Junior Mining Sector Momentum Continues

Our research of 131 ASX/ TSX Companies shows that equity interest continues from both retail and Institutional Investors

Independent Equity Research

SYDNEY, NSW, AUSTRALIA, June 29, 2017 /EINPresswire.com/ -- Our Blockbuster Bluebook for Junior listed companies covering 131 ASX/ TSX is now out - what does the rest of 2017 hold for the markets and metals following a very positive 2016? Our view has cooled a bit since the March 2017 Blue Book, however we believe the resources markets, particularly in the non-bulks and junior sectors, will continue to retain investor interest, but this will be for quality companies and those that deliver only.

> Momentum Continues for Juniors"
>
> *Mark Gordon*

We saw the post-election "Trump Effect" giving a spur to base metals prices and weighing on gold prices, however gold has now recovered, as along with copper after a correction following the election spike. What needs to be remembered is that markets and metals prices are also dependent on many factors (particularly China) other than what may potentially happen in the USA. Many major economies around the world are on uncertain ground to say the least, with sentiment also being affected by ongoing trouble in several regions.

Key mainstream commodities to watch for the remainder of 2017 include gold and zinc; however, the other base and precious metals, including copper, tin and silver are not to be discounted given the good gains already in the prices of these metals. On the bulks front, we see generally steady markets – it is hard now for juniors to play in these spaces, and thus very difficult to get investor interest for other than compelling projects.

The interest in the specialty commodities like lithium and graphite has cooled somewhat, but the right stories will still garner interest – there will be real demand growth for these commodities through the expected growth in the battery markets. These two, particularly graphite are now trending towards being more "mainstream" commodities with this occurring due to investor education and understanding.

Cobalt has been the market darling over recent months, again, like graphite and lithium, due to its use in batteries, and the
expected strong growth in these markets. The excitement here has been largely driven by the more speculative investors, with
cobalt being now where graphite and more recently lithium have been.

IIR Price Forecasts

Our forecasts for key base and precious metals that they will stay reasonably flat in the short to medium term, following recoveries
since the start of the current cycle in January 2016. The behaviour of individual metals is discussed later, but at the moment we
can see no strong economic or other impetus to drive prices upwards in those listed below, with the possible exception of zinc,
with supply issues.

• Gold – To trade above US$1,250/oz, and possibly up to US$1,500/oz.
• Silver – To trade around US$17/oz to US$19/oz.
• Copper – To trade at or above US$5,600/tonne, with a ceiling of US$6,000/tonne.
• Lead – To stabilise in a range of US$1,900/tonne to US$2,100/tonne.
• Zinc – To trade in the range of US$2,400/tonne to US$2,600/tonne, however this has the potential to go higher.
• Nickel – To stay flat at around US$9,000 to $10,000 – this has been the worst performer of the base metals in the current cycle.
• Tin – Again, to stay flat at current levels of ~US$19,000 to US$21,000.

With regards to the specialty commodities, our view is that lithium in the medium term will trade at around US$8,000/tonne to
US$10,000/tonne for lithium carbonate equivalent ("LCE"), or ~US$600 to US$800/tonne for spodumene concentrate – we note
that LCE has traded at up to US$20,000/tonne. Given the specialty nature of graphite price forecasting (and the relatively small
market) we offer no firm price forecasts, except to say that prices for premium products should stay reasonably strong with the
growing demand from the battery and other high value value added markets, however prices for the lower, industrial grade material
will fall, due to significant extra supply coming on stream, as well as the relatively depressed steel making industry, the largest
user of natural graphite.

In Conclusion

As mentioned earlier, the purpose of this book is to present a number of diverse resource companies that we believe have merit
and are worthy of further consideration. The companies cover a wide range of commodities, jurisdictions and project stages, and
should thus appeal to a wide range of potential investors with differing appetites for risk.
Although the markets have flattened over the last few months, there is still significant investor interest in the sector.

Full access to the Bluebook can done at
http://www.nracapital.com/research/sgxresearchreport/1706aurq9w

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