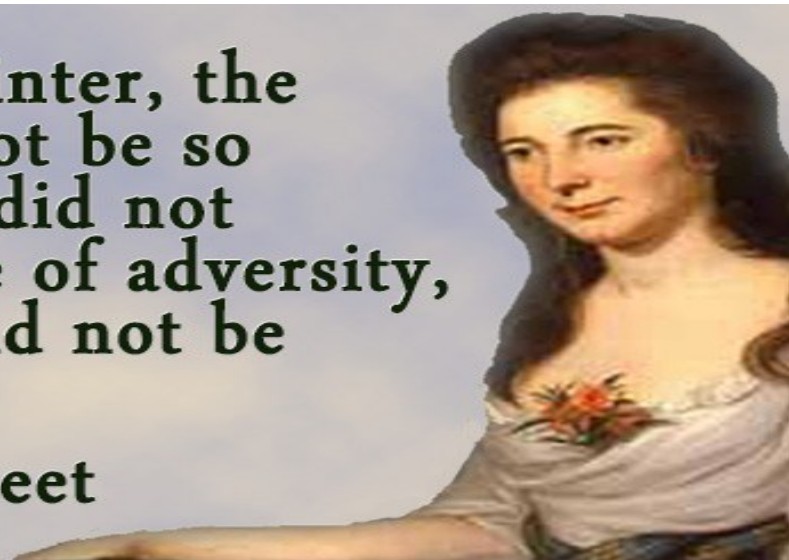


If we had no winter, the spring would not be so pleasant: if we did not sometimes taste of adversity, prosperity would not be so welcome.

Anne Bradstreet



A quote from over 350 years ago, and as valid today as it was then, which leads me into this month's column.

After a long winter in the resources sector things are definitely turning around. It started with gold last year – this has continued – we have had the lithium “boom”, and, what has been a bit of a sleeper, graphite stocks have given great returns this year, as shown in the following table.

| Code | Company | Share Price 4/01/2016 | Share Price 22/6/2016 | Change | Notes |
|------|-----------------|--------------------------|--------------------------|---------|-------------------|
| BBR | Bora Bora | \$0.065 | \$0.071 | 9.23% | |
| SYR | Syrah | \$3.850 | \$6.330 | 64.42% | |
| HXG | Hexagon | \$0.059 | \$0.175 | 196.61% | Breakaway client* |
| VXL | Valence | \$0.115 | \$0.115 | 0.00% | In suspension |
| AXE | Archer | \$0.083 | \$0.084 | 1.20% | |
| TLG | Talga | \$0.325 | \$0.375 | 15.38% | |
| KNL | Kibaran | \$0.175 | \$0.310 | 77.14% | Breakaway client* |
| TON | Triton | \$0.088 | \$0.061 | -30.68% | In administration |
| BKT | Black Rock | \$0.050 | \$0.065 | 30.00% | |
| SVM | Sovereign | \$0.055 | \$0.090 | 63.64% | |
| MNS | Magnis | \$0.380 | \$0.960 | 152.63% | |
| ADV | Ardiden | \$0.013 | \$0.035 | 169.23% | Breakaway client* |
| WKT | Walkabout | \$0.005 | \$0.007 | 40.00% | Breakaway client* |
| GPX | Graphex | \$0.200 | \$0.470 | 135.00% | Listed June 2016 |
| LML | Lincoln | \$0.040 | \$0.072 | 80.00% | Breakaway client* |
| XSR | Small Resources | 1,309 | 1,932 | 47.58% | |

Source: IRESS

* Includes past and present Breakaway clients

As can be seen most stocks have had a tremendous run from the first day of trade in 2016 (January 4) until now, with those trading having an average gain of 80%, beating the still impressive XSR Index, which has risen just under 46%.

The average for the five companies Breakaway has written up over the last few years is 112%.

There are a few notable exceptions, being Triton which went into administration earlier in the year, and Valence, which is currently in suspension pending a recapitalisation.

The most recent addition to the list is Graphex, a spin out from IMX Resources (ASX: IXR), which commenced trading on June 13. This had a listing price of \$0.20, and had no problems in raising the maximum subscription of \$7 million.

It is refreshing to see a fully subscribed IPO making excellent gains so soon after listing – this is something that has been missing in the market for some time.

These sort of figures are pointing to a revival in the junior explorers, with an air of cautious optimism, and funds being raised for quality projects. Over the past few months I have been to the 121 Conference in London, Read Corporate's Resources Rising Stars do on the Gold Coast and the RIU Sydney Resources Roundup. These are both totally different styles of events, however sentiment was good at all, with quality companies presenting.

After about five years of pain, a turnaround is looking good!

My Book Corner

This month's selections are the two most recent books by Paul Theroux –

“The Last Train to Zona Verde”.

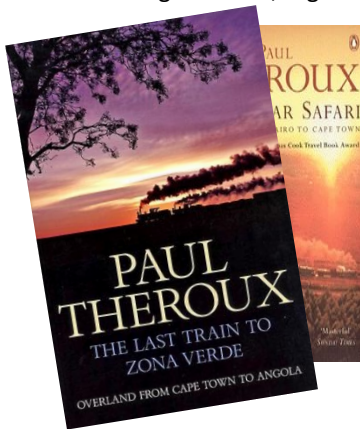
and

“Deep South”

I have always enjoyed his (at times seemingly misanthropic) travel writing, and these two books are no disappointment.



One thing however, is given his age of over 70; at times his writing seems a bit more reflective.



“The Last Train” is the second (and probably last) of Paul Theroux’s African Travel Books.

In the first,

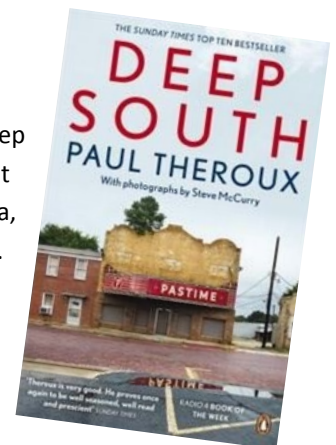
“Dark Star Safari”, published in 2003, he travels by rail from Cairo to Capetown, largely keeping on the eastern side of the continent.

In “The Last Train” he travels from Capetown, through South Africa, Namibia and Angola to Luanda, which recently, due to the oil boom in Angola, was the priciest city in the world...

Having lived in Namibia for 18 months, I found the book particularly enjoyable, having travelled between Capetown and Windhoek many times. It is good to be able to read a book and relate to places, people and culture.

In the second book he travels by car in four seasonal trips to the Deep South of the US.

Points that are highlighted throughout the book include poverty, and some still continuing deep seated racism. Also, he makes comparisons between the poverty he sees in the south and that which he has seen in Africa and does question why the US sends large amounts of aid to Africa, but it is hard for some community and regional groups in the south to source adequate funds.



Both books are excellent, and at times thought provoking reads which I highly recommend.

Until next time...

Mark