

Sharks & Minnows

Hartleys Research

Sharks and Minnows, is compiled every ASX market day by the Hartleys Research team of analysts listed below. Contact your advisor to speak to the relevant analysts if you have any questions

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Gold -1.73% to 1,483/oz (A\$2,150)

Silver -2.71% to 17.57/oz (A\$25.46)

Copper +1.03% to 2.68/lb (A\$3.89)

Nickel -0.54% to 7.39/lb (A\$10.72)

Cobalt -0.03% to 16.11/lb (A\$23.35)

Zinc -2.05% to 1.16/lb (A\$1.68)

Aluminium -0.23% to 0.82/lb (A\$1.20)

Lead -0.60% to 0.98/lb (A\$1.42)

Iron Ore 62% -0.62% to 87.6/t (A\$126.99)

58% discount decr. to -5.4% (vs -5.8%)

Tin +0.19% to 16,430/t (A\$23,818)

Uranium +0.41% to 24.30/lb (A\$35.23)

WTI +1.22% to 57.2/bbl (A\$83.0)

Brent +1.26% to 62.9/bbl (A\$91.2)

Wheat +1.23% to 516/bsh (A\$748)

A\$/US\$ 0.690

DXY +0.71% to 98.0

USDCNY 7.009

US 10 Yr Bond +15bp to 1.86%

German 10 Yr Bond +4bp to -0.31%

Australian 10yr bond +7bp to 1.25%

Australian 90day Bills +1bp to 0.94%

US 10-2yr curve steepen 8bp to 24bp

Aus 10-3yr curve steepen 3bp to 38bp

SP500 -0.12% to 3,075

Nasdaq +0.02% to 8434.7

CAT (Caterpillar Inc) -0.37% to 146.37

SLB (Schlumberger Ltd) +1.32% to 36.72

TDW (Tidewater Inc) +0.06% to 17.52

GLEN (Glencore Plc) +4.67% to 252.20

ALB (Albemarle) -0.49% to 67.37

ETFs

XME (US S&P Miners ETF) +0.18% to 27.47
 PICK (Global Miner ex Gold ETF) +1.10% to 28.91
 GDXX (Gold Miner ETF) -2.00% to 26.97
 GDXXJ (Junior Gold ETF) -2.66% to 37.75
 IXC (Global Oil/Energy ETF) +0.51% to 31.80

FRAK (Unconv. Energy ETF) +0.33% to 10.50
 ZJO (Junior Oil ETF) +5.35% to 35.43
 KOL (Coal Miner & Dist. ETF) +2.34% to 11.37
 URA (Uranium Miner & Supp. ETF) flat 11.32
 LIT (Lithium ETF) -0.42% to 26.34

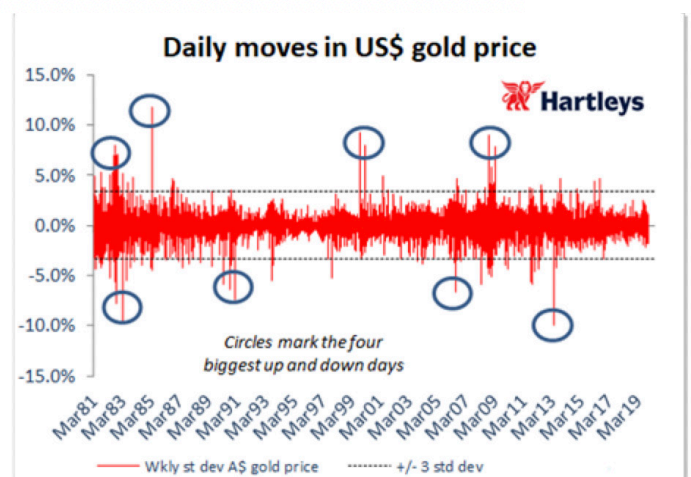
Weekly commodity prices:

Rutile (Conc. 95%TiO₂) 1,400/t (A\$2,030)
 Ilmenite (Conc. 50%TiO₂) 201/t (A\$292)
 Zircon (Zr(Hf)O₂ 66%) 1,565/t (A\$2,269)
 Bauxite Guinean 45% CIF 52/t (A\$75)
 Graphite (0-100 mesh) 94% 500/t (A\$725)
 Coking Coal Aust 10.5% max 203/t (A\$295)
 Thermal Coal (Newcastle FOB) 52/t (A\$75)
 Nickel Sulfate 4,280/t (implied Ni ~US\$8.5/lb)

NCM 523 13k/t (A\$19k), margin vs LME 3.3kt
 Vanadium Pentoxide (98%V₂O₅) to 4.75/lb (A\$6.89)
 Lithium (LC, 99.5%) (In China) 8k/t (A\$12k)
 Lithium (LC, 99.5%) (In USA) 12/kt (A\$17k)
 Lithium (LiOH, 56.5%) (In China) 9k/t (A\$13k)
 Spod Li₂O 5%min CIF China USD/mt 535/t (A\$776)
 Manganese 38% FOB SA 2.55/dmtu (A\$3.70)
 Rare Earths (NdPr oxide) 41.3/kg (A\$59.9)

Gold

- Gold down 1.7% overnight.
- But in historical context, not a particularly big move (% terms).
- Really unusual moves are in the high single digits.
- Below is rolling standard deviation of daily gold price.
- The second chart is daily changes in gold prices.
- Sentiment for golds seems to change on very small gold price changes at the moment, that are completely irrelevant in context of expected volatility.
- The chart shows that very, very large moves in gold are possible, and happen quite often on a long timescale.
- Current trailing volatility in US\$ gold is very low.
- The third and fourth charts are for silver. They show that volatility is always higher than gold, and recent swings are becoming larger but by no means unusual.



MZZ (Matador Mining Ltd, flat 19.0cps, m.cap A\$19m, Gold: Explorer): Paul Howard

- We spent much of last week travelling with MZZ in Newfoundland, eastern Canada.
- MZZ is exploring 100%-owned ground along and adjacent to the Cape Ray Shear Zone and has already defined a resource of 1.02Moz at 2.2g/t Au, of which 66% is indicated.
- The Company is nearing completion of a 12,000m diamond drilling program and is looking to upgrade and expand the resource; likely release date for this is early-2020, shortly followed by a scoping study.
- MZZ is targeting open pit potential, producing ~100kozpa. Of the current resource, 605koz @ 2.9g/t Au is within 200m of surface.
- While near term development studies should demonstrate a modest open pit offering, the Company will continue to explore the 80km of strike it holds in this underexplored but highly prospective region. Note that 95% of its current 1Moz resource is contained within a 5km strike extent of outcropping geology.
- As well as visiting site, we were fortunate enough to sit in on meetings with members of both the provincial and federal environmental assessment and approvals teams. The regulators did not appear to raise any major concerns with future approval of the project (did talk about managing acid rock drainage and impacts on local hunting and fishing) and MZZ has already made great strides down the path of approvals, having undertaken stakeholder engagement sessions, and base line flora and fauna surveys. In fact, the regulator's messaging was very much a "when" the approvals come, rather than "if". MZZ is eyeing up commencement of project construction in 2022, ahead of first production in 2023.
- We also met with the deputy and Minister for Natural Resources, and the Minister of Justice/Attorney General. It should be noted that the well known Voisey's Bay mine is located in the same province, so Newfoundland and Labrador is very much a mining district and open for business. The province has aggressive plans for expansion of its natural resource exploitation, and is targeting 5 new mines by 2030 - https://www.nr.gov.nl.ca/nr/pdf/WF_Mining_2018.pdf. MZZ's Cape Ray Project is earmarked to be one of these projects.
- MZZ, with the assistance of its on-ground environmental consultants, appears to be very well connected with local and federal government, and cursory conversations with local residents at the nearest town of Port aux Basques suggests the Company has positioned itself favourably among stakeholders.
- Up-coming news flow should include completion of the 2019 drilling season (imminently), updated resource and scoping study in the MarQ CY20.
- No formal coverage.



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