

Strength continues in US and Aussie markets

The strength of the US economy, with GDP production rising by 3.2% in the March Quarter, has spurred the US equity markets to new highs last week and this has had a flow-on effect on the Australian market. The front running has been taken by the All Ordinaries while the Metals and Mining Index has been correcting heavily due to BHP and RIO going off the boil while the lethargy regarding the gold price has been causing leading gold producers to be sold down. On the positive front the higher oil price caused by the push for stronger sanctions on Iran oil exports has enabled our Energy Index to shake off its recent downtrend, so we could see funds flowing into the oil and gas stocks.

Whereas only a few weeks ago the dispatches were all about a slowing of economies all around the world, the markets have moved beyond this view to find new optimism. That is good but how long will it be until the hawks start talking about resumption of interest rate rises in the US? Watch for this rhetoric as a potential brake at some point.

Note that these markets tend to perform when when we don't hear from Trump. There is a lesson in that.

It is interesting that our market is moving higher leading up to the Federal election. Does this mean that it isn't worried about the damage that a Labor government might do to the business sector, or does it mean that the Liberals will win? Having Scott Morrison at the helm seems to be providing better confidence for the Liberals than what Malcolm Turnbull provided in the previous drawn out campaign that Labor only lost by a whisker. This is a difficult election to call. While the polls suggest Labor is in front, the final weeks of the electioneering campaign could tip the result either way.

Elementos - a multi-project tin junior

From time to time investors get a little excited by the tin market, depending upon where the tin price sits, but there are very few tin companies with size and merit to warrant more than a watching brief. More recently the sector has been trying to attach the battery input tag to its list of credentials with varied success.

The industry fundamentals are improving with tin stockpiles now down to historically low levels not seen for more than 30 years. The tin price has improved by about 18% since December 2018.

A junior tin company doing the rounds recently is Elementos Limited (ELT), a company originally spun-out of Orocobre with a portfolio of base metal assets in South America. In 2013, a reverse takeover was effected that saw the company swing in the direction of tin. Currently it has projects in Spain, Australia and Malaysia. It has a market capitalisation of about \$7.7m with a share price of 0.5¢, so it is in the jaws of the internet traders that tend to mute

news flow. Nevertheless, the projects have merit, offering good geographical diversification.

The lead project is Oropesa in Spain, where ELT has a 96% interest. Since 2008, \$25m has been spent on the project to take it to the point where DFS work is almost complete. Elementos has announced a Measured and Indicated Resource of 9.34 Mt at 0.55% Sn, with another 3.2 Mt in the Inferred category. This is based on 250 cored holes for 54,000m of drilling. The exploration target is a multiple of these numbers.

It appears as skarn-type mineralisation associated with a large granitoid structure, with cassiterite hosting the tin. Metallurgical testing suggests a 62.4% tin concentrate after a 74.2% recovery rate. Open pit mining is envisaged, to a depth of 150m, at a rate of 1 Mtpa and a treatment rate of 0.5 Mtpa. Capex is estimated at US\$75m.

The small market capitalisation becomes problematic for a junior company looking to fund a project, so there will need to be equity and debt facilities, joint ventures, royalty sales or other creative financing measures. Securing Spanish government approvals and then a finance package will be the key catalysts.

The Company's second project is Cleveland in Tasmania, the site of historical tin mines. A 100% owned, two stage development is being considered here. First is a combination of open pit mining and tailings re-treatment to recover 2,000 tpa of tin and 500 tpa of copper, in concentrates. Stage 2 would involve the re-establishment of the underground mine to recover tin, copper and tungsten. There is an element of environment clean-up with the tailings involved, that has gained some local support.

The JORC resource is 7.47 Mt at 0.75% tin and 0.3% copper, in both open pit and underground locations plus 3.97 Mt at 0.28% WO₃. The open pit numbers have recently increased by 128% to 1.89 Mt at 0.95% Sn and 0.34% Cu while the tailings number is 3.7 Mt at 0.29% Sn and 0.13% Cu.

Capex for the tailings and open pit operation is estimated at \$45m with \$12-15m of this being for a new, better tailings dam. The first 4-5 years would be based on a blend of tailings and open pit feed, progressing to underground and tailings thereafter.

The third project is in Malaysia, at Temengor, 260 km north of Kuala Lumpur. Elementos has a 90% equity. This project has an interesting history, being mined up until 1929, but largely untouched thereafter due to remoteness and activity of militant communists during the Malayan Emergency (1948-1960) and subsequent disruption.

The tin is present in cassiterite mineralisation that can grade from 1.5% to 4.5%, so it is high grade. Metallurgy is similar to that of the Rahman mines which are producing 2,200 tpa of tin, 200 km away. Thus, there is a strong blue sky element to this exploration project.

Elementos will need further funding before it gets to the decision to mine point for the first two projects. As at 31/3/19, it had \$0.85m in the kitty. Wednesday a week ago, the Company announced a \$2m unsecured loan facility with its largest shareholder and non-executive chairman, Andy Greig. So, it can progress the projects while it continues to negotiate for larger funding opportunities.

Vested interests in the climate change debate

I'm sure that everyone has their own view on whether or not man-made climate change is the bogey that the leftists claim, but it is worth reading the link below.

Dr. Patrick Moore, a co-founder of Greenpeace, quit that activist environmental organisation in 1986, after it strayed away from objective science and took a sharp turn to the political left. On February 25, he appeared before the US Senate Environmental and Public Works Committee on Oversight.

He pointed out "There is no scientific proof that human emissions of carbon dioxide are the dominant cause of the minor warming of the Earth's atmosphere over the past 100 years," arguing that "perhaps the simplest way to expose the fallacy of extreme certainty is to look at the historical record."

He told the committee: "When modern life evolved over 500 million years ago, CO₂ was more than 10 times higher than today, yet life flourished at this time. Then an ice age occurred 450 million years ago when carbon dioxide was 10 times higher than today."

Moore also noted that "The increase in temperature between 1910 and 1940 was virtually identical to the increase between 1970 and 2000. Yet the IPCC does not attribute the increase from 1910–1942 to human influence." Why then, he asks, "does the IPCC believe that a virtually identical increase in temperature after 1950 is caused mainly by human influence, when it has no explanation for nearly identical increase from 1910 to 1940?"

Moore emphasised that there is no reason to believe that a warmer climate would be anything but beneficial for

humans and the majority of other species. On the other hand, there is ample reason to believe that a sharp cooling of the climate would bring disastrous results for human civilisation.

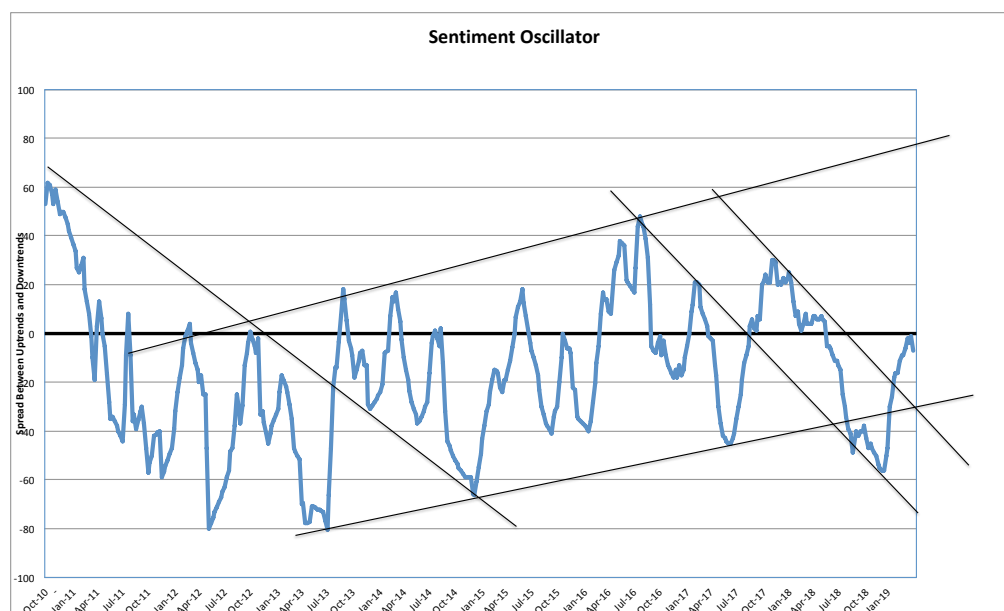
Nevertheless, most governments around the globe are responding to the concept that the rising temperatures and carbon dioxide levels are a man made disaster, without really understanding the science behind it. Collectively, anti-global warming expenditure is probably the biggest budgetary item on the planet notwithstanding the lack of the scientific credibility. So, who is the beneficiary of this massive amount of expenditure?

In the first instance there is a powerful convergence of interests using scare tactics that include scientists and universities seeking grant money, environmental groups, media seeking headlines and politicians that have seized control of the debate. However, look further and you will see companies that are beneficiaries of enormous subsidies that are designed to overcome the unfavourable economics. That means taxpayers are funding these subsidies whilst at the same time having to pay higher energy bills. It is a transfer of wealth on a massive scale.

So who should we believe - those who make the most noise or those that provide the most credible science, if that can be determined? However you answer this question, you need to acknowledge that the climate change battlefield is having a massive impact on budgets and behaviour, for better or worse.

<https://www.newsmax.com/LarryBell/climate-warming-moore/2014/03/17/id/559929/>

Disclosure: Nothing specific this week.



Sentiment Oscillator: Sentiment has weakened. There were 28% (30%) of the charts in uptrend and 35% (31%) 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. 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	new high	
Metals and Mining	XMM	pullback	
Energy	XEJ	testing downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Adriatic Resources	ADT	new high	zinc
Aeon Metals	AML	back in downtrend	copper + cobalt
Alacer Gold	AQG	correcting lower	gold – production
Alkane Resources	ALK	breached downtrend	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alchemy Resources	ALY	breached downtrend	nickel, cobalt
Alicanto Minerals	AQI	building a base	gold exploration
Allegiance Coal	AHQ	back into uptrend	coal
Alliance Resources	AGS	new low - 1 for 2 issue at 9.5c	gold exploration
Altech Chemicals	ATC	new uptrend forming	industrial minerals - synthetic sapphire
Apollo Consolidated	AOP	breached downtrend	gold exploration
Argent Minerals	ARD	breached downtrend, placement and pullback	silver
Aurelia Metals	AMI	short term down	gold + base metals
AusTin	ANW	new low after placement	tin, cobalt
Australian Bauxite	ABX	sideways	bauxite
Australian Potash	APC	pullback to support line	potash
Australian Mines	AUZ	hitting resistance	cobalt/nickel
Australian Vanadium	AVL	rallying, but hitting resistance	vanadium
Bounty Coal	B2Y	rallying	coal
BHP	BHP	new high	diversified, iron ore
Base Resources	BSE	risen to long term resistance	mineral sands
Bathurst Resources	BRL	testing resistance line	coal
Battery Minerals	BAT	down	graphite
BBX Minerals	BBX	pullback	gold exploration
Beach Energy	BPT	surged higher	oil and gas
Bellevue Gold	BGL	new high	gold exploration
Berkeley Energia	BKY	in secondary downtrend	uranium
Blackstone Minerals	BSX	back to lows	gold, cobalt
Breaker Resources	BRB	up again	gold exploration
Broken Hill Prospecting	BPL	new low	minerals sands
Buru Energy	BRU	breaching downtrend	oil
Cardinal Resources	CDV	rallying	gold exploration

Cassini Resources	CZI		consolidating	nickel/Cu expl.
Celsius Resources	CLA		back to lows	copper/cobalt
Chalice Gold	CHN		sideways, but pushing higher	gold exploration
Cobalt Blue	COB		new low	cobalt
Comet Resources	CRL		back to lows	graphite
Dacian Gold	DCN		down	gold
Danakali	DNK		sideways	potash
Davenport Resources	DAV		down	potash
Eden Innovations	EDE		down	carbon nanotubes in concrete
Egan Street Resources	EGA		risen to meet resistance line	gold
Emerald Resource	EMR		uptrend	gold
Evolution Mining	EVN		down	gold
Exore Resources	ERX		testing uptrend	gold exploration
FAR	FAR		crunched down on dud oil well	oil/gas
First Graphene	FGR		risen to meet resistance line	graphene
Fortescue Metals	FMG		new high	iron ore
Galaxy Resources	GXY		another heavy fall	lithium
Galena Mining	G1A		steep rise	lead
Galilee Energy	GLL		sideways after breaching downtrend	oil and gas, CBM
Gascoyne Resources	GCY		collapse on raising at 5¢, being 50% discount	gold
Gold Road	GOR		rising	gold
Golden Rim	GMR		new low	gold exploration
Graphex Mining	GPX		surge confirms new uptrend	graphite
Heron Resources	HRR		breaching downtrend	zinc
Highfield Resources	HFR		surge through resistance line confirms new up'd	potash
Hillgrove Resources	HGO		sideways	copper
Hipo Resources	HIP		rallied to meet resistance line	battery metals
Iluka Resources	ILU		in wedge, in long term downtrend	mineral sands
Image Resources	IMA		higher	mineral sands
Independence Group	IGO		testing uptrend	gold, nickel
ioneer (was Global Geoscience)	INR		testing downtrend	lithium
Jervois Mining	JVR		testing uptrend	nickel/cobalt
Jindalee Resources	JRL		still testing uptrend	lithium
Karoo Gas	KAR		breached downtrend	gas
Kasbah Resources	KAS		breached new uptrend	tin
Kibaran Resources	KNL		testing downtrend	graphite
Kin Mining	KIN		testing downtrend	gold
Legend Mining	LEG		new uptrend	nickel exploration
Lepidico	LPD		rising	lithium
Lithium Australia	LIT		continuing downtrend	lithium
Lucapa Diamond	LOM		continuing downtrend	diamonds
Lynas Corp.	LYC		spike on conditional bid	rare earths
Mako Gold	MKG		back to lows	gold exploration
Marmota	MEU		sideways	gold exploration

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MetalsX	MLX		breached downtrend	tin, nickel
Metro Mining	MMI		testing downtrend	bauxite
Mincor Resources	MCR		breached resistance	gold
Musgrave Minerals	MGV		down	gold exploration
Myanmar Minerals	MYL		uptrend	zinc
Nelson Resources	NES		slump to new low	gold exploration
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		still under secondary downtrend	REE
Northern Star Res.	NST		in downtrend now	gold
NTM Gold	NTM		gentle downtrend	gold exploration
Oceana Gold	OGC		down	gold
Oklo Resources	OKU		bounce from lows	gold expl.
Orecorp	ORR		rising	gold development
Orocobre	ORE		testing downtrend	lithium
Oz Minerals	OZL		resumed uptrend	copper
Pacific American Coal	PAK		at lows	coal
Pantoro	PNR		breached downtrend, moving higher	gold
Panoramic Res	PAN		breached downtrend, at secondary resistance point	gold , nickel
Peak Resources	PEK		uptrend	rare earths
Peel Mining	PEX		testing downtrend	copper
Peninsula Energy	PEN		new uptrend	uranium
Pensana Metals	PM8		higher	rare earths
Perseus Mining	PRU		rising	gold
Pilbara Minerals	PLS		back in downtrend	lithium
PNX Metals	PNX		lower	gold, silver, zinc
Polarex	PXX		new low	polymetallic exploration
Prodigy Gold	PRX		testing downtrend	gold exploration
Ramelius Resources	RMS		strong uptrend	gold production
Real Energy	RLE		short term down	gas
Red5	RED		sideways now	gold
Red River Resources	RVR		uptrend started	zinc
Regis Resources	RRL		moving higher	gold
Resolute Mining	RSG		sideways through uptrend line	gold
RIO	RIO		new high	diversified, iron ore
Salt Lake Potash	SO4		re-entering downtrend	potash
Saracen Minerals	SAR		testing downtrend	gold
St Barbara	SBM		collapse	gold
Sandfire Resources	SFR		rising	copper
Santos	STO		into uptrend	oil/gas
Sheffield Resources	SFX		back to lows	mineral sands
St George Mining	SGQ		new, gentle uptrend forming	nickel
Sipa Resources	SRI		recovered, to sideways pattern	general exploration - Ni,Cu, Co, Au
Stanmore Coal	SMR		new high	coal

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Strandline Resources	STA		testing downtrend	mineral sands
Sundance Energy	SEA		testing downtrend	oil/gas
Syrah Resources	SYR		rallying	graphite
Talga Resources	TLG		steep rise	graphite
Technology Metals	TMT		short term down	vanadium
Tiger Realm	TIG		down	coal
Triton Minerals	TON		breached steepest downtrend	graphite
Troy Resources	TRY		sideways	gold
Vango Mining	VAN		breached downtrend	gold
Vector Resources	VEC		down	gold
Venturex	VXR		stronger	zinc
Vimy Resources	VMY		new uptrend forming	uranium
Volt Resources	VRC		sideways	graphite
West African Resources	WAF		breached downtrend	gold
Westwits	WWI		down	gold
Western Areas	WSA		ST uptrend breached	nickel
Whitebark Energy	WBE		sideways	oil and gas
Whitehaven Coal	WHC		breached ST downtrend, resistance at \$5-\$5.20	coal
Yandal Resources	YRL		sideways	gold exploration
Totals	28%	39	Uptrend	
	35%	48	Downtrend	
		139	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	31	22.3%
Gold Exploration	18	12.9%
Oil/Gas	9	6.5%
Graphite	8	5.8%

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Nickel	8	5.8%	
Coal	8	5.8%	
Lithium	8	5.8%	
Mineral Sands	6	4.3%	
Zinc/Lead	6	4.3%	
Potash/Phosphate	5	3.6%	
Copper	5	3.6%	
Cobalt	4	2.9%	
Rare Earths	4	2.9%	
Tin	3	2.2%	
Iron Ore	3	2.2%	
Uranium	3	2.2%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Silver	1	0.7%	
Diamonds	1	0.7%	
Other	4		
Total	139		

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