



# TDV News & Exploration Update

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## TDV Long-Term Defensive Investor Stock Portfolio — 35% of Overall Investment Allocation

Company	Symbol	2018 Open	Last Price	YTD Return	2017 Return
<b>Gold/Silver Majors (40%)</b>				<b>-21.31%</b>	<b>20.89%</b>
Franco Nevada Corporation	FNV	80.66	67.06	-16.86%	34.14%
Agnico Eagle Mines	AEM	46.47	35.41	-23.80%	10.21%
IAMGOLD Corp	NYSE:IAG	5.92	4.15	-29.90%	51.04%
Yamana Gold	AUY	3.17	2.71	-14.51%	9.86%
Goldcorp	GG	12.95	10.79	-16.68%	-6.45%
B2Gold	US:BTG	3.18	2.35	-26.10%	26.53%
<b>Junior Producers (45%)</b>				<b>-17.33%</b>	<b>2.13%</b>
Alacer Gold	ALIAF	1.7826	1.76	-1.27%	3.45%
Argonaut Gold	ARNGF	1.959	1.47	-24.96%	17.82%
Endeavour Mining	EDVMF	20.46	15.02	-26.59%	36.58%
McEwen Mining	MUX	2.33	1.96	-15.88%	-23.23%
First Majestic Silver	AG	6.84	5.43	-20.61%	-12.92%
Fortuna Silver	FSM	5.31	4.53	-14.69%	-8.90%
<b>Explorers / Emerging Producers (15%)</b>				<b>-25.57%</b>	<b>18.20%</b>
Sabina Gold & Silver	TSE:SBB	2.32	1.44	-37.93%	129.29%
Premier Gold Mines	TSE:PG	3.61	1.96	-45.71%	39.00%
Cascadero Copper	CVE:CCD	0.08	0.05	-37.50%	-25.00%
Nautilus Minerals	TSE:NUS	0.16	0.12	-25.00%	3.33%
Amarillo Gold	CVE:AGC	0.31	0.23	-25.81%	-3.13%
EMX Royalty	CVE:EMX	1.02	1.42	39.22%	-22.56%
Mexican Gold	CVE:MEX	0.335	0.18	-46.27%	-5.71%
<b>Total Return</b>				<b>-20.16%</b>	<b>12.05%</b>

\*The rows highlighted in off-red denote companies that will likely be deleted from the portfolio when we publish our portfolio review. I've changed my mind on Endeavour and McEwen, which I was originally planning to sell. But they have come down too much in recent months, and I still like aspects of each.

\*\* Please remember, our recommended allocation for the TDV stock portfolio (for premium subscribers) is 35% of your financial portfolio with 30% going to gold and silver directly (physical), 5% to bitcoin, 5% to the TDV crypto portfolio (highly speculative), and 25% either as cash balances awaiting crisis bargains or for our swing and option trades (also for premium subscribers - so don't forget to upgrade if you want it).

### \$CDNX S&P/TSX Venture (CDNX) Composite Index TSXV

© StockCharts.com

20-Aug-2018

Open 679.05 High 687.72 Low 677.42 Close 686.48 Volume 67.2M Chg +8.47 (+1.25%) ▲



### GOEX Global X Gold Explorers ETF AMEX

© StockCharts.com

20-Aug-2018

Open 19.07 High 19.50 Low 19.07 Close 19.34 Volume 5,834 Chg +0.30 (+1.56%) ▲



## Sector Overview

The decline in the gold share market has been bad. It has been among the worst equity sector sell offs over the one, three, six and twelve month periods. The only other sectors that are down over the 12-month period ending now are the S&P food & beverage and household companies, i.e., the popular defensive plays. Over the past month or so the disk drives, oil service companies, steel makers, autos, and many others are down from 3-5%; but the gold shares are down three times as much as the next worst performers (disk drives and oil services). This is the case even though gold has not been the worst performing commodity. That award goes to

commodities like Lumber, Cocoa, Coffee, Gasoline, Sugar, and the other industrial metals... even oil is down more than gold over three months... and silver with the weaker commodities, but far from weakest.

Out of about 20 liquid commodities that I track, over one month silver ranked 5th worst performer and gold ranked 11th; over three months it is 7th and 11th respectively; and over a year it is 4th and 7th, respectively.

However, platinum has been a bad performer and has added to the weight on the precious metals subindex.

Year to date gold is down 9%, silver is down 14%, and the CRB is down about 3% —with the CRB benefitting from gains made in the agricultural and energy commodities in 2018. The worst performing commodities - Sugar, Coffee, Copper, Platinum and Palladium — are down from 15-30 percent in the same period.

The US gold share indexes are down 20-25% YTD, followed by the Homebuilders (-12-20%) and the autos (-12%). On the other side of the spectrum, the leading US equity sectors YTD start with the retailers, and followed by the paper stocks, the biotechs, railroads, defense and tech stocks — all up from 17-30% YTD.

Our YTD returns (see table on pp. 3 above) are basically tracking the average gold share returns — neither better nor worse - this year so far. The silver producers took a drubbing on weak silver prices. But several gold producers are also down over 20% YTD, including my two favorites (B2Gold and Agnico), as well as IAMGOLD, Argonaut, and Endeavour... the latter three for their betas. Our explorers have all taken a hit, except for **EMX Royalty (EMX:TSXV)**, which recently sold one of its interests for ~\$70 million in cash.

Even with that gain, our explorers have underperformed the Global Explorer ETF (GOEX) by more than I would've liked. I will be re-evaluating those positions, but outside of Nautilus and Amarillo I like them all.

## Great Time to Stock Up on Gold (and the Miners) for the Coming Bull Run! I know, I know



As I have mentioned in previous reports, the key chart support levels in gold are: 1185, 1125, and 1045.

Those are all more or less primary trend support points, with the latter two basically the definitive ones.

The \$1045 low made in 2015 is the final support point for the bulls.

If the market fell through 1045, it would be nearly a sure sign that a new bear market leg has dawned.

Of course, it is never 100% except in hindsight. Still, a breach of that low would be pretty damaging to our case, and would force us to re-evaluate my outlook, allocation, and strategy. That is not what I expect at the moment, however. The USD gold price is in its fifth consecutive month of decline, falling 202 points, or -15%, from its 1369 April 11th high. It is not as



steep as the late 2016 correction, and it is still at a higher level than the 2016 low, so the primary trend is either up or neutral depending on the time horizon you want to look at (i.e., either 3 years or 6 years for ex).

As long as the market stays above 1125, this will remain true; and the likelihood that the market is forming a 3-year ascending triangle (or 6-year H&S) bottom will probably remain good. Actually, let me refine this by saying that the range between 1045 and 1125 represents the last line of defense for the bullish hypothesis.

The current decline has been tough on gold bulls. Maybe there were 3-4 bounces on the way down, 20-30 points each, hardly more than 2 week flags in each case. It has been relentless. At first not affecting the pm equities, but then they started selling off more than the pm's... as you can see by the chart of the HUI/gold ratio on page two. My expectation was for the current intermediate correction to find a floor at intermediate trend support around 1240, but that was blown away by the volatility in various dollar crosses on news from Turkey and the Italian banks (as well as the latest most recent news regarding trade relations with China).

The 1180-85 level has some significance as it provided solid support for a couple years (2013-14), and even in recent years as the market has swayed around it, there were a few bounces from there in 2016 and 2017.

We fell through this level briefly last week but it may have ended — some positive price action showed up on the slide through 1180 in the form of a one day reversal pattern (hammer) in the daily candlestick charts on increased though not great volume. We saw the same in silver and a few other places. It has since recovered the 1185 level to close at 1195-ish on Monday at the time of writing. Most investors are likely to interpret the chart action in gold and silver as pointing toward the new bear market idea. But it is just a bit too obviously soggy, and so definitely oversold, that I can't help but expect to see this emerging as a right shoulder or final low in whatever type of bottom there may be forming. And a lot will depend on whether the US dollar rally can last. I say it can't. It is a bounce that has extended a bit more than thought. That is all I think it will be.

We can speculate on the different scenarios possible here in much the same way we did in bitcoin, but suffice to say that I put a low probability on the new bear market scenario (or major decline below \$1k).

The gold and silver price got knocked down because so few precious metals bulls expected the US dollar to make a further new high in its own trend. But if our USD analysis is going to be right (see [trade update](#)) and a bear market on Wall Street and, more importantly, in government securities evolves soon, that will weigh on the dollar much more. The market has already discounted the state of the banking system in the EU, and Turkey is a well-known hotspot. What the market is not yet aware of, and has not priced in whatsoever, is the coming reversal of fortunes for the US banks when the US financial bubble bursts, and the explosion in the US budget deficit that will occur on a collapse in tax revenues as we go into the next greatest recession.

Besides, a flare up of financial problems for the EU banks is also bullish for gold. We can have a situation like 2001-08, which I think we will when the US stock bull melts, i.e., the next bear market leg in the USD, or we can have a situation like that which erupted from 2010-12 in the EU, but which also boosted gold.

Gold can rise either in a dollar bear market or if the f/x value of the dollar is rising because another major currency is blowing up. Gold tends to benefit from safehaven runs sooner or later. But as I wrote in a recent report, going into a credit or liquidity crunch, gold typically falls 20-30 percent along with all assets, at least in the early part of their declines, and then it launches into a bull market. So it can still fall all the way to the \$1045 low, even within bullish circumstances... on a roll over of major primary trends in stocks and bonds.

Gold peaked in 2012 because the global commodity bull rolled over on weak global demand, specifically due to disinflationary monetary policies by the EU, China, Russia, and others from 2011-14, and because most of the gold crowd was short the stock market in the face of multiple QE's and when the public was also bearish.

The Fed kept inflating until the investing public stopped hoarding its cash and started buying stocks again, and until the banks recapitalized their own balance sheets and were able to expand credit themselves again.

That occurred in about 2013 in the middle of the Fed's final QE push (QE3).

They pushed so hard that now everyone has bought the story hook line and sinker, and even many of you reading this report right now undoubtedly will still argue that the US economy is stronger than the EU's.

That is exactly wrong, imho, and you will see that when the tide goes out again.

Except for the stocks highlighted red in the table of our portfolio on page 3 I suggest taking advantage of the present weakness to buy these names as a 2-5 year investment (or HODL). As a group, I expect them to return 300-700 percent in this time period and from these levels regardless if we get the exact bottom.

I let our hedge on this decline expire last month and at the moment I don't think it makes sense to re-open a hedge precisely because I feel confident the market is so oversold. I will let you know if I change my mind.

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\*\*\*\*\* TDV Portfolio News Summaries \*\*\*\*\*

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**Franco Nevada (FNV, MCap \$13.4B, 185.73M SO)** reported net income of \$53.6 million in Q2-2018 (Q2-2017: \$45.6 million) and operating cash flow of \$111.3 million (Q2 2017: \$126.5 million) on 'production' of 107,333 gold equivalent ounces (GEOs) (Q2 2017: 122,541 GEOs). Franco revised its 2018 guidance downward to 440-470k GEOs (original forecast 460-490k GEOs) primarily due to underperformance at Candelaria, which is processing lower grade material. During the quarter, Franco entered into an agreement with **Continental Resources (CLR, MCap**

**\$23.54B)** to acquire mineral rights in the SCOOP and STACK oil & gas plays of Oklahoma for \$220 million, with further commitments to spend up to \$100 million per year over the next three years to acquire additional mineral rights. The existing mineral rights and mineral rights to be acquired are proximal to Continental's existing operations and will be jointly held through a newly-formed company.



The mineral rights represent a perpetual ownership interest in land and provide an entitlement for royalties from oil & gas production. This new relationship will add to its existing interests in the SCOOP and STACK.

With a better than expected contribution from its previously acquired U.S. assets and stronger oil prices, Franco-Nevada now expects to generate \$65 million to \$75 million in revenue from oil & gas for 2018.

I am never happy when I see a company stray too far from its core focus, in this case, one of the values I have seen in Franco is its founders' immense knowledge about gold mining in particular. The stock has done well for us, being one of the few gold stories that bucked the downtrend in gold prices from 2012-15, but its valuation is a bit stretched now, and I see the miners benefitting more during the gold cycle upswing.



**Goldcorp (GG, MCap \$10.15B, 867.12M SO)** reported a Q2 net loss of US\$131 million (Q2 2017: \$135 million net income) and operating cash flow of \$158 million (Q2 2017: \$158 million) on production of 521,000 gold ounces (Q2 2017: 635,000) at an AISC of \$850/oz (Q2 2017: \$800/oz). This is Goldcorp's first quarterly loss in 2 years, brought about by an income tax expense of \$156 million (effective tax rate of 624%), of which \$147 million was due to the impact of currency fluctuations on current and deferred tax assets.

The lower production was due to underperformance at its Peñasquito operation in Mexico, which the company attributes to planned mine sequencing. Management has a history of throwing surprises when it comes to Peñasquito production numbers and profitability, and it is never their fault. But the billion dollar Pyrite Leach Project (PLP) is scheduled to be commissioned in Q3, which should turn things around.

During the quarter Goldcorp signed an Impacts and Benefits Agreement (IBA) with three First Nations groups that have the rights & interests around its 100% owned Borden project in Ontario. The 8Moz mine, currently in development, is envisioned as a satellite deposit to the currently operating Porcupine mine. It will be in production by H2 2019 and is expected to contribute to a third of Porcupine's production by 2020.

Under the IBA agreement, Goldcorp recognizes and respects the rights and interests of the First Nations with regard to the Borden project site, and the three First Nation communities recognize and support Goldcorp's rights and interests in the development and future operation of the mine.

The agreement also includes provisions for employment and training, and business and contracting opportunities, along with a framework for regulatory permitting. The Borden project will be starting a bulk sample extraction of up to 30,000 tonnes shortly, with the first sample expected by the end of the summer.

This is a big win for Goldcorp, as it eliminates a potential obstacle in the permitting process.

## Exploration Update

### *Musselwhite camp*

The company has initiated a generative exploration program on an expanded landholding throughout the North Caribou greenstone belt, while also testing near mine targets, most notably the PQ Deeps and the Karl Zeemal target located 8 km southeast of the Musselwhite mine. Highlights: 13.5m of 17.41 g/t Au; 9.5m of 19.66 g/t Au; 0.8m of 41.8 g/t Au; and 0.3m of 321 g/t Au.

### *Red Lake camp*

Exploration is focused on advanced stage targets in the Campbell-Red Lake gold mine, HG Young and Cochenour, while step out drilling continues on new targets to the east of the vast land package. Highlights: [HG Young] 1m of 138.58 g/t Au; 1.83m of 76.67 g/t Au; and 0.23m of 515.35 g/t Au; [Cochenour] 17.4m of 12.14 g/t Au, including 0.9m of 33.5 g/t Au; 2.4m of 135.02 g/t Au; 4.8m of 54.09 g/t Au; and 10.2m of 14.44 g/t Au.

### *Cerro Negro camp*

Exploration activities are primarily focused on completing a 50 m by 50 m infill program at the Silica Cap complex with the objective of moving the target into mineral resources. Additionally, mineral resource and reserve drilling was completed at the Vein Zone deep and San Marcos extension targets, while exploration drilling commenced at the Eureka North and Mariana-249 targets. Highlights: 11.17m of 23.91 g/t Au; 16.92m of 15.81 g/t Au; 15.67m of 14.62 g/t Au; and 8.26m of 24.53 g/t Au.

### *Peñasquito Camp*

Goldcorp is evaluating the Santa Rosa complex, located 20 km east-southeast of the Peñasquito mine. The complex has the potential to host porphyry and skarn mineralization. Drilling has intersected mineralization 100 m to 400 m below surface and over a strike of 300 m. The zone is located 600 m west of historical mine workings and remains open along strike and at depth. Highlights: 326m of 0.14 g/t Au; 254m of 0.34 g/t Au; and 102m of 0.78 g/t Au.

### *Other Projects*

The company is also advancing Cerro Cascale - Capische (renamed Norte Abierto) and its Minera Frisco JV, with promising initial drill results. These projects represent long-term optionality for Goldcorp.

Going into Q2, Goldcorp looked attractive on a valuation basis, trading at around 20 times earnings, less than book, and less than 10 times operating cash flow. The company had been profitable since Q2 2016, and their history of accounting for past mistakes by taking heavy impairment losses looked to be in the rearview mirror. Their promise of delivering \$250 million in cost efficiencies seemed to be working. But after Q2, investors are again left in doubt. Q1 results were weak, which was to be expected since winter conditions impact production and the second half of the year is traditionally stronger for miners than the first half.

The drop in net income from \$170 million in Q1 2017 to \$67 million in Q1 2018 can be explained. At least they made a profit, showing that management is turning things around. In Q2, they attribute the net loss to lower production and negative impact on deferred tax assets, both of which were surprises. Strangely, they didn't offer a detailed explanation in their Management Discussion and Analysis, nor did the analyst community take this up during the earnings call. Goldcorp management has a history of throwing surprises at investors, and they seem to be continuing with that tradition. We own Goldcorp only because it is cheap given their assets.



**Yamana Gold (AUY, MCap \$2.74B, 948.43M SO)** reported Q2 net income of \$18 million (Q2 2017: \$39.9 million net loss) and operating cash flow of \$102.4 million (Q2 2017: \$124.6 million) on production of 248,177 gold ounces (Q2 2017: 244,607) at a co-product AISC of \$837/oz (Q2 2017: \$869/oz).

Mining costs benefited from higher production, operational efficiencies and the impact of the depreciation of local currencies against its reporting currency (the USD). Yamana turned 15 on July 31 too.

The company went public in 2003 as a single mine developer of the Chapada project in Brazil, which began production in 2007.

Yamana announced the closing of Leagold's acquisition of Brio Gold in May. Yamana now owns 20.65% of Leagold, or 27.17% assuming exercise of its warrants. Recall that Brio Gold was a Yamana spin-off holding its Brazilian properties. In Q2-2018, Yamana realised a gain of \$32 million from the acquisition.

Yamana also declared commercial production at Cerro Moro during the quarter, in line with its estimate of declaring commercial production in Q2.

The company has undergone a change at the top, with founder CEO Peter Marrone moving on to the role of Executive Chairman. He is being replaced by Daniel Racine, formerly the Executive Vice President and COO. Mr. Racine has been with the company since 2014 and, most recently, was the Executive Vice President, Chief Operating Officer of the company, responsible for overseeing Yamana's operations and development stage projects. In his capacity as President and CEO, Mr. Racine will be responsible for the business of the company with all executive offices reporting directly to him. In turn, the President and CEO will report directly to the Executive Chairman of the Company. Mr. Racine will work with the Executive Chairman in the formulation of strategy, be responsible for managing the business and be accountable for the management, prepare the business plan for the company and ensure the company adheres to that plan.

### Exploration Update

**Jacobina:** In H1 2018, 5,120 metres of drilling was completed toward the goal of identifying and testing higher-than-reserve grade mineralization with a focus near existing mine infrastructure. Highlights: 6.28m grading 3.82 g/t Au including 1.55m grading 11.38 g/t Au; 20.5m grading 2.64 g/t Au; 2.26m grading 14.2 g/t Au; 4.75m grading 19.53 g/t Au; and 11.69m grading 4.51 g/t Au.

**Chapada:** In H1 2018, 14,778 metres of drilling was completed with drill results supporting the potential for resource expansion at both Suruca and Sucupira/Baru, with a new resource estimate due by year end.

Drilling has identified potential targets northeast and down dip from Suruca. In addition, surface exploration work progresses with the goal of building a pipeline of new exploration targets. Highlights: 138m grading 0.45 g/t Au; 125.38m grading 0.55 g/t Au; and 126m grading 0.62 g/t Au.



*Minera Florida:* In H1 2018, 30,930 metres of drilling was completed with the goal of expanding all categories of mineral resources and to generate new exploration targets in the new Agua Fria concessions. Highlights: 4.8m grading 10.85 g/t Au; 0.33m grading 58.3 g/t Au; and 3.8m grading 10.31 g/t Au.

*Cerro Moro:* The company expects that resource growth at the newly discovered high-grade Veronica vein will offset 2018 mining depletion. Highlights: 1.1m grading 61.24 g/t Au and 0.6m grading 28.83 g/t Au.



**Iamgold (IAG, MCap \$2.23B, 464.9M SO)**

reported Q2 net loss of \$26.2 million (Q2 2017: \$506.5 million net income) and operating cash flow of \$50.6 million (Q2 2017: \$86.2 million) on gold production of 214,000 ounces (Q2 2017: 223,000 ounces) at an AISC of \$1077/oz (Q2 2017: \$975/oz). The substantial Q2 2017 net income was due to \$524.1 million in impairment reversals, so it would have reported a loss of \$17.6 million in the year ago quarter. Letwin reaffirmed his guidance.

IAG reported final drill results from a 26-hole 2018 winter drill program at its 50%-owned Monster Lake project in Quebec. The drill program achieved its objective of infill drilling the 325-Megane Zone, and evaluating newly discovered areas of mineralization in an adjacent area referred to as the Lower Shear Zone. A further round of drilling is planned to test specific structural targets which are accessible in the summer season. The drill program returned some high grade intercepts over skinny widths. **Highlights include 3.83m grading 23.96 g/t Au including 1.30m grading 67.22 g/t Au; 4.32m grading 32.07 g/t Au including 0.74m grading 134.0 g/t Au; 2.62m grading 72.17 g/t Au including 1.75m grading 107.3 g/t Au; and 5.32m grading 40.94 g/t Au including 0.70m grading 251.0 g/t Au**

Iamgold's JV partner on the Eastern Borosi project in Nicaragua, **Calibre Mining (CXB.V, MCap \$15.63M)**, reported drill results from its 2018 program there. The project currently has an inferred resource estimate of 812,000 gold equivalent ounces. Iamgold has already vested a 51% interest in the project and is on track to earn a 70% interest by fulfilling its work commitments.

**Highlights: 4.10 metres grading 9.81 g/t AuEq; 2.10 metres grading 18.1 g/t AuEq; 16.5 metres at 1.13 g/t AuEq.**



Unfortunately for CXB, the situation in Nicaragua is untenable and the outcome unpredictable. The project is less crucial to IAMGOLD shareholders — IAMGOLD's future is mostly in Africa, Canada and Suriname.

The company completed a PFS on its Essakane heap leach project. The **news release** is a stellar work in artful deception. The three most important financial metrics investors look for in a PFS are NPV, IRR and initial capex. A good rule of thumb is that the base case NPV should exceed the initial capex.

In this case, the company reported an "estimated" capex of \$155 million, which excludes fleet costs, and conveniently left out the NPV and IRR numbers. Investors don't need to fret, however, because the news release claims that the numbers show positive economics and even justify moving the project toward a Feasibility Study, work on which has already commenced and is expected to be delivered in Q1 2019.

Iamgold appointed Ronald Gagel as a Director of the company. Mr. Gagel is a chartered accountant with 40 years of professional experience, predominantly in the mining industry. He is presently Executive-Vice President, Corporate Affairs of TMAC Resources Inc., a company of which he was one of the founders and was CFO for its acquisition of the Hope Bay project in Nunavut from Newmont Mining in 2013. Mr. Gagel is also a Director of Dalradian Resources and previously served as director for other public companies, including HudBay Minerals Inc., Central Sun Mining Inc. (now part of B2Gold Corp.), Adriana Resources Inc. (now part of Sprott Resource Holdings Inc.), Stonegate Agricom Ltd. (now part of Itafos), and FNX Mining. He was a Director of the PDAC from 1997 to 2015, and in 2013 was the recipient of PDAC's distinguished service award for outstanding contribution to the mining industry in the field of finance.



**Agnico Eagle Mines (AEM, MCap \$9.01B, 233.26M SO)** reported Q2 net income of \$5 million (Q2 2017: \$54.9 million) and operating cash flow of \$120.1 million (Q2 2017: \$184 million) on production of 409,961 gold ounces (Q2 2017: 427,743) at an AISC of \$921/oz (Q2 2017: \$785/oz). The results look troubling - lower production, higher costs, lower net income and cash flow. The company has its reasons: Meadowbank is transitioning into its last year of mine life, stronger foreign currencies impacted costs, the company faced an effective tax rate of 88% for the quarter. Meanwhile, it will be

spending over a billion dollars in capex this year. And the stock isn't all that cheap even after the recent sell-off. At US\$41.3 per share, the company trades at a TTM PE of 60+ and 14 times cash flow. Agnico Eagle is suffering from the ghost of past successes - low political risk, top notch management, and lots of growth - as the premium value on its shares has declined only slowly over the years to reflect the newer realities of less growth, depleting assets, and rising operational costs.

It is still my favorite long term pick. It has a tremendous amount of potential good quality assets in the pipeline to assure its status as a stable gold producer in a politically safe climate for years to come.

### Exploration Updates

#### *Nunavut region*

Agnico received the Type A water license for its Whale Tail pit at the Amaruq project, necessary for its construction and development. The schedule for construction activities, including Whale Tail Lake dewatering, is expected to allow for progressive mining and stockpiling of ore in Q2 2019, to support the

expected start of production in Q3 2019, which will coincide with the end of production at the Meadowbank mine. Development of the Meliadine project is proceeding on schedule and on budget, with production expected in Q2 2019.

Exploration drilling is ongoing at Amaruq, with a focus on discovering mineralisation at depth in both the Whale Tail deposit and V Zone, with 22,342 metres drilled in 51 drill holes in Q2. Highlights: 31.4m of 5.1 g/t Au; 16.9m of 10.2 g/t Au; 10.5m of 11.2 g/t Au; 3.5m of 26.2 g/t Au; and 3m of 79.5 g/t Au.

At Meliadine, exploration resumed at the Tiriganiaq deposit (3 km strike length) in January 2018 after a three-year hiatus. Drilling has confirmed the continuity of the mineralization in the deeper portions of the Tiriganiaq deposit. Highlights: 12.8m of 27.3 g/t Au; 10.2m of 19.6 g/t Au; and 10m of 4.3 g/t Au.

### *Goldex*

The company is in the process of securing a mining lease for its Akasaba West gold-copper deposit, which would feed into its Goldex operation. Over a 5 year mine life, total production from Akasaba West is expected to be approximately 115,000 ounces of gold and 21,000 tonnes of copper at total cash costs per ounce of \$550 to \$600.

At Goldex, 46 holes (15,107m) of drilling was completed on the Deep 2&3 zones (>1200m depth). Drill results highlight the potential to expand and/or upgrade the indicated mineral resources in these zones. Highlights: 70m of 1.7 g/t Au; 45m of 1.5 g/t Au; and 23m of 3.4 g/t Au.

### *Kittila*

The main target of exploration at Kittila continues to be the Sisar Zone, which is subparallel to and slightly east of the main Kittila mineralization. In the first half of 2018, 41 holes (16,466 metres) were drilled in the Sisar Top and Sisar Central zones, Roura Zone and Rimpi Deep Zone. Highlights: 16.3m of 4.5 g/t Au; 18.3m of 3 g/t Au; 23.6m of 3.5 g/t Au; and 10.6m of 3.6 g/t Au.

### *Pinos Altos*

Exploration is focused on the Reyna de Plata deposit, which could become a potential satellite deposit. The deposit consists of low-sulphidation epithermal vein-style mineralization over a 2.5-kilometre strike length in an east-west direction. The deposit currently hosts inferred mineral resources of 110,000 ounces gold and 3.9 million ounces silver at open pit depth, as well as 93,000 ounces gold and 1.4 million ounces silver at underground depth. Highlights: 19.1m of 1.7 g/t Au and 58 g/t Ag; 31.5m of 1.1 g/t Au and 36 g/t Ag; and 18.3m of 1.8 g/t Au and 101 g/t Ag.

### *La India*

Mine-site exploration at the La India property in Q2 included 4,311 metres (31 holes) at El Realito, 2,823 metres (24 holes) at Los Tubos, 1,426 metres (36 holes) at El Cochi and 3,026 metres (28 holes) at the Main Zone, totalling 11,586 metres (119 holes). In addition, the company conducted drilling, mapping, surface sampling and metallurgical testing at the Chipriona regional target. To date, 3,600 metres has been drilled with the aim of better understanding the geometry of the mineralized veins along the Chipriona corridor.

### *Early Stage Exploration - Santa Gertrudis, Mexico*

The 42,000 hectare property was the site of a historical heap leach operation that produced approximately 565,000 ounces of gold at a grade of 2.1 g/t gold from 1991 to 1994 and includes substantial surface



infrastructure already in place, including pre-stripped pits, haul roads, water sources and buildings. Three favourable geological trends with a potential strike length of 18 kilometres have been identified on the property with limited drilling between deposits. Agnico has budgeted \$7.2 million for a 28,000m drill program, of which the company drilled 9152m in 42 holes in Q2. Highlights: 69.7m of 1 g/t Au and 5 g/t Ag; 40.8m of 0.9 g/t Au and 8 g/t Ag; and 9.4m of 4.7 g/t Au and 18 g/t Ag.

### **B2Gold (BTG, MCap \$2.31B, 979.17M SO)**

reported Q2 net income of \$21 million (Q2 2017: \$19.3 million) and operating cash flow of \$86 million (Q2 2017: \$48 million) on record gold production of 240,093 ounces (Q2 2017: 118,645 ounces) at an AISC of \$721/oz (Q2 2017: \$974/oz), with strong performance from all mines, slightly offset by problems at its Nicaraguan operations (see below). The Fekola mine continued to operate above plan, producing 112,644 ounces of gold in Q2 at an AISC of \$445/oz, 11% (or 11,225 ounces) above budget. Full year guidance for Fekola has been revised upward to 420-430,000 gold ounces and

overall guidance has also been revised up to 920-960,000 ounces at an AISC of \$505-\$550/oz, which should bring in non-GAAP operating cash flow of around \$644-\$708 million, significantly above 2017 cash flow of \$155 million. The company is more conservative than us in its estimates, projecting operating cash flow of \$500 million on \$1.2 billion in revenue. The company sold a 10% interest in Fekola to the Mali government for \$47 million, formally valuing Fekola at \$470 million. In 2014, they paid \$570 million to acquire Papillon Resources in order to acquire Fekola, which was then an advanced exploration stage asset.



Now, as per 'independent assessments' from two valuation firms, this operating mine which cost \$541 million to build, and which has seen upwards of \$50 million spent in drilling in 2017 alone, is only worth a fraction of B2Gold's overall outlay. Even at today's gold price, 2018 production should net close to \$300 million in mine operating earnings. The company now owns only 80% of Fekola, with 10% initially given away to the Mali government as free carried interest and another 10% sold to the Mali government for \$47 million. The company won't receive any proceeds from the supposed sale - it's all just accounting entries.

B2Gold is lending the Mali government \$47 million at 7.5%. Any dividend it might send the government's way for its recently 'purchased' 10% stake will instead go towards satisfying this loan. The government will still receive a priority dividend of 10% of Fekola's earnings for its free carried interest. To sum up, B2Gold owns 80% of Fekola and a \$47 million loan to the Mali government. The Mali government owns 20% of Fekola, gets 10% of its earnings as priority dividend, and has no obligation to repay the loan it supposedly took from B2Gold. Mali might also get to up its take based on proposed amendments to its mining code.

Mali government - 1  
B2Gold - 0

The company has commissioned a \$8.5 million solar power plant at its Otjikoto Mine in Namibia. The plant is one of the first fully-autonomous hybrid plants in the world and will allow the company to significantly reduce fuel consumption and greenhouse gas emissions from the site's current heavy fuel oil power plant, generating

10% in fuel cost savings in 2018. The plant can potentially outlast the mine and be a source of additional income for the company. The company sold its interest in the Mocoa Porphyry copper-moly deposit in Colombia to Libero Copper for 10.4 million common shares of Libero and a 2% NSR royalty, the common shares valued at C\$936,000. Post closing, B2Gold owns a 19% stake in Libero.

**Political unrest in Nicaragua** has impacted the company's two operating mines there. El Limon suffered from work interruptions, delays in consumable deliveries and illegal road blockades. At La Libertad, operations went smoothly but were impacted by restrictions to the supply of key consumables (fuel and lime) in June. The 2018 production forecast has been lowered by 10,000 ounces from these two mines, but the company expects to make up for it by outperformance at its other operating mines.

Meanwhile, the political climate has improved significantly in the Philippines, with the new DENR secretary lifting the previously imposed ban on granting exploration permits. According to B2Gold, this move is a significant step towards normalizing the process for permitting new mining development in the country.

### Exploration Update

#### *Kutuvuoma*

B2gold has allocated \$2.6 million for exploring the Kutuvuoma deposit, in JV with **Aurion Resources (AU.V, MCap \$52.6M)**, in Finland. Plans include extensive BoT sampling, prospecting, mapping, trenching and possible drilling pending target identification. The company can earn a 70% interest by spending \$15 million over six years and issuing Aurion 550,000 B2Gold shares. It can earn an additional 5% by completing a positive feasibility study for a total of 75%.

#### *Fekola*

The company revised its exploration budget to \$19 million to accelerate the current Fekola North Extension zone drill program, where drilling to date has successfully extended the strike length of mineralization by one km from the current pit boundary. Based on the anticipated 55,000 metres of drilling this year, the company will publish an updated mineral resource estimate. In addition, the Fekola team is working on conducting engineering and technical studies to assess opportunities for mine and mill expansion, with a view to increasing annual gold production.



**McEwen Mining (MUX, MCap \$715.01M, 337.27M SO)** reported Q2 net loss of \$5.4 million (2017: \$1.7 million net loss) and operating cash outflow of \$5.6 million (Q2 2017: \$7.2 million outflow) on production of 22,395 (Q2 2017: 22,804) gold equivalent ounces (GEO). The recently acquired Black Fox mine contributed 14,055 GEOs at an AISC of \$1056/oz. The company reiterated its 2018 forecast of production of 48,000 GEOs at an AISC of \$920-\$1210/oz.

At Gold Bar, construction in on track for completion by year end, with commercial production expected in Q1 2019.

Key updates:

- Commenced gold recovery plant structural steel and process equipment installation
- Continued heap leach pad construction (+50% complete)
- First generator on site, two more will be dispatched in September
- Crushing plant installation complete, conveyor installation continues
- Continued mine waste stripping and ore stockpiling

MUX raised \$50 million in debt via senior secured notes to fund construction. The notes were issued at an effective interest rate of 10.2% per annum for a period of three years. Rob McEwen purchased 50% of the notes and the other half was purchased by an independent third party. The company also published a resource estimate at the Tamarack deposit, part of the Black Fox complex. This is the first mineral resource estimate at Black Fox incorporating base metals. The updated resource estimate for Tamarack is the result of 46 new surface and underground exploration, delineation, and definition drill holes completed between October 2017 and April 2018 and already existing base metal assays not considered in previous estimates.

Classification	Cut-off grade Au Eq (g/t)	Quantity Tonnes (000s)	Grade					Contained Metal				
			Gold (g/t)	Silver (g/t)	Lead %	Zinc %	Au Eq (g/t)	Gold Ounces (000s)	Silver Ounces (000s)	Lead Tonnes (000s)	Zinc Tonnes (000s)	Au Eq Ounces (000s)
<b>Total Indicated Resource</b>	<b>3.00</b>	<b>778</b>	<b>1.83</b>	<b>26</b>	<b>1.08</b>	<b>3.29</b>	<b>5.08</b>	<b>46</b>	<b>663</b>	<b>8</b>	<b>26</b>	<b>127</b>

A \$15 million exploration program is ongoing across the Black Fox Complex, with 39,300 metres of drilling completed in Q2.

*Highlights:*

Stock East zone: 9.9m grading 3.39 g/t Au; 16.46m grading 2.62 g/t Au; and 0.81m grading 9.51 g/t Au.

Froome zone: 18.16m grading 1.86 g/t Au; 0.83m grading 52.7 g/t Au; and 2.57m grading 17.51 g/t Au.

Gibson zone: 34m grading 3.11 g/t Au; 7.71m grading 5.96 g/t Au; and 1.71m grading 17.55 g/t Au.

Black Fox Underground: 2.43m grading 141.19 g/t Au; and 7.52m grading 44.41 g/t Au.

The company announced the results of a new PEA at its El Gallo project in Mexico. Recall that El Gallo 1, which is a gold mining operation, is winding down (currently in closure and reclamation) and the company is working on El Gallo 2, a silver mining operation. The new PEA, dubbed Project Fenix, extends the overall mine life of the El Gallo Complex by 12 years at an average annual production rate of 47,000 ounces AuEq and LOM AISC of \$853/oz.

	<b>Downside Case \$1,200/oz Au, \$15/oz Ag + 30% Capex Increase</b>	<b>Base Case \$1,250/oz Au, \$16/oz Ag</b>	<b>Upside Case \$1,300/oz Au, \$17/oz Ag</b>
<b>Phase 1 Capex</b>	\$53 million	\$41 million	\$41 million
<b>Phase 2 Capex</b>	\$40 million	\$30 million	\$30 million
<b>IRR</b>	14%	28%	33%
<b>NPV@5% Discount Rate</b>	\$30 million	\$60 million	\$75 million
<b>Payback Period</b>	6.5 years	4.1 years	3.9 years

The Fenix project involves a two-phase development process. Phase 1 includes the reprocessing of material on the gold heap leach pad at the existing El Gallo Gold Mine, and Phase 2 includes the processing of open pit gold and silver mineralization from several deposits including El Gallo Silver, Palmarito, El Encuentro and Carrisalejo. McEwen seeks approval of the Phase 1 El Gallo permit modifications by Q4 2018 and Phase 2 approvals by Q3 2019. Further project advancement in 2019 is subject to permit approvals.

Rob McEwen, Chairman and Chief Owner, stated:

*Project Fenix shows that El Gallo has the potential to be retooled to produce silver and gold for years into the future. The current heap leach gold mine would transform first to a mill and process the residual heap leach pad material, then additional mill modifications would enable processing of silver and gold ores from four other deposits. This plan depends on innovative in-pit tailings disposal that we think is a win-win for all stakeholders. Over the coming quarters we intend to advance environmental permitting and refine our plans with a feasibility study before making an investment decision next year.*

Exploration work is also on-going. At the property scale, significant mineralization has been confirmed at the El Encuentro zone, which is located 10 km from the El Gallo Gold Mine. A property-wide soil geochemical survey was completed earlier this year and results indicate the potential for extensions of known zones of sulfide mineralization in the district. In addition, multiple targets were identified from the survey, and field evaluation and ranking of targets for drill testing is in progress.

The company has replaced COO Xavier Ochoa with Chris Stewart. Chris is a senior executive with 25 years of diversified experience in the mining industry. The foundation of his extensive experience came from the 14 years he worked for Dynatec/DMC Mining, a Canadian mining contracting company.

In 2007, Chris transitioned to working for mining companies, where he has held senior executive roles over the past 11 years. Most recently, Chris was the President & CEO of Treasury Metals, and prior to that he was the Vice President of Operations for Kirkland Lake Gold. Chris is a registered Professional Engineer in Ontario and holds a Bachelor of Science, Mining Engineering, from Queen's University.



**Fortuna Silver Mines (FSM, MCap \$739.6M, 159.22M SO)** reported Q2 net income of \$11.2 million (Q2 2017: \$8.9 million) and operating cash flow of \$21.9 million (Q2 2017: \$12 million) on production of 2.3 million silver ounces and 14,557 gold ounces at an AISC of \$10/oz silver equivalent (Q2 2017: \$12.1/oz).



The company is on track to meet its full year 2018 guidance of 11.4 million silver equivalent ounces.

The company's partner **Prospero Silver (PSL.V, MCap \$5.52M)** has commenced drilling at its Buenavista project in Mexico. Buenavista is a precious metal-bearing, structurally controlled vein systems centered on a rhyolite dome complex.

Alteration at surface is high-level argillic suggestive of the presence of an epithermal deposit at depth, possibly hosted in Lower Volcanic Series andesites.

The program is funded by Fortuna and aims to confirm below surface structures and allow the company to determine where in the vertical epithermal column an ore zone might lie. Historic drilling returned high grade intercepts, including 2.4m of 400g/t Ag and 0.27g/t Au; 9.3m of 125g/t Ag and 0.35g/t Au, including 1.15m grading 276 g/t Ag; and 8.0m of 129g/t Ag and 0.07g/t Au including 4.5m grading 206 g/t Ag.

Construction at its Lindero project is slightly behind schedule and initial capex has been increased 10-15% to cope with cost overruns. Commercial production is expected late in Q3 2019. Contracts for 71% of the project capital have been awarded and detailed engineering is between 70-100% complete for all project areas, allowing for the start of construction on all scheduled fronts. Fortuna is working on opportunities to further optimize the sequencing of concrete, electromechanical and piping installations to streamline the project's schedule. The company has increased the size of its temporary camp to host a peak of 950 workers in December 2018 in order to accommodate for overlapping construction activities and higher headcount.

**Endeavour Mining (EDV.MF, MCap \$1.75B, 96.5M SO)** reported Q2 net loss of \$15 million (Q2 2017: \$17 million net income) and operating cash flow of \$60 million (Q2 2017: \$27 million) on production of 147,000 gold ounces (Q2 2017: 84,000) at an AISC of \$780/oz (Q2 2017: \$791/oz).

Construction of the Ity CIL plant is on track with first gold pour expected by mid-2019. At Kalana, an updated resource estimate is due by Q3 and an updated FS by Q1 2019. The company spent \$16.1 million on 98,000m of drilling in Q2, focused on the Kari discovery at Houndé, Kalana, the Le Plaque deposit as well as on greenfield targets such as Kofi North, Fetekro, Randgold JV and in Greater Ity area. Endeavour provided an exploration update at Houndé. Drilling has extended the Kari Pump discovery made late last year and discovered two new large mineralized zones



named Kari Centre and Kari West. Mineralization at Kari has now been extended to a 4km long and 3km wide strike length, with approximately 25% of the gold-in-soil anomaly remaining to be drilled. A further 65,000m drilling campaign is underway to delineate and extend the three discoveries made, with in-fill drilling planned on the Kari Pump target to obtain a maiden resource estimate in Q4.

*Highlights:*

Kari Pump: 12.5m of 3.4 g/t Au; 10.9m of 17.1 g/t Au, including 1.9m grading 34.6 g/t Au; and 8.7m of 5.1 g/t Au, including 2.9m grading 11.1 g/t Au

Kari Center: 5.6m of 1.5 g/t Au; 2.8m of 13.9 g/t Au, including 0.9m grading 39.6 g/t Au; and 5.6m of 3.0 g/t Au

Kari West: 6.0m of 3.6 g/t Au; and 5.2m of 7.3 g/t Au, including 1.7m grading 10.3 g/t Au



**Alacer Gold (ALIAF, MCap \$565.67M, 293.09M SO)** reported Q2 net loss of \$20.1 million (Q2 2017: \$22.8 million net income) and operating cash flow of \$16.5 million (Q2 2017: \$8 million) on production of 20,158 gold ounces (Q2 2017: 25,113) at an AISC of \$849/oz (Q2 2017: \$909/oz). The company increased its 2018 production guidance from oxide ore to 110,000 – 130,000 ounces at an AISC of \$650-700/oz, a steep reduction from initial guidance of \$750 – \$800/oz. Construction of the sulphide plant remains on schedule and on budget, with start-up expected in

Q3 and commercial production in early 2019. Key construction highlights:

- Process critical mechanical works 98% complete
- Process plant electrical rooms energized and testing of electrical motors and equipment occurring across the plant
- Wet commissioning of crushing and grinding circuits underway
- First oxide ore test of crusher complete
- Approaching start-up of oxide ore processing in August
- First phase of the TSF construction is complete and ready to accept tailings
- Process plant commissioning plan is to process oxide ore ahead of the start-up of the pressure oxidation circuit

Rod Antal, President and CEO, stated:

*As we move into the third quarter, I am excited to report that we will deliver on our objective of starting up the sulfide plant on time and about 10% under budget. Wet commissioning of the crushing and grinding circuits is underway, with the crusher tested on oxide ore. We expect the full oxide circuit to start processing ore during August. We will then start-up the sulfide plant shortly thereafter, meeting our third quarter schedule. This will be an incredible achievement for everyone involved in the project. The oxide plant is off to an excellent start this year with production of 63,073*

ounces at All-in Sustaining Costs per oxide ounce of \$659. Success from the in-pit exploration program resulted in an increase of the full year oxide gold production guidance to 110,000 - 130,000 ounces and a decrease in oxide All-in Sustaining Costs to \$650 - \$700 per ounce. Our normalized earnings per share for the quarter was 2 cents after adjusting for non-cash items including unrealized non-cash FX losses and incentive tax credits – this brings our half year normalized earnings per share to 5 cents. Our strong operational and financial performance year-to-date combined with the imminent completion of the sulfide plant in the third quarter and mining at Çakmaktepe in the fourth quarter, delivers on our growth objectives in this transformational year for Alacer.

The company also reported drill results from its Ardich gold prospect. The objective of the Ardich exploration program is to better understand the extent of mineralization and to define an initial Mineral Resource. In parallel, work has started on the permitting process and a scoping study to examine options to materially expand our heap leach capacity. **Highlights: 50.2m grading 3.01 g/t Au; 68.6m grading 2.21 g/t Au; 57m grading 2.01 g/t Au; and 10m grading 5.42 g/t Au.**



**Argonaut Gold (ARNGF, MCap \$276.06M, 176.92M SO)** reported Q2 net income of \$0.4 million (Q2 2017: \$6.2 million) and operating cash flow of \$10.6 million (Q2 2017: \$18.2 million) on production of 38,441 GEOs (Q2 2017: 29,730) at an AISC of \$832/oz (Q2 2017: \$906/oz).

The increased production is due to San Agustin coming online in October 2017. The bottomline is disappointing, but the company took a \$7.1 million deferred tax expense in the quarter it blames on the weakening Mexican peso, and cash flows were hit

due to an increase in working capital. Due to the nature of their business, such quarterly fluctuations are not uncommon. Mine operating earnings remain healthy and costs are under control, so unlike Agnico, these results aren't an automatic red flag. The company provided an update on the explosives permit at the La Colorada mine. The Collegiate Tribunal, an arm of the State Supreme court tasked with overseeing the Judiciary court, has ruled to re-instate the company's explosives permit so that the company can blast material while the Judiciary legal process continues. However, the damage has been done in terms of Q2 production. The company fed the mill with low grade stockpiles, with grades coming in 44% lower than Q2 2017. The impact will continue into Q3, which means we are in for another quarter of disappointing results.

**Sabina Gold & Silver (SBB.TO, MCap \$336.35M, 262.77M SO)** released the final drill results from its 10-hole 6033-metre spring drilling program. Drilling successfully tested target areas in and around existing mineral resources at the Llama and Umwelt deposits and stand-alone exploration targets outside of the known resource areas. The drill results appear to extend mineralization up-plunge (above the orientation of the previously discovered ore body) from the high-grade Umwelt Vault zone as well as expand the Llama Extension zone. Drilling also encountered promising results from the Nuvuyak target, which could be a potential large-scale extension to the current structure associated with the Goose Main deposit.



In short, while progressing on the permitting front, the company is also simultaneously increasing the size of the deposit. **Highlights: 23.9m of 6.37 g/t Au, including 0.67m of 131.67 g/t Au; 4.5m of 7.25 g/t Au; 23.25m of 16.32 g/t Au, including 0.95m of 115.8 g/t Au; and 17.15m of 1.38 g/t Au.**

The phase two 12,000m summer drill program has commenced. The program will focus on the Umwelt Vault zone, the Llama Extension zone and the Nuvuyak target. Sabina reported initial assays from the Nuvuyak target, which has the potential to become a significant high-grade mineralised zone.

The mineralization at Nuvuyak has a number of strong similarities to the high-grade Umwelt Vault zone, and consists of arsenopyrite, pyrrhotite and *greater than 50 occurrences of visible gold over broad intercepts* that are associated with quartz veining and moderate to strong amphibole and chlorite alteration.

Highlights: 39.5m of 11.58 g/t Au, including 3.15m of 48.73 g/t Au and 2.45m of 52.12 g/t Au, including 0.7m of 104.24 g/t Au.



**EMX Royalty (EMX.V, MCap \$117.3M, 79.8M SO)** reported the potential sale of the Malmyzh copper-gold porphyry project in Far East Russia to a private Russian company. EMX has a 21.4% interest in the project through its ownership stake in IG Copper. On closing, the transaction will net EMX US\$68 million.



The company's royalty assets in Turkey are gaining traction. The Sisorta project, sold in 2016 to a privately owned Turkish company, is being advanced through the permitting process. At the currently producing Balya mine, sold in 2006 to a privately owned Turkish company, a 24,000 meter diamond drill program is being conducted to expand the current drill-defined body of mineralization. The company granted 1.62 million 5-year stock options at a price of \$1.3/share to insiders, as well as issued 202,630 bonus shares.

**Premier Gold (PG.TO, MCap \$419.41M, 202.26M SO)** reported Q2 net loss of \$7.7 million (Q2 2017: \$10.2 million net income) and operating cash outflow of \$0.7 million (Q2 2017: \$11.8 million positive cash flow) from production of 16,007 gold ounces and 51,746 silver ounces at an AISC of \$1088/oz. The poor performance is primarily a result of decreased production from South Arturo where mining of the Phase 2 pit was completed in 2017 and the requirement to redesign stopes in new mining zones following changes in geologic interpretations at Mercedes. Premier revised its 2018 guidance slightly upward to 90,000 - 100,000 gold ounces at an AISC of \$800-\$850/oz.

The company has accelerated construction of the Phase 1 open pit and the El Nino underground mine at its South Arturo project (on JV with **Barrick Gold (ABX, MCap \$12.28B)**), with production expected to commence before year end. The company is also working on a potential Phase 3 open pit and additional



run-of-mine heap leach material that would complement material from Phase 1. Drilling to further define and expand mineralization proximal to the current Phase 2 and proposed Phase 3 pits are ongoing.

At its Cove project in Nevada, a PEA has been completed. Preliminary engineering, dewatering studies and baseline studies have been initiated to advance an underground exploration program. At McCoy-Cove, exploration has begun with detailed geophysics, surface mapping and soil sampling. The company drilled 3,129 metres with a focus on an initial test of two target areas that have little historic drilling straddling the Cove pit. The drilling was split between the Windy Point and Lakeside east extension target areas.

Greenstone Gold Mines (GGM), a 50/50 JV between Premier and **Centerra Gold (CG.TO, MCap \$1.72B)** has signed a Definitive Agreement with the Long Lake #58 First Nation (LL#58FN) with respect to the development and operation of the Hardrock Project in Ontario. The DA outlines provisions for environmental monitoring, employment, training, business and contracting opportunities, along with a framework for regulatory permitting that extend not only to the Hardrock open pit, but to all properties within GGM's regional portfolio that lie within the traditional territory of LL#58FN. Premier reported drill results from its 40,000m drill program at Mercedes. Drilling continues to expand the main gold bearing horizons and test

new targets. At the Rey de Oro deposit, one of several zones being brought into production this year, drilling confirmed the extension of a high-grade vein system at depth.



According to the company, the initial intercepts suggest a zone with grades well in excess of the current reserve grade at Mercedes. **Highlights: 16.55m of 6.21 g/t Au and 101.83 g/t Ag; 21.95m of 36.65 g/t Au and 171.30 g/t Ag; 20.5m of 8.10 g/t Au and 121.32 g/t Ag; and 9.2m of 8.33 g/t Au and 67.66 g/t Ag.**

PG reported drill results from 13 drill holes at Hasaga, where drilling was primarily focused on infill and expansion of mineralization within the C-Zone and D-Zone target areas. The model suggests that potential future production may be amenable to highly productive and low cost underground mining methods.

**Highlights: 19.8m of 2.66 g/t Au, including 7.7m of 4.01 g/t Au; 23.4m of 5.69 g/t Au, including 5.4m of 8.68 g/t Au; and 9.1m of 2.77 g/t Au.**

### TSXV Junior Resource Companies Trading for Less than Working Capital

Company	Ticker	Market Cap (\$ mil)	Working Capital (\$ mil)	WC as % of Mcap
Galway Gold	GLW.V	\$1.66	\$7.21	433%
Energold Drilling	EGD.V	\$15.58	\$57.46	369%

Castle Peak Mining	CAP.V	\$1.99	\$3.76	189%
New Millennium Iron	NML.V	\$11.77	\$14.14	120%
Radius Gold	RDU.V	\$8.23	\$8.21	100%
Liberty One Lithium	LBY.V	\$9.33	\$9.07	97%
Monarques Gold	MQR.V	\$12.64	\$11.96	95%
Coral Gold Resources	CLH.V	\$17.09	\$15.73	92%

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### TSXV Most Actives and Other News (May 21-25)

**Northern Dynasty Minerals (NDM.TO, MCap \$221.62M)** was down 35.1% for the week on announcing that First Quantum (FM.TO) had terminated the option agreement. Had First Quantum proceeded with the agreement, they were to make an option payment of \$150 million in order to acquire 50% of the Pebble project for \$1.35 billion. At current valuation, a suitor can scoop up the whole company for \$250 million instead. While the probability that Pebble gets permitted is low, given the kind of political and environmental adversity they are facing, at some point price trumps risk. It just might be a good sleeper asset for a major copper miner.

**NV Gold (NVX.V, MCap \$5.8M)** was down 52.4% for the week on reporting that "no potentially economic gold grade mineralization was encountered" from its second drill hole at its Across-the-Valley project in Nevada.

**Pacton Gold (PAC.V, MCap \$51.4M)** was up 51% for the week. The stock has momentum as the Pilbara gold rush has captured investor attention. Pacton acquired 1126 square km of property, bringing its total land holdings up to 2227 sq. km, making it the third largest land holder in the Pilbara region, behind Novo Resources and Artemis Resources.

#### Electric Vehicle plays:

- Nemaska Lithium (NMX.TO, MCap \$651.46M) down 22.8%
- Advantage Lithium (AAL.V, MCap \$127.6M) down 8.8%
- Power Americas Minerals (PAM.V, MCap \$9.9M) down 18.2%
- Vision Lithium (VLI.V, MCap \$22.27M) down 7.4%

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### TSXV Most Actives and Other News (May 28-June 1)

**Melkior Resources (MKR.V, MCap \$9.63M)** was up 80% for the week. The company recently completed a \$275,000 (2,170-line kilometer) VTEM helicopter-borne magnetometer and EM survey on its Maseres project in Quebec, which is believed to host prospective gold rich, Bousquet Type, VMS-style mineralization. The company also closed a \$1 million private placement.

**Pacton Gold (PAC.V, MCap \$51.4M)** was down 47.6% for the week. The company acquired the Friendly Creek exploration license and mining leases for a cash payment of C\$25,000 and 2.5 million common shares. Friendly Creek is historically one of the richest known areas for alluvial nuggets within the Pilbara region.

**Electric Vehicle plays:**

- Nemaska Lithium (NMX.TO, MCap \$651.46M) up 6.1%
- Royal Nickel (RNX.TO, MCap \$32.97M) down 16.7%
- Cornerstone Metals (CCC.V, MCap \$41.07M) up 33.3%
- Canada Cobalt Works (CCW.V, MCap \$49.81M) up 21.6%
- E3 Metals (ETMC.V, MCap \$6.26M) up 21.5%
- Neo Lithium (NLC.V, MCap \$129.1M) down 9.9%

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**TSXV Most Actives and Other News (June 4-8)**

**Gowest Gold (GWA.V, MCap \$21.28M)** was down 65.4% for the week on no news, most likely as a result of accredited investors selling ahead of the closing of the company's private placement.

**Pacton Gold (PAC.V, MCap \$51.4M)** was up 44.4% for the week on no news. The company is part of the Pilbara gold rush in western Australia.

**Purepoint Uranium (PTU.V, MCap \$14.34M)** was up 33.3% for the week on no news.

**Electric Vehicle plays:**

- Katanga Mining (KAT.TO, MCap \$1.54B) up 12.9%
- Bluebird Battery Metals (BATT.V, MCap \$14.31M) up 22.8%
- American Lithium (LI.V, MCap \$15.8M) up 44%

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**TSXV Most Actives and Other News (June 11-15)**

**Avrupa Minerals (AVU.V, MCap \$8.44M)**, a Europe focused prospect generator was up 33.3% for the week on no news.

**Electric Vehicle plays:**

- Katanga Mining (KAT.TO, MCap \$1.54B) up 23.8%
- Nemaska Lithium (NMX.TO, MCap \$651.46M) down 9.2%
- AIS Resources (AIS.V, MCap \$7.34M) down 24.1%
- Bluebird Battery Metals (BATT.V, MCap \$14.31M) down 26.7%
- Cameo Cobalt (CRU.V, MCap \$11.71M) down 42.5%
- Cruz Cobalt (CUZ.V, MCap \$7.86M) down 5.3%
- First Cobalt (FCC.V, MCap \$113.63M) down 21.4%
- Cobalt 27 Capital down (KBLT.V, MCap \$517.55M) 17.3%

## TSXV Most Actives and Other News (June 18-22)

**Arizona Mining (AZ.TO, MCap \$1.94B)** was up 48.7% for the week. The company is being acquired by South32 (ASX: S32) in an all-cash deal valuing the company at \$1.3 billion. The Taylor deposit, part of Arizona's Hermosa project, is a primary high grade zinc deposit. The PEA values the deposit at \$2 billion, for an initial capex of \$519 million. This deal is a win-win. South32, a spin-off of mining conglomerate **BHP Billiton (BHP, MCap \$135.85B)**, has the necessary expertise to go through the permitting process, which is going to be a long road since Arizona (the state) has a dual permitting process requiring miners to acquire both state and federal permits.



### **Dalradian Resources (DNA.TO, MCap \$515.46M)**

was up 60.4% for the week.

The company is being acquired by Orion Mine Finance in an all-cash deal valuing the company at C\$537 million. The December 2016 Feasibility Study projected an NPV of \$322 million on initial capex of \$192 million on life-of-mine production of 1.36 million ounces. That makes the acquisition price look steep - however, the company has since grown its global resource to over 6 million ounces.

The market didn't care for the story though, since the deposit is in Northern Ireland in a region classified as one of outstanding natural beauty and the eco-fascists are doing their best to poison the community against the mine. There is also an ongoing judicial review against the regulators for accepting the company's planning application and granting the water discharge permit. It is a good deal for Orion, but not so for Dalradian shareholders since the uncertainty was already priced into the shares. Perhaps this is yet another case of a junior doing everything right yet being unable to reward its shareholders.

**ZincX Resources (ZNX.V, MCap \$76.25M)** was up 38.5% for the week on announcing the results of its PEA on the Cardiac Creek deposit in British Columbia. The project has an after-tax NPV (7%) of \$401 million and IRR of 27% on initial capex of \$302.3 million and is expected to produce 3.3 billion pounds of zinc over an 18-year mine life.

### **Electric Vehicle plays:**

- Katanga Mining (KAT.TO, MCap \$1.54B) down 15.9%
- Royal Nickel (RNX.TO, MCap \$32.97M) down 28.6%
- Azincourt Energy (AAZ.V, MCap \$5.8M) down 10%
- American Lithium (LI.V, MCap \$15.8M) up 15.6%
- Canada Cobalt Works (CCW.V, MCap \$49.81M) up 28.6%
- Cornerstone Metals (CCC.V, MCap \$41.07M) up 58.1%
- Cobalt Power Group (CPO.V, MCap \$8.72M) up 20%
- Cameo Cobalt (CRU.V, MCap \$11.71M) up 8.3%
- First Cobalt (FCC.V, MCap \$113.63M) down 7.3%
- Grid Metals (GRDM.V, MCap \$3.36M) down 11.1%



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## TSXV Most Actives and Other News (June 25-29)

### Electric Vehicle plays:

- Katanga Mining (KAT.TO, MCap \$1.54B) down 13.5%
- Nemaska Lithium (NMX.TO, MCap \$651.46M) down 7.6%
- Bluebird Battery Metals (BATT.V, MCap \$14.31M) down 5.9%
- Cornerstone Metals (CCC.V, MCap \$41.07M) down 12.2%
- Canada Cobalt Works (CCW.V, MCap \$49.81M) up 19%
- Cameo Cobalt (CRU.V, MCap \$11.71M) down 11.5%
- First Cobalt (FCC.V, MCap \$113.63M) down 7.8%
- Power Metals (PWM.V, MCap \$29.35M) down 20.9%

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## TSXV Most Actives and Other News (July 2-6)

### Electric Vehicle plays:

- Avalon Advanced Materials (AVL.TO, MCap \$17.07M) down 10%
- Bluebird Battery Metals (BATT.V, MCap \$14.31M) up 43.75%
- First Cobalt (FCC.V, MCap \$113.63M) down 14.9%
- Neo Lithium (NLC.V, MCap \$129.1M) down 6.9%

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## TSXV Most Actives and Other News (July 9-13)

**Metals Creek Resources (MEK.V, MCap \$4.59M)** was up 33.3% for the week on news that it had sold its 33.3% interest in jointly staked claims in Newfoundland's Great Northern Peninsula to **Quadro Resources (QRO.V, MCap \$1.92M)**. The company will receive a million shares of Quadro and retain a 1% NSR as consideration for the sale. The company also reported discovering Gunners Cove style mineralization (see news below) at its Great Breat Project in northern Newfoundland, with assays from 12 grab samples pending. **White Metal Resources (WHM.V, MCap \$5.98M)** was up 75% for the week on news it had discovered a new sulphide-mineralized area on the Gunners Cove gold project in northern Newfoundland. WHM says evidence suggests the project represents an extensive and new unexplored gold system which the company has traced intermittently for 18 km along strike and is locally up to 1.3 km wide.

### Electric Vehicle plays:

- Bluebird Battery Metals (BATT.V, MCap \$14.31M) down 2.2%
- Cornerstone Metals (CCC.V, MCap \$41.07M) down 15.2%
- Canada Cobalt Works (CCW.V, MCap \$49.81M) up 5.3%
- Cameo Cobalt (CRU.V, MCap \$11.71M) down 3.7%
- First Cobalt (FCC.V, MCap \$113.63M) up 10%
- Cobalt 27 Capital (KBLT.V, MCap \$517.55M) down 7.4%

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## TSXV Most Actives and Other News (July 16-20)

**Guyana Goldfields (GUY.TO, MCap \$681.7M)** was down 14.1% for the week after suffering a sharp 22% drop on 07/16 on reporting disappointing Q2 production numbers. Production fell to 28,250 gold ounces due to late arrival of its haulage fleet and later than planned mobilization of the contractor. The company relied on low grade stockpiles to feed the mill. As a result, its 2018 production forecast was also lowered from 190-210k ounces to 175-185k ounces. **ZincX Resources (ZNX.V, MCap \$76.25M)** was up 40.5% for the week on no news.

### Electric Vehicle plays:

- Royal Nickel (RNX.TO, MCap \$32.97M) down 9.1%
- Cameo Cobalt (CRU.V, MCap \$11.71M) up 1.9%
- First Cobalt (FCC.V, MCap \$113.63M) down 18.2%

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## TSXV Most Actives and Other News (July 23-27)



**New Gold (NGD.TO, MCap \$661M)** was down 33.7% for the week on announcing a net loss of \$302 million in Q2 and lowering its 2018 gold production forecast to 415-480k ounces (original forecast - 525-595k ounces). The Q2 loss was mainly due to impairment charges at Rainy River, its newest mine. AISC at Rainy River increased from \$875/oz in the original plan to \$1016/oz in its latest life-of-mine plan.

**Metals Creek Resources (MEK.V, MCap \$4.6M)** was up 50% for the week on no news.

**Sokoman Iron (SIC.V, MCap \$29M)** was up 200% for the week in anticipation of drill results from its Moosehead gold project in Central Newfoundland.

### Electric Vehicle plays:

- Ecobalt Solutions (ECS.TO, MCap \$132.84M) down 1.1%
- Nemaska Lithium (NMX.TO, MCap \$651.46M) down 9.6%
- Belmont Resources (BEA.V, MCap \$6.04M) up 42.9%
- Canada Cobalt Works (CCW.V, MCap \$49.81M) up 3.8%
- Cobalt 27 Capital (KBLT.V, MCap \$517.55M) down 4.4%
- Neo Lithium (NLC.V, MCap \$129.1M) up 13.2%
- Standard Lithium (SLL.V, MCap \$72.8M) down 2.7%

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## TSXV Most Actives and Other News (July 30-August 3)

**Lydian International (LYD.TO, MCap \$150.97M)** was down 31% for the week.

The company has been caught up in the political unrest in Armenia and is running out of funds for completing construction of its Amulsar gold mine - a one-two punch which has taken the stock from its 63¢ high in January all the way down to 22 cents currently. Lydian was also a 'hot' stock in the last bull market, and a posterchild for why investors should tread with caution when it comes to investing in the popular juniors, even ones with stellar backers.

**Sokoman Iron (SIC.V, MCap \$29M)** was up 133.3% for the week on reporting drill results from its Moosehead Gold Project in Central Newfoundland, with visible gold present in the drill core. Best results include 11.9m of 44.96 g/t Au, including 5.65m of 93.56 g/t Au, including 1.35m of 385.85 g/t Au.

**White Metal Resources (WHM.V, MCap \$5.98M)** was up 28.6% for the week on no news.

### Electric Vehicle plays:

- Ecobalt Solutions (ECS.TO, MCap \$132.84M) down 8.7%
- Nemaska Lithium (NMX.TO, MCap \$651.46M) down 5.3%
- Canada Cobalt Works (CCW.V, MCap \$49.81M) down 9.8%
- NRG Metals (NGZ.V, MCap \$31.4M) down 12.7%
- Neo Lithium (NLC.V, MCap \$129.1M) down 6.2%
- Standard Lithium (SLL.V, MCap \$72.8M) down 7.3%



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## TSXV Most Actives and Other News (August 6-10)

**Aben Resources (ABN.V, MCap \$28.94M)** was up 111.1% for the week on reporting drill results from its Forest Kerr project located in the Golden Triangle region of British Columbia. The first drill hole intersected 4 separate high-grade zones. Highlights: 38.7 g/t Au over 10m, including 62.4 g/t Au over 6m ; 331 g/t Au over 1m; and 22 g/t Au over 4m.

**Golden Ridge Resources (GLDN.V, MCap \$16.56M)**, another Golden Triangle play, was up 53.3% for the week on no news.

**GT Gold (GTT.V, MCap \$51.85M)**, another Golden Triangle play, was down 28% for the week on reporting drill results from its Saddle South prospect. All 8 drill holes encountered mineralization, with high grades over wide widths at depth. Highlights: 4.67 g/t Au over 40.02m, including 32.65 g/t over 2.82m; 9.47 g/t Au over 6.47m, including 33.40 g/t over 1.54m; and 6.70 g/t Au over 4.15m.

**Marlin Gold (MLN.V, MCap \$23.16M)** was down 41.7% for the week on announcing that it is being acquired by **Golden Reign Resources (GRR.V, MCap \$38.43M)** in an all-share transaction. Golden Reign is a Nicaraguan explorer, which explains why the market is not happy with the news.

**Prize Mining (PRZ.V, MCap \$21.6M)** was up 73.3% for the week on announcing the completion of Phase I drilling at its Toughnut gold-silver project in British Columbia, with visible gold mineralization observed in two drill holes. The company is also seeking \$4 million in funding through a private placement.

#### **Electric Vehicle plays:**

- Spearmint Resources (SRJ.V, MCap \$5.8M) up 150%

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#### **TSXV Most Actives and Other News (August 13-17)**

**Jaguar Mining (JAG.TO, MCap \$58.52M)** was down 40% for the week on reporting Q2 net loss of \$1.3 million and negative free cash flow of \$2.5 million. The company also announced the immediate departure of its CEO Rodney Lamond, with no reasons given. The search for a new CEO is still on.

**Beaufield Resources (BFD.V, MCap \$19.2M)** was up 66.7% for the week on news that it was being acquired by **Osisko Mining (OSK.TO, MCap \$392.7m)** in an all-share deal valuing the company at close to C\$20 million.

**District Copper (DCOP.V, MCap \$7.6M)** was up 83.3% for the week on announcing that it had acquired the Stony Lake East gold project, a 130 sq. kilometre land package contiguous to, and on strike with, **Sokoman Iron's (SIC.V, MCap \$29M)** high-grade, low-sulfidation, epithermal-style Moosehead gold project located in Newfoundland (see news on Sokoman above). The company issued 40 million shares as consideration for the purchase.

**Golden Ridge Resources (GLDN.V, MCap \$29.07M)** was up 95.7% for the week on reporting the discovery of a new porphyry vein at its Hank project in the Golden Triangle. Drilling intersected a broad interval of vein and disseminated Cu-Au-Ag mineralization, with an indicated strike length of at least 200m.

#### **Electric Vehicle plays:**

- Ecobalt Solutions (ECS.TO, MCap \$132.84M) down 15.8%
- Nemaska Lithium (NMX.TO, MCap \$651.46M) up 7.1%
- Advantage Lithium (AAL.V, MCap \$127.6M) up 1.2%
- Cobalt Power Group (CPO.V, MCap \$8.72M) down 23.1%
- First Cobalt (FCC.V, MCap \$113.63M) down 9.5%



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*Ed Bugos & Kashyap Sriram*

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