

25 November 2017

Charts not Updated

Analyst : Warwick Grigor

First Graphite opens its graphene production facility in WA

Please note that due to travel commitments the chart comments have not been updated this week.

Impressive cobalt drill results from Northern Cobalt

A few weeks back (4/11/17) we brought Northern Cobalt (N27) to the attention of readers, as an interesting high grade cobalt company with a project in the NE of the Northern Territory. The geology is an unusual style being primarily cobalt, with small copper and gold assays. Last week it reported its first round of drill results, causing the share price to jump from 50¢ to a high of 78¢ on the day.

The first five holes from a 57 RC hole program at the Stanton orebody included excellent intercepts, such as 37m at 0.28% Co from a depth of 25m, with individual metre assays being as high as 2.13% Co, and 30m at 0.17% Co from 20m depth. These are very good results both in terms of widths and grade, and proximity to the surface.

Companies normally try to deliver good results early in a program because that is what the market wants. It is too early to say whether this has been the approach with Stanton, but as additional results come through over the next few weeks we should get a more complete picture. These results are actually within the ball park of what we expected, given the historical information, so they are not surprising.

We have seen many companies pick up whatever they can so as to hitch their flag to the cobalt mast. We have even seen companies change the priorities of reporting grades in cobalt first rather than copper, even where copper is more economically significant. Laterite nickel deposits have been called cobalt deposits. The market should start to enter a more discerning phase from this point where the cobalt pretenders get relegated to the back row. Companies like Northern Cobalt will more legitimately take the front row.

Disclosure: FEC holds shares in Northern Cobalt.

Zimbabwe is back on the radar

At long last the despot has been removed and Zimbabwe can start to rebuilt itself. It was once one of the best countries in Africa for mining and exploration, but Robert Mugabe destroyed that reputation with a dictatorial and racist regime that had devastating consequences.

It is probably a little premature to say that it is once again a preferred destination as history tells us that when a strong man vacates the seat of power there is often a period of instability, as a power struggle between candidates ensues. Here Mr Mnangagwa, the Vice-President, has taken the reigns. Will he continue in the same vein as Mugabe or will he do things differently? Maybe he will be on his best

behaviour for the four months leading up to the the next election. We will be observing with interest.

Official Opening of FGR's graphene production facility

Last week FGR had the official opening of its Henderson Graphene Production Facility, attended by distinguished guests and shareholders. We have reproduced the Chairman's address from Friday's AGM, as it makes some salient points with respect to the facility.

"Ladies and Gentlemen, welcome to the AGM of First Graphite, soon to be renamed First Graphene Ltd.

I would like to say to you, as shareholders, some of the things I said to the audience yesterday at the Opening Ceremony for First Graphene's Henderson Production Facility. This Facility represents both the completion of one journey and the commencement of another.

The first journey commenced in May 2015, when Directors of MRL Ltd, as it was then called, approached me to see if I could arrange for the Sri Lankan vein graphite to be tested for graphene recovery using the electrochemical exfoliation method pioneered by Adelaide University. The tests were done and they confirmed that not only could graphene be recovered, but of the 50 or more types of graphite that Professor Dusan Losic and his team had tested, the vein graphite gave the best results.

First Graphene then commenced a program with Adelaide University to optimise the process for the Sri Lankan graphite, which led to a scale up from 2.5 litre vessels to the 250 litre Graphene Cell, 15 months later. Another 6-7 months of optimisation then resulted in plans to construct the facility which you see being opened today.

There are two very impressive aspects of this wonderfully innovative venture. The first is the very short time frame in which it has been achieved. The second is the very small expenditure that has been involved. Both are a credit to the resourcefulness of the FGR team, led by our CEO, Craig McGuckin.

Through careful management and sourcing of equipment for this production facility, management has been able to achieve excellent costs reductions. In many cases these saving have been up to 80%. Rather than accept off-the-shelf quotes from German suppliers, Craig has engaged with manufacturers in China to design and procure equipment at significant savings. That is what good management does for a company. The net result will be a significant saving on the earlier forecast budget of \$1m.

No-one in Australia has been educated and trained to be a manufacturer of graphene. Everyone involved has had to learn on the job, and that learning curve has been very steep. It is a credit to Craig and his team that they were able to learn so quickly, leading to this milestone event. The fact that Craig has had to oversee the task of establishing

underground mines in Sri Lanka at the same time makes the company's progress even more impressive.

So, the first journey has taken us to the starting gate for the next journey. Now that FGR has established the production capability, which is expected to be fully operational by the end of January, the next journey will be all about building the sales book. It is about taking the dozens of enquiries that we have received through to firm purchase orders.

To date there has been a chicken and egg debate. Which should come first, the production facility or the sales book? We all know of the enormous potential for graphene, but one of the biggest obstacles to commercialisation has been the availability of supply. Companies like Tesla would love to embrace graphene more fully, but as they said to us a year ago, "we can't get enough supply to warrant us turning our minds to it". Well, that was before we built this facility. Industry will now be able to commit resources to developing commercial applications, taking the science from the laboratories onto the factory floor. It is all about scaling up from here.

The significance of this facility can not be overstated. It is an example of the innovative drive that the Federal Government has been promoting. It is happening right here in WA, not in Germany or China or the USA. With this

facility WA will be a world leader in terms of capacity and quality, and it will be the lowest cost producer of graphene. What a great starting point!

FGR is wonderfully positioned at the inflection point of an amazing new growth curve with the demand for graphene expected to grow at 60% pa. We offer our shareholders opportunity and optionality. We offer the lowest risk entry point into the graphene business. We are developing IP and working with universities and industry to commercialise and expand the graphene market.

Ladies and gentlemen, welcome to the future of nanomaterials".

Disclosure: The author is chairman of First Graphite Ltd and interests associated with the author hold a sizeable number of shares in FGR. FEC has received capital raising fees from FGR.














Sentiment Indicator: This has not been updated There were 49% (46%) of the charts in uptrend and 19% (25%) 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.

Indices	Code	Trend Comment	
All Ordinaries	XAO	pullback	
Metals and Mining	XMM	into a steeper uptrend now	
Energy	XEJ	new high	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
ABM Resources	ABU	breached trend line	gold
Aeon Metals	AML	back to highs	copper + cobalt
Alacer Gold	AQG	testing uptrend	gold – production
Alkane Resources	ALK	breached steepest downtrend	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Aguia Resources	AGR	back in downtrend	phosphate
Alicanto Minerals	AQI	testing downtrend	gold exploration
Allegiance Coal	AHQ	testing downtrend	coal
Alliance Resources	AGS	sideways	gold exploration
Alltech Chemicals	ATC	stronger	industrial minerals
Anova Metals	AWV	falling again	gold
Antipa Minerals	AZY	sideways	gold
Apollo Consolidated	AOP	new high	gold exploration
Archer Exploration	AXE	strongly higher	magnesite, graphite
Argent Minerals	ARD	testing downtrend	polymetallic
Artemis Resources	ARV	Uptrend	gold, nickel
Aspire Mining	AKM	new low	coal
Aurelia Metals	AMI	upside breakout	gold + base metals

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Auroch Minerals	AOU		continuing higher	exploration
Aus Tin	ANW		sideways	tin, cobalt
Australian Bauxite	ABX		breached uptrend	bauxite
Australian Potash	APC		slump back into downtrend	potash
Australian Mines	AUZ		working around highs	cobalt/nickel
Australian Vanadium	AVL		stronger	vanadium
Avanco Resources	AVB		sideways	copper
AWE	AWE		stronger	oil and gas
Azure Minerals	AZS		strong rise	silver
BHP	BHP		stronger	diversified
Base Resources	BSE		rallying	mineral sands
Bathurst Resources	BRL		heading down	coal
Battery Minerals	BAT		testing downtrend	graphite
BBX Minerals	BBX		suspended	gold
Beach Energy	BPT		rising	oil and gas
Beadell Resources	BDR		around lows again	gold
Berkeley Resources	BKY		spike on Cameco suspensions	uranium
Berkut Minerals	BMT		spiked to new high	cobalt
Blackham Resources	BLK		crunched down again	gold
Blackstone Minerals	BSX		steep rise	gold, cobalt
Broken Hill Prospect.	BPL		strongly higher	minerals sands, cobalt
Buru Energy	BRU		strongly higher	oil
Canyon Resources	CAY		correcting of recent high	bauxite
Cardinal Resources	CDV		testing uptrend	gold exploration
Cassini Resources	CZI		rising	nickel/Cu expl.
Chalice Gold	CHN		surge	gold
Cobalt One	CO1		back in downtrend	cobalt
Cobalt Blue	COB		spiked higher	cobalt
Comet Resources	CRL		pushing higher	graphite/graphene
Consolidated Zinc	CZL		downtrend being tested	zinc
Corizon Mining	CZN		down	cobalt
Crusader Resources	CAS		new low	gold/iron ore
Dacian Gold	DCN		rising again	gold exploration
Danakali	DNK		bounced off support line	potash
Doray Minerals	DRM		back in downtrend	gold
Draig Resources	DRG		new high	gold
Eden Innovations	EDE		new low	carbon nanotubes in concrete
Emerald Resource	EMR		sideways	gold
Energia Minerals	EMX		weak	zinc
Evolution Mining	EVN		gently stronger	gold
Excelsior Gold	EXG		new high	gold
Finders Resources	FND		stronger	copper
First Australian	FAR		testing uptrend	oil/gas
First Graphite	FGR		strong breach of downtrend	graphite
Fortescue Metals	FMG		testing longer term uptrend	iron ore
Galaxy Resources	GXY		steeply higher	lithium
Galilee Energy	GLL		surge out of downtrend	oil and gas, CBM
Gascoyne Resources	GCY		testing steeper downtrend	gold
Global Geoscience	GSC		new high	lithium
Gold Road	GOR		uptrend continuing	gold exploration
Graphex Mining	GPX		new uptrend	graphite
Heron Resources	HRR		testing downtrend	zinc
Highfield Resources	HFR		breached downtrend, but slipping again	potash
Highlands Pacific	HIG		correcting from recent high	copper, nickel

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Hillgrove Resources	HGO		sideways	copper
Iluka Resources	ILU		surged higher	mineral sands
Image Resources	IMA		spiked higher	mineral sands
Independence	IGO		stronger	gold, nickel
Intrepid Mines	IAU		sideways	copper
Karoo Gas	KAR		spiked higher	gas
Kibaran Resources	KNL		breached downtrend	graphite
Kin Mining	KIN		rallying	gold
Legend Mining	LEG		rising	exploration
Lepidico	LPD		another steep rise	lithium
Lithium Australia	LIT		rising again	lithium
Lucapa Diamond	LOM		back to lows	diamonds
Macphersons Res.	MRP		downtrend	silver
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		spiked higher	tin, nickel
Metro Mining	MMI		stronger	bauxite
Mincor Resources	MCR		spiked higher	nickel
Mineral Deposits	MDL		on support line	mineral sands
Mustang Resources	MUS		collapse	diamonds, rubies
Myanmar Minerals	MYL		rising on re-listing	zinc
MZI Resources	MZI		testing downtrend	mineral sands
Northern Cobalt	N27		strong rise	cobalt
Northern Minerals	NTU		testing downtrend	REE
Northern Star Res.	NST		rising again	gold
NTM Gold	NTM		uptrend forming	gold
Oceana Gold	OGC		down after steep fall	gold
Oklo Resources	OKU		heavy correction	gold expl.
Orecorp	ORR		risen off lows	gold development
Orinoco Gold	OGX		collapse on 1 for 2 issue	gold development
Orocobre	ORE		stronger	lithium
Oz Minerals	OZL		bounced off support line	copper
Pacific American Coal	PAK		good bounce to meet resistance line	coal, graphene
Pantoro	PNR		breached uptrend	gold
Panoramic Res	PAN		surge through downtrend	nickel
Peel Mining	PEX		another spike on big zinc hit	copper
Peninsula Energy	PEN		testing downtrend	uranium
Perseus Mining	PRU		breaching uptrend	gold
Pilbara Minerals	PLS		steeply higher	lithium/tantalum
PNX Metals	PNX		sideways	gold, silver, zinc
Red River Resources	RVR		holding longer term uptrend	zinc
Regis Resources	RRL		near highs again	gold
Resolute Mining	RSG		sideways	gold
RIO	RIO		rising	diversified
Salt Lake Potash	SO4		new uptrend started	potash
Saracen Minerals	SAR		holding long term uptrend	gold
St Barbara	SBM		sideways at highs	gold
Sandfire Resources	SFR		breaching downtrend	copper
Santana Minerals	SMI		short term down	silver
Santos	STO		steeply higher	oil/gas
Sheffield Resources	SFX		correcting after issue	mineral sands
Silver Lake Resources	SLR		heavy fall	gold
Silver Mines	SVL		down again	silver
Sino Gas & Energy	SEH		breached steepest downtrend	gas
Southern Gold	SAU		gentle LT uptrend	gold

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Stanmore Coal	SMR	■	breaching long term support	coal
Sundance Energy	SEA	■	new uptrend started	oil/gas
Syrah Resources	SYR	■	stronger	graphite
Talga Resources	TLG	■	downtrend	graphene
Tanami Gold	TAM	■	down	gold
Tempo Australia	TPP	■	sideways to higher	mining services
Tiger Realm	TIG	■	spiked higher	coal
Torian Resources	TNR	■	new low	gold expl'n
Triton Minerals	TON	■	uptrend	graphite
Troy Resources	TRY	■	back in downtrend	gold
Tyranna Resources	TYX	■	spiked higher	gold exploration
Vango Mining	VAN	■	down	gold
Vimy Resources	VMY	■	testing downtrend	uranium
West African Resources	WAF	■	correcting	gold
Westwits	WWI	■	new uptrend on Pilbara deal	gold exploration/development
Western Areas	WSA	■	new uptrend	nickel
White Rock Minerals	WRM	■	sideways	silver
Whitehaven Coal	WHC	■	gently higher	coal
WPG Resources	WPG	■	sideways at bottom of steep fall	gold
Wolf Minerals	WLF	■	testing downtrend	tungsten
Totals	49%	71	Uptrend	
	19%	28	Downtrend	
		145	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	22.1%	
Gold Exploration	16	11.0%	
Copper	11	7.6%	
Coal	9	6.2%	
Oil/Gas	9	6.2%	
Mineral Sands	7	4.8%	
Graphite	8	5.5%	

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Weightings of Sectors Represented in the Company Charts			
Zinc	7	4.8%	
Silver	6	4.1%	
Lithium	6	4.1%	
Nickel	4	2.8%	
Potash/Phosphate	5	3.4%	
Cobalt	6	4.1%	
Uranium	3	2.1%	
Bauxite	3	2.1%	
Tin	2	1.4%	
Diamonds	2	1.4%	
Iron Ore	1	0.7%	
Other	8		
Total	145		

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