



TDV News & Exploration Update

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The TDV Long Term Defensive Investor Stock Portfolio

Company	Symbol	2017 Open	Last Price	YTD Return
Gold/Silver Majors (40%)				17.51%
Franco Nevada Corporation	FNV	59.6	77.95	30.79%
Agnico Eagle Mines	AEM	41.9	45.17	7.80%
IAMGOLD Corp	IAG	3.86	6.23	61.40%
Yamana Gold	AUY	2.84	2.65	-6.69%
Goldcorp	GG	13.65	13.19	-3.37%
B2Gold	BTG	2.45	2.82	15.10%
Junior Producers (45%)				-0.33%
Alacer Gold	ALIAF	1.74	1.78	2.30%
Argonaut Gold	ARNGF	1.62	2.07	27.78%
Endeavour Mining	EDVMF	14.9	20.02	34.36%
McEwen Mining	MUX	2.97	2.01	-32.32%
First Majestic Silver	AG	7.74	6.83	-11.76%
Fortuna Silver	FSM	5.73	4.45	-22.34%
Explorers / Emerging Producers (15%)				24.98%
Sabina Gold & Silver	SBB.TO	0.99	2.33	135.35%
Premier Gold Mines	PG.TO	2.59	3.65	40.93%
Cascadero Copper	CCD.V	0.1	0.08	-20.00%
Nautilus Minerals	NUS.TO	0.15	0.18	20.00%
Amarillo Gold	AGC.V	0.32	0.31	-3.13%
Eurasian Minerals	EMX.V	1.33	1.02	-23.31%
Goldquest Mining	GQC.V	0.28	0.35	25.00%
Total Return				10.60%

Upcoming Results Schedule

Agnico Eagle Mines (AEM) Q3 2017 results - 10/25/2017

Goldcorp (GG) Q3 2017 results - 10/25/2017

Yamana Gold (AUY) Q3 2017 results - 10/27/2017

Portfolio Overview

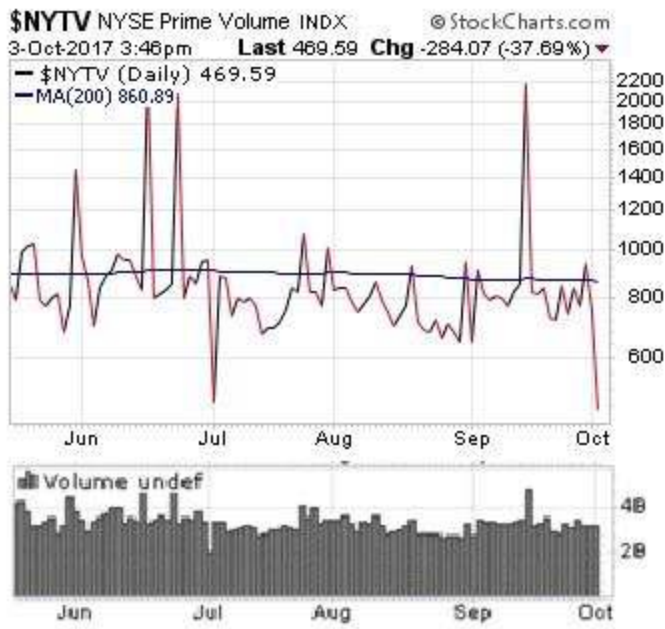
My top junior pick for the year was supposed to be **Cascadero (CCD.tsxv)**, with **Agnico Eagle (AEM)** and **B2Gold (BTG)** becoming my top picks for a mid tier and large cap producer. Turns out, however, the big winners this year were last year's junior pick - **Sabina Gold (SBB.tsx)** - and my 2014-15 favorite **IAMGOLD (IAG)**. Extending that record, Cascadero's turn is coming up! Other winners this year include **Endeavor (EDV.tsx)**, **Franco Nevada (FNV)**, and **Premier Gold (PG.tsx)**, which kind of surprised us, particularly the first two (EDV.tsx and FNV) as they have been such stellar performers for years now.

Franco Nevada has been an exceptional performer, it is one of the only companies I can think of in the gold and silver sector that has bucked the downtrend in gold and silver during 2012-15, generally outperformed gold and silver, and kept up with the S&P 500 during the entire post 2008 boom. How did it do this? Easy, growth. Since 2012 revenues have expanded 50%, and earnings 20%. It wasn't entirely a smooth ride on the bottom line but the market was forgiving probably due to the low risk nature of the royalty business model.



However, its correlation to the broad market and its valuation concern me. I have to impute a lot of market risk to these shares in the short to intermediate time horizon as a result. But Franco is not the only one. I think that **Endeavour (EDV.to)** may also be a victim of its own success. No doubt there is probably risk in many of our juniors for the same reason (general market risk) and stocks like **IAMGOLD (IAG)**, which have been up a lot this year too. Almost anything that has been up a lot is vulnerable.

See the newsletter and my latest trade update to get a more in depth analysis of the US led global economic boom, and my outlook. I am bearish on US dollar assets. Looks like US dollar is going to lead the downturn, to be followed by equities, bond prices, economic growth, job losses, and hopefully not war. The price of gold and silver have been perky this year because of (1) the US dollar's weakness on the foreign exchange markets and (2) the Federal Reserve System's pushing the rate hike trajectory out (flat) as much as possible, but they have also stalled out in the post Trump term, awaiting a resolution in stock and bond price trends.



Unless the US dollar continues falling into a bear market trend, or the stock market rolls over, gold and silver prices are likely going to go nowhere.

The bitcoin market too has stalled out.

In fact, as I have been pointing out, even the stock market, while it continues to make new highs, has not had much volume behind it, as you can see in the depiction here. The top, colored, graph (NYTV) represents the total volume of the NYSE (closed at 734 million shares today) and the bottom graph is total volume of NYSE listed stocks across the USSA.

For now I continue to suggest sticking to our overall allocation. Keep 30% in gold and silver bullion, put 5-10% into bitcoin and the rest of our cry-portfolio, and dollar cost 35% into our above stock portfolio.

Keep the rest in cash or participate in our trading program, presently focused on shorting the dollar and the US share markets, but also includes other macro trades based on my monitoring of the ETF space generally.

If you don't have enough of a portfolio to buy all 20 names above don't worry. We are going to change it up a bit in our coming portfolio. I would avoid adding to **Franco (FNV)** or **Endeavour (EDV.to)** at the moment, as well as **Alacer (ACR.to)**, **McEwen (MUX.to)**, and **First Majestic (AG)**. These are mainly good companies but I don't like the values or the present market related risk that is evident there today.

In the portfolio currently my top buys at the moment are **B2Gold (BTG)**, **Yamana (AUY)**, **Goldcorp, (GG)**, **Agnico Eagle (AEM)**, **Argonaut (AR.to)**, **Cascadero (CCD.v)**, **Eurasian (EMX.v)**, **Premier Gold Mines (PG.to)**, and **Goldquest (GQC.v)**. If you like to hold fewer names or have less money to diversify or if you just want my favorite current picks looking out a year or two at most, these are the ones to buy. But leave room to add when the broad market crashes, or at least until I put out my review.

TDV Portfolio News Summaries

Goldcorp (GG, MCap \$11.25b, 866.93m SO) provided a mine by mine update on its exploration and development projects. Producers need to replace ounces mined, through (1) exploration activities aimed at adding reserves or discovering new mineralized zones at existing mine sites (2) bringing new mines online from their development stage assets (3) acquisition of new mines. The market values large producers based on production (and ounces in the ground to sustain production), net earnings and free cash flow. The mine by mine updates tell us what the pipeline looks like for new projects, the allocation of capital expenditures, and the expected impact on production and costs. These ultimately feed into the metrics on which the producers are evaluated.

Peñasquito

At Peñasquito (100% owned, Mexico), the Pyrite Leach Project is 40% complete and expected to commence commissioning in the fourth quarter of 2018, three months ahead of schedule. PLP is expected to recover approximately 40% of the gold and 48% of the silver currently reporting to the tailings, and is expected to add production of approximately 1 million ounces of gold and 44 million ounces of silver over the current life of the mine.

In addition, Goldcorp expects to complete the pre-feasibility study on Eco-Tails by the first quarter of 2018. The Eco-Tails project has the potential to save in excess of 125 million m³ of water and reduce sustaining capital requirements of the tailings storage facility and additional wellfields during the life of the mine, representing estimated savings of \$10 to \$15 million annually. The financial benefits of this project are not only significant for Peñasquito but as the technology is developed further, consideration of its application to other large projects, such as the Cerro Casale/Caspiche Joint Venture, could lead to major financial, social and environmental benefits.

Cerro Negro

Cerro Negro delivered \$50 million in annual sustainable cost savings in 2016 through its optimization work and is expected to add another \$25 million in 2017. A generative exploration program was implemented and is expected to add multiple targets throughout the summer field season on the 269 km² land package.

Current reserves at Cerro Negro are calculated on 9 veins. By comparison, AngloGold Ashanti's Cerro Vanguardia mine, located in the same province with similar host rocks, style and controls on mineralization, has produced over 4 million ounces of gold and had reserves calculated on 100 veins with an accumulated strike length of 190 km over its life of mine. Exploration is still at an early stage in this district where a portfolio of 32 vein targets has been identified.

Coffee

The Coffee Project contains numerous near-surface drill targets, with an accumulated strike length of more than 12 km, remaining to be systematically tested for additional oxide open pit resources, and all mineralized zones remain open at depth. Furthermore, only 30% of the property has systematic soil sampling coverage. Almost 50,000 meters have been drilled to date this season, with another 25,000 meters planned before the end of the season.

The company has expanded the 2017 exploration budget to approximately C\$20M through a recently implemented acceleration plan to capitalize on the success of the drilling programs so far this season, and to provide adequate resourcing to the Coffee exploration team to achieve Goldcorp's long-term objective to develop a camp that could produce 400,000 to 500,000 ounces of gold per annum.

Goldcorp has entered into an agreement with JDS Energy & Mining Inc. for the development and early operations of the Coffee Project. Under this agreement, JDS is responsible for the engineering, procurement, construction, commissioning, and, at Goldcorp's option, for the first two years of operations. The JDS team is familiar with the Coffee Project through their previous involvement in the development of the Kaminak Feasibility Study published in early 2016.

Porcupine

A PFS on the Century project is due next month. At Borden, construction of surface infrastructure to support the development of the exploration ramp is now complete. The current infrastructure can support the mine once in production. Ramp development has now reached 300 meters and is on schedule. The mine is expected to begin commercial production, as planned, in the second half of 2019.

Musselwhite

At Musselwhite, the Materials Handling Project is advancing as planned and has now achieved 48% completion with detailed engineering mostly completed. During Q3 2017, the Materials Handling Project achieved a key milestone transitioning from lateral development to the construction and build phase. Completion of the project remains on schedule and is expected in Q1 2019. The \$90 million investment, which is expected to provide an after-tax IRR of 25% (based on current reserves only) through the construction of an underground winze and associated infrastructure, will result in a significant reduction in truck haulage and is expected to increase production by 20% while reducing operating costs by approximately 10%.

NuevaUnión Joint Venture

PFS expected in Q1 2018. Goldcorp envisions a staged and internally financed capital program that would allow a large portion of the capital required to develop and construct future phases to be funded largely from internal cash flows.

Cerro Casale/Caspiche Joint Venture

The JV has appointed a project director, Kim Hackney, to start building a dedicated project team based in Santiago, Chile. Kim is an engineer with more than 35 years of project development experience, most recently with Goldcorp and Newmont Mining Corporation, where he was an integral part of the project/construction teams at Peñasquito, Akyem, Boddington, Yanacocha and Batu Hijau.

Yamana Gold (AUY, MCap \$2.5b, 948.28m SO) announced the departure of Darcy Marud, Executive Vice President, Enterprise Strategy. This is part of the management changes seeking to consolidate executive management in the Toronto office.

Peter Marrone, Chairman and CEO commented:

"I would like to thank Darcy for his commitment and dedication and for his significant contributions... He has been particularly instrumental over the last three years in better integrating our technical disciplines and helping to consolidate technical expertise and executive leadership in our Toronto office. For a period following his departure we have asked him to be available to provide consultancy services for projects in our portfolio where he has considerable expertise, such as the Suyai project..."

Yamana also provided an update on its exploration and development efforts.

Chapada

The exploration program has identified a near surface, higher grade core to the Baru deposit that lies above Sucupira, a northeast to southwest trending mineral body immediately adjacent to the north wall of the main Chapada pit. Studies are underway to review a larger open pit scenario that includes both the Baru and Sucupira deposits. At Suruca, the program has focused on the copper-gold portion of the mineral body that

lies southwest of Suruca, known as Suruca Southwest. Current drilling has discovered a higher grade core to the mineralization that is at or above current life of mine grades with metallurgy similar to the Chapada deposit within broader zones of more modest grade copper and gold mineralization. Also, new copper-gold mineralization was identified three kilometres from the Chapada mine, called the Buriti target, which adds yet another near surface discovery at Chapada.

Cerro Moro

Exploration activities during 2017 at Cerro Moro have focused on Mineral Resource discovery as part of a four-year program to add at least an additional one million new gold equivalent ounces to the Mineral Resource inventory. A 1,500 metre mineralized structure has been outlined that links the Esperanza and Escondida northwest mineral systems, and follow up drilling indicates mineralization remains open along strike and down dip, all of which strongly suggests further drilling should result in considerable increases to Mineral Resources.

Jacobina

The Jacobina mine complex is expected to add significant new Mineral Resources to the mineral inventory this year. Approximately 25,000 metres of drilling is complete to date with many of the holes returning multiple zones of above average grade gold intercepts over potentially mineable widths at the Canavieiras, João Belo and Serra do Córrego Mines. Those are particularly encouraging given that the targeted zones are areas close to existing infrastructure or areas already having development plans in place.

With the application of newer mining methods at Jacobina, previously unmined mineralization between development levels at João Belo, the oldest of the ore bodies in the Jacobina complex, are being evaluated for development to unlock in-situ mineralization.

Minera Florida

At Minera Florida, the focus of the near mine exploration program is to drill and extend targets located on the Mila, Volga and other concessions acquired in September 2016. The mine infill program, charged with Mineral Resource upgrade and Mineral Reserve replacement, has focused on underground targets within the core mine complex while also supporting the surface infill drilling of the Las Pataguas structure.

Mapping and sampling of these areas prior to and following the consolidation of land surrounding the core mine area has outlined at least five structural corridors which host surface gold mineralization as defined by surface mapping and sampling of quartz veins and hydrothermal breccia. The exploration programs for 2018 and 2019 are planned to methodically test and add new Inferred Mineral Resources and Indicated Mineral Resources with the minimum goal of year-over-year Mineral Reserve replacement.

Overall, the Company is advancing transformational plans at Minera Florida to improve its efficiency, productivity and cost structure, and enhance its long term outlook. The focus is on a more productive operation that extracts and processes higher tonnes over shorter haulage distances and with lower dilution and higher recoveries from newly acquired exploration areas surrounding the Hornitos tunnel. This plan is likely to result in modestly lower production through 2019 as the Company advances exploration and development efforts with the Hornitos tunnel providing access for further Mineral Resource delineation.

Canadian Malartic

Exploration efforts at the Canadian Malartic mine have focused on infill drilling of the internal zones at the Odyssey deposit and exploration and confirmation drilling at the East Malartic historic mine area. At East Malartic, total of 38,300 metres in 40 holes have been completed through September 1, 2017. Drilling is ongoing with five drills, with a planned 2017 total program of 47,000 metres of core. At Odyssey, a total of 65,102 metres of core in 96 holes have been completed as of September 1, 2017. Drilling has focused on discovery and definition of mineralized zones internal to Porphyry 12, which hosts the Odyssey North and Odyssey South deposits. Porphyry 12 hosts multiple gold-bearing structural corridors in a variety of complex and intersecting structural orientations. Drilling has primarily targeted a block approximately 500 metres long and 300 metres wide, extending from 400 to 1100 metres below the surface.

Gold and Copper Option Contracts

The company has entered into gold and copper option contracts to provide greater certainty of cash flows during the periods of completion of construction, commissioning and start-up of Cerro Moro, hedging 60% of its gold and 75% of its copper production.

Peter Marrone, Chairman and CEO stated,

"We are excited with the continuing advances at Cerro Moro. At the same time, we view entering into options contracts for a portion of our gold and copper production over a set period coincident with completion of ramp up at Cerro Moro as prudent. Recent metal price increases have allowed us to set price floors for a majority of our planned gold and copper production over a few upcoming quarters at levels above 2017 budget assumptions while maintaining significant flexibility and upside both for the portion of our production covered by the option contracts and the significant portion of our planned gold and copper production that is not covered by these option contracts. These are important quarters for us. The gold and copper option contracts will underpin our cash flows during peak construction intensity and capital spend at Cerro Moro in the next several months.

In deciding to pursue this strategy, several factors were taken into account including recent significant run ups in metal prices and a pattern in the last several years of significant metal price declines for gold late in the year, in particular in the fourth quarter. This period of metal price vulnerability coincides with a critical period of development of Cerro Moro, which creates a risk that will be mitigated with the options contracts.



With our positive operational progress through most of the first three quarters of 2017 where we are above budget on production and below budget on costs, the continuing progress at Cerro Moro and these price floors now in place, Yamana is well positioned to deliver on its strategic plans through the end of 2017 and into 2018."

B2Gold (BTG, MCap \$2.75b, 978.83m SO) has completed construction of the Fekola mill and commenced ore processing, more than three months ahead of schedule and on budget.

Gold is now in the circuit and the first gold pour is anticipated by mid-October 2017. The company expects to achieve commercial production and produce between 50,000 to 55,000 ounces of gold by the end of 2017. In 2018, the Fekola Mine is now projected to produce between 400,000 and 410,000 ounces of gold at an operating cost of approximately \$354 and AISC of \$609 per ounce of gold. The Fekola Project has been built using the same construction team that had previously completed four gold mines, on schedule and on budget, for B2Gold's predecessor company (Bema Gold Corporation) and B2Gold. In addition, the company has updated its mine plan based on its optimized feasibility study (OFS), which increased milling capacity from 4MTPA to 5MTPA. The new mine plan results in higher gold production in the initial years at a lower AISC, and is thus NPV accretive.

Parameters ¹	OFS – 4 MTPA (June 2015)	New LoM – 5 MTPA (September 2017)
LoM Gold Production (million ounces)	3.45	3.45
LoM (years)	12.5	10
Gold Production: LoM ('000 ounces)	276	345
Gold Production: Years 1-3 ('000 ounces)	333	400
Gold Production: Years 1-7 ('000 ounces)	350	374
Operating Cash Cost: LoM (US\$/oz)	552	428
Operating Cash Cost: Years 1-3 (US\$/oz)	464	357
Operating Cash Cost: Years 1-7 (US\$/oz)	418	391
AISC: LoM (US\$/oz)	752	664
AISC: Years 1-3 (US\$/oz)	717	604
AISC: Years 1-7 (US\$/oz)	661	643

The company believes there is potential for the property to host additional large Fekola-style gold deposits.

To that end, the company has budgeted \$15.4 million for exploration in 2018. Thus far, the company has drilled approximately 2,800 aircore, reverse circulation and diamond drill holes totalling 180,000 metres.

75% of the drilling has focused on exploration drilling with the remainder on in-fill drilling. The Kiwi and Fekola Deeps zones identified so far look particularly promising. Ed has been covering this story since 2013, when Fekola was still held by Papillon Resources, when he stated that **Papillon's Fekola could well become the country's largest discovery since Sadiola**. Meanwhile, the shares are still cheap, as the market hasn't fully priced in the growth on tap for 2018 as Fekola enters a full year of production. Companies which manage to bring on a new mine ahead of schedule and on budget are a rare breed, and they usually trade at a premium for good management, but the skepticism regarding its Phillipines operation (see August 16 news and exploration update) have given us a great buy price for this fast-growing mid-tier gold producer.

McEwen Mining (MUX, MCap \$644.04m, 330.28m SO) released the PEA on its Los Azules copper project, showing an **after-tax NPV (8%) of \$2.2 billion and an IRR of 20.1%** at \$3.00/lb copper, \$1,300/oz gold, and \$17/oz silver. Los Azules is a giant porphyry copper deposit located in the San Juan Province of north-western Argentina. The project economics for Los Azules contemplates two years of permitting, drilling, and feasibility studies; followed by a three year project implementation phase for production of the first copper concentrates. The PEA envisions an owner-operated mine and conventional concentrator (flotation circuit) producing a copper concentrate for export. A phased implementation approach

is employed to optimise initial capital expenditure. Phase 1 implementation will have a daily throughput of 80,000 tonnes per day (tpd), and Phase 2 will deliver a 50% increase in the processing rate to 120,000 tpd. The process design has been modeled on the flowsheet and implementation of the recently constructed and operating Antapaccay (Glencore) copper concentrator located in the high Andes of Peru.

Antapaccay shares many key characteristics with Los Azules, making it an obvious choice upon which to model the proposed infrastructure.

Parameter	Unit	2017 PEA Result
Initial CAPEX	\$ millions	2,363
Phase 2 CAPEX	\$ millions	278
NPV _{8%}	\$ millions	2,239
IRR	%	20.1
Payback Period	Years	3.6
C1 Costs ¹ (first 10 years)	\$/lb.	1.11
C1 Costs ¹ (Life-of-mine)	\$/lb.	1.28

C1 cash costs include at-mine cash operating costs, treatment and refining charges, mine reclamation and closure costs, and copper concentrate transportation. In other news, shares fell almost 10% on 9/20/2017 as it announced a \$40.5 million bought deal financing (increased to \$46.5 million after the underwriters exercised their overallotment option) to fund the acquisition of the Black Fox mine from Primero. Black Fox is a producing underground gold mine located in the world-famous mining region of Timmins, Canada.



Production in 2018 is expected to be 50,000 gold ounces, increasing the company-wide gold equivalent production by 16% from approximately 157,000 ounces in 2017 to 182,000 ounces in 2018.

The company felt compelled to put out a news release pointing out that the dilution was minimal and the deal wasn't at much of a discount to the prior day's closing price.

The last such financing the company did was way back in May 2012 when it did a rights offering of \$60 million, personally backstopped by Rob McEwen, to fund construction of its El Gallo mine.

Comments from Rob McEwen, Chairman & Chief Owner

Why we did this Financing:

The opportunity to buy Black Fox came together quickly and the timeframe to close was short, which meant that our financing options were limited to a bought deal or the issuance of debt. Weighing the alternatives, we decided that this Offering represented the best option for our share owners at this time.

The attraction of Black Fox:

Black Fox reminds me a lot of the early days of the Red Lake Mine when I was building Goldcorp Inc. The mine is shallower than many of the larger mines in the Timmins area, and some of its best high-grade zones extend near the bottom of the known mineralization, suggesting there is good potential to grow the deposit at depth. Our plan is to continue to develop Black Fox to achieve its maximum potential, invest aggressively in exploration, and leverage the excess mill capacity to process feed from the Timmins properties that we recently acquired with the purchase of Lexam VG in April. In addition, we have also acquired a fantastic operational team at Black Fox, which should allow us to aggressively pursue our plans to advance the Lexam VG assets into production as quickly as possible.

Endeavour Mining (EDVMF, MCap \$1.98b, 99.75m SO) has completed its acquisition of Avnel Gold and will go forward with exploration and development activities at the Kalana project.

Endeavour will work on updating the feasibility study with a view to increasing annual production and shortening the mine life. The company will cease the current small scale mining operations and clear the underground workings and existing infrastructure to allow for the development of future open pits.

Endeavour has continued to make excellent progress at its Hounde gold project in Burkina Faso, as wet commissioning has commenced and the first ore has been introduced to the process plant milling circuit in preparation for production. Construction is progressing ahead of schedule, with over 97% of the total project complete and on-budget, with the first gold pour expected ahead of schedule in the first half of Q4.



The start-up has been derisked with three months' worth of ore feed already stockpiled on the ROM and the transition of the experienced Agbaou processing team to Hounde. The airstrip is 50% complete and expected to be operational in November. The TSF Cell 1 construction is complete and operational and TSF Cell 2 construction and ROM pad extension are underway (Cell 2 was not scheduled until year 2 of operations, however was brought forward). Exploration activities in H2-2017 will concentrate on the most promising exploration targets identified during the initial campaign with results expected to be published in Q4-2017.

Endeavour has also increased its Revolving Credit Facility (RCF) from \$350 million to \$500 million and extended its duration by one year (to 2021), at a lower rate of interest and more favourable terms compared to its earlier RCF. The sale of its Nzema mine and future cash flow from Hounde and Ity CIL projects should provide enough liquidity to pay back the credit facility. The company also announced a positive construction decision on the Ity CIL project following the optimized feasibility study. The project envisions a 14 year mine life based on current reserves and an after tax NPV of \$710 million for an initial capex of \$412 million. The project is fully funded and first gold pour is expected in mid-2019. At a life-of-mine AISC of \$580/oz, the mine should be extremely profitable at higher gold prices. The Ity heap leach operation will continue to run as the CIL plant construction will occur in parallel. The Ity area has significant exploration potential as well, with several deposits located within 5 kilometers of one another. Sébastien de Montessus, President & CEO, stated: *"Today's study clearly positions Ity as our next flagship asset with robust project economics, a strong long-life production profile, and significant exploration upside. Its average annual production in the first five years of 235koz with AISC below \$500/oz and an after-tax IRR of +20% even at a low gold price of \$1,000 per ounce are proof of the compelling economics of the project."*

With the upcoming first gold pour at Houndé and Ity CIL construction expected to be completed within 20-months, we remain on track to achieve our strategic milestones of becoming a +800,000 ounce per year gold producer with group AISC below \$800 per ounce and mine lives above 10 years by 2019."

Jeremy Langford, COO, added: *"We have optimized the Ity CIL project by maximizing the construction and operational synergies between Agbaou, Houndé and Ity, and by leveraging the same designs, components, equipment and spare parts where possible from one project to the other, along with incorporating our extensive construction expertise. The construction team is excited to transition from Houndé to Ity and to continue to build on its construction track-record."*



Argonaut Gold (ARNGF, MCap \$332.72m, 176.98m SO) announced first gold pour at its San Agustin mine in Mexico. Pete Dougherty, President & CEO stated: *"Since breaking ground on construction at San Agustin 10 months ago, I'm pleased to announce we maintained schedule to first gold pour. Also of great importance to the Company is the attention to safety, as we have had zero lost time incidents at San Agustin throughout the project's construction."*

Photos of the construction progress and first gold pour can be viewed [here](#).

The company also provided an update to its Mineral Resources at El Castillo and La Colorada. At El Castillo, the acquisition of the adjacent San Juan concession in February 2017 and the subsequent resource expansion drilling programs have added 265,000 gold ounces net of depletion. At La Colorada, the company added 26,000 gold ounces and removed 17,000 silver ounces net of depletion.

Fortuna Silver Mines (FSM, Mcap \$706.95m, 159.46m SO) has decided to go ahead with construction of its Lindero gold mine in Argentina based on an updated feasibility study.

Jorge Ganoza, President, CEO and Director, commented, “With a base case IRR of 18% and a 3.6 year payback, we have delivered a strong project greatly derisked technically and financially that will contribute low cost gold production over its 15 years of operation. Initial capital of \$239 million is going to be comfortably funded from our approximately \$190 million cash position, available lines of credit and projected cash flows. **We do not envision accessing equity capital markets or having to take hedge positions for this project.**”

Mr. Ganoza continued, “The optimization work conducted over the past year has captured opportunities for improved metallurgical recovery and reduced leach time. At the same time, technical risks have been mitigated on the process side by bringing in a SART 2 plant, ore agglomeration and a conveyor stacking system to year one. Under our construction plan, detailed engineering and site activities are expected to commence next month with commissioning expected in the second quarter of 2019. In the first year of full production, Lindero will take Fortuna's annual production to approximately 9 million ounces of silver and 190,000 ounces of gold or 340,000 gold equivalent² ounces.”

Life of Mine Highlights

Production	
Mine life ¹ (years)	15
Annual ore placed in leach pad (Mt)	6.75
Strip ratio (waste to ore)	1.2
Head grade (g/t)	0.62
Recovery (%)	75
Gold recovered to doré (Moz)	1.3
Average annual gold recovered to doré ² (koz)	96
Peak annual gold recovered to doré (koz)	138
AISC ³ (\$/oz Au)	802
Initial capital (\$ M)	239
Sustaining capital (\$ M)	105
Base Case Economics	
Gold price (\$)	1,250
Exchange rate (ARS ⁴ :USD)	17.80
After-tax NPV ⁵ @ 5% (\$ M)	130
After-tax IRR ⁶ (%)	18
Payback period ⁷ (years)	3.6

Lindero After-Tax Economics Sensitivity Analysis

Gold Price (\$/oz)	NPV @ 5% (\$ M)	IRR (%)	Payback Period (Years)
1,150	68	12	4.7
1,250	130	18	3.6
1,350	192	23	3.1
1,450	253	28	2.4

Fortuna started its journey as a junior silver producer with its Caylloma mine in Peru in 2006, followed by the addition of the San Jose mine in Mexico in 2011. On both these properties, the company's exploration success has extended the life of mine and in the case of San Jose, its success with the Trinidad North discovery led the management to increase milling capacity to accommodate more ore. Lindero sits on a porphyry gold system that remains open at depth, adjacent to which is the Arizaro porphyry system which also presents a long-term opportunity to further extend life of mine or ramp up production, as the company did with its San Jose mine. There are no infrastructure limitations to prevent ramp up in capacity, one of the advantages of its remote location. Note also that the company now has enough liquidity to fund construction without tapping the capital markets, and the NPV of the project leaps with higher gold prices.

A \$100 increase in the price of gold translates into a 47% increase in NPV, with NPV almost doubling at \$200 increase from its base case. Construction is expected to take approximately 18 months. Meanwhile, exploration work will continue, with drilling at depth at Lindero and identifying near surface gold resources at the Arizaro project. At the last earnings call, management indicated that once Lindero is operational, the company may initiate a dividend as well. Fortuna's shares have taken a beating so far this year, but the company is doing everything right.

First Majestic Silver (AG, MCap \$1.14b, 164.46m SO) reported the tragic death of 4 miners at its La Encantada mine on October 3. The accident occurred as part of the construction of the 790 ramp.

A total of four miners lost their lives due to gas intoxication which accumulated in the area. It is believed the operator of a scoop tram lost consciousness while mucking the area. Three additional miners later arrived to the scene to provide assistance to the ill miner. The four men were carrying all required personal protection equipment, including safety belt breathing apparatuses, but sadly did not use the equipment.

The emergency response crew was dispatched and successfully extracted the four miners before transporting them to the local hospital where they were later pronounced deceased. Immediately following the accident, First Majestic chose to cease mining operations at the mine in order to focus attention on the response and to provide support to the families of the deceased. The Company expects to resume mining operations on October 4 but the 790 area will remain closed until the investigation is completed.

Sabina Gold & Silver (SBB.TO, MCap \$499.30m, 225.93m SO) closed the second tranche of its \$6 million private placement of flow through shares. The offering was comprised of 701,755 common shares of the Company at \$2.85 per share, for gross proceeds of approximately \$2 million. The non-brokered flow-through financing was primarily subscribed to by three institutional flow-through funds.

EMX Royalty (EMX.V, MCap \$82.66m, 79.48m SO) has completed the disposition of its Koonenberry property in Australia to Koonenberry Gold Pty. Ltd (KNB). KNB has acquired the property according to the terms of its earn-in agreement signed in 2014.

The Koonenberry gold project is positioned along the regional-scale Koonenberry fault zone, where significant amounts of eluvial gold have been recovered in recent years by surface prospectors.

Although there are no records of previous hardrock mining at Koonenberry, much of the gold recovered through surface prospecting occurs as coarse specimens with attached "reef" quartz, suggesting derivation

from nearby bedrock sources. KNB have informed EMX of their intention to continue to explore and evaluate the development potential of both the eluvial/alluvial and bedrock sources of gold at Koonenberry.

EMX retains a 3% NSR on the property, so if this prospect turns into an actual mine, EMX gets 3% off the top. Such deals are par for the course for this prospect generator turned royalty holding company.

GoldQuest Mining (GQC.V, MCap \$81.28m, 254.01m SO) has identified six new drill targets to the south-east of the Cachimbo Discovery. All the targets occur along the mineralization trend which host the Cachimbo Discovery and the Romero and Romero South deposits. Drilling at Cachimbo is focused on expanding the extent and volume of mineralization and to explore for a potential high-grade gold-copper core, similar to the Romero deposit.



Nautilus Minerals (NUS.TO, MCap \$129.33m, 701.77m SO) needs to raise an additional \$41 million by end of 2017 and \$15 million by end of October in order to complete the build and deployment of the seafloor production system to be utilized at the Solwara 1 Project.

The company is mulling all financing options including asset sales, joint ventures and capital restructurings. There's more dilution to come.

Cascadero Copper (CCD.V, MCap \$13.6m, 181.6m SO) announced that executive directors Bill McWilliam and Judith Harder will provide the company with a \$300,000 bridge financing (loan) to advance exploration at its Sarita Este gold discovery, also in Argentina (separate property), where it sampled 45 quartz –pyrite-gold-copper veins that out crop that had 20 or so over limit gold values that were fire assayed and produced assays up to 42 g/t Au.

The average of the samples is 8.80 g/t and gold is the dominate element an excellent start. The company would like to advance that property to a drill ready stage while awaiting results from the metallurgical work at Taron. The loan was necessary because the exchange is holding up its deal with Amarc pending a technical report at Toodoggone. At Sarita Este, a property scale surface rock chip, outcrop grab sample and heavy minerals samples is the first step. This may generate 2,000 or more samples and the objective is to discover the extent of the surface gold system. This will be followed by trenching and if that produces valuable information, a drill program could take place before Christmas. This is potentially huge because right next door is First Quantum's \$600 million Taca Taca Moly-Copper-Gold mine. Only, it doesn't have much gold. It is possible that the gold discovered at Sarita may be related to the Taca Taca magma.

First Quantum already needs some of that land next to its deposit because it has no way of dealing with the 30 plus years of waste that Taca Taca is going to generate. The company has been playing hardball with the Argentine government, threatening it will spend its scarce capital in Peru. As a result, the Argentine government, we hear, may consider giving First Quantum a permit to deposit its waste in a Salar nearby.

Argentine miners do not agree with the use of the Salar as a waste pile as it is staked for lithium production.

Cascadero could still make a deal with First Quantum (FM) with regard to the waste, but if there is gold on Sarita Este as well then it will be a game changer for both parties. It could even mold the decision that First Quantum has to make with regard to which properties it wants to develop. A sizeable gold target at Cascadero's Sarita Este would likely increase their incentive to put their money at work in Argentina.

TSXV Most Actives and Other News (Sep 4-8)

Wallbridge Mining (WM.TO, MCap \$21.01m) was up 25% for the week on reporting high-grade assay results from its Fenelon Gold property in Quebec. Nine of fifteen drill holes intersected visible gold, expanding the high-grade deposit to the west and down-plunge and discovering two new parallel zones. Mineralization is open along strike and to depth and follow-up drilling is planned to begin in September. Highlights: 3.06m grading 346.55 g/t gold, 4.45m grading 21.95 g/t gold, 5.22m grading 6.13 g/t gold.



Altai Resources (ATI.V, MCap \$17.09m), a resource company with a diversified portfolio of natural gas, oil and gold properties in Canada, was up 68.2% for the week on no news. The company is not aware of any material change to warrant the share price movement.

Metallis Resources (MTS.V, MCap \$23.87m) was up 74.1% for the week on reporting that two drill holes at its Cliff gold-rich copper porphyry target intersected mineralized and altered monzonite throughout. The target is part of its

Kirkham Property in the Golden Triangle's Eskay Camp, B.C., near the Garibaldi discovery on the E&L property where on September 1 Garibaldi (GGI.v) drilled into a visible massive sulphide discovery.

TSXV Most Actives and Other News (Sep 11-15)

Tahoe Resources (TAHO, MCap \$1.61b) was up 33% on 9/11/2017 on news that the Guatemalan Supreme Court issued a decision that reinstates the Escobal mining license. Recall that last month, anti-mining interests succeeded in getting Tahoe's mining license suspended, halting operations indefinitely. The new ruling allows Tahoe to resume operations, but the legal fight still drags on.

The Company expects that the anti-mining organization CALAS, the Xinca Parliament and other interested parties may appeal the Supreme Court's ruling to the Constitutional Court. The Constitutional Court is expected to rule on all appeals by the end of the year. The battle wages on not only in the legal front. Protestors continue to hassle the company with an illegal roadblock of the primary road that connects Guatemala City to the Escobal mine, preventing an immediate restart of operations at this time.

This is not the company's only battle. A 2013 legal battle still drags on, this time in the Supreme Court of British Columbia. The issue: actions concerning mine security personnel and protestors who had formed an illegal blockade at the mine's entrance in Guatemala. Apparently, the Supreme Court of B.C. decided to take on a case involving foreign plaintiffs and defendants, occurring in a different continent, using the logic that the victims (thus condemning the defendants, or the mine's security personnel, already - whatever happened to the common law principle of innocent until proven guilty?) might otherwise not get restitution.

In plain English, this is the Supreme Court of B.C. calling the Guatemalan courts incompetent to handle legal proceedings concerning their own jurisdiction and people. Tahoe appealed this decision to the Supreme Court of Canada and lost, which means it is on trial at the Supreme Court of B.C. as well.



The whole sorry affair illustrates the risk of mining in politically risky jurisdictions. It's also likely why Tahoe acquired Ontario-focused Lake Shore Gold last year and Eldorado Gold acquired Quebec-focused Integra Gold this year.

Aben Resources (ABN.V, MCap \$21.43m) was up 83% for the week in anticipation of upcoming drill results from its Phase I drilling program at its Forrest Kerr Gold Project located in the Golden Triangle region of British Columbia.

Nexus Gold (NXS.V, MCap \$13.28m) was down 38.9% for the week on no news. The company is unaware of any material news that could explain the move.

Nikos Exploration (NIK.V, MCap \$4.61m) was up 50% for the week. The company signed a Letter of Intent to acquire gold properties in Labrador. The LOI gives the Company the option to acquire 100% of the 740 square kilometre (km²) Ashuanipi property in northwest Labrador as well as a right of first refusal for the Nain (503 km²) and Hopedale Greenstone (458 km²) properties in central Labrador.

Richmond Minerals (RMD.V, MCap \$7.92m) was up 54.5% for the week on no news.

TSXV Most Actives and Other News (Sep 18-22)

Jaguar Mining (JAG.TO, MCap \$105.66m) was up 24.1% for the week. The company accelerated its sale of the Gurupi Project in Brazil to Avanco Resources (ASX: AVB) by amending the earn-in agreement on the property. The proceeds of \$9 million will be used to repay its credit facility and boost working capital. The company also reported drill results from its Pilar Gold Mine in Brazil, with drilling intersecting high grade gold mineralization including visible gold down plunge. Highlights: 15.9 g/t Au over 11.8m (ETW 9.6 m), 25.3 g/t Au over 6.0m (ETW 5.2m) and 5.3 g/t Au over 49.3m (ETW 38.7m).

Aben Resources (ABN.V, MCap \$21.43m) was down 26.8% for the week as the company announced the completion of its Phase I drilling program, consisting of 9 holes and 2,445 metres of drilling, at its Forrest Kerr Gold Project. The stock price was run up in anticipation of these results.

Altamira Gold (ALTA.V, MCap \$11.59m), a Brazil-focused gold explorer, was up 42.9% in anticipation of results from its surface sampling program.

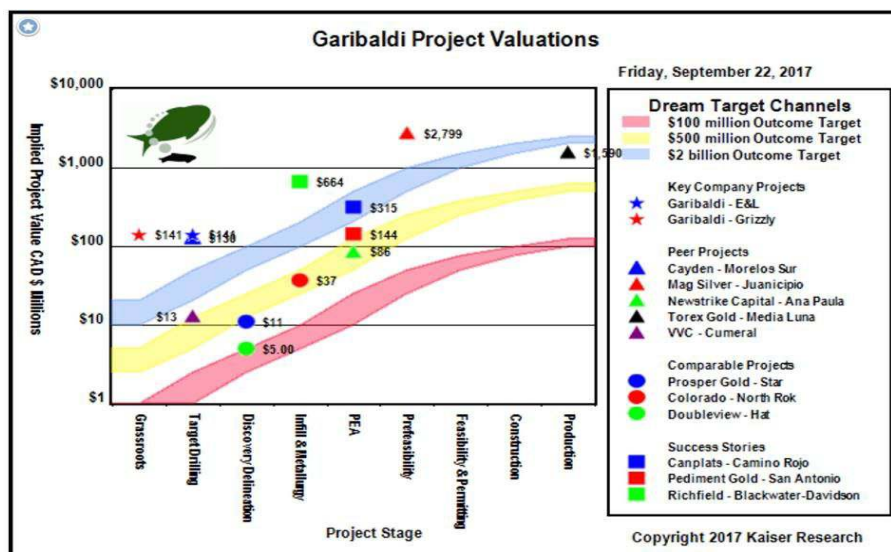


Garibaldi Resources (GGI.V, MCap \$161.09m) was up 27.8% on no news but following on a massive sulphide discovery made September 1st in the Eskay Creek region of British Columbia, the site of the old Eskay Creek discovery in the eighties. Following up on Silver Standard’s exploration in the 1960’s, Garibaldi languished near zero for most of the year while it mobilized to drill a large EM anomaly (one of many on its property) back in May. A private placement in August completed at 46 cents financed the drilling, which has not yet returned assays but on Sep 1 returned visible massive

sulphide intersections over significant lengths: The company has “intersected two long intervals of nickel-copper sulphide mineralization totaling 176 meters and consisting of pyrrhotite-pentlandite-chalcopyrite in the first drill hole at its 100%-owned E&L Project at Nickel Mountain near Eskay Creek.” Previous holes by Silver Standard returned assays of up to 1.3% nickel and 0.8% copper. GGI stated that, “Significantly, borehole EL-17-01 was drilled away from the historic mineralized zones into a previously untested area in order to provide the best immediate platform for SJ Geophysics' Volterra borehole EM survey as it gauges the orientation of conductor "D".”

Unfortunately, the stock has a near \$200 million market cap, which makes it a very expensive bet at this price. In the graph below, GGI’s E&L project is represented by the blue star. The blue shaded area (channel) is a model for the risk adjusted value of a potential \$2 billion discovery at various stages of the exploration cycle. As you can see, GGI falls outside of the reasonable valuation band of between \$25 and \$50 million at this target drilling stage, up to about \$100 million when discovery has been confirmed and delineation drilling begins.

The market is 100% confident that this will be real, and it probably will be. Massive sulphides do tend to be visibly identifiable if they are rich in minerals. But, given that the market has made its move and is so confident, approach with caution reconsider on cycle low.



Nikos Explorations (NIK.V, MCap \$4.61m) was up 25.9% for the week on no news.

QMC Quantum Minerals (QMC.V, MCap \$6.2m) was up 60% for the week on news that the company has received the required work permit from the Government of Manitoba for the Company's Irgon Lithium Mine property.

US Cobalt (USCO.V, MCap \$33.09m) was up 34.5% for the week on no news. Lithium and cobalt are hot in today's market as investors are piling into the so-called Electric Vehicle (EV) revolution, with UBS expecting **EVs to account for 14% of total car sales by 2025**. Lithium prices have risen from ~\$6k/tonne to ~\$16k/tonne since 2015 and investors have piled into the Global X Lithium ETF to gain exposure to the sector. Lithium is not a particularly rare metal and has seen several such cycles. Cobalt is also not in short supply, particularly if Glencore brings back its Kamoto copper-cobalt mine in the Democratic Republic of Congo back online. Kamoto alone has the potential to add significantly to the annual supply of cobalt.

Although there might be value in cobalt and lithium plays, the market is ahead of itself at this point.

Wolfden Resources (WLF.V, MCap \$23.51m) was up 54% for the week on no news. The share price has been on a tear this year (up 1500% YTD). Recently, the company announced the acquisition of the Pickett Mountain zinc-lead-copper-silver deposit in Maine and has brought Altius Minerals (ALS.TO) on as a significant shareholder. The property has seen historical exploration with some eye-popping drill results.

Wolfden management believes that the Pickett Mountain property has excellent potential to host an economic VMS deposit as evidenced by grades obtained from historic diamond drilling that intersected (horizontal widths):

- 18.66% Zn, 10.27% Pb, 1.63% Cu & 6.72 oz/t Ag over 7.70 metres
- 14.65% Zn, 6.48% Pb, 2.74% Cu & 3.78 oz/t Ag over 7.68 metres
- 15.95% Zn, 7.41% Pb, 1.41% Cu & 5.25 oz/t Ag over 7.30 metres
- 13.71% Zn, 5.25% Pb, 1.07% Cu & 3.57oz/t Ag over 6.30 metres

The deposit has been traced over a strike length of close to 900 metres and appears to be open at Depth. While Maine is not traditionally a mining-friendly jurisdiction a new mining law is being put in place that will be favourable to the development of Pickett Mountain as an underground operation.

Ed Bugos & Kashyap Sriram

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