

Prepared for *The Digger*

This month our focus has turned on two companies involved in iron ore. Minemakers, while boasting two of the largest rock phosphate deposits in the world (Western Australia and Namibia); the company also has a large portfolio of projects across a wide range of commodities. Prominent among these is the potential for the exploration of iron ore with an option to acquire an initial 80% equity in two exploration licences in Western Australia which are perceived to be highly prospective for magnetite iron ore.

Our second company, Indo Mines, is situated in Indonesia and has a Contract of Works with the Indonesian Government to mine and process iron sands and operates a small, high calorific coal mine in South Kalimantan. The company's current focus is with its 70% owned Jogjakarta Iron Project in southern Java where it has defined a 605 million tonne resource. Indo Mines' mission is to provide steel-making materials to the growing Indonesian steel industry and to the wider Asian markets.

Minemakers

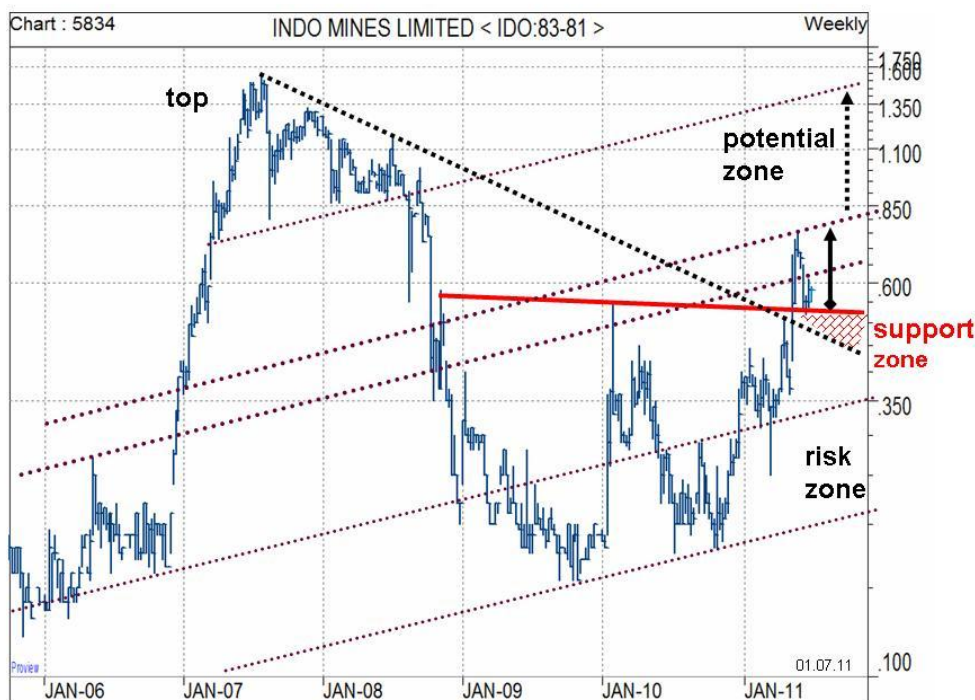


In 2008 the share price launched itself on a steep upward path which saw it gain fourteen times its price in a few short months to form a peak at \$2.95. In momentum exhaustion the price topped out and fell into a precipitous decline wiping out almost all of its previous gain halting in support in the 35-40c range.

This area held throughout 2009 with the price rallying up to highs between 60c and 83c until the negative forces returned in 2010 with the price breaking to new lows around 20c in May and July. As the momentum tide turned the price recovered to oscillate in a range, on a lower slant than its previous phase, between 30c and 60c with a strike up to 71c in February but at this point the combination of a near-term momentum peak and resistance saw the price drop back within its trading range.

When viewed as a whole, the action from late 2008 has formed a broad basing phase which may see more volatility ahead of completion. The price may churn between 35c and 60c as it regains the momentum to retackle resistance in the 68-71c area, providing a buying opportunity. A break away would complete the base and suggest the potential for the price to rise towards 85c and then \$1.10 and possibly significantly beyond. A drop below 30c may endanger this process.

Indo Mines



© Regina Meani

Your Technical Analyst

www.reginameani.com.au

Falling through most of the 1990s, the price for Indo Mines left behind a high price of around \$6.30 to reach a low and turning point at 12c late in 1998. From here the price swung up to halt in resistance at 90c in March 2000. Repelled the price entered

a volatile downward path which found a double low and bouncing point at 8c in 2004-2005.

The subsequent price churning formed the initial stages in a reversal and confirmed the change in trend for the stock, which led to a burst higher in late 2006 and a price spiral upwards to reach \$1.55 by mid 2007. In reaching this point, momentum levels were pushed to extremes and combined with the close proximity to a price objective the upswing stalled and a minor top formed. Completed in 2008 the price dropped quickly and as the action slowed a triple turning point was located just above 15c in September/October 2009.

Pulsing upwards the price achieved 55c in January 2010 but momentum waned and the price fell back to consolidate and broaden the phase. Locating support at a higher benchmark around 18c in the later part of 2010, indicating a positive character to the phase, the price gained in momentum and launched itself through the 2007 downtrend at 50c in April this year.

Continuing its run to reach 75c in May the price has paused to consolidate as it still needs to overcome higher barriers ahead of completing an enlarged base. These barriers lie around 85c and then at the longer term downward trend around \$1.00. Once overcome an important stage in the base will be completed and indicate a rise towards \$1.50-1.60 but with the potential to move significantly beyond. A drop back beneath 45c may endanger or delay the completion of the base, with a risk level at 35c.



p: +61 2 9546 3583 e: rjcmeani@idx.com.au
m: 0414 419319 w: www.reginameani.com.au

