

Bottoming

In gold, the bottom of a correction isn't so much a point as a process.

We've been in that process for a couple of months, but now the evidence is growing that the transition is ending.

By Brien Lundin

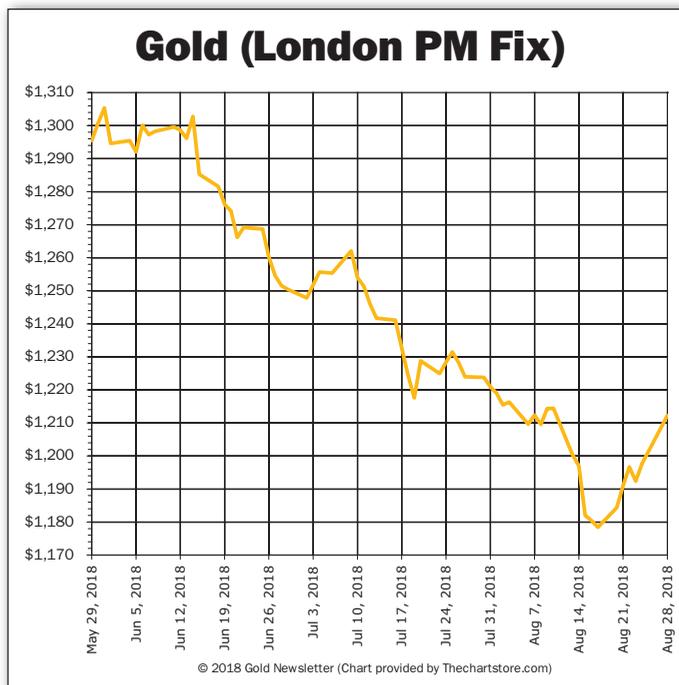
You'll notice that my one-word headline above lacks a question mark. That's not because I'm willing to go out on a limb and call the turnaround in gold. I'm smarter than that — or at least too experienced.

One thing I've realized over the third of a century that I've been watching gold on a daily basis is that the first time it looks like gold has bottomed, it hasn't. And usually not the second either. And often neither the third nor fourth.

Speaking anthropomorphically, gold seems to always want to twist the knife in gold bulls that have somehow managed to hold on until the end of a down cycle. It's done that more than once over the past couple of months.

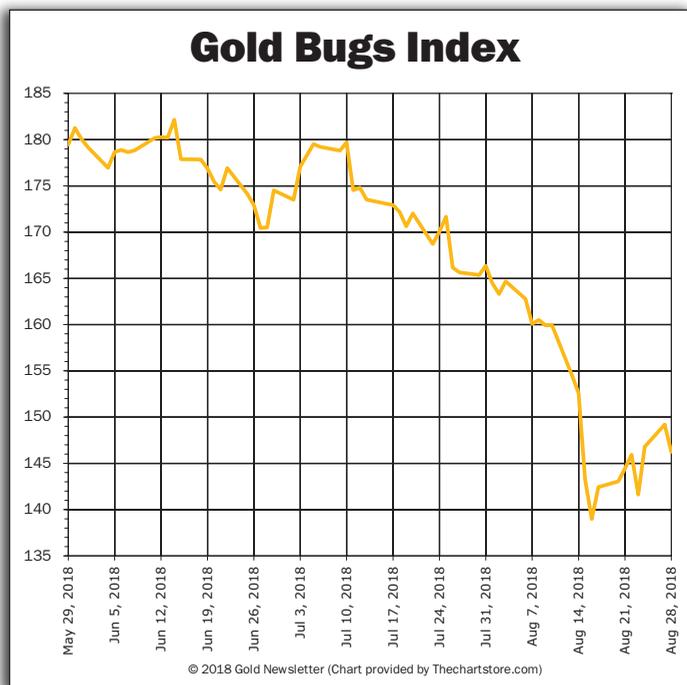
So today, as always, it's been very difficult and frustrating to call the bottom in gold.

One way around this is to look at it as a process rather than a single point, and from that standpoint it's obvious that gold has been involved in this process for weeks. And while I won't venture to say that the transition has been completed, I have to note that there is now compelling evidence that it has.



INSIDE:
5 Mining Share Updates
30 Potpourri

First off, simply consider our basic charts of the gold price and the Gold Bugs index of gold mining stocks (faithfully supplied, as usual, by TheChartStore.com). Both gold and gold stocks have clearly reversed course to the upside. I'll get into some of our more-technical charts in a bit, but for now these show a very simple and powerful story.



There are many other factors arguing for a turn-around in gold, including seasonality, some progress on the trade front, a renewed slide in the U.S. dollar and the likelihood — still unrecognized by the vast majority of investors — that the Fed’s rate-hike campaign will end next year.

As I review what I wrote in last month’s issue, it’s obvious that I covered many of these factors there. So rather than rehash many of the bigger points, let’s review what’s changed since then.

AN APPARENT REVERSAL OF MISFORTUNE

Last month I noted that a rebound in gold appeared imminent. Thankfully, I didn’t say it had already occurred, because gold quickly continued its slide after that issue was published. In fact, it plummeted on Monday, August 13 through critical support at \$1,200.

Over the next couple of days it continued falling, at one point nearly touching \$1,160 on August 15.

But then, as you can see, it reversed course and began climbing. Last Friday, August 24, saw a big \$20 move after Fed Chair Powell’s Jackson Hole speech was deemed slightly dovish.

Encouraging, to say the least. But not enough for me to tempt fate...or tease gold into twisting the knife one more time...by definitively calling the bottom.

As I said, it’s much more constructive to look at this as a process, recognizing that we’ll never pick the absolute low point, realizing that much higher prices are ahead, and concentrating on picking up the many bargains that are now on offer.

One curious thing I will note, though, is that the very tight inverse correlation between gold and the U.S. dollar has weakened somewhat over the last few trading sessions. Rather than responding to dollar strength or weakness, it seems as if gold has been driven more by headline news such as Powell’s dovish speech (gold rose) or an unexpected spike in consumer sentiment (gold fell).

It’s only been a very short-term phenomenon at this point, so perhaps I’m over-analyzing things. But it bears watching.

The good news for our readers, however, has come from other fronts...

OUR STOCK RECOMMENDATIONS ARE TAKING OFF

Even though gold hasn’t decisively turned a corner since our last issue was published, we can take comfort in the fact that a number of our exploration picks have begun to generate big returns.

Four of the junior resource company bargains that I urged readers to buy last month — **Aben**

Resources, Great Bear Resources, Northern Empire and Triumph Gold — have taken off in the meantime on good news. In fact, Aben more than doubled and Great Bear is now sitting at well over a triple from the price levels in our last issue.

In the case of Northern Empire, the gains came as the company agree to a take-over. For the other three, good drilling news lit the fuses under their stocks.

This of course highlights two factors at work:

- 1) M&A Activity — the major mining companies are seeing the same signs of a turn-around in metals, and we can expect that they'll soon get more aggressive in locking up resources before they get too expensive. Let's hope for a feeding frenzy.
- 2) Results are starting to come in from the summer drill programs in the northern hemisphere. The Golden Triangle and the Yukon are two areas we're continuing to watch closely.

We cover the news on all four of these companies in our Mining Share Update section, so look there for the exciting details. The key thing to remember is that the chance to buy these undervalued stocks is brief, and passing soon.

Oh, and one other thing: Every one of these winners was previewed in our Gold Newsletter Alert Service, which provides you with my weekly commentaries on the markets as well as specific, late-breaking opportunities. You also get an advance copy of each monthly issue of Gold Newsletter.

If you're a serious investor in this sector, and if you recognize that the market is in the process of turning around right now, you should without question upgrade to our Alert Service. To do so, just [click here](#).

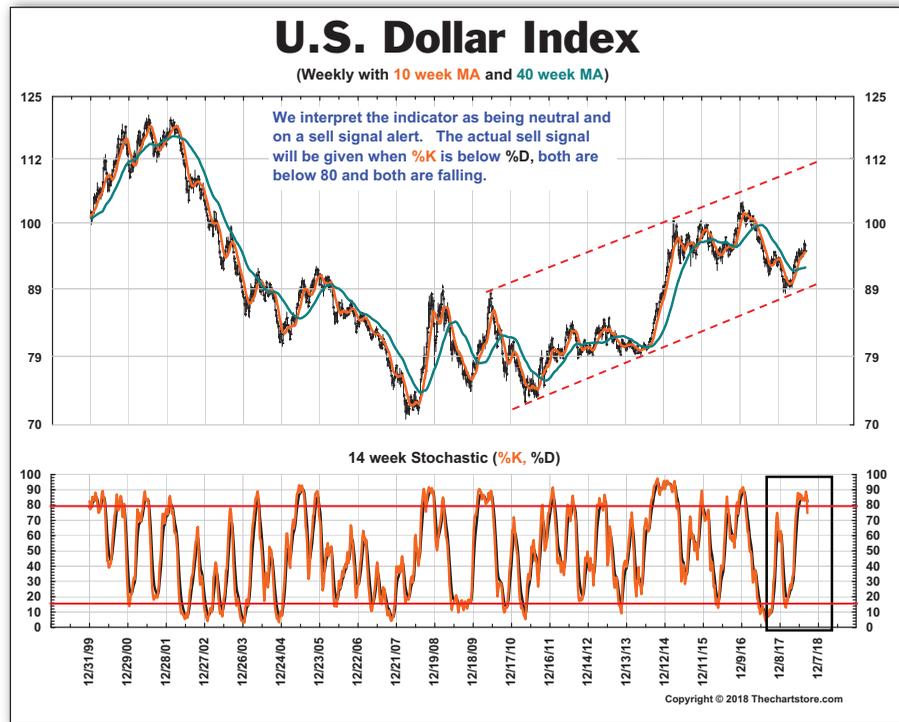
TECHNICALLY SPEAKING...

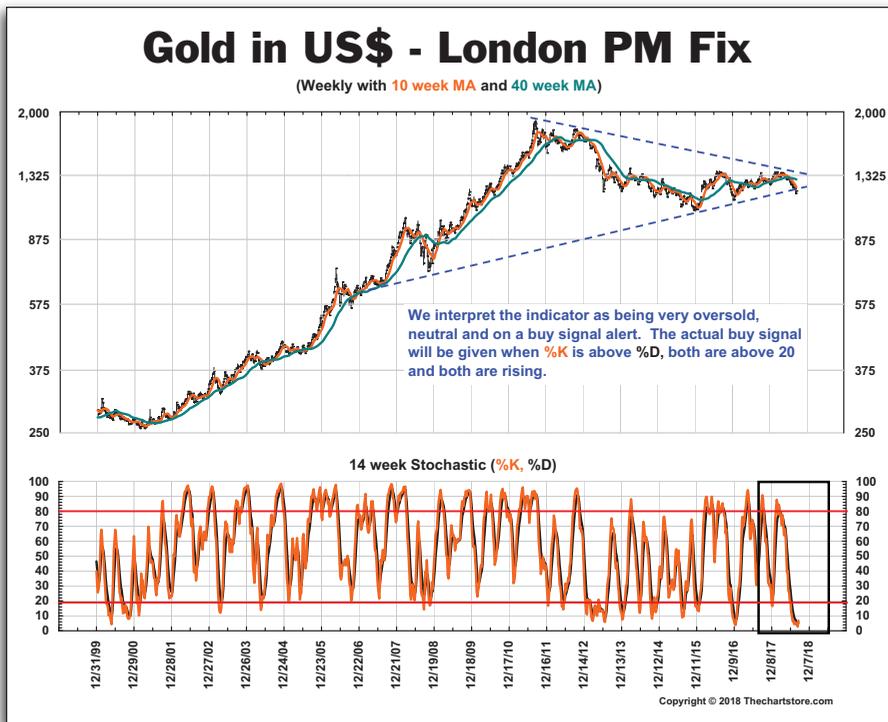
Perhaps the most compelling indicators arguing that gold has already bottomed, or at least is in the process of doing so, are technical in nature.

First off, we have to recognize how significantly oversold gold is right now, and how the structure of the paper gold market (i.e., futures and options) has turned remarkably bullish.

For example, I've been noting that the large speculators, as categorized in the CFTC's Commitments of Traders reports, have become increasingly bearish on gold.

As long-time gold investors know well, the speculators typically get the direction of the price trend wrong — they're very bullish (and long) at the tops and very bearish (with a low level of long bets, or even net short) at the very bottoms.





Last month I reported that the large speculators had actually gone short for the first time since late 2016. That’s an important point, as it marked the end of the long bear market in gold. I misstated what had happened, however, as it was only a sub-category within the large speculators — “managed money” traders — who had gone net short.

The larger category of large speculators, at that point, still had a slight net long position last month.

That’s now changed.

In fact, the large speculator category of traders is now net short...and for the first time since 2001.

Once again, that’s a significant point in time. In 2001 gold began a multi-year bull market — the longest and greatest bull run in the short history of freely trading gold — that created fortunes for those who rode it higher.

Over that time span, investors in this sector (and particularly Gold Newsletter readers) profited immensely as many junior resource stocks multiplied three, four, even 10 and 20 times over in price.

So the fact that the large speculators are not only bearish on gold’s prospects, but so bearish that they’re net short for the first time since gold began its greatest bull market so far, is a powerful indicator that we have to recognize.

Moving on to our technical charts this month, also supplied by Ron Griess of TheChartStore.com, we see in our chart of the Dollar Index that its 14-week stochastic is seemingly in the process of completing the topping formation that we’d expected. As Ron notes, the indicator is on the verge of delivering a sell signal.

If this trend continues, then we can expect a period of downward momentum lasting months. Obviously, gold would benefit from such a trend.

Speaking of which, our chart of gold with its 14-week stochastic shows, again, the mirror image of the dollar’s stochastic. Seemingly a bit earlier in the process than the dollar, gold appears to be rounding out its bottom, having lost downward momentum. As Ron notes here, gold is on the verge of delivering a buy signal.

So far, so good — these are precisely the patterns we’ve been predicting over the last couple of months. If they complete, we’ll know that the up-trend is in place.

That means your opportunity to get positioned in the best junior mining stocks at bargain levels will soon end.

As far as which companies to own, our next article will cover our portfolio, and reveal a cou-

ple of exciting new recommendations.

But one last word: If past form holds true and we're beginning another multi-year bull market in gold, you absolutely need to attend this year's [New Orleans Investment Conference](#). We have another blockbuster line-up of speakers this year, including the top experts in metals and mining.

You'll need to act soon, as our room block at the New Orleans Hilton is filling up quickly and we anticipate a complete sell-out. The last time this happened, there wasn't another room anywhere in the city.

So act quickly. And if you have any hesitation at all, ask anyone who attended the New Orleans Conference in 2001 how that worked out for them.

Mining Share Update



ABEN RESOURCES

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In a few weeks filled with blockbuster news by some of our top recommendations, Aben Resources was near the head of the pack with results from its Forrest Kerr property in British Columbia's fertile Golden Triangle region.

The company announced stellar drill results from Hole 10, the first hole drilled in this year's program, highlighted by 38.7 g/t gold over 10.0 meters, including 62.4 g/t over 6.0 meters, starting at 114 meters down-hole depth. This interval included an ultra-high-grade section of 331.0 g/t gold (9.65 oz/ton!) over 1.0 meter.

Importantly, that hole also cut three other high-grade intersections, all within 190 meters depth: 22.0 g/t gold and 22.4 g/t silver over 4.0 meters, 3.9 g/t gold over 13.0 meters and 8.2 g/t gold over 6.0 meters.

This hole came from the North Boundary zone and was located 230 meters north of an historic hole drilled by Noranda in 1991 that cut 326 g/t gold over 0.5 meter. It was also 35 meters northwest and along section from Holes 4, 5 and 6 from last year's drilling. That program was highlighted by Hole 5, which hit 21.5 g/t gold, 28.5 g/t silver and 3.1% copper over 6 meters.

Hole 10, again the first of this year's program with the big high-grade zones, essentially undercut Hole 5 from last year and extended the mineralization about 50 meters lower.

The fact that Hole 10 cut four high-grade zones is a sign that we'll see some good continuity in the mineralization. It also bodes well for Hole 11, drilled from the same pad as Hole 10, which may show further continuity.

The company reported that drilling is ongoing and results from more holes are on the way. Aben President/CEO

Jim Pettit noted that "We are now looking at an area that extends 230 meters south to the historic high-grade Noranda drill hole from 1991 and although the geology is complex we believe more drilling will delineate additional high-grade mineralization."

The key with this discovery is that, unlike that of GT Gold and some others, the high-grade mineralization is still relatively shallow. That's a huge benefit for the potential economics, should a deposit be delineated by further drilling.

The market took Aben's news very well, to say the least, sending the stock up 68% on very high volume the next day. At one point, it was trading up over 100% from the level before the news. (As a side note, I recommended Aben in a Gold Newsletter Alert a couple of days before these results came out, and those who acted on that recommendation had an opportunity to double their money very quickly. With this sector heating up like this, readers should consider upgrading to our [Alert Service](#).)

Aben soon after announced a C\$4.28 million financing led by Eric Sprott. Also participating were a couple of banking/marketing groups that, as part of their investing model, promote the stock widely. Therefore, while I expect that Aben will get more good drill results, I'm very confident that whatever results they produce will be trumpeted widely.

Subsequent to all of this news, Aben announced yet another discovery — this time of a "South Boundary" zone on the southwest end of the valley, about 1.5 kilometers south of the North Boundary target. Of the 16 holes drilled so far this season at Forrest Kerr, three were focused on this South Boundary area.

The first holes ever targeted here, all three reportedly intersected "numerous broad horizons of quartz-sulfide veins containing abundant pyrite and copper (chalcopyrite) mineralization" according to the company. Assay results for these holes, as well as more from North Boundary, are pending.

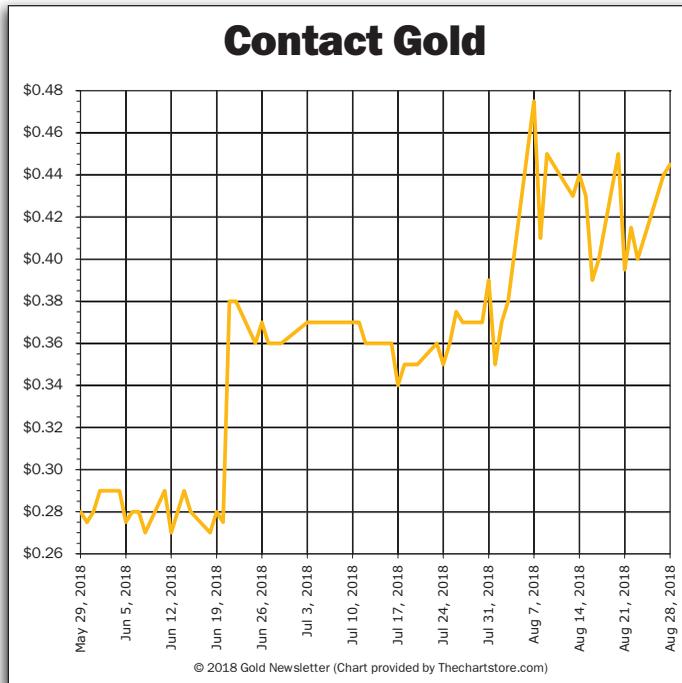
In my recent discussions with Aben management, my impression was that they are excited over the potential for not only more high-grade at North Boundary, but also the potential for significant discovery at South Boundary.

We'll see — and soon. Despite the big run-up we've seen after Aben's news, we'll advise holding onto it for now. Although we've had quite a streak lately, we have to remember that high-grade gold discovery stories like this are rare, which is why I'm holding onto my personal stake in Aben while we see where this one takes us.

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Aben Resources Ltd.

Recent Share Price:.....C\$0.41
Shares Outstanding:101.9 million
Market Cap:C\$41.8 million
Shares Outstanding
Fully Diluted:130.0 million
Market Cap
Fully Diluted:C\$53.3 million



CONTACT GOLD

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I added Contact Gold to our list last month based on their suite of Nevada gold projects, led by their Pony Creek project along the Carlin Trend.

The company had good news from ongoing drilling on Pony Creek earlier this month with the release of assays from 12 holes drilled on the property. Pony Creek, as you'll remember, lies adjacent to and southeast of Gold Standard's Railroad-Pinion mine and shares similar geologic characteristics to established deposits and targets on that property.

Highlights from Contact's most recent set of assays include Hole 18 (0.42 g/t gold over 33.53 meters, including 1.11 g/t gold over 4.5 meters). Drilled on Pony Creek's West target, this hole began near surface at 4.57 meters and tested a two-kilometer-long area of coincident gold-in-soil and geophysical anomalies.

While the grades weren't blockbuster by any means, they were important in both discovering a new zone and validating the exploration model.

Other highlight holes came from the historical resource hosting Bowl zone, located one kilometer to the south of the West target. Hole 12 cut 0.61 g/t over 21.34 meters from 103.63 meters, and Hole 7 intersected 0.18 g/t over 25.91 meters from surface.

All three holes generated oxide mineralization, making those grades imminently mineable, provided a large enough resource can be outlined at Pony Creek. Management is particularly high on the West target results, as they appear to lie along the same structure that hosts Bowl and (possibly) Gold Standard's Jasperoid Wash zone.

This latest round of assays is part of a larger, 16,000-meter program planned for Contact Gold's projects in 2018. Other Pony Creek targets that will see drilling during the year include the North zone, as well as the Moleen and Elliot Dome targets. The good results from the West target have convinced the company to probe it with another 12 holes this year.

Contact is collecting 4,000 soil samples at Pony Creek to identify future drill targets. The current drilling program will run through November.

So, we'll see plenty of news flow in the weeks ahead. Continued good results from Pony

Creek, combined with the area play buzz around Railroad-Pinion, have the ability to propel Contact's share price higher from here.

Success at the West target is a good indication of the feel the company's geologists have for this region. In anticipation of more good news along a similar vein in coming weeks, Contact Gold remains a buy.

Contact Gold Corp.

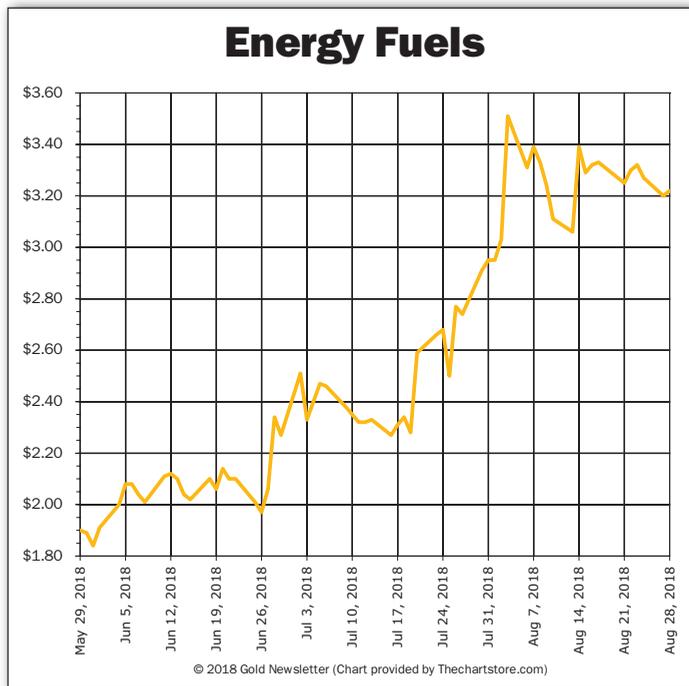
Recent Share Price:.....C\$0.47
 Shares Outstanding:.....50.1 million
 Market Cap:C\$23.5 million
 Shares Outstanding
 Fully Diluted:63.7 million
 Market Cap
 Fully Diluted:C\$29.9 million

ENERGY FUELS

UUUU.NYSE-A; EFR.TO
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 energyfuels.com

Energy Fuels' share price has run over 40% higher since the U.S. Department of Commerce announced it had initiated an investigation into Energy Fuels' and Ur-Energy's Section 232 petition concerning uranium imports.

As I reported last month, that move could eventually result in a bifurcated market for international and U.S. domestic uranium that would result in higher prices for U.S. producers like Energy Fuels. The market clearly agrees with that thesis, as Energy Fuels' share price surge demonstrates.



In the intervening weeks, the company has released its Q2 2018 financial results, acquired some Wyoming uranium royalties and given notice to the state that it plans to repay an \$8.3 million balance of debt.

In its second quarter, Energy Fuels realized \$26.9 million in revenue. That sum came from advancement of future deliveries of uranium under long-term contracts. The substantial top-line revenues flowed through to the bottom line, with the company earning \$7.1 million during the quarter.

The revenue breakdown included 500,000 pounds of U₃O₈ at \$53.55/pound, 400,000 pounds into long-term contracts at \$61.30/pound, and 100,000 pounds on the spot market at \$22.57/pound.

As the spot market price indicates, pending a future decision on domestic uranium supplies by the DOC, the uranium market continues to languish. It has, however, been propped up by Cameco's decision to permanently shutter its McArthur River mine and KazAtomProm's move to rein in production.

Given the current state of play in the market, Energy Fuels has elected to use its \$55 million

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working capital position to acquire those aforementioned royalties in Wyoming and to pay down debt.

The royalties include those on the company’s Nichols Ranch in-situ recovery (“ISR”) property in the state. These royalties were acquired from Excalibur Industries. Energy Fuels also bought royalties on ISR projects owned by Power Resources, a Cameco subsidiary.

Collectively, these royalties on a variety of Wyoming ISR properties have the potential to generate substantial cash flow for the domestic uranium producer, assuming the DOC and the Trump administration rule in its favor.

In the interim, Energy Fuels has paid off an \$8.3 million bond owed to the state of Wyoming. It plans to produce between 140,000 and 160,000 pounds of U₃O₈ at Nichols Ranch and to recover 320,000 to 360,000 pounds of U₃O₈ at its White Mesa Mill in Utah during the year.

In addition to the cash flow from this production, the company also plans to recover vanadium from pond solutions at White Mesa in 2018 and 2019. The move would seek to take advantage of sustained, higher vanadium prices.

The company wouldn’t be venturing in uncharted waters here. Its White Mesa mill produced at much as 1.5 million pounds of V₂O₅ in 2013, and 45 million pounds over its entire history. There’s as much as 4 million pounds of recoverable, dissolved V₂O₅ in the mill’s pond water that the company could recover over the next two years.

With vanadium prices bumping up against \$20/lb, it’s obvious why Energy Fuels is excited about this new initiative.

Taken together, these moves represent a thoughtful strategic plan to keep the company running in advance of the DOC decision. My advice: take advantage of any weakness in the interim to build or add to your position in Energy Fuels.

Energy Fuels Inc.

Recent Share Price:C\$3.22
Shares Outstanding:75.7 million
Market Cap:C\$243.8 million
Shares Outstanding
Fully Diluted:91.6 million
Market Cap
Fully Diluted:C\$294.9 million

GOLDEN REIGN RESOURCES

GRR.V; GRGNF.OB
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goldenreignresources.com

Golden Reign Resources and Marlin Gold have received board of director approval for the companies’ combination plan, which will include a restructuring of **Sailfish Royalty’s** (FISH.V; C\$1.06) gold stream in the newco’s San Albino project.

As both Golden Reign and Marlin are Gold Newsletter portfolio companies currently, there will likely be readers who own one or both. The deal calls for Golden Reign to acquire all of

Marlin’s outstanding shares at a ratio of 0.5138 a Golden Reign share for each share of Marlin held.

In addition, Marlin will distribute the 18,148,654 Golden Reign shares it already held at 0.1022 GRR shares for each Marlin Share held. The total ratio received by Marlin shareholders will be 0.6160 of a GRR share for each share of Marlin held. Once complete, Marlin shareholders will own 45% of the newco and Golden Reign shareholders will hold 55%.

The newco, to be dubbed Mako Mining, will begin life with over C\$6 million in cash, no debt and a high-potential development asset in Nicaragua. Because of the revised revenue agreement with Sailfish, that potential will essentially be unencumbered.

The deal calls for the Sailfish gold stream to be replaced by an equivalent 3% Net Smelter Royalty on San Albino and a 2% NSR on the surrounding area of interest.

The full details of this transaction are fairly involved, and I encourage you to visit the company’s website for a full accounting. The key for us as interested parties is that Mako Mining has a great story to tell in the months ahead.

The company will generate 28,000 ounces of gold-equivalent from its La Trinidad mine, with production from that project tailing off just as San Albino comes online in Q4 2019, to generate 42,000 ounces of gold equivalent on an annualized basis. Construction of a 500 tonne-per-day operation at San Albino will begin soon.

With combined resources of over 1 million ounces of gold and geographic diversification in Mexico and Nicaragua, Mako offers investors the type of gold production story that should outperform the market during gold’s next big run.

We’ll wait for the dust to settle on the transaction before recommending purchase of the new Mako. For now, it’s a hold.

Golden Reign Resources Ltd.

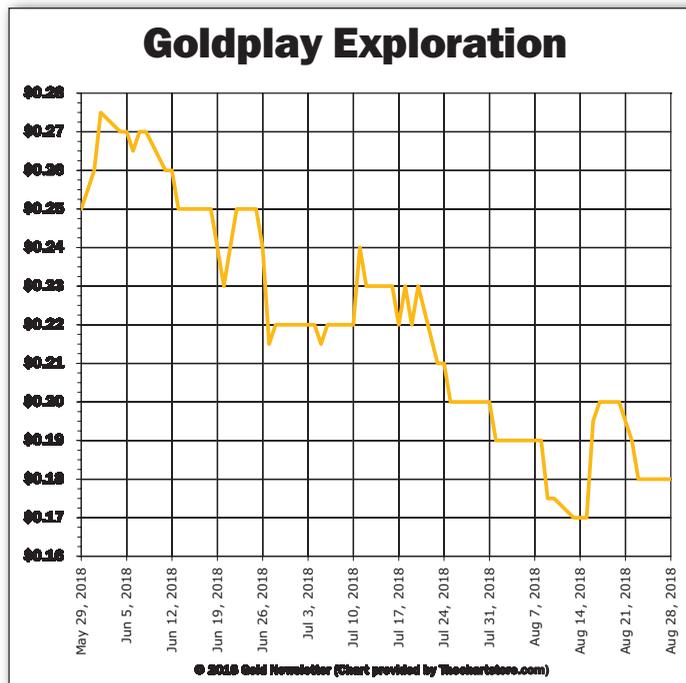
Recent Share Price:C\$0.20
 Shares Outstanding:192.1 million
 Market Cap:C\$38.4 million
 Shares Outstanding
 Fully Diluted:205.2 million
 Market Cap
 Fully Diluted:C\$41.0 million

**GOLDPLAY
 EXPLORATION**

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 goldplayexploration.com

With intriguing results from both its El Habal and San Marcial projects in Mexico’s Rosario District, Goldplay has been underscoring why I’ve been so enthused about this company.

At El Habal, the company released assays for four holes drilled to test for the continuity of near-surface mineralization. Highlights came from Hole 2 (77.5 meters of 0.43 g/t gold) and Hole 1



(15.4 meters of 1.35 g/t gold).

The company has identified a six-kilometer-long corridor of potential mineralization at El Habal and drilling is focused on expanding that mineralization along strike and down dip. Located within the historically prolific Rosario Mining District, the project boasts multiple mineral occurrences and has a long history of shallow mining operations.

In addition to follow-up drilling, Goldplay is also plying the property with an extensive sampling program to identify new targets.

Located on the eastern edge of Marlin/Mako's property boundary for La Trinidad, the San Marcial project actually has a large historical resource that includes an indicated resource of 18.0 million ounces of silver, 29.9 million pounds of zinc and 55.3 million pounds of lead. The historical inferred resource contains 4.4 million ounces of silver, 19.5 million pounds of zinc and 34.7 million pounds of lead.

That resource was based on a 2008 study on the project. Recently, Goldplay began sampling the historical core from a 2010 program at San Marcial that was not included in that estimate.

Of particular interest are the results from Hole 22 from that 2010 program. Sampling of that hole's drill core generated 19.5 meters of 157 g/t silver equivalent, including 1.5 meters of 1,285 g/t silver equivalent. In addition, the company recently also reported results from Hole 6 (46.0 meters at 129 g/t silver equivalent, including 1.5 meters of 1,079 g/t silver equivalent) and Hole 21 (17.5 meters of 239 g/t silver equivalent).

These results indicate Goldplay may be able to expand the resource when it puts out a new estimate for San Marcial that's up to NI 43-101 standards. The goal is to outline a higher-grade, bulk-mineable target on the project. Such a target could potentially provide a quicker payback on any capital costs to build a mine at San Marcial.

The latest sampling results are part of an ongoing exploration program on the project that includes outcrop sampling, underground working sampling, channel sampling and mapping and, upon receipt of drill permits, drilling. The drilling program will attempt to expand the known mineralization along strike and down dip.

So, plenty of news still to come from both El Habal and San Marcial. With a multi-million-ounce silver deposit on the verge of being upgraded to NI 43-101 compliance, Goldplay is a company with a tight share structure and tons of upside. It's still a buy.

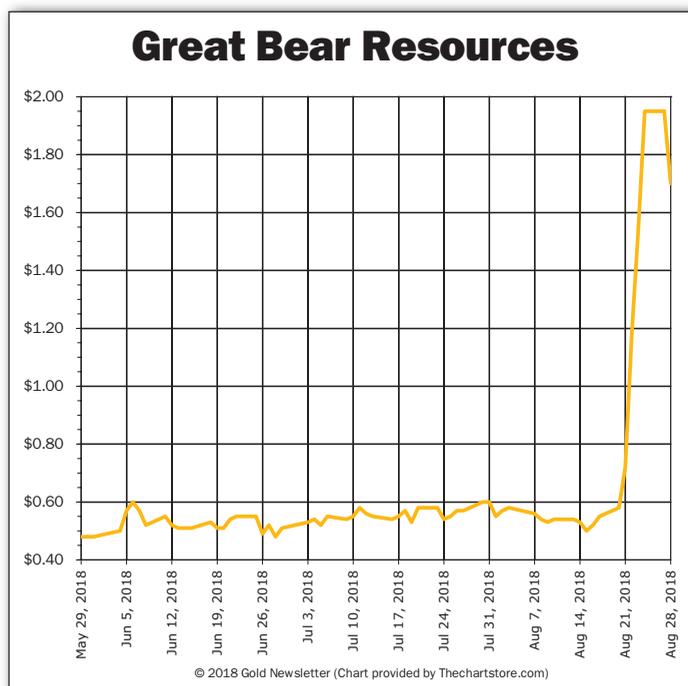
Goldplay Exploration Ltd.

Recent Share Price:C\$0.19
Shares Outstanding:34.2 million
Market Cap:C\$6.5 million
Shares Outstanding
Fully Diluted:38.5 million
Market Cap
Fully Diluted:C\$7.3 million

GREAT BEAR RESOURCES

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greatbearresources.ca

This month has also brought blockbuster drill results from Great Bear Re-



“Given the setting of these results in the fabled Red Lake district, the news sent Great Bear’s share price soaring — at one point the stock was trading at nearly four times the C\$0.55 price level where I had recommended it in our August issue a few weeks earlier.”

sources, which I’ve been recommending quite frequently in these pages over the past eight months.

As I noted last month, Great Bear has been busily conducting a 40-50 hole drill program on its Dixie project in the Red Lake district. It’s enjoyed an enviable hit rate from this drilling, with all 28 holes prior to the most recent release hitting gold along 2.3 kilometers of strike length.

The latest news kept that streak alive — although no one’s really too

concerned about any of the holes outside of the two that targeted the Hinge Zone. It is here that Great Bear’s geological team hoped to find higher-grade gold due to a folding of the structure that could have concentrated mineralizing fluids.

That theory was confirmed by the two announced holes from the Hinge zone:

- Hole DHZ-3 hit 16.35 meters of 26.91 g/t gold, including separate subintervals of 5.05 meters of 51.39 g/t gold and 1.0 meter of 112.63 g/t gold.
- Hole DHZ-4 returned 7.00 meters running 44.47 g/t gold, including 2.00 meters of 143.24 g/t gold, further including 1.00 meter of 224.03 g/t gold.

Given the setting of these results in the fabled Red Lake district, the news sent Great Bear’s share price soaring — at one point the stock was trading at nearly four times the C\$0.55 price level where I had recommended it in our August issue a few weeks earlier.

(As with Aben, I’d also recommended Great Bear for immediate purchase in an Alert about a week before these results came out. In this case, readers would have had the chance to enjoy gains of 275% within days. Those who acted on our Alert recommendation last December at C\$0.33 enjoyed even greater returns.)

Frankly, I fully expect more good news to come. The company’s very talented team, led by President/CEO Chris Taylor and Director/VP Exploration Bob Singh, has begun to figure out the sometimes complicated geology on the Dixie Lake project.

One thing the latest results show is that their theory regarding the Hinge Zone — that folding of the gold-bearing structure could concentrate mineralizing fluids and lead to larger, higher-grade zones — is working.

As Taylor noted in the release, “We recently recognized the potential for a transformative discovery at Great Bear’s Dixie project when we noted structurally controlled high grade gold within quartz veins, flanked by red-brown hydrothermal biotite alteration. These features, combined with increased grades and zone thicknesses at fold hinges, are key characteristics of high grade gold deposits currently in production in Red Lake. The missing piece at Dixie was whether we would also see gold enrichment at fold hinges at our project. We tested the fold hinge concept at shallow depths of approximately 100 vertical meters and successfully generated the high-grade gold results announced today.”

In other words, it’s very likely that more results like these are on the way.

As Singh noted in the company’s announcement: “In total the Hinge Zone has been intersected in 8 drill holes over 70 vertical meters, all of which contain high-grade gold. The zone remains open in all directions. We look forward to further testing the Hinge Zone and other new

discoveries through the remaining 5,000 meters and estimated 20-25 drill holes of our fully-funded summer 2018 drill program.”

It’s also important to note the context of this discovery. In the Red Lake district, high-grade gold shoots can exist and/or extend thousands of meters to depth. The high-grade hits announced in the latest holes were all less than 110 meters in depth.

So not only is there substantial deeper potential, but Great Bear is discovering high-grade, Red Lake gold that will be relatively easy and inexpensive to mine. Given the substantial infrastructure in the area, the payback period for an eventual mine could be measured in weeks rather than years.

That is...*if* an economic deposit is eventually delineated here.

That caveat noted, there’s no doubt that Great Bear has taken a few big steps toward that goal. Validating the model of high-grade gold in the structural folds makes it very likely that the company can build a significant, high-grade resource where the twin limbs of the structure come together in the Hinge Zone.

But even more exciting is the fact that there are at least 2.3 kilometers of strike, on each of two structural limbs, with the potential for more such folds. This is the potential that has captured the imagination of speculators and sent Great Bear’s share price rocketing higher.

As we’ve seen with other recent discoveries, the company was besieged with financing offers by notable investors, and it didn’t take long for it to pick a suitor to dance with.

In this case it was none other than Rob McEwen, of Red Lake and Goldcorp fame, who leaped to the forefront of this discovery story. Great Bear announced a C\$10 million financing with units priced at C\$1.45 (with half-warrants priced at C\$1.75), with Rob McEwen committing to C\$4.8 million of the financing and McEwen Mining taking down another C\$1.2 million.

With another C\$10 million in the treasury, it seems likely that the aforementioned summer drill program could be expanded quite substantially.

Considering McEwen’s track record of success in the Red Lake district, most notably of course with Goldcorp, his involvement also adds strong validation to Great Bear’s discovery. McEwen commented that he’s “excited to join the Great Bear team in the development of what I believe could be a significant new gold discovery in the Red Lake camp. Their technical work is excellent and I’m delighted to join forces with them to further unlock, once again, the riches of the world-class Red Lake gold camp.”

I join other Great Bear shareholders in hoping he’s very successful in this venture.

As far as what we do now, it’s very difficult to recommend purchase at this point, after having recommended Great Bear quite strongly for many months at much lower prices. Also, at what price would I recommend it? The share price has been exceedingly volatile in recent days.

Granted, this could be the next big Red Lake discovery. On the other hand, while I don’t expect it, the next batch of drill holes could fail to meet the current greatly elevated expectations. It’s a guessing game, and I won’t pretend to predict the near-term future.

All that said, high-grade, shallow

“But even more exciting is the fact that there are at least 2.3 kilometers of strike, on each of two structural limbs, with the potential for more such folds. This is the potential that has captured the imagination of speculators and sent Great Bear’s share price rocketing higher.”

Red Lake gold can capture investors' imaginations like nothing else. At a fully diluted market cap of about C\$80 million, there's considerable upside left if this story continues to prove out.

For now, though, we'll officially make Great Bear a hold.

Great Bear Resources Ltd.

Recent Share Price:C\$1.65
Shares Outstanding:30.3 million*
Market Cap:C\$49.9 million
Shares Outstanding
Fully Diluted:46.3* million
Market Cap
Fully Diluted:C\$76.4 million

*Projected post-financing

**GROUP ELEVEN
RESOURCES**

ZNG.V; GRLVF.OB

604-630-8839

groupelevenresources.com

I added Group Eleven Resources to our list last month based on the commanding land position it has taken in Ireland and the company's "Big Think" approach to assessing those projects for zinc mineralization.

The latest announcement from the company revolved around two holes drilled on the historical resource at its Ballinalack zinc-lead project. Group Eleven is exploring the project as a joint venture, with Group Eleven holding 60% of the project and Chinese company Shenzhen Zhongjin Lingnan Nonfemet ("Nonfemet") holding the other 40%.

Hole 1 from this effort was the first hole to test the Ballinalack fault below the historical estimate. That hole did not produce much in the way of assays, but it provided Group Eleven geologists with important information about the nature of the host structures at Ballinalack.

Hole 2 hit several key areas of mineralization, including a 10.3-meter interval of 8.9% zinc, 1.7% lead and 52 g/t silver and a 3.6-meter interval of 5.5% zinc and 0.6% lead. It also cut a lead-silver intercept of 3.1 meters grading 5.6% lead and 12 g/t silver and narrower zinc intercept of 1.1 meters of 4.6% zinc and 0.8% lead.

Both the structural information from Hole 1 and the mineralization at depth in Hole 2 will help Group Eleven vector in on the four Navan Beds targets that the company has identified at Ballinalack.

The initial data indicate that prior attempts to intercept that lower Navan Beds areas of mineralization were drilled too far down-dip. Additionally, the company is considering the implications of cross-faults controlling the mineralization on the property.

The historical estimate is contained within the Waulsortian limestone horizon, with the Navan Beds horizon lying below that mineralization. The Navan Beds are the host structure for the large Navan zinc deposit located 50

“Both the structural information from Hole 1 and the mineralization at depth in Hole 2 will help Group Eleven vector in on the four Navan Beds targets that the company has identified at Ballinalack.”

kilometers to the east of Ballinalack.

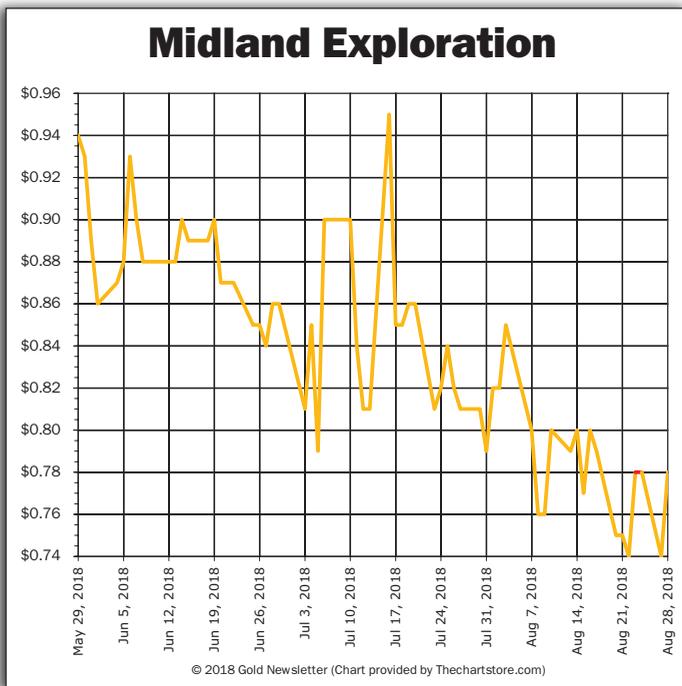
As the only zinc occurrence with significant mineralization in both horizons, Ballinalack is a prime target within Group Eleven’s sprawling, 3,200-square-kilometer land position in Ireland.

Along with its Stonepark project, a joint venture with Connemara Mining, this project will remain a key area of focus for the company for the balance of the year. The company is in the process of finalizing a six-month work plan and budget and will announce that program in the coming weeks.

Given the current market worry over trade wars, zinc stories, even compelling ones like Group Eleven’s, are selling at a discount. If you share my optimism that the trade war story will eventually fade into the background, this company is a great buy at current levels.

Group Eleven Resources Corp.

Recent Share Price:C\$0.16
 Shares Outstanding:59.8 million
 Market Cap:C\$9.6 million
 Shares Outstanding
 Fully Diluted:78.0 million
 Market Cap
 Fully Diluted:C\$12.5 million



MIDLAND EXPLORATION

MD.V; MIDLF.OB
 450-420-5977
 midlandexploration.com

Midland Exploration and JV-partner (and Gold Newsletter constituent) **Altius Minerals** (ALS.TO; C\$12.53) have amended their agreement to jointly explore Quebec’s James Bay area.

Under the agreement, Altius is exchanging its 50% interest in the Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria and Shire projects in exchange for 461,487 shares of Midland valued at C\$507,636. In addition, Altius will cover its portion of the Phase 2 budget for the James Bay alliance by subscribing for 198,386 common shares of Midland priced at C\$1.10.

The amended deal also calls for Altius to subscribe for more Midland shares based on the agreed-to budgets for their shared projects. All projects under the alliance come with 2% Net Smelter Return held in 50-50 partnership.

Meanwhile, work continues on the James Bay area, including recent news from the Shire and Moria base metals targets and the Lothlorien project.

At Shire, mechanical trenching will follow up on previously identified areas of mineralization outlined by grab and channel sampling. Highlights from that effort include the O’Connor showing, which yielded a 7.53% zinc grab sample and a 1.17-meter channel sample grading 4.85% zinc.

Prior to the trenching, Midland’s geologists will conduct soil sampling of an electromagnetic conductor identified on the project to the east of O’-Connor. A good deal of the project remains unexplored.

At Moria, a nickel-copper-cobalt project, the alliance will further explore the Gimli and Gloin showings identified by prospecting in 2017.

Gimli grab samples have graded as high as 1.13% nickel, 0.11% copper and 0.07% cobalt. A channel sample graded 0.80% nickel, 0.06% cobalt and 0.075% copper over 0.8 meter. Gloin, located 100 meters east of Gimli, yielded grab samples up to 0.78% nickel.

The trenching effort at Moria will focus on these two showings and the space between them. The alliance will also follow up on magnetic anomalies identified by VTEM surveying last year.

Lothlorien was identified by project generation conducted by the alliance in June. Grab sample showings at Lothlorien included Pamela (up to 0.47% moly), Galadriel (up to 7.19% copper, 0.70% moly, 4.3 g/t gold and 61 g/t silver) and Celeborn (2.37% copper, 21.2 g/t silver and 0.66 g/t gold). The company will follow up with more field work on these showings, which span 225 meters along an east-west trend.

The company also reported the discovery of new gold zones on the James Bay Gold project, with trenching and channeling of high-grade gold showings originally discovered in 2017. On the Galinée prospect, a three-meter-wide shear zone returned samples running 14.85 g/t gold, 4.35 g/t and 0.65 g/t. On the Lasalle target, two trenched channels separated by three meters yielded 3.08 g/t gold over 1.25 meters and 1.87 g/t gold over 1.25 meters.

Geologists will also follow up on Fanghorn, a gold project identified in the same project generation effort.

Finally, earlier this month, Midland announced a 50-50 partnership with the Nunavik Mineral Exploration Fund to explore for nickel-copper-cobalt mineralization in Nunavik, Quebec.

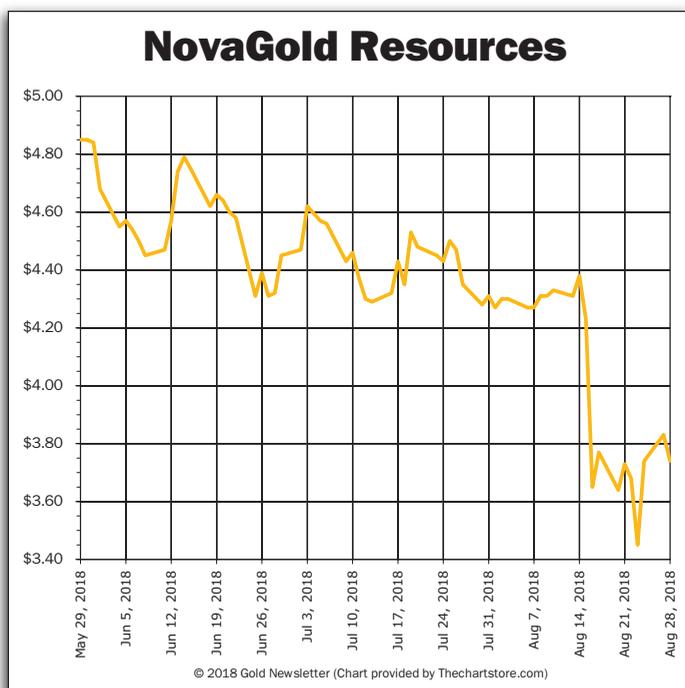
All this work is par for the course for this Quebec-focused prospect generator. The company leverages its early-stage exploration expertise to attract partners willing to shoulder a portion of the spending to assess its projects.

Midland hasn’t hit one out of the park yet, but it maintains a high-quality portfolio that joint venture partners are more than willing to help it actively explore. It remains a hold while we wait to see if any of its more active projects bear fruit in the coming months.

“Midland hasn’t hit one out of the park yet, but it maintains a high-quality portfolio that joint venture partners are more than willing to help it actively explore.”

Midland Exploration Inc.

Recent Share Price:C\$0.72
Shares Outstanding:60.4 million
Market Cap:C\$43.5 million
Shares Outstanding
Fully Diluted:64.1 million
Market Cap
Fully Diluted:C\$46.2 million



NOVAGOLD RESOURCES

NG.NYSE-A; NG.TO
866-669-6227
novagold.com

NovaGold has elected to sell its 50% interest in its Galore Creek project. It's a move designed to bulk out its cash position and make the company more of a pure play on its massive Donlin Creek project.

The deal with Newmont includes \$200 million in guaranteed money and a \$75 million payment contingent on a positive construction decision at Galore Creek.

Assuming that NovaGold eventually receives the whole \$275 million, the deal values the project's resources at \$0.03/lb

of copper equivalent and its reserves at \$0.057/lb of copper equivalent.

Once the deal closes, NovaGold will receive \$100 million. The next \$75 million will come either three years from the closing date or upon completion of a prefeasibility study. Assuming the completion of a feasibility study (or the passing of five years from the closing date), the company will receive an additional \$25 million. The final \$75 million will be payable upon approval of project construction.

With only \$200 million of these funds guaranteed, it's easy to see the deal as better for Newmont than for NovaGold. But the truth is, NovaGold is getting what it wants here — cash to fund Donlin Creek through a construction decision.

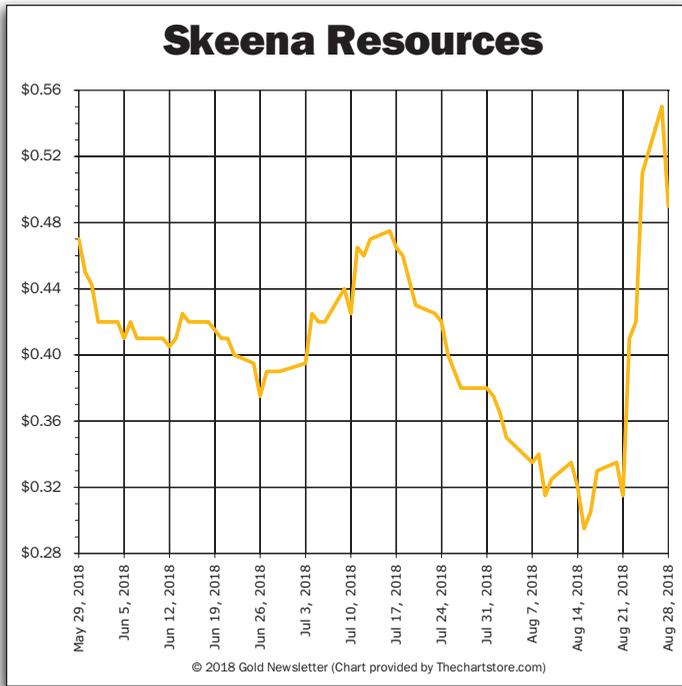
According to NovaGold chairman Thomas Kaplan, the company will end the year with a cash balance of roughly \$150 million.

That money will allow the company to continue its “strategy of unlocking the value of its assets and transforming the company into a pure play on Donlin Gold, which we believe is the most important gold development story in the industry.”

Simply put, the industry's majors need more mega-deposits like Donlin and Galore to come online to keep their reserve pipelines healthy. In a long-term environment that I see as very positive for gold, keeping NovaGold in our portfolio as an advanced-stage gold asset makes a great deal of sense. We'll keep it a hold for now.

NovaGold Resources Inc.

Recent Share Price:C\$3.68
Shares Outstanding:322.3 million
Market Cap:C\$1.2 billion



SKEENA RESOURCES

SKE.V; SKREF.OB

604-684-8725

skeenaresources.com

Skeena Resources has been busy over the past few weeks, releasing the last two batches of assays from its Phase II underground program at Snip and beginning a surface drill program at Eskay Creek.

Both batches of assays from Snip focused on the Eastern Twin Zone. Highlights from the first batch included Hole 101 (11.0 g/t gold over 3.0 meters and 185.0 g/t gold over 0.6 meters), Hole 103 (23.8 g/t over 1.5 meters, 17.9 g/t over 2.0 meters and 8.7 g/t over 3.9 meters) and Hole 104 (10.5 g/t over 4.1 meters).

These assays add to the company's confidence in this area, which was not

fully sampled by prior operators. Hole 104 is located 25 meters downdip from Hole 102 (11.1 g/t over 2.0 meters). Both are bracketed by prior drill Hole 93 (9.1 g/t over 10.2 meters) and Hole 91 (5.6 g/t over 19.9 meters).

The second and final batch of assays from the 9,583-meter surface and underground campaign at Snip also focused on Eastern Twin. Highlights included Hole 110 (13.8 g/t over 18.0 meters), Hole 109 (34.7 g/t over 3.5 meters) and Hole 107 (11.8 g/t over 5.4 meters and 31.2 g/t over 0.8 meters).

The good news from the Phase II program is that it encountered higher gold grades and thicknesses than historic drilling had yielded. Management attributes this improvement to a sampling protocol that takes the entire drill hole into account.

Because the historical holes drilled at Snip were not drilled along the spacings needed to complete an NI 43-101 report, Skeena has had to focus on verifying historical data in advanced of the upcoming maiden resource estimate for the project.

Meanwhile, a surface program is now underway at Eskay Creek that will ply the 21A and 22 Zones as near-surface targets for potential open-pit mining. These targets were chosen after the company conducted an extensive evaluation of prior data left by Barrick.

Management is confident it can outline resources that would have been considered uneconomic at the time Eskay Creek was shuttered. Now, with higher relative gold prices, much better infrastructure and a chance for lower operating costs, Skeena believes it can outline a new mineable resource here.

A resource estimate for Eskay Creek, which will not include the results from this surface program, is due out in September. Combined with the upcoming maiden resource estimate from Snip, this report gives Skeena the opportunity to remind the market how much potential these historically prolific mines still have.

The opportunity to breath life into not one, but two, high-grade gold mines is a rare one. Skeena remains a buy.

Skeena Resources Ltd.

Recent Share Price:.....C\$0.49
Shares Outstanding:90.3 million
Market Cap:C\$44.2 million
Shares Outstanding
Fully Diluted:116.8 million
Market Cap
Fully Diluted:C\$57.2 million

SOJOURN EXPLORATION

SOJ.V; SJRNF.OB
403-830-1436
sojournexploration.com

Sojourn Exploration has (finally!) finalized agreements with Seven Devils Exploration and Millrock Resources to purchase seven projects.

The Seven Devils projects consist of the Oxide Peak, Eagle, Rip and Teeta Creek projects. These projects are all located in British Columbia, with Oxide Peak in the Toadoggone District, Eagle in the Quesnel Trough, Rip in a section of the Skeena Arch and Teeta Creek on northern Vancouver Island.

Of these projects, the main focus will be on Eagle and Teeta Creek. Sojourn has purchased this suite of projects by issuing to Seven Devils 9,623,417 shares. Seven Devils will retain a 2% NSR on the properties.

Simultaneously, Sojourn agreed to enter into a purchase agreement with Millrock on the Willoughby, Oweege and Todd Creek projects that will supersede the companies' existing option agreements on these projects.

In exchange for rights to these three Golden Triangle properties, Sojourn will issue 7,832,417 shares to Millrock. As part of the agreement, Millrock will retain net smelter royalties on the properties at a percentage in accordance with the underlying ownership of each property.

To raise the funds to explore its projects, Sojourn recently completed the first tranche of a C\$2.8 million private placement. That tranche raised C\$2,303,500 by selling 23,035,000 units at C\$0.10 per unit. Each unit consisted of one common share and one purchase warrant redeemable at C\$0.15 per share for up to three years from closing.

With Seven Devils providing Sojourn with a new management team, the company will spend C\$400,000 on the Oweege property by November 2018 to maintain its property rights. It will allocate another C\$400,000 to Teeta Creek and Eagle and C\$500,000 for potential acquisitions.

As a founding shareholder in Sojourn, I'm obviously happy about these recent moves. The property additions are outstanding, but what I'm really excited about is the new team coming in to direct the company. Having gotten to know the Seven Devils team and coming to understand the depth of their experience and industry network, I'm looking forward to not only what they're going to do with the current property portfolio but also the additions they're likely to bring.

In the near term, this isn't a drill-hole play. Instead, the news will revolve around either new property additions or joint ventures on current properties, with any drilling news al-

“Sojourn Exploration has (finally!) finalized agreements with Seven Devils Exploration and Millrock Resources to purchase seven projects.”

most assuredly put off until next season in the northern latitudes.

But long term, this is both a people and project play, and I can tell you that we won't find any company with better resources on the people end. With a market cap of only around \$1.7 million, that makes it a company to buy and hold. (Keep in mind, again, that I personally own a large position.)

Sojourn Exploration Inc.

Recent Share Price:C\$0.12
 Shares Outstanding:14.2 million*
 Market Cap:C\$1.7 million
 Shares Outstanding
 Fully Diluted:22.4 million*
 Market Cap
 Fully Diluted:C\$2.7 million

* *Pre-financing*

TRIUMPH GOLD

TIG.V; TIGCF.OB
 604-893-8757
 triumphgoldcorp.com

With three impressive holes pulled from its Freegold Mountain project's Blue Sky zone, Triumph Gold has established its 2018 drilling program there as one to watch.

The Blue Sky target is located 2.3 kilometers east of the Revenue deposit at the eastern edge of the six-kilometer-long anomaly that hosts both Revenue and the Nucleus deposit.

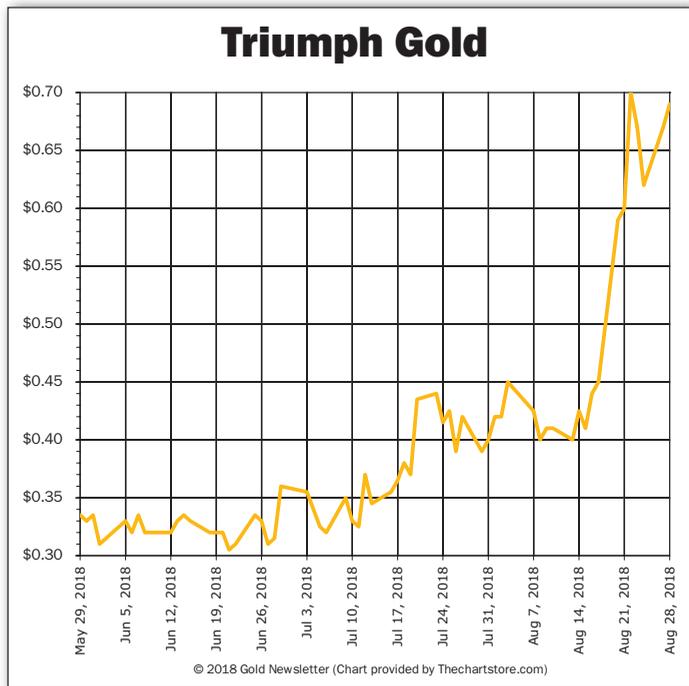
Significant intersections from the 2017 discovery program at Blue Sky include Hole 13 (57 meters of 1.1 g/t gold, 6.6 g/t silver, 0.29% copper and 0.01% moly) and Hole 1 (94.4 meters of 0.3 g/t gold, 3.9 g/t silver, 0.17% copper and 0.02% moly).

This year's Holes 5, 16, and 17 were drilled perpendicular to last year's discovery holes. Hole 17 cut 125.1 meters of 1.2 g/t gold, 7.0 g/t silver, 0.31% copper and 0.01% moly; Hole 16 intersected 94.5 meters of 1.5 g/t gold, 5.8 g/t silver, 0.28% copper and 0.01% moly; and Hole 5 cut 149.26 meters of 0.30 g/t gold, 2.5 g/t silver, 0.15% copper and 0.02% moly.

Those are long intersections. Together with last year's results, these holes outline mineralization at Blue Sky for 180 meters. That mineralization remains open in all directions and lies within a 3.6-kilometer long area of porphyry mineralization.

These latest assays are part of an aggressive, 18,000-meter drilling program Triumph is working on at Freegold Mountain this year. The goal is to identify new porphyry and epithermal targets on the district-scale project.

Judging from the C\$0.20 spike in Triumph's share price that followed the release of the Blue Sky results, the market likes what it sees, as do I. If you're an Alert subscriber, you got the early

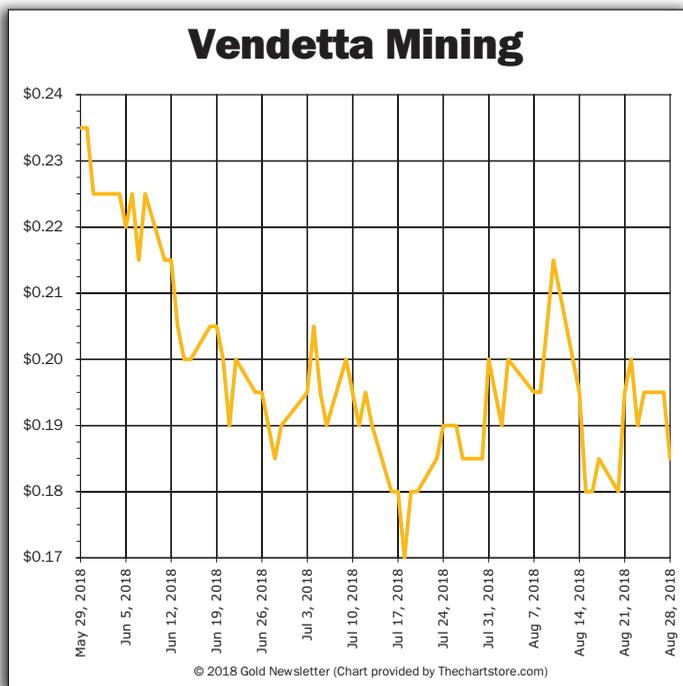


head's up on my recommendation of Triumph in advance of the Blue Sky results.

As for what to do with Triumph now, I still think it's a buy, even after the spike. With more news to come from its large drill program and key targets yet to be tested, it continues to be a good value at current levels.

Triumph Gold Corp.

Recent Share Price:C\$0.67
 Shares Outstanding:77.9 million
 Market Cap:C\$52.2 million
 Shares Outstanding Fully Diluted:111.9 million
 Market Cap Fully Diluted:C\$74.9 million



VENDETTA MINING

VTT.V; VDTAF.OB
 604-484-7855
 vendettaminingcorp.com

Earlier this month, Vendetta Mining released the long-awaited resource update for its Pegmont lead-zinc project in Queensland, Australia.

A key metric of the estimate was the increase in indicated material for the open-pit constrained portion of the deposit. The indicated resource for that open pit was 5.1 million tonnes of 6.2% lead, 2.6% zinc and 15 g/t silver, or 54% of the overall open-pit constrained resource. The inferred open-pit constrained resource was 4.4 million tonnes grading 5.1% lead, 2.2% zinc and 14 g/t silver.

Overall, the project saw a significant increase in its indicated resource, which jumped from 2.2 million tonnes to 5.8 million tonnes. In addition, the first mineral resource for the underground Bridge Zone at Pegmont came in at 560,000 tonnes of 9.5% lead, 2.5% zinc and 15 g/t silver indicated and 309,000 tonnes of 8.7% lead, 2.5 % zinc and 14 g/t silver inferred.

Taking all zones into account, the total indicated resource was 5.8 million tonnes of 6.9% lead, 2.6% zinc and 12 g/t silver and the total inferred resource was 8.3 million tonnes of 5.1% lead, 2.8% zinc and 8 g/t silver.

Vendetta will use this data to help it develop a preliminary economic assessment for Pegmont. That study is due out either sometime in September or early October. The PEA should allow analysts to better put pencil to paper on the valuation of this deposit.

Pegmont benefits from being in an area rich in base metal mines and in existing infrastructure. Should the numbers indicate a move towards production, the costs of getting a mine up and running at Pegmont should not be prohibitive.

The company's share price didn't move much on the news of the new resource estimate, and in fact it's actually drifted downward a bit since then. I attribute the ho-hum reaction to timing,

as Vendetta released its updated estimate into a base metals market roiled by trade war worries.

That said, I believe in this project's viability for the long-term and in the management team heading up this company. If there's a group that can find a way to squeeze maximum value out of this lead-zinc deposit, this is the team to do it. Vendetta's still a buy for those who share my sanguine view of this team and this project.

Vendetta Mining Corp.

Recent Share Price:.....C\$0.19
Shares Outstanding:.....144.9 million
Market Cap:C\$27.5 million
Shares Outstanding
Fully Diluted:167.2 million
Market Cap
Fully Diluted:C\$31.8 million

NEW RECOMMENDATIONS

MEDGOLD RESOURCES

MED.V; MGLDF.OB
604-801-5432
medgoldresources.com

My first new recommendation this month is Medgold Resources, a Serbia-focused gold project generator.

Led by CEO and legendary mining player Simon Ridgway, as well as president Daniel James, Medgold is well positioned with a large property portfolio in southeastern Serbia. The company has optioned its flagship Tlamino project to Fortuna Silver.

Fortuna can earn a 51% interest in Tlamino by spending \$3 million over three years. It can increase that interest to 70% by spending an additional \$5 million and completing a preliminary economic assessment on the project.

The partners recently completed a Phase 1 program on the project's Barje target that consisted of seven holes and 734 meters. That work included some impressive intersections: 30 meters of 5.45 g/t gold and 11 g/t silver; 34 meters of 3.11 g/t gold and 28 g/t silver; and 26 meters of 2.44 g/t gold and 219 g/t silver.

And as good as these intersections are, the better news is they lie within a 1,400 meter by 500 meter IP anomaly at Barje that's only partially drill tested. That's in the process of changing though, as the partners recently embarked on Phase 2 drilling at Tlamino.

The new program will consist of at least 3,000 meters of drilling and will look for further evidence of continuity within this flat-lying zone of potential mineralization. So far, drilling is confirming a model of low-grade covering mineralization, a deeper transitional zone of moderate mineralization and a lower zone of high-grade mineralization.

Fortuna is probably looking at a hurdle of around one million ounces to justify going all in on this project. Judg-

“If there's a group that can find a way to squeeze maximum value out of this lead-zinc deposit, this is the team to do it.”

ing from the early assays and the size of the anomaly to be tested, Tlamino has a great shot of clearing at least that hurdle.

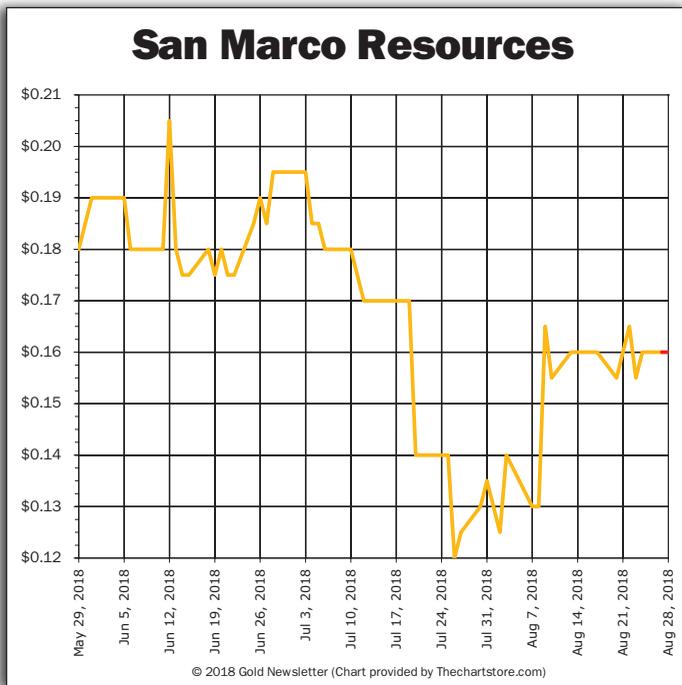
Medgold is very tightly held by strong hands, with key shareholders controlling 64% of the company's stock. The share price perked up in June and July thanks to those initial assays from Tlamino.

Which brings me to why I'm recommending that you buy Medgold now. The results from the Phase 2 program are just weeks away from hitting the newswires, and all signs point toward market-moving results for this next batch of assays.

This is an area well-explored for silver-lead-zinc deposits, but not so much for gold. Take Fortuna's willingness to foot the bill for exploration at Tlamino as strong endorsement of the project's potential. Medgold is a buy at current levels.

Medgold Resources Corp.

Recent Share Price:C\$0.37
 Shares Outstanding:89.9 million
 Market Cap:C\$33.3 million
 Shares Outstanding
 Fully Diluted:95.7 million
 Market Cap
 Fully Diluted:C\$35.4 million



SAN MARCO RESOURCES

SMN.V; SMREF.OB
 877-247-3011
 sanmarcocorp.com

San Marco Resources is a company that's been a recommendation of some friends of mine in the newsletter business for quite a while. Because of this, I've had an eye on it...but never saw a precipitating factor that got me off the fence in regard to a recommendation.

I was starting to hear some buzz after the company released results from surface work on its Chunibas project in Sonora state, Mexico. The results, released on July 19, weren't spectacular in terms of grade, but the company did report that approximately 80% of the 96 new rock chip

samples showed visible copper oxide/sulphide mineralization.

By way of this sampling the company was able to extend the anomalous area and establish consistent mineralization in a very large mineralized corridor extending 1.7 kilometers by 300 meters, which remains open along strike and down-dip.

Here's the important take-away that I believe is the source of the buzz building around this project. San Marco's CEO Christian Grijalva noted that "We've been able to conclusively demonstrate that the copper mineralization on the Chunibas property represents a typical volcanic-hosted stratiform system, analogous to several known copper-silver Chilean deposits but

previously unknown in Mexico. Now that we have confirmed both scale and consistency, the next step will be preparations for a drilling campaign to locate higher-grade areas and then expand those areas down-dip and along strike.”

Not long after this announcement, San Marco got an endorsement for Chunibas in the form of a joint venture partnership with Antofagasta. The Chilean major knows this mineralization style well and opted to take up to a 70% interest in the project. It can do so by spending \$8 million on the project and paying San Marco \$200,000 over four years.

I think the sense of urgency that I’m seeing right now with San Marco is in regard to the impending start of a drilling program at Chunibas, which will begin as soon as the rainy season concludes. This is not a promotional company, and its technical team is highly regarded. If both San Marco and Antofagasta are excited about the upcoming drill program, I think we should be as well.

Fortunately, and despite the building interest around the company in some smart circles, San Marco is still trading near 52-week lows. I don’t want to miss this opening, so I’m recommending the company as a buy near current levels.

San Marco Resources Inc.

Recent Share Price:C\$0.16
Shares Outstanding:66.3 million
Market Cap:C\$10.6 million
Shares Outstanding
Fully Diluted:80.6 million
Market Cap
Fully Diluted:C\$12.9 million

BRIEF NOTES

- **Alexco Resource Corp.** (AXU.NYSE-A; AXR.TO; US\$1.12) released some rich intercepts from underground drilling at Bermingham, a deposit-hosting target within its Keno Hill Silver District property in the Yukon.

Although the holes were primarily infill holes, the grades were stellar nonetheless. Hole 13 cut 12.3 meters of 1,019 g/t silver, and Hole 15 intersected 2.3 meters of 9,723 g/t silver.

The assays are reminder of what Alexco has with Bermingham, but we’re about to learn more. The company is moving the ultra-high-grade deposit towards prefeasibility and expects to have that study and a new resource estimate for Bermingham out late in September or early October.

Alexco remains a quality, advanced-stage precious metal company with plenty of upside, assuming that broader market cooperates. It’s still a hold.

- **Allegiant Gold** (AUAU.V; AUXF.OB; C\$0.50) has kicked off its discovery drill program on its Nevada projects.

The first target is Red Hill, a copper-moly target that’s home to a large magnetic anomaly. Allegiant will ply the area with 2,200 meters of drilling. It’s the opening salvo in a program designed to test six of its

“This is not a promotional company, and its technical team is highly regarded. If both San Marco and Antofagasta are excited about the upcoming drill program, I think we should be as well.”

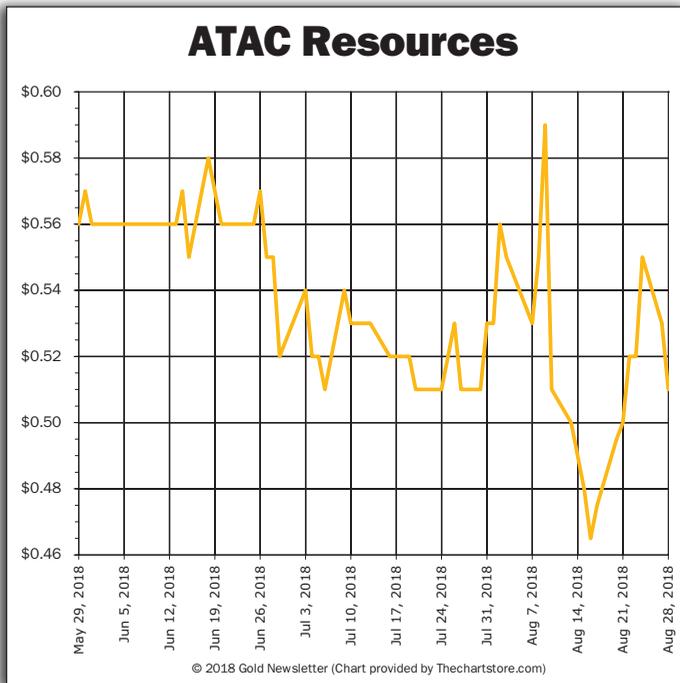
Nevada projects over a 10-12 month period.

With Goldcorp having signed up for a good chunk of Allegiant's recent financing, betting on this program is betting with the smart money on Nevada discovery. Allegiant remains a buy.

- **Amarc Resources** (AHR.V; AXREF.OB; C\$0.08) has embarked on a drill program on its Ike copper-moly-silver project in southern British Columbia.

The work is being funded by joint venture partner Hudbay Minerals as part of an earn-in agreement. The program will consist of up to five holes 500 to 600 meters long. The Ike mineralized system has been traced over an area 3.5 kilometers by 2 kilometers.

Drilling will assess the grade distribution of mineralization within this large porphyry structure. While we'll watch this program with interest, it would take some pretty dramatic assays for it to move Amarc's share price much. We'll keep it a hold for now.



- **ATAC Resources** (ATC.V; ATADF.OB; C\$0.51) announced good results from field work on Rau, the western portion of its Rackla project.

The company has identified gold and copper skarn mineralization at the Bobcat target, which is 4.5 kilometers southeast of the company's established Tiger gold deposit (485,700 ounces of gold at 2.66 g/t). Highlights from grab sampling include 6.07 g/t gold and 7.41% copper and 5.08 g/t gold and 3.69% copper. The soil anomaly defined on the target is 1.5 kilometer by 2 kilometers.

These are just sampling results and the market understandably yawned at them, but the discovery of this new target on ATAC's 100%-owned Rau project is a potentially significant development. Even with so much going on at its other projects, ATAC's technical team — which is

among the best in the business — feels this new target has big potential. I believe them.

ATAC will continue to keep the newswires humming with news from its drilling on its Osiris project and from Barrick's earn-in work on its Orion project. In the hope that good assays from this effort will coincide with an uptick in gold prices, ATAC remains a buy.

- **Cabral Gold** (CBR.V; CBGZF.OB; C\$0.20) continues to find more high-grade gold samples on multiple targets at its Cuiu Cuiu project in Brazil.

At Vila Rica, the company followed up on artisanal workers who had driven small shafts to access the saprolite in the area. Rock chip samples drawn from a pit 90 meters east of the Vila Rica target returned grades of 8.1 g/t and 16.8 g/t.

Then, earlier this week, Cabral announced promising results from auger drilling on an area southeast of the Central gold resource on the project. The drilling has identified a large gold-in-saprolite anomaly that extends for 250 meters along strike in a north-south direction. Importantly, the anomaly is located east of the limit of previous drilling and extends the Pau de Merenda-Central mineralized corridor by at least a kilometer.

Cabral is continuing its program of auger drilling/sampling and its ongoing discovery of

high-grade mineralization below thick cover at Cuiu Cuiu continues to suggest that further exploration will allow it to add significantly to the project's existing gold resources. Thus, Cabral remains both a quality lever on rising gold prices and a discovery story. It's a buy.

- **Chakana Copper** (PERU.V; CHKCF.OB; C\$0.47) has moved two diamond rigs on its Soledad property to test two breccia pipes previously undrilled by the company. Soledad spans 3,086 hectares and encompasses 14 known breccia pipes so far.

If history is any guide at Soledad, the drills will turn up long intersections of high-grade gold and copper mineralization. The company appears well on its way to establishing mineralization in enough breccia pipes on the property to make bulk mining of the pipes feasible.

On the belief that Soledad will continue to deliver strong assays into what are, hopefully, improved metals markets in Q4, we'll keep Chakana Copper as a buy.

- **Columbus Gold** (CGT.TO; CGTFF.OB; C\$0.27) has added another French Guiana project to go with its Montagne d'Or deposit in the country.

The company has worked a deal with IAMGOLD to take a 70% interest in that company's Maripa project. Columbus can take a 50% stake by incurring \$5 million in exploration expenditures over five years and add another 20% interest by completing a prefeasibility study within an additional three years.

To say this acquisition is an interesting strategy for Columbus, which already holds a 45% interest in the multi-million-ounce Montagne d'Or deposit, would be an understatement. I've yet to discuss this acquisition with company management to get an idea of their goals with Maripa, but it seems apparent they like its potential.

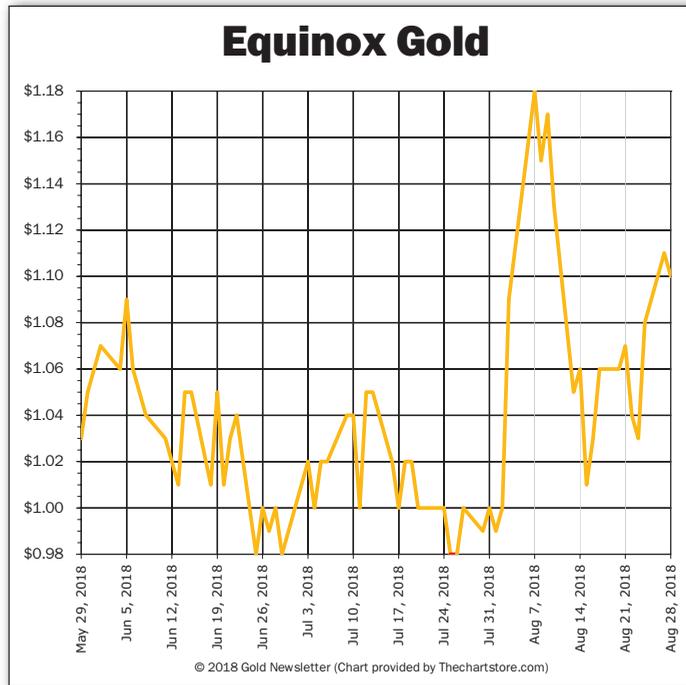
Maripa comes with a wealth of past exploration work, and the company's stated goal is to use that data to advance it to the drill definition stage by 2019.

The addition comes as Montagne d'Or continues to receive support from the local community. As that project continues to advance, Columbus has a chance to make news with Maripa as well. It's another buy near current levels.

- **Equinox Gold** (EQX.V; EQXFF.OB; C\$1.08) announced that AngloGold Ashanti has elected to terminate its earn-in on the greenfields concessions surrounding Equinox's Aurizona project in Brazil.

The good news is that AngloGold has lots of data from the time it spent on the area. That includes 43,000 line-kilometers of geophysical surveying and 10,000 meters of drilling.

Equinox will either use that data to further test the area itself or use it to attract a new joint venture partner. Any work there, though, will likely be overshadowed by the production soon to come online at the company's Aurizona project and the potential production from its Castle Mountain Mine in California.





Equinox is a buy at current levels.

- **Excelsior Mining** (MIN.TO; EXMGF.OB; C\$1.00) announced that the appeal period had ended for its Class III Underground Injection Control Area Permit. Continued work on its Gunnison project in Arizona now awaits the appeals review process for the one appeal filed (another was filed, but then withdrawn).

Management believes that a negative decision regarding the permit is unlikely to come out of the appeal review process. In the interim, the company remains a solid bet on scalable copper production at Gunnison that should be imminently financeable. It's another buy.

- **First Mining Gold** (FF.TO; FFMGF.OB; C\$0.37) released some encouraging assays from its exploration

program on the Miller target of its Goldlund project in Ontario.

The best hole from the program was Hole 2, which intersected 142.1 meters of 1.90 g/t gold, including 108.0 meters of 2.44 g/t gold. Other holes of interest included Hole 1 (107.6 meters of 0.33 g/t), Hole 3 (48.0 meters of 1.07 g/t), Hole 4 (23.8 meters of 0.54 g/t), Hole 5 (10.0 meters of 0.43 g/t) and Hole 6 (22.0 meters of 0.69 g/t).

The discovery of Goldlund-style mineralization a full 10 kilometers from the Goldlund resource area speaks volumes about the project's district-scale potential. With visible gold in seven of the eight holes drilled, Miller will definitely be a significant area to follow up on going forward.

First Mining Gold is another leveraged play on rising gold prices, one we'll keep as a buy in the faith that the yellow metal is due for a rebound.

- **Genesis Metals** (GIS.V; GGISF.OB; C\$0.08) is conducting a 2018 field program on its Chevrier gold project in Quebec.

The work will focus on the Fancamp Deformation Corridor ("FDC"). As the major structural feature on the property, it is considered a high-value target. In addition to exploring for mineralization between the Chevrier Main Zone and trench T-29, the work will also follow up on the East Showing and on new claims on the FDC acquired within the last two years.

The program is a step back from the aggressive drilling Genesis conducted last year, and in fact the company won't be conducting additional drilling until the market environment improves. Still, the technical team has gained a new understanding of the project geology and the current field work has the potential to identify a number of key new targets. For this reason, we'll keep the company as a hold in our portfolio.

- **Golden Predator Mining** (GPY.V; NTGSF.OB; C\$0.37) is in the midst of a 2,500-meter drill program to probe the Sprogge area of its 3 Aces project in the Yukon.

The program will follow up on a collection of outcrop samples that graded between 5.73 g/t and 46.49 g/t gold along two kilometers of strike. The company is familiar with the geology of Sprogge, as it contains a piece of structure that hosts the Central Core area at 3 Aces that Golden Predator drilled this past winter.

Good news from this program could provide a significant lift to Golden Predator's share price, as it would validate the company's growing understanding of the geology at 3 Aces. The company is another buy, in advance of the results from the Sprogge program.

- **GT Gold** (GTT.V; GTGDF.OB; C\$0.60) released the initial assays from drilling on Saddle South earlier this month, and the market was fairly underwhelmed.

Three holes did manage to intersect significant widths of mineralization, but at depths that suggest any resource outlined in the areas tested would be difficult to mine economically.

On the positive side, mineralization remains open in all directions, and the company continues to have hopes for drilling on the Saddle North target as well. With 18,000 meters of drilling scheduled between now and mid-November, the company won't lack for news flow.

While we wait for a batch of more impressive assays from this program, we'll keep GT Gold a hold.

- In addition to the purchase agreement with Sojourn on its Golden Triangle projects, **Millrock Resources** (MRO.V; MLRKF.OB; C\$0.19) also released an assay from a drill hole on its Zackly copper-gold deposit in Alaska.

Australian company PolarX Mining is exploring the project, which Millrock has provided to PolarX in exchange for a share position in the company. Hole 20 cut 54.6 meters of 0.6% copper, 2.8 g/t gold and 9.5 g/t silver.

This was a very good hit and, along with the deal with Sojourn, it's a reminder that this prospect generator does a good job generating news flow while maintaining a low cash burn rate. Millrock is another hold.

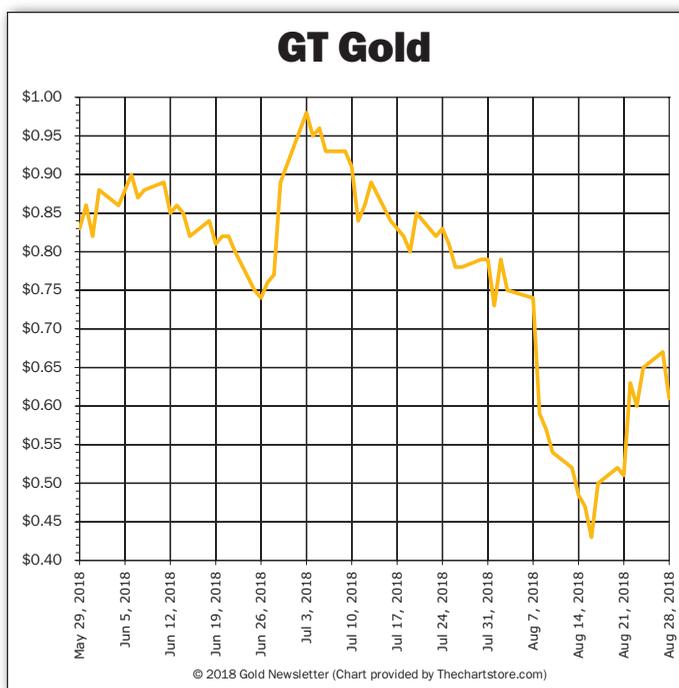
- **New Dimension Resources** (NDR.V; NWD MF.OB; C\$0.19) released the assays from its Phase I drilling program at Los Cisnes, one of three gold-silver projects it holds in Argentina.

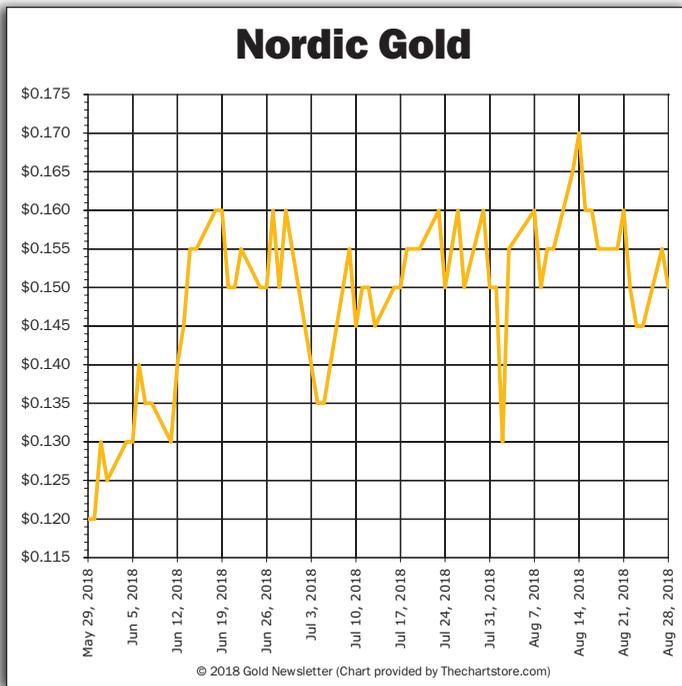
The program consisted of 16 holes and 1,564 meters and included two step-back holes that intersected narrow intersections of medium to high-grade silver. Two step-out holes also encountered narrow intervals of mineralization.

The overall tenor of the results suggests that New Dimension will likely move on from Los Cisnes. In any event, the main attraction is the drilling on its flagship Las Calandrias project. Results from that 25-hole, 3,708-meter program should come soon.

If you share my optimism about the results from Las Calandrias, you'll want to build or add to your position in New Dimension in advance of those assays.

- **Nordic Gold** (NOR.V; FIEIF.OB; C\$0.16) is the new name for Firesteel Resources. Company President and CEO Michael Hepworth commented: "The changes announced today reflect our strategic direction and intent to become a mid-tier, Scandinavia-focused producer."





The company continues to be on track to restart production at its Laiva Mine in Finland in the fourth quarter. Once that production starts, it has the potential to drive Nordic's share price higher from here.

At current trading levels, your downside is well protected by the in-place assets the company has at Laiva. Even with a new name, the company remains a buy.

- **Northern Empire Resources (NM.V; PSPGF.OB; C\$1.35)** announced earlier this month that the company has entered into a definitive agreement to be acquired by Coeur Mining (CDE.NYSE; US\$5.64) for US\$90 million (C\$117 million).

At the time of the announcement, that projected to C\$1.64/share, which represents a 40% premium to Northern Empire's 20-day VWAP price and a 72%

profit from our original entry point last November.

Also, it was a 12% premium from my buy recommendation in an Alert issued the week before the announcement, when I reported that something was up with the company. Not bad for just a few day's holding time.

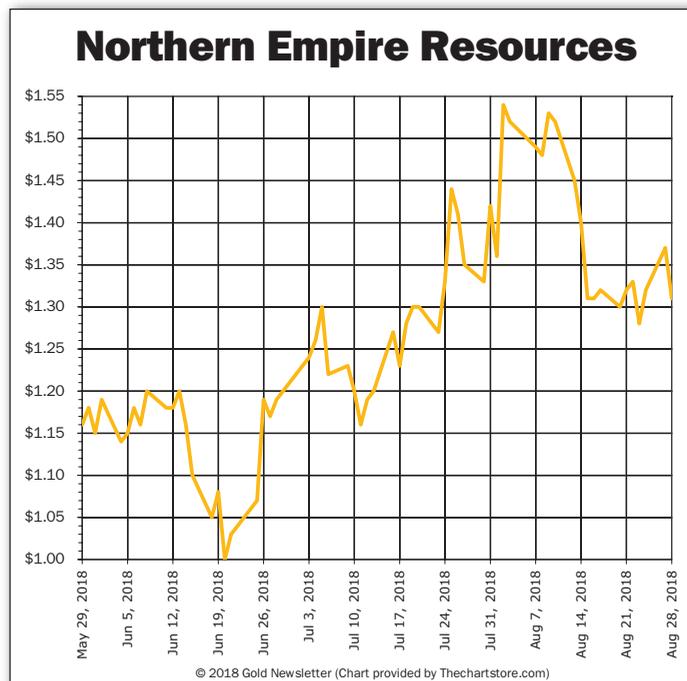
As you can see, however, Northern Empire has since dipped well below that projected level as the metals and mining markets have, in general, dropped considerably since the announcement on August 2.

For the record, each common share of Northern Empire will be exchanged for 0.1850 common shares of Coeur. Thus, shareholders can choose to take the Coeur shares and defer capital gains taxes or simply take the money and run. That's individual advice that I cannot provide, and of course I urge you to consult your personal tax advisor to confirm (or correct) anything I'm indicating here.

As I said, it's great to have a nice winner in a market like this. And, thankfully, our gains are fairly large, as we were earlier than most — and perhaps anyone else — in recommending Northern Empire.

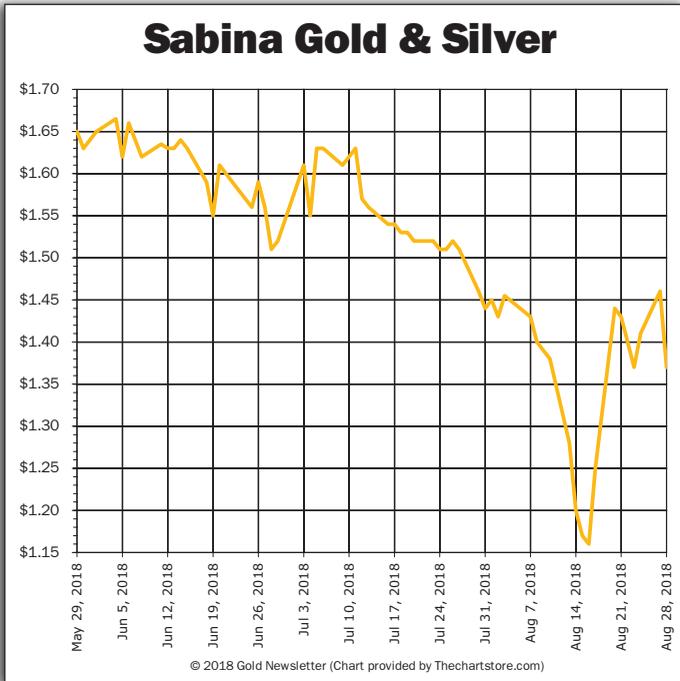
- **Osprey Gold (OS.V; OSSPF.OB; C\$0.05)** released some intriguing trench results from its Caribou project earlier this month.

The Elk zone returned a trench spanning 24.7 meters and grading 0.7 g/t gold. That included 8 meters grading 1.2 g/t gold. The key here isn't so much the grades, which were alright, as the fact that



Osprey may have hooked into the kind of disseminated gold that Atlantic Gold has turned to its advantage in Nova Scotia.

If Osprey has indeed found its own patch of disseminated gold, that could have share-price-moving implications for the company going forward. The company is continuing its trenching program, including extensions to the discovery trench noted above. Given current trading levels, the risk-reward profile for this company is definitely in our favor. On the potential for more good trench results from Caribou, I'm moving Osprey back to a buy.



- **Sabina Gold & Silver** (SBB.TO; SGSVF.OB; C\$1.39) released an impressive assay from Nuvuyak, a new gold zone located one kilometer from the Goose Main Deposit on its Back River gold project.

Though the mineralization occurred at fairly substantial depths, Hole 545's 39.5-meter interval of 11.58 g/t gold was certainly a head-turner. Management considers the find the most significant discovery on Back River since its Umwelt discovery.

In a sign the company likes what it's seeing from the drill bit, it also announced it had increased its program from 10,000 meters to 12,000 meters. Part of that increase will focus on further defining the discovery at Nuvuyak.

After dropping precipitously earlier in August, Sabina's share price perked back up on the Nuvuyak news. Still, it continues to trade in a level that makes it a good bet on gold exploration and development in Canada's Far North. Sabina remains a buy.

Potpourri

MISCELLANEOUS NOTES AND OBSERVATIONS
BY BRIEN LUNDIN

■ How do you get ready for gold's next big run? Easy...

As I said in my lead article this issue, gold is not only in the process of bottoming...but the next move is very likely to be the start of another historic, multi-year bull market.

I can't stress it strongly enough. Absolute *fortunes* were made in the last great bull run in

metals and mining stocks that began in 2001.

If it's beginning again — and important signals are saying this right now — then you will be cheating yourself if you don't take advantage of this rare opportunity.

The single best way to make sure you're positioned for this move is to attend the world's greatest investment event.

I know, it's my conference and I'm talking my "book" here. But check around — see how many world-renowned experts agree that the New Orleans Conference is the most rewarding investment event around.

This year marks another blockbuster line-up of speakers. As usual, we start with geopolitical, economic and other "big picture" experts like **Robert Kiyosaki, James Grant, Mark Steyn, Jonah Goldberg, Guy Adami, Dennis Gartman, Doug Casey, Peter Schiff** and more.

We get more specific with experts like deadly-accurate market forecaster **Keith Fitz-Gerald**...wealth and livelihood preservationists **Chris Martenson and Adam Taggart**...influential market economist **Peter Boockvar**...and popular analysts **Bob Prechter, Mark Skousen, Sean Levine, Matt Warder, Tom Wheelwright, the Real Estate Guys** and **Steve Hochberg**.

I'm particularly excited to announce that we've added one of today's most popular market commentators, **Ben Hunt** of the always-insightful [Epsilon Theory](#) blog, as a featured presenter. Ben brings his fascinating analyses, including his expertise in game theory, to the most pressing issues and developments in today's markets.

You'll find his approach will give you a new and valuable perspective on not only investing, but human interaction in general. It's not to be missed.

And of course, we're going to drill down (pardon the pun) into every investment sector — but specifically metals and mining — with experts like **Adrian Day, Brent Cook, Nick Hodge, Louis James, Byron King, Lindsay Hall, Mary Anne and Pamela Aden, Omar Ayales, Thom Calandra, Chris Powell, Gerardo Del Real, Mickey Fulp, Bill Murphy** and more.

There's a sense of urgency to this year's event for a couple of reasons.

One, as I've mentioned, is that metals and mining stocks are turning around right now. Not only that but, if speculator sentiment is any indication, this next move in gold could be historic in nature.

That would imply life-changing returns in mining stocks...and there's no better place to be in that scenario than the New Orleans Investment Conference.

Second, I'm getting concerned about our room block at the New Orleans Hilton. At the current rate of response, we're very likely to sell out well before the Conference. Once again, the last time that happened not another room was to be had in the city, and some attendees had to commute in from the suburbs.

If you lock in your place now, you'll guarantee accommodations in our convenient host hotel, just an elevator ride to our general sessions and social events.

Moreover, you'll also lock in a savings of up to \$400 per registration. And, as a Gold Newsletter subscriber, you'll qualify for a FREE Gold Club upgrade. That's a \$189 value!

“I’m getting concerned about our room block at the New Orleans Hilton. At the current rate of response, we’re very likely to sell out well before the Conference.”

To learn more and reserve all of these benefits, just [CLICK HERE](#) now. (And be sure to enter FREEGOLDCLUB as your discount code to claim your free Gold Club upgrade.)

■ A bell ringing at the bottom?

It seems that the bottoms and tops of every market cycle are marked by some sign of sentiment extremes.

Perhaps the most famous of these bell-ringing events was the August 13, 1979 BusinessWeek cover story entitled “The Death of Equities.” It predicted a secular shift out of equity investing...but instead marked the beginning of an historic bull market, with U.S. equities returning about 18% annually over the next two decades.

Another bell was rung recently, this time in precious metals and mining stocks, when the Vanguard Group announced that its \$2.3 billion Vanguard Precious Metals and Mining Fund will change its name and mission by broadening its asset mix.

The move comes as the fund has lost about two-thirds of its value during the long malaise in metals and mining. So on one hand, the move might be understandable.

But capitulation like this is precisely what we look for to mark cycle bottoms, and it seems very likely that Vanguard’s decision will rank up there with BusinessWeek’s infamous cover as another text book example.

■ Gold:Silver ratio is not confirming gold’s recovery

One thing I should have mentioned in my lead article was the fact that the gold:silver ratio has not been confirming the recent strength in gold...and in fact hasn’t been constructive for some time.

As you can see from the accompanying chart from our friend Nick Laird at [GoldChartsRUs.com](#), the gold:silver ratio has been climbing. As experienced gold investors know well, a falling gold:silver ratio — when silver is outperforming gold — is a sign of a classic, powerful gold bull market based on monetary issues.

When gold is rising and outperforming silver, it’s usually a sign that gold is responding to exogenous factors unrelated to currency inflation or other monetary issues. Typically that means it’s a short-term factor related to some geopolitical concerns.

In this case, it’s a sign that the foundation of the nascent gold recovery is still unstable and that



gold is susceptible to another attack by speculative shorts.

So this is another factor that bears watching in the days ahead.



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