

Charts give signals as news flow starting up again

Messages are all chart driven this week

As if by design, the All Ords Index breached the resistance level identified a week ago. The Metals and Mining Index closed just below its resistance line and the Energy Index confirmed the breach of the downtrend. That is all positive in charting terms and it should make you feel better, but as usual, another week of holding or exceeding Friday's closing levels would give better confirmation.

Looking at charts of individual companies, the improving sentiment is flowing through to the juniors. Many companies have thrown off the sellers and the charts are transitioning from downtrends to either move significantly higher, or into sideways patterns. In most cases these are shorter term downtrends within longer term downtrends that will come into play later, but there is often the chance of 20-50% upward movements before the longer term trends become relevant.

It is not as if there is any particularly good news that has caused the strength. Maybe the market is just shrugging off its doubts of Q4 in 2018. Maybe a week of more stable and improving US markets has brought the buyers out. Maybe it is a New Year rally. Whatever the reason, it is a welcome movement.

There has been a notable increase in company news flow in the last week as people are coming back from the festive season holidays. With sentiment also improving we can expect to see better movements in response to the news items.

The Sentiment Oscillator shows a strong move upwards within the downtrend that goes back to January 2018. Watch to see if it does more work before the breakout. Again, it is work in progress.

PAK announces 300 Mt of coking coal

Last Wednesday, PAK announced a re-calculated resource statement for its Elko coking coal project in BC, Canada, following the completion of the latest drilling program.

The JORC resource has increased by 18% to 303 Mt, which is very good, but the real punch comes from the 513% increase in the Measured category to 117 Mt. All upper seams have been confirmed to be high quality, low ash coking coal. The seams range from 1.5m to 12m in thickness. Three new seams have been identified and these contributed 35 Mt to the total resource. This is a very substantial resource base now.

We have previously mentioned PAK as an extremely underpriced situation. The latest result confirms this opinion, with the market capitalisation still below \$10m, and cash of \$3-4m in the kitty. There is a 2018 report on the FEC website, prepared by independent analyst, Mike Harrowell. At the time he opined that the shares should be selling at better than 20¢.

PAK has the goods but to date it has had trouble getting the message through to the general market. Perhaps that is what it should be doing now ... promoting the story aggressively ... while it plans the next steps to commercialisation.

Disclosure: Interests associated with the author own approximately 13% of the issued capital of PAK.

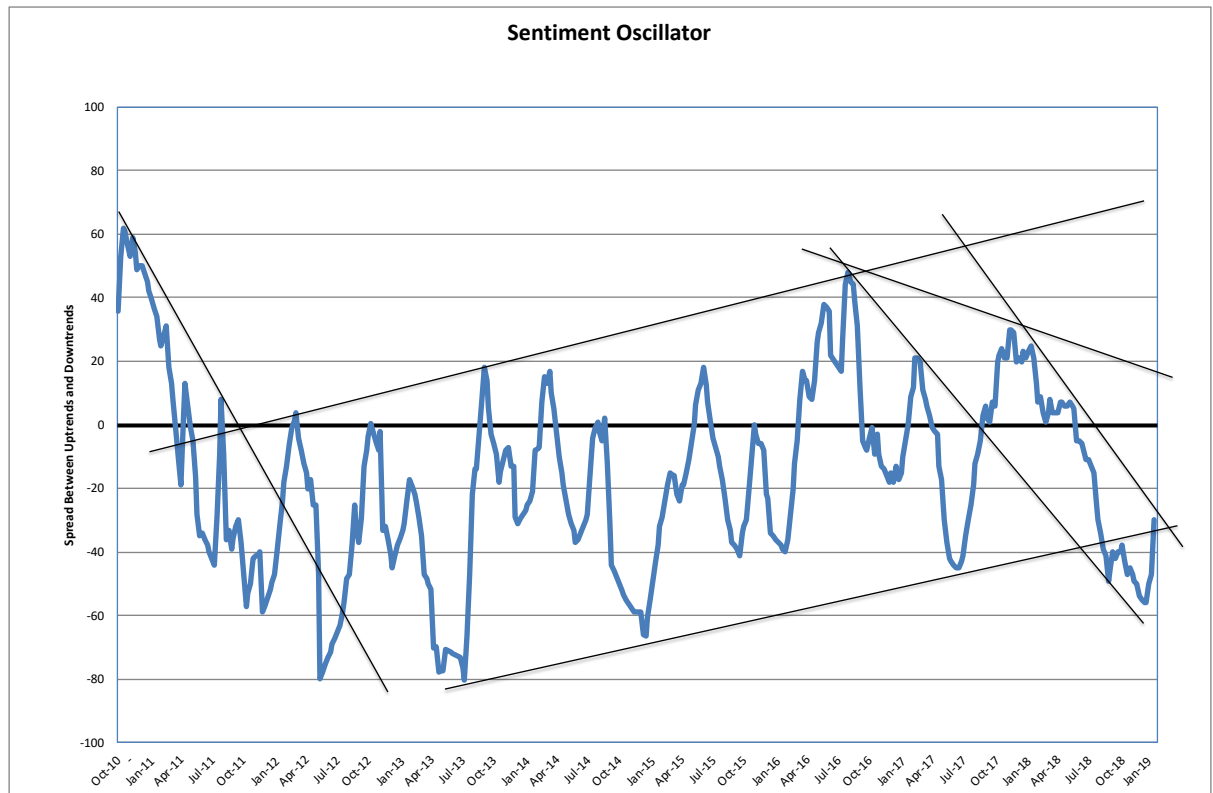
Golden Rim Resources hits high grade gold

We have been following Golden Rim for almost a year on the basis that it has been proving a large low grade gold resource at its 100%-owned Kouri gold project in Burkina Faso. The geology and the country are both good, but we have been less enamoured with the corporate management and its capital raising skills, which have seen the share price fall while the resource grows. While it doesn't tick every box it can still offer profitable trading opportunities.

The latest opportunity has come with the release of a high grade, 4m intercept grading 44.7 gpt from 34m. This was drilled 500m from the existing, 1.4 Moz resource. Whilst not wanting to slap a gift horse in the mouth, the reaction in the share market that took the price from 1.7¢ to 2.3¢ (a rise of 35%), is another example of punters being reactive rather than analytical. Most gold orebodies have sweet spots that can offer up impressive grade intercepts from time to time. It is not smart to extrapolate one or two good intercepts, though we seem to have this happening repeatedly in the gold sector. Is this a new high grade orebody, or is it just a sweet spot that is unrepresentative? Time will tell.

Notwithstanding the comments above, we still think that Golden Rim offers a very low-priced gold opportunity. We believe there is a discount in the market for the financial management (no issues with the technical management). If it was to be replaced by more savvy corporates there is certainly the chance for a significant re-rating. Maybe that is where the upside lies, along with an expanding resource base and an improving gold price.

Disclosure: Interests associated with the author own shares in Golden Rim..



Sentiment Oscillator: There was a large number of charts that transitioned from downtrends into the amber, which is a normal move. You can call it an uptrend until more time passes, but by the time an uptrend is confirmed you could have missed out on a 20% increase, or more. Do you jump now to get ahead of the pack, or follow the pack? Sentiment improved strongly over the past week, with 18% (15%) of the charts in uptrend and 48% (62%) in downtrend on Friday's close. A few more charts are moving out of downtrends.

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 downtrend, heading for final resistance	
Metals and Mining	XMM	breached downtrend, heading for final resistance	
Energy	XEJ	breached downtrend	
Stocks	Code	Trend Comment (updated comments in bold)	Main Interest
Adriatic Resources	ADT	breached uptrend	zinc
Aeon Metals	AML	downtrend confirmed	copper + cobalt
Alacer Gold	AQG	at final resistance	gold – production
Alkane Resources	ALK	sideways at lows	gold, zirconia
Acacia Resources	AJC	Sideways at the bottom	coal
Alchemy Resources	ALY	sideways	nickel, cobalt
Alicanto Minerals	AQI	back to lows	gold exploration
Allegiance Coal	AHQ	heavy fall, then strong recovery	coal
Alliance Resources	AGS	resting on support line	gold exploration
Altech Chemicals	ATC	down	industrial minerals - synthetic sapphire
Anova Metals	AWV	new low on poor production report	gold
Apollo Consolidated	AOP	breached support	gold exploration
Archer Exploration	AXE	sideways at lows	magnesite, graphite
Argent Minerals	ARD	breached steepest downtrend	silver
Aurelia Metals	AMI	breached correcting pattern	gold + base metals
AusTin	ANW	holding support line	tin, cobalt
Australian Bauxite	ABX	testing uptrend	bauxite
Australian Potash	APC	at final resistance	potash
Australian Mines	AUZ	rallying	cobalt/nickel
Australian Vanadium	AVL	rallying	vanadium
Bounty Coal	B2Y	strongly rally after funding	coal
BHP	BHP	corrected back to support line	diversified
Base Resources	BSE	down	mineral sands
Bathurst Resources	BRL	beneath LT downtrend line	coal
Battery Minerals	BAT	sideways at lows	graphite
BBX Minerals	BBX	secondary downtrend	gold
Beach Energy	BPT	breached downtrend	oil and gas
Beadell Resources	BDR	secondary downtrend	gold
Bellevue Gold	BGL	new high	gold
Berkeley Energia	BKY	surged higher- Spanish media	uranium
Blackstone Minerals	BSX	back to lows	gold, cobalt
Breaker Resources	BRB	down	gold
Broken Hill Prospecting	BPL	new low	minerals sands
Buru Energy	BRU	down	oil

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Cardinal Resources	CDV		drifting lower	gold exploration
Cassini Resources	CZI		consolidating	nickel/Cu expl.
Celsius Resources	CLA		rallying	copper/cobalt
Chalice Gold	CHN		rallying	gold
Cobalt Blue	COB		free fall on study results	cobalt
Comet Resources	CRL		sideways at lows	graphite
Dacian Gold	DCN		steeply higher then heavy pullback	gold
Danakali	DNK		breached uptrend	potash
Davenport Resources	DAV		steep rise, pullback and consolidation	potash
Doray Minerals	DRM		sideways - merger	gold
Eden Innovations	EDE		down	carbon nanotubes in concrete
Egan Street Resources	EGA		moving higher within LT downtrend	gold
Emerald Resource	EMR		risen to resistance	gold
Evolution Mining	EVN		higher	gold
Exore Resources	ERX		rising	gold exploration
FAR	FAR		crunched down on dud oil well	oil/gas
First Graphene	FGR		rising again	graphene
Frontier Diamonds	FDX		breached downtrend, then back to lows	diamonds
Fortescue Metals	FMG		rallied out of steepest, but still in LT downtrend	iron ore
Galaxy Resources	GXY		back into downtrend	lithium
Galilee Energy	GLL		testing short term downtrend	oil and gas, CBM
Gascoyne Resources	GCY		rallying from lows	gold
Gold Road	GOR		testing short term downtrend	gold exploration
Golden Rim	GMR		stronger, new uptrend just beginning	gold exploration
Graphex Mining	GPX		new low	graphite
Heron Resources	HRR		sideways	zinc
Highfield Resources	HFR		rallied to meet resistance line	potash
Highlands Pacific	HIG		down	nickel, cobalt
Hillgrove Resources	HGO		sideways	copper
Hipo Resources	HIP		rallied to meet resistance line	battery metals
Iluka Resources	ILU		rounding out at bottom of downtrend	mineral sands
Image Resources	IMA		ST downtrend breached	mineral sands
Independence Group	IGO		still in downtrend, but stronger	gold, nickel
ioneer (was Global Geoscience)	INR		down	lithium
Jervois Mining	JVR		rising	nickel/cobalt
Jindalee Resources	JRL		surge higher, then a pullback	lithium
Karoon Gas	KAR		new low	gas
Kasbah Resources	KAS		downtrend breached on consolidation	tin
Kibaran Resources	KNL		testing downtrend	graphite
Kin Mining	KIN		heavy fall	gold
Legend Mining	LEG		down	nickel exploration
Lepidico	LPD		continuing down	lithium
Lithium Australia	LIT		continuing downtrend	lithium
Lucapa Diamond	LOM		continuing downtrend	diamonds

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Lynas Corp.	LYC		new low	rare earths
Macphersons Res.	MRP		sideways	gold/silver
Mako Gold	MKG		sideways after breaching downtrend	gold
Marmota	MEU		sideways	gold exploration
MetalsX	MLX		rounding out at bottom of downtrend	tin, nickel
Metro Mining	MMI		rounding out at bottom of downtrend	bauxite
Mincor Resources	MCR		sideways	gold
Musgrave Minerals	MGV		breached uptrend	gold exploration
Myanmar Minerals	MYL		testing downtrend	zinc
Nelson Resources	NES		still struggling in downtrend	gold exploration
Neometals	NMT		down	lithium
Northern Cobalt	N27		down again	cobalt
Northern Minerals	NTU		new low	REE
Northern Star Res.	NST		new high	gold
NTM Gold	NTM		sideways	gold
Oceana Gold	OGC		rising again	gold
Oklo Resources	OKU		down	gold expl.
OreCorp	ORR		in secondary downtrend	gold development
Orinoco Gold	OGX		down	gold development
Orocobre	ORE		heavy fall	lithium
Oz Minerals	OZL		sideways	copper
Pacific American Coal	PAK		testing downtrend	coal
Pantoro	PNR		breached downtrend, moving higher	gold
Panoramic Res	PAN		breached downtrend, at secondary resistance point	gold , nickel
Peak Resources	PEK		down	rare earths
Peel Mining	PEX		failed to hold breach of longer term downtrend	copper
Peninsula Energy	PEN		downtrend again	uranium
Perseus Mining	PRU		stopped at resistance line	gold
Pilbara Minerals	PLS		down heavily	lithium/tantalum
PNX Metals	PNX		lower	gold, silver, zinc
Polarex	PXX		still down	polymetallic exploration
Prodigy Gold	PRX		down	gold exploration
Real Energy	RLE		testing uptrend	gas
Red5	RED		rising	gold
Red River Resources	RVR		down	zinc
Regis Resources	RRL		moving higher	gold
Resolute Mining	RSG		rallying	gold
RIO	RIO		breached downtrend	diversified
Salt Lake Potash	SO4		re-entering downtrend	potash
Saracen Minerals	SAR		up	gold
St Barbara	SBM		up	gold
Sandfire Resources	SFR		breached downtrend	copper
Santana Minerals	SMI		new low	silver
Santos	STO		breached downtrend	oil/gas

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Sheffield Resources	SFX		down	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
Sundance Energy	SEA		stronger following consolidation	oil/gas
Syrah Resources	SYR		breached downtrend	graphite
Talga Resources	TLG		new low	graphite
Tanami Gold	TAM		breached downtrend	gold
Technology Metals	TMT		short term down	vanadium
Tiger Realm	TIG		down	coal
Triton Minerals	TON		breached steepest downtrend	graphite
Troy Resources	TRY		down	gold
Tyranna Resources	TYX		back in downtrend	gold exploration
Vango Mining	VAN		down	gold
Vector Resources	VEC		sideways through downtrend	gold
Venturex	VXR			zinc
Vimy Resources	VMY		down	uranium
Volt Resources	VRC		sideways	graphite
West African Resources	WAF		down	gold
Westwits	WWI		down	gold
Western Areas	WSA		testing downtrend	nickel
Whitehaven Coal	WHC		breached ST downtrend, resistance at \$5-\$5.20	coal
Totals	18%	26	Uptrend	
	48%	69	Downtrend	
		143	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	38	26.6%

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Gold Exploration	14	9.8%	
Graphite	9	6.3%	
Nickel	9	6.3%	
Coal	8	5.6%	
Oil/Gas	8	5.6%	
Lithium	8	5.6%	
Copper	6	4.2%	
Mineral Sands	5	3.5%	
Zinc	5	3.5%	
Potash/Phosphate	5	3.5%	
Cobalt	4	2.8%	
Tin	3	2.1%	
Uranium	3	2.1%	
Rare Earths	3	2.1%	
Silver	2	1.4%	
Bauxite	2	1.4%	
Diamonds	2	1.4%	
Vanadium	2	1.4%	
Iron Ore	1	0.7%	
Other	6		
Total	143		

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