Mining Share Panel

RICK RULE (MC), BRENT COOK, NICK HODGE, BRIEN LUNDIN, GWEN PRESTON, LOBO TIGGRE

Robert Helms: One of the highlights of the conference every year is what you're about to hear, that's the Mining Share Panel. Many of the panelists you've already heard from, some you haven't, so we won't give full introductions now. Not even to our master of ceremonies, who actually needs no introduction. But, this is a popular panel. Some of you I know I had conversations with either you're new to this whole part of the Gold and Oil space and this will be a great primer for you but also, if you're up to speed, you're going to get some great nuggets, no pun intended, out of the talk for sure.

So, here's the panel and they're going to come up as they hear their names like they won on The Price is Right. For the panel, we've got from Exploration Insights, Brent Cook, from The Outsider Club it's Nick Hodge, Jefferson Financial and our host at NOIC, Brien Lundin. You heard from her earlier this morning, from the Resource Maven, Gwen Preston, and you heard from him yesterday, from Independent Speculator, Lobo Tiggre, and the gentleman that's going to moderate, and bring the fun into this panel, please welcome back to the stage, at the New Orleans Investment Conference, once again, Mr. Rick Rule.

Rick Rule: Thank you sir.

Good afternoon ladies and gentlemen. How was lunch? We had a good time? Great. I'd like to begin, as I always do in these things, by thanking Brien Lundin and the wonderful crew that put on the New Orleans Investment Conference, I'd like all of you to put your hands together and thank the employees and Brien for putting on this fine show.

Brien Lundin: You're re-invited.

Rick Rule: Yeah, Brien likes my invoice, which is always zero. If you agree to speak for free, you speak a lot here, it's great. So I'm going to ask the question ... Certainly, I don't need to ask the question if this market feels better than it felt last year. I think that part's fairly self-evident at least with the juniors. But I am going to ask the devil's advocate question just for fun. I like to start off these things and make the audience sick before we try to make them well later. Do you think that we're in a new resource or precious metals bull market? Or do you think this is a dead cat bounce like 2016? Do you think this thing's going to run out of steam or do you think we're going to make it? Brent, you're looking at me like a deer in a headlights. You obviously have no prepared answer so what do you think?

Brent Cook: Most years I've been here, Brien and I have had a bet as to whether gold price would be higher or lower. And I generally walked away with a bottle of bourbon. This year, we're not making that bet because, in my view, the precious metals' sector and the prices, I don't see a lot of downside, but I see a lot of upside. So, I'm actually pretty positive on the precious metal price this year.

Rick Rule: So not a dead cat bounce?

Brent Cook: Not a dead cat bounce.

Rick Rule: Game on.

Brent Cook: Game on.

Rick Rule: Brien, how about you?

Brien Lundin: Well, I feel like a sucker here, because I've been giving him bourbon all these years and now when it finally turns my way he turns coat and becomes a bull. But, you know I hate to say it, that I agree with Brent. You can take that any way you like. I really, and I've said it in my presentations yesterday, I just think we're in a tremendous window here where we have a confirmed bull market in the metals, fundamental reasons, technical reasons, everything seems to be pointing that way. I always knock on wood as I say that, because we've all been beaten down before.

But I do think we're in a confirmed multi-year bull run for metals for a lot of reasons. And yet, the junior resource stocks are still selling at bargain levels and I don't know how much longer that's going to last. I think it's going to take some work by the metals, by the bull market, to get the excitement into those stocks. But, while they're still cheap, I think it's something everybody needs to look at.

Rick Rule: You know, Brien, if that Bourbon is really worth a lot to you, both Brent and I have a fairly substantial investment in this market. You can take gold above 2,000 dollars, we'll buy you some bourbon. I promise you.

Brien Lundin: Thank you.

Rick Rule: I promise. Gwen, I got the same question for you. Between you're current incarnation, you're northern miner incarnation, you've been through a couple cycles now. I'd almost call you a good old boy except ... Anyway. Do you think this a real bull market or do you think this is a fake out?

Gwen Preston: I think this is a real market. I think looking back to 2016, the major difference there is that the gold run that we had in 2016, as fun as it was, happened right in the shadow of the very first rate hike. And this market is happening in the shadow of the first rate cut. It's a completely different environment in terms of the macro drivers for gold. We are now in a negative real rates environment and that is when you look back over, however long you want to look, gold gains 4 and a half percent adjusted for inflation annually. But, it makes all of that ground when rates are negative and it loses ground when rates are positive. And so now we are in a macro fundamental picture that supports the market.

So, while we had fun in 2016, the macro picture wasn't strong enough to really have confidence in that, but this time it’s very difficult to come up with strong reasons for gold to go down right now. Maybe I've just been drinking too much of my own Kool-Aid, but that's certainly my perspective from here.

Rick Rule: Nick, you're the only person here who doesn't primarily make his money in precious metals and mining markets. You're a generalist and an agnostic. You've seen a lot of bull markets, a lot of bear markets. Despite your youth, you've seen a couple bull markets in gold too. Where do you think we are? Do you think we're in a precious metals, a resource bull market, or do you think this is a head fake?

Nick Hodge: I'd like to say it's a head fake, just so I can be the only contrarian on the panel. But, I don't think that's the case. In fact, I don't think 2016 was a head fake at all. I think 2016 was the beginning of this new gold bull market that we are in and continue to be in. I think that there's higher floors than there was then. Gold has put in a solid base higher. I think if it retraces, it only does so marginally below 1,500. So, I think we're in a new gold bull market.

There is a lot of coming to Jesus in other sectors of the market that are now seeing through the Fed, that are seeing through the central bank shenanigans. There's a lot of junk bonds out there, talked about it a little yesterday, on the Precious Metals Panels, Thom Calandra did. And so all the reasons are there and so, yeah I think we punch through 1,550 and then I think we are firmly in 1,600 territory.

Rick Rule: Lobo, same question.

Lobo Tiggre: I just want to say no, everybody else has said yes, but I can't. I really do believe we are, at least, for the precious metals. Brien and I can maybe disagree a little bit to have some no-ness on this panel. I'm not so sure that it spread to all the metals, that we're in a metal cycle writ large. So maybe I can be a little contrary in there.

But, actually, there's no question, I agree with what everybody has said and I'll go just a little bit further focusing on that negative interest rates thing. This is a really big deal. It's not just a few. It's not just some crazy government in Botswana somewhere doing something insane. It's the EU for God's sake. And, that graph is going vertical with he amount of negative interests rates out there. This is a completely different environment for gold and silver than we saw, even in 2016. That question of why would anybody own gold, doesn't pay interest. The answer to that now is, it's great. It's much better than the interest rate I'm getting from the banks.

Rick Rule: Yeah. Editorial comment from the podium, I usually don't do this but, Jim Grant, I think has famously described sovereign debt these days as, return free risk. If you think about the concept of return free risk. And he said, "At least with regards to gold, it's a good honest zero." Just for fun, I'm going to let the audience participate. The panelists, of course, all believe that gold and gold stocks are going higher. It's sort of like going across down to a Baptist church and asking if they believe in God, especially talking to the choir, which is what this is.

By the way, you know what you call an assemblage of newsletter writers? The Cabal of Babble. So we have Cabal of Babble here. But we're going to involve you for a second. Everybody here believes gold's going higher. I assume the audience believes the gold is going higher kind of. How many people in the audience believe that they're going to buy physical gold in the next 12 months? That's pretty good.

Brent Cook: Wow, okay.

Rick Rule: Now, you're beginning to convince me. Okay. So the second question, Lobo we're going to start with you since we embarrassed Brent first time out last time. The bull market that we believe that we're in the nascent stages of, is this a precious metals bull market with regard to the equities, or will it encompass all resources or some resources? And if it’s some resources, we'd like you to specific, tell us, which ones. Is this just a precious metals market? Is it a selective market for other resources or is this a full on resource bull market?

Lobo Tiggre: Well, I touched on this earlier, and I'm going to be typical me, and instead of telling you what the future is, I'll tell you I see two paths. And I would say, if the powers that be are successful in kicking the can down the road again, and we see all these recessionary red flags waving, if they can pull out the magic money or easy money wand and make all that better, we may see that broader bull market that Brien referred to because, it will be so inflationary, it would be good for anything real, all metals, all commodities should do well in that environment. And you could see commodities and equites in general rise at the same time if there's enough free, easy money out there. That's path A.

Path B is, it doesn't work or despite their best efforts, we go into recession in the U.S. and the global economy really starts falling apart in a bigger way. Then it's not good for industrial metals clearly, but it would be fantastic for precious metals. And so I'm not giving you one answer, maybe that doesn't make the future clear for you, but I will say there is a gold and silver lining here in that both scenarios are good for precious metals. And, in the trouble ahead scenario, it's fantastic for precious metals, which is what Gwen said about there being very little downside in them.

So, I see precious metals as something we can always, as Doug taught us, own for prudence, with fantastic speculative upside, which will include the precious metals equites as well.

Rick Rule: Nick, game on or just precious metals?

Nick Hodge: No, it's a precious metals selective bull market for now. You can see it in gold and silver. You can certainly see it in palladium and even rhodium a bit. And I think that's because of all the doom and gloom that investors see coming in the global economy. So I'm going to echo Lobo a bit, in that when I look at ... Let's just take Greta Thunberg, lets bring her into the mining panel. She sailed across the ocean last week or last month waving her hands about climate change and this and that. But, I don't see her talking about mining lithium to power all these cars. And, I don't see her talking about mining copper to make all the wires to electrify the future.

And these commodity prices themselves. If you look at lithium carbonate, you look at the copper price, it's not telling me that everything is puppies and rainbows and we're going to be okay over the next five years. And so, I don't see the broad-based metals bull market now, and I don't even see a broad-based bull market in all precious metals equites as we've clearly seen. And, I've talked about it earlier, we haven't seen the juniors move. In fact, the ones that I follow closest, that I view to be the highest quality assets and share structures and management teams, I've just been watching make new 52 week lows. And so I think it’s very selective.

Rick Rule: Gwen.

Gwen Preston: At the moment, I only have confidence in the precious metals market. Doesn't mean I don't want to have confidence and don't see fundamental reason for there to be strength down the road in copper and zinc and the base metals, but as much as we want those markets to pay attention to supply-demand numbers, they don't. If global investor sentiment is not contemplating growth, which it isn't right now for very obvious reasons, the trade war being the key one, and just general recession indicators, then investors just don't get interested in commodities. Whether the supply-demand questions means that they should or not.

So there will be some great opportunities in copper and zinc and the like down the road, and you can see that some commodities can outperform even when that growth sentiment is not there. Nickel is a very good example of late. It's gained dramatically in the last year for its own reasons. So it can happen, but I don't see it being a reliable one. I don't see it being broad based until we get the answer to how the stock market is going to play out. Sort of what Lobo was describing there, quantitative easing might keep the stock market aloft. Is it going to keep the economy ticking long enough to bring growth sentiment back? I don't know at this point.

So for now, I'm certainly focusing on gold and silver, with an eye to copper and zinc opportunities, when it becomes a little more clear.

Rick Rule: Brien, you can afford to be agnostic. I saw you had exhibitors in Cannabis and real estate and everything. So, is this a gold bull market or is this a bull market in all things resources?

Brien Lundin: Well, no, it isn't. And, I want to clarify, I really don't disagree with Lobo at all. When I was talking about metals and mining, I was really talking about precious metals and mining. I think that if you look at the industrial metals ... And when I say precious metals, I mean gold and silver. I think platinum and palladium are more industrial than monetary at this point. And if you look at the industrial metals, copper's interesting from a supply-pinch stand point. Zinc's interesting for the same reasons. Nickel has obviously been performing well. It's all irrelevant, it doesn't matter. You can't get leverage to them. And I've said this forever, there's no copper bull market, there's not a rare earth bull market, there's not a uranium bull market in junior equities, unless there's an underlying bull market in gold and gold equities.

That's what gets retail investors into the sector of junior mining in general, so you really need gold and silver to carry the flag for a while to bring people into the sector. And then you have these ancillary markets and opportunities springing out from that. We're a long way from that. I think those metals and markets are interesting, but unless you're going to buy an ETF, you're still not going to get any leverage on those markets right now through junior or even more general mining equities. It is going to be primarily gold and silver for the foreseeable future and for reasons as we've been saying that are pretty irrefutable.

Rick Rule: Brent, with the caveat that your work is agnostic, you're an exploration guy, a geologist more than you are an economic forecaster. I want to ask you the same question. Do you think that the equities market, the bull market that we're in now, is precious metals centric or do you think it is more generally commodity centric?

Brent Cook: Well, I'm pretty much in agreement with everybody up here. With the short term for base metals I don't see a lot of … Joe and I buying many of those. But I think there's a fundamental issue that's coming that is unique to our era, and I've said this before, we're mining through one, Bingham copper deposit a year. We're doing the same thing with Carlin Trend a year, that's how much we're producing. And were not finding enough economic deposits to replace what's being mined.

So there's one or two things that are going to happen, either the metal prices are going to have to go up so that these marginal deposits that everybody owns can go into production or we're going to have to start finding more higher grade economic deposits. And that, to me, bodes really well for what we do, which is identify projects that a major will buy because they need to replace what they're mining. So longer term I'm real positive on all commodities.

Rick Rule: Brent, I have to say for a geologist, you've really come a long way. You're very fast on your feet. The idea that you could take a simple question like that and turn it into a pitch, is really spectacular. I want to congratulate you.

Brent Cook: I learned from the best.

Rick Rule: I remember Brent as a good green young geologist. He was brought up well because he was brought up at Sprott.

The next question I'm going to start with you Brent, you know I go backwards and forwards. This is a sort of complex question, but gold has moved depending on how you want to count in this move from 1,100 bucks an ounce to 1,500 bucks an ounce. And we've seen a reasonable move in the majors, but people complain that the juniors haven't moved. When will the juniors move? Why would they move or why haven't they moved? Or is it an if question? Are there some structural differences that will keep the juniors from moving this time?

So Brent, you understand the question. We've had a reasonable move in gold and there are people who would suggest ... I might take the other side of the argument later, that we've had a malaise in the juniors. So why might that end or why might it not end? And why has it occurred if you believe its occurred.

Brent Cook: I think what I'll take is the why part of that question. Why haven't they moved? And I think it's a fundamental problem with ... It's a scientific problem really and it’s something that I'm going to talk about tomorrow morning at 8:55 everyone. When a junior company or geologist, there's two ways of doing science, there's either deductive or inductive. Inductive is where you collect data and analyze it and come to some conclusion. Deductive is where you come up with a thesis and go out and find data for or against that thesis.

But in the junior exploration sector, it's a very bias collection of data in that they're going out and collecting and presenting only positive data on whatever prospect there is, Rita Porphyry copper, whatever the IP, surveys. They're only presenting the positive data and ignoring the negative data, which they have to do to get the money. What that means is a lot of money gets wasted on projects that from an unbiased viewpoint and a scientific viewpoint you'd say, "That's not worth putting money into."

So I think that's why the juniors are viewed so skeptically right now. I do think it will get improve, but that's the fundamental issue I think. Does that make sense?

Rick Rule: It does. It does.

Brent Cook: All right.

Rick Rule: I hadn't thought of it so that was very useful. I'm actually, as you can see I'm taking notes. Brien?

Brien Lundin: What was the question again? I'm sorry.

Brent Cook: I'm sorry about that.

Brien Lundin: He went all over the place. I don't have that long of an attention span.

Rick Rule: No talking science is a sure way to put people to sleep in an investing conference. All right. The question was that gold has gone from 1,100 an ounce 1,500 gold an ounce. The gold seniors have moved reasonably well. But there is a self describe problem among the juniors that relates to malaise. Why is that the case? Is it, in fact, the case? Do you believe that the juniors are adequately priced and what might change it?

Brien Lundin: They are not adequately priced, which is irrelevant again it doesn't matter what we think of their value is, it’s where they're going to go. The problem with the juniors right now is that there's ... And I forgot who said this, and this is a paraphrase. A market is loved least by those who know it best and we all know this best and we’re always poking holes in it and we've been beaten up. The people who invest on a retail level, at least, in institutional to some degree, in the junior mining sector, have really been beaten up and they've been largely, their cash is deployed and they're waiting for take outs to where they can redeploy cash.

And we can't get new money into the sector until we have some demonstrated track records. So we can't have any demonstrated track records until people start bidding up prices and it's a circular thing. Basically what it boils down to is, we need some of us, people in this room, and other people invested in the sector to make money, make cash, have successes, cash out of some of the plays and redeploy and start bidding up the rest of the sector. And I think that's going to take some time.

We haven't had those big liquidity events yet in this market. I think it's going to happen. There are a few on the radar screen right now that have had some big runs. It may take another 6 months, it may take another year, but it's going to be an evolution. And I don't think anybody is buying right now to cash out in another month or two. I think we need to look a year or two down the road for some of the bargains were going to pick up right about now.

Rick Rule: Gwen, same question.

Gwen Preston: I think it’s interesting because when you look at something like Jordan's chart, which compares gold bull markets over the past, however many, there's like 6 different gold bull markets charted there. They all have a pretty similar pattern. And guess what, we go through this every time. It takes a long time for the junior end of the space to start getting any love, that's just the nature of the business. Its high risk and money doesn't go there first.

So you started by saying the majors have been seeing good moves, they absolutely have. But that didn't translate into any additional love for the juniors until, I think, the fundamentals for gold improved. And that's the big change that we've seen in 2019, the fundamentals for gold have improved and then guess what? There's a series of conferences in September that the sector generally attendees. When you go down to the Denver Gold Show, the thing that I was interested in is, who was there? The Denver Gold Show has major mining companies meeting predominately with money, so funds, institutions, banks. And the question is, was their new money there? And there was. There were major banks there. There was J.P. Morgan there, there was Citi there. They haven't been there for a very long time. They have very large funds and they're looking for how they want to establish their gold positions.

That, to me, is what is going to enable the love to come down to the juniors. And I think that that's what happens most of the time. At some point, some fund managers at these major institutions get the go ahead to put half a percent of their trillion dollar fund into gold. Our sector is tiny, that creates even larger moves in the majors, in Franco. And the royalty companies and the major producers and then we get the money is able to rotate out in the way that Brien was just describing and come down into the juniors.

So it’s not unusual, the pattern that were seeing in this market, actually is the pattern that we see in all the gold bull markets. So it’s not weird, but thankfully what we’re at right now is the point where the fundamentals for the metal have strengthened to a point where generalists investors, the argument for gold makes sense very broadly. It’s not just it’s time for it to go, it’s not just that its a value compared to the rest of the stock market. It is that, gold is a safe haven, there's negative real interest rate environment, and the bond market is a mess and gold makes sense.

So that argument is enough to turn some of those generalists dollars and move money down and then add life to the lower end of the space in the pattern that usually happens.

Rick Rule: Nick?

Nick Hodge: Lots swirling around in my head. Let's see how well I can get it out and in how articulate of a manner I can do it. So generalist investors want cash flow now and that'd why you see the producers and the mid-tiers moving first. If you put up an ABX chart or [Sebaney 00:24:30] chart or Kirkland Lake chart, you can clearly see that. And so, yes we're seeing the typical cascade affect that we're going to see when a new precious metals bull market materializes.

Another aspect of it is what Brent was talking about in how we have to replenish reserves in a very real way. And so these companies, that I just mentioned, haven't been making all that much money for the past couple of years and now they are starting to. And so what I would look for is over the next couple of quarters, as those earnings, the widget that they're producing for $900 dollars an ounce are now selling for 13, 14, $1,500 an ounce. They're going to have to put some of that money to use because they're going to build their confers.

And so that's one catalyst that I would look for is, a kick off of consolidation that is not Barrick, Randgold and Newmont Gold Corp but them taking out some smaller players. There are also so headwinds that we're facing in just the general stigma of the industry that keeps outside investors out or that keeps jaded inside retail people from buying more. Perhaps that's the way these companies structure themselves, perhaps it's that, of the 3,000 or whatever junior equity is out there, that well over 2,000 of them are utter crap. I'm sure that has something to do with it.

And then you have the whole ETF component where if someone who is not entrenched in the space, all of a sudden wants to buy some gold stocks, they don't go and buy a single name first, they go and buy an ETF first. And so if you're not included in that ETF, you're not getting any of the love. So I do think juniors move, but I think that one, it's a natural progression. It's going to take time. And two, I think they could do some things themselves to cast a better image to the fish that they're trying to catch. You talk about us serving up fish all the time, but the companies need to have better bait in some cases, I believe.

So we're seeing some of that now. I'm just going to go for another second. We see like Paulson and Detour Gold for example, or we see the British Columbia Securities Exchange issue some new rules in recent weeks on transparency and accountability. And I think that's what we need to really get a fervent and frothy bull market.

Rick Rule: More regulation for a frothy market. Interesting. Lobo.

Nick Hodge: All right. Well I will step up to the plate here and be the big bad wolf. It's conventional wisdom that when money comes into the metals, it goes to the majors first and then trickles down to the juniors maybe as acquisitions push it down. My experience has not been that. Yes, money does find the majors and obviously the big easy names that are easy to find for new investors or new money coming in. But the money that knows the industry knows the quality players. And my experience has been that when the market turns and when interest resumed, the better juniors rise right away.

In the crash of 2008, right at the bottom in Doug Casey's international speculator, I remember in that December issue, right after the November bottom, I put out a whole bunch of Best Buys, capital letters, just because things were so ridiculously oversold, wasn't a major in that batch. And they had all doubled within a few months in the average gain over that rise up to 2011 was on the order of 400% for that select group there at that bottom. And they were all juniors.

In 2015, my new employers required me to sell all my stock so they wouldn't have any conflicts of interest with my readers. So kind of at the bottom in 2015, I liquidated my personal portfolio. And darned if all those stocks didn't just about double in 2016 and guess what? There wasn't a major among them. And that wasn't what I was in there for. So I'm going to disagree with the premise a little bit. I think smart money can see where there's real opportunity. And furthermore, I'd go ahead and say that that's a fantastic thing for us right now. If the mood is crappy, if the money isn't there, well guess what? It is there for the people that actually have something.

So to answer the other part of your question, are the juniors not getting valued as they should? I think they're probably mostly overvalued. Most of them have nothing. They have no gold except in the name of the company. And what is the correct value for that? Nothing. So I think this is a great circumstance. If you in the audience are as bullish on precious metals as we are up here on this panel, and the market is not giving the love to all the companies out there. That's great. You can see where the money is going and why is that? And those are the stocks that should be of interest to you.

Rick Rule: One more general question before we get specific. We talk about the lack of a bull market in the intermediates and the juniors, but yet the Australian gold share market has been absolutely on fire for five years and it's gotten completely crazy now. These sort of 10 cent new issues out of Perth with initial floats that exceed the capacity of my calculator are coming out. Why? Why the tale of two countries? Why is Australia so hot and why is Canada, aside from latitude, so cold? Lobo?

Lobo Tiggre: It is a really good question and I'm going to be very honest and say, I don't know. The surface answer is, well, gold in the Australian dollar is hitting new highs and therefore your costs are in Australian dollars, your margin is better, the companies should be doing better. But that covers Canada too. The gold price in Canadian dollars is doing, I don't know, exactly where it compares to Aussie dollars, but they both have hit record highs. They're both doing really well. Maybe it's just inverse close-ology. That Canada's closer to the United States and that's actually spread a bad vibe.

Honest answer is, I don't know why that is, but I see it as an opportunity. I missed the boat on the Aussie shares. I wish I had seen that coming. I wish I had owned a good number of those companies that did so spectacularly well. Who the heck saw Santa Barbara coming along and buying-

Rick Rule: Atlantic.

Gwen Preston: Atlantic.

Lobo Tiggre: Atlantic, right. Thank you. So, wow. And I miss that. But you know what? We have that opportunity with the Canadian miners today, the better ones where the love is going.

Rick Rule: Nick, same question.

Nick Hodge: You know who ran Atlantic, right? It was a gentleman from down under. And so I missed the opportunity for my joke, which was weed man, they didn't get distracted with all the cryptocurrencies and the Cannabis capital. So the capital wasn't distracted and honestly, they've just been having better practices. So it was no coincidence that Atlantic Gold was run by Steven Dean, who had come up with development-

Rick Rule: So the Canadians were all sedated basically, right?

Nick Hodge: Yeah, exactly. Were all stoned. No. They just conduct themselves better and they conduct their operations better. If you would have talked to Steven Dean about how he has taken Atlantic Gold with a string of pearls model and how he had learned this down under and how he was going to apply it here, it was no question that that company was going to get taken out. And so I just think they're a bit more diligent, perhaps, is the word or a bit more on top of things and North American capital has been distracted.

Gwen Preston: I definitely think marijuana is a huge factor. I think that the risk capital that we rely on in Canada, especially, in the North American exploration space, got totally distracted. There was a market that was exciting, and it was a venture market, and a bunch of money went there. And so that money that might have found its home in a gold price that was darn strong in Canadian dollars, found its home somewhere else. But what's exciting about that right now is at recent conferences over the last few months, when I chat to attendees, I have met so many conference attendees who say things like, "I'm new to the gold space. I see sort of a general opportunity here and I have a bunch of marijuana dollars in my portfolio that I want to redeploy."

That is literally the person that we in the gold space have been looking for for the last three years. We talked about it so much for three years and I've been meeting that person on repeat at conferences lately. So I think that really helps. I think the close-ology argument also helps, has also played a role, but the risk capital down in Australia didn't have a marijuana market to go to. So it stayed in mining, which is their go to risk market.

Rick Rule: That's a very interesting statement. What you're saying is that we need rich stoned people?

Gwen Preston: Yeah, we need rich stoned people.

Rick Rule: I've got to remember you. My problem is at age 66 is I don't know many of them. Brien, same question.

Brien Lundin: Aussies are crazy, but who didn't know that? That's a part of it is, once things feed on themselves, it started moving as a speculative environment down there. When things work, people like to get more of it and it fed on itself. And I agree the currency issue is very helpful. Lobo makes a good point. This should also work for Canada, and I agree with everything everybody else said.

I think one important outcome of this or takeaway from this is, that some of this money is coming into the North American market now. So you saw Atlantic Gold and that was a great takeout for the company. Actually, if they would've hung on for another couple of years, there'd have been a lot more money made from that play because it was a wonderful play. We see the Australian money coming into a tremendous joint venture deal signed by Millrock in recent weeks.

And that's a play that they have, that Millrock, which is probably the most religious prospect generating company out there, was about to drill themselves. It took an extraordinary deal and they got one. That money is being redeployed again. That's the thing we have here. Money made, money redeployed and feeding on itself. So I think the Australian market, interestingly, is going to actually help the North American market to some degree.

Rick Rule: Brent, same question, Australia moved, Why?

Brent Cook: Yeah, this June I spoke at the Noosa conference in Queensland and I lived in Australia for seven years. And the market there is much more resource focused and certainly the pot and crypto didn't affect anything down there. But I think also the mentality of the miners down there is quite a bit different than we get in Canada in that their focus is on discovering, developing, building a mine and cash flow. That's what their focus is. And that seems to have been working. Plus the Australian dollar helped as well.

So it's a different kind of market in the sense that it's more about making money through mining as opposed to making money through selling shares and that sort of things. I think that's probably what one of the big differences is as well.

Rick Rule: That's what I was trying to drag out of somebody. I think the ethos in Australia has been rocks to money and the Canadian ethos has been perverted, it's become rocks to stocks and stocks to money.

Brent Cook: Yeah.

Rick Rule: Pulp and paper has always been as big an industry in Canada as mining is, and they had to make something for the paper guys in the course of that thing. So the audience likes this general discussion. They like to be educated, they like you to teach them how to catch fish in a biblical sense. But what they really want is for you to catch them some fish, clean the fish, cook the fish, and serve it up with appropriate garnish. We now know from the audience that gold is going higher. The gold stocks are in a bull market. We know that you have to focus on quality and we know that the juniors are going to move too, because you all told us that. What do we like now? Three stocks and why? Starting with Brent.

Gwen Preston: Three stock.

Brent Cook: All right. There's something about fish, they tend to spoil and I think it's really important to keep on-

Rick Rule: Like stocks, yeah.

Brent Cook: Yeah. I think it's really important to keep in mind that, particularly in these smaller companies, things change. Drilling goes bad, metallurgy goes bad. So it's not something you can buy and hold it. It's something you've really got to follow and keep up on because more often than not, the chart is like this. That said, stocks that Joe and I own in our portfolio out there right now is Trilogy. They've got very high grade deposits in Alaska. They're working on getting a permit to get a road to it. The final comments had been made. Now, it's going through the EIS part of the study.

My feeling is that they're going to get the permit and then they've got a partner, South32 who is on the line for an option. They can get into 50% of this for $150 million investment. So I think what we're going to see with that company is, towards January of next year, these two events are going to happen and that's the catalyst to take it higher. That's one.

Another one that we own is EMX Royalties who pulled off, sold a copper deposit in Russia, which I never thought they could pull off. They sold it for 80 something million dollars. They've still got 50 something million dollars in the bank, a number of joint ventures going on in a number of royalties that could potentially bring in more money. They're making money off of royalties in Nevada right now. So I think that's a reasonable price right now. Actually, walking throughout there, there are a lot of companies that I think are reasonably priced right now.

A third one I'll throw up, we don't own, but I've been to the project is Integra and their deposit in Idaho. I think that's permit table, it's going to get bigger, and it's something that down the road, a major mining company or mid tier mining company will buy.

Rick Rule: Brien, I know it's hard for you to pick your three favorites, so you can pick two if you want.

Brien Lundin: It really is, with all of those fully paid exhibitors in the hall out there, it's hard for me to pick any. Actually, those three companies that Brent just mentioned are all recommended by me in Gold Newsletter and they're all exhibiting. That's very convenient. I mentioned, I think, five companies in my speech. I can only remember three of them conveniently right now. Aftermath Silver, I like that. That's a new silver play. They're going to be drilling, they're going to be making news, and that's already been a winner and Gold Newsletter, but I think it's got further to go.

Chakana Copper is one that we got in at the wrong time. The share structure wasn't that great. It's been improved somewhat by somebody with a lot of stock that dumped the stock, unceremoniously dumped the stock. The end result is that's a very interesting, high grade copper gold play. And it's trading at a 52-week lows. It's kind of a bargain right now in my opinion.

And I had mentioned Millrock. You need to go look at the deal that they just signed for the Goodpaster District. It's on trend with the Pogo mine. The drills from the Pogo mine are actually just right up to their property boundary. The trend is very clear and they've got a tremendous joint venture to drill that. So there will be drilling news coming out of that in a very high profile project. So I like all three of those.

Rick Rule: Gwen, you can narrow your list down to three?

Gwen Preston: I want to agree with Brent that there's a lot of really attractively priced stocks out there right now. So it is difficult to name a few. But if I want to just go through three categories, if I were to choose a pre-discovery stock, so high risk exploration end of the spectrum, Precipitate Gold is really interesting to me right now. They have a land package in the Dominican Republic that's right next door to the third, fourth, fifth largest gold mine in the world, depending on how you calculate these things. It's not just close-ology though, there's some very interesting good science that's gone into identifying new targets there and they just finished financing and we'll start drilling there soon. So it's a complete drill spec, but I like the way that it looks and I like the capital management of that company.

Another category that I like is what I call strong and splashy. So companies that have an established resource at a project, it's known, it's moving along, there's foundational value in that asset. But there's also the opportunity for splashy news on top of that from exploration drilling or other things, be it strategic investors, things like that. So I would name Skeena, as a good example of that right now. They're about to come out with a PEA that I think the market will be really pleased by, from what I understand of what's going on there. So I think they are a good example of that strong and splashy type project or company.

And then if I want to go to the other end of the spectrum of it, you could choose a producer like Premier Gold or you can choose an optionality play. Optionality is one of these terms that we throw around a lot. To me, optionality means large resources that the market doesn't and shouldn't care much about when we're not in a gold bull market because there won't be the capital available to build it or for anybody to acquire it. But when the gold price is good, they're the assets, very big assets, that will get bought and/or built, transacted, because they're the huge things that a major company needs to replace the reserves that, as Brent was talking about, they no longer have.

So Western Copper and Gold is one example of that. It's here. It's a massive project. It's 9 million ounces of gold. It's a huge amount of copper. It's nearing the end of its permitting process there and it's a really good example of the kind of optionality play that I think can attract a fair amount of attention in the kind of market that we're going into.

Rick Rule: Nick, you've got to be quick. So Lobo has a turn too.

Nick Hodge: I'll do it. We said that producers are the ones that are moving now and it's not junior's time. So let's go there first. And also West Africa, I think, is just blowing up, in a good way. Let's go with Teranga Gold, TGZ. They have an operating mine in, it's called Sabodala in Senegal. They just brought another one on in Burkina Faso. It's ramping up right now. That one's called Wahgnion. And they have another very, very prospective land package called Golden Hills, also in Burkina Faso. That stock has, I think doubled in recent years. But like I say, the new mine is just coming online. It's going to start generating serious cashflow, I think, plus you have drill results coming up. They're drilling something like 20,000 meters right now at Golden Hills. So TGZ is a good one.

And then I'll do the whole, let's talk about companies that are across the hall. One I've been telling you about for years is called Midas Gold. It hasn't performed well at all. I talked about it for 20 minutes earlier today in my talk. But the government is saying now record of decision in late 2020, 6 million ounces on the book. Everyone knows there's a lot more gold there. Critical antimony component, gosh, seventh largest gold reserve in the country, fourth highest grade, et cetera, et cetera. Midas Gold. You can just ladle on the superlatives.

And then let's talk about, I guess, I won't Millrock, because it's been said. Let's talk about Revival Gold, which has 2 million ounces, is going to do a resource update early next year. That'll bring it 3 million ounces. Currently, only getting about $10 an ounce for that gold as a brownfield project. So it was less risky in that respect. Has two assets in Idaho, which we know is an up and coming jurisdiction.

Rick Rule: Good for you. Thank you.

Lobo Tiggre: Wow.

Rick Rule: Lobo?

Lobo Tiggre: You have an alternate career? If you ever need one in disclaimer reading that was lustering.

Rick Rule: Well, don't waste the talk, Lobo, you've got to use this man.

Lobo Tiggre: Sorry. Just, wow, I'm impressed. Three picks. I have such a small-

Rick Rule: You're killing the time I gave you and you don't have a career in that.

Lobo Tiggre: Yeah, times up. I have such a small portfolio. I'm reluctant to give too much away.

Rick Rule: Start with one.

Lobo Tiggre: Yeah, let's start with one.

Rick Rule: First step.

Lobo Tiggre: Let me say as much as we're a precious metals bulls up here. We get talking about gold. I really want to stress that silver is the better buy right now. It does move with gold. We've seen that it has responded to this rally with gold. Don't forget silver. Silver is a better buy right now and it's harder to find good silver plays. So I would give a nod to my friends at the new Silvercrest. It's not quite in the pre-production sweet spot that I like to focus on, but I think it will be soon. They have permits already, this is clearly a cash cow in the making, in my view. It's not particularly cheap. I'd like to see a big fluctuation in the markets. Give me a better entry point there. But I think that's going to be a mine. It's going to be a highly profitable mine. I was worried about the change of government in Mexico, but they've already gotten their major permits. That really helps with the country risks that had me worried about that one.

Also in the silver space, I just sold, so you may take this how you like, I just sold my shares in Fortuna Silver Mines because I didn't want to hang around for this election. Argentina just took a turn for the worst. But interestingly enough, I may have been wrong at the turn for the worst looks to have been well-priced in, the stock did wobble a little bit, Monday, the day after the election, when the bad guys won in Argentina. But really there were other silver plays that wobbled more because silver was down that day and it has risen since then. So I'm not ready to pile back in again. But I love that company. These guys are just top-notch. They do what they say they're going to do.

And I think the Lindero mine, if it doesn't get nationalized, confiscated, taxed into oblivion or whatever else the new government might do down there, it will materially change things. It's a game changer for Fortuna. I like that one a lot. Maybe I was too nervous Nellie when I sold there, but I think given how hard it is to find a good silver play and how much silver is still in that story, it's one to look at.

I like Premier, I like Skeena, I like several of the ones that have been mentioned here, but I really don't like “if questions” and you taught this to me. I like when questions. So I'm almost done, I'm very much focused on “when questions” and in my mind the pre-production sweet spot is the most solid “when question,” you know who's building a mine, you knows there's value added there. You go from spending money, literally pouring it into holes in the ground to making money, extracting it from a great big hole in the ground. And the change in valuation there is significant.

So I'll go ahead and throw one that is in my portfolio out there would be Lundin Gold. It's in Ecuador, which has scared some people, but they have first class operation there. The stock has shown that it can and will respond to higher gold prices. And I think that one will deliver in spades by the time they hit first pour.

Rick Rule: There you have it, ladies and gentlemen. To have a great panel, you've got to have great panelists. And I had them. Please give him a round of applause. Thank you very much.