

## Agua receives the green light from the Federal Court

Last week I was somewhat off the grid in Rio Grande do Sul, the southern most state of Brazil. The purpose of the trip was to inspect a number of operations that supply fertiliser products to the extensive farming areas in that State. There is a lengthy strip of land either side of the highway south of the town of Caçapava along which a number of facilities are based. Interesting, they mostly process limestone for agriproducts such as Aglime, but three of these are wanting to deal with Agua Resources (AGR) to add phosphate to the list of products they produce and market.

### *Success in court case*

Last week whilst on site the Company received wonderful news. The legal action that had prevented any progress over the past three years on the rock phosphate projects has been dismissed by the Federal Court. While there was a perception in the market that the project had been enjoined, the reality was that it was only an application for an injunction. The Court dismissed the application on the grounds that the application failed to make a case i.e. there was a lack of evidence. Hallelujah.

The Company is now free to progress with the final preparations ahead of the granting of an Operating Licence and the commencement of mining. There is nothing complicated here, though it could take 3-6 months.

### *Fine tuning and de-risking the business model*

Given the passage of time, and the new management team, Agua will now review the earlier commercial development strategy and look to sharpen up the economics. The most obvious strategy will be to utilise existing processing plants in the region to greatly minimise upfront capital expenditure. This may involve one or more of the the following scenarios; purchase, leasing or toll treatment agreements with third parties. This will be the fastest route to production, perhaps as early as mid 2025. Construction of a brand new facility may be something on the table in two years time once cash flow is established and market penetration of the product builds up, but proof of the commerciality is the priority right now.

While there are many private producers of agri-products and soil additives in the Caçapava region of Rio Grande do Sul, the region continues to rely on imports of phosphate from Morocco rather than domestic production. That means import replacement is a major opportunity for Agua, without any local competition.

### *Lower risk, faster path to cashflow*

The advantage to Agua in utilising existing production facilities is that it circumvents the need for a green fields development. It is a much faster route through the approval process if you can piggy back off an established operation and the only capex required would be modifications to the process circuit to make it more suitable to the Agua ore.

There would be leasing or tolling payments incurred as part of the operating cost, but these could be funded from operating cashflow.

Another important point is that Agua would become entrenched in the local business community with a spirit of co-operation that is always necessary when operating in foreign jurisdictions. Working with the existing network will be important in gaining a faster ramp up in sales and market penetration. The first deal will be the platform for proof of the concept and that will lead to expansions of operations.

### *Strong support from levels of government*

It was interesting to hear various local and state politicians lauding the decision of the court in the media last week. That demonstrates strong community and political support for what Agua is doing.

*Disclosure: Interests associated with the author own shares in Agua Resources and he is the Chairman.*

### *Psychology of Investing*

Most people I meet think that I am a geologist. I'm not, but I have been dealing with them for so many decades I suppose the knowledge has rubbed off on me. I actually spent five years studying law and economics, with some accounting thrown in for good measure. I used these qualifications to get a job on the Hamersley Iron Graduate Management Program in Perth, a four year on-the-job internship designed to develop senior management for RIO and its subsidiaries. Unfortunately I wasn't cut out for the "private enterprise version of the public service", so within a year I moved to Sydney to assume the position of a mining analyst.

A few of my friends from law school saw how much I enjoyed my job in the stockbroking industry and they asked me how they could get a job like mine; what should they have studied? I replied "psychology, and specialise in market psychology". It is with this in mind that I read an article sent to me by a friend that appeared in the Wall Street Journal, "You're Not Paranoid. The Market Is Out to Get You", by Jason Zweig. It refers to Benjamin Graham's book entitled "The Intelligent Investor", first published in 1949. It makes some good observations. (*Note: this is more applicable to investors as opposed to hot traders.*)

As Jason's article says, "To be an intelligent investor doesn't require a stratospheric IQ. It does require discipline and the ability to think for yourself. An individual investor has that basic advantage but when he allows FOMO to influence his decisions he is undermining that advantage. "In today's incessantly twitchy, infinitely networked markets,

the siren song of smartphones, social media and streaming video can tempt you to trade more and copy the crowd". "Yet crowds aren't always right, and their errors are contagious". Following the influencers and "joining the crowd can change how you think, no matter how much you pride yourself on your independence. That's especially insidious because it occurs subconsciously". Other points made are;

- One recent study found that investors on social media are five times more likely to follow users who agree with them and will see nearly three times more messages they agree with than disagree with. Falling into such an echo chamber, the study showed, leads people to trade more—and earn lower returns
- In today's digital world, those influences have morphed into tools designed to kidnap your attention, corrode your patience and kill your ability to think for yourself.
- These trading apps are fun to use, but have three pernicious features. They are designed to encourage short-term trading. They are potentially addictive, and they rely on manipulative techniques perfected by the gambling industry

Is it any wonder that I refer to the stock market as a casino? To read the original article, click on this link. [This one should work.](#)

### Alicanto jumps on news flow

It was interesting to see the strong performance of Alicanto Minerals (AQI) on Tuesday with the news flow on the Swedish projects, jumping 27% on the day, on good volume. There wasn't really anything new. It was a re-

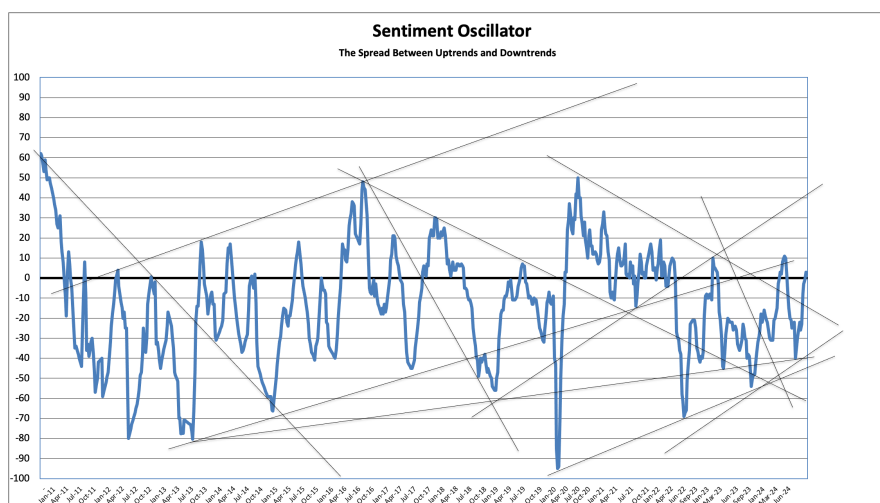
statement of what was already in the market but the market reaction underlines the observation that it is not just about the news or a fact situation, it is about how you tell it.

I have been a long term supporter of Alicanto, having visited the projects and I have frequently covered news flow, so I obviously like the story. There is great technical merit and lots of potential for copper and silver, but in order to get a share price moving companies need to articulate their story with enthusiasm. I'm not saying this wasn't done previously, but sometimes you need a different story teller - one that carries more gravitas. Alicanto's merits had been missing in action but with Ray Shorrocks stepping up to the plate, with his track record of making share prices move, Alicanto shareholders can be more positive about the future share price performance. It seems like the 3¢ hurdle on the performance shares recently approved wasn't much of a hurdle at all.

*Disclosure: Interests associated with the author own shares and in Alicanto Minerals.*

### "Why Gold is Winning in Today's Market"

I was recently interviewed for The Assay publication in which I expressed my view on gold, but also other commodities. It may be of interest. The link to the article is: <http://www.fareastcapital.com.au/media/>



**Sentiment Oscillator:** WAS NOT UPDATED THIS WEEK Sentiment continued to improve. There were 37% (36%) of stocks in uptrend and 34% (37%) in downtrend at the close of the week. We are back above the equilibrium line.

## Detailed Chart Comments

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*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	▲	pullback	
Energy	XEJ	▲	strong rally	
Information Technology	XIJ	▲	new high	
Stocks	Code	Trend	Comment (updated comments in bold)	Main Interest
Agua Resources	AGR	▲	new high	phosphate, gold
Alkane Resources	ALK	▲	breached downtrend	gold
Alicanto Minerals	AQI	▲	new low	base metals, silver, gold
Alligator Energy	AGE	▲	breached steepest downtrend	uranium
Almonty Industries	All	▲	rising	tungsten
Alpha HPA	A4N	▲	rising again	HPA
Altech Chemical	ATC	▲	spike through resistance line	HPA, anodes
Alto Metals	AME	▲	new high	gold
American Rare Earths	ARR	▲	sideways breach of downtrend	rare earths
Anax Metals	ANX	▲	breaching downtrend	copper
Andean Silver	ASL	▲	new highs	silver
Anteotech	ADO	▲	spike higher	silicon anodes, biotech
Arafura Resources	ARU	▲	pullback	rare earths
Ardea Resources	ARL	▲	down	nickel
Arizona Lithium	AZL	▲	strong rally	lithium
Astral Resources	AAR	▲	consolidating after placement	gold
Auric Mining	AWJ	▲	rising	gold
Averina	AEV	▲	rising	phosphate
Aurora Energy Metals	1AE	▲	back to lows	uranium
Aurelia Metals	AMI	▲	rising	copper + base metals
Australian Gold and Copper	AGC	▲	weaker	base metals, silver, gold
Australian Rare Earths	AR3	▲	surge through downtrend	rare earths
Australian Strategic Materials	ASM	▲	new uptrend breached	rare earths
BHP	BHP	▲	pullback	diversified, iron ore
Barton Gold	BGD	▲	testing downtrend	gold exploration
Beach Energy	BPT	▲	new low	oil and gas
Bellevue Gold	BGL	▲	testing downtrend	gold
Besra Gold	BEZ	▲	still down	gold
Black Cat Syndicate	BC8	▲	new high	gold
Boab Metals	BML	▲	sideways at lows	silver/lead
Brazil Critical Minerals	BCM	▲	new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE	▲	surge through downtrend	rare earths
Brightstar Resources	BTR	▲	sideways	gold
Caravel Minerals	CVV	▲	testing downtrend	copper
Carnaby Resources	CNB	▲	breached downtrend	copper












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Castile Resources	CST		sideways	gold/copper/cobalt
Catalyst Metals	CYL		surge to new high	gold
Cazaly Resources	CAZ		breached new downtrend	rare earths
Celsius Resources	CLA		sideways	copper
Challenger Gold	CEL		rising off lows	gold
Cobalt Blue	COB		new low	cobalt
Critica. (was Venture)	CRI		sideways	tin
Cyprium Metals	CYM		testing downtrend	copper
Emerald Resources	EMR		rising, new high	gold
Empire Energy	EEG		breached uptrend	gas
EQ Resources	EQR		rising	tungsten
Evolution Energy	EV1		uptrend confirmed	graphite
Evolution Mining	EVN		rising	gold
First Graphene	FGR		down	graphene
Fortescue Metals	FMG		breaking downtrend	iron ore
Genesis Minerals	GMD		rising	gold
Globe Metals and Mining	GBE		down	niobium
Gold 50	G50		breached downtrend	gold exploration + gallium
Great Boulder Resources	GBR		new low	gold exploration
Group 6 Metals	G6M		suspended	tungsten
Hamelin Gold	HMG		breached downtrend	gold exploration
Hastings Technology Metals	HAS		back in downtrend	rare earths
Heavy Minerals	HVY		testing brief, sharp uptrend	garnet
Hillgrove Resources	HGO		testing downtrend	copper
Iltani Resources	ILT		breached downtrend	antimony
Iluka Resources	ILU		rising again	mineral sands
ioneer (was Global Geoscience)	INR		rising	lithium
Ionic Rare Earths	IXR		new low	rare earths
Jindalee Lithium	JLL		new low	lithium
Jupiter Mines	JSM		new low	manganese
Kaiser Reef	KAU		improving	gold
Kalina Power	KPO		breaching steep uptrend	carbon sequestration
Krakatoa Resources	KTA		back to lows	rare earths
Larvotto Resources	LRV		steep rise	gold, antimony
Lindian Resources	LIN		sideways at lows	rare earths + bauxite
Li-S Energy	LIS		new low	Lithium sulphur battery technology
LCL Resources	LCL		new low	gold/nickel exploration
Lotus Resources	LOT		testing downtrend	uranium
Lucapa Diamond	LOM		collapsing due to institution dumping shares	diamonds
Lunnon Metals	LM8		steep rise	nickel
Lynas Corp.	LYC		rising	rare earths
Marmota	MEU		gently lower	gold/uranium exploration
Mayur Resources	MRL		stronger	renewables, cement
Meeka Gold	MEK		uptrend	gold

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MetalsX	MLX		rising	tin, nickel
Meteoric Resources	MEI		new low	rare earths
Metro Mining	MMI		breached downtrend	bauxite
Midas Minerals	MM1		pullback	lithium
Nagambie Resources	NAG		returning to downtrend	gold, antimony
Neometals	NMT		surge higher - on gold	lithium
Newfield Resources	NWF		rallying	diamonds
Nexgen Energy	NXG		breached downtrend	uranium
Northern Star Res.	NST		rising again	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		down	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		new uptrend	uranium
Pantoro	PNR		rising again	gold
Patriot Battery Metals	PMT		collapse to a new low	lithium
Peninsula Energy	PEN		new low	uranium
Perseus Mining	PRU		correcting lower	gold
Provaris Energy	PV1		new low	hydrogen
QMiners	QML		breached uptrend	copper
Queensland Pacific Metals	QPM		testing downtrend	nickel/cobalt/HPA
RareX	REE		sideways at the bottom of a downtrend	phosphate, rare earths
Regis Resources	RRL		new uptrend	gold
Regergen	RLT		surge on production news	gas, helium
Richmond Vanadium	RVT		bounced from lows	vanadium
RIO	RIO		pullback	diversified, iron ore
RTG Mining	RTG		testing uptrend	copper
Rumble Resources	RTR		rising	zinc exploration
S2 Resources	S2R		down	gold exploration
Sandfire Resources	SFR		rising again - new high	copper
Santos	STO		down	oil/gas
Sarytogan Graphite	SGA		testing downtrend	graphite
Siren Gold	SNG		rising	gold exploration
Southern Cross Gold	SXG		surging on antimony	gold exploration
Southern Palladium	SPD		rising again	PGMs
Stanmore Coal	SMR		risen to meet resistance line	coal
St George Mining	SGQ		down	rare earths, niobium
Stellar Resources	SRZ		rising again	tin
Summit Resources	SUM		down	niobium, rare earths
Sun Silver	SS1		rising	silver
Suvo Strategic Minerals	SUV		sideways through uptrend	kaolin
Talga Resources	TLG		slump	graphite
Tamboran Resources	TBN		down	gas
Terra Uranium	T92		down	uranium
Theta Gold Mines	TGM		rising again	gold

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Toro Energy	TOE		breached downtrend	uranium
Torque Metals	TOR		back to lows	gold exploration + lithium
Vanadium Resources	VR8		breached downtrend	vanadium
Vintage Energy	VEN		sideways at lows	gas
Vertex Minerals	VTX		steeply higher	gold
Walkabout Resources	WKT		sideways	graphite
Warriedar Resources	WA8		down	gold exploration
West Cobar	WC1		spike on antimony news	rare earth + lithium
Westgold Resources	WGX		spiked higher	gold
West Wits Mining	WWI		sideways	gold
Whitehaven Coal	WHC		strong rally	coal
Totals	37%	50	Uptrend	
	34%	46	Downtrend	
		134	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	25	18.7%
Rare Earths	16	11.9%
Gold Exploration	14	10.4%
Copper	11	8.2%
Uranium	9	6.7%
Lithium	6	4.5%
Oil/Gas/Hydrogen	7	5.2%
Graphite/graphene	5	3.7%
Iron Ore/Manganese	4	3.0%
Nickel	3	2.2%
HPA/Kaolin	3	2.2%



Tungsten	3	2.2%	
Tin	3	2.2%	
Silver	3	2.2%	
Antimony	3	2.2%	
Potash/Phosphate	2	1.5%	
Coal	2	1.5%	
Diamonds	2	1.5%	
Niobium	1	0.7%	
Vanadium	2	40.0%	
Zinc/Lead	1	0.7%	
PGMs	1	0.7%	
Mineral Sands	1	0.7%	
Bauxite	1	0.7%	
Cobalt	1	0.7%	
Other	5	3.7%	
Total	134		

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