



TDV Update Summaries

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TDV's Premium Defensive Investors Long Term Stock Portfolio

Company	Symbol	2020 Open	Last Price	YTD Return	2019 Return
Gold/Silver Majors (40%)				31.54%	32.66%
Agnico Eagle Mines	AEM	62.08	71.57	15.29%	52.20%
IAMGOLD Corp*	NYSE:IAG	3.78	3.7	-2.12%	1.36%
Yamana Gold	AUY	4.01	5.65	40.90%	66.67%
Newmont	NEM	43.55	60.5	38.92%	27.23%
Cameco	CCJ	8.9	13.35	50.00%	2.06%
Pan American Silver	PAAS	23.96	33.48	39.73%	42.28%
B2Gold	NYSE:BTG	4.05	5.59	38.02%	36.86%
Junior Producers (45%)				42.77%	33.62%
SSR Mining*	SSRM	16.36	19.94	21.88%	NA
Argonaut Gold	ARNGF	1.45	2.16	48.97%	31.86%
Endeavour Mining*	EDVMF	19.19	23.9	24.54%	17.19%
McEwen Mining*	MUX	1.31	1.02	-22.14%	-30.60%
Fortuna Silver	FSM	4.12	7.34	78.16%	11.17%
Endeavour Silver	EXK	2.44	4.44	81.97%	-5.86%
Premier Gold Mines*	TSE:PG	1.97	3.27	65.99%	20.86%
Explorers / Emerging Producers (15%)				36.33%	11.01%
Sabina Gold & Silver	TSE:SBB	1.94	2.89	48.97%	51.18%
Alexco Resource Corp	AXU	2.37	2.73	15.19%	34.88%
Cascadero Copper	CVE:CCD	0.02	0.03	50.00%	-33.33%
EMX Royalty	NYSE:EMX	1.69	3	77.51%	43.48%
Mexican Gold	CVE:MEX	0.1	0.09	-10.00%	-41.18%
Total Return				37.31%	29.85%

***Note: This is the flagship buy and hold portfolio. We sometimes release swing trades separately, you can find any open swing trades on the expanded menu if you click the "cash or trading +" box on the "portfolios" page, which you can access through the members area of our website. Avoid anything highlighted in red. We have issued a profit taking order on Premier Gold Mines that will run until the company votes in its takeover by Equinox (see below), and the other three highlighted companies are flagged for review. They may or may not be deleted from the portfolio.**

Reminder on Investment Strategy

This report is just an amalgamation of updates that premium subscribers get in real time and can find through the members area of the website at dollarvigilante.com by clicking on “portfolios” and then the appropriate holding.

The stock portfolio (above) represents a 30% allocation in our asset allocation model. We design this portfolio as a buy and hold deal as a value investor. However, the risk level is above average. It comprises three segments (large cap, small cap, and venture), which translates into three categories of risk (average, above average, and speculative).

At the moment the weighting of the speculative component is just 15% of the portfolio. We plan to raise that once the stock bear market is out of the way. But for now the risk is slightly above average. But it is also countercyclical in its composition, meaning it is designed to buck the expected bear market in most of the rest of the stock market.

We also recommend investing 30% in physical gold and silver, 20% in the TCV crypto portfolio, and 20% in cash awaiting unique buying opportunities in any of those segments or those that we discover as we progress.

That cash allocation can be used to hedge on occasion, or as a reserve for trading opportunities that we reveal for traders acquainted with options and trading. If you are not, *please don't ever do anything you don't understand.*

For your interest we have resources to help guide you in all of the above at this link,

<https://dollarvigilante.com/special-reports/>

You may want to review the following to get the most out of our guidance,

1. The Dollar Vigilante's Investment Strategy
2. Getting Your Gold Out of Dodge
3. Beginners Guide to Defensive Investing
4. Trading vs Investing

Introduction and Summary

The Canadian venture exchange (TSXV) traded about \$3.5 billion in value so far in December, less than 1/10 of the value of NASDAQ trading value, and about the same fraction of total crypto trading values these days.

The TSX Venture Composite index is up 12% over a month, and about 40% YTD, compared to gains of 2 and 25 percent respectively for the large cap mining indexes. The TDV portfolio is up almost 40% YTD as well, matching the average miners portfolio. Weighing on the portfolio is the underperformance of a couple of our issues: McEwen Mining (MUX), which has recently announced a small \$11.5 million “flow through” financing for Canadian investors needing a tax break. The money will be spent on exploration at its Timmins properties

in Ontario (Canada) where it has been shifting its focus increasingly. For now we are holding McEwen as it is hard to find a good junior with decent assets backed by people with deep pockets. It is one of the go to plays for institutional money that flows into the sector. But unless we detect a better plan to improve fundamentals at the company we recommend a below average weighting and may sell it if a better opportunity comes along.



Our best performer this month is Uranium producer **Cameco (CCJ:NYSE)**, which is up nearly 40% on the month due to several factors explained in the Uranium swing trade update below that also impact the other Uranium companies (only Cameco is in the TDV buy and hold portfolio listed on the first page). Cameco's gains were followed up by gains in our junior silver miner **Endeavour Silver Corp (EXK)** and **Premier Gold (PG:TSX)**, both up almost 40% over the past month. Premier was gobbled up in a takeover that we're covering below while Endeavour Silver has benefitted from some bounce in Silver last week as well as news that it is divesting one of its depleted mines. Shares of **Agnico Eagle (AEM)** and **Endeavour Mining (EDV:TSX)** have been underperforming as they were solid early cycle performers and values are a bit rich.

It is an opportune time to buy or dollar cost average into this portfolio now that it has had a decent correction over the past few months. The averages are down around 20% from their highs. It is hard to pick out my favorites. I put a lot into the entire portfolio design. If I were buying today, I would buy stocks like **Agnico Eagle (AEM)**, **Yamana (AUY)**, **B2Gold (BTG)**, **Alexco (AXU)**, **EMX Royalty (EMX:TSXV)**, **Fortuna (FSM)**, **SSR Mining (SSRM)**. I will be issuing a separate initiation report on SSR Mining today or tomorrow, as I have decided to keep it. SSR acquired our Turkish gold miner, Alacer Gold, this year, giving us a triple on those shares. SSR is the old Silver Standard (SSRI) so it has a few silver properties as well.

We're also working on an exploration report. I like the five small caps in our portfolio more or less but will be adding another five and increasing the segment weighting soon. These will be high risk but also high reward micro cap equities probably trading on one of the Canadian exchanges where these kinds of stocks grow.

Stay tuned, and good trading!

Premier Gold Gets A Takeover Offer - December 17, 2020

Yesterday, mid-tier gold producer **Equinox Gold (EQX, Mcap \$2.42B)** announced an all-share takeover bid for Premier, with Premier's US assets being spun-off into a new company. There are several moving parts to this deal, so first let's look at the facts:

- Equinox will acquire Premier by issuing 0.1967 shares of Equinox for each share of Premier, or C\$2.50 per share based on yesterday's closing price.
- Premier's US assets will be spun-off into a new company, named i-80 Gold, which will be 70% owned by Premier shareholders and 30% by Equinox. Premier shareholders will receive 0.4 shares of i-80 Gold for each share of Premier. Concurrently, i-80 Gold will raise US\$75 million with Equinox taking up 30% of the financing.
- i-80 Gold will complete the acquisition of the Getchell property in Nevada, for US\$23 million in cash and US\$27 million in shares.
- Orion Mine Finance will acquire Centerra Gold's 50% share of the Greenstone Gold Mines JV, which owns the Hardrock project. Orion Mine Finance and Equinox Gold are committed to advancing Hardrock to the construction stage next year, with production expected in 2023. The lawsuits between Premier Gold and Centerra Gold over the project will be dropped.
- Equinox will conduct a C\$75 million financing to be fully subscribed by Ross Beaty.
- The deal will be put to vote in January 2021 and is expected to close in Q1 2021. In case of termination, Equinox gets C\$35 million in termination fees.

As Premier shareholders, for each share of Premier we will receive 0.1967 shares in Equinox Gold and 0.4 shares in i-80 Gold. Equinox Gold is a Ross Beaty deal which has grown through acquisitions to become a mid-tier Americas focused gold producer. The company operates two mines in California (Mesquite and Castle Mountain), four in Brazil (Fazenda, Aurizona, Pilar and RDM) and one in Mexico (Los Filos).

I-80 Gold will own 40% of the South Arturo mine (16,000 ounces attributable production in 2020) and the Nevada exploration assets, of which Getchell and McCoy-Cove would be the new flagship projects.

This is a bad deal for Premier shareholders.

For one, it undervalues Premier's share of the Hardrock project.

At current gold prices, Hardrock has an after-tax NPV of \$2 billion. The project is highly sensitive to gold prices. On the 15th of December, Centerra sold its 50% share of Hardrock for \$225 million in cash and contingent payments (contingent on the construction decision, achieving production milestones and the prevailing gold price) of well over \$100 million. Back in April, Centerra rejected the initial buyout offer of \$205 million and has used its bargaining clout to significantly improve its payout.

On an equivalent basis, Premier's share of Hardrock would be valued at C\$1.76 per share. Mercedes is valued at C\$0.38 per share. That's C\$2.14/share of the total offer of C\$2.5/share. Which implies Equinox is valuing Premier's Canadian exploration assets, and 30% of i-80 Gold at C\$0.36/share or C\$85 million.

Hence, for C\$85 million, Equinox Gold gets the Rahill-Bonanza (44%) and Hasaga projects in Red Lake, plus 30% of i-80 Gold. Another bargain for Equinox, on top of buying Hardrock on the cheap.

Premier shareholders' stake in i-80 Gold will get further diluted by the \$75 million financing and the \$27 million in share issuance for the Getchell acquisition. However, the C\$35 million termination fee, and the structure of the Hardrock JV are likely going to disincentivize competing bids. Plus, Orion already owns 14% of Premier and it is expected that the Sprott funds which own 8.9% will vote in favour of the deal.

Consequently, the deck is stacked against dissenting shareholders or a white knight competing bid.

No doubt the deal was structured this way keeping the Guyana Goldfields bidding war in mind. The big winners from this deal are Ross Beaty and Orion Mine Finance, and Equinox shareholders to a lesser extent.

Our suggestion is to sell your shares into this bid.

We are not likely to extend our coverage to Equinox at the moment but will review it at some point in the future once all the pieces have fallen into place. The assets and management group don't excite us too much.

Ross Beaty has deep pockets but that's because he is good at making deals from a strong position.

Still, we will return to the spin off and an evaluation of Equinox at a later date.

For now, we're selling our Premier. Although you may want to ride it out until the vote since it looks like the sector has bottomed in the short term. But our coverage will stop here for now. And we are deleting the stock.

Bitcoin - December 16, 2020

PAIR	SHORT TERM 0-3 MO	INTERMEDIATE 3-18 MO	PRIMARY 18 MO +
TA TRENDS	BULLISH	BULLISH	BULLISH
MY OUTLOOK	BULLISH	BULLISH	BULLISH

[I wrote this just before bitcoin started to break up this morning, it is still valid, I like my targets even more, the only change I would make is that the volume that came in on the ATH confirms it wasn't a rising wedge.]

I'm upgrading my short and intermediate outlook from neutral to bullish as the tape continues to tell me it is too early to sell. Bitcoin prices look like they're making a new all time high today. It is an FOMC week, which has typically been bullish for the anti dollar trade. Gold and silver are revving up a bit this morning as the US dollar pushed to another lower low. The bears have yet to push it to below the 2018 low, but it is pretty weak.

From a trading point of view, be mindful of the potential for a rising wedge in bitcoin prices. I don't think it is the right interpretation but it isn't over. If bitcoin is going to make it to an all time high here I'd like to see it happen with more volume. Otherwise the rising wedge is in play. The market has a lot of upside but it is at a level where there is more downside in the short term because of how far it has come in such a short period.

If this breakout is sustained and confirmed by gold and silver, and further downside in the USD index, I see bitcoin pumping to \$25-28k before the next real correction sets in. I see that but I also see the possibility that along the way to that target here we could see a debacle in either the stock or government bond markets.

But for now, the trade looks good.

Gold/Silver - December 16, 2020



Just a quick note today. I haven't changed my outlook on gold or silver. I upgraded my bullish outlook slightly on November 26th, and a day later it might have bottomed out.

The trade has been lackadaisical since then, but last week's attempt to rally the US dollar started failing again in recent days, going into the FOMC, which has been standard fare.

Statistically speaking we can expect gold prices to be up from 0.4% to 0.8% or \$10-20 per ounce this week.

We have been tracking the gains in gold during FOMC weeks since the Fed began to try to exit from its easy money policy at the end of 2015. Just to give you some data on that, there have been 46 meetings of the politburo since then. Roughly 65% of them gave gold and silver prices a boost and saw a weakening dollar during the week of that meeting from the Monday opening through to their Friday closing prices.

I have been worrying about gold and silver grinding to a lower low. Their charts have maintained a nice orderly correction. I would view it as healthy. Unless the Fed finds resolve today, however, it may end up being a good day to end the correction. We'll see. But if you like the action don't forget to check out the picks in our gold stock portfolio for some extra leverage. If the opportunity looks good after the FOMC we may issue an option trade on the SLV ETF. Either way, stop what you're doing, all eyes on the planning body!

Uranium - December 7, 2020

Uranium Swing Trade



We've had this swing trade on since last August (15 months) when Trump rejected the last petition by American Uranium producers forcing US producers of nuclear energy to buy 25% of their fuel from them.

Concurrently, we included Cameco in the TDV buy and hold stock portfolio in the large cap allocation based on our view that the long term commodity cycle has likely bottomed, and that demand for uranium has been growing again in China, India, and Russia following weak demand brought about by the Fukushima disaster.

We felt the sell off on Trump's rejection of 232 would afford a decent entry for both, an investment, as well as a trade, but it turns out we were early on the trade, missing out on the post March Covid related crash.

We are up 7.2% on the trade, and ~25% on Cameco so far, with a lot of those gains occurring just last week, as the next uranium bull market has been slow to get going. However, a new bipartisan bill recommending an action plan for the revitalization of domestic uranium mining in the US has gained traction.

Uranium shares, many of them explorers, gained from 5 to 40 percent on the week with Energy Fuels topping the list at a 28 percent gain. Cameco was up about 7% on the week. The trends have not turned bullish yet on the long term charts but there's some momentum for the bulls here now on the news of a uranium reserve.

US Department of Energy To Create Strategic Uranium Reserve

A key recommendation of the Nuclear Fuel Working Group (NFWG), established by Trump last year following a section 232 petition by two of the US producers (Ur-Energy and Energy Fuels), was the creation of a strategic uranium reserve, to be funded by Congress as part of the annual budget.

The reserve would have an annual budget of \$150 million, the funds to be used to purchase 17-19 million pounds of uranium annually from domestic mines. Last month, the Senate Committee on Appropriations released its twelve FY2021 funding measures, which included the \$150 million budget request. And on December 2, the Senate Committee on Environment and Public Works (EPW) approved the American Nuclear Infrastructure Act of 2020 (ANIA). According to the Act, once it becomes law, the Department of Energy has 60 days in which to establish the uranium reserve. There is a risk that the "lame duck" session of Congress doesn't actually pass the act, or that the incoming administration vetoes the budget request, but even with Friday's rally, these stocks are pretty cheap and the potential upside trumps this risk.

The act should directly benefit US uranium plays **Ur Energy (URG)**, **Uranium Energy Corp (UEC)** and **Energy Fuels (UUUU)**, as well as **Cameco (CCJ)**, which has ISR mines on standby in the US.

The commitment to annual purchases of \$150 million is a boost to uranium demand and will indirectly benefit the entire uranium sector, including the left for dead exploration space. Bullish, bullish, bullish!

BHP Cancels Olympic Dam Expansion Plan

At the same time, the uranium market got another minor boost on the supply side - mining giant BHP, which operates the Olympic Dam mine in Australia, cancelled its \$3.5 billion expansion plan. The Olympic Dam mine, which hosts the world's largest uranium deposit, accounted for 6% of the world's uranium supply in 2019. But for BHP, uranium revenues are inconsequential, and the company tends to sell its supply in the

spot market, which is already in a depressed state. This move therefore removes the potential threat of inventory overhang from the spot market, yet another factor that will enable spot prices to converge to long term prices. As of writing, the spot price of uranium is \$29.68/lb and the long-term price is \$35/lb.

Recommendation

When we put on this trade, sentiment was deeply negative and we anticipated a turnaround. The pendulum has now swung the other way and we are looking to close the trade. Based on the price action, we will recommend an exit strategy. Stay tuned for the next alert sometime this week.

Good trading!

Ed & Kashyap

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