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FAR EAST CAPITAL
The Mining Investment Experts

Weekly Commentary

22 October 2016 — *Chart comments not updated* — Analyst : Warwick Grigor

Coal has replaced gold as the hottest sector

Lack of action is winning at present

No-one seems to be in a hurry to do anything just now. Normally, at this time of the year, the markets are quite active. The northern hemisphere summer holidays are over and it should be back to business as normal but it is different this year. It is generally accepted that markets will always hold together leading up to a US Presidential election, providing stability, but this is a different type of election campaign. We are witnessing the two most unpopular candidates in living memory and they have reduced the campaign to a pathetic circus. Could this be what is holding everyone back? Everyone seems to be looking the other way.

To some extent we are also seeing a market in which there needs to be more conviction, in the absence of compelling trends. This type of market needs more thought and more patience, and the ability to take a view rather than being washed along by the current. There are plenty of themes out there to consider. You just have to make a decision … or sit on the fence.

With the market doing nothing and investors sitting on their hands, the cash levels will be building up. This is particularly so with the superannuation funds that we keep paying every month. Eventually they will burst out of the gate and there will be a scramble for stock. The $64 question is what stocks will they buy.

Out with gold and in with coal

There is no point in denying it. The easy money in gold has come and gone for 2016. The gold price is on the back foot for the time being. There are plenty of stale bulls wondering why they went into gold stocks at higher levels and these guys will be sellers on a bounce in gold stocks. There needs to be a dramatic improvement in the gold price before the enthusiasm can take control again. Maybe this will happen if Trump wins the election. Maybe there will be another driver some time in 2017. Time will tell.

In the meantime coal is a much hotter place to be. In recent weeks we have been encouraging readers to move into the sector. Those who have done so will be smiling as many of these companies have risen by 100-200%, and more, over the past few months. The best performers have been the producers and those with advanced developments. There are still a few stocks that haven't moved much though. It is only a matter of time until traders wake up to them and buy with gusto. This is all about weight of money. Coal is where money is being made so it will attract yet more money. The fine tuning and analytical consideration will be more relevant further down the cycle, once the urgency to get set abates.

We added four coal companies to the chart coverage this week; Aspire Mining (AKM), Bathurst Resource (BRL), Stanmore Coal (SMR). and Tiger Realm (TIG). All are in strong uptrends as this sector has been the strongest over the past month or two. There is nothing in the charts to suggest that there is any loss of momentum. Over the decades I have seen coal go completely out of favour, and then come storming back when everyone had written it off. History is repeating itself irrespective of the negative publicity over recent years.

I remind you again of Pacific American Coal (PAK) with its high quality 250 Mt coking coal resource in British Columbia, Canada. PAK's shares have been non-performers in recent weeks while all of the other coking coal stocks have sky-rocketed. I suggest that this is because the market has been waiting for news on a capital raising. That news came out on Friday; a 1 for 8 issue at 10¢ with a 1 for 2 option attached. The issue is being managed by Far East Capital. As a small issue, less than $2m, any shortfall will quickly be gobbled up. There is exciting upside based on the coal resource.

Elsewhere we have added Finders Resources (FND) to the chart coverage. Finders is a recently proven copper producer. Its high grade SX-EW copper project in Indonesia always looked good on paper but it took a long time to get up and running. We have deleted Consolidated Zinc (CZL) and Coventry (CYY).

Hong Kong 121 Mining Conference

Last week the 121 Mining Conference was held in Hong Kong. More than 50 resource companies were presenting. This format, where you spend 30 minutes with each company, is more informative for analysts such as myself as I get a chance to see the whites of their eyes and ask the probing questions, as opposed to squinting to see what is on the big screen, or falling asleep in an auditorium listening to the stereotype sales pitches.

Thirty minutes is not enough time to get into too much detail, but it is long enough to get a flavour. I saw about half of the companies presenting. The following notes are quick characterisation comments that might be of interest. (Note that some of the these are Canadian listed stocks).

There are a number of junior stocks that seem to be priced very modestly. These could be bought even in the current soft market. There are some larger stocks amongst them that will require more institutional support before they perform in the market.

Base Metals

Orion Gold (ASX:ORN) Mkt Cap $12m, Cash < $1m

ORN has an option over the historically mined Prieska Copper Project in South Africa, with an $8m exercise price ($2m shares, $6m cash). A DFS to restart the mine would cost $20m. Both open pit and underground stages are contemplated, with the open pit phase to cost in the order of $55m and the underground mine, $130m. The combined life is likely to exceed 10 years. The project has good merit, enhanced by a supergene zone up to 20m wide and ZnEq grades of 12%, or CuEqu of 6%. The challenge will be first to raise the money to exercise the option, and then the money for the DFS and the capex.

Nevsun Resources (TSX, NYSE) MktCap US$1.2b, Cash US$220m

Nevsun is a mid-tier producer operating the maturing Bisha mine in Eritrea. This is VMS style geology that has seen its best days, courtesy of 900,000 oz at 8 gpt at the top, followed by 5% copper grades in the supergene zone. Profits are moderating as it is starting on the zinc horizon, but it has acquired the Timok copper gold project in Serbia to achieve another growth curve. This will take a while to develop, with the 36 Mt orebody grading 2.9% Cu and 1.7gpt Au starting at a depth of 400m. Before that a $35m PFS will be undertaken. The future looks good for this company.

Thunderlarra (ASX:THX) Mkt Cap $19m, Cash $5m

THX is still confident that it has a good copper deposit on its Red Bore leases, but the exact location is proving problematic. Rather than spending more money on this elusive target, the Company thinks it best to wait a while and eventually benefit from some data sharing and some sort of a deal with Sandfire. In the meantime it is focusing on gold exploration at Garden Gully near Meekatharra, where it is following up on some good early intercepts. At the moment it is well funded and is committed to puting that money to work with drilling, aiming to spend $1m per quarter. Drill results will add to interest.

Xanadu Mines (ASX:XAM) Mkt Cap $92m, Cash $12m

Xanadu is a Mongolian specialist company. Having been there more than 10 years, looking for a range of minerals, it is now specialising in copper with gold. It purchased an 85% interest in the Kharmagtai project in March 2016, for US$11m. Three deposits here host 203 Mt at 0.34% Cu and 0.33 gpt Au, with an high grade component of 56 Mt at 0.47% Cu and 0.59 gpt Au. Thus, the merit of the ground has been established with a CuEq grade of 0.85%, comfortably above the generally accepted minimum 0.6% grade needed to warrant development. From this point it is about optimising and seeking economics for a preferred 5 Mtpa operation. Speculation will revolve around how feasible this will be and whether or not Mongolia will become fashionable again.

Diamonds

Gem Diamonds (AIM) Mkt Cap £172m

Gem is a serious diamond producer with its main mine being Letseng, in Lesotho. This mine is famous for large, high value stones. Financial performance was affected by lower world diamond prices in 2015/16, with low quality prices falling by 20% and quality prices by 10%. However, there are signs of green shoots though with the mood in Antwerp improving. Firestone is bringing on a new mine with supply of small stones increasing by seven mill. carats in 2017, equal to 5% of global supply. This increase will need to be digested. Shareholders are also waiting for more news on the Ghaghoo operation following its downsizing.

Gold

Cardinal Resources (ASX:CDV) Mkt Cap $200m, Cash $21m

Cardinal has been a spectacular performer in the market this year courtesy of what is undoubtedly a very sizeable gold orebody in Ghana. Credible, down to earth management under the leadership of Archie Koimtsidis is a strong positive. He knows what he is doing and he is delivering results. We are waiting on the first ore resource for this large low grade orebody with speculators suggesting more than 3 Moz. Invariably the market overestimates the grade as ASX releases tend to highlight only better intercepts, so it will interesting to see how it reacts when the announcement comes out. Will it be happy with a grade of 1.2-1.4 gpt? We shall soon see.

Kairos Minerals (ASX:KAI) Mkt Cap $18m, Cash $4.5m

Kairos is the re-badged Mining Projects Group. While carrying a lithium flavour, the main project is the Mt York gold project (previously called Lynas Find, from which 125,000 oz was mined). The remaining resource is 258,000 oz at 1.5-2.0 gpt to a depth of 400m, but really only drilled with any certainty in the top 80m. Exploration at depth, and between the two main ore zones, may provide sufficient additional gold to warrant thoughts of development. Kairos is one of quite a number of junior stocks in the same position, for which enthusiasm will also be dependent upon the gold price.

Nexus Minerals (ASX:NXM) Mkt Cap $14m, Cash $7m

Nexus is a tightly run junior that has been around for a while but has not yet managed to graduate to the next level. It is hoping that the deal it has on the Pinnacles gold mine in WA, with Saracen, will change that. Nexus has almost completed the earn in to 85% ownership, and in the process it has lifted the resource from 28,000 oz at 2.1 gpt to 82,000 oz at 4.6 gpt. The deal with Saracen involves the sale of the ore at the mine gate (as opposed to toll milling), at the spot gold price less 1 gpt. Saracen will pay two weeks after delivery irrespective of whether it treats the ore or whether it goes to stockpile. At current economics, and a suggested rate of 15,000 pa, Nexus could be looking at cash flow of $9m p.a. Thus this is a company with no premium in the share price. Upside will come from exploration at depth and elsewhere on the licence.

Red Eagle Mining (TSX-V:RD) Mkt Cap C$215m, Cash $23m

Red Eagle is developing a 70,000 oz p.a. gold mine in Colombia. Commissioning of the plant is imminent and the underground mining has started on two production stopes with another two expected to be in operation by the end of January. All-in costs are estimated at US$671/oz on life-of-mine head grade of 4.57 gpt. This seems like a good project, initially with an eight year life, but likely to be much longer. The table presented showed it to be on a 2017 EBITDA of 3.6x which is cheap compared to its peers. The strategy involves getting this mine up and running, and spending $20m on exploration to determine just how big the system really is. There is still some commissioning risk to consider, mostly on the performance of the plant. One mining hurdle already overcome was the development of the decline through the saprolite zone, which cost $3m more than intended. Development advanced by as little as 1.5m per shift for a while, whereas it averages 20m per shift in the hard rock. RD looks good value.

Southern Gold (ASX:SAU) Mkt Cap $16m

SAU is a gold producer from the Canon Gold Mine, 35 km east of Kalgoorlie. It has a 50:50 production joint venture with the operator, Metals X, which is expected to yield SAU a cash flow of $13m over the next six months. Thereafter any extensions will depend up exploration results, but there is some optimism for more ore at depth. It has recently acquired a number of gold exploration licences in South Korea that offer considerable upside potential. It seems to be cheap value at these levels.

Starcore Intern. Mines (TSX-SAM) MktCapC$35m,Cash $10m

SAM is a junior producer company operating in Mexico. Its San Martin underground gold mine is producing around 20-24,000 oz pa, a level it has maintained for the past five years. A recently installed CIL plant will lift capacity to 30,000 oz p.a. It has a second source of earnings from a 25 tpd processing plant that treats third party concentrates. While there doesn't seem to be a single company making asset, it is more about building from a small but solid base and looking for opportunities through its contact with local operators in Mexico.

Taung Gold (SEHK:0621) Mkt Cap US$200m, Cash US$25m

Taung presents an unusual picture. It has major gold resources and projects in South Africa but it is listed in Hong Kong. The leader project, Evander, hosts 23 Moz in resources and 11.4 Moz in reserves, able to support a 1.5 Mtpa operation treating 7 gpt ore to recover around 300,000 oz pa. First production for this underground mine would be six years from the start of dewatering, once the permit is awarded. The capex would initially be US$580m, payback 3.6 years on current studies and an AISC of $583/oz. It is not a project for boys, so it is good that the company is run by Neil Herrick who has deep experience in this type of South African project. Taung has a second meaningful project, Jeanette, also in South Africa. The Measured and Indicated Resource here is 13 Mt at 22 gpt for 9.4 Moz.

There will be a time and place for a company like Taung, but so far it has been overlooked. This might be due to the listing in Hong Kong. Perhaps London would better understand the merits. It does show that just because you have a Hong Kong listing, it doesn't mean that the share price will automatically perform. South Africa and BEE will always gives investors cause to pause, and the long time frame to development means it is not one for short term traders, but there can't be any denying the technical merit of the projects. Nevertheless, at some point this will be a sought after institutional grade stock.

Tyranna Resources (ASX:TYX) Mkt Cap $15m, Cash $3m

TYX is a gold explorer with licences and a 66% JV with the owners of the Challenger gold mine and treatment plant, in South Australia. Since I went on a site visit earlier this year TYX has been coming up with some good drill results and extended the prospective strike length from 0.5 km to 1.25 km.

The Challenger orebodies were originally discovered using a novel calcrete sampling technique. TYX has modified this technique by collecting data from an horizon 3m below the surface, which seems to give much stronger signals.

The current 8,300m drill program, including 500m for diamond drilling, is work in progress. The first release came out last Tuesday, showing seven out of 19 holes had good intercepts ranging from 1m at 9.3 gpt and 10.2 gpt, to 5-6m at better than 2 gpt. A quick eyeballing gives grade of 2-4 gpt. The geology has similarities to that of Challenger. Expect more announcements over the next month.

Now the company has raised funds it is going to test the Typhoon and Monsoon locations further to the south, where historical intercepts include 8m at 5.5 gpt, 6m at 9.6 gpt, 3m at 8 gpt and 3m at 6.9 gpt.

This is a remote location but the availability of the Challenger mill could mean that any discovery could be fast-tracked to gold production, depending upon the co-operation of the mill owners. The more gold found the more likely that a takeover comes into contemplation.

White Rock (ASX:WRM) Mkt Cap $8m, Cash $1.8m

WRM has the Mt Carrington gold/silver project in northern NSW. Studies show a 6-7 year mine life with both gold and silver rich phases. The current 1 for 2 rights issue is raising up to $4.6m to carry it through to the decision-to-mine point. Development funding has been lined up with Cartesian Royalty Holdings via a streaming deal. Capex is estimated at a low $24m. There is still some work to do on the BFS and EIS, but the company has the benefit of strong technical management and an experienced board. It offers good leverage to the gold and silver prices. At these prices, currently weaker due to the entitlement issue underway, there is little downside and potential much upside on a better gold price outlook.

Mineral Sands

Base Resources (ASX:BSE) Mkt Cap $140m, Cash US$40m

If you believed the share price earlier in 2016, you would have thought that BSE was priced to fail. However, that price was due to institutional shareholders wanting to exit. The operations have actually performed credibly since commissioning, though falling commodity prices have impacted cash flows. Now that the selling has finished the shares have started to rise. Ilmenite prices are also improving. Base seems to be here to stay and looks set to improve further. It might not be long before they become acquisitive, potentially offering new growth curves. The shares continue to offer value at these levels.

Strandline Resources (ASX:STA) Mkt Cap $15m, Cash $4.8m

Further south down the coast from Base is Strandline, in Tanzania. It has a number of deposits with different mineral assemblages, but it wants to focus on rutile rather than ilmenite, in which Base specialises. If zircon prices take off it still has the Coburn resource in WA (from the days when it was Gunson Resources) Like Base, STA has a large private equity funding shareholder - in this case Tembo Capital, with 29%. STA still has a long way to go, but it is a legitimate mineral sands company with worthwhile projects.

Silver

MAG Silver (MAG:TSX/NYSE) Mkt Cap C$1.4b, Cash C$190m

MAG is quite an amazing silver company - one like we never see in Australia. It has a 44% interest in the high grade Juanicipio JV, hosting a 600 gpt silver project with 200 Moz. Cash costs are expected to be US$6.61/oz. The orebody is deep, starting 350m below surface, extending deeper still for a further 400m. The 1 Mtpa plant is scheduled to commence ore treatment in 2018, but the capacity is likely to increase. There is also plenty of exploration upside. MAG is an institutional grade silver stock with minimum technical risk due to the extensive mining experience of Fresnillo, the Mexican JV partner that has been operating in the area for many years.

Specialty Products and Graphite

Hazer Group (ASX:HZR) Mkt Cap $36m, Cash $4.6m

Hazer is more of a technology company, not a miner. Nevertheless, it presents itself as a potential supplier of high quality graphite to the market, as a co-product from its hydrogen production process. It still has to go through the stages of building a pre-pilot plant in 2017, at cost of $0.5m. A full pilot plant that could produce 100 kg/day of graphite is scheduled for 2018. Eventually a small production plant could produce 5-10,000 tpa of graphite at a capex of $75m, or thereabouts. It is an interesting story that could be another avenue to get into battery input stocks, potentially at a cheaper production cost. It won't happen overnight though.

Galaxy Resources (ASX:GXY) Mkt Cap $580m, Cash $7m

GXY is a legitimate institutional size lithium company that expects to produce 160,000 t of concentrate in year 1, but ramping up to 320,000t by the end of that year. Unit margins will increase with the expansion. At the lower level the Company expects a US$64m gross cash margin, but this could be better if the optimists are correct on the lithium price.

Metals of Africa (ASX:MTA) Mkt Cap $34m, Cash $4m

MTA is a Mozambique-focused graphite stock, with a difference. It is collaborating with parties in the USA to advance new technology for spheronising graphite for battery use. An 80% yield is expected as opposed to existing technologies which are around 40-50% yields. It aims to use 2,000^0 heat rather than acid for purification. Assuming it works well a commercial plant could cost US $50m for capacity of 25,000 tpa. Add to this the capex of $100m for a graphite mining operation producing 100,000 tpa of concentrates and you can see where the challenges lie. Perhaps this is a task for David Flanagan, recently appointed to the board as chairman.

Neometal (ASX:NMT) Mkt Cap $190m, Cash $80m

NMT has a 13.8% interest in the Mt Marion Lithium Project in WA, with Ganfeng Lithium (43.1%) and Mineral Resources (43.1%). Ganfeng is the buyer of the product and Mineral Resources operates the mine pursuant to a Build-Own-Operate arrangement. The first shipment of lithium concentrates is scheduled for November 2016, from the Stage One development. Stage Two will double capacity. At that point production lifts to 50,000 tpa of LCE. NMT is retaining a 70% interest in the downstream equity (Lithium hydroxide). The Company is a serious player in the battery feedstock sector.

Uranium

Plateau Uranium (TSX-V:PLU) Mkt Cap$13m, Cash $2.8m

PLU has 124 Mlb of uranium in Peru. Studies show a low cash cost of U$17/lb on capex of US$300m with a heap leach feed of around 300 ppm U_3O_8. It looks good on paper given the simple metallurgy of hexavalent uranium and the mining conditions. The trouble is, with the uranium spot price now nudging US$20/lb, this is definitely a straw hat in winter. Who knows how long the winter will last?

Sentiment Indicator: This was not calculated.

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		through resistance line	
Metals and Mining	XMM		rising again	
Energy	XEJ		strongly higher	
Stocks	**Code**		**Trend Comment (updated comments in bold)**	**Main Interest**
ABM Resources	ABU		holding longer term contract	gold
Aeon Metals	AML		off its highs	copper + cobalt
Alacer Gold	AQG		correcting lower	gold – production
Alkane Resources	ALK		back to highs	gold, zirconia
Acacia Resources	AJC		Sideways at the bottom	coal
Aguia Resources	AGR		new uptrend starting	phosphate
Alicanto Minerals	AQI		heavy correction	gold exploration
Altlech Chemicals	ATC		down	industrial minerals
Anova Metals	AWV		new high	gold
Antipa Minerals	AZY		testing downtrend	gold
Archer Exploration	AXE		downtrend	graphite
Argent Minerals	ARD		breaching uptrend	polymetallic
Aspire Mining	AKM		uptrend	coal
Atrum Coal	ATU		heavy pullback	coal
Aurelia Metals	AMI		testing downtrend	gold + base metals

Auroch Minerals	AOU	rallied to meet resistance line	exploration
Aus Tin	ANW	breached uptrend	tin, cobalt
Australian Bauxite	ABX	turned down at resistance	bauxite
Australian Vanadium	AVL	downtrend	vanadium
Avanco Resources	AVB	hitting resistance line	copper
AWE	AWE	Breaching downtrend	oil and gas
Azure Minerals	AZS	hitting resistance line	silver
BHP	BHP	strongly higher	diversified
Base Resources	BSE	sideways to higher	mineral sands
Bathurst Resources	BRL	strongly higher	coal
Beach Energy	BPT	steeply rise	oil and gas
Beadell Resources	BDR	testing uptrend	gold
Berkeley Resources	BKY	new high	uranium
Blackham Resources	BLK	breached support line	gold
Broken Hill Prospect.	BPL	breaching downtrend	minerals sands, cobalt
Buru Energy	BRU	testing downtrend	oil
Canyon Resources	CAY	down	bauxite
Cardinal Resources	CDV	new high	gold exploration
Carnegie Wave	CWE	stronger	wave energy
Cassini Resources	CZI	continuing higher	nickel/Cu expl.
Chalice Gold	CHN	new high	gold
Crusader Resources	CAS	new low	gold/iron ore
Dacian Gold	DCN	testing uptrend	gold exploration
Danakali	DNK	breaching support	potash
De Grey	DEG	sideways	gold
Doray Minerals	DRM	down	gold
Duketon Mining	DKM	rallying	nickel
Eden Energy	EDE	falling again	carbon nanotubes in concrete
Energia Minerals	EMX	down	zinc
Evolution Mining	EVN	down heavily	gold
Excelsior Gold	EXG	collapse	gold
Finders Resources	FND	strong uptrend	copper
First Australian	FAR	sideways	oil/gas
First Graphite	FGR	testing ST resistance line	graphite
Fortescue Metals	FMG	new high	iron ore
Galaxy Resources	GXY	heavy fall	lithium
Galilee Energy	GLL	breached downtrend	oil and gas, CBM
Gascoyne Resources	GCY	breaching support	gold
Geopacific Res. Resources	GPR	breached downtrend	copper/gold exp.
Global Geoscience	GSC	heavy fall	lithium
Gold Road	GOR	breached uptrend	gold exploration
Goldphyre	GPH	short term down	potash,gold
Graphex Mining	GPX	breached downtrend	graphite
Herron Resources	HRR	at highs	zinc
Highfield Resources	HFR	rallying	potash
Highlands Pacific	HIG	sideways around lows	copper, nickel
Hillgrove Resources	HGO	coming off high in a retracement	copper
Hot Chilli	HCH	testing downtrend	copper
Iluka Resources	ILU	falling	mineral sands
Image Resources	IMA	down	mineral sands
Independence	IGO	rallying	gold, nickel
Intrepid Mines	IAU	sideways - 7¢ capital return proposed	copper
Karoon Gas	KAR	rise from lows	gas
Kibaran Resources	KNL	holding long term uptrend	graphite
Kin Mining	KIN	higher	gold
King Island Scheel.	KIS	new low	tungsten
Kingsrose Mining	KRM	rising off lows	gold
Legend Mining	LEG	breach of gentle dwontrend	exploration

Lithium Australia	LIT	downtrend	lithium
Lucapa Diamond	LOM	recapturing uptrend	diamonds
Macphersons Res.	MRP	sideways	silver
Manas Resources	MSR	rising	gold
Medusa Mining	MML	still in long term downtrend	gold
Metals of Africa	MTA	breached downtrend	zinc expl/graph.
MetalsX	MLX	breached support line	tin, gold
Metro Mining	MMI	correcting within uptrend	bauxite
Mincor Resources	MCR	fallen to support line	nickel
Mineral Deposits	MDL	correcting lower	mineral sands
Mustang Resources	MUS	softer	diamonds, rubies
MZI Resources	MZI	breached uptrend	mineral sands
Northern Minerals	NTU	rising	REE
Northern Star Res.	NST	selldown	gold
Oceana Gold	OGC	down	gold
Oklo Resources	OKU	ST down	gold expl.
Orecorp	ORR	on support line	gold development
Orinoco Gold	OGX	down	gold development
Orocobre	ORE	down	lithium
Oz Minerals	OZL	testing uptrend	copper
Paladin Energy	PDN	down again	uranium
Pacific American Coal	PAK	breached uptrend	coal, graphene
Pantoro	PNR	breached steepest uptrend	gold
Panoramic Res	PAN	rising	nickel
Paringa Resources	PNL	strong recovery	coal
Peel Mining	PEX	gentle uptrend	copper
Peninsula Energy	PEN	falling again	uranium
Perseus Mining	PRU	breaching downtrend	gold
Pilbara Minerals	PLS	falling	lithium/tantalum
PNX Metals	PNX	strong surge	gold, silver, zinc
Potash West	PWN	falling	potash
Red River Resources	RVR	surge to new high	zinc
Regis Resources	RRL	testing uptrend	gold
Renaissance Min.	RNS	new high	gold
Resolute Mining	RSG	breached support line	gold
Reward Minerals	RWD	strong rise	potash
Rex Minerals	RXM	back to lows	copper
RIO	RIO	strongly higher	diversified
RTG Mining	RTG	breached support line	copper/gold
Rum Jungle	RUM	sideways	quartz
Salt Lake Potash	SO4	steeply higher	potash
Saracen Minerals	SAR	down	gold
St Barbara	SBM	down	gold
Sandfire Resources	SFR	stronger	copper
Santana Minerals	SMI	breached uptrend	silver
Santos	STO	bouncing	oil/gas
Sheffield Resources	SFX	fallen back to support	mineral sands
Silver City Minerals	SCI	down	base metals
Silver Lake Resources	SLR	down	gold
Silver Mines	SVL	down	silver
Sino Gas & Energy	SEH	sideways to down	gas
Southern Gold	SAU	uptrend continuing	gold
Stanmore Coal	SAU	steeply higher	coal
Sundance Energy	SEA	new uptrend confirmed	oil/gas
Syrah Resources	SYR	heavy fall	graphite
Talga Resources	TLG	sideways	graphene
Tanami Gold	TAM	new high	gold
Teranga Gold	TGZ	testing uptrend	gold

Tiger Resources	TGS		back to lows	copper
TNG Resources	TNG		surge through resistance	titanium, vanadium
Torian Resources	TNR		down	gold expl'n
Toro Energy	TOE		downtrend	uranium
Troy Resources	TRY		secondary downtrend	gold
Tyranna Resources	TYX		pullback	gold exploration
Vimy Resources	VMY		down	uranium
West African Resources	WAF		rallying	gold
Westwits	WWI		breached ST downtrend	gold exploration/development
Western Areas	WSA		pullback	nickel
White Rock	WRM		down	silver
Whitehaven Coal	WHC		new high	coal
WPG Resources	WPG		improving following placement	gold
Wolf Minerals	WLF		continuing down	tungsten
Totals	32%	46	Uptrend	
	34%	49	Downtrend	
		146	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	36	24.7%	
Copper	14	9.6%	
Gold Exploration	11	7.5%	
Oil/Gas	9	6.2%	
Potash/Phosphate	7	4.8%	
Mineral Sands	7	4.8%	
Graphite	6	4.1%	
Zinc	6	4.1%	
Silver	6	4.1%	
Lithium	5	3.4%	
Nickel	5	3.4%	
Uranium	5	3.4%	
Coal	10	6.8%	
Tin	2	1.4%	
Bauxite	3	2.1%	
Iron Ore	1	0.7%	
Diamonds	2	1.4%	
Other	11		
Total	146		