

Kingfisher Mining has been a star performer in the REO space

Last week was a good one to be absent from the market as stock prices continued to be sold down on a revival of the inflation and rising interest rate thematic. The Coonawarra wines that I was tasting in Penola served as a good antidote to the weaker markets.

Catching up on three weeks of charts this morning in one session rather than each day enabled a fresher look at what is happening in the big picture. We had the meltdown that bottomed out in June and the subsequent strong rally in share prices that was rather surprising given that interest rate and inflationary concerns have not gone away. We can see this in last week's performances as markets were sold down heavily.

The charting signals have been reasonably reliable of recent. The All Ords (XAO) has slumped back to the support line for an uptrend that started in mid-June. It remains to be seen whether it can hold this level. The Metals and Mining Index (XMM) has collapsed after hitting a resistance line and seems destined to fall to the lows seen in November 2021, and again in June 2022, of 4,800-4,900. That means there is not much more to go before this current slide is over. The Energy Index (XEJ) has continued to appreciate during these volatile times without any sign of turning down.

On the economic fundamentals front the stocks that should be most vulnerable to interest rate rises are those that are paying dividends as yields will need to adjust to reflect the higher interest rates - so share prices should fall. Mining stocks that pay dividends fall into the same category but with a double whammy. If interest rate rises succeed in slowing the economy this should lead to reduced demand for industrial metals and therefore metal prices should fall ... in the normal commodity price cycle. However, what should happen and what will happen can be two different things.

The vast majority of our mining and resource stocks are not paying dividends and they never will. Therefore their performance is going to depend on the general flow of money into or out of the sector, depending upon a wide range of influences. Trading these stocks is far more emotional than rational, so over-analysis is not going to be very productive. Individual company news flow is more important with new stories always being more inspirational than tired stories with share registries that are populated by stale bulls. No matter how depressed the market may be, there will always be a few new stories that will stand out.

A case in point is Kingfisher Mining (KFM) which almost tripled in price over the last couple of weeks on the back of rare earth exploration results from the Gascoyne region in WA. See an updated commentary below. You may recall that I nominated this company as being one of the best leveraged REO stocks in the Weekly of 13/8/22 edition. I

took my own advice and picked up a few after that Weekly was published.

Kingfisher - in the right place at the right time

When we wrote about rare earths in the previous Weekly, we compared the market capitalisations of Hastings, Dreadnought and Kingfisher, companies chasing rare earth projects in the Gascoyne region of WA. At the time Hastings, which is developing a \$500m project that is scheduled to commence production in late 2024, was capitalised at \$450m. Dreadnought had a market capitalisation of \$250m on the back of good drill results and Kingfisher is at the start of its journey at \$10m. Geologically, all projects have roughly similar geology.

None of these companies are without risk. Hastings still has to face development and plant commissioning risks, and Dreadnought has to prove that it has a mineable orebody. Kingfisher is all about exploration risk. Following the movements over the last three weeks these companies have respective market capitalisations of \$549m, \$425m and \$23m.

Recent rock chip sampling boosted KFM's price

Last week Kingfisher came out with spectacular rock chip samples up to 40% REE in massive monazite mineralisation. While this is very rich you need to remember my earlier comments, expressed many times, that rock chip samples will always be higher grade than a resource grade. That is because they are very selective and designed to establish whether or not a prospect is worth pursuing. There is no structure or geometry involved. Nevertheless, grades like Kingfisher is getting are highly encouraging.

The most important takeaway from the ASX release was the observation that there is now a 2.2 km strike length of outcropping, parallel mineralised zones within a 300m wide corridor. The mineralisation consists of high grade monazite and allanite – both being important global sources for the production of the critical metals, neodymium and praseodymium.

The Mick Well REEE Project is located within the Chalba Shear Zone, being a broad WNW-trending crustal-scale structure that has played an important role in providing a conduit for the intrusion of the carbonatites, as well as the associated alteration and late-stage mineralised veins and carbonatite dykes. Fenites (carbonatite-associated alteration) and potassium fenites, are well-developed in the Mick Well area and are an important host of the REE mineralisation. While it is early days, Mick Well is so far ticking all the boxes. Watch it for more exploration results.

... but there is a bigger picture

It is common for a share price to surge on good exploration results but then fall back as profit takers move in. Interestingly, KFM's share price kept rising as the week

progressed. Is there a bigger picture? The announcement that Andrew Forrest's company, Wyloo Metals, is making a \$150m investment in Hastings Technology Metals (HAS) via secured, redeemable notes could have something to do with it.

Hastings will use the raising to finance a 22.1% investment in Neo Performance Materials Inc, listed on the TSX. Neo is a market leading producer of NdFeB magnets and rare earth materials globally, uniquely positioned as the owner of the only operating commercial rare earth separation and rare metals facility in Europe. Neo is currently accelerating plans to expand its rare earths separation operations in Estonia and construct a new factory in Estonia to manufacture sintered NdFeB permanent magnets.

The investment by Wyloo, subject to shareholder approval, gives that company good optionality. On the surface it is a three year loan of \$150m earning 9% p.a. The conversion price is a healthy premium at \$5.50 per unit, so it looks good for Hastings. If the Yangibana Project successfully commissions in 2024, Wyloo will have the option of converting into equity with reduced risk. If there are any problems or delays, Wyloo is sitting in the box seat to squeeze a refinancing on improved terms. It is all about positioning.

Why should Hastings' corporate initiatives have anything to do with KFM? We can speculate. As mentioned in the 13/8/22 issue, Hastings is at the vanguard of the commercialisation of the Gascoyne rare earth belt with a market capitalisation of \$549m. Dreadnought Resources (DRE) is an advanced REO explorer to the south without a resource yet, but it is now priced at \$425m. It has just gone into a trading halt pending the release of exploration results.

Again, these sort of market capitalisations make KFM look very cheap at \$23m. KFM is in the right commodity in a belt that is generating amazing interest at the moment. It is demonstrating very good, early stage exploration results (when you also include previous drill results that include 5m at 3.45% REO). It seems as if its share price determinant may be more than just what it is discovering on its ground. There may be an additional twist to the story. It is definitely in a hot spot worth following.

Disclosure: Interests associated with the author own shares in Kingfisher.

Achieving accuracy in report grades of Au/Sb

In a rather technical release made last week, Nagambie Resources (NAG) went to some length to explain the correct methodology for reporting gold equivalent grades in gold/stibnite orebodies. This was prompted by the observation that gold equivalent grades previously reported by industry had not sufficiently considered the higher specific gravity (bulk density) of stibnite rich intervals.

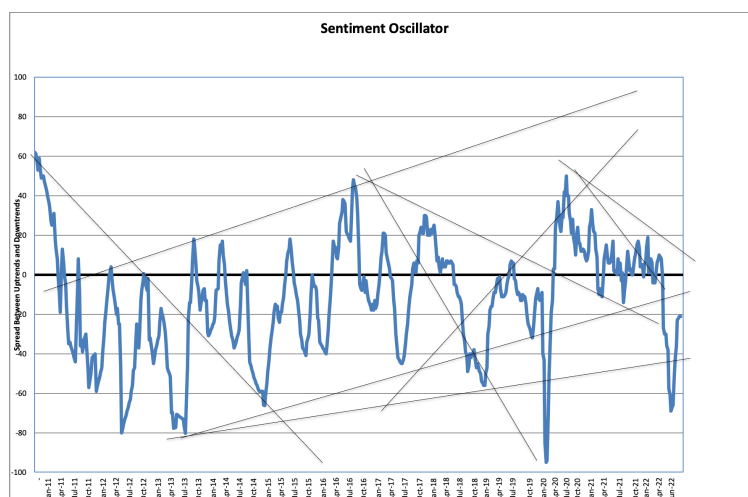
Those technically minded readers can wade through the release but for those of you who want to fast-track to the bottom line, the conclusion was that grades have been under-reported. As an example, the 2.5m interval of drill hole NRP02 drilled some years ago was originally reported as 4.84 gpt Au and 7.51% Sb, for a gold equivalent grade of 22.6 gpt. Applying the corrected methodology gives a grade of 27.0 gpt AuEq. Thus the high grade was even higher, by 19%.

This observation becomes relevant as we are about to see assays for six holes drilled beneath the Nagambie open pit that have intersected Costerfield style high-grade gold/stibnite veins. These won't all deliver grades as high as 27 gpt, but there should be plenty of intercepts well in excess of the 3 gpt AuEq cut-off applied at the Costerfield Mine by Mandalay. The tripling of the antimony price over the last couple of years makes the quest for accuracy even more relevant.

Disclosure: Interests associated with the author own shares in Nagambie and FEC has received capital raising fees.

Insufficient workforce - a lingering problem in Oz

Whilst on my central Australian excursion I observed the reality of the labour shortage that is affecting many businesses. Whether it is because workers are absent due to Covid illness or some other reason such as the inability for seasonal and international students to travel, the tourism and associated industries are suffering. As an example one of the hotels near Uluru has 180 employers brought in from Fiji. Bulla. Another hotel in Alice Springs had a contingent of workers from Samoa. There would be many examples of this throughout Australia today and it is not just restricted to seasonal workers.



Sentiment Oscillator: The rally from the lows has run out of steam. There were 23% (22%) of the charts in uptrend and 44% (43%) 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	fallen back to support line	
Metals and Mining	XMM	hit resistance line, then collapsed	
Energy	XEJ	new high	
Information Technology	XIJ	breached ST uptrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
A-Cap Energy	ACB	new uptrend commenced	uranium
Alpha HPA	A4N	breached downtrend	HPA
Adriatic Resources	ADT	approaching resistance line	zinc, polymetallic
Advance Metals (was Pacific American)	AVM	down	coal, gold exploration
Alkane Resources	ALK	at resistance	gold
Alicanto Minerals	AQI	testing downtrend	base metals, silver, gold
Altech Chemical	ATC	bouncing off lows	HPA, anodes
Anteotech	ADO	new low	silicon anodes, biotech
Alto Metals	AME	at resistance	gold exploration
American Rare Earths	ARR	fallen back to resistance line	rare earths
Antilles Gold	AAU	still down	gold
Arafura Resources	ARU	weaker	rare earths
Ardea Resources	ARL	on support line	nickel
Aurelia Metals	AMI	new low	gold + base metals
Australian Potash	APC	new low	potash
Australian Rare Earths	AR3	at resistance	rare earths

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Auteco Minerals	AUT	recovering	gold exploration
Arizona Lithium	AZL	failed at resistance line	lithium
Azure Minerals	AZS	failing at resistance line	nickel exploration
BHP	BHP	back to lows after dividend payment	diversified, iron ore
Beach Energy	BPT	new uptrend confirmed	oil and gas
Bellevue Gold	BGL	breached downtrend	gold exploration
Benz Mining	BNZ	breached downtrend	gold
Black Cat Syndicate	BC8	new uptrend commenced	gold
Blue Star Helium	BNL	sideways through downtrend	gas, helium
BMG Resources	BMG	down	gold exploration
Boab Metals	BML	failed at resistance line	silver/lead
Breaker Resources	BRB	breached support	gold exploration
Buru Energy	BRU	sideways	oil
Calidus Resources	CAI	new low	gold
Capricorn Metals	CMM	slump	gold
Caravel Minerals	CVV	at resistance	copper
Castile Resources	CST	down	gold/copper/cobalt
Celsius Resources	CLA	sideways at lows	copper
Chalice Mining	CHN	down	nickel, copper, PGMs, gold exploration
Chesser Resources	CHZ	new low	gold exploration
Cobalt Blue	COB	rising	cobalt
Cyprium Metals	CYM	new low	copper
Dateline	DTR	testing downtrend	rare earths
De Grey	DEG	breaching resistance line	gold
E2 Metals	E2M	new uptrend commenced	gold exploration
Ecograp	EGR	surge out of downtrend	graphite
Element 25	E25	new uptrend commenced	manganese
Emerald Resources	EMR	trying to recapture uptrend	gold
Empire Energy	EEG	new uptrend commenced	gas
Euro Manganese	EMN	surge higher	manganese
Evolution Mining	EVN	new low	gold
Firefinch	FFX	suspended	gold
First Graphene	FGR	breached downtrend	graphene
Fortescue Metals	FMG	failed at resistance line	iron ore
FYI Resources	FYI	sideways through downtrend	HPA
Galena Mining	G1A	testing steepest downtrend	lead
Galilee Energy	GLL	softer	oil and gas, CBM
Genesis Minerals	GMD	down	gold
Genmin	GEN	rising	iron ore
Gold Road	GOR	breached downtrend	gold
Great Boulder Resources	GBR	but approaching resistance line	gold exploration
Hastings Technology Metals	HAS	surge out of downtrend	rare earths
Hazer Group	HZR	still in downtrend	hydrogen
Heavy Minerals	HVY	still in downtrend	garnet

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Highfield Resources	HFR		new low	potash
Hillgrove Resources	HGO		breached downtrend	copper
Iluka Resources	ILU		testing resistance line	mineral sands
Image Resources	IMA		down	mineral sands
ioneer (was Global Geoscience)	INR		testing resistance line	lithium
Ionic Rare Earths	IXR		rising again	rare earths
Jervois Mining	JVR		breached downtrend	nickel/cobalt
Kaiser Reef	KAU		recovering from lows	gold
Kingston Resources	KSN		improving	gold
Krakatoa Resources	KTA		breaching downtrend	rare earths
Kingfisher Mining	KFM		down	rare earths
Kingwest Resources	KWR		good rally	gold
Legend Mining	LEG		new low	nickel exploration
Lepidico	LPD		recovering from lows	lithium
Lindian Resources	LIN		another new high	bauxite
Lion One Metals	LLO		breached uptrend	gold
Los Cerros	LCL		new uptrend breached	gold exploration
Lotus Resources	LOT		sideways through downtrend	uranium
Lucapa Diamond	LOM		new uptrend forming	diamonds
Lunnon Metals	LM8		rising	nickel
Lynas Corp.	LYC		slump	rare earths
Magnetic Resources	MAU		new low	gold exploration
Mako Gold	MKG		failed at resistance line	gold exploration
Marmota	MEU		sideways	gold exploration
Marvel Gold	MVL		new low	gold exploration
Matador Mining	MZZ		new low	gold exploration
Mayur Resources	MRL		strong rise from lows	renewables, cement
Meeka Gold	MEK		surge on drill results -capital raising	gold
Megado Gold	MEG		back to downtrend	rare earths, gold exploration
MetalsX	MLX		new low	tin, nickel
Metro Mining	MMI		slump out of new uptrend with a placement	bauxite
Mincor Resources	MCR		recovering from lows	gold/nickel
Mithril Resources	MTH		down	gold/silver
Musgrave Minerals	MGV		testing downtrend	gold exploration
Nagambie Resources	NAG		stronger	gold, antimony
Neometals	NMT		rising	lithium
Northern Star Res.	NST		strong rise	gold
Nova Minerals	NVA		breached resistance - new upend commenced	gold exploration
OreCorp	ORR		at lows	gold development
Oz Minerals	OZL		new high on BHP takeover moves	copper
Pantoro	PNR		new low	gold
Panoramic Res	PAN		down	nickel
Peak Resources	PEK		rising	rare earths
Peel Mining	PEX		breached steepest downtrend	copper

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Peninsula Energy	PEN		sideways	uranium
Poseidon Nickel	POS		still down	nickel
Perseus Mining	PRU		down	gold
Provaris Energy	PV1		rising	hydrogen
PVW Resources	PVW		breached downtrend	rare earths
QMiner	QML		new low	copper
Queensland Pacific Metals	QPM		sideways	nickel/cobalt/HPA
Red River Resources	RVR		new low	zinc
Regis Resources	RRL		testing downtrend	gold
Regergen	RLT		testing downtrend	gas, helium
Resource Mining Corp.	RMI		sideways	nickel exploration
RIO	RIO		new low	diversified, iron ore
Rumble Resources	RTR		secondary downtrend	gold exploration
S2 Resources	S2R		sideways	gold exploration
St Barbara	SBM		on support line	gold
Sandfire Resources	SFR		heavy fall	copper
Santos	STO		uptrend	oil/gas
Saturn Metals	STN		sideways	gold exploration
Silex Systems	SLX		new high	uranium enrichment technology
Silver Mines	SVL		down	silver
South Harz Potash	SHP		still in downtrend	potash
Southern Cross Gold	SXG		pullback	gold exploration
Stanmore Coal	SMR		surge higher	coal
Strandline Resources	STA		strong rise	mineral sands
Sunstone Metals	STM		downtrend	exploration
Talga Resources	TLG		testing steepest downtrend	graphite
Technology Metals	TMT		down	vanadium
Tesoro Resources	TSO		new low	gold exploration
Theta Gold Mines	TGM		strong rise from lows - at resistance	gold
Thor Mining	THR		sideways through downtrend	gold exploration
Tietto Minerals	TIE		breaching downtrend	gold
Turaco Gold	TCG		bouncing from lows	gold exploration
Vanadium Resources	VR8		breached uptrend	vanadium
West African Resources	WAF		holding uptrend	gold
Westgold Resources	WGX		down	gold
West Wits Mining	WWI		new low	gold
Whitehaven Coal	WHC		new high	coal
Yandal Resources	YRL		new low	gold exploration
Zenith Minerals	ZNC		breached steepest downtrend	gold exploration
Zinc Mines of Ireland	ZMI		new low	zinc
Totals	23%	33	Uptrend	
	44%	63	Downtrend	
		144	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	32	22.2%	
Gold Exploration	22	15.3%	
Rare Earths	12	8.3%	
Nickel	11	7.6%	
Copper	9	6.3%	
Oil/Gas	8	5.6%	
Iron Ore/Manganese	6	4.2%	
Zinc/Lead	5	3.5%	
Lithium	4	2.8%	
Uranium	4	2.8%	
Graphite/graphene	3	2.1%	
Potash/Phosphate	3	2.1%	
Coal	3	2.1%	
Mineral Sands	3	2.1%	
Silver	2	1.4%	
Bauxite	2	1.4%	
Vanadium	2	1.4%	
Cobalt	1	0.7%	
Tin	1	0.7%	
Diamonds	1	0.7%	

Other	10		
Total	144		

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