Gold Newsletter ALERT #1,156

April 6, 2023

Taking Off

Gold and silver rocket higher as it appears likely the Fed will be forced to pause with inflation remaining stubbornly high.

This is precisely the bullish scenario for metals that we've been talking about...but now it's come with a surprise factor that could make the situation even more explosive.

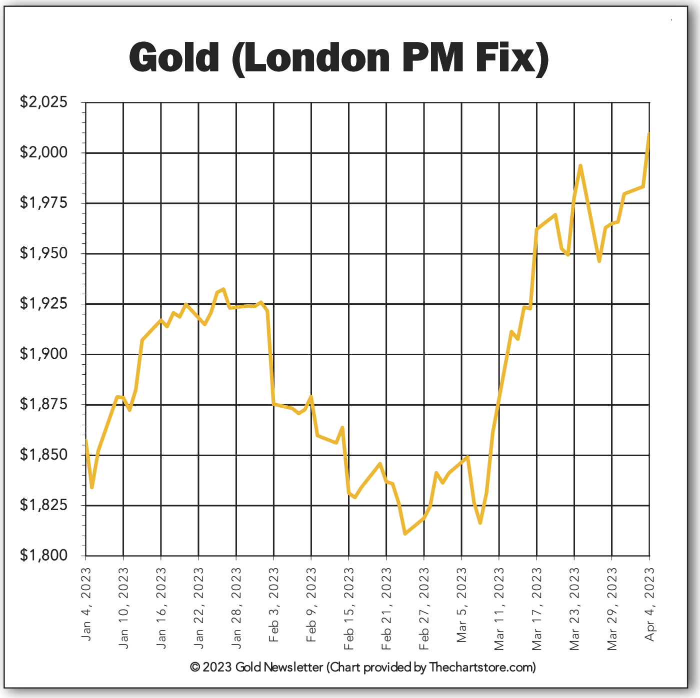
By Brien Lundin

"Higher for longer."

That was the mantra at the time of our last issue, and it referred to the Fed's newfound determination to not only keep raising rates, but to keep them at lofty levels for much longer than anyone had previously thought.

Thus, gold had spent a month giving back about a third of its gains since early November. And as a result, many weak bulls had given up on gold's rally.

As I write today, that "higher for longer" mantra remains in force — but this time it applies to the gold price, as the Fed is on the cusp of pausing its rate-hike crusade. Notably, it will do so without getting the rate of inflation anywhere close to the 2% target level.



Playing Out Perfectly

Over the past month, I've reiterated my prediction that the Fed would be soon forced to pause its rate-hike crusade.

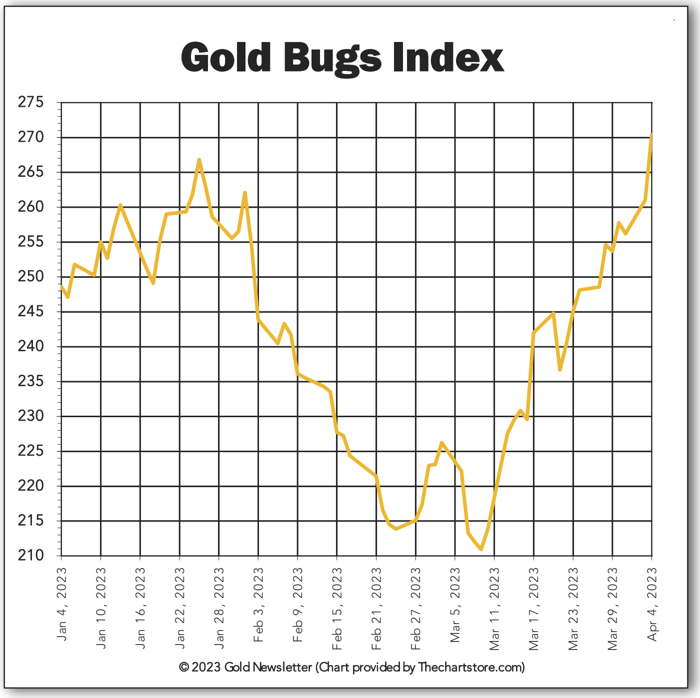
INSIDE:

And when that happened, there one of two possible accompanying factors would be in place: Either inflation would be near their 2% target, or it would remain stubbornly high and far from that goal.

I greatly favored the latter scenario for a couple of reasons.

First, because I'm skeptical that monetary policy could do much but exacerbate the embedded inflationary policies at this point. As our friend and New Orleans Conference alumnus Judy Shelton recently explained in the Wall Street Journal,

> *"When the cost of borrowing increases beyond what can be absorbed or passed on while remaining profitable, enterprises close down and economic output is reduced. The Fed's formula may lead it to pursue a monetary policy that reduces supply more than it curbs demand—with worsening inflation."*



And second, I've maintained that one of three factors — the emerging banking crisis (or some other break in the plumbing of the financial system), the looming recession or the soaring costs of financing the federal debt — would force the Fed to at least pause its rate hikes sooner than most expected and well before it could get inflation much lower.

And that, I've argued, would be much more bullish for gold, silver and other tangible assets than anything else. Although the Fed would be more dovish in that scenario, which would benefit all asset classes, the still-high hurdle rate of inflation would make the metals much more attractive than other options.

This would attract some shifting of global asset allocations from stocks and bonds and toward gold and silver. Because these other markets are orders of magnitude greater than the relatively tiny metals markets, even a very small shift from generalist portfolios would result in exceptional gains for the smaller markets.

As my friend Doug Casey is famed for putting it, "It would be like forcing the contents of the Hoover Dam through a garden hose."

It looks like that's the scenario and the dynamic that's now playing out before our eyes.

Importantly, this scenario — which I've always expected would be extremely bullish for gold and sufficient to take the price to a new record high — has just gained a new, surprise factor that adds figurative gasoline to the fire.

Turbo-Charging The Rally

In the days before the Fed's March 22nd meeting, the banking crisis spawned by the failure of Silicon Valley Bank gained momentum and metals prices surged higher.

On Friday, March 17th, for example, gold soared nearly \$60 on the back of increased worries as the weekend approached. We were stuck in a series of weekly mini-waves, wherein rescue efforts and calming statements from Fed and Treasury officials over the weekend led to decreased tensions (and lower gold prices) early in the week, but a surging gold price toward the end of a week as worries mounted over what would happen while markets were closed.

Then, once the Fed fulfilled the predictions to a "T" with a quarter-point hike and sufficient

“Indeed, gold leaped over $35...and silver jumped over a dollar...leaving the yellow metal well over the $2,000 hurdle to around $2,020, and silver bumping up against $25.”

rhetoric to allow for an upcoming pause, gold jumped again to bump up against the key $2,000 level.

It would be turned away, however, as the banking worries cooled, and the price drifted back toward $1,950.

Then, this past Monday, gold was bid about $20 higher on a couple of bits of surprising news.

The initial news item was the ISM manufacturing index for March, which was a significant miss to the downside. It came in at 46.3, far lower than the consensus expectation of 47.5 and down from the previous month’s 47.7.

This showed that the economy was slowing as the Fed had hoped, and fueled the market’s hopes that Powell & Co. would pause at their next opportunity.

But then came an even more surprising development: A group of oil producers led by Saudi Arabia announced a million-barrel/day output cut, beginning next month.

I put this into perspective in a *Golden Opportunities* issue that day:

> The bottom line of all of this: The Fed is more likely to pause...just as oil prices will begin to rise again, fueling higher inflation.
>
> As you know, I’ve been predicting that the Fed would pause without having gotten inflation near its 2% target, with the level more likely to remain stubbornly in the 4%-5% range.
>
> This, I argued, would be very bullish for gold and silver.
>
> However, with oil prices surging now on this surprise production cut, I wouldn’t be surprised if the inflation rate begins to head higher once again.
>
> And nor would I be surprised if this new dynamic pushes spot gold far beyond the previous record high of $2,063 in the weeks just ahead.
>
> So hang on — it’s about to get very interesting.

And it certainly did get interesting, and quickly.

The very next day came another key data point: The monthly JOLTS report of job openings in the U.S. It came in at just 9.93 openings in February, which was sharply down from 10.56 million in January and well below the expectation of 10.5 million.

While this is a lagging number, it’s also important as a key metric on the last economic data domino to typically fall before a recession. The markets picked up on this as being a sign that the jobs market is considerably worse right now and will further decline in the days just ahead.

Again, this bolstered the belief that the Fed is done with rate hikes for now. As Peter Boockvar commented after the release,

> *“I just don’t see the Fed hiking rates in May or any time thereafter in this cycle. The dollar is getting further slammed and gold is ripping higher as is silver. Gold is about $30 from a 5,000-year high.”*

Indeed, gold leaped over $35...and silver jumped over a dollar...leaving the yellow metal well over the $2,000 hurdle to around $2,020, and silver bumping up against $25.

The big move was on.

Is It Really Different This Time?

While there was ample euphoria in the gold- and silver-bug community evident on the various social media platforms during Tuesday's price spike, it was restrained somewhat by the "beaten dog" syndrome. After having so many rallies squashed by avalanches of synthetic gold created by keystrokes on the futures exchanges, metals bulls remain skeptical and wary of every move higher.

So, unsurprisingly to just about everyone in this community, gold and silver were once again smashed on Wednesday's opening in New York.

But then something very interesting, and encouraging, happened: Gold and silver fought back upward. Gold recaptured all of the losses, while silver regained most of them.

I hesitate to read much into this, but I can't help the feeling that we've entered a dramatically new environment for gold and silver.

Again, I believe the fundamental picture argues for increasing allocations from generalist investors toward the metals, and from stocks and bonds, as inflation remains persistently high even as the Fed's hawkishness wavers.

Near-term, I think the record high of $2,063 for gold on a spot basis will act as a magnet, attracting the price in a self-fulfilling prophecy. After such a move, I would expect a consolidation of those gains. In other words, a pull-back to below the new record level.

As I write on Thursday morning, both gold and silver are down after an early-session bear attack that came despite more negative news on the jobs front. This week's jobless claims number was accompanied by, amazingly, five years of revisions by the U.S. Labor Department. The bottom line is that not only is this week's claims number much higher/worse than expected, all of the previous numbers over the past few months are similarly worse.

Again, despite this more-negative jobs picture, gold and silver were sold down right off the bat in New York. They are, however, regaining those losses as I write.

Looking further down the road, if and when the Fed actually pauses its rate hikes (which should be evident by the May 3rd meeting conclusion), investors will begin looking down the road for the next step: A pivot.

Fed officials are aghast at the market's expectations of a reversal of policy, to rate cuts, by the end of the year. They can't imagine that possibility and are vexed by investors' disdain for their resolve.

But the Fed's forecasting record is, to borrow a phrase from my friend Rick Rule, "unblemished by success." If they're betting one way, it's safe to bet the other, at least over an extended time horizon. (I must concede that they were surprisingly determined in their rate hikes.)

All of the investment markets are predictive mechanisms, with prices discounting future events, and that's why the likelihood of a Fed pivot at some point this year is being factored into values right now.

Gold seems to be the most effective of all the markets at doing forecasting the future, however.

"All of the investment markets are predictive mechanisms, with prices discounting future events, and that's why the likelihood of a Fed pivot at some point this year is being factored into values right now."

Consider the big pandemic move from March 2020 to a record high by the following September. The move predicted the consequences of the Fed's massive QE and zeroed-interest-rate policy. Thus, when much higher inflation rates hit last summer, gold didn't really respond...*because it already had.*

Right now, if my suspicions are correct, gold is beginning to discount not only the Fed's upcoming pause, but the pivot and whatever economic emergency will precipitate it.

When the banking crisis emerged last month, I quoted Warren Buffet's famous saying that "there's never just one cockroach in the kitchen." While we don't know what the next crisis will be, we — and gold — know that one is coming.

Whether it's a resumption of the banking crisis or some other event, you don't raise interest rates at the steepest pace since Paul Volcker, after employing the easiest monetary policy in history for well over a decade, without breaking something.

Something else is going to break...at some point this year...and gold is telling us this now.

One thing that's become increasingly obvious is the looming recession. The downturn in the employment numbers is indicating that the official recession is near. Another one: The Atlanta Fed's GDPNow indicator — which recently forecast first quarter GDP growth of around 3.5% — has dipped once again to just 1.5%.

The Fed may actually want a recession to tamp down inflation but, again, suppressed output will actually increase pressure on prices. So they should perhaps be careful what they ask for.

More to the point, a recession, along with some crisis in the financial system and the soaring interest cost on the federal debt, will prevent the Fed from continuing its rate hikes.

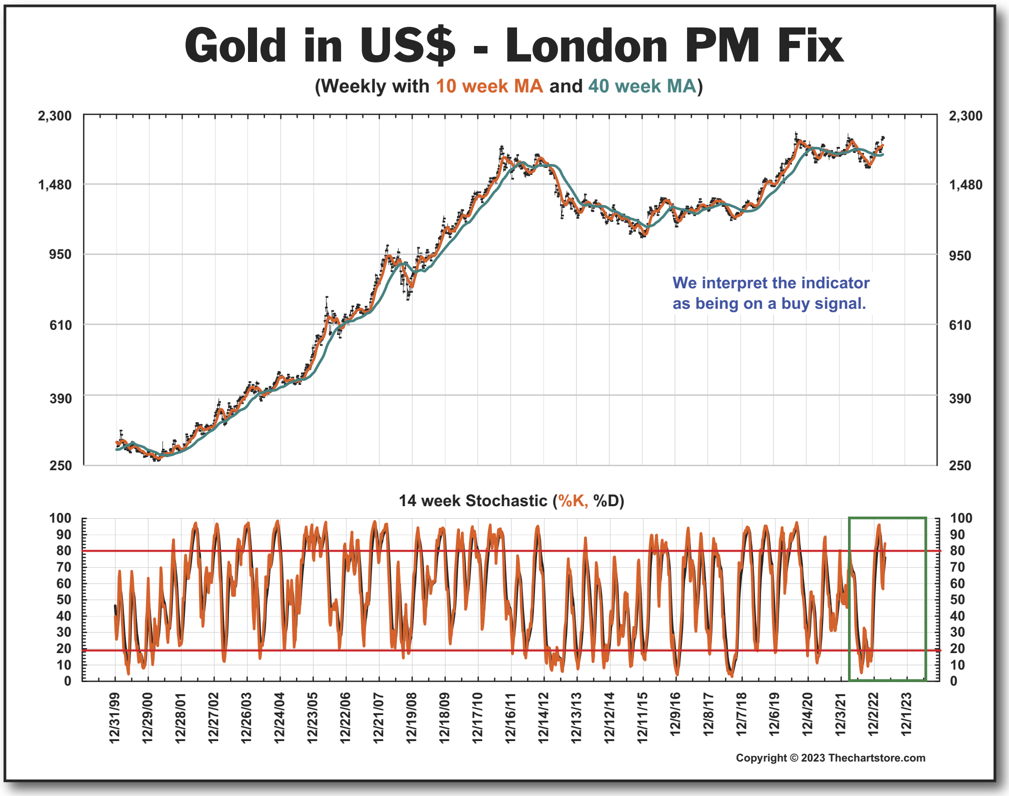
And it all adds to the very bullish picture for the metals. On that note....

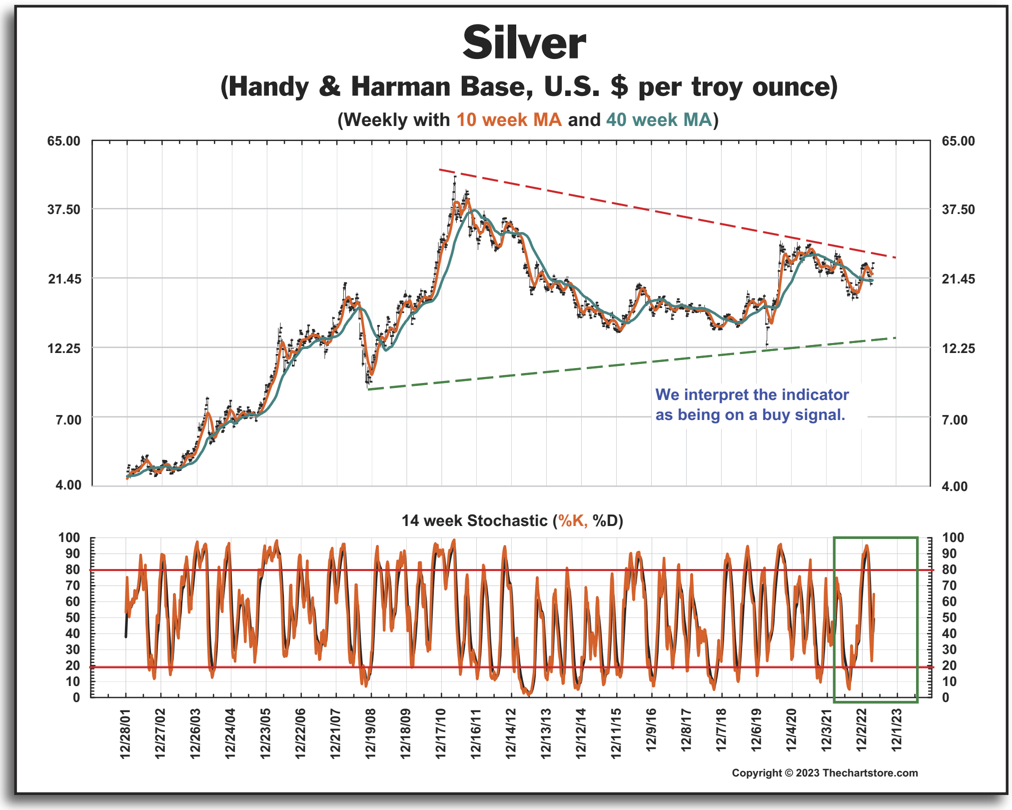
Technically Speaking

In last month's issue, the technical pictures for gold and silver had performed a complete, 180-degree pivot from beautiful to ghastly.

Now they've performed another whiplash-inducing move, back to a majestically bullish posture.

First off, let's review the 14-week stochastics for both gold and silver, provided once again by Ron Griess of TheChartStore.com.



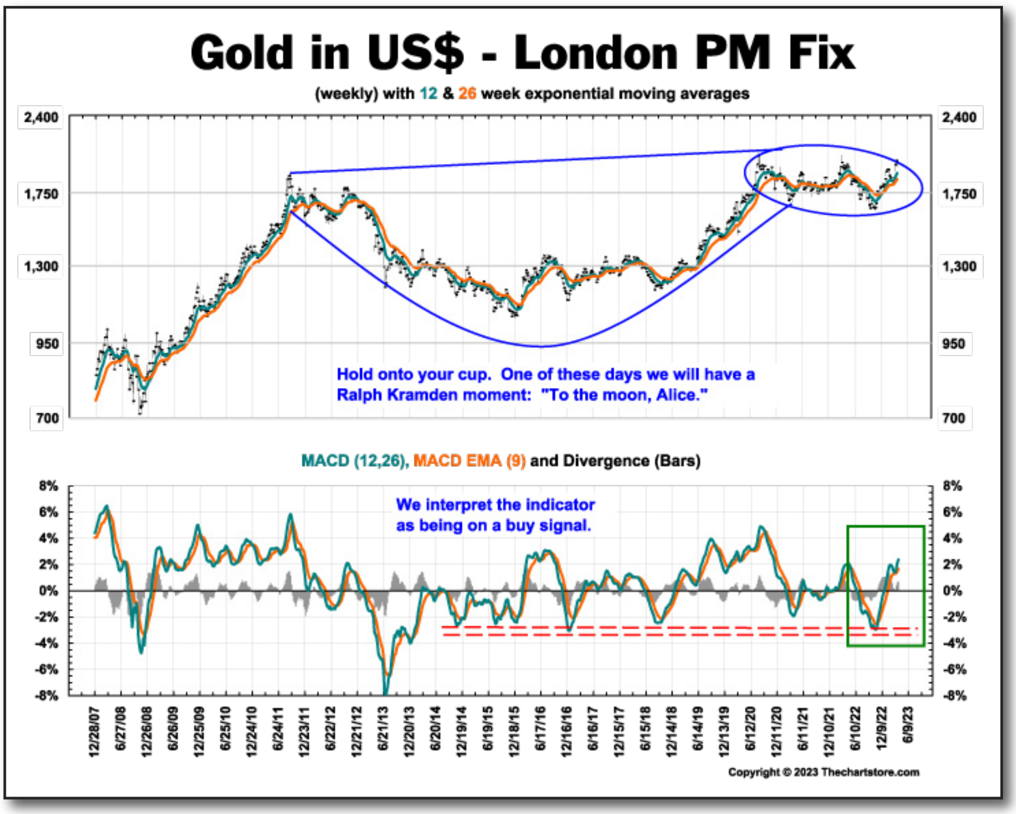


A month ago, our reviews of these stochastics saw them swiftly diving from over the 80 benchmark toward the bear-market levels below 20. But something happened on the way to that bear market — both stochastics did about-faces and turned right back up.

This is a rare occurrence, but the kind that I had hoped to see. If you examine these charts closely, you can see that such a refusal to fall lower on the stochastic has previously been seen at big turning points in the metals, including 2002 and 2008.

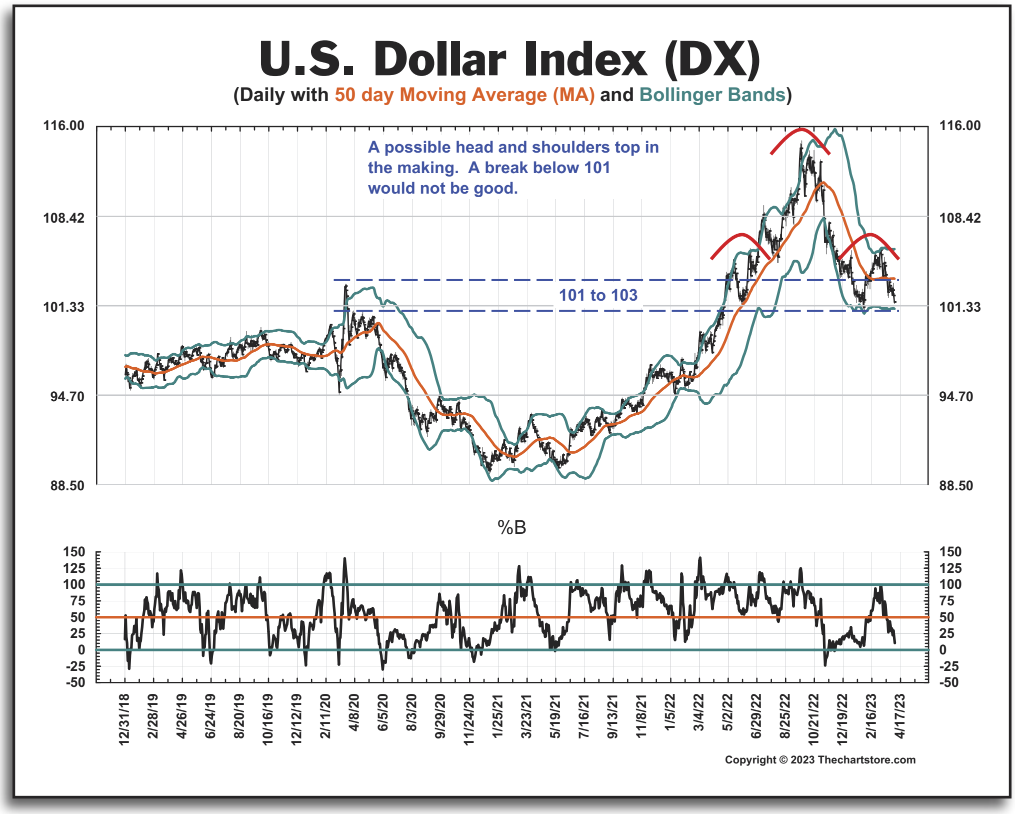
If we're seeing something similar happening now, we're in for quite a ride higher.

That view is supported by Ron's chart of gold with its exponential moving averages. After seeing Ron's "To the moon, Alice" comment, I just had to share this chart with you. This long-term cup-and-handle pattern, as I've noted, projects to prices above $3,000 if it proves out.



We'll see, and profit from it if/when that happens.

In the meantime, the chart of the Dollar Index with its 14-day stochastic once again shows the



mirror image of gold's pattern. In this case, it holds very bearish implications for the dollar, as investors are increasingly convinced that the Fed will be the first central bank to pause and eventually pivot.

In short, everything looks about as good as you could ask for, if you're a gold and silver bull.

And of course, we are. And we're benefiting from that stance, as you'll see from the stock charts in the following review of our junior mining stock portfolio. While these moves have been dramatic, it's important to remember that, in a long-term context, the juniors are far below even fair valuations, much less over-valued ones.

That's why I'm maintaining "buy" stances on most of these companies. If gold and silver make the moves this year that I'm expecting and you're holding these stocks, we'll be generously rewarded.

So let's review what's going on in the sector....

Mining Share Update

Avino Silver & Gold Mines

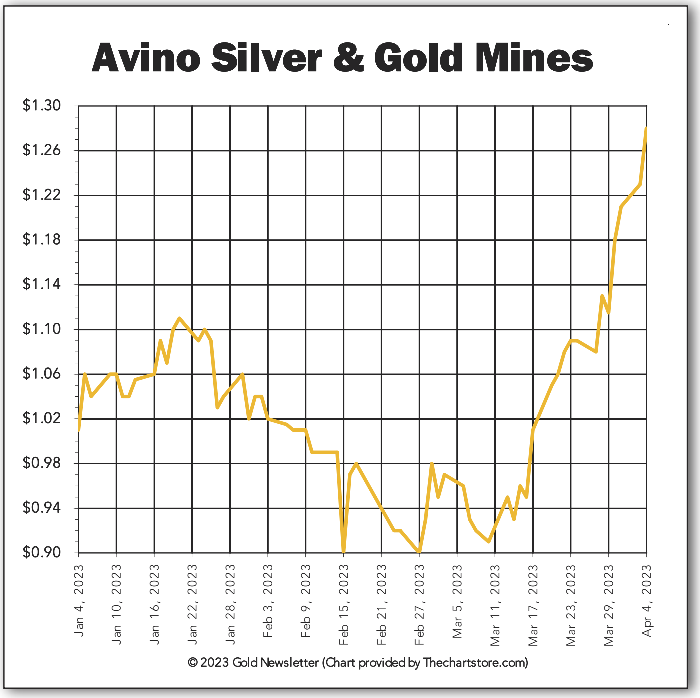
ASM.TO; ASM.NYSE-A
604-682-3701
avino.com

Avino Silver & Gold Mines traded up in March and is currently hovering near its 52-week high. The improvement in the share price reflects the improved outlook for silver and gold and the solid financial and operating results the company turned in for Q4 and full year 2022.

For Q4 2022, Avino posted record revenues of $14.6 million, with mine operating income of

$4.4 million and net income of $1.3 million. All-in sustaining costs per silver-equivalent payable ounce sold were $18.63. EBITDA was $3.2 million, and cash provided by operating activities was $3.3 million.

The full year 2022 was also a record year for Avino, with the company posting revenues of $44.2 million on mine operating income of $15.1 million. Net income was $3.1 million for the year and AISC per silver-equivalent payable ounce sold were $17.91. The company finished 2022 with a cash balance of $11.2 million, down from the $24.8 million it ended 2021 with.



Much of that difference in cash balance reflected Avino's acquisition in March 2022 of the La Preciosa silver project from Coeur Mining. That project sits adjacent to Avino's flagship Avino mine in Durango State, Mexico.

The La Preciosa purchase dramatically increased the company's total silver-equivalent resources to 368 million ounces. The upside this project offers is one of the key reasons I added Avino Silver & Gold Mines back to our list last year.

In the interim, it's clear from the financial results that Avino is holding its own with production from the Avino mine. The mine's 2022 production of 2.65 million silver-equivalent ounces beat internal annual production guidance of between 2.2 and 2.4 million silver-equivalent ounces.

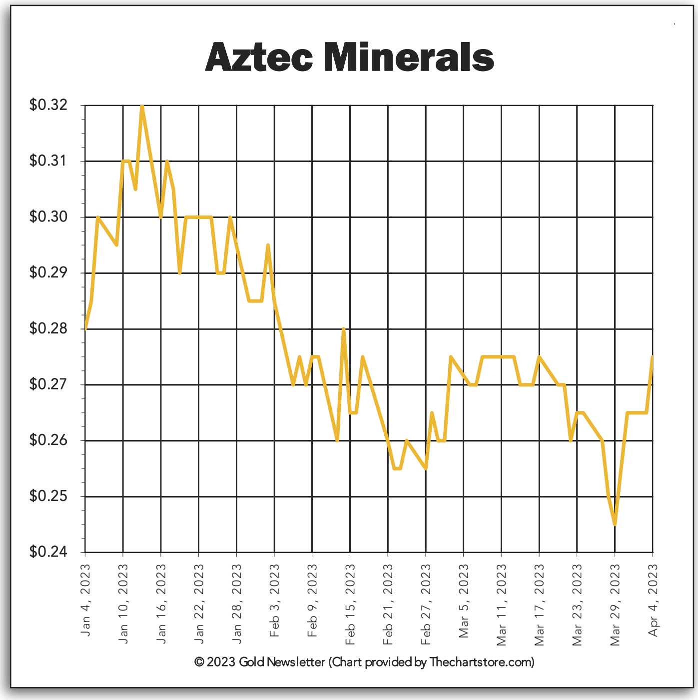
Production ramped up from 457,798 silver-equivalent ounces in Q1 2022 to 649,569 silver-equivalent ounces in Q2 2022 and then to a record 778,008 silver-equivalent ounces in Q3 2022. Production stayed high in Q4 2022, coming in at 770,127 silver-equivalent ounces.

With drills in 2022 showing that Avino mine's Elena Tolosa area extending at depth, the chances that production will stay robust in 2023 are excellent.

Avino's massive silver-equivalent resource makes it one of the better levers on our list for rising silver prices. Given my excitement about the silver sector over the balance of 2023, Avino Silver & Gold Mines remains very much a buy at current levels.

Avino Silver & Gold Mines Ltd.

Recent Share Price: ....C$1.23
Shares Outstanding: ....118.6 million
Market Cap: .... C$145.9 million
Shares Outstanding
Fully Diluted: ....134.0 million
Market Cap
Fully Diluted: ....C$164.8 million



Aztec Minerals

AZT.V; AZZTF.OTC
604-685-9770
aztecminerals.com

Drilling has begun on the Contention open pit zone at Aztec Mineral's 75%-owned Tombstone epithermal gold-silver and CRD polymetallic projects in Arizona.

Tombstone, along with Aztec's Cervantes gold-copper porphyry project in Sonora, Mexico, gives the company a one-two punch when it comes to exploration.

Located 100 kilometers southeast of Tucson, Tombstone sits in the heart of a world class porphyry copper district and just 65 kilometers from the massive Taylor zinc-lead-copper-silver CRD discovery.

The project's Contention open pit heap leach mine operated in the late 1980s at much lower precious metals prices. The results of 2020 and 2021 drilling there showed much higher grades than the 0.4-0.6 g/t gold grades that are typical for open pits in the western U.S.

The prior drilling by Aztec outlined bulk-tonnage gold-silver mineralization spanning 900 meters in strike with width of up to 50 meters down to 120 meters deep along the Contention pit. The drill program currently underway is focused on expanding that mineralization in width and to depth.

A potentially even bigger prize awaits deeper drilling on Tombstone — a possible CRD deposit similar to that which Arizona Mining discovered last decade on the Taylor target.

Between 2015 and 2018, Arizona Mining proved up a 114-million-tonne resource of 11% zinc equivalent and eventually was taken over by South32 Mining in an all cash deal worth C$1.8 billion.

Historical holes from past operators at Tombstone, combined with recent geophysical surveying, suggest a similar target may lie at depth on the project. That provides more than just a little blue-sky upside to go with the current drilling program on the Contention pit.

Cervantes, meanwhile, will see more exploration work in 2023 to follow up on recent drilling there. The project's California target is wide open laterally and to depth with an IP anomaly that strengthens and broadens to 500 meters depth.

Aztec is currently conducting surface exploration at Cervantes in advance of a planned follow-up RC drilling program in May 2023.

Aztec has cash to advance both projects in 2023 and looks like a great play on growing mineralization footprints at Tombstone's Contention target and Cervantes' California target. And then there's the potential homerun at depth at Tombstone with its possible CRD target.

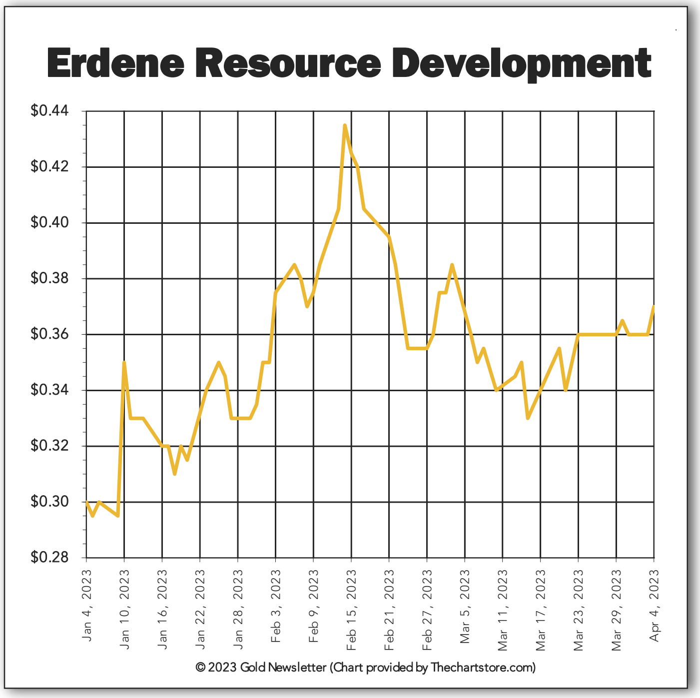
Taken together, this collection of targets and assets makes Aztec Minerals a buy right now.

Aztec Minerals Corp.

Recent Share Price: ....C$0.28
Shares Outstanding: ....90.1 million
Market Cap: ....C$25.2 million
Shares Outstanding
Fully Diluted: ....112.1 million
Market Cap
Fully Diluted: ....C$31.4 million

Erdene Resource Development

ERD.TO; ERDCF.OTC
902-423-6419
erdene.com



Thanks to the strategic alliance with Mongolian Mining Corporation ("MMC") announced in early Q1 2023, Erdene is on its way to a construction decision on its Khundii project's Bayan Khundii ("BK") resource.

That decision should be reached in mid-2023, upon completion of an updated feasibility study on BK that is currently underway. MMC, a part of leading Mongolian conglomerate MCS group, is investing US$40 million in three stages to provide equity for the project.

So the short-term possibility of BK going into production next year is the initial cause for excitement about this deal with MMC.

More exciting though is the distinct possibility, confirmed by recent drilling, that the BK near-surface, high-grade mineralization extends to the north onto the Dark Horse Mane prospect and to the west onto the Ulaan Southwest prospect. Altan Nar, another project within the Khundii mineral district, provides a polymetallic target as well.

Simply put, Erdene sees the possibility for the Khundii district to host multiple precious and base metals mines. It is also enthused about the potential of its 100%-owned Zuun Mod project, which is one of Asia' largest undeveloped moly-copper deposits.

With the deal with MMC coming with a 5% NSR for Erdene on any production from future mines above the 400,000 ounces that BK will generate, the company is in excellent position to capitalize on the upside at Khundii.

Erdene has a substantial cash cushion, thanks to a raise it conducted before the strategic alliance with MMC. That should give it money to push the exploration story at Khundii forward while MMC advances/finances the development story at BK.

A nice combination of near-term production and longer-term resource expansion, Erdene

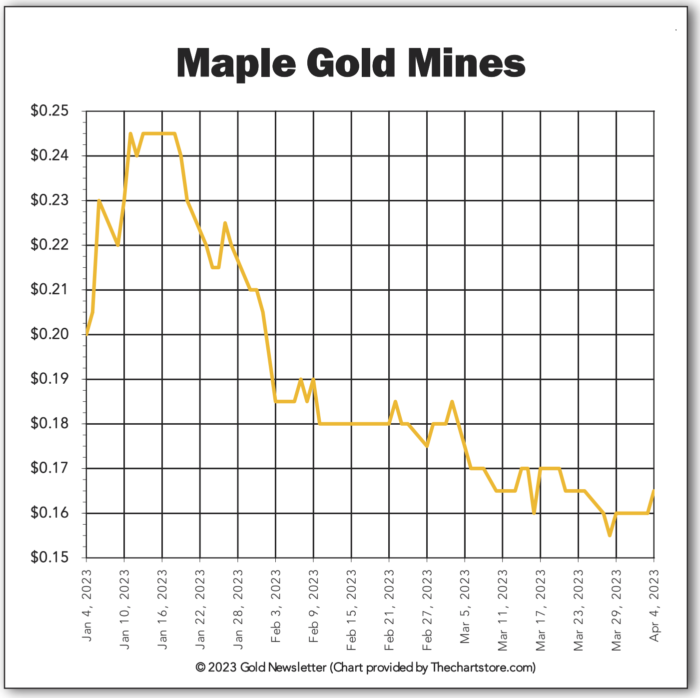
Resource Development is a strong buy at current levels.

Erdene Resource Development Corp.

Recent Share Price: ....C$0.36
Shares Outstanding: ... .394.0 million
Market Cap: ....C$141.8 million
Shares Outstanding
Fully Diluted: ....444.0 million
Market Cap
Fully Diluted: ....C$159.8 million

Maple Gold Mines

MGM.V; MGMLF.OTC
888-608-1222
maplegoldmines.com



Maple Gold Mines hasn't seen a big share price move of late, but it has a lot going for it.

Thanks to its 50/50 joint venture with Agnico Eagle, it controls the Douay and Joutel projects in Quebec, which span more than 400 square kilometers. At Douay, Maple has outlined 3.03 million ounces of gold. At Joutel, the historic mine complex has produced over 1.1 million ounces of gold at 6.5 g/t average grade and remains open for expansion.

In addition to the two 50/50 projects Maple owns with Agnico, it also owns 100% of the Eagle Mine property, which is an inlier property at Joutel. Recent drilling results from Eagle show it may be able to rapidly add high-grade ounces to Maple's totals in the district.

Highlights from 2022 drilling at Eagle include 4.0 g/t gold over 7.5 meters, 11.4 g/t over 3 meters, 2.3 g/t over 10.4 meters, 10.3 g/t over 7.8 meters, 4.3 g/t over 3.9 meters and 3.1 g/t over 7.3 meters. The results demonstrate the presence of multiple sub-parallel gold horizons in a 100 meter corridor beyond what was historically mined at Eagle.

Besides the potential to add ounces at Eagle, Maple is also testing the Douay and Joutel projects at depth.

At Douay, in particular, the average vertical drill depth is less than 300 meters, yet Douay sits in a region that includes the Canadian Malartic mine, now Canada's largest gold mine. A key reason for that status is the 6.4 million ounce gold resource outline at depth on Canadian Malartic's East Gouldie discovery.

Along with other projects in the region, gold has been discovered down to the 1,500-meter to 2,000-meter level at Canadian Malartic. Maple and Agnico are hopeful that the current deep drilling program at Douay can tag into similar mineralization at depth.

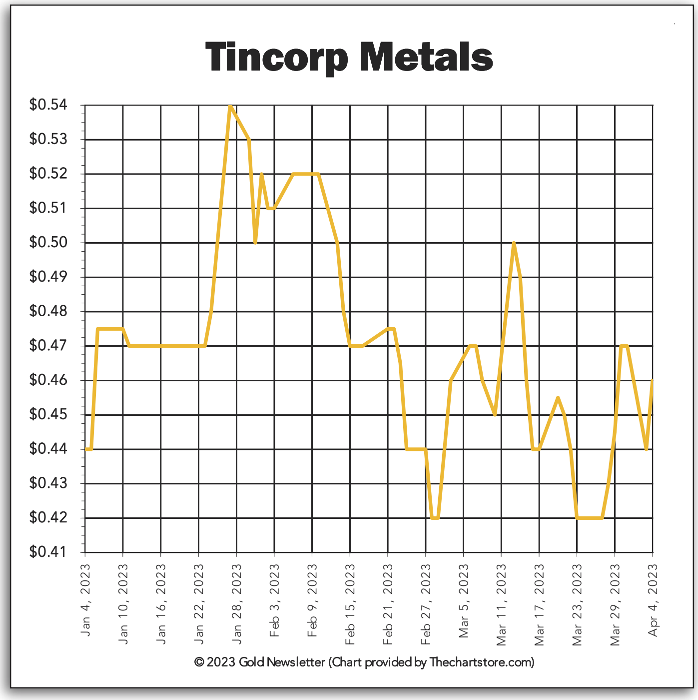
Add in the depth potential at the past-producing Joutel complex, and you have a lot of upside that could be just around the corner for the JV partners, and for Maple in particular.

Maple currently has a cash cushion of C$15.3 million plus C$10 million in remaining JV funding from Agnico. Those are ample funds for the company to stay aggressive in drilling its holdings in Quebec.

I still want to see some results from this deeper drilling at Douay before deciding whether to add Maple back to our buy list. For now, we'll keep it a hold.

Maple Gold Mines Ltd.

Recent Share Price: ....C$0.16
Shares Outstanding: ....337.6 million
Market Cap: ....C$54.0 million
Shares Outstanding
Fully Diluted: ....393.0 million
Market Cap
Fully Diluted: ....C$62.9 million



Tincorp Metals

TIN.V; TINFF.OTC
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tincorp.com

Tincorp Metals reported the last of the assays from historic samples drilled on the company's Porvenir project in Bolivia.

Porvenir has seen some small scale historical mining and around 25,000 meters of core drilling when owned by Dowa Metals and Mining between 2007 and 2011. Of that, only 918 meters of the core had been assayed and only 1,315 meters of historic core remained for inspection.

Between October and December 2022, Tincorp had relogged 1,300 meters of historic core and sent it for assay. The highlight hole from the most recent batch came from Hole 44, which returned 58.25 meters of 0.22% tin and 1.22% zinc.

Overall, the tin mineralization in the core Tincorp has assayed from Porvenir has been more extensive than was indicated by the historic data. Another highlight hole, released last month, came from Hole 41 (60.2 meters of 0.66% tin and 1.44% zinc with another 10.6-meter interval grading 0.24% tin and 2.57% zinc).

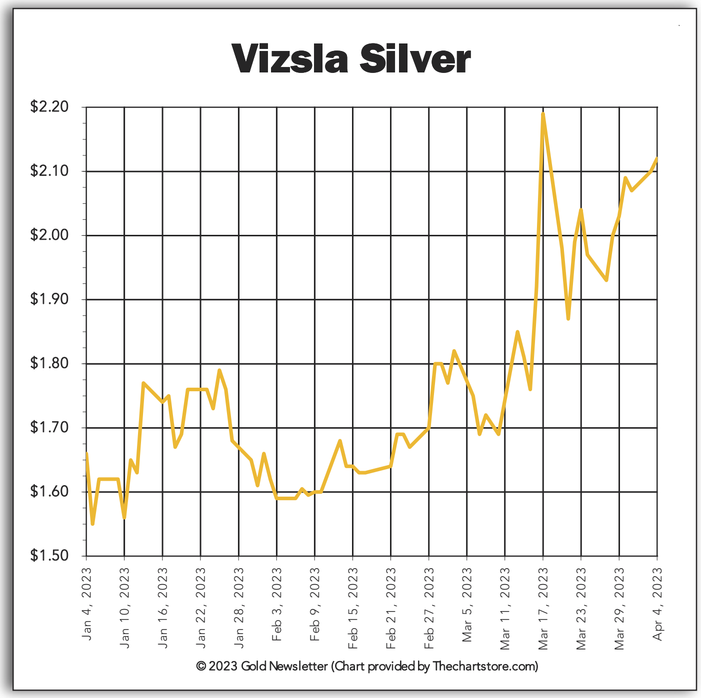
Tincorp has the opportunity to earn up to a 100% interest in Porvenir and looks likely to follow through on that option, based on these early results. The company also owns another tin project, called SF, in the same district of Bolivia.

These updated historical assays aren't what one would call blockbuster results. But because management is intimately familiar with operating in Bolivia and because I think Porvenir could end up being a promising tin-zinc discovery, Tincorp Metals remains a hold.

Tincorp Metals Inc.

Recent Share Price: ....C$0.46

Shares Outstanding: ....66.6 million
Market Cap: ....C$30.6 million
Shares Outstanding
Fully Diluted: ....86.1 million
Market Cap
Fully Diluted: ....C$39.6 million



Vizsla Silver

VZLA.V; VZLA.NYSE-A
604-364-2215

Vizsla Silver had two assay releases from its flagship Panuco project over the past month, with one batch of holes from the Copala target and one batch from the La Luisa target.

The holes from Copala were infill holes, but they did a nice job of underscoring the continuity of mineralization on this key zone for the Panuco resource.

Hole 246 returned 1,548 g/t silver-equivalent over 15.0 meters, Hole 248 yielded 787 g/t silver-equivalent over 20.6 meters, Hole 251 returned 731 g/t silver-equivalent over 18.0 meters, Hole 241 intersected 1,287 g/t silver-equivalent over 4.3 meters and Hole 253 cut 2,522 g/t silver-equivalent over 2.1 meters.

Combined with news in February that expansion drilling at Copala continues to step the resource out beyond the current wireframe, these good infill results for the area bode well for the target, which remains open laterally and at depth.

Providing additional expansion potential are the good results Vizsla reported from La Luisa, a vein that is not included in the recent resource estimate and lies 700 meters west of the Napoleon vein.

At Luisa, recent drilling expanded the high-grade footprint there by 150 meters down dip. Highlights from the latest batch of assays include Hole 332 (4,227 g/t silver-equivalent over 2.3 meters), Hole 358 (1,076 g/t silver-equivalent over 5.6 meters) and Hole 345 (1,967 g/t silver-equivalent over 2.5 meters).

Intriguingly, the current drilling horizon outlined by these holes shows high gold-to-silver ratios, indicating Vizsla may still be high in the system here. If that proves to be the case, as it did at the Napoleon vein, that could suggest drills will tag into improved grades and widths at depth at La Luisa.

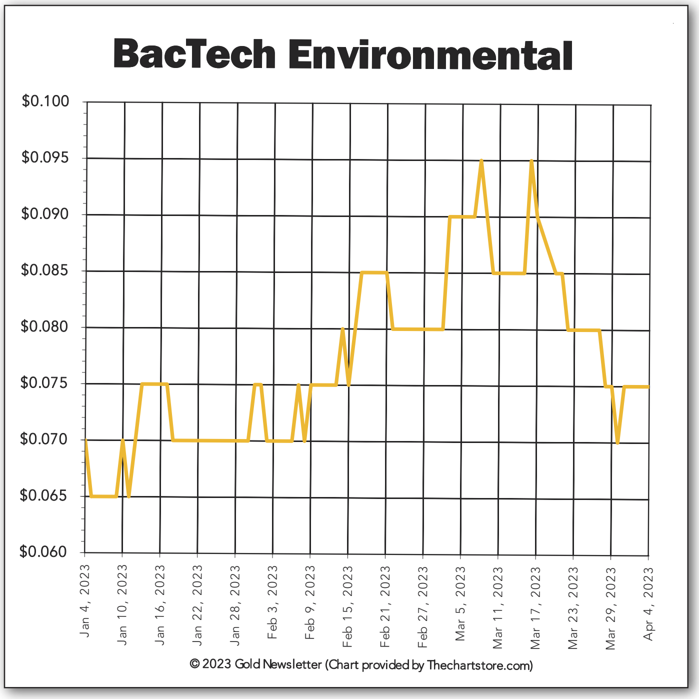
Again, La Luisa was not included in the recent resource update for Panuco, which showed the project containing 104.8 million indicated silver-equivalent ounces and 114.1 million inferred silver-equivalent ounces.

Vizsla's share price gained ground in March on the back of an improved outlook for both silver and gold and, like so many of our recommendations, is now catapulting higher on the renewed rally in the metals. Even at current levels, though, Vizsla Silver remains a strong lever on this emerging silver bull market and a buy.

Vizsla Silver Corp.

Recent Share Price: ....C$2.05
Shares Outstanding: ....155.0 million
Market Cap: ....C$317.8 million
Shares Outstanding
Fully Diluted: ....202.0 million
Market Cap
Fully Diluted: ....C$414.1 million

New Recommendations



BacTech Environmental

BAC.CN; BCCEF.OTC
416-813-0303
bactechgreen.com

BacTech Environmental is a company that's been around for decades helping other companies treat refractory ore with their vat bioleaching alternative to smelting and roasting.

I've been familiar with the company's bacterial oxidation ("BACOX") process for many years. For example, it was used by the Laizhou Gold Enterprise in 2000 with a goal of producing 2.5 tonnes of gold from highly refractory gold concentrates from around the region in China. By 2008, the plant had doubled in capacity and was processing 200 tonnes per day of concentrate from 13 different mines in China.

Another example among many: BacTech's BACOX technology was also used by the Tasmania Mine to process 70 tpd of refractory concentrate. Between September 1999 and March 2011 the plant ran uninterrupted and produced 860,600 ounces of gold.

Fast forward to today, and the global emphasis on environmentally safe processes has put BACOX in demand for refractory projects around the globe.

With this opportunity, the leaders at BacTech saw the chance to stop making money for everyone else and instead embark on a refractory ore project of their own.

They have found one that just suited the purpose in Ecuador. There, BacTech is working to construct an owner-operated, 50 tonne-per-day toll processing bioleach facility to serve the local artisanal and small-scall mining community.

The economics of this first venture are compelling, with an after-tax NPV, discounted at 5%, of $75.4 million and annual revenue of $56.5 million based on 30,981 ounces of annual gold production.

BacTech has done the bioleach testwork, completed a bankable feasibility study, acquired the land and received a construction permit for the plant. Financing discussions and detailed engineering are ongoing.

This project in Ecuador has the potential to become a regional processing hub and benefits from green hydro power and existing local infrastructure. The artisanal miners will like the process because China has been reducing gold imports from these miners due to arsenic import limits.

With the BACOX process, arsenic, iron and copper dissolve in solution, leaving gold and silver free for recovery with the solids.

As you can tell, this process has a host of potential applications, and the Ecuador project is just the first, potentially lucrative step in a long run of projects that can benefit from this environmentally friendly, pre-treatment process for concentrates.

BacTech sports a current market cap of around C$13 million, which means just the one project in Ecuador is worth multiple of its present valuation. Based on my faith that BacTech will get that project up and running in short order, the company is very much a buy at current levels.

BacTech Environmental Corp.

Recent Share Price: ....C$0.08
Shares Outstanding: ....163.0 million
Market Cap: ....C$13.0 million
Shares Outstanding
Fully Diluted: ....203.0 million
Market Cap
Fully Diluted: ....C$16.2 million

Hawthorn Resources Corp.

HWTN.CSE

In what amounts to as much as a "heads up" as a recommendation, I'm adding an emerging new silver play — Hawthorn Resources — to our portfolio.

There's really not much to say about this company at this time, as it's essentially a trading shell. There's no significant project in it and I expect there's still more to be built in terms of a management team.

In fact, the only news item that I can find notes simply that "Hawthorn Resources is focused on evaluating silver projects in North America and Mexico."

That news release also announced the appointment of Kevin Brewer, P. Geo., as a new director, with the company's president and CEO, Daniel Joyce, sharing that "Mr. Brewer's experience with silver exploration will be an asset to Hawthorn. Based in Cancun, Mexico, Kevin's local network gives him access to a pipeline of projects and people."

"BacTech sports a current market cap of around C$13 million, which means just the one project in Ecuador is worth multiple of its present valuation."

A registered professional geoscientist with over 30 years of progressive managerial positions and extensive exposure to all aspects of exploration, project management, environment management and mine engineering, Brewer is currently the President and Chief Executive Officer of CMC Metals Ltd., a growth stage company focused on the exploration of precious and base metals in Canada.

In short, Hawthorn is an exploration start-up, and therefore not a "widows and orphans" investment at all. For those who can stomach the risk of such an early-stage play, I can tell you that I know and respect some of the people putting this new company together and plan to buy a position in the market once I've gotten this note out to our readers in advance. (I'm old school like that.)

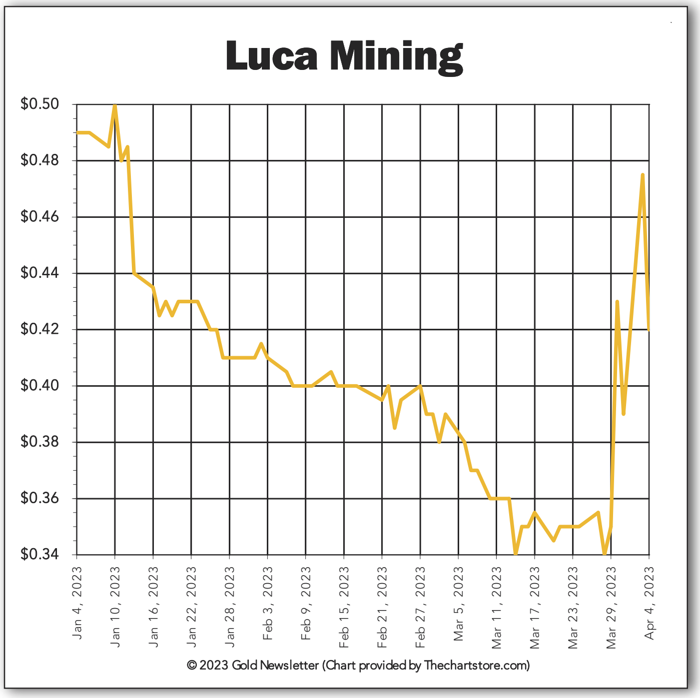
Getting in early and cheap is one of the keys to earing big returns in the junior mining game. With a market cap of just over C$2 million, Hawthorn is the very definition of early and cheap. Those who get in now can only hope that the management team can find silver projects that will make it much more expensive. It's a buy on that hope.

Hawthorn Resources Corp.

Recent Share Price: ....C$0.13
Shares Outstanding: ....15.7 million
Market Cap:...............................C$2.0 million

Luca Mining

LUCA.V; ATLYF.OTC
888-715-0597
altaleymining.com



Luca Mining is the new name for a company previously called Altaley Mining, which owns an operating project and a pre-commercial-stage project in Mexico.

Luca is aiming to be the next mid-tier copper-gold-zinc producer in Mexico. Both its projects have 10-year mine lives and are benefiting from a new management team and a revised corporate structure.

The operating mine is Campo Morado, located in Guerrero State, Mexico, and a name that will be very familiar with long-time Gold Newsletter readers. We made some great returns when this mine was developed by a previous operator in the last big metals cycle. Notably, Campo Morado has 20 years' worth of measured and indicated resources remaining and the scope to possibly double resources via exploration.

This is a zinc-copper-lead mine that produced 35,000 tonnes of zinc, 11,000 tonnes of copper and 4,000 tonnes of lead in 2022. The plan in 2023 is to shift to more of a copper focus, with planned production for the year of 25,000 tonnes of copper, 16,000 tonnes of zinc, 9.7 kilograms of gold and 21 tonnes of silver.

The mine has the opportunity to improve on its 2022 performance with this revised metal production profile and plant improvements provided by Ausenco. Those improvements include boosting precious metals recoveries.

The pre-production project, meanwhile, is called Tahuehueto, and it is located in Durango State along the prolific Sierra Madre belt. This gold-silver and base metal project has 613,000 ounces of gold-equivalent reserves and 886,000 ounces of gold-equivalent measured and indicated resources.

An April 2022 prefeasibility study suggests Tahuehueto has an 18-year mine life based on resources and the chance to produce 41,000 ounces of gold-equivalent per year in the first six years of operation.

Current pre-production operations are chugging along at a 300 tonne-per-day rate, but Luca plans to boost that to an eventual 1,000 tpd rate. The mine has a post-tax NPV, discounted at 10%, of $131.8 million and an eye-popping 65% IRR.

I'm adding Luca Mining to our list now because, after some stumbles on the production front for both projects, the company is entering into the new year with much of its debt converted into equity by major holders and a new management team with a plan to maximize value.

The debt conversion to equity happened last week, with large financier Trafigura converting their debt position to C$0.35 shares. The deal comes along with a C$33 million financing that will leave Luca with a market cap around C$50 million and a shares outstanding figure of 135 million.

The upside of that dilution is that Tahuehueto will be fully funded for its expansion and will likely start generating C$50 million in annual cash flow once that expansion is up and running next year. I've met with management on a couple of occasions so far, and have been very impressed with their experience and expertise. In fact, I was confident enough to participate in their recent financing.

Bottom line: This is a chance to get in at a cheap level on a company that will soon have two operating mines in Mexico and be spinning off cash flow at a rapid clip.

That said, the company has recently enjoyed a surge in its share price and market valuation as the story starts to get wide exposure. Luca Mining is still a buy at these levels, but I'd recommend accumulating now and waiting for better entry points for more-aggressive acquisitions.

Luca Mining Corp.

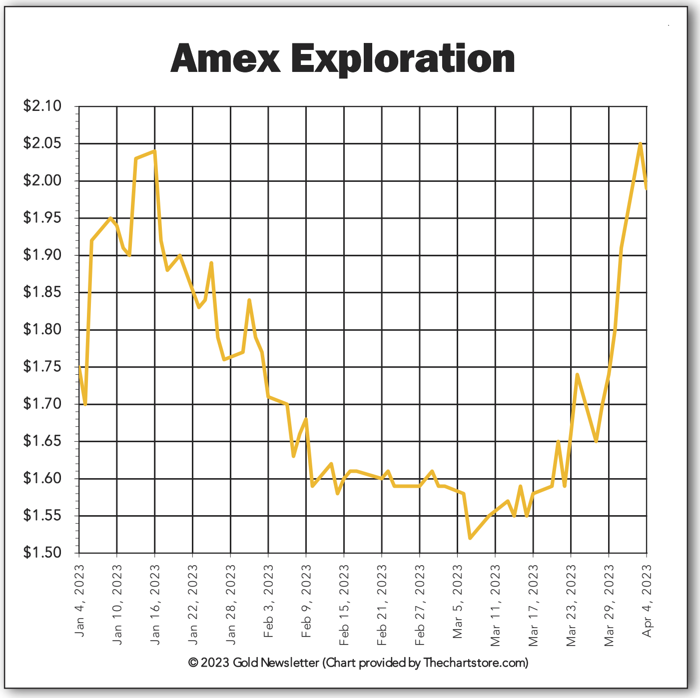
Recent Share Price: ....C$0.50
Shares Outstanding: ....35.6 million
Market Cap: ....C$17.8 million
Shares Outstanding
Fully Diluted:.........................42.9 million
Market Cap
Fully Diluted: ....C$21.5 million

Brief Notes

• **Amex Exploration** (AMX.V; AMXEF.OTC; C$2.05) had two more hits from the QF zone, an area of volcanic massive sulphide mineralization on its Perron project in Quebec.

The highlights came from Hole 131 (2.29% copper equivalent over 9.85 meters) and Hole 128 (2.43% copper equivalent over 5.15 meters). Hole 131's interval expanded the QF zone at depth. Hole 128 expanded it to the east.

The next step is to run a round of



borehole electromagnetics at depth on Hole 131 to get a sense of where to target deeper holes at QF.

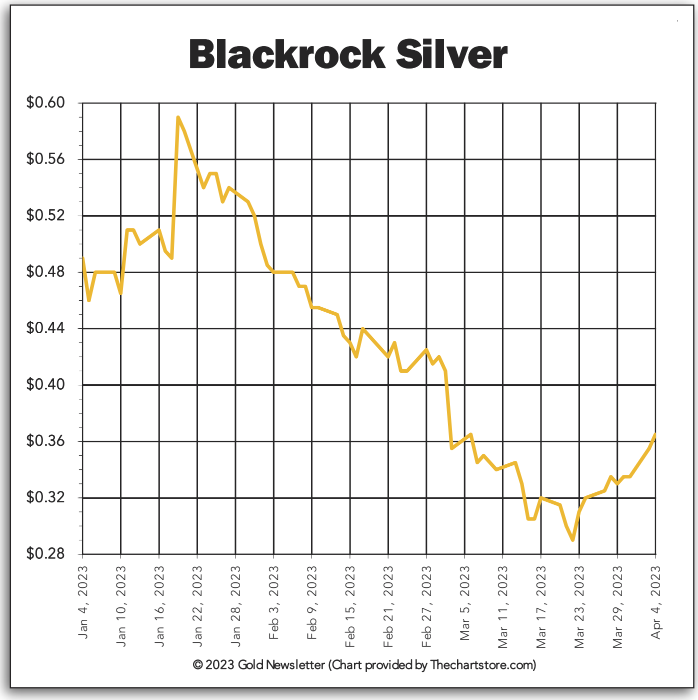
Remember, this is just a bonus zone of polymetallic mineralization to go with the high-grade gold Amex has been outlining at Perron. It's presence on trend with the past-producing Normetal Mine only makes the QF zone that much more prospective.

With drilling ongoing to expand both the project's gold targets and this VMS target, Amex won't lack for news flow in the months ahead. Given my bullish outlook for gold, that makes Amex Exploration a continued buy at current levels.

• **Anacortes Mining** (XYZ.V; C$0.43) announced a take-out in early March by **Steppe Gold** (STGO.TO; STPGF.OTC; C$1.15) for 0.4532 of a Steppe common share. At the current price of Steppe Gold's shares, that would equate to about C$0.51 for each share of Anacortes.

That's a far sight from our previous hopes for the value of Anacortes, especially when you measure the company's current market cap of C$17.5 million against the value of its Tres Cruces project, which features an NPV of US$170 million for just the oxide portion of the resource.

This is, in short, a major disappointment and we will be ceasing coverage of Anacortes. If I continue to hold my personal position when this transaction comes to a vote, I will be voting against it.



• **Blackrock Silver** (BRC.V; BKRRF.OTC; C$0.36) closed in March on a brokered private placement that raised C$4.4 million. It did so by issuing 11.9 million units priced at C$0.37 a unit, with each unit good for a share and a half warrant redeemable for up to three years at C$0.50 on a whole-warrant basis.

BRC will use the money to make a US$700,000 option payment on Tonopah West and a US$500,000 lease payment on its Silver Cloud project. The remainder will go towards exploration of those projects and general working capital.

It's good to see BRC get the money it needs to advance its projects. With the inferred silver-equivalent resource the company has already outlined at Tonopah West, it is well set up to provide leverage on rising silver prices.

Blackrock Silver looks like a good value, especially with silver taking off, and is a buy at current levels.

• **Exploits Discovery** (NFLD.CN; NFLDF.OTC; C$0.22) reported assays from drill holes four, five and six from its maiden program at Bullseye. So far, Exploits has encountered visible gold in three of the six holes drilled.

The highlight hole of this latest batch came from Hole 5, which was drilled 45 meters away from the 14.2 g/t intercept reported on Hole 1. Hole 5 has visible gold in veining between 27.5 and 28.16 meters downhole and returned 12.6 g/t gold over 3.5 meters at 20 meters below surface and 2.6 g/t gold over 1.15 meter around 100 meters below surface.

It's encouraging to see Exploits hitting near-surface gold on just its first drilling program at Bullseye. That it comes from the section of the Appleton Fault covered by the property bodes well for future hits from this program.

Exploits is up a bit on this news but continues to trade at good levels for those who want to bet on continued success from this program. Exploits Discovery is a buy.

• **Heliostar Metals** (HSTR.V; HSTXF.OTC; C$0.37) returned to trading on March 22, 2023, after a two-month hiatus to meet the Venture exchange's requirements for the Ana Paula acquisition.

Heliostar has now completed that acquisition and, since the recommencement of trading, is sitting at around a C$45 million market cap. Given the upside based on Heliostar's underground mining plan for the original open-pit concept at Ana Paula, management has given the project a possible NPV, building on a base-case PEA for the project, of C$589 million and a 76% IRR.

As I said at the time of the announcement, the company has gotten a hold of an advanced stage gold project very inexpensively, and that project is worth a considerable multiple of the company's current value. That makes Heliostar a strong buy now that trading has begun again.

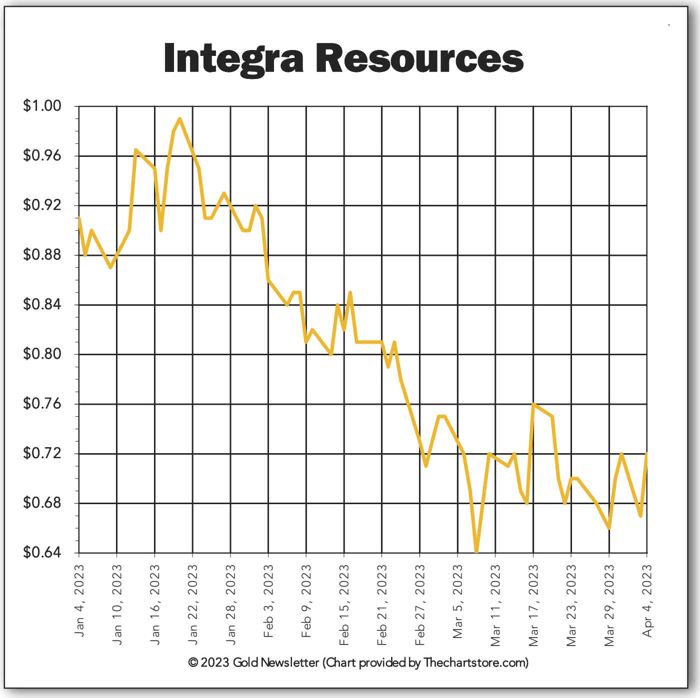
• **HighGold Mining** (HIGH.V; HGGOF.OTC; C$0.71) plans to raise up to C$7 million in a non-brokered private placement that will see it issue up to 10.6 million shares at C$0.66 a share.

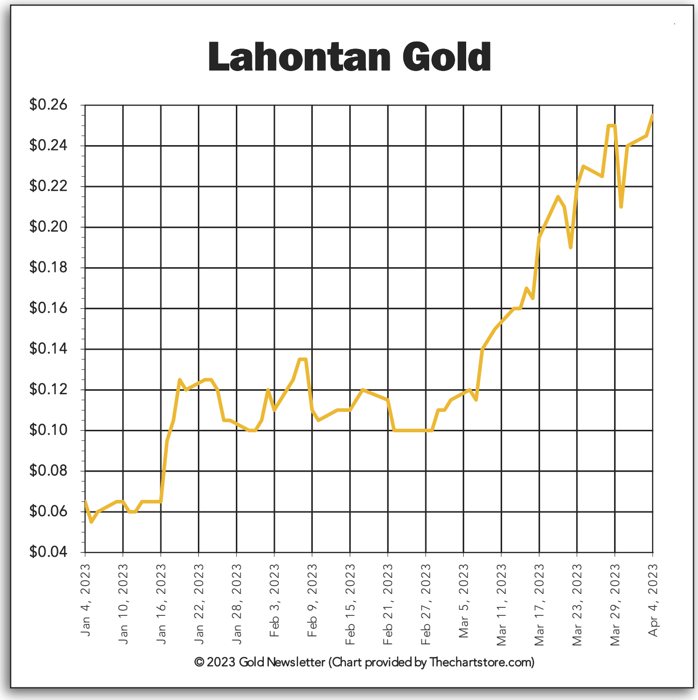
The share price is roughly on par with current trading levels and includes no warrants, which stands out as a positive in the current financing environment. The financing will give HIGH the money to conduct a robust exploration program during this year's field season at Johnson Tract.

The money won't go towards the Onyx Gold spinout except for basic setup costs, and Onyx will conduct its own financing in conjunction with the spinout. Between the upside I see at Johnson Tract and the potential to own Onyx as a dividend for owning the stock at current levels, HighGold Mining remains a buy.

• As we were going to press last month, **Integra Resources** (ITR.V; ITRG.NYSE-A; C$0.71) announced an at market merger with Millennial Precious Metals. At the time, I had said I would take the month to decide what to do with Integra based on the deal.

With time to digest the transaction, I don't think it sets Integra up to be among the faster horses in our portfolio, especially given the bull market for gold I see straight ahead. So, to make room for other companies with a better chance to provide leverage on rising gold prices, I am ceasing coverage on Integra Resources.





• I added **Lahontan Gold** (LG.V; LGCXF.OTC; C$0.25) to our list last month based on the 1.6 million ounces of gold it controls in Nevada via its Sante Fe project.

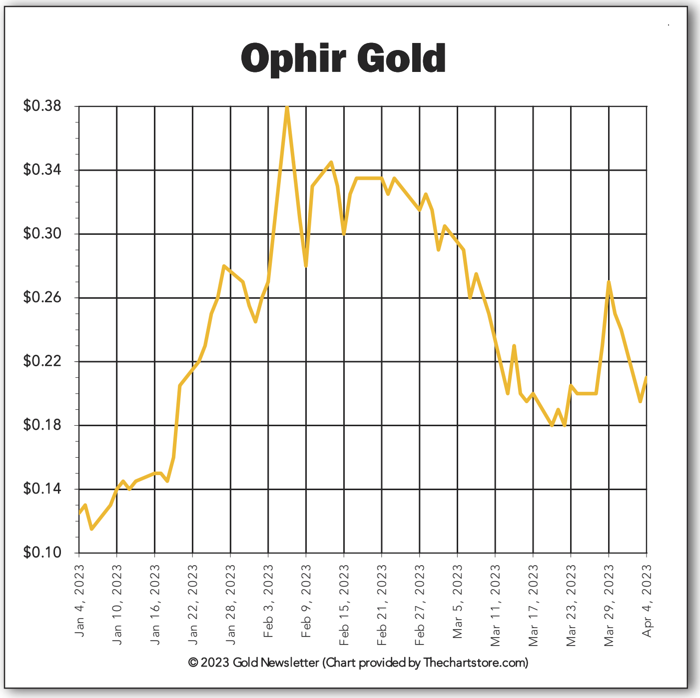
As I mentioned in my initial review, I participated in the recent financing that raised just over C$3 million by issuing 27.9 million units at C$0.11 a unit. The company will use that money to fund an aggressive exploration program at Santa Fe, which looks ripe for expansion beyond its existing resource.

In a sign the market likes Lahontan, the company has more than doubled in price in March. Don't think you've missed the boat, though, if you didn't buy on last month's recommendation. This resource-anchored exploration play has a lot of room to run from here and is still a buy at current levels.

• **Ophir Gold** (OPHR.V; KPZIF.OTC; C$0.20) has been climbing in recent weeks after acquiring some prime exploration properties in the red-hot James Bay, Quebec lithium land rush. I had originally recommended the company on the basis of its Breccia Gold property in Idaho, but that exploration program seemed to have bogged down and I was on the brink of ceasing coverage on the company.

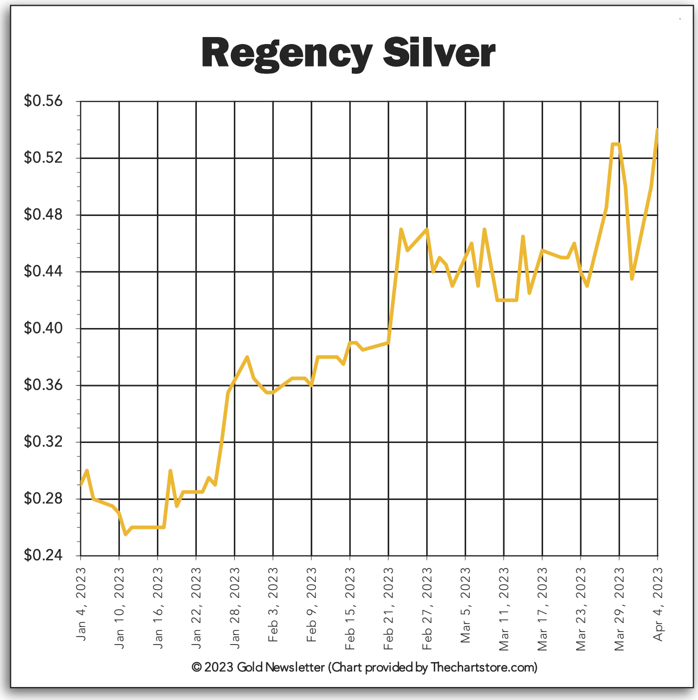
That all changed when Ophir announced the optioning of the Radis property in the midst of the new land rush sparked by the stunning success of Patriot Battery Metals on its Corvette property. While Ophir's Radis property isn't in close proximity to Patriot's discovery, it does lie on a greenstone belt that hosts one pegmatite occurrence on the Radis property and a number of others on an adjoining property.

I'll have more on Ophir's new lithium focus after discussions with management, but it's worthy of note that the company is getting aggressive in this new area play. They announced yesterday the acquisition of three new claims contiguous to the Radis property and I expect more news to come. For now, we'll keep Ophir a hold...but put it prominently on your watch list.



• **Outback Goldfields** (OZ.V; OZBKF.OTC; C$0.08) is conducting a reconnaissance drill program on the O'Connor's target on its Yuengroon project in Victoria, Australia.

The portable air core rig will cover three kilometers of strike at O'Connors and with geochemical results flowing fairly quickly from the effort, it will give



Outback the data it needs to make a decision on deeper drilling with a core rig.

I'm interested to see where this effort leads, particularly if we can get some core drilling to follow up on this early-stage program. Outback Goldfields remains a hold.

• In a sign the market likes what it's seeing from drilling at Dios Padre, **Regency Silver** (RSMX.V; RSMXF.OTC; C$0.57) announced a C$2 million private placement that was subsequently upsized to C$2.5 million.

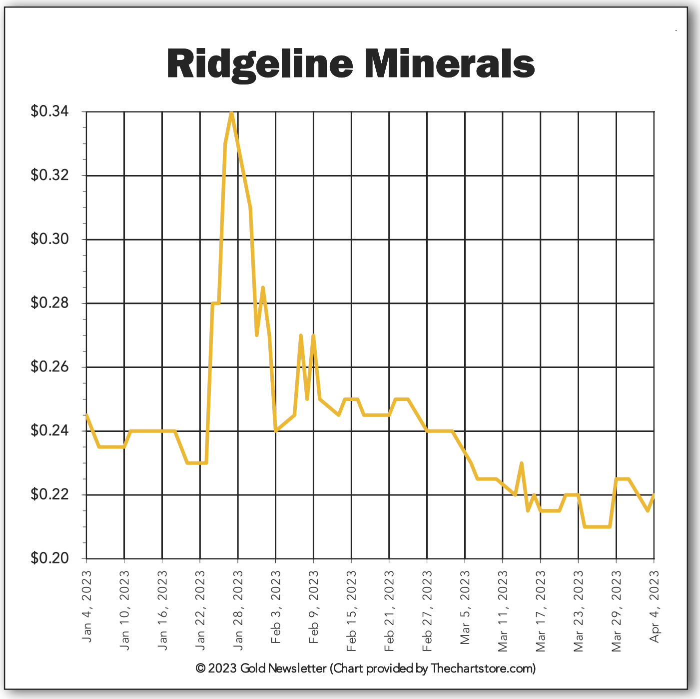
The offering will consist of up to 6.25 million common shares at a price of C$0.40 a share. I like the deal price, and I like the fact that there are no warrants attached to the deal. Both are signs that the market sees the potential for a real discovery story at Dios Padre.

With the assays still at the lab for the recent follow up drill results, Regency Silver is a continued buy at current levels.

• **Ridgeline Minerals** (RDG.V; RDGMF.OTC; C$0.22) reported assays last month from the last six holes from a 2022 drill program on its flagship Selena project in Nevada.

The highlight hole came from the Chinchilla target. Hole 39A returned 1.5 meters of 581.0 g/t silver, 0.2% zinc and 2.0% tungsten beginning at 244 meters downhole. The hole was a 11.7-meter-long wedge off of Hole 39, which was lost in mineralization at 279 meters downhole.

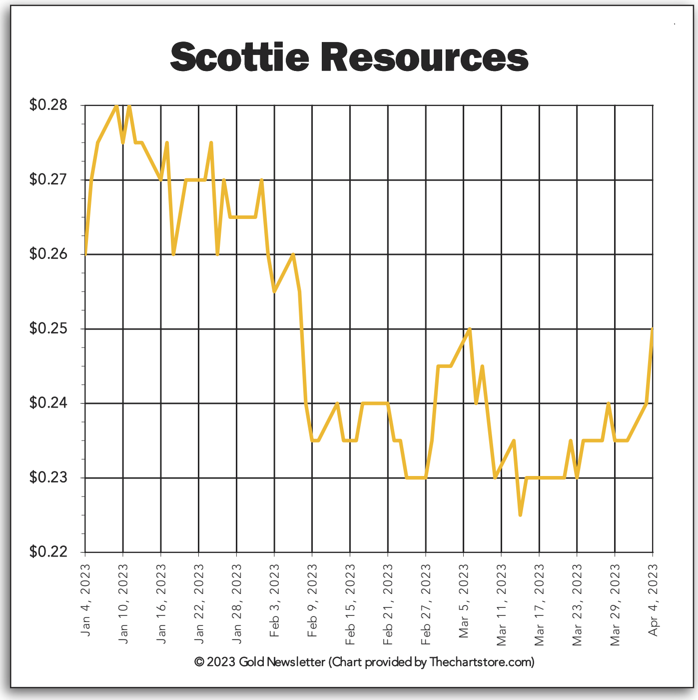
The Quartz-Feldspar Porphyry dikes that contained this silver-tungsten mineralization are not typical of the CRD-style mineralization that RDG has discovered at Selena. Company geologists believe their presence may indicate they've hit a feeder fault at Chinchilla. Follow-up drilling will be needed to validate this theory.



The remaining five holes — four on the Broken Egg target and one scout hole on the Juniper target — failed to hit anything of the blockbuster variety.

That said, Ridgeline remains a solid buy for resource discovery at Selena and for the upside that remains at the Swift project that it is exploring jointly with Nevada Gold Mines.

• Last year's drill program on the Scottie



gold project's Blueberry zone has allowed **Scottie Resources** (SCOT.V; SCTSF.OTC; C$0.27) to expand the high-grade target's strike length by 110% since 2021 to 1,550 meters.

The latest assays from this program included more high-grade hits, including 17.4 g/t gold over 6.57 meters from Hole 217 and 7.10 g/t gold over 6.09 meters from Hole 227. That latter hole was the southernmost hole drilled on Blueberry to date.

With a depth that's been expanded to 400 meters, the Blueberry zone in growing into a major new zone of mineralization. 2023 drilling will focus on expanding it further still.

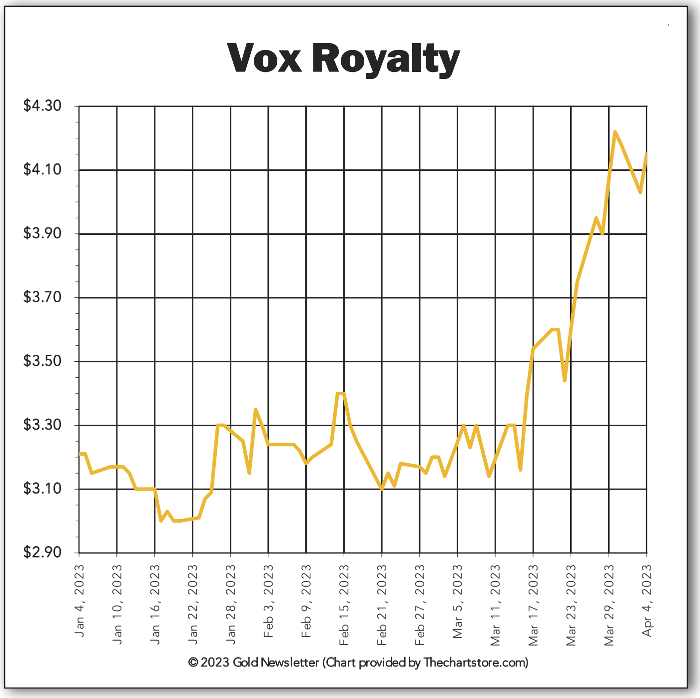
So far, Scottie has gotten nowhere near full credit for its discovery at Blueberry. But with more drilling to come later this year and a gold market that's getting ready to surge upward, Scottie Resources is a buy.

• **Vox Royalty** (VOX.V; VOXR.Nasdaq; C$4.17) vaulted higher in March, propelled by a record revenue year in 2022 and a strengthening gold market.

The company saw a 160% increase year-over-year in royalty revenue receipts to $9.72 million. That led to record gross profit of $6.66 million and record cash flow from operating activities of C$2.0 million. Vox closed the year with C$6.17 million in cash and accounts receivable.

As part of the earnings announcement, Vox announced a quarterly cash dividend of $0.011 per common share. On an annual basis, the company now boasts one of the highest dividends in the mining royalty sector.

It's great to see Vox finally getting rewarded for all its hard work over the past few years, but I think current trading levels are but a taste of what's possible as we enter a bull market for gold. Vox Royalty is still very much a buy right now.



• **Westhaven Gold** (WHN.V; WTHVF.OTC; C$0.35) announced final results from 2022 drilling on its Skoonka project and its Shovelnose project, both of which are part of Westhaven's holdings in British Columbia's Spences Bridge Gold Belt.

At Skoonka, the best assays came from the westernmost section of the JJ zone, with Hole 11 hitting 32.6 meters of 0.62 g/t gold and 1.21 g/t silver, including 7.61 g/t meters of 0.92 g/t gold and

1.64 g/t silver. In addition, Hole 13 cut 15.85 meters of 0.93 g/t gold and 1.04 g/t silver.

The remaining 10 holes at Shovelnose came from the FMN zone. Though none hit blockbuster mineralization, nine of 10 holes did hit the target Vein Zone 1 at FMN.

Looking ahead, drilling will begin soon on Shovelnose and will begin again in the fall at Skoonka after a summer field program. Westhaven's Skoonka North and Prospect Valley projects will also see field work this year.

With drilling at Shovelnose set to test the project outside of the known, four-kilometer-long trend there, the chances are good for new discoveries to support the gold-silver resource Westhaven has already outlined.

For those who want to bet on the upside of this year's program, now is the time to do so. Westhaven Gold remains a buy.

Potpourri

Miscellaneous notes and observations

By Brien Lundin

The single best report on gold

If you're a serious investor interested in gold, May 24th is the day you need to circle on your calendar.

Because that's when our friends at Incrementum AG, a highly regarded asset management firm in Liechtenstein, will release the 2023 edition of their annual "In Gold We Trust" report.

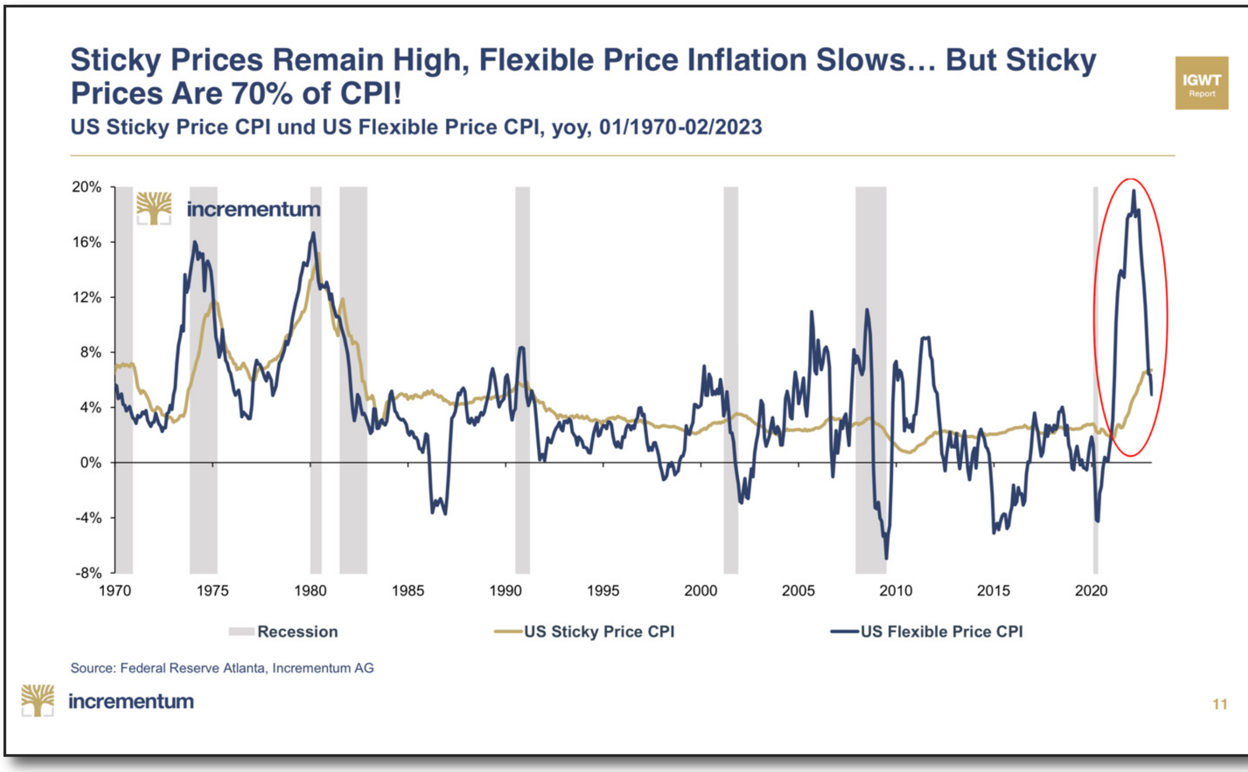
Simply put, this is widely regarded as the most authoritative report on gold investing in the world today. It's worth a small fortune for anyone interested in seeing how gold fits in the global macro picture and getting a clear view on where the price will trend.

And while it's worth a small fortune...*Incrementum graciously provides it for free!*

In Gold We Trust is the brainchild of noted market expert Ronald-Peter Stoeferle, who has been a valued presenter at our New Orleans Investment Conference. Ronni first published the report in 2007, and for the past 10 years has published it with his business partner Mark Valek.

If I haven't made it clear yet, their work on this report over the past 16 years has been absolutely incredible — and from what I saw in a recent email from them, the next edition is going to raise the bar even further.

You see, while we await the May 24th issue date, Ronni and Mark and their team have just released a "Preview Chartbook" for this year's annual report. I've just reviewed it, and found the chart below to be among the most compelling of dozens of insightful charts:



As you can see, while "flexible" inflationary pressures are falling off as expected, the "sticky" elements are still rising precipitously.

And that's important, because these sticky factors are fully 70% of the CPI calculation!

As I noted, there are many more equally compelling observations to be found in this remarkable Preview Chartbook for the upcoming In Gold We Trust report. I urge you to click here to review it now.

A just concluded conference and an exciting upcoming one

I recently attended the March Metals Investors Forum in Toronto and the excitement in the air about a big move in gold was palpable. It was a well-attended and wonderful event with a stacked schedule of informative speakers.

In my presentation, I shared my longer-term views on gold and the Metals Investor Forum has been kind enough to make that speech available for free. I highly recommend their events and you can click here to watch my presentation, "Gold Looks Ahead."

Related to this, I have some more good news: I'm going to be speaking at the MoneyShow/TradersEXPO Las Vegas this April.

My friends at the MoneyShow organization have assembled a dynamite lineup of world-class market strategists, economists, professional traders, money managers and newsletter publishers.

You can see from the preliminary agenda that you're in for an wonderful investor-education experience at the event, which runs from April 24-26, 2023. In addition to my talks, you'll have the chance to hear and learn from the likes of...

- Danielle DiMartino Booth, CEO and Chief Strategist at Quill Intelligence, LLC
- Steve Forbes, Chairman and Editor-in-Chief of Forbes Media

• Mark Tepper, CEO of Strategic Wealth Partners

• Mark Mills, Co-Founding Partner of Montrose Lane Ventures

• Mark Mahaney, Sr. Managing Director, Head of Internet Research at Evercore ISI

• Avi Gilburt, Esq., Founder of ElliottWaveTrader.net

• Kathy Lien and Boris Schlossberg of BKForex.com

They'll cover everything from stocks, bonds, real estate, energy, and precious metals to alternative investments and elite trading tools and strategies. Plus, the conference has moved to the Paris Hotel this year – one of the best-located resorts on the Las Vegas Strip.

If you're interested, you can click here and, as a Gold Newsletter subscriber, save 20% on a standard pass. Or if you prefer, call the MoneyShow team at 1-800-970-4355 and reference my discount code "SPKR20."

Late note: I just had a wonderful interview with Mike Larson of the MoneyShow giving my take on the current rally in gold and silver, and previewing what I'll be talking about in Las Vegas. You can view it here.

An impromptu — and valuable — interview with The Real Estate Guys

When the Real Estate Guys asked me on short notice if I'd hop on their podcast yesterday to discuss the spikes in gold and silver prices, I jumped at the chance.

In addition to being beloved New Orleans Conference speakers, Robert Helms and Russ Gray host the best real estate podcast on the air today. While the podcast focuses on real estate, it includes great features on both macroeconomics and the importance of gold.

In my impromptu interview, I outlined all of my views on the recent moves in gold and silver, put them in historical perspective and shared my forecasts for the future. You can click here to watch it...and I encourage you to check out their other content as it's both highly educational and entertaining.

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

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In Our 52nd Year

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