Wall Street and Washington Are Fighting Tooth and Nail Against Nature’s Markets!

Thanks and compliment of Michael Oliver’s www.OliverMSA.com directly on your left is a dollar chart of the dollar index dating back to January 1981 when interest rates in America were double digits. (My first mortgage rate was 17-½% without an ability to prepay for five years!)

What we can see from the price chart is a demise of the dollar’s value vis-à-vis other currencies with lower highs and lower lows in this big picture chart.

The lower chart on your left is Michael’s annual momentum chart which shows a definitive breakdown leading to the conclusion that we have entered the third secular bear market for the dollar since 1981. **What is remarkable about this dollar bear market is that it is occurring while interest rates are rising!** Why so?

I believe it is because Keynesians and the politicians that have used their false economic theories as cover for giving away the store in exchange for votes are nearing their day of reckoning. A similar picture is exhibited in the U.S. T-Bond meaning that U.S. interest rates have begun a secular rise. But why is this happening? I think David Stockman provided the answer on my radio show when he told us that Trump will run a $1.2 trillion deficit in FY 2019 (which begins in October of this year) and on top of that the Fed will be reducing the money supply by another $600 billion which means the U.S. Treasury is going to have to fund $1.8 trillion. What makes that funding requirement all the more ominous is that it comes at the top of a business cycle at a time when for different reasons both China and Japan are reducing their U.S. Treasury holdings. Wall Street and Washington want to make believe they can deliver wealth forever supernaturally, but when you manipulate price (interest rates) below equilibrium, either interest rates must rise to equilibrium to clear the market, or central banks begin printing money with reckless abandon, thus igniting the fires of massive inflation. **Either way, it’s massively bullish for gold.**
Novo Resources Corp.

Novo Resources came back to life this past week resulting from its February 14 press release that reported on the start of work at Comet Well and also passed along more assays from Purdy’s Reward. I view that news as being very positive, especially the portion that dealt with Comet Well. Referring to Purdy’s Reward, I think the news from the Feb. 14 press release helps clarify why Dr. Hennigh said on my radio show that he can’t wait to get out of “that little sandbox.”

I will comment first regarding news from that “little sandbox” (Purdy’s Reward) because it should help to underscore why Quinton can’t wait to start exploring Comet Well, which he can now do because he just recently received requisite permits.

Below on your left is an illustration of gold mineralization at Purdy’s Reward. The cross section is 1.5 meters thick but, as illustrated, the conglomerate is up to 16 meters thick at Purdy’s Reward. The red boxes show the location of bulk samples taken from the lithologic section. Results in the table on the right show respective grades returned from bulk samples from trenches 1, 2, and 3. The bulk samples each weighed approximately 300 kg (~661 lbs), small compared to the recommended minimum sample size of 5 tonnes.

As you can see from the middle box, grades as high as 87.8 g/t gold were recorded with all grades in excess of 10.6 g/t gold. Those are outstanding grades, to say the least. But they occur over very narrow sections here at the bottom of the conglomerate at the basal contact. Gold is also present in overlying conglomerates as well as in the basal material. But Novo believes large samples will be necessary to better evaluate grades in this lower-grade material. To the extent these lower grades exist above and below the think high-grade field of nuggets, one would think this near-surface material could contain very attractive overall grades. But the big challenge here is to be able to sample this material in an economically efficient manner that could lead to mining.

Comet Well Looks Different

While the 6½-km strike length of Comet Well is larger than the 1½-km strike at Purdy’s Reward, it is my understanding that the potential for conglomerate hosted gold mineralization to exist down dip into the basin is much greater. That is important for several reasons, because deeper into the ancient marine basin the conglomerate beds are expected to be much thicker and it is a much lower energy environment, compared to a much higher energy environment at the edge of the ancient sea basin.

Keep in mind that a shallow low energy large-scale ancient marine basin is what brought Dr. Hennigh to northwestern Australia. The low energy component was important because that is where he believed the precipitation of gold from seawater would settle onto the bottom as it was absorbed onto carbon mats in surrounding conglomerate rocks. A near seashore environment like that which dominates conglomerate rocks at Purdy’s Reward would not be the optimal environment for gold mineralization akin to that which exists at the Witwatersrand Deposit in South Africa. Dr. Hennigh has talked in the past about carbon leaders found, not on the ancient shorelines but deeper into the basin in South Africa, where these mats or reefs were graded not in grams or ounces per tonne but in percentage terms. In a recent conversation I had with him, he not only believes that those carbon leaders likely exist deeper into the system but that there may be disseminated gold throughout the conglomerate rocks down deeper in the basin.
So let’s take a look at the first commentary regarding exploration at Comet Well. Here are two points I picked up on that I think are significant:

- Scout diamond drill holes collared in the Mt Roe basalt, the cap rock to the conglomerate sequence, have encountered 30 to 35 meter intercepts of conglomerate before entering the dolerite footwall at the base. Given the dip appears to be quite shallow, less than 10 degrees, these intervals are probably close to true thicknesses. Consider this thickness of 30 to 35 meters compares to a thickness of up to 17 meters at Purdy’s Reward.
- It was noted in the press release that the uppermost beds of conglomerate encountered in these holes resemble those seen at Purdy’s Reward. That makes sense because the upper level would be in a higher energy environment, so you might expect gold mineralization to be more broken up there.
- The lowermost 15 m of conglomerate appears unique to the Powerline area. In places, boulder clasts in this lower unit are over 1 m across and are ubiquitously well rounded. Pyrite, both detrital and late, appears frequently.
- Novo’s first trench has exposed the lower conglomerate unit seen in core drilling. Metal detecting has readily identified numerous strikes within exposed bedrock. A video showing Novo staff detecting and marking the bottom of the first trench can be accessed at https://www.youtube.com/watch?v=Xxm-SIfwLs. Unlike at Purdy’s Reward where most gold nuggets appear to occur near the base of the conglomerate sequence, detector strikes at Comet Well have been noted in multiple horizons above the basal contact. Metal detectors have observed nuggets throughout the 30 to 35 meter thick conglomerate.

Now let me recall your attention to the potential massive size of the Karratha Witwatersrand-like project. On your left is a Google Map picture of the surface topography of the ancient seabed that is the geological target that Dr. Hennigh’s research has derived. The area inside the lines drawn by subscriber Tommy Thiltgen and his sedimentary geologist friend shows the lower-lying areas of the basin that represent the deeper, lower energy areas where Dr. Hennigh anticipates gold mineralization of a less disturbed nature may exist. The schematic section shown below is looking southwest into the basin from the area labeled Cooya Pooya Sill. Note the relatively very small higher energy Purdy’s Reward area from where samples have been taken thus far. No wonder Dr. Hennigh referred to it as a “tiny sandbox.”

The schematic on your left displays the two dimensional geometry of the gold-bearing conglomerate from the surface at Purdy’s Reward as it dips gently deeper into a lower energy environment deeper into the basin which has always been Hennigh’s ideal “Witwatersrand like” target. You should recall we spoke in the past of a deep hole drilled some 65 km to the southwest of Comet Well that intersected what Dr. Hennigh believes is the same conglomerate. It graded 12 g/t gold over approximately 1 meter. I learned this when I asked Quinton whether he thought that this conglomerate was a relatively flat lying bed as was the case at Beaton Creek. He said, “Yes, and I can prove it.” He then cited the hole 65 km to the south that he remains convinced is part of the same conglomerate beds that see daylight at Purdy’s Reward and Comet Well. I have not spoken to Dr. Hennigh in several weeks, but unless something has changed, I’m convinced he is as optimistic as ever that he has a chance to be a leader in outlining one of the great gold deposits in recent decades.

The bottom line for me personally is that I remain very bullish on Novo, but it would be foolish to think a project of this nature is a sure thing. As such, I have sold enough stock to ensure a profit on my Novo investment even if the remaining shares become worthless. Of course, that is not my expectation or I would sell all of remaining shares and ensure a much larger percentage gain. As you can see from my weekly reports, Novo still remains my largest holding.
Review & Update (2018-02-16):

**Calibre Mining Corp.**

*Calibre Mining Corp.* – I have recently written favorably about Calibre Mining Corp. and the more I look at it the more I am convinced this is one of the best risk/reward tradeoff stories on my list, which is why I made sure I added some of these shares to my portfolio last week. Here are some bullet points that quickly outline reasons for optimism:

- **The management team**, which owns 10% of the company and continues to hold that interest in all financings, has created $3.5 billion in shareholder value with such deals as Newmarket Gold, International Royalty, Terrane Metals Corp., Rainy River, Western Goldfields, and Potash One. This is basically an exploration company but they also combine financial and merger and acquisition savvy that adds value to shareholders.

- **Quality shareholders.** In addition to management, B2 Gold owns 17.1% of the company and legendary gold share investor Pierre Lassonde holds 12% of the company.

- **Quality Joint Venture partners** and considerable exploration success on Calibre’s projects.
  - **IAMGOLD** on the Eastern Borosi Project on which IAMGOLD has already earned a 51% interest on its way to a 70% holding, which is a high-grade gold-silver vein system that has been traced for several tens of kilometers over highly prospective mineralized structures located in a historic gold-silver mining district.
  - **Centerra Gold** is very close to earning its 51% interest in the Siuna Project, which is a gold skarn and porphyry target. This is a 35-km-long trend on which numerous new targets have been identified. The project includes the past-producing La Luz Mine that produced 2.3 million ounces of gold and the Cerro Aeropuerto Deposit that hosts inferred resource of 757,000 ounces of gold equivalent. Some outstanding drill results have been reported, such as 53.7 meters grading 10.47 g/t gold, 71.05 meters grading 2.89 g/t gold, 36.6 meters grading 1.59 g/t gold and 91.5 meters grading 2.75 g/t gold. This is a 253-sq.-km gold skarn and porphyry district scale target. To earn a 70% interest, Centerra has to spend $9 million prior to December 2020.

- **The 100% owned Primavera Copper-Gold Project** was discovered in 2012 and it was the first gold/copper porphyry discovered in Nicaragua. The current resource is a first pass maiden resource that was calculated in 2016. The initial resource of 1.2 million gold-equivalent ounces is contained in the small circle displayed on the illustration on your right. An initial 32-hole higher-grade gold/copper porphyry zone has been discovered in drill holes over a 300-meter-by-300-meter area to a depth of 300 meters that is not factored into the current resource. Note the much larger high-priority porphyry targets to the east and south of the existing deposit. One hugely spectacular hole was drilled last year within the existing Primavera Deposit to confirm the width and grade of gold-copper mineralization. It intersected 234 meters grading 0.83 g/t gold and 0.27% copper (1.25 g/t AuEq), including 129 meters grading 1.06 g/t gold and 0.28% copper (1.51 g/t AuEq.).

Those are pretty amazing numbers. It is yet to be proven, but it seems likely that further geological work carried out on surface combined with drill results in 2018 could start to point toward a major gold/copper/silver deposit in the making.
No doubt these shares are undervalued in part because Nicaragua still carries with it concerns about political risk. Those of us who remember the 1970s and 1980s can relate to that, and certainly Nicaragua doesn’t deserve high ranks for low political risks like a jurisdiction like Quebec or Nevada may deserve. However, the country under Daniel Ortega has been very pro mining and under his leadership infrastructure has been vastly improved. Ortega knows something about mining, his family having been long involved in that industry. Thanks to mining operations in that country now by B2 Gold and Hemco, gold has been among the top three exports over the past four years.

With B2 Gold now operating in that country for a few years, the likes of IAMGOLD and Centerra are now committing assets there. Calibre now has three strategic corporate partners in B2 Gold, IAMGOLD, and Centerra, and arguably one of the most prestigious individual partners in Pierre Lassonde. Management is filled to its gills in past successes. There should be lots of news on several exploration fronts in 2018, not the least of which may well be the company’s 100%-owned Primavera Copper-Gold Project. In reviewing this story, I felt I had to own a few shares so I added them to my personal portfolio, as discussed on page 3 of this week’s letter.

Review & Update (2018-02-16):

Equinox Gold Corp.

**Business:** Exploration, development, and production of gold in Brazil and California, headed by Ross Beaty, chairman.

- Traded Toronto: EQX
- USOTC: LWLCF
- Shares Outstanding: 423,267,562
- Insiders & Institutional Shareholders: 47%
- Price 3/14/18: US$0.88
- Market Cap: US$372 million
- Cash: ~ C$120 Million
- Gold Resource: 5.6 million oz.
- Progress Rating: A-2
- IR Phone Contact: 604-260-0516
- Website: [http://www.equinoxgold.com/](http://www.equinoxgold.com/)

Before I say anything more, let me note that a major reason I am sticking with this story and why I have personally purchased shares in it is because of the dedication to this project by Ross Beaty, the well-known mine entrepreneur who has had an enormous amount of success throughout his career. There can be little doubt also that this company holds a market value of around US$412 million in large part because of his leadership and because of his commitment to the company, which is being made not only as a result of the time he is devoting to it but also by his considerable financial contribution through Anfield Gold Corp.

Equinox Gold Corp. came into our letter by way of a merger among Trek (which was a previous recommendation) and NewCastle Gold Ltd. and Anfield Gold Corp. The merger of the three companies provides the prospects to emerge into a mid-tier producer status, which, as the new company’s chairman Ross Beaty notes, is the “sweet spot” among gold producers. It should be pointed out that Equinox Gold Corp. is not yet a producer, which is why a progress rating of A-2 has been assigned to it in this letter. It anticipates starting up production at the Aurizona Gold Mine in Brazil in Q4 of this year, where a bankable feasibility study has it producing 136,000 ounces of gold per year with an all-in sustaining cost (AISC) of US$754/oz. To the extent that turns out to be an accurate cost estimate, at the current gold price of approximately $1,350 it would provide a per-ounce margin of $600 per ounce, or US$81.6 million per year in pretax operating profits.

Following are gold reserve and resources currently calculated for the company’s Aurizona Gold Mine in northeastern Brazil as well as resources from the Castle Mountain Project that came into this new entity along with NewCastle Gold Ltd. The Elk Gold Deposit is a smaller but high-grade deposit located in British Columbia that was owned by Trek prior to the merger.
Initial capital costs of $130.8 million is an estimate that has evolved from the bankable feasibility study for a mine with an initial life of 6.5 years. However, there is near mine exploration potential to expand that life with targets on strike with existing reserves not to mention that gold mineralization is open to depth, suggesting the potential at some time in the future for possible underground mining. In addition, there is brownfield exploration potential over a 450-km² area with numerous drill targets already established.

Yet there is more. In addition, the company has a joint venture agreement with AngloGold Ashanti for district-scale exploration whereby AngloGold Ashanti can earn a 70% interest by spending US$14 million over four years. The land package that is subject to the AngloGold agreement covers a 1,800-km² land package that is contiguous with the existing Aurizona Project.

The Castle Mountain Mine, which is located in California along the California/Nevada border (see map on left), is a past-producing open-pit heap leach mine. A feasibility study is now underway. It has a resource of 4.0 million ounces of gold in the measured and indicated category grading 0.64 g/t gold and 1.6 million ounces in the inferred category grading 0.48 g/t gold.

Key permits are in place at this brownfield mining facility to allow for relatively small-scale production (management is talking about startup production of around 50,000 oz. per year). However, the successful exploration work during 2017 that included 44,500 meters of drilling has the company thinking in much larger terms. Last year’s work increased the resource by 70% to raise the measured and indicated resource to 4.0 million. To step up production, management will need to gain federal permits, for which it is reportedly already in talks with a mining-friendly Trump Administration.

Non Core Assets

Equinox has three copper porphyry projects that do appear significant. Management may advance them and/or monetize them to fund either of the existing two core assets and/or other projects Beaty hopes to acquire. He has stated in a January speech in Zurich that he hopes to make at least one more acquisition before the end of 2018. In any event, following are the three copper porphyry projects, each of which appears to hold considerable potential.
Three Copper Porphyry Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
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<tbody>
<tr>
<td>Warintza Project</td>
<td>Copper-molybdenum deposit in southeast Ecuador</td>
</tr>
<tr>
<td></td>
<td>22,678 ha, ~6,500 m of drilling to date</td>
</tr>
<tr>
<td></td>
<td>40 km north of Mirador Cu-Au development project and contiguous to San Carlos</td>
</tr>
<tr>
<td></td>
<td>Panantiza exploration-stage deposit</td>
</tr>
<tr>
<td></td>
<td>Resource: Inf 181 Bibs Cu @ 0.42%, 132.3 Mtbs Mo @ 0.03% (0.61% CuEq)</td>
</tr>
<tr>
<td></td>
<td>Community/government outreach with target of recommencing drilling in 2018</td>
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<thead>
<tr>
<th>Project</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>Ricardo Project</td>
<td>&quot;Right address&quot; for copper and molybdenum mineralization in Chile</td>
</tr>
<tr>
<td></td>
<td>18,000 ha strategically located along West Fissure fault</td>
</tr>
<tr>
<td></td>
<td>West Fissure fault hosts numerous large porphyry copper deposits, including Escondida and Chuquicamata</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
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<tbody>
<tr>
<td>La Verde Project</td>
<td>Copper-gold-silver deposit in Mexico</td>
</tr>
<tr>
<td></td>
<td>60% interest, with subsidiary of Teck Resources Limited holding remaining 40%</td>
</tr>
<tr>
<td></td>
<td>2012 resource estimate: M&amp;I 3.7 Bibs Cu @ 0.41%, Inf 2.7 Bibs Cu @ 0.37%</td>
</tr>
<tr>
<td></td>
<td>Small-scale mining from 1968-1969, modern exploration from 1967-2012 by a series of companies including Noranda and Teck, currently on care and maintenance</td>
</tr>
</tbody>
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Two High Grade Gold Projects

The newly formed company has several other non-key assets that may help it fund exploration and development of the Aurizona and Castle Mountain gold mines and/or acquire another large-scale project or two. In January, Ross Beaty said he expects to sell the company’s ore purchasing business in Peru (the Koricanha Mill) and the Elk Gold Project in B.C. by the end of this year to raise significant amount of capital for its two core projects. Following is a description of those two non-core assets that Beaty will be looking to monetize:

<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
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<tbody>
<tr>
<td>Koricanha Mill</td>
<td>Custom built 350 tpd gold ore processing facility in Peru</td>
</tr>
<tr>
<td></td>
<td>Excellent location and infrastructure, 10 minutes from Pan American Hwy</td>
</tr>
<tr>
<td></td>
<td>Recommended gold production in Q4-2016, production ramping up</td>
</tr>
<tr>
<td></td>
<td>Mineralized feed is purchased from small-scale and artisanal miners at a market discount, then processed to produce Au and Ag that is sold at spot prices</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
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<tbody>
<tr>
<td>Elk Gold Project</td>
<td>Past-producing high-grade gold mine in British Columbia, Canada</td>
</tr>
<tr>
<td></td>
<td>Produced 51,500 oz of gold from 1992-1995</td>
</tr>
<tr>
<td></td>
<td>6,567-tonne bulk sample in 2014 produced 3,531 ounces @ 16.65 g/t gold</td>
</tr>
<tr>
<td></td>
<td>More than 125,000 metres of drilling to date</td>
</tr>
<tr>
<td></td>
<td>2016 resource: M&amp;I 211.9 koz @ 6.32 g/t gold, Inf 209.6 koz @ 5.94 g/t gold</td>
</tr>
</tbody>
</table>

Many years ago, long before Ross Beaty was a billionaire, I recall having had breakfast with him and a stockbroker in New York to learn about the first company he headed up. That company was named Equinox Resources, which launched Ross into a premiere mine entrepreneur. Following many more successes, he is back with his swan song, appropriately named Equinox Gold Corp. There is never any guarantee in life, and mining exploration and development is especially a high risk/high reward business. But it usually makes sense to stick with proven management. Beaty is not only proven but he also thinks big. His goal here is to build a midsized gold company because that is where the best upside gains are to be had. Short of a devastating depression in the mining industry, I believe the odds strongly favor success.

PS: Subsequent to my Feb. 16 commentary, Equinox announced some very significant assays that expand the existing gold mineralization on the company’s Aurizona Mine in Brazil, which is slated for start up production this year. For the first time, that mining project is well funded so that numerous exploration targets can be tested. I feel confident that the Aurizona Mine will turn out to be much more significant in size and more profitable than its economic studies have demonstrated to date.
Telson Mining Corp.

Telson Mining Corporation (Toronto-TSN/USOTC-SOHFF; 124.2 million shares @ US$0.57 = US$71 million market cap) – Telson is a story I’m proud to have introduced to my readers because it is pretty much accomplishing all that it has set out to accomplish as a base metals producer at two previously producing mines in Mexico. Even as it approaches commercial production in a “preproduction phase,” it is producing meaningful amounts of lead, zinc, gold, and silver to help fund its capital requirements. Both its Campo Morado Mine and its Tahuehueto Project are expected to be in commercial production by year end. If accomplishments from this “tune-up” phase are any indication of future success, this stock should perform very well.

At the recently acquired Campo Morado Mine in Guerrero, Mexico, Telson has recommenced mining and processing operations with preproduction from mine development on a trial basis at an average 1,500 tonnes per day during the recommissioning stage and intends to advance toward commercial production at full capacity of approximately 2,500 tonnes per day during 2018. At its Tahuehueto Project, located in northwestern Durango State, Mexico, it is currently in preproduction at approximately 150 tonnes per day, utilizing a toll mill for processing, and has entered a construction phase with a timeline to be producing on-site in its own mineral-processing plant capable of milling at least 1,000 tonnes per day toward the end of 2018.

At Tahuehueto, management reported that during the six months of preproduction operations in 2017, the company produced 22,662 tonnes of ore from the El Creston zone and toll milling at the Atocha processing plant milled approximately 14,377 tonnes of this ore. The average head grade of the total preproduction ore processed was 6.94 g/t gold, 84.36 g/t silver, 5.29 per cent zinc and 2.64 per cent lead.

During the 2017 preproduction program the company produced; 666 tonnes of lead concentrate with average grades of 45.32 per cent lead, 122 g/t gold and 1,374 g/t silver and 14.03 per cent zinc and; 1,130 tonnes of zinc concentrate averaging 49.95 per cent zinc, 3.83 g/t gold, 113 g/t silver and 1.2 per cent lead.

Of the above concentrate produced, Telson sold 643 tonnes of lead concentrate with average grades of 122.2 g/t gold, 1292 g/t silver, 46.87 per cent lead, 13.52 per cent zinc, 2.5 per cent copper and 1,039 tonnes of zinc concentrate with average grades of 48.98 per cent zinc, 4.95 g/t gold, 128.3 g/t silver, 1.40 per cent lead, 0.39 per cent copper for total cash proceeds of $5.24-million (U.S.) which proceeds have been paid in full and received by the company.

Last week management also discussed that it has successfully started preproduction development mining and processing at its 100-per-cent-owned Campo Morado mine in Guerrero, Mexico. Preproduction test milling operations started on Oct. 14, 2017, and the mill has run continuously on a 24/seven basis for 71 out of 74 available days through to Dec. 31, 2017, for an operational efficiency rate of 96 per cent. Mining and milling preproduction operations have continued from Jan. 1, 2018, and currently remain in continuous 24/seven operations.

**Highlights:**
- Mill processed 106,655 tonnes of mineralized development material over 71 operational days, averaging 1,502 tonnes per day and reaching 96 per cent operational efficiency 24/seven;
- Produced 5,021 tonnes of zinc concentrate averaging 44 per cent zinc. 1.04 grams per tonne gold and 502 g/t silver;
- Shipped for sale approximately 4,530 tonnes zinc and 578 tonnes of lead concentrate, representing approximately 73 per cent of total 2017 concentrate production to Trafigura, Manzanillo, warehouse;
- Preliminary payment totalling approximately $4.8-million (U.S.) received by Telson for shipped concentrates equating to approximately 90 per cent of final estimated sale price.
Regarding the Campo Morado Mine, the material being processed is largely development material so that mill head grades are lower than anticipated once mining from targeted higher-grade material is mined.

We have enjoyed a nice increase in the value of our Telson shares thus far. Given the success in the tune-up phase of both mines, I expect we should see solid positive cash flows from both projects and, into the future, a significant ramp-up in production beyond 2018 commercial-scale production levels, given significant exploration potential at both projects.

Review & Update (2018-03-09):

**Mineral Mountain Resources Ltd.**

Mineral Mountain (Toronto-MMV/USOTC-MNRLF; 66.4 million shares outstanding @ US$0.34 = US$23 million market cap) – In my December 2017 monthly issue, I pointed out how Mineral Mountain Resources has a shot at discovering a replicate of one of the great gold mines in American history. I’m talking about the Homestake Mine, which rendered its shareholders a fortune during the 1930s when everyone else was going broke.

The Homestake Mine located in South Dakota produced some 43.9 million ounces until it was closed in 2002. The mine still has a lot of gold remaining at depth but heat gradients and logistics and a $300 gold price in those days made it uneconomic to mine at that time.

Gold at this famous mine was hosted in an iron formation and the largest concentration of gold occurred in thickened synclinal fold hinges where fluids settled after being deposited there by sub-parallel, steep brittle-ductile deformation zones. The center of these gold deposits occurs on ledges where these synclinal plunges flatten out.

Mineral Mountain’s management applied the same model to the same belt of rocks some 16 miles south of the Homestake Mine and what is very exciting to investors who are paying attention to this story are indications that Mineral Mountain may indeed be on to another Homestake-like discovery. More on that in a moment. But first, a bit of the history leading up to this exciting story is in order for those who may be reading about this for the first time.

Actually, Homestake Mining began to explore what it called the Standby Target along that same trend between 1986 and 1988. In October 2016, MMV purchased a proprietary digital
database, generated by Homestake Mining, that had never before been released to the public. That data base consisted of 71 diamond drill holes totalling 22,394 m, of which 17 holes totalling 14,723 m targeted an iron formation fold structure, similar in scale to the prolific Ledge-9 at the Homestake mine.

The first target at the Standby Mine has been identified and is displayed above on the prior page. Prior to the shape of this target being identified by 3-D Magnetics, surface sampling averaged 10.0 g/t gold over 10 meters. A shaft was sunk to the 425-ft. level and underground channel sampling assayed 6.0 grams/tonne gold over 33 ft. And, in 1982, Getty Oil drilled Hole S-1 that intersected the gold zone at the 600-ft. level. Here the Standby Gold Zone was 123.0 ft. wide, with locally quartz-flooded, heavily mineralized iron formation, and visible gold noted in four areas along the core. Management does not have an assay on this drill hole but they have viewed the drill core and it is exactly what they had hoped to see.

Now management has in fact drilled a twin hole next to the Getty hole drilled in 1982 and, as expected, the twin hole looks very much like the hole that was drilled by Getty. The market is awaiting assays from that hole, but a picture of that drill core, which was taken by my partner Chen Lin last week at the PDAC in Toronto, explains why we have seen a bit of a pickup in the share price over the last couple of trading sessions.

This is the first hole in a planned 12-hole Phase I drill program. Given the amount of visible gold seen in the twin drill hole, the market is likely expecting a high grade and that should give the stock another boost. But if other holes drilled into the iron formation also reveal high-grade gold, I think we should see a very significant increase in this company’s share price.

The purpose of the current 12-hole, 4,300-meter drill program is to test the down-plunge extension of the 300-meter-wide Standby mine gold structure partially developed from 1891 to 1909 by underground mining from surface to the 425-foot level. Three-dimensional mag modelling suggests that this high-priority gold target is a large magnetic body consisting of iron formation-hosted gold mineralization that may have the potential size to have district-scale discovery potential.

Richard Bachman, former vice-president of exploration for Homestake Mining, commented: “At Rochford, we used known Homestake
mine geologic principles and it worked! This major fold structure (synclinorium) was considered by Homestake to be large enough to host a district-scale gold resource similar to the Homestake district and the Homestake mine. At the Homestake mine, 11 ore ledges, a local term for plunging iron formation fold structures, contributed to over 40 million troy ounces of gold produced with Ledge-9 alone having produced 9.5 million ounces.”

Of course, as with all gold exploration stories, dreams are not uncommon and more often than not are shattered by results from the drill bit (aka “truth machine”) or some other unforeseen circumstances. But in my view, given what is known at this point in time, the odds for an extraordinary ride to the upside appear good, which is why I doubled my exposure to Mineral Mountain this past week. Keep in mind, though, that the company will need to raise some money in the not-too-distant future, which could lead to some weakness. Hopefully, some blockbuster drill results prior to the raise will enable a raise at much higher prices.

I should point out that the chart shown directly above was constructed by John Newell, whose proprietary technical analysis I have found to be very helpful in forecasting junior exploration stocks. Based solely on his technical analysis, John has three targets for Mineral Mountain, those being C$0.70, C$1.20, and C$3.08. I await results from the “truth

Review & Update (2018-03-09):

California Gold Mining Inc.

California Gold Mining Inc. (Toronto-CGM/USOTC-CFGMF; 43.2 million shares @ US$0.19 = US$8.2 million market cap) – California Gold Mining (CGM) is another exciting U.S.-based gold exploration story that is flying under the radar.

The current 879,000-oz. resource at the company’s Fremont Gold Project in California is contained within an 800-meter strike length of a 3.8-kilometer-long Mother Lode shear zone to an open pit depth of only 225 meters. With mineralization below that level and likely to run to considerable depth and with zones relatively wide and high-grade there may be reason longer term to consider underground mining. But as I noted in my initial coverage of this story, there seems to be a good chance of easily doubling or tripling the resource along the 3.8-kilometer length of the Mother Lode shear structure.

This past week the company announced the third installment of drill results from the Queen Specimen Zone to the extreme northwestern end of the mineralized zone, and the results were good, as were the first two installments. The most recent batch of results is displayed above, with the best intercept being 29.1 meters grading 1.25 g/t gold. True widths for 17-007, 17-001, and 17-004 are 87%, 82%, and 87%, respectively. So far, drilling along the Queen Specimen extends some 750 meters.

Vishal Gupta, California Gold’s president and chief executive officer, said: “These latest drill results once again confirm mineralization in the Queen Specimen Zone that is very similar to the Pine Tree-Josephine Zone where our current NI 43-101-compliant mineral resource is hosted. Therefore, we are highly confident that, at the completion of our current drill campaign, we would be able to add significantly to our resource base and further demonstrate that the mineralization extends along the full four-kilometre

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strike of the shear zone on the Fremont property.”

The idea here is to prove up 3 million to 5 million low-cost ounces to optimize shareholder wealth through a sale or merger with a midsized gold producer. Given results from 2017 along the Queen Specimen Zone and with two larger zones—the Crown Point and Chicken Gulch—yet to be drilled, I’m guessing a resource within that range and of similar grade as an open-pit target can be achieved, perhaps during the next year or so.

Solid exploration plays like this one are not being paid much attention to these days, as quick-buck oriented investors seem more interested in marijuana and cryptocurrency plays. I’ve been around the precious metals exploration space long enough to recall times of looking in the rear-view mirror, wishing I had picked up quality stories like this one before they became all the rage.

There are never any guarantees in this business but the long basing period for gold and gold shares at a time when the big markets are pricing in virtually zero risk suggests to me that contrary investors should be paying a great deal of attention to quality junior exploration stocks.

Review & Update (2018-02-23):

Osprey Gold Development Ltd. (Toronto-OS/USOTC-OSSF; 28 million shares @ US$0.07 = US$2 million market cap!) – This stock is trading at about the cost of an empty shell. But this company is by no means an empty shell, as its gold resource at its Goldenville Project attests:

Even at this early stage of its development the company has a resource that is approaching a half million of high-grade ounces of gold. Some better assays were reported this week that, when combined with a glance at the company’s flat line stock performance since last November, suggest picking up a few of these shares may not be a bad bet.

Some of the highlights from the February 21 news release were as follows:
• G17-14 intersected **52.00 g/t gold over 0.70, within 6.30 m of 6.22 g/t gold** – this area is open 750m to the east to hole G07-12;
• G17-08 intersected **98.29 g/t gold over 0.70 m**, as well as **2.70 g/t gold over 6.90 m** on the north limb of the anticline;
• G17-15 intersected **1.52 g/t gold over 14.40 m** 64 m east along strike from G17-08, east of Highway 7 in the Bluenose Mine area;
• G17-09 intersected **2.04 g/t gold over 11.10 m**, 114 m along strike from G17-08;
• G17-13 intersected wide zones of well mineralized host rock and quartz veins in the same unit as G17-07, but no values over 1 g/t gold;

Notable in the 2017 holes are multiple significant intercepts reflecting the mineralized nature of the Goldenville trend where gold is hosted in an array of stacked quartz veins and host rocks within a large anticlinal fold.

Included in the assays put out in the February 21st release are holes drilled on the main Goldenville trend, in the immediate vicinity of the Company’s current NI 43-101 Inferred Resource of 2,800,000 tonnes at 3.20 g/t gold for 288,000 ounces of gold (2,800,000 tonnes at 4.96 g/t gold for 447,000 ounces of gold uncapped).

Management believes that these results support the potential to expand the company’s current resource at Goldenville. The drill program also tested for broader zones of mineralization outside of the vein-hosted gold. That was reportedly successful in the southern limb of the Goldenville anticline in Hole G17-14, which contained multiple intercepts of lower-grade mineralization within the host rock. Although lower grades of disseminated mineralization outside of the veins may not excite the markets, I recall in speaking with management when I initiated coverage of this stock that they believed if present, it could markedly improve the economics.

Management also reported that they were encouraged by results in the northern limb of the anticline near the Bluenose Mine shaft area, which is where the highest grades yet drilled were received. There as well, broad zones of mineralized host rock and quartz veining highlighted in Hole G17-15 drilled over 300 m along strike to the east from G17-14.

Drill locations are pictured in the map above, which also shows the location of the anticlinal fold. Note the area circled in black, which is open and an obvious target for expansion.

Nova Scotia had not been an area of interest until the past few years when Atlantic Gold developed its Moose River Project. The development of Moose River incorporated lower-grade disseminated gold outside of the veins in a bulk mining scenario. Previously the concept in Nova Scotia was small-scale vein projects that didn’t carry economies of scale sufficient to excite investors. Atlantic Gold’s project changed that and it is my belief that Osprey has a good chance of doing the same. Results reported this past week add to my confidence in that possibility, which is why it may make good sense for speculative investors to pick up a few of these shares while they are still cheap.

**Review & Update (2018-03-02):**

**Mirasol Resources Ltd. (Toronto-MRZ/USOTC-MRZLF; 49.2 million shares @ US$1.66 = US$49 million market cap)** – If Almadex is the best managed project generator held in my portfolio, Mirasol is certainly near the top. And now with four major exploration projects being pursued by four major gold mining companies in Chile and Argentina, Mirasol seems to be in the hunt for some kind of glorified status among project generators as well. It is certainly one of the best project generator companies out there, and the news this week further confirmed its status when it announced that Newcrest Mining (“NCM”) has signed a joint venture option agreement with Mirasol to earn up to 80% of Mirasol’s Zeus Gold Project in Chile.

Mirasol announced the acquisition of the Zeus Gold Project on January 16. It is a high-sulfidation epithermal gold project located in the Miocene Mineral Belt of northern Chile for US$2.75 million. It didn’t take much longer than one month for Mirasol to attract one of the larger international gold mining companies to option the Zeus Gold Project.

**Zeus highlights:**

- Zeus is located 40 kilometres east-southeast of the multimillion-ounce Salares Norte HSE discovery by Gold Fields.
- Zeus is a large-area gold target in the prospective Chilean Mio-Pliocene-age mineral belt, covering 18,480 hectares of contiguous exploration claims (15,980 ha are 100-per-cent-Mirasol-owned; 2,500 ha controlled by Mirasol via a five-year option-to-purchase agreement).
Zeus presently hosts two recognized breccia-hosted gold targets -- the Artemisa and Apollo prospects. Gold grades from rock-chip sampling of up to 1.28 grams per tonne Au are found in a permissive high-level epithermal breccia setting.

Zeus is located in undulating high-altitude terrain with drive-up access to targets via gravel roads and tracks.

Stephen Nano, the company’s chief executive officer, stated: “Mirasol Resources continues to build a portfolio of exciting new large-scale high sulfidation epithermal gold targets in what is still an underexplored section of the Mio-Pliocene-age mineral belt. Zeus represents the third of Mirasol’s district-scale project packages in this belt, including Mirasol’s Altazor and Gorbea projects, that are being explored under joint venture by NCM and Yamana Gold, respectively.

That’s in Chile. But the company also has some very promising joint venture arrangements taking place in Argentina, now that a promising government is in place in that country. Mirasol has another major gold producer, namely, Oceana Gold, working on projects there. All told, over the next 12 months, on four different projects, a minimum of C$7.8 million will be spent by Oceana Yamana and Newcrest.

To acquire its option, NCM is required to pay $100,000 to Mirasol, spend a minimum of US$1.5 million during the first 18 months, and pay a 10% management fee to Mirasol as operator of the project. At the end of the first year, NCM will have the right to exercise the farm-in phase of the agreement.

Once it exercises the agreement NCM can earn as much as 80% on the project in the following stages:

- **Stage 1:** If NCM elects to exercise the option to farm-in, NCM will make a cash payment to Mirasol of US$400,000, and will have the right to earn 51% of the Project over a 4-year period (total 5.5 years) by spending an additional US$8.0 million (total US$9.5 million);
- **Stage 2:** If NCM elects to proceed to Stage 2 of the farm-in, it will make a cash payment to Mirasol of US$500,000 and have the right to earn 65% of the Project over an additional 2-year period (total 7.5 years), by funding the delivery of a positive preliminary economic assessment, in accordance with NI 43-101 on a resource of not less than 1,000,000 ounces of gold at a cut-off grade of 0.30 grams per tonne (g/t);
- **Stage 3:** If NCM elects to proceed to Stage 3 of the farm-in, it will have the right to earn 75% of the Project over an additional 2-year period (total 9.5 years) by funding the lesser of either: (i) additional expenditures after the completion of Stage 2 of US$100 million; or (ii) the delivery of a positive bankable[2] Feasibility Study, in accordance with NI 43-101;
- **Stage 4:** After completion of Stage 3, Mirasol can elect to contribute its proportionate share (25%) of further development expenditures or exercise a financing option requiring NCM to finance Mirasol's share of the development costs through to production in exchange for a further 5% interest in the Project. If Mirasol exercises the financing option: (i) Mirasol's interest will be reduced from 25% to 20% and NCM's interest will be increased from 75% to 80%, and (ii) the loan will have an interest rate of 12 month LIBOR + 3% and will be repaid from 70% of Mirasol's share of dividends and be secured against the shares of the Mirasol subsidiary that holds the interest in the Project and its right to dividends.

NCM has the option to extend each of Stage 2 and Stage 3 by making the following payments to Mirasol:
- During Stage 2: US$250,000 for one additional year
- During Stage 3: US$500,000 for one year and additional USD$750,000 for a second year.

Project generators can become a bit boring at times because most often there isn’t a single focused project that attracts market attention, until of course something big begins to unfold. Mirasol now has four focus projects anyone one of which could begin to reveal a world class deposit and richly reward shareholders.

**Review & Update (2018-03-02):**

SilverCrest Metals Inc. (Toronto-SIL/USOTC-SVCMF; 54.7 million shares @ US$1.73 = US$95 million market cap) – On February 26, SilverCrest announced its maiden resource at its Las Chispas Silver and Gold Mine. Below on your right is a summary of that resource broken down by individual vein.

As noted in the chart, the average grade of gold per tonne was 3.66 grams and the average grade of silver is 297 grams. On Thursday morning, gold was selling for approximately $42 per gram and silver was selling at approximately $0.52 per gram. At that price the average tonne of material in this maiden resource contained approximately $154 worth of gold and $154 worth of silver. In other words, the value of this newly defined resource is evenly split between gold and silver. And combining the value of both metals, we are looking at approximately $358 per tonne, or an in-situ value of just a bit over US$1 billion. From
CEO Eric Fier’s following remarks, management is very pleased with the progress made thus far.

“The delivery of this maiden resource estimate is a major milestone for SilverCrest Metals as we continue to systematically expand high-grade mineralization in the district and fast-track the advancement of Las Chispas. In late 2017, we were targeting a total resource number around 40 to 50 million ounces AgEq grading an estimated 500 gpt AgEq but with the recent multiple high-grade intercepts in Area 51, this target has been exceeded. Area 51 (near-surface Babicanora Vein extension) alone has an estimated 32.2 million contained AgEq ounces, grading an impressive 7.43 gpt Au and 469 gpt Ag, or 1,026 gpt AgEq and is open for potential expansion. The Area 51 resource is similar to the 1800s historic production from the adjacent Las Chispas Vein which was approximately 30 million ounce AgEq grading an estimated 15 gpt Au and 1,700 gpt Ag. With continued drilling success, the Company intends to complete an updated resource and plans to prepare a Preliminary Economic Assessment (“PEA”) in H2 2018.”

I hope to comment more about this company’s excellent prospects on its Las Chispas Mine after I have a chance to meet with the company’s new president, Christopher Ritchie, at the PDAC this weekend. Following is Mr. Ritchie’s bio.

Chris Ritchie is a financial markets professional with 15 years of experience in resource based capital markets including investment banking, marketing, corporate strategy, network and risk management. Mr. Ritchie earned a B.A from Miami University (Ohio) in 1997 and a MBA in finance from Dalhousie University in 2000.

Mr. Ritchie spent just under three years in risk management at Marsh & McLennan and Liberty International before he moved into trading and institutional equity sales at UBS, Canaccord Financial and National Bank Financial. Mr. Ritchie has developed extensive networks that enable him to support companies of differing sizes and across industries to cost efficiently raise capital, develop communications strategies and create market awareness.

During the past eight years, Mr. Ritchie (through National Bank Financial and Canaccord Genuity) has been a key financial advisor and partner to the previous and current SilverCrest teams through the development of Santa Elena, the sale of the SilverCrest Mines to First Majestic Silver Corp. and the three financings for SilverCrest Metals. This relationship provides strong continuity as he transitions to his new role.

Review & Update (2018-03-02):

Almadex Minerals Ltd. (Toronto-AMZ/USOTC-AXDDF; 48,453,869 shares @ US$1.25 = US$61 million market cap) – This company’s shares skyrocketed on Feb. 26 when management announced that Newcrest Mining Limited was acquiring a 19.9% interest in Almadex Minerals Ltd. through the purchase of 14,025,312 common shares of Almadex at C$1.36 per share, bringing C$19,074,425 into the Almadex treasury.

But that’s not all. In conjunction with the closing of that private placement, Almadex is once again planning a spinout of its earlier-stage exploration projects into a SpinCo with shareholders of Almadex gaining shares in SpinCo in the same proportion to their holdings in Almadex.

Without a doubt, Almadex has been the most successful project generator I have followed in this letter. The closing of this deal will then be the second spinout the company has carried out after they had developed a major deposit. In the last go-round, the company developed the Ixtaca Deposit before spinning out lesser developed assets, including the El Cobre Property, which is the jewel that Newcrest obviously has its eyes on this time. Subscribers to this letter who held shares of what was then Almaden, received
shares in the new company named Almadex at a value of US$0.08 per share. Thanks to the emergence of still another major gold deposit discovery, the shares of Almadex are now worth about US$1.13, or 1,360% more than when they were spun out.

This deal is structured very much like the last successful deal. Almadex’s early-stage exploration projects, royalty interests and certain other non-core assets will be transferred to a newly incorporated company (SpinCo). Almadex shareholders will receive one share of SpinCo for each share of Almadex it holds. SpinCo will hold the following key assets:

- a portfolio consisting of interests in 18 exploration projects;
- a 1.75% Net Smelter Return ("NSR") royalty on the Company's El Cobre property in Mexico;
- a 2% NSR royalty on the Tuligtic property in Mexico, which hosts the Ixtaca gold-silver development project which is operated by Almaden Minerals Ltd.;
- a portfolio of 15 additional NSR royalties on exploration projects in Mexico, Canada and the United States identified through the Company's past prospect generator activities;
- up to 4 million shares of Almadex;
- at a minimum, sufficient working capital to satisfy stock exchange requirements.

Obviously, the El Cobre gold/copper porphyry project will remain in Almadex.

As part of the reorganization, Almadex’s current shareholders will receive shares of SpinCo by way of a share exchange, pursuant to which each existing share of Almadex is exchanged for one “new” share of Almadex and one share of SpinCo.

Management explained the reason for this spinout as follows: “The Company is undertaking the reorganization in order to focus on the development of its El Cobre gold-copper porphyry project, which is located in the state of Veracruz, Mexico. The spinout transaction allows the Company to raise funding necessary to advance the El Cobre project without diluting shareholders’ interests in the other assets in the portfolio (see details on the Newcrest private placement below). The spin-out transaction should also unlock value for a group of assets that have gone largely unrecognized by allowing the market to value the Company's El Cobre project independently of its early stage mineral exploration and royalty business. In addition to allowing the Company to continue to focus efforts on developing El Cobre, the Company is confident that having a separately funded and managed mineral exploration and royalty business will accelerate development of the exploration projects in SpinCo.

SpinCo will be managed by Almadex’s current team of officers and its Board of Directors will initially be comprised of the same individuals as the Company's board.

For those of you who may not be familiar with Newcrest Mining, it is one of the world’s largest gold mining companies, operating mines in Australia and Asia Pacific and Africa regions. Newcrest has extensive experience developing and operating successful mines in culturally and geographically diverse environments, and also seeks to identify and secure large mineral districts, or provinces, in order to establish long term mining operations. Newcrest has extensive experience in exploring and operating gold and copper porphyry deposits through its ownership of the Cadia Hill operation in NSW, Australia, and its interest in the Wafi-Golpu project in Papua New Guinea.

My only personal regret with regard to Almadex is that I didn’t have the patience to sit with this stock because, even as the good drill intercepts kept pouring in on the El Cobre Project, the stock was not responding much to the constant flow of very large, strong gold intercepts. It just goes to show you that you need to be patient in markets like the current one when the gold mining sector is largely unnoticed by masses of investors who seem to be more enticed by blockchain and marijuana stocks. Eventually cream rises to the top and the father/son management team at Almadex have proven with their low-cost exploration style that they are the cream of the crop among project generators.

**Review & Update (2018-03-09):**

Maple Gold Mines (Traded Toronto-MGM/USOTC-MGMLF; 183,677,138 shares outstanding @ US$0.17 = US$31 million market cap) – This is another junior exploration story that I feel isn’t getting the attention it deserves. Its management team has been strengthened since I first added it to this letter at US$0.047 per share. So we have enjoyed a nice paper profit to date. But I feel confident, now that a stronger management team and funding capability are in hand, that the biggest gains by far are yet to come, assuming of course that the gold bull market remains intact.

With a resource of well over 3 million ounces at hand now and with a massive exploration program about to get underway, I believe those numbers are likely to grow very considerably with work carried out this year.
In a news release of March 8, management announced receipt of drilling permits on its Douay Gold Project and the intention to use those permits to target several known higher-grade plumes with variable diameters, with limited follow-up drilling within 100 meters to 250 meters in several directions in some cases. Therefore, management believes these areas represent a significant opportunity to add higher-grade resources to the deposit.

Management announced that the company is currently drilling one of these high-priority extension targets on the southeast edge of the Porphyry Zone with a fence of three drill holes that will aim to extend that mineralization beyond the current resource model. This drilling will build on previous intercepts of 4.08 grams per tonne gold (uncut) over 28 meters from 82 m, including 8.4 g/t Au over 11 m in Hole DO-11-61, as well as 2.33 g/t Au (uncut) over 24.4 m from 120.4 m in Hole D93-16 (all lengths are down the hole).

In the March 8 news release, the company’s President Matthew Horner commented, “Our team spent significant time generating drill targets during the back half of 2017. Now that we received our final permit last week, we are ramping up and moving drill rigs to our most exciting targets. Drill results will be announced in batches as drilling is completed on specific target areas so our shareholders can follow the progress of our various objectives.”

I’m passing this on to you simply to suggest that you keep your eyes on drilling results through this year. I happen to believe that the Douay Project can become one of Canada’s larger open-pit gold mines. If I’m right, as that picture begins to emerge, these shares should move much higher.

Review & Update (2018-03-09):

dynaCERT Inc. (Toronto-DYA/USOTC-DYFSF; 246,108,921 shares @ US$0.28 = US$69 million market cap) – Having picked up this stock 1½ years ago at US$0.38, the performance of dynaCERT can only be described as lackluster at best. Anytime a new technology is introduced to a market, it is bound to encounter some resistance, so the up’s and down’s displayed in the chart on your left should be no surprise. In addition, the company was hurt badly early in 2017 by non-functioning electronics from a supplier, for which management has filed a claim in Ontario Superior Court for damages in the amount of C$47.7 million to recover costs, lost revenue, and damages associated with non-functioning electronics.

Even if the company receives the C$47.7 million it seeks through litigation, that won’t compensate for lost time in moving the company...
management always believed that was highly likely. But on the other hand, management always believed that was highly likely. But on the other hand, even if those prospects are not yet reflected in the stock price. Since we picked up this story (on September 19, 2017, to be exact), a new mineralized zone, namely, the Bridge Zone, was discovered. Since then the company drilled 10 additional holes into that zone with excellent results frequently ranging in the 10% to 14% lead-zinc range over intersections of 4 to 9 meters. If you go to the company’s website or to www.Miningstocks.com to read the press release, you can get an idea of
how the various known zones plus the new zone are emerging into one sizeable deposit. Regarding the company’s press release put out on February 13, 2018, Vendetta President & CEO Michael Williams stated: “These additional results from the Bridge Zone discovery continue to support the high-grade continuity of this zone. Potential development of the Bridge Zone is enhanced by its proximity to the main optimised pit shell at Pegmont, the closest drill intersection to date lying only 120 m to the east and 50 m below the pit shell. We look forward to adding the Bridge Zone to the Mineral Resource Estimate, which the Company is working to have completed by the end of March. There remains significant potential to develop the Bridge Zone further; this will form part of the 2018 drilling program.”

If this were a gold stock story I don’t think these shares would be languishing as badly as they are now. But the economic picture here has to be improving, and the need for ore by two competing potential bidders is still what makes this story very attractive and likely to be bid away at a much higher price than the US$0.21 at which it was added to this letter. For that reason, I am personally holding on to my shares, which are down 35% from what I paid for them. If you don’t own any, you can pick some up at a 35% discount from what I paid.

**OUR APOLOGIES:** Due to the volume of reports written during the month, it is impossible to publish nearly all of the important weekly commentaries in our monthly issue. Accordingly this week we were forced to omit commentary on Corvus Gold, TerraX Minerals, Osisko Gold Royalties, and Goldmoney Inc. Be sure to read our weekly letter to optimize your subscription.

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**PORTFOLIO SCORECARD**

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<tr>
<td>Calibre Mining Corp.</td>
<td>T</td>
<td>CXB</td>
<td>CBKMFF</td>
<td>Exploration &amp; Dev. Au/AG in Nicaragua</td>
<td>$0.10</td>
<td>2/3/17</td>
<td>0.18</td>
<td>$0.06</td>
<td>-40.27%</td>
<td>BUY</td>
</tr>
<tr>
<td>Mirasol Resources, Inc</td>
<td>T</td>
<td>MRZ</td>
<td>MRZF</td>
<td>Prospect generator in Chile &amp; Argentina</td>
<td>$1.29</td>
<td>7/12/13</td>
<td>1.38</td>
<td>$1.66</td>
<td>28.31%</td>
<td>BUY</td>
</tr>
<tr>
<td>Riverside Resources, Inc</td>
<td>T</td>
<td>RRI</td>
<td>RVSDF</td>
<td>Prospect generator in Mex, U.S. &amp; B.C.</td>
<td>$0.29</td>
<td>8/27/07</td>
<td>0.50</td>
<td>$0.19</td>
<td>-32.60%</td>
<td>BUY</td>
</tr>
<tr>
<td>San Marco Resources Inc.</td>
<td>T</td>
<td>SNN</td>
<td>SMHEF</td>
<td>Prospect generator in Sonora Mexico</td>
<td>$0.14</td>
<td>2/3/17</td>
<td>0.15</td>
<td>$0.20</td>
<td>48.44%</td>
<td>BUY</td>
</tr>
<tr>
<td>Strategic Metals Ltd.</td>
<td>T</td>
<td>SMO</td>
<td>SMZDF</td>
<td>Prospect generator in the Yukon</td>
<td>$0.41</td>
<td>12/2/16</td>
<td>0.34</td>
<td>$0.33</td>
<td>-4.45%</td>
<td>BUY</td>
</tr>
</tbody>
</table>

**J Taylor’s Average Gain (Loss) on Prospect Generator Stocks**: 8.45% 218.22% ---

**GOLD & SILVER PRODUCERS (“A1” Progress Companies)**

<table>
<thead>
<tr>
<th>Security</th>
<th>Exch</th>
<th>Ticker</th>
<th>R</th>
<th>Company Activity/Comments</th>
<th>Price 1/18</th>
<th>Initial Date</th>
<th>Initial Price</th>
<th>Price 3/14</th>
<th>2018 Overall Gain</th>
<th>Buy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avno Silver &amp; Gold</td>
<td>N</td>
<td>ASM</td>
<td>ASM</td>
<td>Silver &amp; gold producer - Durango Mexico</td>
<td>$1.37</td>
<td>5/2/14</td>
<td>1.81</td>
<td>$1.33</td>
<td>-2.94%</td>
<td>BUY</td>
</tr>
<tr>
<td>Dynacor Gold Mines</td>
<td>T</td>
<td>DNG</td>
<td>DNGDF</td>
<td>Peru Ore purchase production and gold expl.</td>
<td>$1.32</td>
<td>8/3/10</td>
<td>0.32</td>
<td>$1.51</td>
<td>41.0%</td>
<td>BUY</td>
</tr>
<tr>
<td>First Majestic Silver Corp.</td>
<td>N</td>
<td>FR</td>
<td>AG</td>
<td>Silver Mining in Mexico. Acquired Silvercrest</td>
<td>$6.74</td>
<td>10/1/15</td>
<td>6.46</td>
<td>$5.98</td>
<td>-11.28%</td>
<td>BUY</td>
</tr>
<tr>
<td>GAMCO Global Gold</td>
<td>N</td>
<td>NFA</td>
<td>GGN</td>
<td>Sells covered call options on gold mining stocks</td>
<td>$5.21</td>
<td>11/6/15</td>
<td>5.32</td>
<td>$4.93</td>
<td>-2.50%</td>
<td>BUY</td>
</tr>
<tr>
<td>Klondex Mines</td>
<td>T</td>
<td>KDX</td>
<td>KLDX</td>
<td>Explore/Develop high grade gold in Nevada</td>
<td>$2.59</td>
<td>12/5/10</td>
<td>2.29</td>
<td>$1.52</td>
<td>-41.35%</td>
<td>BUY</td>
</tr>
<tr>
<td>Kirkland Lake Gold</td>
<td>T</td>
<td>KL</td>
<td>KL</td>
<td>Gold mining in Australia &amp; Canada</td>
<td>$15.33</td>
<td>10/9/15</td>
<td>2.32</td>
<td>$15.53</td>
<td>1.29%</td>
<td>BUY</td>
</tr>
<tr>
<td>Metalla Royalty &amp; Streaming</td>
<td>T</td>
<td>MTA</td>
<td>MTAFF</td>
<td>Streaming and royalty Company NA, SA, Africa</td>
<td>$0.53</td>
<td>11/24/17</td>
<td>0.45</td>
<td>$0.49</td>
<td>-7.35%</td>
<td>BUY</td>
</tr>
<tr>
<td>Osisko Gold Royalties</td>
<td>T</td>
<td>OR</td>
<td>OR</td>
<td>Gold Royalty Co.with 5% NSR on Malartic Pj</td>
<td>$11.55</td>
<td>6/27/14</td>
<td>14.98</td>
<td>$9.74</td>
<td>-15.7%</td>
<td>BUY</td>
</tr>
<tr>
<td>Sandstorm Gold Ltd</td>
<td>T</td>
<td>SSL</td>
<td>SAND</td>
<td>Gold royalty co. applies Silver Wheaton Model</td>
<td>$5.00</td>
<td>5/22/09</td>
<td>5.90</td>
<td>$4.52</td>
<td>-9.43%</td>
<td>BUY</td>
</tr>
</tbody>
</table>

**J Taylor’s Average Gain (Loss) on Progress A1 Gold Stocks**: -6.84% 77.30% ---
Golden & Silver Exploration Stocks ("A2", "A3", "A4" Progress companies)

- **Amano Gold Corp.**
  - Ticker: AGC
  - CAN: AGCBF
  - Description: Exploration & Development projects in Brazil
  - Price: $0.26
  - Initial Date: 12/6/18
- **Conus Gold Inc.**
  - Ticker: COR
  - CAN: CORVF
  - Description: Exploration & Development gold in Nevada
  - Price: $1.31
  - Initial Date: 2/7/14
- **Dill Mining Ltd.**
  - Ticker: OLA
  - CAN: OHMLF
  - Description: Exploration & Development gold in Panama/Mexico
  - Price: $1.42
  - Initial Date: 6/30/17
- **Osisko Mining Inc.**
  - Ticker: OSK
  - CAN: D3K
  - Description: Gold Exploration & Development in Ontario
  - Price: $2.70
  - Initial Date: 10/6/16
- **Sage Gold Inc.**
  - Ticker: SGX
  - CAN: SGQDF
  - Description: Gold Exploration & Development in Ontario
  - Price: $0.3
  - Initial Date: 3/24/17
- **Seabridge Gold Inc.**
  - Ticker: SEA
  - CAN: SA
  - Description: Exploration & Development in B.C.
  - Price: $11.80
  - Initial Date: 9/8/17
- **Skeena Resources Ltd.**
  - Ticker: SKR
  - CAN: SKHAF
  - Description: Exploration & Development gold & Copper in B.C.'s Golden Triangle
  - Price: $0.56
  - Initial Date: 2/1/17
- **Telson Mining Corp.**
  - Ticker: TSN
  - CAN: SCHFF
  - Description: Exploration, Development of gold in Mexico.
  - Price: $0.27
  - Initial Date: 1/7/17
- **TriMetals Mining Inc.**
  - Ticker: TMI
  - CAN: TMAF
  - Description: Developing the Cold Springs proj, Nevada
  - Price: $0.12
  - Initial Date: 4/8/14
- **U.S. Gold Exploration & Dev. gold in Wyoming & Nevada**
  - Ticker: UAG
  - CAN: U2G
  - Description: Exploration & Development gold in Wyoming & Nevada
  - Price: $1.15
  - Initial Date: 5/24/17
- **Ascot Resources**
  - Ticker: ADT
  - CAN: ASOLF
  - Description: Development of gold projects in B.C.
  - Price: $1.21
  - Initial Date: 6/10/16
- **Auryn Resources Inc.**
  - Ticker: AUR
  - CAN: AUG
  - Description: Exploration & Development, Au in Nunavut
  - Price: $1.65
  - Initial Date: 2/20/15
- **Balmoral Resources Ltd.**
  - Ticker: BA
  - CAN: BALMF
  - Description: Explore & Develop gold in Quebec
  - Price: $0.44
  - Initial Date: 12/7/12
- **Bonterra Resources**
  - Ticker: BTR
  - CAN: BONKF
  - Description: Exploration & Development in Quebec and Ontario
  - Price: $0.46
  - Initial Date: 11/8/17
- **California Gold Mining Inc.**
  - Ticker: CGM
  - CAN: CGFGR
  - Description: Exploration & Development in California, Mother Lode
  - Price: $0.30
  - Initial Date: 12/8/17
- **Coral Gold Resources**
  - Ticker: CLH
  - CAN: CLHAF
  - Description: Exploration & Development gold in Nevada
  - Price: $0.28
  - Initial Date: 7/9/15
- **Equinox Gold**
  - Ticker: EQX
  - CAN: EWLCF
  - Description: Exploration & Development gold in Mexico
  - Price: $0.95
  - Initial Date: 10/16/16
- **GMV Minerals Inc.**
  - Ticker: GMV
  - CAN: GMVVF
  - Description: Development of gold project in Arizona
  - Price: $0.23
  - Initial Date: 3/27/05
- **Genesis Metals Corp.**
  - Ticker: GSC
  - CAN: GGFSP
  - Description: Development of gold projects in Quebec & Ont
  - Price: $0.09
  - Initial Date: 4/7/17
- **Maple Gold Mines**
  - Ticker: MRM
  - CAN: MGMLF
  - Description: Developing Doyau Gold Prospect in Quebec
  - Price: $0.21
  - Initial Date: 3/15/15
- **Triumph Gold**
  - Ticker: TIG
  - CAN: TGCF
  - Description: Exploration & Development Freegold Mountain - Yukon
  - Price: $0.22
  - Initial Date: 3/31/17
- **Northern Empire Hesc**
  - Ticker: NTM
  - CAN: P5SGF
  - Description: Exploration/Development in Ontario
  - Price: $0.75
  - Initial Date: 9/29/17
- **Novo Resources Corp.**
  - Ticker: NVO
  - CAN: NSRPF
  - Description: Exploration/Development in Western Australia
  - Price: $2.94
  - Initial Date: 8/8/13
- **Osprey Gold Development**
  - Ticker: OS
  - CAN: OSSPF
  - Description: Exploration & Development Nova Scotia
  - Price: $0.08
  - Initial Date: 6/18/17
- **Hiscock Resources**
  - Ticker: HIS
  - CAN: HSFF
  - Description: Exploration & Development in Quebec & Ontario
  - Price: $0.32
  - Initial Date: 8/24/16
- **Adamec Minerals Corp.**
  - Ticker: ADZ
  - CAN: ADZHF
  - Description: Exploration & Development in Western Washington State
  - Price: $0.08
  - Initial Date: 12/17/16
- **Goldsource Mines Inc.**
  - Ticker: GXS
  - CAN: GXXSF
  - Description: Developing a saprolite gold mine in Guyana
  - Price: $0.05
  - Initial Date: 12/14/14
- **Great Bear Resources**
  - Ticker: GBR
  - CAN: GBRRF
  - Description: Exploration & Development - Red Lake Ontario
  - Price: $0.46
  - Initial Date: 12/6/18
- **Klondike Gold Corp.**
  - Ticker: KGD
  - CAN: KDGPF
  - Description: Exploration & Development gold projects in Yukon
  - Price: $0.28
  - Initial Date: 4/8/16
- **Mountain/Mountain Resources**
  - Ticker: MMY
  - CAN: MMYAF
  - Description: Exploration. For the next "Homestake" in South Dakota
  - Price: $0.27
  - Initial Date: 1/21/17
- **Newrange Gold Corp.**
  - Ticker: NRG
  - CAN: NRGBF
  - Description: Exploration & Development of the Panico Gold project in Nevada
  - Price: $0.30
  - Initial Date: 4/8/17
- **Precipitate Gold**
  - Ticker: PRG
  - CAN: PRGF
  - Description: Exploration & Development gold in Dominican Republic & Mexico
  - Price: $0.08
  - Initial Date: 3/21/17
- **Silvercrest Metals Inc.**
  - Ticker: SLC
  - CAN: SLCVF
  - Description: Exploration, development, AG, Au in Mexico
  - Price: $1.42
  - Initial Date: 11/15/15
- **TerraX Minerals Inc.**
  - Ticker: TXH
  - CAN: TXHFF
  - Description: Exploration & Development in NSW
  - Price: $0.42
  - Initial Date: 8/22/14

**J Taylor's Average Gain (Loss) on Progress A2, A3, A4 Gold Stocks**

- **Energy & Tech Stocks**
- **Precious Metals & Hedge Funds**

**Average Gain (Loss) on Energy & Tech Stocks**

- **S&P 500 Index**

**CHART EXPLANATION**

- Exch. = American; N = New York; O = NASDAQ/Bulletin Board/Pink Sheets; T = Canadian Exchange
- P=PROGRESS RATING = A1 = Currently Operating, A2=Not in operation but with pre-feasibility or feasibility study in hand; A3 = No feasibility study but indications of a commercially viable mineral deposit. A4 = A mineral resource not yet delineated but based on size of mineral bearing structures and early geological work, potential for outlining an ore body appears good.
- **2018 CLOSED POSITIONS:**

  - Millrock Resources +31.46%
  - Artemis Resources ~10.64% and Colorado Resources -72.2%

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