

Déjà New

Fears of another December rate hike drove gold down to a lower trading range, from which it's only now beginning to recover.

Investors seem to appreciate that — just like last year — the Fed's end-of-year move on rates could serve as a launching pad for gold...but this time with a new twist.

By Brien Lundin

The U.S. dollar is deceiving you.

No, I'm not referring to the fact that it's only worth pennies, having lost 88% of its purchasing power since just 1965.

Rather, I'm talking about the big rally in the greenback on October 4th — a rally that prompted the big, \$43 dollar sell-off in gold.

One would think that the dollar soared because the Fed was going to follow through on its implied promise to squeeze in another of its annual quarter-point rate hikes at its December meeting.

Nope. The jump in the dollar was precipitated by an overnight flash crash in the British pound. The decline in the pound naturally helped lift the dollar, and the trend was exacerbated with a bit of hawkish Fed speak.

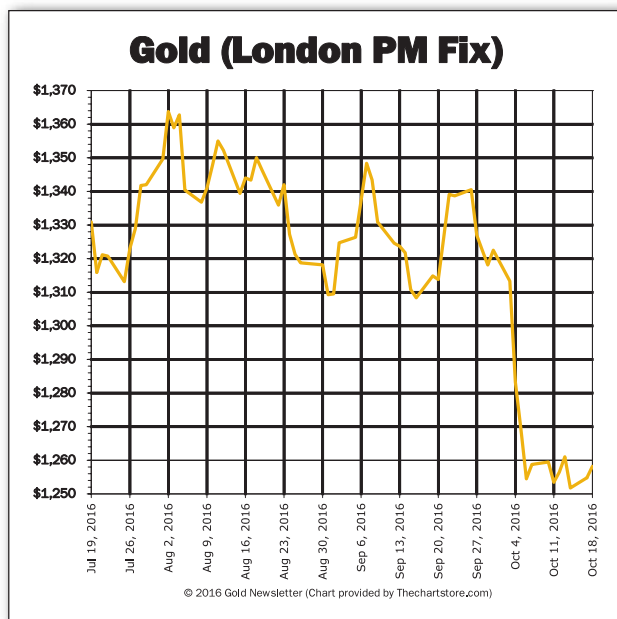
The result was that gold — already weakened by a September Fed meeting where committee members expressed their determination to raise rates soon — was pushed into a major sell-off.

During the decline, important sell-stops were hit, prompting more selling until the metal poised right above the critical 200-day moving average at around \$1,256.

If this key technical support line was broken, experts agreed, another selling spree would likely take the metal to \$1,200 or below. Breaths were bated in anticipation.

But not for long, as gold slid the next day right to just below the 200-day moving average...and stayed right in that range, within a few dollars of the support line, for the rest of that week and the next.

Even the release of the September nonfarm payrolls report, which was a mild miss to



the downside, failed to dislodge gold from its anchor around the 200 DMA.

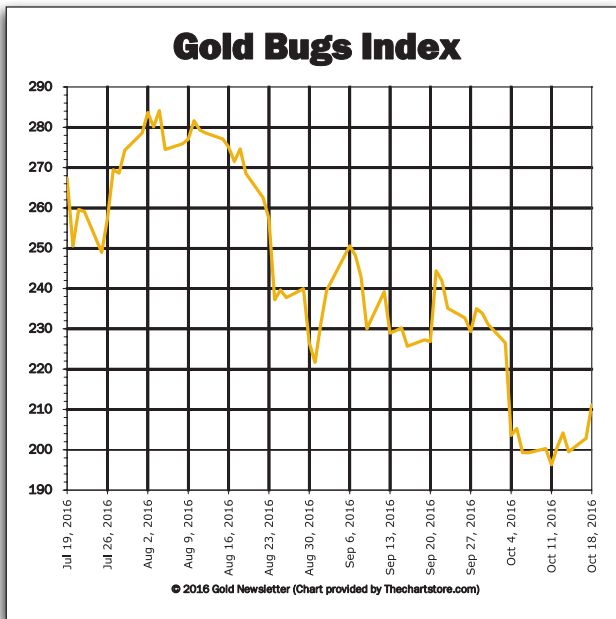
As I write, the metal has begun to creep higher, gaining some degree of separation from the dreaded line of demarcation.

By all accounts though, from gold bulls and bears alike, gold should have continued to fall. So what happened?

(Continued...)

INSIDE:

21 Potpourri



**SAME SONG,
DIFFERENT VERSE**

Maybe, quite simply, investors had been down this road before. As recently as last year, in fact, as everyone anticipated a Fed rate hike, a rising dollar and a falling gold price.

And it happened, just as everyone expected...until the story changed dramatically.

Because once the Fed forced in its mid-December, quarter-point rate hike last year, all the selling pressure on gold lifted. In a typical “buy the rumor, sell the news” effect, the shorts covered their bets, took their money and ran once the game ended with the Fed’s announce-

ment. And then gold took off.

But after rising about 25% through September, while every other asset class merely marked time or fell, gold was due for a break. And so, given the excuse with the dollar spike earlier this month, there’s little wonder that short-term gold bulls took their profits.

Still, again, the sellers didn’t pile on because even these short-timers have memories long

enough to recall last year. They don’t want to miss the next run in gold and — as I’ll spell out below — there’s every reason to believe that another big move higher is inevitable.

Helping out was the return of China from a week-long holiday, and the Middle Kingdom’s bargain-hunting buyers came in, once again, to support gold on a price decline.

Also notable was that, even in the face of the massive selling in the paper gold futures markets, the major gold ETFs not only didn’t see big withdrawals, *they actually experienced significant new buying.*

This indicates that many investors were unconvinced that the Fed will be able to hike rates in December. Or, as we saw last year, that such a small rate hike will be negative for gold in any way.

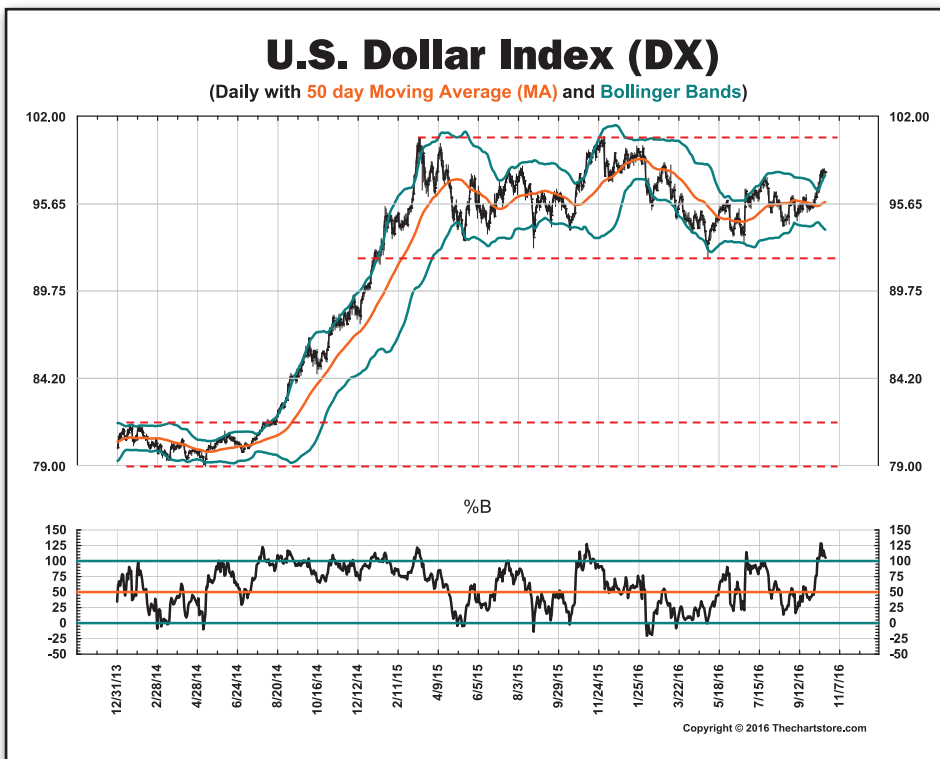
Another factor that won’t be negative for gold, in my opinion, is the dollar.

Granted, this isn’t a popular opinion, as most analysts are calling for the greenback to keep strengthening. Even the gold bulls are saying that the metal will have to fight this headwind.

But as you can see from the accompanying chart of the Dollar Index with accompanying Bollinger Bands, the trade-weighted greenback has been stuck in a range since early last year.

In fact, it’s bumped up against the 100 level twice, failing to break through in both instances.

Now, as recently as today I watched my friend Rick Santelli on CNBC warn of the old trader’s rule that a price often “knocks



three times” before bursting through a resistance or support level on the third try.

Everyone expects the Dollar Index to mount a third attempt at clearing 100 this time around. And I think it’s going to fail once again.

Why? Because the past two efforts turned too neatly around right at that psychologically powerful benchmark. Noticing this after the last failed attempt, I looked back and noticed that each time the dollar hit that level, Mario Draghi found a microphone and talked the euro higher...halting the dollar’s rally.

I expect the same thing to happen this time around, as it seems likely that the Fed and the ECB have an unwritten agreement to corral the dollar within its current range.

For sure, the Fed doesn’t want dollar strength — and the de facto monetary tightening it brings — to get out of hand, since a rising dollar would argue against the December rate hike that they desperately want to accomplish.

NO TIME TO WASTE

The Fed is anxious to get a hike in this year not only for reasons of credibility — they’d predicted four raises this year, for goodness sake — but also to create some room to cut in the inevitable (and perhaps imminent) recession.

Plus, the dollar’s strength has little to do with any encouraging aspects of the U.S. economy, but rather the relative weakness of the euro and the pound.

If it weren’t for even weaker results elsewhere, the dollar would be weakening along with the U.S. economy. For a couple of months the data has been flowing in saw-

tooth fashion, with every positive bit of news quickly negated by a negative print, and vice versa.

Still, the balance seemed to be tilting toward the positive, and as recently as August expectations were for 3.5%+ growth in the U.S. for the third quarter.

Today, not so much. As one wag on Twitter observed, the accompanying graph of the Atlanta Fed’s GDPNow forecast for the third quarter is in such steep decline that it seems to resemble a chart of the Fed’s credibility over time.

From an initial forecast of over 3.5% growth, the Atlanta Fed’s current forecast is for only 2.0% growth in the third quarter. As you’ll remember, the economy posted just 0.8% growth in the first quarter, and 1.4% in the second, with the initial estimates in both cases being much higher.

The fact is, no matter how much lipstick is put on the pig, the U.S. economy is running around a 1.5% growth rate. And that’s not good.

Apologists for the economy will claim that the contentious U.S. presidential election has been tampering animal spirits, and getting this distasteful contest behind us promises to usher in an economic rebound.

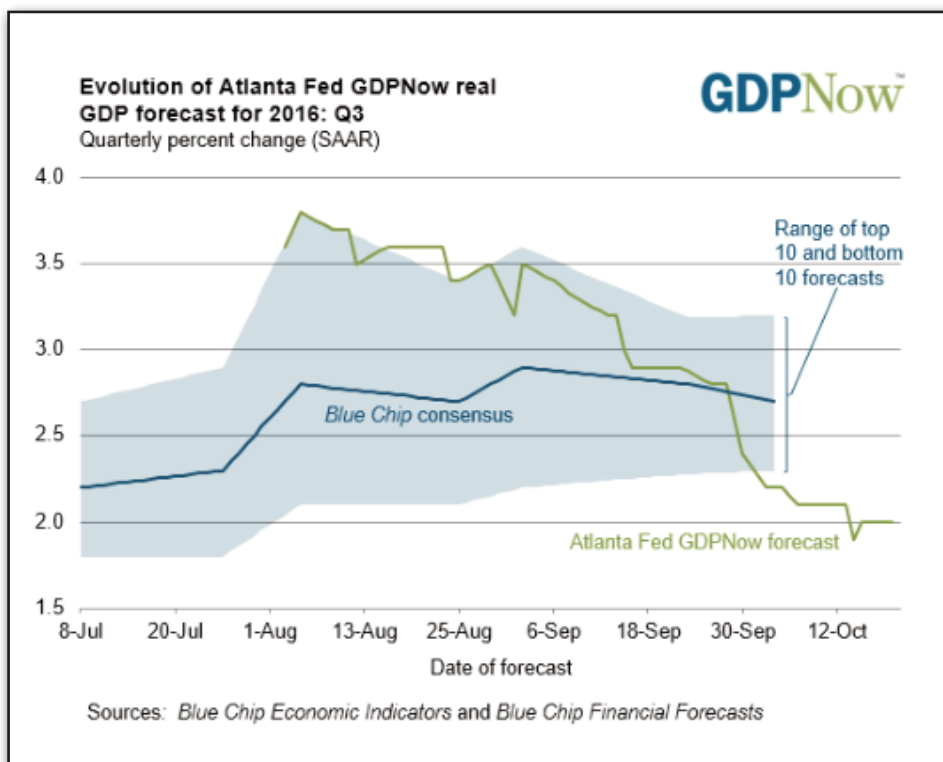
Not likely, in my opinion. In fact, my view runs counter to most: While the consensus is that a Trump victory would be bullish for gold, I’m confident that gold will truly thrive during a Clinton administration.

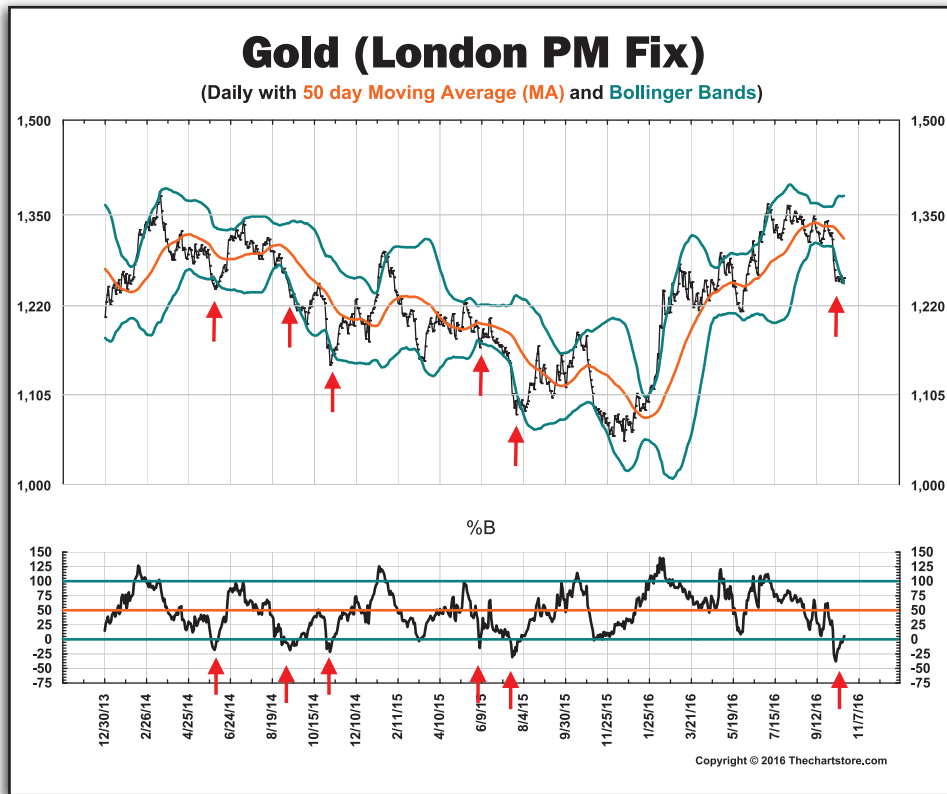
My friends and colleagues outside the U.S. are worried about the geopolitical uncertainty that a President Trump would engender. And I can’t argue with that.

But the record shows that geopolitical worries boost gold only in the short term. It is economic concerns — real or anticipated currency depreciation in particular — that drives gold higher over the long term.

And that’s precisely what a

(Continued...)





CPI metric that ignores volatile food and energy prices, and which therefore historically tends to under-report retail price inflation. But the shoes on the other foot here, where falling food and energy prices have dampened reported inflation.

The issue now is that energy prices have stabilized, and are in fact rising a bit, and it's likely that food costs will cycle higher as other inputs are also rising. So the headline CPI rate will begin to rise toward the 2.2% core rate, and probably exceed it as food and energy prices rise once again.

Don't count on the Fed to over-react to this trend, however, as a some Fed bank presidents are urging the central bank to aim higher than the target. The dangers of overshooting, they say, are less in today's unprecedented environment than in the past.

OK, I'm sure that'll work out well.

Considering things broadly, we're in a world that is utterly dependent upon low inflation and the reigning zero-to-negative interest rate environment. Even worse, while low interest rates are the only remaining support for the equity markets, the bond markets are reliant upon rates going ever lower.

The investing world is priced for a reality that must end, and appears to be doing so right now.

As I've noted in recent Gold Newsletter Alerts and our [Podcasts](#), I've been impressed by the recent arguments and predictions of noted economist Peter Boockvar.

The Chief Market Analyst for the Lindsey Group, and a featured speaker at next week's [New Orleans Investment Conference](#), Peter is calling for the end of the 30-year bond bull market. He says

Clinton administration would bring: more of the Obama/Fed deficit-fueled money creation. If anything, these trends would be accelerated.

The ultra-low interest rates and oceans of liquidity that these policies created the "wealth effect" that our monetary overlords intended, but also brought a host of unintended consequences, many of which are only now being appreciated.

Just as they wanted, low rates and bank balance sheet expansion encouraged corporate borrowing, housing growth and investor risk-taking. But with over \$2.5 trillion of the newly created liquidity parked in the Fed's excess reserves to earn a quarter-point of interest, banks had zero risk and little motivation to lend. Regulatory overshoot on lending standards post-2008 also threw up roadblocks for many borrowers.

Thus, money velocity tanked. In addition, bond yields near zero

flipped the age-old rules of investing: Investors were now buying bonds for capital appreciation and equities for yield.

The result was that both asset classes ballooned to levels unjustified by real-world fundamentals, with both completely reliant on a low-rate, low-inflation Goldilocks world.

It looks like that world is about to end.

Recent price data show retail price inflation is actually, finally, perking up. The latest Consumer Price Index report, released just this past Tuesday, showed headline price inflation at 1.5%. That's perilously close to the Fed's self-established 2.0% target.

But the core rate, minus the recently falling energy prices that impacted the headline rate, showed an increase of 2.2%. That's already well above the Fed's target.

People like to bash the core

interest rates globally have bottomed and, since low rates are the sole remaining crutch for the stock market, we can expect a serious correction or bear market in equities.

But he doesn't end there. The bull run in equities has actually supported the U.S. economy to some extent, as the Fed successfully created some degree of the wealth effect they were seeking. If stocks begin to fall, the opposite dynamic — a "poverty effect" if you will — will push the teetering U.S. economy into recession.

At that point, with the Fed funds rate barely above 0.50%, the Fed will have little choice but to return to quantitative easing.

Make no mistake, the launch of QE4...or any hint that it might happen...will catapult gold higher.

So to sum up, the Fed has no way out of the predicament it's created.

If they raise rates, they risk toppling the stock market and tipping the economy into a recession.

But if they hold off on a rate hike, they'll leave even less room to cut once the next — possibly imminent — recession hits.

Either way, they'll have to return to massive easing... launching the next big run in gold.

IN THE MEANTIME...

While we await these seemingly inevitable events to spawn gold's next rally, the metal remains mired in a new, lower trading range.

From a technical perspective,

notice the accompanying chart (again, from our friend Ron Griess at TheChartStore.com) of gold with associated Bollinger Bands. As you can see, gold's recent sell off took it right through the lower band.

The red arrows point to the last five times this has happened. In three out of those five instances, gold embarked upon a major rally immediately afterward. In the remaining two instances, the metal posted a minor rally after a short time lag.

We'll see what happens next, but this is encouraging. It's even more encouraging for silver, as that metal took off on major moves higher in four out of the last six times it fell through its lower Bollinger Band.

Finally, consider our chart of Gold with its 14-week stochastic. We traced out the sort of rounded top in the stochastic that we were looking for, before beginning the decline. Now we seem to have

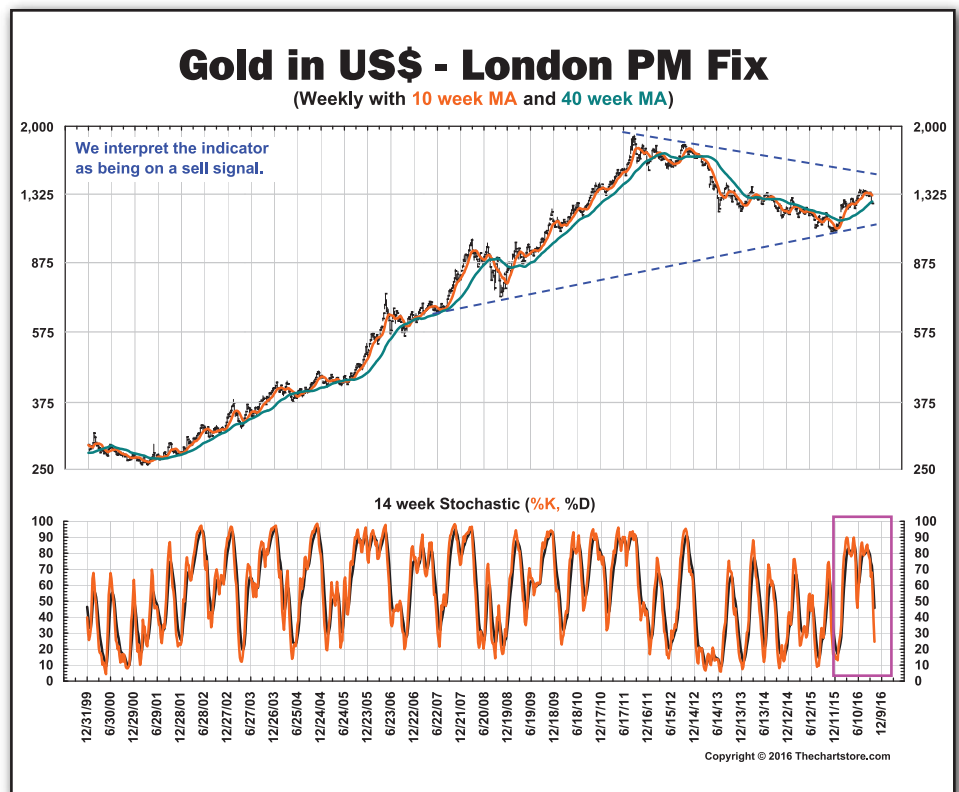
reached the point where, during the major rallies of 2005-2007 and 2011, the gold price and this stochastic indicator quickly turned back upward.

Since these charts were produced, gold has crept nicely above the 200-DMA. So the next week or so will be crucial from a technical standpoint to see if it can continue to build a constructive chart.

In terms of fundamentals, I can't over-emphasize the importance of the recent, continued inflows into gold ETFs.

We expect Asian demand to come in on any price decline, and we're grateful for it. But the ETFs have typically represented Western demand, and to see this source of buying remaining strong in the face of perceived tightening by the Fed is very, very encouraging.

(Continued...)



“The set up is just like last year, but with a new twist: This time investors have lost faith with the Fed...and held true to their faith in gold.”

It would seem that Western investors appreciate the trick box the Fed is in, and expect the next rate hike to serve as yet another launching point for gold.

The set up is just like last year, but with a new twist: This time investors have lost faith with the Fed...and held true to their faith in gold.

A SPECIAL TIME FOR GOLD INVESTORS

As you can see, this is a massive edition of Gold Newsletter.

No, it isn't our year-ending double issue. Rather, this is the edition that coincides with our annual New Orleans Investment Conference and, as usual, I like to give at least a brief update on every one of our recommended companies that is participating in the event.

And don't worry: We're also covering the companies that aren't present, but have made important news nonetheless.

So, even if you're missing this grand event at least you're able to catch up to some extent on what's going on with these companies. And if you are coming to the Conference, please bring this issue along as a guide, and ask our exhibitors about the news we're reporting herein.

As you can see, there's lots to report. With the summer exploration season having come to a close, the news is flowing quickly now.

So let's see what's going on....

GOLD STANDARD VENTURES

GSV.NYSE-A; GSV.V
604-669-5702
goldstandardv.com

Long intersections of high-grade gold have become the norm for Gold Standard Ventures as its drilling program on Railroad-Pinion's North Dark Star deposit continues.

The company recently released assays for another three holes drilled on North Dark Star. The highlight intersection came from Hole 24, which returned 97.3 meters of 3.16 g/t gold, including two higher grade intervals of 10.1 meters grading 4.02 g/t gold and 49.1 meters grading 4.62 g/t gold. Hole 27 cut 39.0 meters of 0.79 g/t gold.

Combined with the other high-grade assays this program has turned in of late from North Dark Star, these holes bode well for the company's ability to substantially grow the high-grade gold footprint of this deposit

Gold Standard's geologists have noted that the geological characteristics of the mineralization at the North Dark Star deposit have been found in other areas yet to be tested within the Dark Star Corridor.

In other words, as exciting as this deposit and drilling program have already been, the chances for even more discovery excitement are very real. And when you consider that Gold Standard is hunting for gold in Nevada, the land of ele-

phant-size deposits, this program is clearly one to watch in the months ahead.

In a sign of how much the market thinks of the results coming from North Dark Star, the company's share price has ticked only slightly downward in the face of strong headwinds from the broader market.

Take that as a sign of what ongoing discovery can do for investors and what may be possible for Gold Standard's share price when the gold bull market returns in earnest. It's also a sign that investors appreciate the likelihood of Gold Standard being taken out by one of the majors already in Nevada, or one seeking a prime foothold.

It's a solid hold on our list at current levels and a potential buy on any significant weakness.

Gold Standard Ventures Corp.

Recent Share Price:US\$2.54
Shares Outstanding:208.4 million
Market Cap:US\$529.3 million
Shares Outstanding
Fully Diluted:217.2 million
Market Cap
Fully Diluted:US\$551.7 million

KLONDEX MINES

KLDX.NYSE-A; KDX.TO
775-284-5757
klondexmines.com

Klondex Mines has been digging through the treasure trove of data it inherited when it purchased the Hollister Mine in Nevada and finding a lot to get excited about.

The Gloria West target at Hollister came with multiple high grade intersections, including Hole 34 (143.3 g/t gold over 2.6 meters), Hole 1 (83.1 g/t over 0.7 meters and 124.3 g/t over 0.2 meters), Hole 6 (123.0 g/t over 0.3 meters) and Hole 10 (47.8 g/t over 2.2

meters). These underground holes came from two campaigns conducted in 2014 and 2015 by the previous owners. They had not previously been released.

Klondex plans to follow up on these promising results with a Q4 2016 drilling program on Gloria West. The infill program will attempt to established the continuity of the vein system on the target and to step out to the west, where the mineralization remains open.

Also of interest were the historical drilling results from the Hatter Graben target. Highlights from that effort in 2008 included Hole 264 (18.6 g/t over 2.4 meters), Hole 269 (60.7 g/t over 0.6 meters), Hole 274 (268.0 g/t over 0.4 meters), Hole 281 (48.0 g/t over 0.7 meters) and Hole 285 (16.0 g/t over 3.8 meters). Management will follow up on these surface results with an infill program designed to generate a resource from these promising initial assays.

Meanwhile, the company just released the production numbers from its third quarter. The combined production from its Fire Creek, Midas and True North projects was 37,070 gold equivalent ounces (32,929 ounces of gold and 306,054 ounces of silver).

The market has rewarded this strong production performance in 2016 with a more than doubling of our entry price from October of last year. A production story that looks to have considerable exploration upside at Hollister, Klondex remains a key component of our portfolio and a strong hold.

Klondex Mines Ltd.

Recent Share Price:US\$5.48
Shares Outstanding:128.3 million

Market Cap:US\$703.1 million
Shares Outstanding
Fully Diluted:.....149.4 million
Market Cap
Fully Diluted:US\$818.7 million

MARIANA RESOURCES

MRA.V; MRLDF.PK
+61 2 9437 4588
marianaresources.com

Mariana Resources has extended its footprint to West Africa, thanks to its recent decision to acquire an 80% interest in the privately-held Awale Resources SARL.

Awale’s main asset is a large early-stage gold exploration portfolio in Cote d’Ivoire. The company has been focused on its Bondoukou concessions, which lie along the country’s eastern border and cover the southwest extension of Ghana’s Bole-Nangoi greenstone belt.

Mariana is acquiring an 80% interest in Awale by acquiring 80% of the shares of the underlying holding company. To pay for its interest, Mariana will issue to Awale shareholders US\$544,274 of Mariana common shares. Mariana will also loan the company US\$55,725 and settle outstanding obligations with a maximum value of up to US\$89,000.

In addition, the acquiring company has agreed to pay Awale shareholders US\$0.50 an ounce for every ounce of gold outlined in a mineral resource up to a million ounces. After that, the company will pay US\$1.00 an ounce for every ounce outlined over a

million ounces. This deal will be capped at US\$3.5 million.

It’s a good deal for Mariana, as it gives it access to some intriguing early stage gold projects and expands the company’s geographical footprint from Turkey and South America to West Africa.

Between the exploration work on its South American properties and the upcoming PEA on its large-scale, high-grade Hot Maden project in Turkey, Mariana Resources shouldn’t lack for news flow any time soon. It remains a smart bet on diversified gold and metals exploration, and a buy.

Mariana Resources Ltd.

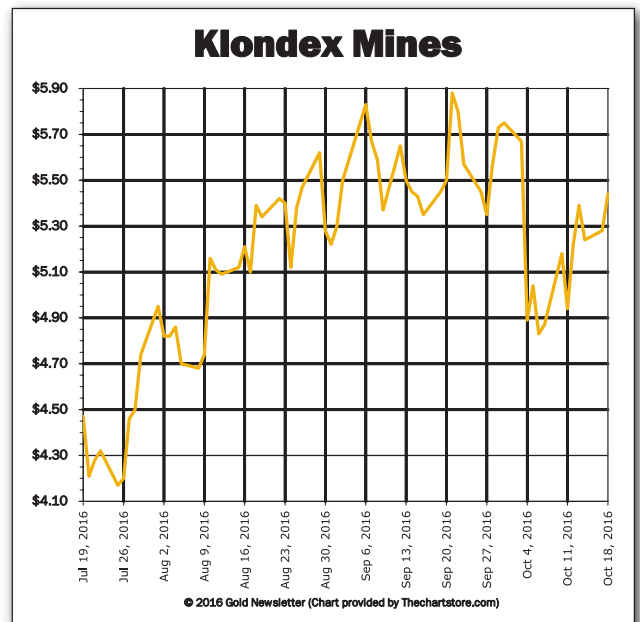
Recent Share Price:C\$1.02
Shares Outstanding:119.9 million
Market Cap:C\$122.3 million
Shares Outstanding
Fully Diluted:147.7 million
Market Cap
Fully Diluted:.....C\$150.7 million

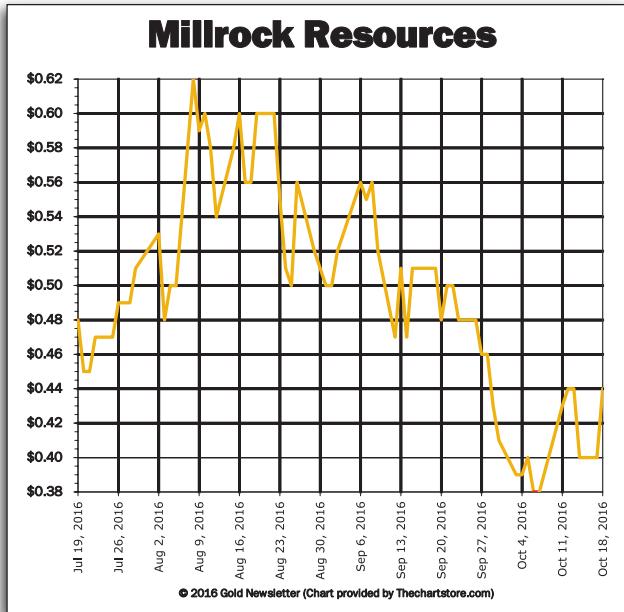
MILLROCK RESOURCES

MRO.V; MLFKF.PK
877-217-8978
millrockresources.com

Millrock Resources has been

(Continued...)





active in central Alaska of late, announcing new claims near the Pogo mine and geophysical work on its Stellar gold-copper project near the Denali Highway.

The new claims and option agreements near Pogo are in the state's Goodpaster Mining District. For those unfamiliar, Pogo is a massive gold mine, producing 300,000 ounces of gold on an annual basis. If the best place to look for gold is near where you've already found it, these claims are in an outstanding location.

With the recent pickups, Millrock now controls 15,847 hectares of ground in the area contained within six claim blocks. The acquisitions are part of a collaboration agreement with a major, which has funded the majority of the US\$250,000 in exploration work to stake the claims.

Their addition is another example of how the junior employs the prospect generator model to maximize the potential of its large property portfolio.

Another example of that model is the geophysical study that Millrock partner Vista Minerals is conducting on Stellar,

their shared gold project. The private Australian company has a right to earn up to an 80% interest in Stellar by spending \$4 million in exploration and paying \$300,000 to Millrock over four years.

The surveying work is attempting to assess the potential of the Jupiter copper occurrence and an area of the Stellar property that lies to the west of the Zackly gold-copper deposit.

The current Stella property now spans 7,187 hectares, thanks to a follow-on round of claim-staking conducted by the partners earlier this year.

While both these projects are in their early phases, they demonstrate what Millrock does best: using its geological expertise to identify properties of merit and then finding JV partners to do the heavy lifting of exploration.

A smart long-term bet on metals exploration in the Americas, this company continues to be a good buy at current trading levels.

Millrock Resources Inc.

Recent Share Price:C\$0.44
 Shares Outstanding:46.9 million
 Market Cap:C\$20.6 million
 Shares Outstanding Fully Diluted.....80.2 million
 Market Cap Fully Diluted:.....C\$35.3 million

RYE PATCH GOLD

RPM.V; RPMGF.PK
 604-638-1588
 ryepatchgold.com

Rye Patch Gold is moving quickly to get its recently acquired Florida Canyon project in Nevada

restarted as an operating mine.

Key milestones on the way to restart include building a new leach pad, moving the mine's crusher and refurbishing the mining fleet.

The leach pad remains on schedule. Management expects to complete the 100-acre pad by the end of November.

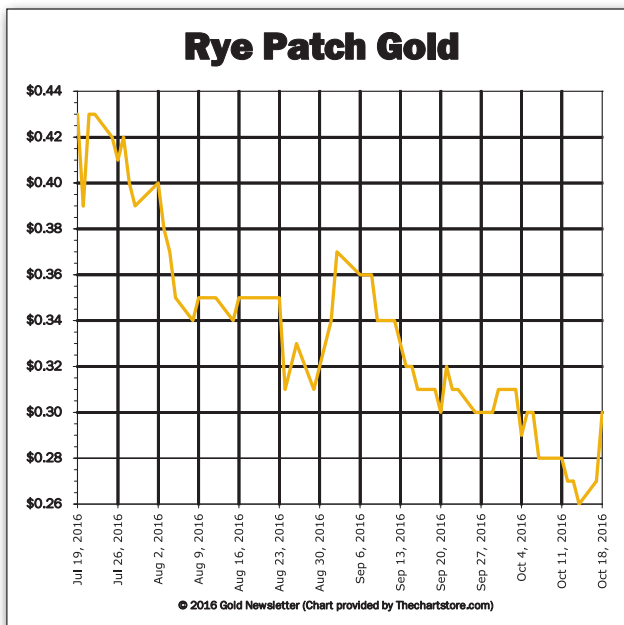
The crusher project should be complete by about the time you receive this missive. The project involved moving the crusher five miles from the Standard mine to the Florida Canyon lay down yard. Rye Patch plans to begin operating the crusher toward the end of October.

Finally, the refurbishment of the mine's fleet continues apace with one loader and four trucks currently in the process of being restored. The fleet that Rye Patch purchased with Florida Canyon includes three loaders, 17 haul trucks, two water trucks and one grader.

The shift to production is an exciting one for Rye Patch investors, as it provides ongoing cash flow and the potential to provide a "producer lift" to the company's share price when gold resumes its upwards march.

Of course, Rye Patch already enjoys cash flow, courtesy of the NSR it negotiated on its portion of Coeur d'Alene's Rochester mine, but throwing the switch at Florida Canyon will open up a whole new chapter in the company's history.

Right now, the market is shrugging its shoulders at the good work Rye Patch is doing at Florida Canyon, providing us with an opening to build a position prior to the recommencement of production at the mine. It's a buy.



Rye Patch Gold Corp.

Recent Share Price:C\$0.30
 Shares Outstanding:367.0 million
 Market Cap:C\$110.1 million
 Shares Outstanding Fully Diluted:409.0 million
 Market Cap Fully Diluted:C\$122.7 million

SERENGETI RESOURCES

SIR.V; SGRNF.PK
 604-605-1300
 serengetiresources.com

Serengeti Resources is in the process of updating the resource estimate for Kwanika, the company's high-potential copper-gold project in central British Columbia.

The estimate will incorporate the results from the recently completed drilling on Kwanika's Central Zone. The highlight hole from this work was Hole 177, which cut an uber-long 438.4-meter intersection grading 0.71% copper, 0.83 g/t gold and 2.0 g/t silver.

As you'll remember, we got into Serengeti last month as the stock actually sold off on the release of this seemingly spectacular hole. Shareholders were apparently disappointed that the hole

was within the resource block, and didn't represent a new discovery.

Still, a hole like this will no doubt add significantly to the resource, and given that I believe we were fortunate to enter this stock on the sell-off.

Elsewhere, Holes 178 and 179 tested the Central Zone at depth, with Hole 179 encountering 58.7 meters of 0.26% copper and 0.29 g/t gold at a depth of 844.5 meters.

Granted, that's fairly far down for grades that lend themselves more to open-pit mining, but the length of the intersections involved gives me hope that this large system has more to reveal.

In the meantime, it's clear that the Kwanika project is moving ahead steadily. That's due in large part to the funding provided by JV partner Daewoo Minerals. Daewoo is earning an initial 5% interest in the project by paying \$400,000 and spending \$800,000 on the project in the first year. It can earn another 30% interest in the project by spending another \$7 million over the following two years. Serengeti can charge a 10% operators fee once expenditures reach \$1.2 million.

The width of the intersection in Hole 177 is a good indication of the size potential of the copper-gold deposits in this part of the world. There are a number

of such deposits in the area surrounding Kwanika.

With money to pay for ongoing exploration and development and a prime position in one of the world's great mining jurisdictions, Serengeti has the potential to unlock value at Kwanika and provide a big boost to the company's share price. It continues to be a buy.

Serengeti Resources Inc.

Recent Share Price:C\$0.17
 Shares Outstanding:70.8 million
 Market Cap:C\$12.0 million
 Shares Outstanding Fully Diluted:92.8 million
 Market Cap Fully Diluted:C\$15.8 million

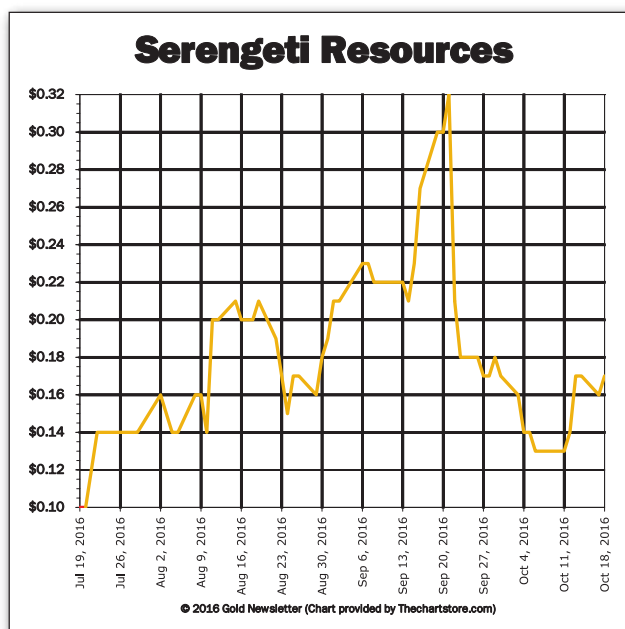
NEW RECOMMENDATIONS

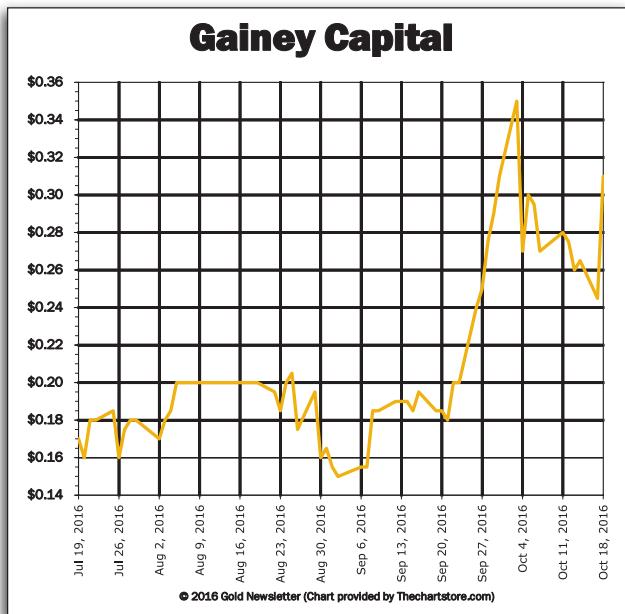
GAINEY CAPITAL

GNC.V; GNYPF.PK
 480-347-8904
 gaineycapital.com

Gainey Capital has some smart financiers behind it, and some equally smart geologists interested in the potential of its El Colomo

(Continued...)





property in the Sierra Madre Golden Belt of Mexico.

The company's share price had been climbing in the weeks as leading up to the release of the firsts from a maiden program on El Colomo's La Nueva Victoria zone.

It's a bit early in this market to be betting on drill results, so I chose to wait until we got some hard data before mentioning the company.

Well, results from the first hole came in earlier this month and — at 70.85 meters running 1.14 g/t gold equivalent (0.65 g/t gold and 35.31 g/t silver) — they were pretty good for a first effort.

Gainey followed up on these results by releasing assays from two more holes targeting La Nueva Victoria. Hole 2 hit 72.20 meters of 0.69 g/t gold equivalent (0.41 g/t gold and 20.21 g/t silver) beginning at 19.40 meters depth. Hole 3 cut 34.20 meters of 2.39 g/t gold equivalent (1.19 g/t gold and 86.57 g/t silver) beginning at 10.50 meters depth.

These were decent hits, but the weight of the broader markets has resulted in a slight slide in the stock price.

However, the company has strong shareholders and is well funded to continue drilling the target-rich El Colomo property. I encourage you to view the recent drop in its share price as a good buying opportunity.

Gainey Capital Corp.

Recent Share Price:C\$0.33
 Shares Outstanding: 43.8 million
 Market Cap:C\$14.5 million
 Shares Outstanding Fully Diluted:72.6 million
 Market Cap Fully Diluted:C\$24.0 million

BRIEF NOTES...

- Drilling on Ixtaca, the deposit-hosting portion of **Almaden Minerals'** (AAU.NYSE-A; AMM.TO; US\$1.25) flagship Tuligtic gold-silver project in Mexico, continues to bear fruit.

The latest assays from the company's ongoing exploration and development program at Ixtaca indicate the area outside of the in-pit area defined in its most recent PEA may host a significant amount of additional mineralization.

Holes 467, 468 and 469 were all drilled from the same pad on Ixtaca's 10+625 East section. Hole 467 cut 11.0 meters of 0.62 g/t gold and 48.3 g/t silver and 24.2 meters of 2.37 g/t gold and 98.1 g/t silver. Hole 468 intersected 18.5 meters of 1.97 g/t gold and 49.7 g/t silver, including 0.50 meters of 2.32 g/t gold and 517.0 g/t silver. Hole 469 yielded two significant

intersections as well, cutting 2.5 meters of 1.74 g/t gold and 225.3 g/t silver and 75.0 meters of 0.67 g/t gold and 19.0 g/t silver.

While the exploration of the area surrounding the Ixtaca pit continues, the company is moving ahead with development work on the deposit, including geotechnical drilling. This work is in service of a prefeasibility study that Almaden is producing for Ixtaca.

These intriguing assays outside the pit area at Ixtaca remind us of the expansion potential that still exists here. Still, the main focus will continue to be on moving the project along the development curve. In the absence of blockbuster news on the exploration front, we'll keep Almaden Minerals a hold.

- **Aston Bay Holdings** (BAY.V; ATBHF.PK; C\$0.31) released the initial assays from the summer exploration program on Storm, the Nunavut property that the company is exploring with major BHP Billiton.

The 2016 program included the collection of more than 2,000 soil samples and the drilling of 1,951.1 meters of core in 12 holes. The highlight from assays on the first three holes released from this effort came from Hole 1601D, which intersected 16 meters of 3.07% copper and 12.26 g/t silver along Storm's 4100N zone.

More assays from this program will hit the market in the coming weeks. While definitely of interest, it's worth remembering that the deal with BHP Billiton was the impetus for my addition Aston Bay to our list earlier this year.

The multinational mining company has agreed to spend up to C\$40 million exploring Storm over the next nine years. By spending C\$2.5 million of that money on

Storm in the first two years, the major can take a 75% interest in the project.

That level of commitment from a major is a ringing endorsement of this project's potential, and the main reason why Aston Bay remains a strong buy at current levels

- **Atlantic Gold** (AGB.V; SPVEF.PK; C\$1.00) filled its coffers recently by closing on C\$9.2 million in flow-through financing.

The transaction had two parts. The first was a \$5,747,700 bought deal private placement that issued 5,474,000 flow-through shares priced at C\$1.05 per share. The second was a non-brokered private placement that raised \$3,449,828 by issuing an additional 3,285,550 shares at that C\$1.05 price.

Atlantic Gold will use the money to continue resource definition drilling on its Cochrane Hill and Fifteen Mile Stream deposits in Nova Scotia. As you'll remember from my initial review of Atlantic in our September issue, these two properties have the potential to add significant tonnage to the development operation underway on the company's nearby Moose River Consolidated project.

Management recently made its first draw on the C\$115 million loan facility it has arranged to put MRC into production. Undervalued relative to its peers, Atlantic Gold remains a great long-term gold play, and one that is also poised to deliver the first drill results from its current exploration programs. It's still a buy.

- **Auryn Resources** (AUG.V; GGTCF.PK; C\$2.81) has begun exploration on its recently acquired projects in southern Peru. The programs will consist of sam-

pling, trenching, mapping and geophysics, with a goal of identifying targets for the drilling it plans to undertake on these projects in 2017.

Initial work will focus on the Huilacollo and Baños del Indio gold systems. Spanning 2,000 hectares, Huilacollo is known to host a 350-meter by 150-meter mineralized zone. Intriguingly, only one third of the 6-kilometer by 4-kilometer system at Huilacollo has been explored extensively. A drill program of between 3,000 and 5,000 meters is planned for Q1 2017.

Most of the work on Baños de Indio will take place in 2017, led by an extensive induced polarization survey of the 5,000-hectare property and followed by a 2,500-meter drill program in Q4 2017. The Sombrero and Curibaya projects will also see exploration work in the coming months.

The work on its Peruvian projects is in addition to the 25,000 meters of drilling the company is planning in 2017 for its Committee Bay project in Nunavut. Auryn is still up strongly from my initial recommendation of the company in May 2015. As you can see, the company won't lack for news flow in the coming months. It's still a hold for now, but one I would definitely move back into the buy column on any significant weakness.

- **Avino Silver & Gold Mines** (ASM.NYSE-A; ASM.V; US\$1.93) recently provided the market with a global resource estimate on

its Avino complex in Mexico.

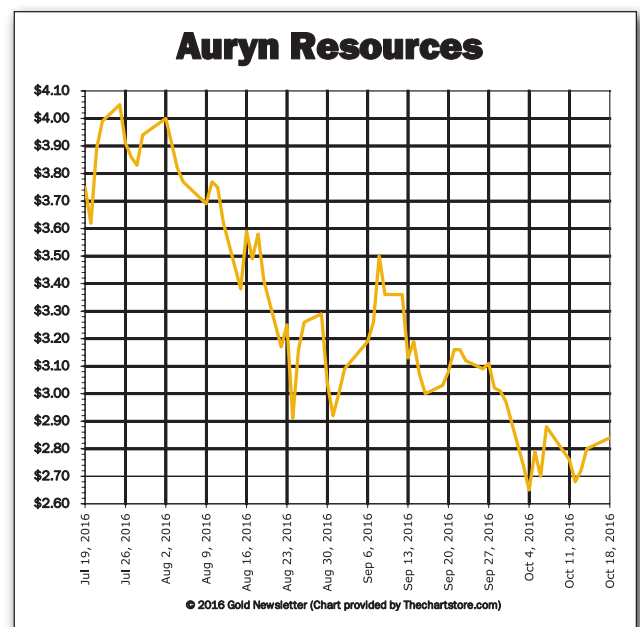
The estimate summarized the resources for the complex's San Gonzalo and Avino mines and for its oxide tailings project. The combined deposits contain measured and indicated resources of 11.5 million ounces of silver, 57,000 ounces of gold and 9,350 tonnes of copper. The global inferred resource stands at 25.6 million ounces of silver, 158,900 ounces of gold and 33,550 tonnes of copper.

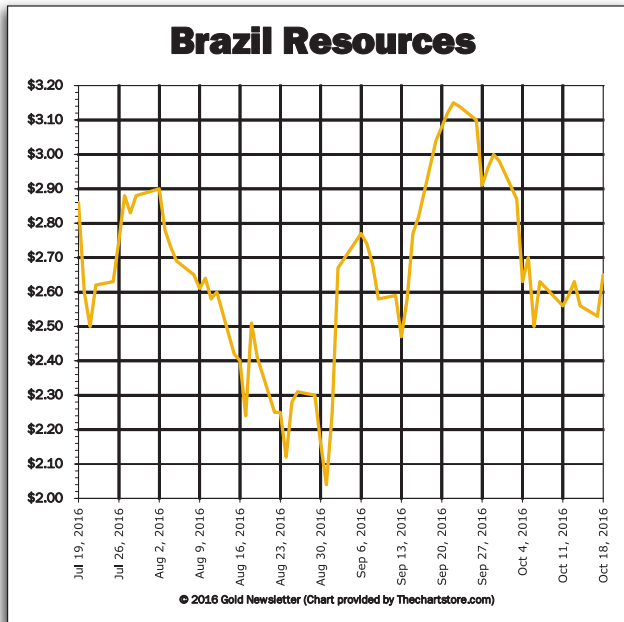
Avino's share price has trailed lower since July, following the broader market move to the downside. Given its proven ability to deliver long-term leverage on rising precious metals prices, we'll move it to a buy at current levels and a strong buy if it weakens further.

- **Avrupa Minerals** (AVU.V; AVPMF.PK; C\$0.16) filled up its coffers recently with C\$661,500 from the exercise of warrants and finders warrants.

While not a great deal of money for many juniors, the cash influx should hold this seasoned

(Continued...)





prospect generator in good stead. The company has three active joint ventures, two on its projects in Portugal and one on its Slivovo gold project in Kosovo.

Look for an updated resource estimate on Slivovo soon, along with a prefeasibility study that Avrupa, with its JV partner Byrnegcut, is on the verge of completing. In addition, look for the companies to continue to delineate the newly identified mineralization below the thrust fault on the Gossan Extension Zone. This holds the potential to significantly expand the resource at Slivovo beyond the current outlines.

I have a feeling the upcoming prefeasibility study, along with the updated resource estimate, could surprise to the upside. And given the company's current trading levels, the downside for Avrupa is fairly well protected. It continues to look like a good value at these prices and is still a buy.

- **Balmoral Resources** (BAR.TO; BALMF.PK; C\$0.93) continues to actively drill Martiniere, its key gold property within its larger Detour Trend project in Quebec.

Recent strong assays from Bug Lake South at Martiniere suggest the known deposit on this property is far from closed off. Two drills remain active on the property, and 30 holes have been drilled so far in this year's program. Assays are pending for many of these holes.

With drilling likely to begin soon on its nearby Detour East property,

Balmoral shouldn't lack for news flow. The company has an enviable portfolio of projects and its actively pursuing the most promising of these. The market has given a haircut to Balmoral's share price in the past several weeks.

We'll keep it a hold for now, but will definitely consider adding the company back to the buy list if weakness persists and the drill results continue to be strong from its program at Martiniere.

- **Brazil Resources** (BRI.V; BRIZF.PK; C\$2.76) has officially taken a 100% interest in Cachoeira, one of several gold projects that the company holds in Brazil's Para State.

The final payment to underlying owner **Luna Gold** (LGC.TO; C\$0.28) included 3,093,057 shares of Brazil Resources and C\$300,000 in cash. This consideration allowed the company to satisfy the C\$5.5 million of payments due to Luna.

Located in the country's Gurupi Greenstone Belt, Cachoeira has seen more than US\$25 million spent on its exploration. That work has resulted in

the definition of a 692,000-ounce indicated gold resource and a 538,000-ounce inferred gold resource. When combined with the resource estimates for its other Brazilian gold projects, Cachoeira brings the company's in-country gold resource to 1.41 million ounces of indicated gold and 2.41 million ounces of inferred gold.

Add in the resources of its Whistler copper-gold project in British Columbia and its recently acquired Titiribi copper-gold project in Columbia, and you have a company that can offer tremendous optionality to the gold price.

One of our big winners in 2016, Brazil remains up over 400% from my initial recommended price back in January 2014. Its share price has followed the broader market downwards of late, but remains a key hold in our portfolio at current levels.

- **CanAlaska Uranium's** (CVV.V; CVVUF.PK; C\$0.48) share price has been whipsawed by the recent market volatility, dropping from recent highs near C\$1.50 to our initial entry price of C\$0.50.

It's a clear case of a broader market retreat combining with sub-par news coming from exploration on West Athabasca and West McArthur, two of the company's JV'd projects.

At West Athabasca, a diamond project CanAlaska has optioned to De Beers Exploration, summer drilling just wrapped up. That program was able to drill seven of the 11 anomalies that were slated to be tested. Higher than expected water levels on the remaining four forced the partners to postpone drilling until the winter freeze-up of the region, after which a follow-on program will commence.

While the initial drilling did not intersect kimberlite, the partners remain optimistic about the prospects for winter drilling on West Athabasca's myriad remaining targets.

Meanwhile, the recently completed summer program on its West McArthur uranium project also failed to yield significant results. The JV program with Cameco targeted the C10 conductor within the project.

Despite the lackluster results, the partners remain optimistic about both this target and the Grid 1 target they plan to drill come winter. Cameco has agreed to spend up to C\$12.5 million to earn a 60% interest in West McArthur.

A prospect generator with an impressive collection of uranium and diamond projects in Alberta and Saskatchewan, CanAlaska is well positioned to continue to generate news flow in the months ahead. I encourage you to take the recent haircut the company's share price has taken as a great buying opportunity, as the potential for one of its JV'd projects to come up big remains very real.

- **Endeavour Silver** (EXK.NYSE; EDR.TO; US\$4.53) has released its production numbers for Q3 2016.

For the quarter, the company's Guanacevi, Bolanitos and El Cubo mines generated 1,284,646 silver ounces and 14,364 gold ounces. Those totals translated into a silver-equivalent figure, at a 75:1 silver-gold ratio, of 2.4 million ounces.

For the nine months ended Sept. 30, 2016, the mines generated 4.4 million ounces of silver and 46,000 ounces of gold, or 7.8 million ounces of silver equivalent material. These figures put the

company well on track to achieve its revised full-year guidance of 9.0-9.8 million silver equivalent ounces.

Endeavour's share price is off from recent highs, but I expect it to rebound along with the broader gold and silver markets in the intermediate term. It remains a key hold in our portfolio at current levels.

- **Energy Fuels** (UUUU.NYSE-A; EFR.TO; US\$1.44) has gapped lower in recent weeks, as pessimism about the uranium market combined with a recently completed \$15 million financing to hamstring the company's share price.

With spot uranium currently trading around \$22/pound, the market appears to be in an overcapacity situation, with power companies easily able to replenish their supplies of the energy metal.

While these are obviously dire times for uranium companies, the fact that Energy Fuels was able to raise such a large sum is a sign that the smart money believes the market is going to turn around at some point.

This jibes with my own thinking on the market — as the world's demand for baseload power continues to accelerate (particularly in China) companies that can hang in during this bear market will provide significant leverage on rising uranium prices.

That's especially true in Energy Fuels' case, as the company boasts both current production and the ability to quickly

ramp up that production with favorable prices.

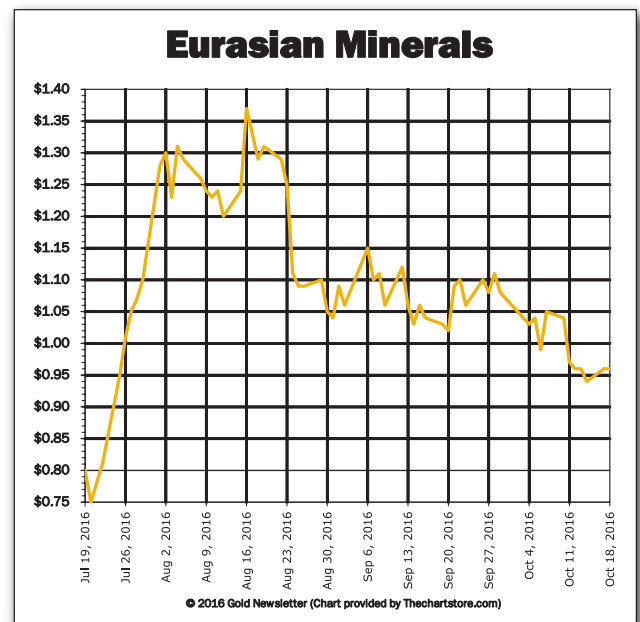
Given the free fall in uranium prices of late, I'm not going to recommend catching a falling knife here. We'll move Energy Fuels to a hold for now, but one that will certainly be a buy again once this market finds its bottom.

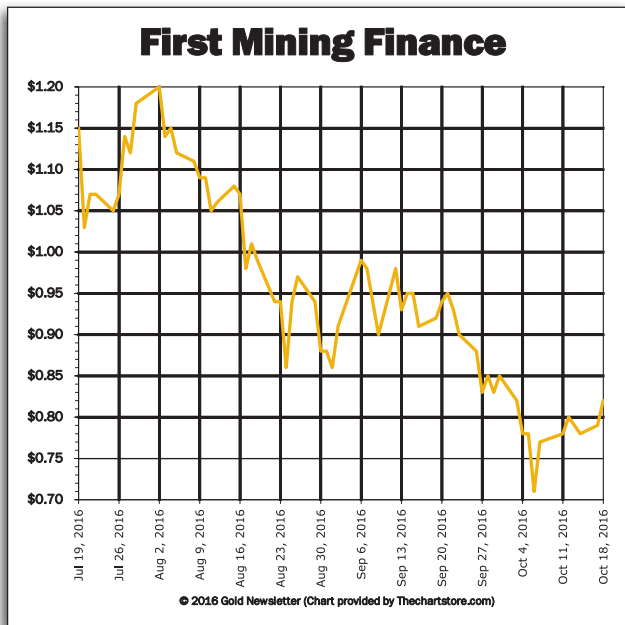
- **Eurasian Minerals** (EMXX.NYSE-A; EMX.V; US\$0.98) is a royalty generation company with dozens upon dozens of properties and investments scattered across five continents.

The company's mineral assets span 1.4 million acres and include gold, copper, polymetallic and energy assets. These investments are a combination of royalty properties and early stage exploration projects. Management actively seeks to find joint venture partners to bear the heavy lifting of advanced exploration on these projects.

One investment that has been particularly exciting is the interest Eurasian holds in the Malmyzh copper-gold project in Russia via its investment in IG Copper, which

(Continued...)





point, we were up over 370% on this recommendation, and we're still ahead by 280%.

Excellon is currently engaged in a 25,000-meter drilling program to test the property for more mantos of high-grade mineralization similar to the ones it is currently exploiting. These carbonate replacement deposit ("CRD") zones are part of a large CRD belt in Mexico

known for hosting high-grade amounts of lead, zinc, silver, copper and (sometimes) gold.

The company's share price has held up reasonably well during the recent market turmoil. Given its potential to expand the resource at La Platosa via drilling and the high-grade nature of the project's mineralization, Excellon remains a key lever on rising precious metals prices, and a hold.

- **Excelsior Mining** (MIN.V; EXMGF.PK; C\$0.38) is raising US\$14 million from Greenstone Resources via a US\$10 million subscription agreement and the sale, for US\$4 million, of a 1% gross revenue royalty on the Gunnison copper project.

The subscription agreement will raise that US\$10 million by placing approximately 28.8 million shares of Excelsior priced at C\$0.45 per share. The deal, which is up for shareholder approval on Oct. 27, 2016, will result in Greenstone owning about a 50.4% interest in Excelsior. The gross revenue royalty will bring Greenstone's total royalty on Gunnison to 3%.

The deal should significantly de-risk the Gunnison project, allowing Excelsior the money to take the project fully through the permitting process. The company's scaled approach to development should allow it to flip the switch on copper cathode production at Gunnison some time in 2018.

Excelsior continues to be a great long-term play on copper, and this financing only stokes my enthusiasm for Gunnison. Excelsior is a good value, and a buy, at current levels.

- **First Mining Finance** (FF.V; FFMGF.PK; C\$0.81) has officially sold the Penasco Quemado, La Frazada and Pluton silver properties in Mexico to **Silver One Resources** (SVE.V; C\$1.08).

In return for the properties, First Mining received six million shares of Silver One and retained a 2.5% net smelter return on any production that may come from these three properties. Silver One may buy back 1.5% of the NSR for US\$1 million.

Even with the sale, First Mining Finance still owns 25 mineral assets spread across Mexico, Canada and the United States. The company got its start during the recent bear market for the metals, acquiring its large portfolio on the cheap in the belief that the markets would eventually turn around.

And while we're in a pause period for this current bull market, the wisdom of that strategy was already made apparent earlier in the year, when we saw First Mining's share price triple from its trading levels at the beginning of 2016.

Take that leverage as a sign of what First Mining can deliver when the gold bull market enters a

holds the massive copper-gold project in a 51/49 partnership with Freeport-McMoran Exploration. As I reported in our August issue, the partners recently received a key approval from Russia's Government Commission on Monitoring Foreign Investment.

As IGC's largest shareholder, Eurasian and its shareholders stand to benefit greatly as this project moves along the development curve. Combine that huge upside with the widespread activity on its large project portfolio, and you have a company primed to outperform in the next big commodities boom. It remains a buy.

- **Excellon Resources** (EXN.TO; EXLLF.PK; C\$2.01) is a high-grade silver producer, thanks to its La Platosa mine in Durango, Mexico.

I added Excellon to our list last year based on my enthusiasm for its plan to increase production at La Platosa through an aggressive dewatering program. The benefits of that effort, along with favorable tailwinds from the metals markets, helped the company's share price to march higher in 2016. At one

more explosive phase. Given the drift downward the company's share price has experienced over the past several weeks, it looks like a good value right now and is a buy.

- **Fission Uranium** (FCU.TO; FCUUF.PK; C\$0.56) has been using drilling on the outer limits of its Triple R deposit to grow that deposit's already world-class stash of uranium.

The latest assays included promising holes from both the R840W target to the west of the known deposit and a particularly strong hole from the R1620E target to the east of the deposit. This latter hole (Hole 500) cut a target-best 9.5 meters of 13.56% U3O8 within a wider interval of 5.0% U3O8 over 27.0 meters.

These new results add to the possibility that this large, untapped uranium deposit will grow larger still. Fission has had the bad fortune to release exciting results like these into a very difficult uranium market. Over the long-term, the in-situ value it has already proved up at Triple R, combined with the exploration success the company continues to enjoy, will make current prices seem cheap by comparison.

That said, current market conditions call for caution in this sector. We'll keep Fission a hold until we get a better sense of the broader market for the energy metal.

- We should begin seeing results over the next few months from **GMV Minerals'** (GMV.V; GMVMF.PK; C\$0.53) geochemical and geophysical work on its flagship Mexican Hat property.

The work is focused on the soil-covered areas to the south and east of the known resource at Mexican Hat. It will also eventual-

ly include drilling to test the extension of that resource to the south, east and west. The project has already been shown to contain an inferred resource of 531,400 ounces of gold (23.5 million tonnes grading 0.70 g/t).

Management is excited at the prospect of plying this property with extensive fieldwork and drilling, as the it has the potential to grow this deposit considerably. GMV is the first company to consolidate landholdings in the area, giving it the opportunity to turn this modest-sized gold resource into a million-ounce-plus deposit.

For those looking to benefit from upside news from the program at Mexican Hat, GMV continues to trade at a good entry point. It's still a buy.

- **Golden Reign Resources** (GRR.V; GRGNF.PK; C\$0.32) has had a good month with drill results, as assays came back in a couple of batches from ongoing drilling on its San Albino gold deposit in Nicaragua.

The first batch was highlighted by numerous high-grade gold-silver intersections, including 3.0 meters of 38.38 g/t gold and 43.6 g/t silver, 3.0 meters of 27.10 g/t gold and 36.2 g/t silver, 4.0 meters of 19.43 g/t gold and 26.6 g/t silver and 3.0 meters of 22.07 g/t gold and 38.5 g/t silver. These intersections resulted from a 1,581-meter, grade control drilling program on San Albino's West Pit.

Meanwhile, at the Central Pit, a batch of drilling and trenching results

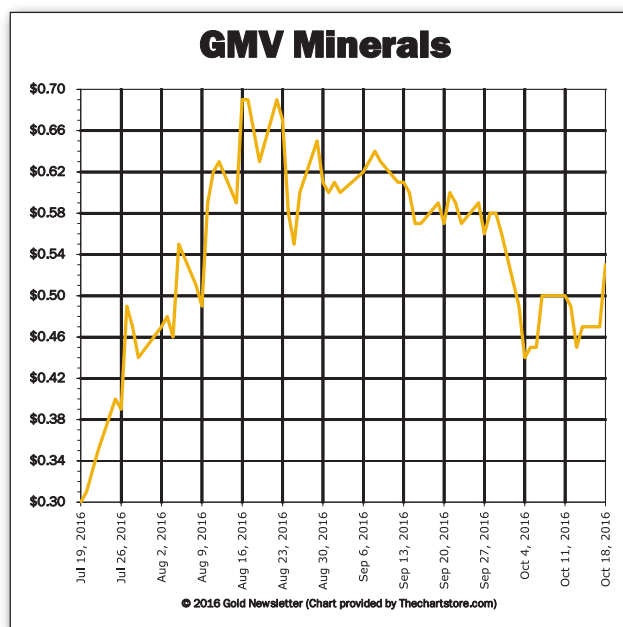
released just this week were highlighted by a hole that intersected 2.0 meters of 7.09 g/t gold and 12.2 g/t silver and a trench of 4.7 meters grading 31.46 g/t gold and 22.7 g/t silver. This came as a result of a 101-hole RC drill program combined with five excavated trenches and nine exploration pits.

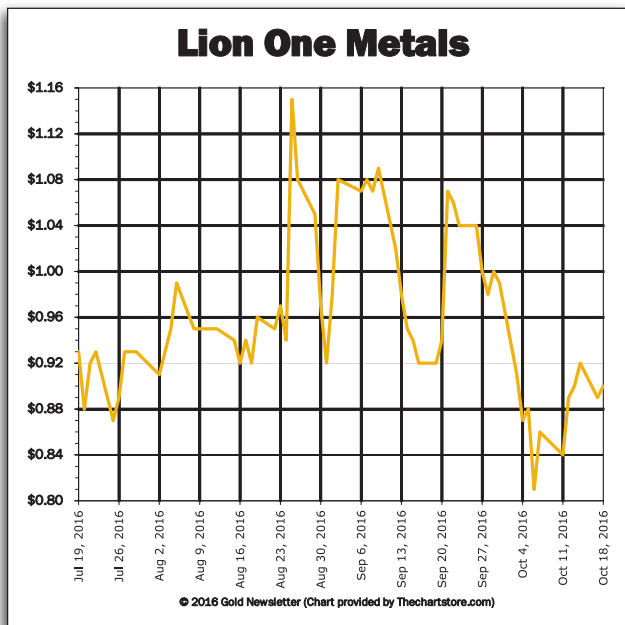
The work underscores the grade and growth potential at San Albino and confirms my decision to add it to our list recently. Take the current dip in the gold market as a cue to build a more aggressive position in Golden Reign. It's primed to deliver leverage on rising prices when the market returns to form.

- **GoldQuest Mining** (GQC.V; GDQMF.PK; C\$0.42) released a prefeasibility study on its Romero deposit in the Dominican Republic.

Assuming a gold price of \$1,300/ounce, a silver price of \$20/ounce and a copper price of \$2.50/pound, the project has a post-tax NPV (discounted at 5%) of \$203 million. Its post-tax IRR is

(Continued...)





same quarter a year ago. That decrease included a 13% reduction in silver production (to 510,491 ounces) and an 11% decrease in gold production (to 5,423 ounces).

Management attributed the decrease to lower head grades and recoveries and two temporary shut downs. In spite of these obstacles, Great Panther remains on track to meet its 2016 production guidance.

The company's share price didn't budge much on this news, a sign that the market is well aware of Great Panther's ability to deliver leverage on rising precious metals prices. It remains one of the key holdings in our portfolio of Mexican silver producers and a hold at current trading levels.

- **Lion One Metals** (LIO.V; LOMLF.PK; C\$0.90) has submitted a tender offer for Navilawa, a concession directly adjacent to its Tuvatu gold project in Fiji. The deal for the 384.5-hectare tenement calls for Lion One to spend C\$15 million on exploration expenditures over a five-year period.

The project comes with a multitude of prospects, including Kingston Mine, Banana Creek and Tuvatu North. Highlights from chip sampling on these targets include a 46.30 g/t gold sample from Banana Creek, a 176.27 g/t gold sample from Kingston Mine and an 8.50 g/t gold sample from Tuvatu North. Lion One should receive official word on whether it has been granted this tenement by

the end of October.

With Tuvatu already known to host a significant resource and exploration finding new areas of mineralization (like the recently discovered Jomaki Ridge prospect), the potential addition of Navilawa only adds to the exploration upside of this intriguing gold story. It's still a hold at current levels, but one that could quickly turn into a buy on any significant weakness.

- **Lowell Copper** (JDL.V; C\$2.04) has officially become JDL Gold thanks to a business combination with Gold Mountain Mining and Anthem United.

The deal closed on Oct. 6, with Gold Mountain shareholders receiving 1.032 pre-consolidated shares of JDL Gold for every Gold Mountain share held. Anthem shareholders received 0.774 of a pre-consolidated share of JDL for every share of Anthem held. JDL Gold also elected to consolidate its share capital on a 6.45 for 1 basis.

The combined company has C\$65 million in cash and an enviable portfolio of copper and gold assets in the Americas. I'm interested to see where management takes the newco from here, so we'll continue to track JDL Gold in our portfolio, keeping it a hold for now.

- **Midas Gold** (MAX.TO; MDRPF.PK; C\$0.94) has seen its share price retreat a bit from the recent highs it set in August.

Given the current state of the gold market, such a pullback was to be expected. However, I urge you not to let present conditions distract you from the potential of Midas' Stibnite project in Idaho. As I've said in past reviews, there are a finite number of multi-million-ounce, open-pittable gold

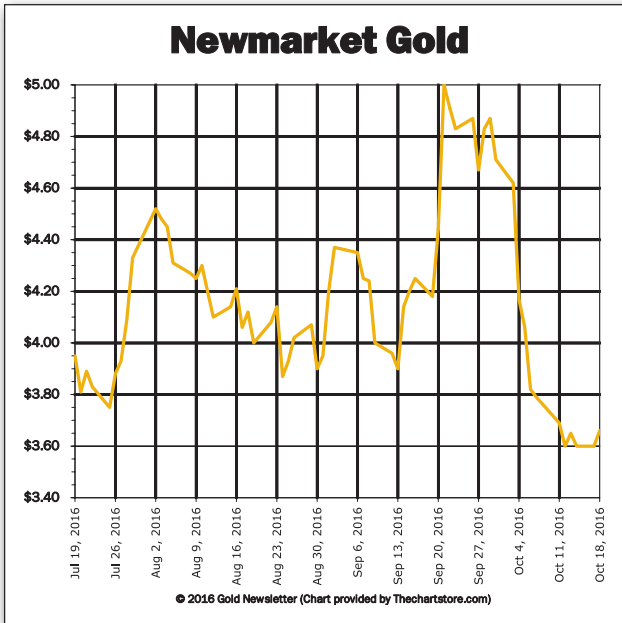
28%, and its initial capex is a very financeable \$158.6 million.

Along with this study came a maiden reserve estimate for Romero that pegs its reserves at 840,000 ounces of gold, 980,000 ounces of silver and 136 million pounds of copper. The prefeasibility study anticipates that a mine at Romero would generate 109,000 ounces of gold-equivalent material per year over an eight-year mine life.

When combined with its vast exploration holdings and highly prospective targets in the surrounding Tiroo Formation — from which we expect drill results soon — this project makes GoldQuest another undervalued asset on our list. It's a strong buy at current levels.

- **Great Panther Silver** (GPL.NYSE-A; GPR.TO; US\$1.24) announced lower gold and silver production from Guanajuato and Topia, its two operating mines in Mexico.

For Q3 2016, the company's consolidated metals production was 953,632 silver-equivalent ounces, a 12% decrease from the



These properties span an impressive 1,120 square kilometers.

Don't be surprised to see Midland apply its prospect generator model to these projects, as the company has a great track record of finding joint venture partners to do the heavy lifting of more extensive exploration. Current Midland JV partners include Agnico Eagle Mines, Teck Resources, SOQUEM, Osisko

more than a year ago.

Investors have been fixated on Newmarket's amazing turn around of the old Crocodile Mining properties in Australia, but I've been telling readers and audiences for some time not to overlook the M&A goals of the people behind this story.

Thus it has come to pass, although Newmarket is technically the acquiree rather than the acquirer.

Although Newmarket has lost much of the premium it gained on the deal's initial announcement, we'll keep it as a hold for now.

The combined company will be too large for us to comfortably follow in this letter, but I have a feeling that the leverage it now offers to gold will help us out over the next few weeks.

- **NuLegacy Gold** (NUG.V; NULGF.PK; C\$0.44) has closed on the first tranche of a 20-million-unit non-brokered private placement.

Consisting of 10,032,590 units

(Continued...)

deposits like Stibnite, much less ones that are in safe mining jurisdictions.

These features make both Stibnite and Midas extremely attractive takeout targets for a mid-tier or major gold company looking to grow its reserve base and production profile.

Given this fact, I think Midas offers a good buying opportunity at current levels. And if the market weakens the price still further, that would give us a "back-up-the-truck" type of entry point. Simply put, in the gold bull market still to come, this company is going to provide some serious leverage on rising prices.

- **Midland Exploration** (MD.V; MIDLF.PK; C\$1.08) has added to its already large property portfolio in eastern Canada by acquiring, via map designation, three properties in the northwestern Abitibi region.

The properties are located near the Lower Detour and Casa Berardi fault zones. When added to the 10 projects Midland already held in the area, these new projects give the company 13 properties in this highly prospective gold region.

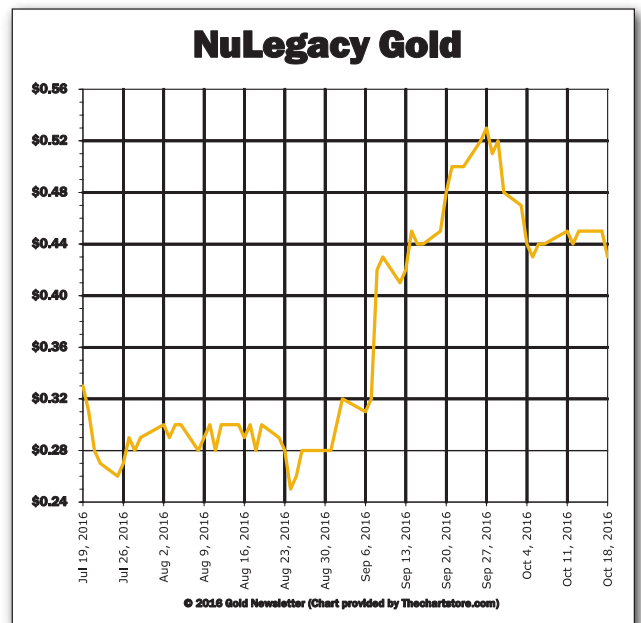
Exploration, James Bay and JOG-MEC.

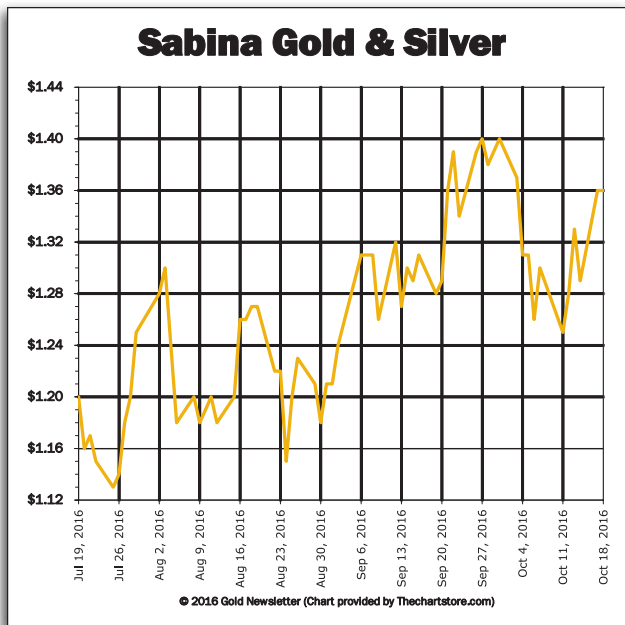
The company's share price has held up well in the face of current market conditions and remains at a price level that has me comfortable leaving it as a hold for now.

- The M&A rush that we've been hoping for may have begun with the just-announced merger of **Newmarket Gold** (NMI.TO; C\$3.82) with **Kirkland Lake Gold** (KLG.TO; C\$8.05).

Gold Newsletter was among the very first publications to recommend both of these companies when they were barely glints in their founders' eyes, so we have a history with both of them.

The history with Newmarket is briefer, as it's a relative newcomer to the scene. But it's been a fast-riser, yielding our readers about a 450% profit since our recommendation a little





the South East, Jengibre South and Peak zones.

Management will combine these results with earlier soil sampling efforts to identify the best drill targets. This has been a slow-moving story during the market malaise, but one that has kept our interest with quality field results and the success of neighboring company (and Gold Newsletter pick) GoldQuest Mining.

priced at C\$0.45 per unit, the initial tranche raised C\$4,514,666 for the company. Each unit comes with a common share and a whole purchase warrant redeemable for up to 18 months at C\$0.65 per warrant. In all, the financing is slated to raise gross proceeds of C\$9.0 million.

The money will help finance an aggressive exploration of Avocado, the new discovery to go with the company's Iceberg project in Nevada. After some eye-popping initial assays from this discovery, management wants to drill deeper to test Avocado's potential.

NuLegacy remains an excellent bargain at current prices, even with the increase the stock has enjoyed due to the Avocado discovery. It's still a buy.

- **Precipitate Gold** (PRG.V; PREIF.PK; C\$0.20) is engaged in a geophysical program on its Juan de Herrera project in the Dominican Republic.

The goal of the program is to identify specific drill targets on the project's numerous, identified anomalies. The Ginger Ridge discovery zone will see work, as will

I'm anxious to see what the drill bit turns up at Juan de Herrera when the company gets to that stage. We'll keep it a hold for now, looking to add it back onto our buy list once the drill program has been finalized.

- **Riverside Resources** (RRI.V; RVSDF.PK; C\$0.40) follows the prospect generator model of junior exploration.

Those that employ this model try to use early-stage exploration work to attract joint venture partners to conduct the more expensive aspects of exploration. In exchange for this help, the JV partners typically receive the right to earn a stake in the underlying project.

When used effectively, the model allows its practitioners to assemble a large project portfolio at a relatively low cost and with a low ongoing cash burn rate. Riverside's projects are largely Mexico and U.S.-based, and the company has done a very good job of finding joint venture partners to fund work on its projects.

In particular, the company is excited (as am I) about recent

results from its Thor porphyry copper project. Work currently being funded by JV partner Antofagasta has returned rock chip samples as high as 1.47% copper. A geophysical survey will be followed up by a small initial core drilling program, hopefully before the end of the year.

The well-funded company is a smart play on mineral exploration in safe mining jurisdictions, one that looks like a good value at current levels.

- **Roughrider Exploration** (REL.V; C\$0.07) has been in a bit of a holding pattern in 2016, as the uranium market hasn't exactly been cooperating.

The company is partnered with Gold Newsletter pick **Kivalliq Energy** (KIV.V; C\$0.09) on the Genesis uranium property in north-east Saskatchewan. In spite of the dearth of recent news (and the weak market for the energy metal), I am a big fan of Roughrider's management team and of the Genesis project generally.

In fact, Genesis is a large and highly prospective that I'm confident will attract a lot of interest once uranium prices recover.

If you already own Roughrider, I recommend holding onto it through this downdraft in uranium prices. When the market comes back, quality exploration stories like this should provide excellent leverage on rising prices.

- Work on **Sabina Gold & Silver's** (SBB.TO; SGSVF.PK; C\$1.40) Back River gold project in Nunavut is currently being held up by a regulatory snag related to the Nunavut Impact Review Board ("NIRB").

In June, the NIRB recommended that the Minister of Indigenous and Northern Affairs not proceed with licensing or per-

mitting the project due to concerns about caribou and climate change.

The company notes that the Kitikmeot communities most directly impacted by the project spoke out in support of the project during the hearing phase. The Kitikmeot Inuit Association went on to request that the Minister return the project to NIRB for further review.

While this project is clearly at a regulatory impasse, I have great confidence in the ability of Sabina's management team to work it out, as they have been responsible for a couple of big winners for us in the recent past.

In fact, I'm so confident that they'll get past this speed bump that I urge you to take advantage of the price decline it caused to begin or build a position in this company. It's a buy.

- **Santacruz Silver Mining** (SCZ.V; SZSMF.PK; C\$0.42) is a Mexican silver producer that has enjoyed a good run in 2016. The company has more than quintupled in price this year and continues to trade at four times its early 2016 trading levels.

The company's performance is a good example of why I keep primary silver producers on our list. Simply put, few stories provide better leverage on rising precious metals prices than good Mexican silver stories.

The company's main asset is the producing Rosario mine, and it has production growth opportunities through its Veta Grande and Cinco Estrellas properties. It also has a nice suite of exploration projects.

In spite of the run-up the com-

pany's share price has enjoyed this year, it remains a buy at current levels, as I think this company and this stock have considerably more room to run.

- **Select Sands'** (SNS.V; CLICF.PK; C\$1.12) share price has raced ahead in recent weeks, as investors have caught on to the industrial sand story the company is building around its Sandtown deposit in Arkansas.

The precipitating event was the announcement of an option to purchase a drying facility within 50 miles of Sandtown. That facility's location next to the Union Pacific rail line gives the company the ability to operate as an integrated, Tier 1 sand producer.

It's a bold move, one that reflects management's confidence in the fungibility of its industrial sand asset at Sandtown. I think the company's shares could have further to run still, but we'll keep it a hold for right now while we wait to see how its share price responds in the next few weeks. If you see any weakness, though, don't be afraid to aggressively build or add to your position in Select Sands.

- **SolidusGold** (SDC.V; SLDGF.PK; C\$0.35) made a big splash last month, agreeing to acquire the Northumberland project in Nevada.

The company is led by Rick Van Nieuwenhuysse, the same person who brought us NovaGold and Trilogy Metals. After shopping around for the right project to vend into

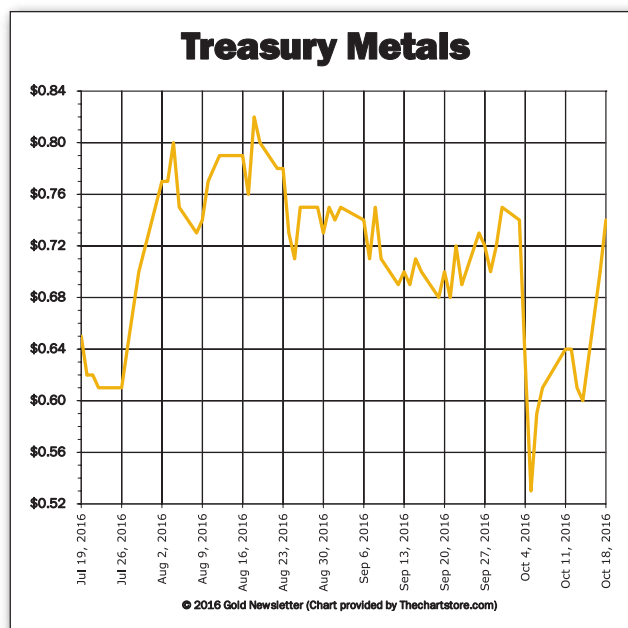
SolidusGold, Rick and his team settled on Northumberland.

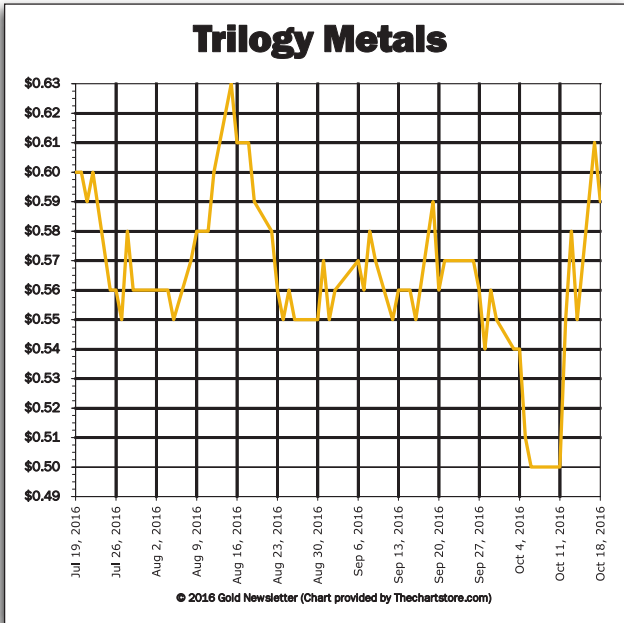
A 2008 resource estimate by Frontier Gold put the project's gold-equivalent resources at over three million ounces, all of that at very high grades for an open-pit deposit in Nevada. With a huge batch of additional drilling that has yet to be factored into the deposit, the company has five million ounces of gold-equivalent material clearly within its sights, within which will be a very large oxide resource.

Companies with similarly-sized, advanced-stage resources are currently trading for three to four times SolidusGold's current market cap. Considering its location in Nevada, I'm confident the company will eliminate that gap and eventually trade at a premium to its peer group.

A great early-stage bet on both management and precious metals, SolidusGold has the pedigree and the project to become one of the big winners of this cycle. It continues to be a strong buy.

(Continued...)





- **Treasury Metals** (TML.TO; TSMF.PK; C\$0.75) is still waiting for assays from its infill drilling program on Goliath, the company’s flagship gold project in Ontario. Management announced it had added a second drill to the program last month in an attempt to shorten the time to drill the deeper sections of Goliath’s underground inferred resource area.

With all needed infrastructure close by, the project looks ripe for development. Treasury Metals has done an admirable job riding out the bear market in precious metals to get this project on track to production. As a potential near-term producer, it’s a good value at its current share price and another buy.

- **Trilogy Metals** (TMQ.NYSE-A; TMQ.TO; US\$0.56) spent \$5.5 million on a 3,058-meter drill program on its Arctic project this past summer. The program was designed to provide geotechnical information for ongoing development work and for resource definition on the Alaskan project.

Newly christened as Trilogy Metals after going by NovaCopper

for many years, the company remains a solid long-term bet on both the metals markets and the ability for an eventual state-funded access road to unlock the potential of its projects.

It’s still a hold as we await another rebound in copper and/or more news on the state road, but positive developments in either case would make quickly make Trilogy a buy once again.

- **TriMetals Mining** (TMI.TO; TMIAP.PK; C\$0.27) recently released the next seven holes from its 40-hole drilling program on the Jumbo Trend within its district-scale Gold Springs project, which straddles the Nevada-Utah border.

All seven holes tested the Thor vein area and established the continuity of a 400-meter segment of this high-grade system. Geophysics indicate that the system may extend for 1.6 kilometers, and there’s evidence for more than one mineralized vein zone within the greater system.

The company’s drilling at Thor is highlighted by the previously released Hole 1, which hit 7.6 meters grading 44.77 g/t gold. Subsequent results have included 6.1 meters of 4.46 g/t gold and 45.7 g/t silver (Hole 2) and 7.6 meters of 2.76 g/t gold and 50.8 g/t silver (Hole 3). There

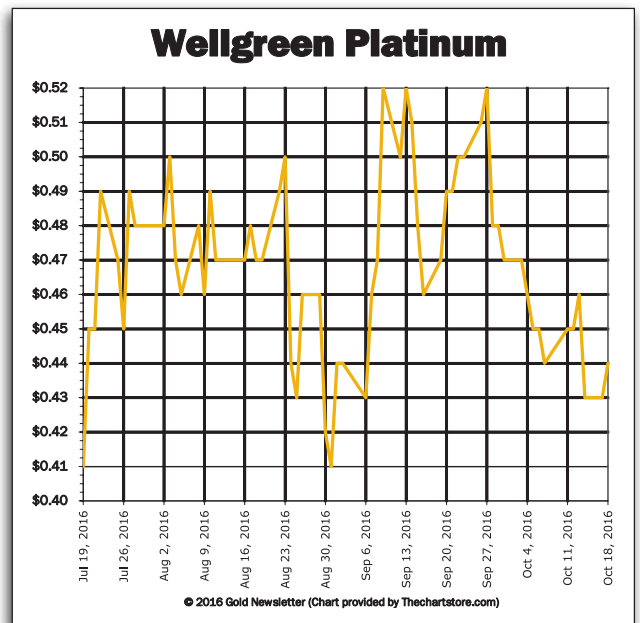
are several other prime targets within a few hundred meters of the Thor vein system.

The work around the Thor area continues to demonstrate its potential as a starter pit to support the economics of mining other areas of mineralization outlined at Gold Springs. This target-rich environment makes TriMetals an ongoing buy on our list, one that has the potential to break out to the upside with continued good news from the drill bit.

- Led by Diane Garrett, who led the impressive Romarco story earlier in this cycle, **Wellgreen Platinum** (WG.TO; WGPLF.PK; C\$0.45) holds one of the world’s premier PGM-nickel deposits.

In fact, it may be the only large-scale, platinum-rich project in a politically low-risk region anywhere.

With Ms. Garrett at the helm, I like the company’s odds of derisking the project to the point where it is either green-lighted as an internal production project or sold to a resource-hungry major. Since taking over as CEO in June, she’s already streamlined the company



and focused its vision on advancing this globally strategic project.

The company is priced to move at current trading levels and remains a strong buy.

- **West Red Lake Gold Mines** (RLG.CN; RLGMP.PK; C\$0.27) is in the midst of a drilling program on its West Red Lake project in Ontario.

The target areas for the drilling are located on the Rowan Mine joint venture held 60% by West Red Lake Gold and 40% by an affiliate of Goldcorp. Two holes will test the Structural Intersection target area, and six holes will attempt to expand the known inferred resource within the Rowan Mine zones at depth.

The latter target is the lower-risk of the two, as the potential to double the million-ounce inferred resource at the Rowan Mine is very real. The two holes targeting

the Structural Intersection area are a nod to investors who are excited about the potential for a big discovery in this historic gold district, especially after the summer program hit two high-grade intersections (50.41 g/t gold over 1.5 meters and 22.72 g/t gold over 1.5 meters).

I look forward to the results of this program and am bullish on this exploration story in general. This is an exciting part of the world for gold exploration, where just the whiff of a major discovery could send this tiny junior's share price due north. It's another buy.

- **Zephyr Minerals** (ZFR.V; ZPHYF.PK; C\$0.36) just released some impressive assays from its drilling program on Dawson, the company's flagship gold project in Colorado.

The best assay of the latest batch came from Hole 35, which

cut a 2.0-meter intersection of 14.0 g/t gold. This hole has expanded to the west the high-grade gold zone identified on Dawson's Windy Gulch target.

A road cut for the drill program uncovered an eight-meter-wide shear structure dubbed the North Shear. This structure lies 20 meters north of the Main Shear structure and has generated samples of 1.6 g/t over 0.9 meters and 1.5 g/t over 0.9 meters.

Zephyr continues to move forward with its plan to prove up the value of Dawson while moving it along the development curve. This is not a large project, but it could be a very profitable one that would be relatively simple to bring to production. We'll keep it a hold while we wait to see what the next round of exploration brings on this project. ▲

Potpourri

MISCELLANEOUS NOTES AND OBSERVATIONS

BY BRIEN LUNDIN

■ Much ado about nothing

Gold bugs were shocked by the \$43 sell-off on October 4th, and I don't blame them. I was taken aback as well.

But take a look at that dive in the context of where the gold market has been over the last six years, as presented in the accompanying chart from TheChartStore.com. As you can see, the magnitude of that

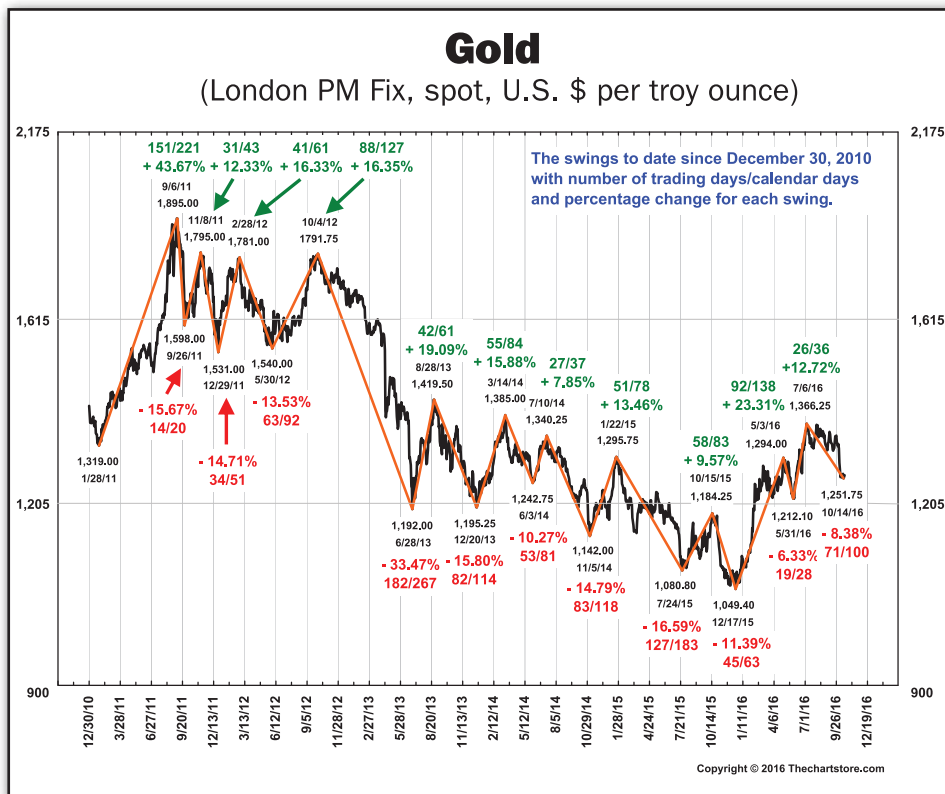
8% or so decline is dwarfed by many previous declines over that time period.

Granted, most of those previous drops came during gold's long bear market, which ended last December. But gold's decline since the end of September, and even the longer-term correction since the peak in July, are roughly equivalent to the short correction we experienced in May.

And as you'll remember, gold took another nice leg up from the low \$1,200s to the mid-\$1,300s right after that correction.

Importantly, gold seems to be on the road to recovery from this latest set back. If the metal posts a rebound similar to what it did after the May correction, the price will get to the low \$1,400s.

No one knows whether that will happen, of course. But it's very



easy to imagine it, given all the potential catalysts out there.

With the presidential election looming, signs of a teetering U.S. economy, the Fed looking to raise rates while the stock market is over-valued and reliant upon a low-rate regime -- plus the very real potential of a black swan event that takes everyone by surprise -- gold could be well over \$1,400 by year end.

The other alternative, of course, is that paper gold speculators short the hell out of gold as we approach the Fed's December meeting. And, once the Fed goes through with their desperation, year-end hike, the shorts cover their bets, releasing the pressure on gold.

Then we'll get a move just like last year. And that wouldn't be a bad result at all.

■ Getting ready for the big show

As I sit in front of my computer

and tap out the final words of this month's issue, my staff is scurrying outside my office making the last-minute preparations for this year's New Orleans Investment Conference.

In a few days hundreds of serious individual investors will be joined by dozens of the world's top experts and small-cap companies to find and present the most lucrative strategies and opportunities for today's uncertain environment.

If you're coming down for New Orleans 2016, I look forward to meeting you. It's going to be exciting, enlightening and highly entertaining.

If you can't make it for some reason, the next best thing is to get our audio and video recordings.

Frankly, the audio and video recordings from this year's New Orleans Investment Conference are so valuable -- and so affordable -- that they may offer the best risk/reward advantage of any

investment you could possibly consider today.

As I've noted, this year's conference will feature the top experts in metals and mining -- including Doug Casey, Rick Rule, Peter Schiff, Louis James, Brent Cook, Nick Hodge, Mary Anne and Pamela Aden, Adrian Day, Eric Coffin, Gwen Preston, Thom Calandra, Peter Hug, Nick Giambruno, Chris Powell, Omar Ayales, Bill Murphy and yours truly, among others.

Moreover, we're also presenting the top names in geopolitics and economics, as well as experts in the broader markets. Charles Krauthammer, P.J. O'Rourke, James Grant, Dennis Gartman, Stephen Moore, Mike Larson, Mark Skousen, Peter Boockvar, Robert Prechter, Jeff Hirsch, The Real Estate Guys and more are coming down to give their latest insights.

The bottom line: For over four decades, the New Orleans Investment Conference has helped investors learn how to protect and build wealth during uncertain markets. And during that time, we've repeatedly seen stocks recommended at the Conference double...triple...even multiply 10, 20 and more times in value.

This information is invaluable for investors. And through out audio and video recordings, it's also extremely affordable.

Shortly after the conference ends, we'll have full details on our audio and video offerings available, including both physical CD-ROM and DVD recordings, as well as instant streaming options.

So be sure to check our home page, NewOrleansConference.com, for details after the conference.

■ Culture, camaraderie and clear forecasts

Our periodic investment cruises have been very popular over the years, and attendees at these luxurious and exclusive events keep begging us for more such events.

Well, we're taking it to another level for our next offering: A fabulous eight-day river cruise through the French countryside, from August 20-27, 2017.

Beginning and ending in Paris, the cruise will include daily stops and included excursions to icons of French and western culture, including Monet's Giverny, the Palace of Versailles and more.

Importantly, we've chosen an itinerary that will focus on the Normandy Beaches, with included excursions to your preferred locations, including the American Cemetery. This will be a compelling, inspiring event that I know I will remember for the rest of my life.

Our home for this eight-day cruise will be the magnificent and sparkling new S.S. Joie de Vivre -- a vessel designed to embody the "joy of living" as it cruises the Seine River in northern France.

This brand new, luxurious 128-passenger vessel showcases beautiful antiques, handcrafted furniture, sumptuous fabrics, gilded accents and every modern convenience. The Salon de Toulouse features a full-service bar and art and antiques curated from renowned auction houses and private collections. Enticing dining venues include Le Restaurant Pigalle, Bistro Saint-Germain and Café Flore. Intimately scaled so it can dock in the heart of Paris, the Joie de Vivre features lavishly appointed riverview state-rooms and uniquely designed

suites.

Joining me as a speaker on this cruise will be Mike Larson, the editor of Weiss publishing's flagship publication, Safe Money Report. We'll have more exciting speakers to announce soon -- but I wanted to alert you to this extraordinary event, because it is extremely intimate and should sell out quickly.

We're organizing this cruise through our good friends at the MoneyShow, and they can begin taking your reservations now. So call them toll free at **800-797-9519** now, and tell them we sent you.

■ 45 years and counting...

In November of 1971, the first issue of Gold Newsletter was written at Jim Blanchard's kitchen table, mimeographed on yellow paper, stuffed into #10 envelopes addressed to a small group of his friends and colleagues, and carted off to the post office.

So this issue marks the close of our 45th year, and the beginning of our 46th.

A lot has happened since Jim put out that first issue. Within about three years, his effort to re-legalize gold ownership for Americans was successful, and he would change the name of his organization from The National Committee to Legalize Gold (NCLG) to The National Committee for Monetary Reform (NCMR). Months after that he held his first investment conference here in New Orleans, bringing in the world's top experts in

Austrian economics and libertarian philosophy, as well as the international gold market, to show investors how gold could protect them from the coming ravages of inflation.

You see, Jim understood that Nixon's closing of the gold window in 1971 marked the start of a new era or unrestrained central bank fiat money creation, one that held dangerous implications for anyone hoping to build wealth.

Many feel that the stagflation of the 1970s was the culmination of this new era of unchecked money printing. But with the benefit of decades of hindsight, it seems that the 1970s spike in money creation and inflation was merely a reflection of central bankers' exaltation over their newly found freedom -- much as inmates might celebrate after a jail break.

I believe, and I'm confident Jim would agree, that we're only now seeing the ultimate blow-off of central bank monetary mismanagement. Burned by their initial currency devaluations and the inflations they wrought, they resorted to the more sophisticated and subtle approach of manipulating the actual price of money.

Thus, a 30-year bull market in bonds was born, as the Federal Reserve and other central banks turned to interest rates as the primary lever on their economies.

It's easy to envision today, with interest rates actually plunging below the once sacrosanct bound-

(Continued...)

"I believe, and I'm confident Jim would agree, that we're only now seeing the ultimate blow-off of central bank monetary mismanagement."

ary of zero, as the culmination of this trend. Because, where can they go from here?

They've driven interest rates to the point where long-standing rules of investing have reversed, where up is now down, where bonds are bought for price appreciation and equities are bought for yield.

Moreover, they've abused their lever of interest rate manipulation to the point where the lever is now broken. Their exertions are now ineffectual or, even worse, result in the very opposite of their intentions.

The only tool left in their belt is the one they put aside after the debacle of the 1970s -- the sledgehammer of outright currency devaluation via money creation.

But with every developed economy pursuing the same policy, seeking to devalue its currency against the others that are simultaneously running down the same

hill, what is there left for them to devalue against?

Only gold, and of course silver.

Ironically, after abandoning convertibility in 1971 and spending decades disparaging gold as a relic from another age, central bankers may need this monetary standard desperately today.

The need something to show the world that they are actually making progress in devaluing their currencies and, therefore, their debts.

Currency depreciation has been an ongoing process, of course. Even by the government's own rigged CPI measurement, the dollar's lost about 88% of its purchasing power since they removed silver from coinage in 1965.

And over the previous four-and-a-half decades, Gold Newsletter and our conferences have sought to show investors the

dangerous repercussions of these unrestrained monetary policies, and in fact how to profit from them.

But today, as the era of fiat currency manipulation reaches its blow-off top, we'll face dangers and opportunities like nothing we've seen before.

You can rest assured that Gold Newsletter will be there, giving you the very best we have to offer. ▲



Remember: Use your e-mail address and Password to log into the "Subscribers Only" section of the Gold Newsletter site (goldnewsletter.com).

This allows you access to the current and archived issues of Gold Newsletter, the Gold Newsletter portfolio and special offers and products. You'll also be able to view your account and profile, and make any necessary modifications.

**Gold
Newsletter
In Our
46th Year**

©2016 Jefferson Financial, Inc. All rights reserved. Published by Jefferson Financial, Inc., 111 Veterans Memorial Boulevard, Suite 1555, Metairie, LA70005. Subscription Price: \$198 per year. Single issues available for \$20 each. New subscribers may cancel their order anytime and receive a full refund on all unfulfilled issues. Make checks payable to Jefferson Financial. Gold Newsletter was founded by James U. Blanchard III. Editor: Brien Lundin; Art Director: Kevin Pilet.

For subscription details, please call 800-648-8411, or send E-Mail to gnmail@jeffersoncompanies.com. The publisher and its affiliates, officers, directors and owner actively trade in investments discussed in this newsletter. They may have positions in the securities recommended and may increase or decrease such positions without notice. The publisher is not a registered investment advisor. Subscribers should not view this publication as offering personalized legal, tax, accounting or investment-related advice. The news and editorial viewpoints, and other information on the investments discussed herein are obtained from sources deemed reliable, but their accuracy is not guaranteed. Authors of articles or special reports are sometimes compensated for their services.