



TDV News & Exploration Update

Ed Bugos & Kashyap Sriram

June 23, 2017

Upcoming Results Schedule (TDV Portfolio)

>> Goldcorp Q2 2017 results – 07/27/2017

Cascadero Corp (CCD.V, MCap \$21.81m, 181.05m SO),

My favorite ground floor prospect-generator - turned - development company, emerging miner, and turnaround story has been advancing assets on at least three fronts, two of which include 'potential' new gold discoveries. However, the market has proved stingy in its valuation, giving Cascadero no more than a C\$21 million (US\$15 million) market cap for its equity at the moment. For investors new to this story, we picked up on the stock at a nickel last year coming out of a restructuring where it had to separate interests in Argentina with a Brazilian partner (Cypress) that was no longer viable.

Since then, the company has accomplished the following:

1. brought in a new partner (Regberg Ltd) to fund the development of the Taron Cesium discovery
2. restructured its balance sheet,
3. raised a few million (incl from Regberg, a recent financing, and the exercise of options and warrants),
4. drilled out a new resource of Cesium in a market with no other known primary source of production,
5. signed at least five nondisclosure and confidentiality agreements with large multinational companies that have shown an interest in the Cesium target, and may acquire Taron if it can be proven to work,
6. may have made gold discoveries on two separate properties in Argentina (one recently announced),
7. in a standoff with First Quantum over shared interests and their ultimate worth next to Taca Taca
8. may have negotiated the sale of yet another asset that will bring in additional cash this summer,
9. completed metallurgical studies on Taron that came back positive,
10. begun a process of patenting the extraction process for Taron,
11. brought me on as vice president of corporate development.

Bill McWilliam and his team of consultants sacrificed a lot to keep their dream of developing their 2005 Cesium discovery alive through the brutal (2011-15) bear market in the commodities and industrial metals, and until the only other mine (TANCO) operated by Cabot Corp finally started running out of the stuff.



I am working on an interview with the company's head consulting geologist, Dave Trueman, who has worked on Cabot's TANCO (Cesium) mine in its early days and is a renowned expert on rare metals and rare earth metals, with dozens of papers published and peer reviewed. He has been "looking for this deposit for 40 years," in his words, since leaving TANCO in the late seventies. When Bill McWilliam stumbled into it in Argentina, Trueman was the first man he called. Stay tuned for that interview. It'll be in our July *dispatch*.

Taron will be an important asset once it is proven. The recently completed drill program goes a long way to establish that. The assay results are going to start coming out, and Cascadero will work with its independent geological consultants to estimate a resource based on 35 diamond core holes each averaging around 70 meters. These things take time. In the scheme of things, remember that this company went from a potential bankruptcy case to a development company awaiting a maiden resource and having potentially made new gold discoveries with several large companies watching their every move in just two years.

But if you think about what is going on. Indeed, the market really doesn't yet understand the significance of this find. I've already told you it is unique in a few ways. It is the first time Cesium has been found in a sediment strata like this and not associated with pollucite, or tantalum and other rare earths (Cesium is a rare metal not a rare earth btw). In fact, and this will be part of the interview, Trueman et al discovered evidence of fossils in the core, little animals that basically excrete the Cesium into porous rock, which is in turn part of a complex system with multiple zoning periods through its geological history. What has been discovered here at Taron is something completely new, something never seen before in exploration history.

This brings with it challenges for geologists to prove that it is going to be economic. That will be an uphill battle until the preliminary economic study has been published later this year. The market is not going to know what to make of the Cesium grades because nobody cares about the market for pure Cesium.

There is none, or none that is large enough to matter. The value in Cesium is in the compounds that it can form - i.e., hydroxides and formates. It won't be straightforward to connect the Cesium grades to the value of the compounds. And then, unlike gold and the more liquid metals, nobody will know the cost structure of mining and processing Cesium. This deposit is very unique in the way it has formed. The Cesium miners that have dominated the market so far have mined it from pollucite ore at grades of 10-20% while Taron is going to be in the 1% range at most. But Taron is much much larger. We are only drilling out a portion of its total potential... enough to last 20 years. But there is likely way more than that. Still, the key for economics is going to be the fact that Taron sits on a hill with no overburden - no stripping required - and no hard rock mining costs or the intensive capex that goes into it. They have already shown the metallurgy is likely going to be economic. I can't imagine the mining costs to be too high in light of its soft rock and surficial nature.

What I feel confident in telling you is that there is going to be a resource there. But what I don't know yet is some of the economic inputs required to spit out an economic scenario and valuation. Ultimately that may take more drilling as we go into the PEA. But we should get a resource estimate in the next few weeks along with the assays, on Taron, then we will have more clarity on the way forward. My guess is that the potential suitors waiting and watching right now are not going to make a move here unless the assays are spectacular.

They are more likely to show their hand when the company demonstrates Taron's economic value.

Meanwhile, we await news on several other fronts that I can't elaborate on yet, but I am happy with the progress being made. I know everyone expects it to happen over night. But there are more things happening now than just the development of Taron. Be patient. I hold to my 25 cent target once the resource is out.

TDV Portfolio News Summaries

Goldcorp (GG, MCap \$11.88b, 855.5m SO) has acquired 80.5% of Exeter Resource shares and will be carrying out a compulsory acquisition in order to complete the acquisition. It has also formed the previously announced 50-50 JV with Barrick to jointly develop Caspiche (acquired from Exeter) and Cerro Casale. The company now has two sleeper assets in Chile - the Cerro Casale and Caspiche 50/50 JV with Barrick and the NuevaUnion 50/50 JV with Teck Resources. Goldcorp also announced the sale of the Camino Rojo Oxide Project in Mexico to **Orla Mining (OLA.V)** in exchange for (1) a 19.9% stake in Orla (\$21.71m based on 6/20/2017 closing prices), (2) a 2% Net Smelter Return royalty on revenues from all metal production from the project, with the exception of metals produced under a joint venture with Orla, (3) an option to acquire up to a 70% interest in future sulphide projects, and (4) the right to nominate a director to Orla's Board for as long as Goldcorp's equity ownership position is greater than 10%. This is in keeping with Goldcorp's asset rationalization strategy. Goldcorp shares have been battered the most among the majors in our portfolio over the past 3 months, even more than Yamana Gold which has a more levered balance sheet.



First Majestic Silver (AG, MCap \$1.30b, 164.46m SO) will be resuming operations at its La Encantada silver mine. The company announced on May 20th that operations had been suspended as a result of an illegal blockade by miners who were unhappy with their 2016 bonus. Mine production is now expected to restart by mid-June before ramping up to full production by the end of June. The share price has held up well in the face of this uncertainty, given that it is only one of the company's six operating mines. Not so for Primero Mining, which had to suspend operations at its San Dimas mine in Mexico earlier this year. The strike cost Primero over two months of production and the share price sank 35% in reaction.

Yamana Gold (AUY, MCap \$2.44b, 947.85m SO) completed the sale of 26,667,000 common shares of Brio Gold at a price of C\$3 per share, for total proceeds of C\$80 million. The company spun off Brio Gold last December in order to unlock the value in its Brazilian assets, as well as to help with its debt reduction efforts. The sale reduces Yamana's stake in Brio Gold from 79.3% to 55.6%.

Endeavour Mining (EDVMF, MCap \$1.50b, 92.7m SO) amended its Investor Right Agreement with La Mancha Holding, lifting La Mancha's maximum allowable ownership level from the currently allowed 30 per cent to 33 per cent. It is expected that La Mancha will be on the buy side, scooping up shares disposed by the GDXJ ETF as it undergoes rebalancing.

Iamgold (IAG, MCap \$2.46b, 464.7m SO) has completed its Pre-Feasibility Study (PFS) and formed a joint venture with Sumitomo Metal Mining of Japan on its Côté Gold Project in Ontario. Iamgold has sold 30% of its interest in the project for US\$195 million and will be the operator during development and production. Steve Letwin, Iamgold's President and CEO commented, "This transaction is significant for IAMGOLD as it validates the intrinsic value of the Côté Gold Project. It will enable us to move the Project into development and to significantly diversify our production profile as a result of future production from our Canadian operations. After extensive due diligence by both parties, what solidified the relationship was the mutual trust and respect and the alignment around strategic priorities. In addition to providing us with the financial capacity to develop the Côté Gold Project, we are gaining a partner with business development and technical expertise who we can work with in the future to explore new possibilities."

IAMGOLD expects to benefit from Sumitomo's access to Japanese suppliers to the mining industry, which will complement, where needed, existing supplier networks within Ontario. Sumitomo is a Japan based company with approximately \$7.3 billion in revenue. It is primarily focused on the development and mining of non-ferrous metals, and produces and markets copper, gold, nickel, and other precious metals.

Côté PFS Highlights:

- Life of Mine (LOM) average annual production of 320,000 oz over a 17 year mine life at a cash cost of \$605/oz and AISC of \$689/oz
- After-tax NPV (5%) of \$703 million, after-tax IRR of 14% with a payback period of 4.5 years
- Initial capex of \$1,047 million

Iamgold has also earned a 51-per-cent interest in Calibre Mining's Eastern Borosi gold project in Nicaragua and has exercised its right to earn a further 19 per cent in the project. The company will hold a 70% interest upon paying Calibre Mining \$450,000 and incurring further exploration expenditure of \$5 million. The Eastern Borosi gold project consists of 176 km² within the Borosi Concessions in Northeast Nicaragua. Drilling to date in 2017 consists of 16 diamond drill holes for a total of 5,160 metres, with best intercepts including 8.00 metres grading 1.57 g/t gold and 38.3 g/t silver, 9.62 metres grading 0.7 g/t gold and 60.5 g/t silver and 10.72 metres grading 0.24 g/t gold and 57.3 g/t silver. The company also announced the final batch of drill results from its 2017 delineation drill program on the Saramacca Project in Suriname, situated 25 km to the southwest of the Rosebel gold mine. The program consisted of 113 drill holes totaling 19,689 metres, the results of which will feed into an initial mineral resource estimate scheduled for Q3.



Mineralization occurs in the near surface oxidized weathering profile to depths ranging from 50 to 100 metres, as well as deeper in the primary sulphide zones. Mineralization remains open along strike and at depth and will be tested in future drilling programs. Highlights: 6.5 metres grading 10.45 g/t Au, 10.0 metres grading 7.62 g/t Au, 34.5 metres grading 2.23 g/t Au, 41.0 metres grading 5.56 g/t Au.

B2Gold (BTG, MCap \$2.78b, 973.45m SO) has budgeted for a \$3.5 million exploration program on the Kutuvuoma property in Finland, on which it can earn up to 75% interest. The Kutuvuoma property is located approximately 30 kilometers southeast of Agnico Eagle's Kittila gold mine. The property is on JV with **Aurion Resources (AU.V)**, a Finland focused prospect generator, with B2Gold as operator.

Drilling is expected to begin mid-August. Meanwhile, Fekola development remains on budget and 3 months ahead of schedule, with first gold pour expected in October 2017. The company is also actively exploring the property, and has upped its planned budget of \$11.57 million for this year based on encouraging results.



*The technical team believes that the region has the potential to host additional large Fekola-style gold deposits, and the Company's work to date has identified multiple targets. Exploration drilling at the Anaconda zone so far has resulted in a maiden resource estimate of 767,000 ounces in the Inferred category (21.59 million tonnes at 1.11 g/t Au). This saprolite-hosted gold mineralization remains open and B2Gold's exploration group is continuing to explore the edges of the known zones, and test for additional saprolite hosted mineralized zones and Fekola-style mineralization within the bedrock. A conceptual engineering study is underway, with initial results indicating the potential of a standalone operation. Not to toot our own horn, but **Ed Bugos was an early mover to report on this, with a special report titled "New Gold***

District Forming in Mali Could Entice Takeovers by Summer" published as a Special Alert on 4th April 2013, followed up by an **Alert** on 23rd May 2013 stating, *"The potential for the Fekola deposit to reach a world-class size of between 5 and 10 million ounces is real, and at production could command a valuation of as much as \$200 per ounce, which translates into a potential target of up to \$2 billion."* The comments were made with regard to Papillon Resources, the then owner of the project.

Sabina Gold & Silver (SBB.TO, MCap \$409.22m, 223.6m SO) announced the last batch of drill results from its spring program totaling 2,700m of diamond drilling. A step-out hole 300m down plunge at the Llama zone intersected over 48m of altered and mineralized iron formation, including 6.52 g/t Au over 8.3 meters. The Llama deposit hosts 3,557,000 tonnes of 6.50 g/t Au for 743,000 ounces of Measured and Indicated resources, as well as 295,000 tonnes of 6.77 g/t Au for 64,000 ounces of Inferred resources. A portion of the resources at the Llama deposit is included in the current feasibility study as part of an open pit mine, however the drilling demonstrates the potential to add an underground component as the mineralisation remains open at depth.



Premier Gold (PG.TO, MCap \$615.17m, 201.53m SO) reported drill results from its Mercedes mine in Mexico, where drilling is focused on defining and expanding mineralization in the existing gold horizons and exploring for new veins on the property. Development has now reached the Diluvio deposit, which is expected to become part of the mine plan during the second half of the year. Underground crews have commenced access to two additional deposits (Marianas and Rey de Oro) for drilling and development purposes. Drilling at the prospective Marianas Zone is targeted to begin in Q4-2017. The planned 50,000 metre program is one of the most extensive exploration campaigns in the history of the mine with up to ten surface and underground drills to be active on the property.

Drilling highlights:

1.5 metres grading 116.39 g/t gold and 120.7 g/t silver, 3.2 metres grading 19.84 g/t gold and 700.4 g/t silver, 30.6 metres grading 5.17 g/t gold and 13.5 g/t silver, and 3.05 metres grading 10.92 g/t gold and 84.8 g/t silver.

Premier is also actively exploring its earlier stage properties, namely (1) the Goldbanks Property in Nevada that is under option from Kinross Gold (Premier earning 50%), (2) the Hasaga Property in the Red Lake camp (100% owned), and (3) the Alto-Christina Property in Mexico that is under option from Goldcorp (Premier earning 100%).

Argonaut Gold (ARNGF, MCap \$289.65m, 176.94m SO) reported drill results from its South Target area, part of the 420 hectare mineral concession recently acquired from Fresnillo, which lies immediately south of the current El Castillo open pit. The drill results display strongly oxidized gold bearing rocks with the same chemical and structural characteristics as the El Castillo open pit mine. The combined results of the North and South Target areas show potential to extend the current El Castillo pit limits and extend mine life. Based on the success of the drilling campaign, the company expects to commence an approximate 6000 metre Phase Two drilling program in areas where mineralization remains open for potential expansion.

Argonaut will publish a Technical Report updating the mineral reserves and resources estimate for the El Castillo mining complex by Q1 2018.



Drilling highlights:

65.5 metres grading 0.68 g/t gold and 10 g/t silver, 93 metres grading 0.73 g/t gold and 2 g/t silver, 86.9 metres grading 0.85 g/t gold and 16 g/t silver, and 100 metres grading 0.68 g/t gold and 5 g/t silver.

GoldQuest Mining (GQC.V, MCap \$97.31m, 253.86m SO) announced drill results from its 10,000-metre drill program at the 100% owned Tireo Concessions, part of its Romero Project in the Dominican Republic. Drilling is focused on identifying new gold systems and defining the extents of the mineralization at the recent Cachimbo Discovery.

The drills intersected gold in stratabound polymetallic massive and semi-massive sulphide horizons and underlying vein quartz-sulfide vein stockworks.

Drilling highlights: 3.1 metres grading 4.82 g/t gold, 27.9 g/t silver, 2.18% zinc and 0.21% copper, 21.77 metres grading 1.83 g/t gold and 9.36 g/t silver, and 0.3 metres grading 22.3 g/t gold, 76.8 g/t silver, 10.7% zinc and 1.02% copper.

Amarillo Gold (AGC.V, MCap \$27.95m, 81.79m SO) replaced Patrick Power with Rolly Uloth as executive chairman of the board. Mr. Rolly Uloth is a seasoned mining executive with almost 20 years of experience in various positions at Wesdome Gold Mines and its predecessor companies. Mr. Uloth will receive a 500,000 5 year options incentive package on joining.

Nautilus Minerals (NUS.TO, MCap \$150.61m, 670.06m SO) has completed its \$2 million financing for the month of May. This completes \$8 million of its \$20 million financing plan.

TSXV Most Actives and Other News (May 29 to June 2)

Shore Gold (SGF.TO, MCap \$107.8m) was up 53.8% for the week. As per the company's press release commenting on the trading activity, "Shore is engaged in preliminary discussions regarding a potential transaction with a third party involving an earn-in on Shore's mineral properties.

However, no agreement has been reached and there is no assurance that these discussions will continue or that any transaction will be agreed upon. Until such time as it is appropriate to make a public announcement on any potential transaction, should one occur, Shore Gold will not comment further..."



Arizona Silver Exploration (AZS.V, MCap \$5.61m) was down 78.9% on 05/30/2017 and ended the week down 70.5% after reporting disappointing drill results from its Ramsey Silver Project in Arizona. One drill hole intersected weak mineralization of 0.5-3 gpt silver while the other did not intersect any silver.

Jaxon Minerals (JAX.V, MCap \$10.54m) was up 45% on reporting that it has entered into a binding Letter-of-Intent (LOI) to acquire a 100% interest in the Foremore Property which lies adjacent to Jaxon's recently acquired Wishbone property. The 15,500-hectare property is located 45 kilometres north of Barrick Gold's Eskay Creek Mine, in the heart of British Columbia's famed Golden Triangle.



Ed Bugos & Kashyap Sriram

Legal Disclaimer: This information is for information purposes only and is not intended to be an offer or solicitation for the sale of any financial product or service or a recommendation or determination by TDV that any investment strategy is suitable for a specific investor. Investors should seek financial advice regarding the suitability of any investment strategy based on the objectives of the investor, financial situation, investment horizon, and their particular needs. This information is not intended to provide financial, tax, legal, accounting or other professional advice since such advice always requires consideration of individual circumstances. The products discussed herein are not insured by any governmental agency, are subject to risks, including a possible loss of the principal amount invested. Generally, the investments in this blog may be more volatile on a daily basis and have higher headline risk than other sectors as they tend to be more sensitive to political and regulatory events. Because of significant volatility, large spreads and very limited market liquidity, typically you will not be able to sell a low priced security immediately at the same price you purchased the stock. In some cases, the stock may fall quickly in value. Investing in foreign markets may entail greater risks than those normally associated with domestic markets, such as political, currency, economic and market risks. You should carefully consider whether trading in low priced and international securities is suitable for you in light of your circumstances and financial resources. This blog does not constitute an offer to sell or solicitation of an offer to sell any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Past performance is no guarantee of future returns. TDV, entities that it controls, family, friends, employees, associates, and others may hold positions in the securities it recommends to clients, and may sell the same at any time. This document was prepared by Jeff Berwick and Ed Bugos exclusively for TDV Premium subscribers. The information contained in this document was taken directly from the company's presentation or from reliable sources; however we cannot ensure the accuracy of the information contained in this report. The author may be compensated for any introductions of accredited investors as it relates to this offering. Investing does come with some risk, however we will not be liable for any financial losses which might occur as a result of your participation in this financing. Please contact the company directly to verify any of the facts and figure.