

BHP bid for Anglo American highlights copper expectations

The gold price corrected to lower levels during the week and one commentator said it was the worst sell-off in two years, but to my mind that is the wrong inflection to be taking. Gold has had a great run so we should expect some profit taking to kick in. The faster and higher any commodity goes, the more scarier it gets. I would much prefer sensible and more sustainable trends as opposed to dramatic moves on any day or two, but maybe that is just being a conservative. Volatility does provide trading opportunities.

The same commentator highlighted the fact that floods in Dubai incapacitated many internal combustion engine cars, but EVs were not troubled. His conclusion - EVs are better in extreme weather conditions (floods). My take on it is that you are foolish to be driving anything in floods.

BHP bid for Anglo American to stimulate chatter

The US\$40bn bid by BHP for Anglo American announced late in the week is going to dominate the media for weeks, if not months - even though Anglo has already rejected the bid as being too low.

The press loves to play up to large deals and stimulate discussion about all the implications. The first point made is that BHP is chasing copper assets. That plays along with the thematic that the world needs much more copper for the decarbonisation path. While that seems obvious, we have not yet seen much impact on the copper price. Copper company share price performance has been lacking. That may be about to change if the enthusiasm trickles down to the smaller end. We do not intend to say anything more on the bid, except see what I said about takeovers a recently, and note the share price fall of BHP when the bid was announced. There will be plenty of other commentaries floating around so we don't need to add to the noise.

Adjusting to Shifting Market Psychology

It is always at the top and the bottom of the market cycles that investors have difficulty in adjusting to the new ground rules. At the peak of a trend they see falls in markets as corrections rather than the beginning of the bear market. It is not until many share prices have fallen by 20% that they start to take it seriously. Even then, the underlying optimism blinds them as to how much they stand to lose.

The inverse psychology dominates the bottoming out of the market. That, and the fact that portfolios and investable capital have shrunk dramatically makes many investors defensive and unable to recognise the opportunities before them. It becomes more of a watching game and will remain so until it becomes obvious what they have missed out on. Then, eventually, FOMO will kick in and the whole cycle starts again.

Explorations stocks often run too hard

It is normal for exploration stocks to run hard on the news of a "discovery". That is when everyone is full of enthusiasm and optimism. It is also then that hard facts are least prevalent. Stocks can run to ridiculous valuations on speculation but eventually there is a "coming to Jesus" when rational analysis takes into account the realities rather than the fantasies.

A classic recent example of this is Chalice Mining (CHN) with its Gonville/Nulimar PGM and nickel discovery in WA. In the early days it was high fives all around. The shares burst above \$7 initially as the size of the deposit just grew and grew, but since then the growing awareness of its complexities have crunched the shares down to \$1.15. Similarly, Rumble Resources (RTR) surged from 10c to 50c on the discovery of the very large Earraheedy zinc deposit in WA. Now they are back to 6.8c.

Two very high flyers that have been delivering excellent share price performance recently are Southern Cross Exploration (gold in Victoria) and WA1 (niobium in the remote Arunta Desert in WA). They are both in the euphoric discovery phase which inevitably comes to an end when the real world starts to bite, just like we cannot escape gravity. It is great to be on the ride up and see that your investment is one of the best performing stocks in the market, but like we said last week, you have to know when to fold them. Don't be too naive or too greedy.

Avoid those poised for a placement

Before buying a stock that looks ready to move higher, you should check to see if it is positioned for a placement. You can get some insight by looking at the most recent Appendix 5B statement that gives cash position at the end of the quarter, and expected expenditure in the subsequent quarter. Another indicator can be the company releases a presentation and is heading off on a road show. A placement invariably (but not always) leads to a short term excess of supply, and the new shares have to be digested as flippers offload shares.

Jupiter Mines is a profitable dividend payer

One of the better market performers over the last few weeks has been the profitable, dividend paying Jupiter Mines (JMS). Back in February I received my first introduction to the company. It was interesting at the time, but recent events have placed it more firmly in the spotlight.

Background

Jupiter IPO'd in 2018 with a 49% interest in the Tshipi manganese mine in the Kalahari manganese field, in South Africa. Initially it came across as a successful but not dynamic type of company. However, that changed somewhat in mid 2022, when Ian Murray and Brad Rogers

joined the board. Pursuant to the growth strategy released to the market a year ago, they are promoting the merits of a consolidation strategy that could see it lift production from 1.7 Mtpa of Manganese to 5 Mtpa.

Manganese supply disruptions due to cyclone

South32 has reported that the wharf for its Groote Eyland manganese mine has suffered extensive damage in March, due to tropical cyclone Megan. For two days, the MV Anikitos was smashed into the wharf by the cyclonic winds and 4m high seas, causing large parts of the structure to fall into the sea, rendering it unusable. Shipments are going to be interrupted until Q1 in 2025.

Groote Eyland, in the NT, provides about 15% of the world supply of manganese, so this percentage is off the market for the time being. The interruption has caused a short term spike in the price of manganese, up by 15% since the beginning of 2024.

Up until this incident the manganese price had been in an extended downtrend due to an oversupply. South32 reported a 17% fall in the price received in 2023 for Groote Eyland ore, while its South African product price fell 15%.

How significant is the battery market for manganese?

Even though manganese is sometimes promoted as a battery input commodity, the reality is that 90-95% of demand comes from the steel sector. Its use in EVs is expected to grow, but it will only achieve 10-15% of total manganese demand in 10 years time according to the forecasters. Manganese can be a substitute for cobalt and it brings cost-effective energy intensity improvements in the cathode

There is no shortage of supply of the manganese feedstock, but the high-purity manganese sulphate monohydrate (HPMSM) is the sought after downstream product. Economics of producing this material requires different considerations, so while Jupiter has already shown it can produce > 99% HPMSM, it still needs to figure out

whether it is an economic proposition to embrace commercial production of this downstream product.

Other manganese plays

Comparing Jupiter to other manganese companies, it is producing 1.7 Mtpa. Element 25 is only at the 325,000 tpa rate but it is planning to invest another \$50m to build capacity to 1.1 Mtpa over the next two years.

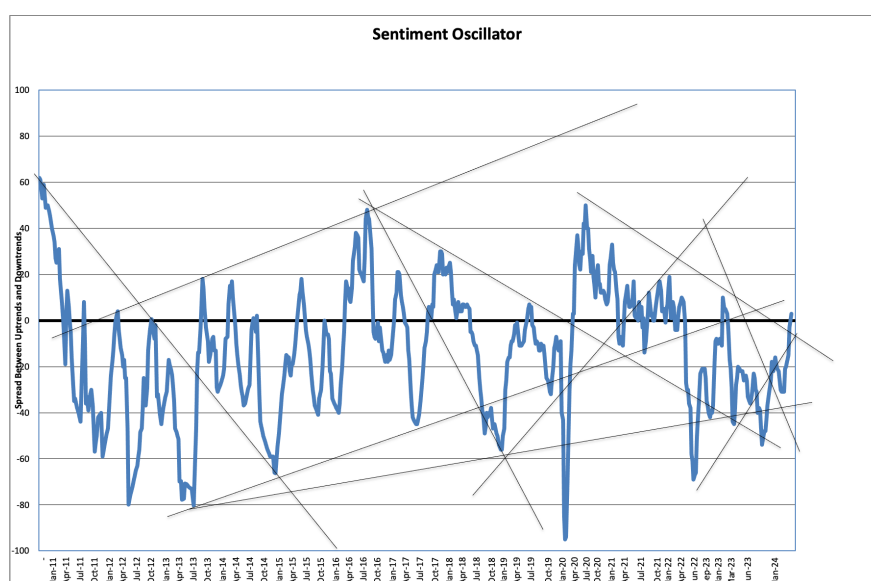
Euro Manganese is looking to process tailings to produce 78,900 tpa of contained manganese delivered as either HPMSM or high-purity electrolytic manganese metal, but the US\$757m capex ticket could be somewhat of a hurdle. It is not directly comparable to producers of manganese such as Jupiter and Element 25 as it will be supplying product to battery companies in preference to the steel sector.

A more speculative entrant to the sector is Black Canyon with its Flanagan Bore resource in WA, 90 km NE of Mt Newman. It is updating studies to contemplate a 2.5-3 Mtpa operation with capex of about \$70m.

The Bottom Line

Jupiter comes across as a much lower risk way to play EV battery stocks though admittedly, the bulk of its earnings will come from sales to the steel sector for the foreseeable future. The battery narrative is more about the icing than the cake. Maybe that will suit the risk averse investors who want to dabble in the EV market, but without the hype. Note that any decision on a HPMSM plant would be at least two years away.

The consolidation play in South Africa is aspiration at this point. It will require successful negotiation and it will take time, so patience is required. The share price has improved with the manganese price in response to the industry supply disruptions, for the obvious correlation between price and profitability ... at least in the short term.



Sentiment Oscillator: There was a slight improvement in sentiment with those in uptrend more than those in downtrend for the first time in a long while. There were 37% (36%) of stocks in uptrend and 34% (36%) 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	breached uptrend	
Metals and Mining	XMM	testing short term uptrend	
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	back to lows	boron
Adriatic Resources	ADT	new high	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	collapse on placement	coal, gold exploration
Aguia Resources	AGR	new uptrend	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	spiked higher	nickel
Arizona Lithium	AZL	strong rally	lithium
Astral Resources	AAR	gentle downtrend	gold
Averina	AEV	down heavily	phosphate
Aurora Energy Metals	1AE	breached support	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	testing uptrend	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















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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		new uptrend	gold exploration + gallium
Great Boulder Resources	GBR		sideways at lows	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
Jupiter Mines	JSM		rising	manganese
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
Lucapa Diamond	LOM		sideways	diamonds
Lunnon Metals	LM8		rallying	nickel
Lynas Corp.	LYC		still down	rare earths

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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		rising again	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 lows	gold exploration
Pacific Gold	PGO		breached downtrend	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		rising after breaching downtrend	hydrogen
QMines	QML		new low	copper
Queensland Pacific Metals	QPM		testing downtrend	nickel/cobalt/HPA
RareX	REE		new low	rare earths, phosphate
Regis Resources	RRL		rising	gold
Regergen	RLT		rising	gas, helium
Richmond Vanadium	RVT		down	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		rising again	PGMs
Stanmore Coal	SMR		testing downtrend	coal
Sunstone Metals	STM		breaching downtrend line	gold/copper exploration
Suvo Strategic Minerals	SUV		spiked higher	kaolin
Talga Resources	TLG		rallying	graphite
Tamboran Resources	TBN		rising again	gas

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Theta Gold Mines	TGM		rising again	gold
Thor Energy	THR		new uptrend	uranium
Tietto Minerals	TIE		surge on takeover approach	gold
Vanadium Resources	VR8		new uptrend	vanadium
Venture Minerals	VMS		rising	tin, tungsten
Vertex Minerals	VTX		breached downtrend	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	37%	50	Uptrend	
	34%	46	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	8	5.9%	

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Oil/Gas	8	5.9%	
Nickel	6	4.4%	
Iron Ore/Manganese	5	3.7%	
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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