbon fibre. Branson says that graphene can provide order of magnitude improvements, provided it can be produced in scale. That is where First Graphite's low cost bulk production technology comes into play. <http://www.timeslive.co.za/thetimes/2017/03/29/Graphene-is-aviations-future-Branson>

What we are seeing in graphene business is a rising tide. Many industries are working on applications for this amazing new material. Each time one party makes a breakthrough it serves as a fillip for other pioneers. Still, regular supply of good quality graphene at reasonable cost has been holding back the rapid commercialisation of graphene. What FGR has to do is get in touch with these operators and let them know that it can address their supply concerns. I am assured that this is work in progress, as disclosed in the recent ASX release.

Nano Graphene Inc

When you have an embryonic material or industry such as graphene, it can be quite a challenge to get yourself up the learning curve quickly. The lack of knowledge in industry and amongst investors increases the risk of dissemination of misinformation. We see it on many occasions with speciality metals and mineral products, with graphite being a good recent example.

The presentation by Volt Resources recently landed on my desk. Volt (VRC) is another flake graphite hopeful in Tanzania. Interestingly, it has announced a binding off-take agreement for the sale of 5,000 tonnes of concentrate over five years with Nano Graphene Inc., a US-based graphene

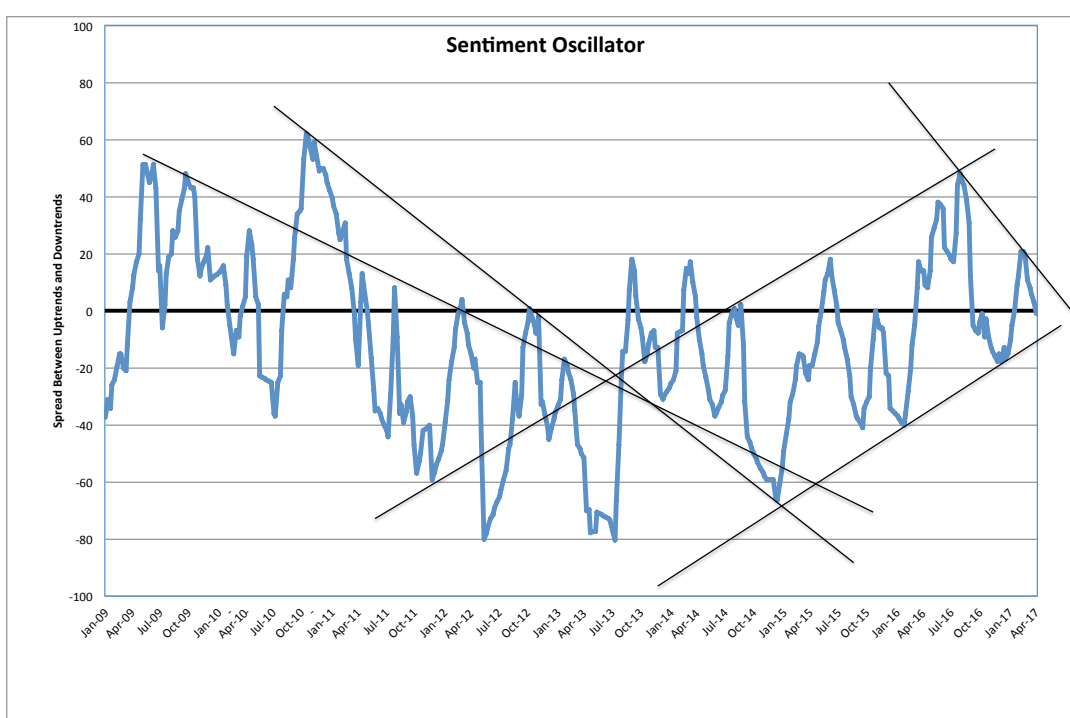
company. Without commenting on the merits of this deal, or whether VRC can meet the timeline, it is worth looking at what Nano Graphene says about graphene itself. Its website (<http://nanographene.net>) makes the following points;

- the graphene market is growing at 20-40% p.a., with global sales expected to be US\$113m by 2020, but client confidentiality is suppressing information flow.
- it expects that graphene used as an additive to battery electrodes will require 30,000 tpa of graphene, but with the introduction of new anode materials with 40% graphene content, demand for graphene is going to be around 120,000 tpa.
- a major use for graphene will be in plastics and polymers, totally changing these materials
- Nano Graphene is addressing the issues of cost, ecology and scalability of graphene production using an exfoliation method in water based solutions.

While it is pleasing to see such high estimates for graphene demand, it is very difficult to see how these sort of volumes can be supplied in the short term. After all, I can't find any evidence of global production of capacity in excess of 1,000 tpa at present. But, if there is any veracity in these estimates, you can expect a scramble for graphene producers in the market. As readers will know, I have been a strong advocate of First Graphite and its graphene capabilities, even though the market is struggling to understand the big picture here. FGR is perfectly poised to satisfy graphene demand as and when it escalates, with its ultra-efficient Graphene Cell technology.

Sentiment Oscillator says the retreat is almost over

The Oscillator shows clearly that the mining sector has been in retreat, going back as far as September 2016. We did have a strong rally early in 2017, but the bears regained ascendancy. The good news is that we are approaching strong support levels from which we can expect a bounce.



Sentiment Indicator: Sentiment slipped into the negative this week, the first time in 2017. There were 27% (29%) of the charts in uptrend and 28% (26%) 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	pushing higher
Metals and Mining	XMM	just holding support level
Energy	XEJ	broken correction pattern, moving higher



































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Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	sideways	gold
Aeon Metals	AML	testing 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
Agua Resources	AGR	ticking higher	phosphate
Alicanto Minerals	AQI	sideways at lows	gold exploration
Alltech Chemicals	ATC	testing short term uptrend	industrial minerals
Anova Metals	AWV	testing uptrend	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	lower	coal
Aurelia Metals	AMI	on support line	gold + base metals
Auroch Minerals	AOU	improving	exploration
Aus Tin	ANW	breached downtrend	tin, cobalt
Australian Bauxite	ABX	continuing down to new low	bauxite
Australian Potash	APC	breached steepest uptrend	potash
Australian Mines	AUZ	breached uptrend	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	holding LT uptrend	oil and gas
Beadell Resources	BDR	breached ST uptrend	gold
Berkeley Resources	BKY	breached uptrend	uranium
Berkut Minerals	BMT	heavy fall	cobalt
Blackham Resources	BLK	on long term support line	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	breaching uptrend	cobalt
Corizon Mining	CZN	collapsed out of uptrend	cobalt
Crusader Resources	CAS	sideways to higher	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

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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		turning down at resistance line	gold
Excelsior Gold	EXG		forming a base	gold
Finders Resources	FND		breached downtrend	copper
First Australian	FAR		testing downtrend	oil/gas
First Graphite	FGR		breached uptrend	graphite
Fortescue Metals	FMG		breached uptrend	iron ore
Galaxy Resources	GXY		breached support line	lithium
Galilee Energy	GLL		rising	oil and gas, CBM
Gascoyne Resources	GCY		correcting lower	gold
Geopacific Res. Resources	GPR		in long term downtrend still	copper/gold exp.
Global Geoscience	GSC		rolling over at highs	lithium
Gold Road	GOR		downtrend	gold exploration
Graphex Mining	GPX		testing uptrend	graphite
Heron Resources	HRR		drifting lower	zinc
Highfield Resources	HFR		breached uptrend	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		strong breach of downtrend	mineral sands
Independence	IGO		ST down	gold, nickel
Intrepid Mines	IAU		sideways	copper
Karoo Gas	KAR		fallen back to trendline	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		downtrend breached	lithium
Lucapa Diamond	LOM		fallen to long term support line	diamonds
Macphersons Res.	MRP		new high	silver
Medusa Mining	MML		free falling	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		breached steepest uptrend	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		at final 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		forming a wedge, holding long term uptrend	gold development
Orinoco Gold	OGX		rally from lows	gold development
Orocobre	ORE		seems to have stopped falling	lithium
Oz Minerals	OZL		heavy slump	copper
Paladin Energy	PDN		suspended	uranium
Pacific American Coal	PAK		breached support line	coal, graphene

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Pantoro	PNR		fallen to support line	gold
Panoramic Res	PAN		heavy correction	nickel
Paringa Resources	PNL		new high	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		downtrend confirmed	gold, silver, zinc
Potash West	PWN		falling	potash
Red River Resources	RVR		still in uptrend	zinc
Regis Resources	RRL		breaching ST uptrend	gold
Resolute Mining	RSG		turned down at final resistance line	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
Saracen Minerals	SAR		still under downtrend	gold
St Barbara	SBM		still under 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		pullback	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		suspended	coal
Tiger Resources	TGS		suspended	copper
TNG Resources	TNG		spiked higher	titanium, vanadium
Torian Resources	TNR		downtrend	gold expl'n
Toro Energy	TOE		but softening	uranium
Troy Resources	TRY		breaching steep downtrend	gold
Tyranna Resources	TYX		downtrend	gold exploration
Vimy Resources	VMY		sideways	uranium
West African Resources	WAF		beached secondary downtren	gold
Westwits	WWI		testing downtrend	gold exploration/development
Western Areas	WSA		back to lows	nickel
White Rock	WRM		hitting resistance	silver
Whitehaven Coal	WHC		testing shallow downtrend	coal
WPG Resources	WPG		still down	gold
Wolf Minerals	WLF		sideways at the lows	tungsten
Totals	27%	39	Uptrend	

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	28%	41	Downtrend	
		147	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	22.4%
Copper	13	8.8%
Gold Exploration	13	8.8%
Coal	10	6.8%
Oil/Gas	9	6.1%
Potash/Phosphate	7	4.8%
Mineral Sands	7	4.8%
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	
Total	147	

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