



# TDV News & Exploration Update

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March 22, 2017

**EDITOR'S NOTE:** *I hope you enjoy our newest research publication for premium and basic subscribers designed to cover and update you on news affecting companies in the TDV defensive investors long-term stock portfolio. It will be a weekly—more or less. The report offers two additional news categories. First, it will cover most active names and plays on the week (as well as the news affecting our tier II farm team of prospective picks). Second, it will cover any drill result across the TSX-V spectrum that may qualify as a discovery. This may offer some of you a glimpse into the stocks that are making it onto our radar or are in our field of vision and may end up in the portfolio one day (or maybe not). It will also keep you up-to-date on the stocks in our portfolio, as well as whatever is evolving at the greenfields level on this side of the planet. While we're logging all the headline drill data, you will only see the most "noteworthy" of them weekly. This means all intercepts over 3 meters with a gross intercept value of greater than \$5000 (drill hole length x gross metal value of rock).*

## Upcoming Results Schedule (TDV Portfolio)

Agnico Eagle Mines (AEM) 2016 results — 04/27/2017

Goldcorp (GG) Q1 2017 results — 04/26/2017

Fortuna Silver (FSM) 2016 results — pending, subject to an SEC review of previous year's financials.

Premier Gold (PG.TO) 2016 results — 03/24/2017

## TDV Portfolio News Summaries

*Note: all the companies in the first section covered here are in the TDV stock portfolio and are a "buy" as a result. Try not to chase the penny (speculative) stocks but if you like the way a story is developing buy it.*

**Merrex Gold (MXI:TSXV)** was finally absorbed by **IAMGOLD (IAG)** after years of polite dilution out of one of the finest group of exploration titles in West Africa, perhaps the largest unexplored region (by any modern method), in my opinion. In this case, IAMGOLD stole the company. If it was quicker it would have owned the Fekola mine that B2gold is



putting into production soon, which would have given the company a large base of production in West Africa. Instead, B2gold looks like it wants that prize. In any case, the assets will give IAMGOLD a reason to build a mine at BOTO, its 2012 discovery in Senegal. And while I obviously prefer the way B2Gold is managed, I like IAMGOLD for its relative value and some of its assets. So we will own them both, but will have to replace Merrex Gold in the stock portfolio. In related news, IAMGOLD issued \$400 million in debt due 2025, and carrying an interest rate of 7%.

**Cascadero Copper (CCD.V)** announced that its Taron drill program was delayed by heavy rains and that the company's CEO is going to step back from the day to day grind. In his place the company has promoted Judith Harder to the task in the interim. The board will probably ratify it on April 20th when it meets for this and other resolutions. The stock has backfilled on the uncertainty over drilling. The good news is that it will be able to drill now that the weather is more friendly. The drill program will take the company a long way in its preliminary economic study by allowing it to calculate a hard resource. They plan to drill 29 holes, and if all goes well the assays should be coming back by May/June, giving them the inputs they need for the PEA.



As far as management goes Judith and Bill have worked together a long time. They are married and Judith has her own background in the securities industry. So nothing really changes with this announcement except that Judith will be doing more of the day to day work of a CEO, as Bill McWilliam tends to his health. Bill will continue to manage the company from his post as executive chairman of the board. Not everyone is going to like this news but it is what it is. The path has been laid out and the CEO only needs to execute on it now.



They are still a small company operating on a shoestring budget. That may change in the future but as far as the current plan goes we are confident Judith will pick up the reins and execute the plan.

**Fortuna Silver (FSM)** announced that due to an ongoing regulatory review of the Company's 2015 annual filings, the Company may be delayed in filing its 2016 results. As part of a review by the staff of the US SEC of the Company's Annual Report on Form 40-F for the year ended December 31, 2015, the SEC has provided comments on the Company's use of inferred resources in its audited financial statements for the calculation of depletion expenses. The Company considers the use of its inferred resources in the calculation of depletion expenses to be

appropriate under IFRS and consistent with the practice of other Canadian mining companies. However, until the SEC Comments are resolved, the Annual Financial Documents cannot be finalized.

**Agnico Eagle (AEM)** announces investment in **GoldQuest Mining (GQC:TSXV)**. The company purchased 38,100,000 common share at C\$0.6 per share and owns 15% of GoldQuest. We carry GoldQuest in our portfolio. The company is led by the same group who discovered the Fruta Del Norte gold deposit in Ecuador bought by Kinross and currently being developed by Lundin Gold. Since coming to the Dominican they have found a few million ounces of gold associated with copper but have yet to discover the monster they set out to find, making the Fruta discovery look like a second cousin. It is no secret that Goldquest has put together an extensive set of targets. Clearly Agnico Eagle likes what it saw, as we do. Hence we own both.

**Argonaut Gold (AR:TSX)** raised C\$45 million (18.75 million shares @ C\$2.40 per share).

The net proceeds of the offering will be used to finance the purchase of a mining concession in San Juan del Rio Durango, covering known projections of mineralization at El Castillo, its main mine, and for other purposes. The company has also been successfully expanding its pit at La Colorada.

Argonaut is a Canadian listed miner with two operating mines in Mexico - the El Castillo and La Colorada mines - and advanced exploration stage projects in Canada, the US and Mexico.

The company also reported fourth quarter and year end results, earning 4 cents in Q4 over the 1 penny per share earned a year ago in the same quarter on revenues of US \$35.3 million, up about 10% compared to the year ago quarter, and \$144.8 million for the full year 2016, which was down a bit from \$158.6 million in 2015. Cash flow came in at \$35 million last year, down from \$42.7 million in 2015. Argonaut is producing just over 100,000 ounces of gold per year from its two main mines, and believes it can mine from these assets for many years to come. That makes it a junior miner. But its goal is to build a mid tier gold miner producing 500,000 ounces per annum from several mines in North America. This group has been around a long time and has demonstrated an ability to grow its assets organically, i.e., by developing its assets through exploration rather than acquisition. Argonaut also posted drill results from its 22 hole reverse-circulation ("RC") drill program totaling 5,139 metres at the La Colorada mine in Sonora, Mexico. Best results include 1.15 gpt Au and 6 gpt Ag over 41.1m, 1.24 gpt Au and 6 gpt Ag over 59.4m, 0.97 gpt Au and 12 gpt Ag over 48.8m and 1.29 gpt Au and 24 gpt Ag over 132.6m. The shares are up 19.71% month to date.

**Endeavour Mining (EDVMF)** reported record production of 584 koz in 2016, up 13% on prior year, and record low AISC of \$884/oz, down 4%. The Hounde construction remains on-time and on-budget, with first gold pour expected in Q4. The stock was briefly halted for trading on 21-March-2017, on news that it has terminated discussions with Acacia Mining plc regarding a potential corporate transaction.



**Franco Nevada (FNV)** reported record “production” of 464,383 gold equivalent ounces, up 29% on prior year and record revenue of \$610.2 million, up 37.6% on prior year. Being a royalty and streaming company, production in this case means delivery of ounces from producing mines in which the company holds an interest. The company also acquired some oil and gas royalty rights in the prolific Permian basin in West Texas, where the recovery in oil prices has led to a slew of interest from oil exploration and development companies.

**Premier Gold (PG.TO)** reported drill results from its 2017 surface drilling program at its Hasaga project. Best results include 10.94 g/t Au across 54.0m with visible gold noted in 10 samples over the intercept. Drilling is expected to confirm the presence of higher grade gold at depth. In other news, the company provided an updated technical report on its 100%-owned McCoy-Cove Property, the highlights of which are:

- Total Indicated Mineral Resources of 614,000 tonnes grading 11.57 g/t Au (228,000 ounces of gold), an increase of 59% versus the 2013 resource estimate.
- Total Inferred Mineral Resources of 3,378,000 tonnes grading 12.17 g/t Au (1,322,000 ounces of gold), an increase of 374% versus the 2013 resource estimate.
- An increase in the grade of both Indicated and Inferred mineral resources of 11% and 24% respectively.

**First Majestic Silver (AG)** renews its share buyback program, allowing it to repurchase 5% of shares outstanding in the open market over 1-year.

**Nautilus Minerals (NUS.TO)**, fighting for its life, is up 15% this month, and has closed \$2 million of its \$20 million planned capital raise. **Amarillo Gold (AGC.V)** has updated its pre-feasibility study (PFS) for the Posse gold deposit within its 100% owned Mara Rosa project located in Brazil. The PFS indicates a post-tax internal rate of return (IRR) of 35.2% and a post-tax NPV of \$178 million, with an AISC of \$627/oz.



## Most Actives and Other News (March)

**Amerigo Resources (ARG.TO)** — A copper producer in Chile, was up 15.79% on no news.

**Capstone Mining (CS.TO)** — A copper miner with projects across the Americas, was down 16.46% on no news.

**Katanga Mining (KAT.TO)** — A copper and cobalt miner in the Democratic Republic of Congo (DRC) was down 29.55% on no news.

**Northern Dynasty Minerals (NDM.TO, NAK)** — Was down 6.47%, after recouping its earlier losses which took the share price down from a high of \$3.45 to \$1.09. The company was flying high until a report from a short seller, Kerrisdale Capital, hit the shares hard. The report alleged that the company's flagship Pebble project is worthless since it is economically infeasible and can never get permitted. The Pebble project is a massive copper-gold deposit in Alaska which is the subject of much controversy with the environmentalists claiming that the mine should never be permitted due to the damage it will cause to the fisheries.

**Tinka Resources (TK.V)** — Saw a massive spike up of 67.65%, on news that it had discovered a new high grade zinc zone at its zinc-lead-silver project in Peru. A step out drill hole drilled 17.9 metres at 11.6 % Zn within a wider zone of 62.4 metres at 5.6 % Zn.

**Endeavour Silver (EDR.TO)** — A silver producer with projects across Mexico, was down 24.35% as a result of posting disappointing earnings. Even encouraging drill results from its Terronera property in Mexico, with multiple hits of several kilos per tonne AgEq didn't help.

## Noteworthy Drill Results (March 1-16)

Date	Name	Project	Drill hole	Length	Au	Ag	Cu%	GMV	GIV
3/1/2017	Toachi Mining	La Plata	CMLP-17-38	13.70	1.49	31.00	5.63%	\$413	\$5,663
3/1/2017	Premier Gold	Hasaga	HMP151	54.00	10.94			\$434	\$23,417
3/3/2017	Red Pine Expl	Darwin-Grace	DG-17-56	3.14	57.31			\$2,272	\$7,133
3/7/2017	Nexus Gold	NIANGOUELA	NGL-008180	4.85	26.69			\$1,058	\$5,131
3/6/2017	Probe Metals	Val d'Or East	PC-16-100	8.70	92.70			\$3,674	\$31,968
3/6/2017	Golden Star	Wassa	BS16DD013	30.20	15.30			\$606	\$18,315
3/6/2017	Sirios Res	CHEECHOO	CH-17-95	13.50	11.90			\$472	\$6,368
3/6/2017	Kirkland Lake	LANTERN	CW93515	4.00	119.00			\$4,717	\$18,868
3/8/2017	Candente Cu	Arikepay	AK-DDH-03-16	573.00	0.14	1.55	0.08%	\$11	\$6,351
3/9/2017	Avnel Gold	Kalanako	KO-SOM-RC240	11.00	29.73			\$1,178	\$12,963
3/13/2017	Marathon Gold	Valentine Lake	MA-17-165	129.20	1.88			\$75	\$9,628
3/16/2017	Golden Predator	3 Aces	3A16-082	13.07	16.75			\$664	\$8,678

**Toachi Mining (TIM:TSXV, 51 million s/o)** - continues to report solid drill results from the north side of the La Mina deposit in Ecuador, which has become a hot mining location again. Toachi has an option to earn a 60-75% interest in the project and is updating the NI 43-101 on the previously drilled out deposit, which based on drilling by Cambior and Cornerstone (as recently as 2007) hosts historic (inferred) resources estimated at 913,977 tonnes grading 8.01 grams gold per tonne, 88.3 grams silver per tonne, 5.01% copper, 6.71% zinc and 0.78% lead per tonne. The mineralization spans two discrete lenses. Importantly, the company has identified several untested anomalies from a 2002 geophysical study covering a fifth of the overall 2300 Ha concession. The current drilling is part of its first phase exploration and has only targeted the known resource so far, perhaps extending it a bit.



**Red Pine Exploration (RPX:TSXV, > 300 million s/o)**

discovered new gold mineralization in closely stacked shear structures three kilometers south of the 1.1 million ounce Surluga gold deposit at its 60% owned Wawa project in Ontario. The drilling suggests that the mine is part of a much larger deformation system than what was indicated by historic work. Hole DG-17-56 tested the extension of the northernmost and underexplored high-grade zone discovered in the Darwin-Grace mine drifts shortly before its closure in the 1930s. The area hosts several old mine workings and the shares caught traction as soon as the company acquired the asset and began to explore it.

**Nexus Gold (NXS:TSXV, 124 million s/o)** made an exciting discovery at its Burkina Faso Niangouela target in January and confirmed it with its first diamond drill assay March 7th, returning significant mineralization in four of the eight out of nine mineralized holes.

Its best hole (NGL-17-DD-008180) returned 26.69 grams per tonne gold over 4.85 metres (including 8.5 g/t gold over 0.62 metre and 120 g/t gold over 1.03 metres) from less than 60 metres in. The phase 1 diamond drill program tested the shear zone for over 200 metres along strike and intercepted the zone to depths of 105 metres below surface following from prior work revealing high grade grab and trench samples and a short Rotary Air Blast (RAB) program completed in December. The shear zone remains opens along strike and to depth and Nexus announced last week that it was going to start phase 2 as soon as the remaining assays come in for phase 1. Phase 2 will test the strike extent of the shear, and a newly identified zone of artisanal workings occurring along strike of the shear zone another 800 metres to the east of the current drill area.





**Probe Metals (PRB:TSXV, 93 million s/o)** discovered new high grade gold mineralization on a step out at its Val d’Or East project located in Quebec. Hole PC 16-100 intercepted almost 9 meters (~30ft) of almost 3 ounces per tonne of gold from about 272 meters down hole.

The hole was initially designed to delineate the high-grade gold zone discovered at depth by drill hole PC-16-90 (12.6 g/t Au over 7.3 metres; see news release dated Dec. 6, 2016), intersected a new diorite dike containing quartz-tourmaline veins with zones of significant disseminated pyrite mineralization and visible gold at 272 metres downhole before reaching its intended target. This new zone represents a further expansion of the New Beliveau deposit to the west, with

mineralization remaining open in all directions. Probe is sitting on \$30 million in cash and a new discovery at Val d’Or East. Since August, 2016, Probe has drilled approximately 11,500 metres on its New Beliveau deposit in Val d’Or East.

Significant results, including the discovery of a new gold zone, warranted an increase of the first phase program as well as the mobilization of a second drill. Management believes that results indicate increased potential for both near-surface bulk tonnage and deeper, higher-grade-mineralized systems.

They also think the results demonstrate the continuity of the gold mineralization and therefore the potential for significant new mineralization laterally to the west and east of the known mineralization. It has begun a second phase of drilling (50,000m) budgeted at \$7 million.

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