Publisher’s Note: As of September 13, 2017, our resource market investment publication, *Resource Stock Digest Premium*, changed its name to *Junior Mining Monthly*.

This report was produced before the name change.

Everything else is the same: same editor (Gerardo Del Real), same analysis, same style investments, and same sector.

To your wealth,

Nick Hodge
Publisher, *Junior Mining Monthly*
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• Are We On the Verge of a New Rare Earth Crisis?
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• Portfolio News
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Are We On The Verge of Another Rare Earth Crisis?

In 2010 a Chinese fishing trawler rammed a Japanese coast guard ship in a territorial dispute. The Japanese seized the boat’s captain and two weeks later, China stopped shipping rare earths to Japan.

Prices soared when the world realized that approximately 90% of the mining, refining, and processing was controlled by China.

Rare earth elements (REE) and other specialty metals are critically needed by many major industries, especially in the U.S. defense sector.
Although used in small amounts, they give irreplaceable function to many weapons and defense systems used by our armed forces. REE supply has never been more firmly in the hands of China than it is today, with all legal Chinese production controlled by state-owned enterprises.

Neodymium, dysprosium, praseodymium, and terbium within high-strength permanent magnets are ubiquitously employed in all vehicle and airborne platforms — improving efficiency and lowering operational weight and size.

The guidance systems employed by missiles and smart bombs rely on the florescent properties imparted by terbium, europium, and yttrium oxides.

Display systems, optical systems, and night vision all rely on glass containing or prepared with REEs such as cerium and lanthanum. High-tensile-strength ceramics and next-generation armor plating apply to the properties of the REEs yttrium, ytterbium, and scandium.

China’s attempt to consolidate its REE sector into six producers reignited fears of increased influence. Influence that makes America dependent on China for even America’s most advanced weaponry and defense systems.

One example is the F-35 fighter jet, the most technologically advanced weapons system in history.

Each one contains nearly half a ton of rare earths. Rare earths are also found in smart bombs, the guidance systems on various weapons systems and tomahawk cruise missiles, and lasers.

China has executed its strategy of controlling the rare earth markets — and the associated IP that flows with controlling the supply chain — brilliantly, although with an environmental cost.

In 1992 Chinese President Deng Xiaoping was famously quoted as saying that “the Middle East has oil, China has rare earths.”

Some have argued that because rare earth prices have collapsed over the last few years that the rare earth crisis is over. However, lower rare earth prices don’t translate into a reduced dependence on China for these critical metals.

The focus should not strictly be directed at the price of the metals. China has showed a willingness to oversupply the metals if necessary in order to price competition out of business.
The bankruptcy of Molycorp is a good example of the influence that decisions made by China have over the sector and the difficulty in mining rare earths as a sustainable business without Washington's support.

Molycorp ran up $1.7 billion of debt during the time that China restricted supply of rare earths and prices were high. After proving its point and after some pressure from the global community, China changed its mind again and the subsequent low prices forced Molycorp to file for chapter 11 bankruptcy protection.

The supply chain oversight is one of many that has allowed China its dominant position.

This isn’t a new strategy by any means.

In 1995, China bought the biggest American rare earth magnet company, Magnequench, which was based in Indiana.

This allowed China to become a global player in the value chain for rare earth metals, alloys, and magnets.

Through Magnequench, China gained access to the most important portfolio of rare earth patents in the world, given that the company was the key supplier of rare earth magnets for cruise missiles and other advanced military hardware.

Many would argue that the endgame for China is to gather as much of the global rare earth-related intellectual property as possible.

A feat that has been made possible by the continued failure of the U.S. to establish its own industry — whether it’s profitable or not misses the point. American manufacturers in 2014 imported just $210 million worth of rare earths, or about 12,000 tons, just 8% of global production. China’s share of those imports was 75%.

Rare earths support more than $39 billion in revenue from intermediate products such as catalysts, polishing powders, and glass additives. These industries employ over 100,000 Americans and generate more than $6.1 billion in payroll.

End-market products and technologies, including oil refining processes and wind power, use rare earths to generate over $259 billion in revenue. These industries support 433,500 jobs and $27.2 billion in payroll. In total, REs support more than $298 billion in revenue from downstream economic activity — 535,000 American jobs and more than $33 billion in payrolls.
Despite the relatively small dollar amount of rare earth imports, the rare earths imported go into hundreds of billions of dollars of end products and as mentioned before, many of those products have national security applications.

Alaska Senator Lisa Murkowski — chair of the Energy and Environment Committee — introduced the American Mineral Security Act of 2015 (S.883). It would direct the White House and the officers of its Cabinet (particularly Interior, Agriculture and Energy, including the Bureau of Land Management, USGS, and Forest Service) to “facilitate” domestic production of energy-critical elements through all available means.

**Appendix A – Military Applications of Permanent Magnets**

<table>
<thead>
<tr>
<th>Weapon Systems</th>
<th>Army</th>
<th>Marine Corps</th>
<th>Navy</th>
<th>Air Force</th>
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<tr>
<td>AGM-114 Hellfire Air-to-Surface missile</td>
<td>✓</td>
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<tr>
<td>Joint Direct Attack Munition (JDAM) Precision Guidance Kit</td>
<td>✓</td>
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<tr>
<td>PAC-3 Anti-Ballistic Missile</td>
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<tr>
<td>AIM-9 Sidewinder Air-to-Air Missile</td>
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<tr>
<td>AIM-120 Advanced Medium-Range Air-to-Air missile</td>
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<tr>
<td>Harpoon Anti-Ship Missile</td>
<td>✓</td>
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<tr>
<td>Trident 5D Submarine-Launched Ballistic Missile</td>
<td>✓</td>
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<tr>
<td>Minuteman III Intercontinental Ballistic Missile</td>
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<th>Weapon Platforms</th>
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<th>Marine Corps</th>
<th>Navy</th>
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<tr>
<td>M109 Paladin Howitzer</td>
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<tr>
<td>AH-64 Apache Helicopter</td>
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<tr>
<td>M2 Bradely Fighting Vehicle</td>
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<tr>
<td>M1 Abrams Main Battle Tank</td>
<td>✓</td>
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<tr>
<td>Stryker Fighter Vehicle</td>
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<tr>
<td>Arleigh Burke-Class Destroyer</td>
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<tr>
<td>Nimitz-Class Aircraft Carrier</td>
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<tr>
<td>Littoral Combat Ship</td>
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<tr>
<td>Unmanned Underwater Vehicle</td>
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<tr>
<td>SSN-774 Virginia-Class Attack Submarine</td>
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<tr>
<td>B-52 Bomber</td>
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<td>F-15 Eagle Fighter</td>
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<td>F-16 Falcon Fighter</td>
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<td>F-18 Hornet Fighter</td>
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<tr>
<td>F-22 Raptor Fighter</td>
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<tr>
<td>F-35 Joint Strike Fighter</td>
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<tr>
<td>MQ-1B Predator Drone</td>
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<tr>
<th>Other Systems</th>
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<th>Marine Corps</th>
<th>Navy</th>
<th>Air Force</th>
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<tr>
<td>Laser Rangefinder</td>
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<tr>
<td>Laser Target Designators</td>
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<tr>
<td>Satellite Communication</td>
<td>✓</td>
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<tr>
<td>Towed Decoys</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>Aegis Radar</td>
<td>✓</td>
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<tr>
<td>Firefinder Anti-Rocket/Anti-Artillery Radar</td>
<td>✓</td>
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<td></td>
<td></td>
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<tr>
<td>Underwater Mine Detection</td>
<td>✓</td>
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Source: Adams et al. (2013)
A subgroup of elements referred to as critical rare earth elements have been found to be both high in importance to society and also prone to supply disruptions (Hatch 2011 and Bauer et al. 2011). Of the CREEs, dysprosium is the single highest critical element.

Dysprosium is an important additive for increasing the performance of permanent magnets that have crucial functions in next-generation wind turbines and military systems. Historically, dysprosium has only been mined in China, which has allocated its limited reserves for domestic consumption.

In 2010, the Chinese government drastically reduced export quotas and hiked up export tariffs, limiting the availability of rare earths in the global market. China has recently abolished its quotas after the United States successfully pressed the World Trade Organization (WTO) to declare them illegal.

The National Research Council of the U.S. National Academies (NRC) has developed a criticality matrix to measure exactly how important minerals are to the U.S. economy. Criticality is a function of the risk of a supply disruption combined with the impact of that disruption — a mineral’s supply risk depends upon its availability, while the impact of supply restrictions is a function of the element’s importance in use and the existence of substitutes.

The risk of a supply disruption depends upon a number of factors, including:

- Concentration of supply
- Increases in demand
- Geologic availability
- Political environment

Currently, the dominant factor in the United States is the first — supply concentration — as China’s grip on the rare earth industry leaves the United States reliant on imports and Chinese trade policy. The NRC scored the supply risk for all rare earth applications high, the uppermost ranking within the criticality matrix.

China is also the source of the majority of the world’s so-called “heavy” REs (HREEs) — scarcer and more valuable than “light” rare earths (LREEs), and more difficult to process. The heavy and light categories refer to the elements’ atomic numbers.
They also distinguish the minerals by abundance. Known HREE reserves in the United States are very small; yet, demand for heavy rare earths is on the rise. According to the United Nations, China’s HREE supply could be depleted within two decades.

In its Strategic and Critical Materials 2013 Report on Stockpile Requirements, the Department of Defense (DOD) reported a shortfall in the supply of 23 “strategic and critical” materials, including six rare earths: yttrium, dysprosium, erbium, terbium, thulium, and scandium. The DOD recommended stockpiling these materials.

The announcement was a change from 2012, when the DOD insisted there was an adequate supply of REs to match defense consumption. However, the 2012 DOD report was criticized for being less than thorough. For example, the 2012 report looked at mining but not manufacturing, did not analyze all heavy RE elements, and failed to mention China even once.

Many analysts and politicians in the U.S. have argued that the potential supply shortages that alarmed everyone in 2010 have been resolved because prices have
come down and the free market has worked efficiently. However, the free market they speak of is an illusion. China controls the supply and has shown a willingness to add to or reduce that supply.

85% of current supply still comes from China and in the meantime the U.S. has done very little to address the potential supply disruptions that could affect sectors ranging from consumer electronics to green-energy initiatives and, most importantly, weapons systems and products with national security applications.

Some of the critical rare earths — the heavies — that have been identified to have the highest potential for supply disruption are the same metals that some speculate will be imported by China by 2020 as its reserves are depleted and its economy continues to grow.

A recent Rand Corporation dissertation by David L. An outlined the flexibility in political maneuvering that China has.

Mr. An wrote:

Chinese officials have pointed to its decreasing reserve levels with alarm. At the height of the global commodity boom in 2008, for example, it was found that China’s reserve dropped from a decade-long level balance of 43 million tonnes to 27 million tonnes in 2008. In 2010 Premier Wen Jiabao complained that, “China contributes a large proportion of the global rare earth output, far outdoes exceeding its share of the world’s total rare earth deposits” (Sina.com 2012 as cited in Wübbeke 2013). The China Times wrote that, “The United States and European nations have stopped mining their own rare earth resources and turned to China for supply, leaving China to sustain the high environmental cost of extraction” (Shi 2011). Quipped one Chinese expert, “China had been selling these precious rare-earth metals at dirt-cheap price for 20 years” (People’s Daily Online 2009). Rather than the view that China’s monopoly was the successful outcome of decades of industrial strategy, the political narrative has instead been couched in terms of wasted opportunities and foreign exploitations.

As China’s technology manufacturing base grows, Chinese officials will be under increased pressure to improve environmental standards for its citizens and to safeguard the metals most needed for their future. That combination can lead to an increase in price. An increase that — as evidenced in 2010 — could catch U.S. policymakers flatfooted once again.
Current U.S. military acquisition rules prohibit procurement from Chinese components and require permanent magnets to be sourced from U.S. or “qualified countries” (DoD 2012b and 10 U.S. Code § 2533). However, U.S. defense integrators may have violated these regulations given Chinese monopoly of dysprosium and permanent magnet production.

In early 2014, it was publicly revealed that the Pentagon waived the ban on foreign sources on behalf of Northrop Grumman and Honeywell International for Lockheed Martin’s F-35 components in 2012 and 2013.

In the case of Northrop Grumman, Japanese-sourced permanent magnets for integration into its Active Electronically Scanned Array (AESA) radar were found to have originated from China.

Non-compliance of target assemblies used for positioning doors and landing gears produced by Honeywell International were also found to have been waived by the Pentagon (Shiffman and Shalal-Esa 2014 and Shalal-Esa 2014a).

Subsequent investigations found that other defense components incorporated non-U.S. specialty metals into the F-35s, B-1Bs, F-16s, and SM-3 IIA missiles (currently under development) (Shalal-Esa 2014b). According to one former Pentagon official, neither the Pentagon nor its contractors fully understand where many subcomponents come from and the topic has historically remained an issue that “nobody at the Pentagon really wants to face” (Buchanan 2008).

These incidents confirmed before policy makers that the U.S. permanent magnet supply chain had indeed been displaced abroad to China while also highlighting the importance of having robust midstream and downstream capacities in addition to upstream capacities. China now controls not only the upstream segment but the midstream (separation and processing) and downstream (manufacturing) segments as well.

If there were a scenario in which the U.S. and China were to find themselves at odds militarily and China decided to flex its economic — China is our largest debt holder — and military muscle, it is possible that China could restrict or completely cut off a metal like dysprosium, which is critical for our weapons systems.

There are potential rare earth deposits that could provide even the more valuable heavy rare earths — core RSDP company Leading Edge Materials’ Norra Karr deposit in Sweden, Ucore’s Bokan deposit in Alaska, and Rare Element Resource’s Bear Lodge project in Wyoming are a few examples — however none of those are currently producing and production would still be years away, even in the best case scenario.
If reducing the criticality factor as a matter of national security is a challenge that so far has not been met, how are we to expect the U.S. to establish a domestic rare-earth supply chain? A second and more important question, what is the price we are willing to pay as a country before we approach the problem with the sense of urgency it deserves?

The position the U.S. finds itself in has not gone completely unnoticed. According to John Moody from *FoxNews*, a Republican member of the U.S. House of Representatives, Duncan Hunter, plans to introduce legislation this month to require the U.S. military to obtain rare earth elements ("REEs") that are produced in the US, even if it means subsidizing those industries.*

*Fox News* reported that the bill would divert funds from military aircraft and missile weapons systems to support domestic production of rare earths and other vital materials. It would also provide five-year interest-free loans to U.S. producers, giving them time to ramp up abandoned and neglected facilities.

A recent report which I highly recommend you at least scroll through and has a ton of excellent information on metals, mining etc. ([click here for full report](https://www.usgs.gov/)) from the U.S. Geological Survey demonstrated that the U.S. is 100% reliant on foreign producers for at least 20 elements and minerals, many of strategic importance to our military.

Recent tension between China and the U.S. includes China preparing deployment of SAM batteries in the South China Sea.

*Reuters* recently reported that Beijing has “nearly finished building almost two dozen structures on artificial islands in the South China Sea that appear designed to house long-range surface-to-air missiles.”

*Reuters* went on to say:

> Predictably, such a development will likely raise questions about whether and how the United States will respond, given its vows to take a tough line on China in the South China Sea. The structures appear to be 20 meters (66 feet) long and 10 meters (33 feet) high.

Officials cited by *Reuters* said the new structures were likely to house surface-to-air missiles that would expand China’s air defense umbrella over the islands. They did not give a time line on when they believed China would deploy missiles on the islands.

“It certainly raises the tension,” Poling said. “The Chinese have gotten good at these steady increases in their capabilities.”
The *Wall Street Journal* recently reported that Vladimir Iorich, a Russian-born billionaire of German nationality, is trying to take control of the Mountain Pass mine in California, once the largest domestic source of rare earths.

History doesn’t repeat itself but it does rhyme and it’s starting got look a lot like 2010 once again.

**Cordoba Minerals (TSX-V: CDB)(OTC: CDBMF)**

I’d been planning a site visit to the San Matias project for months but wanted to wait for the maiden resource estimate from the Alacran deposit and also wanted to see the project right when the next round of drilling was about to commence.

Both of those events happened to coincide with the January 23, 2017 release of hole ACD036 which, as we all now know, returned 0.90 meters of 4,440 g/t gold, 10.25% copper, 24.7% zinc, and 347 g/t silver.

I flew into Medellin. I like the weather and the people, and it’s absolutely beautiful. There’s a sincerity, warmth, and pride that radiated from nearly everyone I spoke with in my short time there.

The pride comes from the many steps — and results — the country has taken to turn the page from decades of internal war on multiple fronts.
You know the stories and there’s no need to rehash them here. Like any big city and every country in the world there are still social issues that lead to the kind of crime you expect in a city of approximately 4 million people but for the most part there’s a clear structure on a national scale that didn’t exist for a long time.

There are still challenges but the progress is real.

I was met at the hotel by VP of Exploration Chris Grainger. Chris has lived in and worked in Colombia for many years and is very familiar with the local politics. He’s also very familiar with high-potential projects that have been off limits or off the radar in Colombia.

I got the impression that although San Matias is the flagship, Cordoba isn’t opposed to bringing in a new project or two into its fold if the project is prospective enough.

It was kind of Chris to take the time to detail the positive difference in Medellin and Colombia. His excitement for the mining potential in Colombia was apparent.

Excitement that is easier to come by when you are VP of Exploration of a project with the scale and the potential of San Matias.

After a couple of hours of sleep I was greeted by a 4 a.m. wake-up call and got to it. A short flight and not-as-short a drive later we made our way to the project.

As outlined in the full report the project benefits from great infrastructure.

The nearby open-pit Cerro Matosso nickel mine run by South32 has been in operation for nearly four decades. The presence of the mine brings great benefits to the San Matias project.

Benefits that include excellent road access, a skilled local labor pool, a clear permitting process and a nearby population that is familiar with the pros and cons of mining in the region. There’s also new electricity infrastructure that is being financed by a Chinese group. All good things.
Along the way I was struck with how many scooters and motorcycles occupy the roads. I was also reminded that we weren't in Medellin anymore.
Once we arrived we went straight to the Alacran project. A word about security and the impressive way in which Cordoba approaches it:

The company uses a combination of consultants and military personnel to pre-empt any potential problems. Problems not unique to Cordoba but problems that can present themselves when you start publishing intercepts carrying 4,440 g/t gold and 10% copper in a project that has and does have artisanal miners operating (with Cordoba’s permission).

In my short stay in Colombia I was able to speak with a gentleman who served over 20 years working intelligence for the military, witnessed the toughest years of the civil war that erupted in the 90s (and everything that entails) and has a firm real-time grasp on the current politics, local and national crime, and the ramifications of the newly-agreed-to peace accord between the FARC and the Colombian government.

This gentleman is familiar with the security protocols the company is adhering to and provided excellent feedback on the region in which the company operates. Again, there are issues that exist like with every mining project but Cordoba is ahead of the curve on them.

There’s a reason the location of hole ACD-036 wasn’t released and out of respect for the company I won’t be sharing the details. However I will say that the reasons not to publish that information have nothing to do with access.
This isn’t an intercept off the side of a mountain that will never be mined even if they find more.

If they get a handle on the carbonate-base-metal-vein (CBM) targets that are being followed up today’s prices will seem like a gift.

The security protocols and relations with the artisanal miners were two important points that I needed to get first-hand perspective of and I left feeling a lot more confident about Cordoba’s approach in the past and moving forward.

It’s obvious that the small population of families living (between 700-800 people) — and mining — on the property have a clear understanding that they are allowed to do so — technically they’re there illegally — in an effort to maintain a cordial working relationship.

I expressed concern to management of discord should the type of tier-1 discovery the companies (Cordoba/HPX) are looking for happens to be found in the middle of this village or next to the nearby church.

I was assured that conversations of that nature have already happened and if that turned out to be the case there is a re-settlement plan in place and agreed to that would be beneficial to the locals and would allow the company to fast-track exploration.

Once at Alacran, the summary in the full report regarding potential strip ratios, topography, exploration potential etc. really became apparent.

Here is a picture of the Alacran deposit. From the other side of the top of the hill to the bottom right is the mineralized package. You can see an artisanal mine on the top left. The locals may not have had the benefit of HPX’s proprietary Typhoon technology but that hasn’t kept them from mining multiple targets throughout the property for many, many years.
After taking in Alacran we proceeded to the core shack, which of course is growing. The shack was typical of a company in the process of ramping up its exploration program. The staff was very receptive to questions, both in front of management and in private.
It’s clear that the group was thankful for the opportunities that Cordoba is providing, not the least of whom was a gentleman who was recently able to have a surgery he had long put off due to financial constraints. The company paid for the surgery and he was eager to be on site and protective of the company and its efforts.

That sentiment was consistent throughout my conversations with everyone.

We had a brief lunch, some water, and then went over to look at core and of course core from ACD-036.

Here’s what 4 kilos of gold looks like.
Summary

I had a late flight out of Medellin that night, and the visit had provided me with the perspective I needed on my main concerns: security and the relationship with the locals. As I mentioned, I came away with a clear understanding of both and left feeling better about each than when I went in.

We proceeded to a nearby airport and headed back to Medellin.

I've glossed over the other targets because the exploration potential has been outlined in the full report.

I've also glossed over it because there are three drills currently turning and a fourth on the way to follow up on the CBM veins. I get the feeling we will be discussing that exploration potential at length in the coming months, but be clear that Alacran is just a start.

The strength of the mineralizing system is apparent, and there will be more discoveries on this property. Early-stage metallurgical results have been favorable. Our experience with Orex and Canasil at Sandra Escobar should underscore the importance of that.

The near-term catalysts for Cordoba will include a resource estimate in Q2 of this year, as well as the aggressive drilling that’s ongoing. I interviewed Cordoba President & CEO Mario Stifano about the drilling. You can listen to that here.

Here is my customary disclaimer regarding the website and this newsletter: the website is owned by myself and partner on the site, Nick Hodge.

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But be clear that only companies included in this newsletter are recommendations to buy.

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Back to Cordoba.

I would not be surprised to see the current inferred resource of 54MT turn into a resource of 75MT with an improvement in the copper and gold grade.

Cordoba/HPX are searching for tier one porphyry discoveries. Alacran provides a great foundation, but I don't believe that Cordoba or HPX wants to spend time or money taking that project to feasibility.

Which presents an interesting dilemma for the two companies — a good problem to have, but one that needs sorting out.

The current deal allows for HPX to earn-into 65% of San Matias once a pre-feasibility study is published. Cordoba is carried on the exploration costs and the four rigs — three turning now — that will be turning soon are a testament to the potential Mr. Friedland and company believe exists at San Matias.

We know Robert Friedland is aggressive. We know within the next year or so, a decision will have to be made in regards to the current deal.
Does Cordoba want to take on exploration expenditures to drill the rest of the property and retain more of the upside? There are at least 10–13 legitimate targets on the property.

Does Robert Friedland take a backseat, content with a large ownership stake? Under what scenario does that make sense for Robert Friedland or Cordoba?

Or does Mr. Friedland decide to package both companies into one vehicle and drill, baby, drill? Not sure what the answers to those questions are yet, but I sense there may be answers in the not-too-distant future.

What is very clear is that 2017 will be a very exciting year for Cordoba shareholders.

For new subscribers or subscribers who have not yet established a position, I'm increasing the buy-under price on Cordoba Minerals (TSX-V: CDB)(OTC: CDBMF) to C$1.40/US$1.10.

**Full Report: Abacus Mining & Exploration (TSX-V: AME)(OTC: ABCFF)**

While the resource community waited to see when the price of commodities would recover on a sustained basis and debated the bottom, mining giant KGHM decided to invest a total of C$59.3 million in 2014 on the feasibility-stage Ajax project.

Mining giant KGHM — which is the project operator — followed that up by approval of a C$58.4 million 2015 work-program. Interestingly, the 2014 work-program included 55 kilometers of exploration drilling... exploration drilling that KGHM hasn't decided to publicly share the results of.

As of January 24, 2017, the companies had yet to issue the drill results, although they were partially incorporated into an updated feasibility study.

The companies are currently waiting for a permit decision that is anticipated to be issued within the next quarter.

Abacus Mining & Exploration (TSX-V: AME)(OTC: ABCFF) is a mineral exploration and mine development company whose primary asset is its 20% interest in the post-feasibility- and permitting-stage Ajax copper-gold project near the boundaries of the City of Kamloops, British Columbia.
The project is being developed and largely funded by joint-venture partner KGHM.

Abacus currently has approximately 214.2 million shares outstanding with 12.8 million stock options for a fully-diluted total of 227 million. That figure will change with the recent news release that sees Abacus executing a 6:1 rollback.

Including the unit shares to be issued pursuant to the financing, and after giving effect to the proposed consolidation, Abacus will have 39,026,269 common shares issued and outstanding and 42,667,102 fully diluted.

Shares have a 52-week high of C$0.08/US$0.06 and currently trade at C$0.07/US$0.05, giving Abacus a market cap of approximately C$15/US$10.7 million and approximately C$16/US$11.3 million on a fully-diluted basis.

Abacus has approximately $1 million in the bank as of the latest reporting period and will have approximately $2 million in the bank post-financing.

Key shareholders in Abacus include Teck Corporation, which owns 18.6% of outstanding shares, and KGHM, which owns 7%.

Management

Chairman, President & CEO Michael McInnis was appointed CEO of Abacus in January of 2014. Mr. McInnis is a professional geologist with over 25 years of experience successfully managing junior mining companies, most recently as President and CEO of Riverstone Resources Inc., now True Gold Mining Inc., where he is presently Vice-Chairman. He has been a director of Abacus since 2002 and is a director of a number of other junior mining companies.
KGHM International

KGHM International is the operator and 80% owner of the project. The company operates mines in Canada, the U.S., and Chile.

It is a wholly owned subsidiary of mining giant KGHM Polska Miedź S.A., with a focus on growing its copper assets. It currently operates and/or is developing a number of similar projects and has the financial and technical expertise to move the project along.

CEO for the Ajax project is Marcin Mostowy, who is also the VP, IT & Risk Management for KGHM International. Mr. Mostowy has 10 years experience working in the risk management division of the leading global copper producer KGHM Polska Miedź S.A. and acted as a non-executive director of KGHM Polish Copper Ltd.

Since 2010 he has been the Chief Executive Officer of KGHM Ajax Mining Inc., a joint venture company that was formed by KGHM as part of its first investment in a Canadian mining project. A graduate of the London Business School and Wroclaw University of Economics with a Master's in Finance, Mr. Mostowy was a currency dealer for the Allied Irish Bank prior to his career in the mining sector.

Acting General Manager at the Ajax Project, on behalf of KGHM International, is Mark Blakely. Mr. Blakely has more than 35 years of experience in mining industry executive management, business development and operations/project management, and administration.

While at KGHM International, Mark has managed the construction and startup of the Carlota Copper Project, served as Senior Vice President of Project Services and Executive Vice President responsible for the development, construction, and startup of the Sierra Gorda Project.

Mark worked for the Ledcor Group of Companies prior to his joining Quadra in 2006. At Ledcor, he worked as Manager of U.S. Business Development advancing to General Manager, United States Operations, and finally Director of Strategic Planning and Development, where he was responsible for the business development programs of the Ledcor Civil/Mining business units.

Prior to this, Mark was with the Mining Division of the Washington Group, where he held the position of Director of Business Development from 1997 to 2002. Additionally, previous industry experience includes a variety of senior operations managerial positions with MK Gold Company, Morrison Knudsen Corporation in
the U.S., as well as principal engineering positions with Bechtel Civil and Minerals Corporation and Raymond Kaiser Engineers in Australia.

The Management & Executive group is rounded out by a team of experienced environmental, technical, and financial professionals with a history of experience in developing similar projects throughout the world.

**Ajax Copper-Gold Project**

The Ajax property comprises eight Crown grants including the historic Ajax East and West pits. The property is 100% owned by KGHM Ajax Mining Inc., a joint venture company owned 80% by KGHM Polska Miedz S.A. (KGHM) and 20% by Abacus Mining & Exploration (Abacus).

The post-feasibility-stage project is in the permitting stage and awaiting approval of its Environmental Assessment Application, now expected to be decided on by the end of Q1 2017 or early Q2.

A favorable decision will provide a major catalyst for revaluation of Abacus shares.

The project is located in the south-central interior of BC, south of the junction of the Trans-Canada highway and south of downtown Kamloops. There is good infrastructure in place, including highways, railway, power, water, and a skilled workforce.

The original location of some of the envisaged project within the Kamloops city limits had been an issue of contention among those opposed to the project, and layout changes to some of the components of the mine had always been a part of the
consideration undertaken by KGHM. The changes were a main driver for the delay in submitting the Environmental Assessment Application.

In May 2014, KGHM announced that it had made modifications to the site plan wherein several of the proposed mine’s industrial facilities have been moved farther from the City of Kamloops.

The new site plan represents an important adjustment to the Ajax Project, as it concentrates mine activities to reduce the potential for adverse impacts from industrial activity to the city, nearby residents, and other public infrastructure while optimizing the value of the project.

The key changes included:

• Redesign of the tailings storage facility from the previously proposed dry stack tailings storage to a more proven wet tailings technology. The tailings storage facility will be located closer to the mine operations.

• Relocation of a waste rock storage facility, the mine processing plant, primary crusher and temporary ore stockpiles. These sites, formerly situated inside City of Kamloops limits, will now be located more than 3.5 kilometers from the nearest city neighborhoods and outside municipal boundaries.

A major work program was ongoing for most of 2014 consisting of various permitting activities, detailed engineering work, metallurgical test work, optimization studies, and exploration and condemnation drilling. The objective of the exploration drilling program, estimated to comprise 13,500 meters, was to identify potentially economic mineral resources close to the Ajax mining complex for future resource definition, as well as to test several highly prospective regional targets outside the Ajax area, the resources of which could add significant value to the project.

We now know that there were 55 kilometers of exploration drilling conducted in 2014, and although it’s hard to quantify the value of the drilling — since we don’t have the results — the C$58.4 million 2015 work program lends credence to the theory that the drilling not only confirmed the original deposit model but also could have substantially added value via the drill bit. Many of the targets were outside of the current model.

Abacus acquired the Ajax property in 2002 from Teck Ltd. Historic drilling on the Ajax property was concentrated in the areas of the open-pit mines that were in production in the 1980s and 1990s. Afton Mines Ltd., controlled by Teck, commenced production at Ajax East and Ajax West in 1989.
Production was suspended in 1991 due to low metal prices. A second period of production began in 1994 and was again suspended in 1997. During the periods of production, it is estimated that 17 million tonnes (Mt) were mined and 13 Mt milled.

The open-pit project is comprised of approximately 8,000 hectares, including the historic Ajax East and West pits. The project, although low-grade, is primarily a copper project with a potential 23-year mine life, as well as the potential for additional mine life, as past drilling indicates there appears to be the potential for other ore bodies proximal to the current project and within the property boundaries.

In January of 2012, Abacus announced the results of its feasibility study, which outlined the potential economics of the project. It included average annual production estimated at 109 million pounds of copper and 99,000 ounces of gold over 23 years, with total Proven & Probable reserves estimated at 3 billion pounds of copper and 2.7 million ounces of gold.

Project economics were reasonable at today's copper price — they used a $2.75/lb. base price assumption — with copper contributing approximately 75% of gross revenues once production commences.
The feasibility study results were positive enough at the time to allow for KGHM to exercise its option to increase its interest in the project to 80% — an increase of 29% in exchange for $30 million paid to Abacus and escrowed for use towards funding of the 20% it is responsible for. Abacus also arranged for KGHM to arrange financing for the balance of Abacus’ share of initial project capital on commercially reasonable terms.

**Updated Feasibility Study 2016**

In addition to completing the EA Application/EIS, KGHM also completed an updated Feasibility Study for the Ajax deposit on January 13, 2016. The updated FS supersedes the Feasibility Study of January 6, 2012 and incorporates an updated reserve and significantly updated engineering.

The updated FS was prepared in accordance with Canadian National Instrument 43-101 by a consortium of independent consultants under the direction of M3 Engineering and Technology Corp., a recognized global provider of design and construction services.

Several significant changes were introduced to the scope and layout, which yielded positive economic, processing, and environmental parameters for the Ajax Project. Economic Highlights (in US$ unless otherwise indicated):

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**Feasibility Study Update**

### Mine Plan

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining Rate</td>
<td>65,000 tpd</td>
</tr>
<tr>
<td>Mine Life</td>
<td>18 years</td>
</tr>
<tr>
<td>Strip Ratio (avg)</td>
<td>2.65 : 1</td>
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<tr>
<td>LOM Production</td>
<td></td>
</tr>
<tr>
<td>Ore</td>
<td>426 Mt</td>
</tr>
<tr>
<td>Waste</td>
<td>1,130 Mt</td>
</tr>
<tr>
<td>Total</td>
<td>1,556 Mt</td>
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</table>

- The mine plan is a conventional truck-and-shovel open-pit operation.
- The pit design is developed to comprise seven sequential phases.

### Contained Metal

<table>
<thead>
<tr>
<th>Metal</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>2.7 billion pounds</td>
</tr>
<tr>
<td>Gold</td>
<td>2.6 million oz</td>
</tr>
<tr>
<td>Silver</td>
<td>5.3 million oz</td>
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### Avg Annual Production

<table>
<thead>
<tr>
<th>Metal</th>
<th>Quantity</th>
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</thead>
<tbody>
<tr>
<td>Copper</td>
<td>58,000 tonnes</td>
</tr>
<tr>
<td>Gold</td>
<td>125,000 ounces</td>
</tr>
</tbody>
</table>
• Total proven and probable mineral reserves of 426 million tones containing 2.7 billion lbs. Cu, 2.6 million oz Au, and 5.3 million oz Ag, at an average life of mine (LOM) head grade of 0.29% Cu, 0.19 g/t Au, and 0.39 g/t Ag.*

• 18-year mine life at an average nominal processing rate of 65,000 tonnes per day (t/d) at an overall stripping ratio of 2.65:1

• Average annual production of copper and gold in concentrate of 58,000 tonnes Cu and 125,000 oz Au

• Average mine operating costs of $1.5/t; average process operating costs of $4.31/t

• Initial capital expenditures of $1.307 billion

• Pre-tax NPV (8%) = $429.4 M; Pre-tax NPV (5%) = $872.5 M

• Pre-Tax IRR 13.4%; payback (years) 6.5

This was based on life of mine (LOM) metal prices of Cu: US$3.21/lb, Au: US$1,200/oz, Ag: US$17/oz.

Feasibility Study Update

<table>
<thead>
<tr>
<th>Economic Analysis</th>
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<tbody>
<tr>
<td><strong>Before Taxes</strong></td>
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<tr>
<td>NPV @ 5%</td>
</tr>
<tr>
<td>NPV @ 8%</td>
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<tr>
<td>IRR</td>
</tr>
<tr>
<td>Payback (years)</td>
</tr>
<tr>
<td><strong>After Tax</strong></td>
</tr>
<tr>
<td>NPV @ 5%</td>
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<tr>
<td>NPV @ 8%</td>
</tr>
<tr>
<td>IRR</td>
</tr>
<tr>
<td>Payback (years)</td>
</tr>
</tbody>
</table>
Key changes from the January 2012 Feasibility Study include:

- Project site relocation from the north to the south side of the mine pit
- Change in tailings technology to thickened tailings
- Change in mining plans from 60,000 t/d to 65,000 t/d, and the replacement of the in-pit semi-mobile crushing stations with a single, fixed primary crushing station
- Addition of a fine ore stockpile
- Adjustments to the site water management plan to accommodate facility relocation and tailings storage facility redesign
- Further definition of mineral resource and mineral reserves

**Permitting & Infrastructure**

The Ajax Project is situated approximately 3 km south of the City of Kamloops, B.C. The project will be accessed from the Coquihalla Highway via a reconstructed Inks Lake Interchange and upgraded mine access road along the historic haul road, crossing Lac Le Jeune Road to the main gate east of Jacko Lake.

Fresh water to the mine site will be pumped from Kamloops Lake to the Project site. The majority of the water used in the process will be reclaimed from the tailing storage facility.

Power will be supplied to the site by a single-circuit 230 kV transmission line from BC Hydro’s Jacko Lake substation, located approximately 12 km from the Project site.

Over the past three and a half years, KGHM Ajax has spent significant capital in the development of the Ajax Project in a rapidly paced work program that has included various optimization trade-off studies, drilling to confirm and improve the block model, engineering, and redesigning of the mine plan, as well as the completion of a robust EA Application/EIS.

Given the advanced stage of the project’s engineering, the emphasis is now being placed on the process of obtaining the needed permits to operate and construct the Ajax mine. The EA Application/EIS was accepted for screening on September 14, 2015, a review period that was contemplated to take 30 days. In response to a
request by local First Nations groups to the BC Environmental Assessment Office (BCEAO), an extension has been granted by KGHM Ajax for an additional 38 days for screening review to accommodate First Nations’ comments and concerns and to finalize the screening process.

On January 18, 2016, the application for environmental certificate was submitted to provincial and federal governments.

**Recommendation**

Abacus currently has a fully-diluted market cap of approximately C$11.4 million. It owns 20% of project that has a pre-tax NPV (8%) of $416 million and $872.5 million (5%).

That, of course, doesn’t include exploration upside from the rumored proximal orebodies or a potential discovery at Willow, the project Abacus optioned from Almadex Minerals in February 2017 and a project that now provides excellent exploration potential.

The Willow Project is located in Douglas and Lyon Counties Nevada and totals roughly 10,252 hectares.

The project covers an area of intense hydrothermal alteration interpreted to represent a porphyry “lithocap,” the hydrothermal alteration overlying a large porphyry system with significant copper, gold, and molybdenum potential.

The alteration is characterized by silicification, brecciation and alunite, kaolinite and dickite alteration, all features typical of high sulphidation gold systems that overlie copper-gold porphyry systems in the lithocap environment.

Past work on the project includes surface sampling, mapping, and several campaigns of surface geophysics, which have defined both epithermal gold targets and porphyry copper-gold targets. Future plans include diamond drilling to test these targets.

I plan on visiting Willow in April or May and will have more on the project then.

Back to Ajax and Abacus. Abacus has a partner in KGHM that has the financial leverage and technical expertise to put the Ajax project into production and has used conservative metrics in outlining the potential profitability of the project.
They tend to take a long-term view, and the project does have good leverage to the upside if copper — and to a lesser extent gold (gold contributes a much smaller percent (25%) to the overall profitability of the project) — moves higher within the next couple of years.

There was hope that with the 2014 appointment of new CEO, Michael McInnis, the company would be more active in unlocking the value that is clearly there. The question has never been whether the project has merit; it’s been about how long before the market is forced to revalue shares in the company.

The market has decided to not give much value to the expertise behind the project or the actual project. Which brings up an interesting possibility that gives context to just how skewed the current valuation is.

Abacus can decide it no longer wants to contribute to development of the project and eventually would be diluted to a 2% NSR. A 2% NSR on a project that’s projected to produce an average of 125,000 ounces of gold and 127 million ounces of copper a year... for at least 18 years.

The near-term potential catalysts now include the possibility that Abacus receives a favorable permitting decision within the next few months and the possibility that the company makes a discovery at the very prospective Willow project.

Either of those would provide a revaluation at multiples of today’s market cap, but I believe that simply reminding investors/speculators of the value of the project — by way of them communicating effectively — would force many investors'/speculators’ hands, as the reward may far outweigh the time risk that the proposition would present.

Below is a slide from the latest corporate presentation from back in 2012. (There’s an updated feasibility study presentation, but it only focuses on the feasibility updates.) The slide shows the upside on a per-share basis using the outdated feasibility study parameters, which weren’t too far off from the current one.
Economic Analysis (all economic figures in US$)

<table>
<thead>
<tr>
<th></th>
<th>Base Case Scenario</th>
<th>Alternate Case Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cu US$/lb</td>
<td>$2.75</td>
<td>$3.00</td>
</tr>
<tr>
<td>Au US$/oz</td>
<td>$1,085</td>
<td>$1,300</td>
</tr>
<tr>
<td>Exchange Rate (US$/C$)</td>
<td>0.92</td>
<td>0.94</td>
</tr>
<tr>
<td>Pre-tax IRR</td>
<td>14.5%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Cash Cost per lb Cu¹</td>
<td>$1.28</td>
<td>$1.11</td>
</tr>
<tr>
<td>Pre-Tax NPV (8%)</td>
<td>$416 mil</td>
<td>$818 mil</td>
</tr>
<tr>
<td>Project NPV to AME (8%)</td>
<td>$104 mil</td>
<td>$185 mil</td>
</tr>
<tr>
<td>NPV per share²</td>
<td>$0.49</td>
<td>$0.86</td>
</tr>
<tr>
<td>Payback Years</td>
<td>7.8</td>
<td>3.8</td>
</tr>
</tbody>
</table>

1) Net of gold credits
2) Pretax, incl. $21m in cash remaining to AME held in escrow

The economic stimulus that approval of the mine would bring may be enough to justify the pro-mining outlook of the federal government and may ultimately allow a clear path forward for developing the Ajax Project.

The rewards for patient shareholders could be substantial as the market ignores the value of the project and the value of the expertise KGHM brings to it.

In the past, KGHM has provided Abacus its portion of the work-program expenditures (the 20%) in the form of a loan that would be recovered from Abacus’ share of revenue once production commences. Clearly KGHM believes that any permitting hurdles will be cleared and that the project economics will be better, not worse.

The bottom line is it seems the market has completely forgotten about the project, or the willingness of KGHM to carry Abacus through to a production decision, because for the time being investors/speculators can get the expertise of their partner, along with 20% — which equates pre-tax at a 5% discount rate — to approximately $174 million (just the 20%) using a higher copper price ($3.21/lb. in the new feasibility study) and today’s gold price ($1,200 in the same study).
In simple terms, if we divide the before-tax NPV @ 5% of US$872 million and take the 227 million fully-diluted total, and then assign 20% of that to Abacus (its share), that equates to approximately US$0.77 a share.

For a more conservative estimate, if we use the after-tax NPV @ 5% of US$543 million and take the 227 million fully-diluted shares of Abacus, and then assign the 20% Abacus owns... we still get US$0.48 a share.

Abacus Mining & Exploration (TSX-V: AME) (OTC: ABCFF) is an aggressive buy under C$0.08/US$0.06 as a mid- to long-term speculation (9 months to 2 years) that Ajax is permitted and the potential upside of a discovery at Willow.

Portfolio News

I realize this is a long issue, so in the words of Nick Hodge, let’s go rapid fire-style on the portfolio news.

Almaden Minerals (TSX-V: AMM)(NYSE: AAU)

On February 8, 2017, Almaden did what it does with every news release: it added more gold and silver to an already robust gold and silver asset.

The company reported assays from drill holes TU-16-487, 489, 491, and 493 drilled on sections 10+600 and 10+775 East.

The holes intersected significant mineralisation and veining inside or immediately outside of the Amended PEA pit including the previously defined subvertical Ixtaca North vein zone, as well as potential new zones of veining. Highlights from the release include the following intercepts:

**Hole TU-16-487 returned 41.45 meters of 1.52 g/t Au and 117.3 meters Ag.** That included **4.60 meters of 6.68g/t Au and 565.4 g/t Ag.**

J.D. Poliquin, chairman of Almaden, stated:

“Today’s results once again show continuing expansion of the known high grade veins on the Tuligtic project. While we are now focussed on developing the Ixtaca deposit into a significant precious metals producer in Mexico, and are currently busy with engineering work and studies towards producing a PFS, this
exploration drilling demonstrates additional resource potential both laterally and, because we are at the top of a fully preserved epithermal system, future exploration drilling will also test for feeder veins beneath the Ixtaca sheeted vein zone.”

I had the opportunity to interview Almaden President & CEO Morgan Poliquin. You can listen to that here.

Almaden remains a core position in the portfolio and a prime takeout target.

**Midas Gold (TSX: MAX)(OTC: MDRPF)**

Speaking of companies that continue to add more value every time there’s news, Midas Gold has been busy. On February 14, 2017, the company reported favorable metallurgical test results for its Stibnite gold-silver-antimony project in Idaho.

It followed that news with the best hole ever reported at Stibnite. On February 23, 2017, Midas reported that hole **MGI-17-421 intersected 217 meters of 3.2g/t Au 6.1 g/t Ag and 0.3% Sb from 1.52 meters to 218.2 meters.**

That’s a lot of gold and a testament to the impressive nature of the system at Stibnite.

Stephen Quin, President & CEO of Midas Gold, commented:

“The latest assay data from our ongoing drill campaign at Yellow Pine continues to provide positive results that support Midas Gold’s goal of enhancing the mineral resource at the Stibnite Gold Project.

**Hole MGI-16-421 is the best hole ever reported by Midas Gold from its drilling at the Stibnite Gold Project and occurs at shallow depths within the limits of the 2014 preliminary feasibility study mineral reserve pit limits.”**

Results from two additional drill holes from 2017 drilling are pending, and one additional drill hole is being drilled before the current campaign is completed for the season.

I had the opportunity to speak with Stephen about both releases. You can listen to those interviews here and here.

Midas Gold is a core company in the portfolio that everyone needs to own. It currently trades under the buy-under price of C$0.93/US$0.72. That won’t be the case forever.
Haywood seems to agree, as analyst Geordie Mack recently put a C$1.75 price target on the company. In the bull market that is developing, shares will trade much higher.

You can read the entire report right [here](#).

**NewCastle Gold (TSX-V: NCA)(OTC: CTMQF)**

Another core company everyone should own a bit of also continues to add to an impressive resource base.

The project is already host to an NI 43-101 gold resource that includes 4.2 million ounces Measured & Indicated and 0.8 million ounces Inferred.

On February 6, 2017 the company announced ([click for NR](#)) it had intersected 94.5 meters of 1.25 g/t gold in the South Domes area at Castle Mountain.

South Domes is host to 1.3 of the 4.2 million ounces at Castle Mountain and is open in all directions.

Then on February 22, 2017, it announced ([click for NR](#)) 204.2 meters of 2.05 g/t Au at South Domes.

That intercept was part of six holes in all that included:

1.07 grams per tonne gold (“g/t Au”) over 192.9 metres in hole CMM-122C

1.63 g/t Au over 275.8 metres in hole CMM-129

0.55 g/t Au over 135.6 metres in hole CMM-133

0.74 g/t Au over 113.7 metres in hole CMM-134C

Gerald Panneton, President and CEO, commented:

“The South Domes area continues to demonstrate the open potential of this exciting target with gold mineralization well above average resource grade. Gold mineralization is being intersected both outside modeled pit limits and at depth. South Domes continues to be our prime exploration target as the deposit is open in all directions. We have added a core drill to the South Domes area to continue expanding the deposit.”
There are seven rigs actively drilling at the Castle Mountain project. The current drill program is approximately 50% complete with 20,000 meters of core and RC drilling as of February 20, 2017.

Eighty percent (80%) of the program is focused on bringing the South Oro Belle pit to the mineral reserve category after completion of the ongoing pre-feasibility study work.

The remainder is focused on the growth of the South Domes area and further exploration on the property.

Shares are trading at or under the buy-under price of C$0.74/$0.63. Own some.

**Advantage Lithium (TSX-V: AAL)(OTC: AVLIF)**

Advantage’s share price hasn’t performed very well yet. That’s partly due to fickle shareholders who participated in earlier financings at much lower prices and partly due to the fact that the main catalysts are still to come. Soon.
The book on the $20 million financing was recently closed, the company has started trading on the OTCQX, providing it greater exposure, drilling in Nevada is ongoing, and soon drilling will commence in Argentina on the flagship Cauchari project.

I had the pleasure of speaking with Orocobre’s General Counsel and Joint company secretary Rick Anthon about the JV with Advantage Lithium.

He provided a wealth of information as to why Orocobre — which had its pick of partners — decided to do the deal with Advantage. He also highlighted the long-term commitment from Orocobre.

You can listen that here.

The company is an excellent speculation at these price levels for anyone looking for exposure to the premier junior in the lithium space.

**Fission Uranium (TSX: FCU)(OTC: FCUUF)**

Fission is a great example of a company that was also down double digits and has recently started trading higher, putting us up a solid 29% on the position.

Improved sentiment in the uranium space has contributed to the higher share price, but so has news of an expanded drilling program at the world-class flagship PLS project.

The company announced it was doubling the drilling and there will be a focus to make new discoveries.

I spoke with Fission’s President, COO, and Chief Geologist about the expanded drilling program. You can listen to that here.

**Leading Edge Materials (TSX-V: LEM)(OTC: LEMIF)**

Last but definitely not least this month is Leading Edge Materials. The company has benefited from a promotional campaign highlighting the many strategic advantages it possesses with its portfolio of critical metals assets and has also seen a higher share price because of how it has executed its business model.

That didn’t keep a misguided article appearing in a well-known financial blog from mentioning Leading Edge Materials and mixing it up with several companies that the
article correctly pointed out would suffer from pricing pressure on graphite — for the refractory material, not the high-value battery-grade material that Leading Edge bases its business model on.

It also didn’t help that nearly at the same time, President Trump saw a report on the tube and proclaimed that Sweden was in a tragic state. Yes, there are social issues in parts of the country.

I sat down with Leading Edge Materials President Blair Way for approximately 20 minutes and went over each issue in detail. I strongly encourage you to listen to the interview here.

The share price has recovered and provided an excellent opportunity for subscribers who had not yet established a position to do so at lower prices. Shares have largely recovered, and I expect plenty of news flow in the next few months.

That news flow started on February 24, 2017, when the company announced the exploration license for its strategic, rare-earth asset in Sweden — the Norra Karr project — had been reinstated.

That asset doesn’t currently translate into a higher share price, but as I mentioned in the opening, the geopolitical situation with China is starting to feel a lot like 2010, and in the future, a rare-earth asset with the kind of resource in place and exploration potential that Norra Karr provides could be worth a lot more than the entire current market cap currently assigned to Leading Edge.

Closing Thoughts

The bad news is I continue to believe that we have one last leg down in the gold price that wasn’t completed in 2016. I continue to be wrong, and I hope that continues to be the case.

The reason you subscribed to this publication is to make money. We do that by recognizing early-stage opportunities with substantial upside and as little downside as possible.

In the junior resource space, mitigating the risk is critical. Being down 50% or more on one or two positions is manageable if the portfolio also includes several double- and triple-digit winners.
The risk is also manageable if — like Orex and Canasil — we identified the risk early and understand the difference between a high-risk exploration play and a core company with an established asset. Companies like Midas, Almaden, Fission, NewCastle, Cordoba, etc.

We also do that by getting ahead of the trend; whether it’s going higher or lower, there are always opportunities to make money, but there have to be catalysts on the horizon.

Gainey, Nevada Sunrise, Orex, Millrock, and Canasil should all have news soon.

Many companies will be saving their best news for PDAC, which runs March 5–8 this year.

Let’s see what is in store for gold in the month of March. At the risk of sounding like a broken record, I still believe this latest rally — which has been impressive and lasted longer than anticipated — is one last great head-fake.

If there is a position that you have substantial gains on and you can’t afford to give back some of those gains temporarily, I advise you take a little bit off the table.

If I’m right, you’ll be glad you did. If I’m wrong and this isn’t a head-fake, there are enough quality positions in the portfolio that will see robust gains in a very short amount of time.

There will always be opportunities. I’m working on another as we speak and may have that to you soon.

In the meantime, look out for M&A around PDAC and another busy month of news from RSDP companies.