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BALMORAL ADVANCING
EXPLORATION AT LA MARTINIÈRE
PROJECT IN QUEBEC

By Leonard Melman

**MEXICO: THE SILVER
MASTODON**

By David H. Smith

**VENTURE CAPITAL
MARKETS ASSOCIATION**

WHAT IT IS. WHY WE NEED IT. HOW TO HELP.

By David O'Brien

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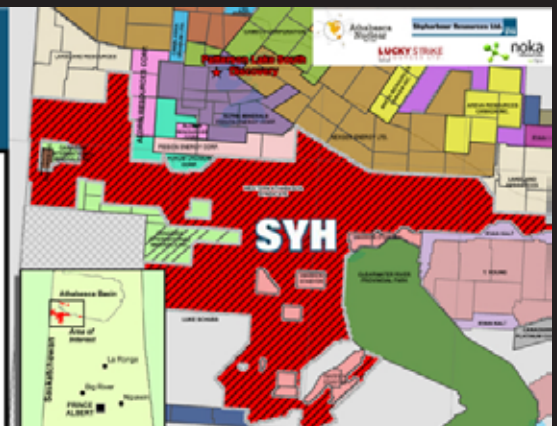
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Venture Capital Markets Association

WHAT IT IS. WHY WE NEED IT. HOW TO HELP.

By David O'Brien

Early in 2013, an entity came into being spurred by all of the regulatory nuisances the exchanges were placing in front of Venture Capitalists (VCs) in their determined efforts to place capital in potentially lucrative enterprises...that intended to 'go Public': the **Venture Financial Crisis Committee**, and its website www.VentureCrisis.org.

It was co-founded by Joe Martin (of Cambridge House fame) and Don Mosher, an experienced investment consultant, with support from Tony Simon and Brian Ashton, both well-known in the mining investment

arena over the past few decades. At several events this year, including their own self-sponsored event at the Four Seasons Vancouver, they started getting the word out about what "everyones" frustration was about.

"Our sector has created tens of thousands of well paying Canadian jobs and hundreds of millions in economic benefits in resource communities across Canada over the years", said Joe Martin, Chairman of Cambridge House International Inc., and founding Chairman of the Association. Martin added, "Governments and regulators need to understand that the avalanche of

new and costly regulations is having a very damaging impact to the venture capital sector at the very time that Canada desperately needs to recover from the current recession".

Mosher was interviewed by **The Gold Report** in a great little article "Strangulation by Regulation - Is the Venture Exchange on Its Deathbed?" which your author uploaded here: <http://www.minesnooper.com/newsletter-article/592>.





He argues vehemently against the stifling burdens literally blockading the investment community from opportunity.

We've since seen a little feedback, or 'reverberation'...some even objecting to the premises of his argument, however the overwhelming response has been a resoundingly positive endorsement of the difficulties he describes the industries' players

“THE VENTURE MARKET USED TO BE CALLED A PUBLIC MARKET BUT IT HAS NOW BECOME ELITIST WITH ONLY 2.1% OF THE CANADIAN PUBLIC DEEMED TO BE ‘QUALIFIED INVESTORS’, BY THE MANY REGULATORY BODIES”.

are facing in the current regulatory environment. As Brian Stewart of The Gold Report opines in his intro to Mosher's interview "The TSX Venture Exchange, a once-thriving exchange for junior mining companies, is struggling. Its strife is a symptom of the overregulation that is slowly killing a whole sector of the Canadian economy, forcing mining companies and their servicers out of business or to move overseas." Pretty strong stuff. Even in Mosher's opening remarks his complaint has obvious merit "Take a capital pool company or even a junior initial public offering. It might raise from \$200,000 (\$200K) to \$1 million (\$1M), but about 40% of that goes to regulators, attorneys and accountants before it even gets a listing. The chances of success are very small when a company has to use

that amount of capital right out of the gate, just to get a listing in place." Another issue that came up recently is mentioned as well "The TSX came out in opposition to the latest regulation, which was the revocation of the **Northwest Exemption** by the **British Columbia Securities Commission (BCSC)**. That could prohibit paying non-registered finders to raise capital from all sources of funding. The BCSC said that the impact on capital-raising would be about 1%, but the

TSX Venture [Exchange] said it would destroy between \$900M to \$1.2 billion (\$1.2B) of the \$6B raised in 2012. That's more than 1%. The Venture is starting to feel the pinch."

You can read John McCoach's letter from the the TSX Venture Exchange Inc. to the BCSC here: <http://venturecrisis.org/?p=145#prettyPhoto/o/> Once again, please read the entire Mosher interview here: <http://www.minesnooper.com/newsletter-article/592>.

Since then, the group has grown in numbers, and many 'players' have put their money into the next phase: **taking action!**

Thus, the formation of the Venture Capital Markets Association (VCMA), and, direct from their website under

"About Us", their mandate: "The VCMA represents public companies seeking a Canadian regulatory environment offering access to speculative investment opportunities and capital through fair securities markets that warrant public trust. It seeks to influence improvement in regulations to ensure that they are clear and easily understood and allows effective policing and enforcement.

Venture Capital is the job creator of the past, the present and for the future. Join the VCMA in stopping strangulation by regulation." Here, here! (oops, a little 'editorial' sneaking in there).

Well over 1,600 companies in the mining investment space at the beginning of the year, and many will not be here in 2014. That 'bloodbath' has also driven 'risk-averse' investors into the 'safer' investments, further compounding the inability of newly-formed companies to raise their 'high-risk/high return' Venture Capital.

Disclaimer: David O'Brien is intimately involved in the sector, having had over 160 Participants in his International Mining Research Inc. programs of awareness-building at events, online and in print over the past 16 years, many of which he was also producing ad campaigns, marketing support materials and writing articles about the industry from his W.I.T. Marketing & Events agency. O'Brien is therefore not to be considered 'unbiased'.

Canadian National Stock Exchange Exceeds Key Milestone

CNSX Markets Inc. is pleased to announce the listing of the common shares of Innovative Composites International Inc. (ticker symbol: IC) and Rift Valley Resources Corp. (ticker symbol: RVR) on Friday August 23, 2013. These stocks are, respectively, the 200th and 201st issues listed on CNSX. This marks the first time in its history that CNSX has exceeded 200 issues concurrently listed on its exchange. Innovative Composites is also the first

company to take advantage of CNSX's current fee discount program for companies switching their listing from another Canadian exchange.

Richard Carleton, CEO, stated "Given the current corporate finance challenges for early stage and established companies, the CNSX model is gaining traction with public companies. They can spend less money on maintaining their listing, leaving

more resources and time to invest in growing their businesses."

CNSX has listed 24 securities to date in 2013, representing a broad spectrum of industries and instrument types, and is on track to record its largest share of the new listings market since inception in 2003. CNSX has grown its number of listings by more than 5% this year; most equities exchanges around the world have seen their

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number of issuers decrease during 2013 to date. In the last three months alone, CNSX has listed common shares, convertible and plain vanilla debentures, and structured products.

James Black, Director of Business Development with CNSX Markets' Vancouver office said, "Breaking 200 listings is a great milestone for CNSX and I think this is a clear signal to listings on other Canadian Exchanges that there is a growing and viable alternative listing venue here in Canada."

ABOUT CNSX MARKETS:

CNSX Markets Inc. is a Canadian company established in 2001 that operates the Canadian National Stock Exchange. The company was recognized as a stock exchange by the Ontario Securities Commission in 2004. CNSX provides listing and trading services to a wide range of Canadian and international issuers by offering low fees and innovative continuous disclosure features designed to minimize regulatory costs while improving the quality of information available to investors. With more than 200 securities listed, and 88 participating dealers, CNSX is an attractive and growing venue for issuers of equity and debt securities from all business sectors.

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OLD PROJECTS MADE NEW AGAIN IN WESTERN MEXICO

By Nicole Egbert, BSc.

There are several prominent silver bearing trends that run through Mexico, each having produced vast quantities of silver since the Spanish first settled the area. One such trend is in the Sierra Madre Occidental, the Southern extension of a mountain belt that runs along the Western edge of North America. Silver is most predominant in this range but gold deposits also occur, with most of this mineralization around 30 to 50 million years old and situated within altered andesite flows.

Historical mining operations have left behind new opportunities for junior companies with hopes of near term cash flow in the form of waste and tailings piles. Due to the mining and processing methods at the time, historical miners had to apply higher cut-off grades than we can get away with now. This means that what was waste 100-200 years ago may now be considered ore. Historical processing methods were also not as thorough as modern methods, resulting in higher grade tailings piles. With more efficient modern technology, these tailings can now be reprocessed and silver and gold extracted at a profit.

GoGold Resources Inc. (TSX: GGD) has the Parral Tailings project in Chihuahua State. This is an advanced stage project with a Pre-Feasibility Study (“PFS”) that gives 35 million silver equivalent ounces, a pre-tax NPV (5% discount rate) of US \$159 million and a pre-tax IRR of 80%. The initial capital expenditures are estimated at US \$35 million with a 12 year mine life (at 5,000 tpd). GoGold is planning to use heap leaching methods, which will keep operating costs low. As the tailings are generally soft most of the expense comes from moving the material to the leach pad. In August, GoGold announced that they have received the environmental permits and are moving ahead with mine



construction, commissioning is expected to occur in the first quarter of 2014. In July Red Kite Mine Finance Funds agreed to provide the necessary US \$35 million to get the mine up and running, a great show of faith in the project considering the recent instabilities in precious metal prices.

El Tigre Silver Corp. (TSXV: ELS) is working on developing the El Tigre Silver property located in the Northern portion of the Sierra Madre Occidental. The El Tigre property has both tailings and in ground resources. This gives the company an opportunity to earn near term cash flow from reprocessing the tailings that can be used for further exploration and development of the in ground resources. El Tigre released a PFS for the tailings in August that gives an after-tax NPV (8% discount rate) of US \$10.9 million and an after-tax IRR of 53%. The tailings project has total Proven and Probable reserves of 4.151 million silver equivalent ounces which will be mined over a 10 year mine life at 400 tpd. The company is planning to use conventional mill and agitated cyanide leach methods to process the tailings. Although this will have higher operating costs than the Parral Tailings project, it will also have significantly higher recoveries. Since the El Tigre project is smaller and will operate at a much lower rate, the use of a higher efficiency recovery process is a good choice. El Tigre needs total cash of approximately US \$4 million to get the tailings into production; they are currently working on a financing.

FRC provides analyst coverage on some of the companies mentioned in this article

Nicole Engbert, BSc.
 Research Associate - Mining
 Fundamental Research Corp.



*The historical tailings pile at the El Tigre property
 (Source: FRC analyst site visit 2012).*

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ZINC STUDY

By Chris Marchese

Having recently completed an in-depth study of the zinc market, we concluded one thing; the metal is poised to outperform over the next 1-5 years or at the very minimum, outperform other base metals. This is due to both the supply side as well as the demand side, making a very strong case for higher prices in the years to come.

The Supply Side: The biggest driver of higher prices will come from the supply side of the equation, notably the amount of primary zinc mine closures as well as mine contractions over the next several years. Furthermore, it is not just the amount of primary zinc mine closures but the fact that many of them are some of the biggest in the world. It is projected that by 2017-2020, the deficit (that is consumption outstripping mine production) in zinc will peak from anywhere between 1.1m-2m tons (dependent on the demand dynamics).

THE FOLLOWING IS A BRIEF LIST OF THE MOST NOTABLE PRIMARY ZINC MINE CLOSURES AND CONTRACTIONS:

2013: Perseverance, Brunswick 12 (both two large zinc mines in Canada), El Mochito and Trout Lake

2014: Lisheen (The largest primary zinc mine in Europe), Angas, Mt. Garnet and Cassandra

2015: The Century Mine (The largest primary zinc mine in Australia and one of the largest in Asia, reducing annual mine supply by a whopping 500k tpy), Duck Pond and Golden Grove

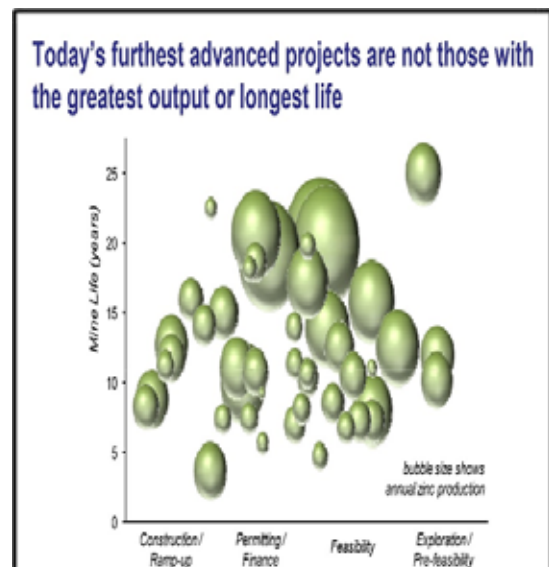
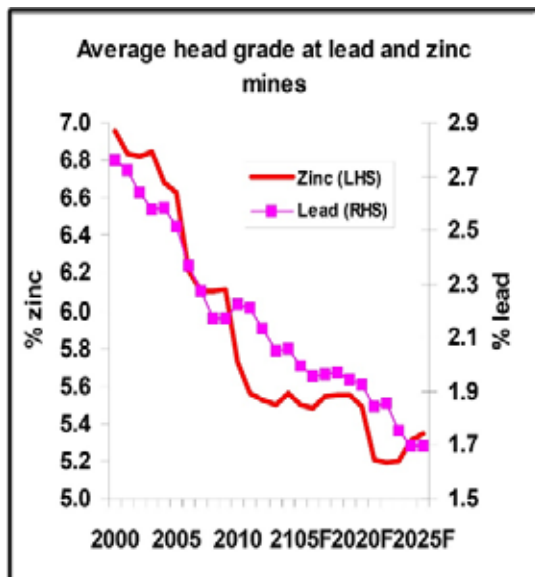
2016: Skorpion, Myra Falls, El Toqui, Mae Sod

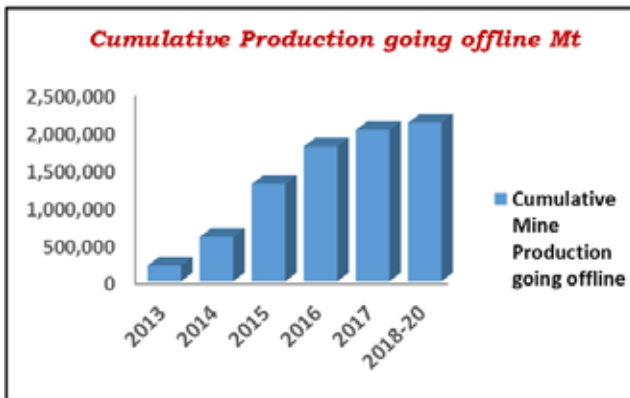
2017: Cannington, Cayeli, Guemassa

Other notables (2014-2020): Kidd Creek, Antamina (Contraction), Red Dog (Contraction), Campo Morado, San Cristobal, Nor Peru, LaRonde (Contraction), Raura, Pomorzany and numerous others.

CHINA'S URBANIZATION (2010-2025)

- Roughly 350 million people will be added to the Chinese urban population by 2025.
- 1 billion will live in China's cities within 2 decades.
- The current level of vehicle ownership is roughly equivalent to the U.S in the 1920's.
- China already consumes more steel than the U.S, Europe and Japan combined.





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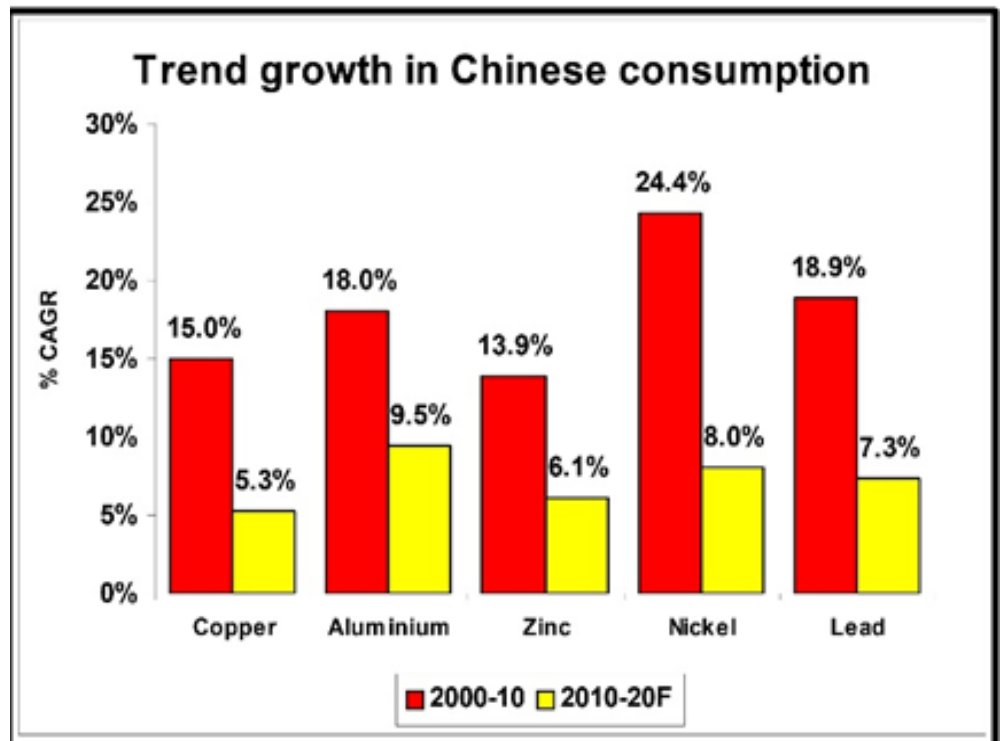
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Other contributing factors to lower production on a forward basis include avg. head grade at zinc mines are declining and will continue to do so. While there is a pipeline of new projects, those that will have any material impact on global production are rather far from production combined with the fact that capital investment needs and operating costs have been increasing at a rather furious pace over the past 5-years. In other words, the all in costs to develop and operate many of the large earlier stage projects, thus requiring higher zinc prices to warrant the necessary capital investment.

While supply numbers are very hard to predict, the following charts simply measure the annual and cumulative mine production going offline through 2020. By 2017, it is forecast that roughly 700-800Kt of production from new mines will partially negate the production going offline, however, many of these projects have delayed moving these projects forward given the



vast increase in the cost of equity for the mining sector as a whole.

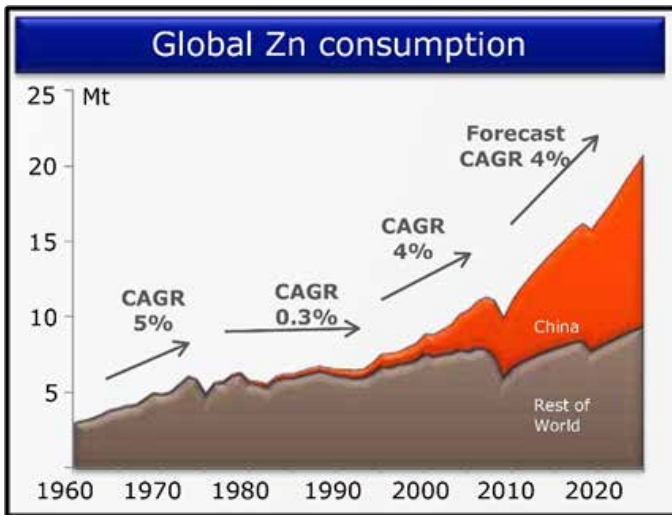
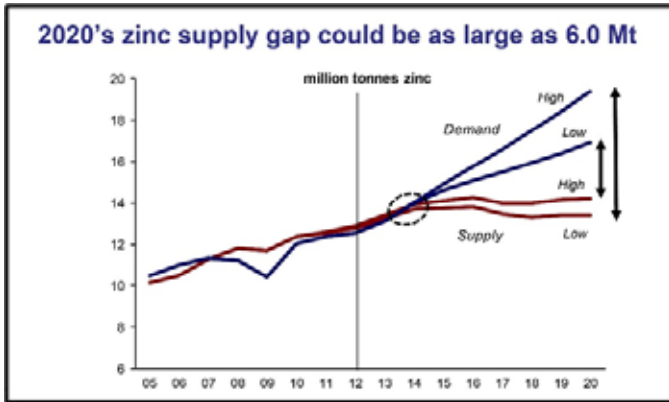
What really makes the zinc story great is that both the supply and demand side of the equation point towards

Excluding China, Zinc consumption is still expected to increase at an average annual rate of 1.2 – 1.4% (2010-2020), so taking out the primary driver of increased consumption for the remainder of the decade, it will still grow 15% - 31% between now and 2020.

higher prices. While we also like gold, that story is entirely based on the demand side but zinc is both expected to benefit from decreased mine production (because it will result in a supply deficit and therefore draw down above ground stocks) and increased demand (primarily

from the east i.e. China, India etc). One could make the argument that the Chinese economy is likely to slow down and therefore consume less zinc than currently estimates, the savings rate in China needs to be taken into account. As of the end of 2012, the savings rate was a whopping 51%, which overtime and likely in the near future will fall to a lower level given China is likely to become more consumer based, making the Chinese economy more balanced. In other words, it is currently an export/production based economy, but as it becomes the world's largest economy (projected to surpass that of the U.S. in 2016) citizens will want to increase their standards of living and in turn, make consumption a larger part of the economy.

Based on our study, China's and the rest of world demand for zinc is projected to grow between 4-6% on an annual basis from 2010-2020.



CONCLUSION:

There is a looming shortage of zinc, which is expected to be in a deficit mid-2014. This in turn, will cause the price of zinc to increase, perhaps significantly. The first chart below illustrates various supply gap scenarios depending on the demand dynamic. It also assumes a very slight decrease in supply, which in reality is likely to be more pronounced. The second chart shows how the price reacted last time zinc entered a deficit (albeit much smaller and have a much shorter duration).



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MEXICO: THE SILVER MASTODON

By David H. Smith



THE SILVER INSTITUTE REPORTS THAT FOR 2012, MEXICO WAS THE WORLD'S LEADING SILVER PRODUCING COUNTRY, LOGGING IN WITH 162.2 MILLION OUNCES.

In mining circles, an unusually large metal deposit is sometimes called an “elephant”. Most often referred to when speaking of a mega-gold project, the term can be applied to outsized silver deposits as well. But what about a country which has demonstrated – for over 500 years – that its famed silver belts collectively are elephants in their own right? Though almost two-thirds of global silver production results as a by-product of other mined metals, the majority of this country’s production actually comes from statistically-rare primary silver mines. When you further consider that Mexico has accounted for perhaps one-third of all the silver ever mined, the term Silver Mastodon would seem to be a good fit!

IN MINING CIRCLES, AN UNUSUALLY LARGE METAL DEPOSIT IS SOMETIMES CALLED AN “ELEPHANT”.

The Silver Institute reports that for 2012, Mexico was the world’s leading silver producing country, logging in with 162.2 million ounces. Well behind, last year, in second and third place were China (117moz) and Peru (111moz) – which in 2010 actually edged out Mexico. The Fresnillo mine, northwest of Zacatecas, is reputed to be the world’s largest primary silver mine - the Cannington Mine in Australia holding top honors as the largest overall producer of silver.

Zacatecas, Guanajuato, and Zacualpan are just three of the areas in Mexico which have been producing silver since the mid-1500’s. In Guanajuato alone, historic estimates are that one billion ounces of silver have been harvested...with yet another billion ounces still in the ground!

60 – 70% of resource sector exploration monies have their origin in Canada. And an amazing 60% of Canadian mining operators themselves have properties in Mexico.

Many ‘top-tier’ primary silver producers and exploration companies are regular attendees at Cambridge House Conferences in Vancouver, Toronto, Indian Wells, CA and at the annual Silver Summit in Spokane, WA. A number of these ‘best of breed’ companies have long been listed and covered in the Top-Tier, Mid-Tier and Speculation categories of David Morgan’s The Morgan Report.

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Working With and Among the Locals

Canadian silver mining companies can be justifiably proud of their conduct in-country. They hire local talent as much as possible. They contribute to the economy indirectly through funding of public works, strengthening of local infrastructure, and

payment of taxes on production. And they support the economy directly via wages paid to workers/management, taxes on operations and NSRs to landowners.

It is this writer's subjective judgment, based upon a number of visits to Mexican mining operations, in addition to research on the topic, that Canadian mining operators have excellent working and community relations

in the places in Mexico that I have visited. Yes, we hear about the occasional misunderstanding on other sites with local ejidos (farmland cooperatives), or the land owner who believes his property holds the next Comstock Lode and initially demands an unrealistic price to access it, or the odd bureaucratic process which takes longer than expected. But these stories seem to be exceptions to the rule.

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Many areas in Mexico's silver belts tend to be hilly, with little flat ground available for local use. Some of the tailings ponds, solidified into flat ground have been turned by nearby communities, into soccer fields. Water, run through mining flotation circuits and re-deposited back into the ground, is often as pure or more so, than when it was originally raised from the water table. 'Footprints' of many mining operations, especially underground ones, along with their exploratory tendrils, are quite measured – sometimes surprisingly so - (see attached photo of an Impact Silver post-drilling site bed).

Country Risk into Perspective

The informed investor must realize that in today's global space, operations in virtually all countries (as well as Provinces/States/Jurisdictions) must factor in some degree of Country Risk. In Ecuador, the government seized large gold and silver projects, and offered owners/shareholders little or no compensation. In Guatemala, Peru and on the Chilean-Argentina border, local and legal disputes have placed the development and eventual production of mega silver-gold projects into deferred or even doubtful

status. In Mongolia – where mining revenue could potentially fund fully one-third of the country's GDP, mining licenses have been postponed or threatened with cancellation. Some of these projects will probably work through the thicket of opposition and regulatory complexity they currently face, but the outcome will involve more time, money and patience than was originally factored into the profit-risk equation. Even beyond these considerations, by far the biggest longer-term effect will be the addition of uncertainty to the supply-side equation. How much of the expected silver and gold - in several cases projected to be in the neighborhood of 10-20 million ounces of silver per annum - will find its way into the supply bucket...and when?

Even Canada and the U.S. can be quirky at times on the permitting and regulatory scene. But compared to the issues that have made the news in the aforementioned countries, not to mention a number of highly-prospective properties in Argentina, Mexico has demonstrated a solid continuity. Notwithstanding concerns with drug cartel activity throughout the country and legislation in the works to raise mining royalties somewhat – all things presently considered – Mexico can be regarded as a predictable and stable country in which to do business.

What's an Investor to Do?

Market action since June 28, 2013, which could turn out to be a seminal date has been more than a little interesting. Silver and gold looked to have formed a major intermediate low (with silver posting an intraday print below \$19 and gold around \$1,170). They, along with the mining stocks, then bounced up sharply for several weeks, rolled over for a retest of the recent lows, and shot up vertically, taking silver up by over \$6/ounce and gold up well over \$200. Mining stocks, which for over 2 years have been given "no respect", declining more than two standard deviations from the norm in relation to the price of the metal itself, staged a near vertical rally, lifting many of the better stocks up 50-60% from the lows. That kind of market action calls either for a runaway move to the upside, or more likely a retest into support, plus backing/filling before starting a series of upside moves probing numerous layers of resistance all the way up to \$1,900 gold and \$50 silver.

The process may take awhile, but for those who believe – as this writer does – that the resource sector bull market is far from over, it seems time for investors to do some serious "digging" for 'best of breed' mining producers and top dog exploration plays. The field is littered with dead and dying mining companies – victims of

mines and money

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several years of declining share prices and financing options. But more than a few survivors are destined to come back even bigger and better than before. If you follow the old timers' advice of 'going where the mines are', not to mention the silver, then one almost has to look in-depth at silver mining operations in Mexico, as a destination for a portion of an investor's risk capital.

Sure there's risk to having a market position. In truth, no one can say for sure that this decline is truly over. The strongest confirmation that the bull is alive and kicking will be successful penetration and base-building above the April 2011 highs. Of course by then, the "information risk" at present levels will have been substituted much higher by "price risk".

You might take a page out of Rick Rule's book when he commented this summer about his colleague, Eric Spratt. He remarked, "Eric has always said, 'Don't be afraid to be right'. That's where we are right now...This is the time when the 'A' players go to war!"

David H. Smith owns shares of silver mining companies in Mexico, including Impact Silver, First Majestic Silver, Endeavour Silver, SilverCrest Mines and McEwen Mining. He is Senior Analyst for The Morgan Report: Money, Metals and Mining from David Morgan.

David Morgan, "The Silver Guru" and Editor of TMR presents annually at conferences in North America, Europe and Asia. You can learn more about his services at <http://www.silver-investor.com/> and follow his perspective and teachings at <http://www.youtube.com/user/silverguru>

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—RICK RULE, JUNE 3, 2013, "Rick Rule's Reasons to Buy Gold and Select Gold Stocks," www.Stockhouse.com

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BALMORAL ADVANCING EXPLORATION AT LA MARTINIÈRE PROJECT IN QUEBEC



By Leonard Melman

One of the oldest sayings in the mining exploration world is that if you are going to search for a new mine, one of the best places to look is near an existing, proven property. That is one of the basic concepts involved in the activities of Vancouver-based Canadian junior miner, Balmoral Resources Ltd. (TSX-V; BAR).

The geology of that region of Quebec just east of the Ontario border appeared to be favourable for exploration and development, being located within the “Abitibi Greenstone Belt” which has historically been the most productive gold belt in North America.

During spring 2013 your correspondent visited the company’s project areas in the company of Geologist Richard Mann, the company’s VP-Explorations. He told me that

Detour Gold Trend Project and lies about 27 miles (45 kilometers) from the Detour Lake Mine. Prior to its acquisition by Balmoral in 2010, the property had been worked at periodic intervals dating back more than 50 years to 1959.

Two zones at Martinière currently receiving the most attention are Martinière West and the Bug Lake Fault. Drilling during 2012 expanded the Martinière West high grade zones and exploration drilling led to the discovery of several new high-grade zones along and proximal to the Bug Lake fault. A winter 2013 drill program enabled the company to further delineate and expand known zones on the La Martinière Property and an additional expansion drill program was initiated this summer. Assay results from the 2012 program included 7.85 meters grading 7.64 grams per tonne (gpt) Au including 1.01 meters grading 47.06 gpt Au in Hole MDE 12-77 (Footwall Zone) and 7.05 meters grading 7.66 gpt Au in Hole MDE 12-74, including a high-grade interval of 1.19 meters grading 42.25 gpt Au (Hanging Wall).

Balmoral was created in 2010 and the new company began to assemble a group of properties within Quebec along what company President and CEO Darin Wagner and his staff believed could be an extension of the geologic formation related to the giant Detour Lake Mine where an NI 43-101 qualified report indicated a open-pittable resource of over 15,000,000 ounces of gold.

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Wagner was looking for a potentially prospective but also politically sound area in which to focus Balmoral’s work. The Province of Quebec appeared to fill those requirements.

The company’s portfolio of properties is now headed by their ‘flagship’ La Martinière Project.

La Martinière is located near the center of Balmoral’s

After analyzing results from these programs, company geologists have determined that high grade gold mineralization at the Martinière West Zone can now be traced for over 850 meters, more than doubling the known length of this trend and extending to over 2,000 meters northeast-southwest the strike extent of the Martinière gold system.

Infrastructure at La Martinière includes an exploration camp capable of housing 28 people in tent-based accommodations with running water and diesel powered-electricity.

Additional facilities are available at Camp Fenelon, located at Balmoral's project of the same name 33 Km to the east. Supplies and personnel arrive by road from the nearby town of Amos and the more distant mining center of Val d'Or. Helicopter service from Val d'Or is also available.

In addition to La Martiniere, the company's other projects of particular interest include Fenelon, N2 and Northshore in Ontario north of Lake Superior.

Balmoral is led by an experienced management team headed by President and CEO Darin Wagner and includes VP Exploration Richard Mann and industry veterans Gordon Neal, Corporate Finance and Larry Talbot, Legal Counsel who form the Board of Directors along with Mr. Ross McDonald as CFO.



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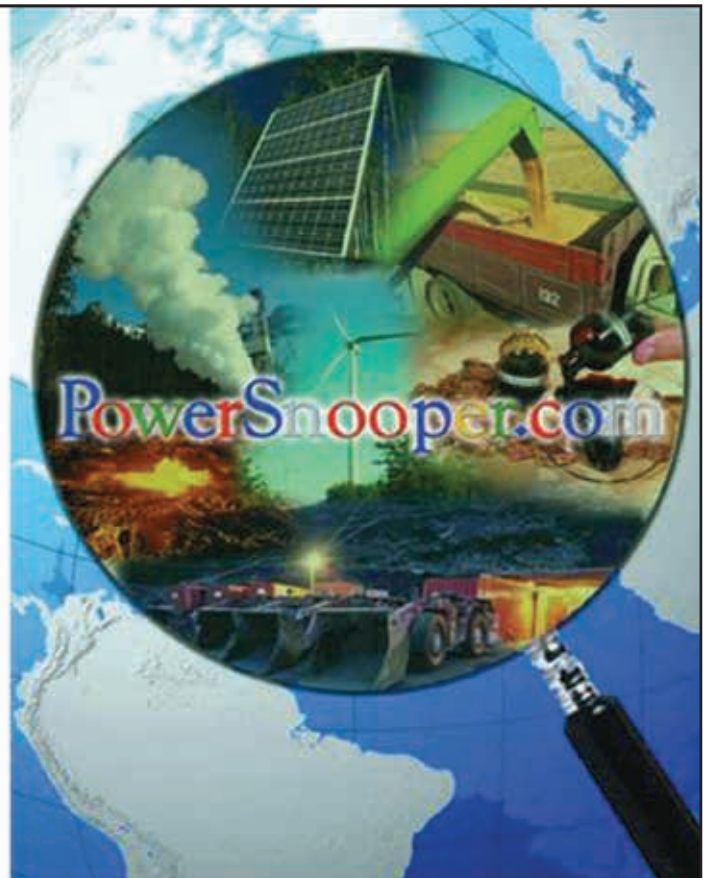
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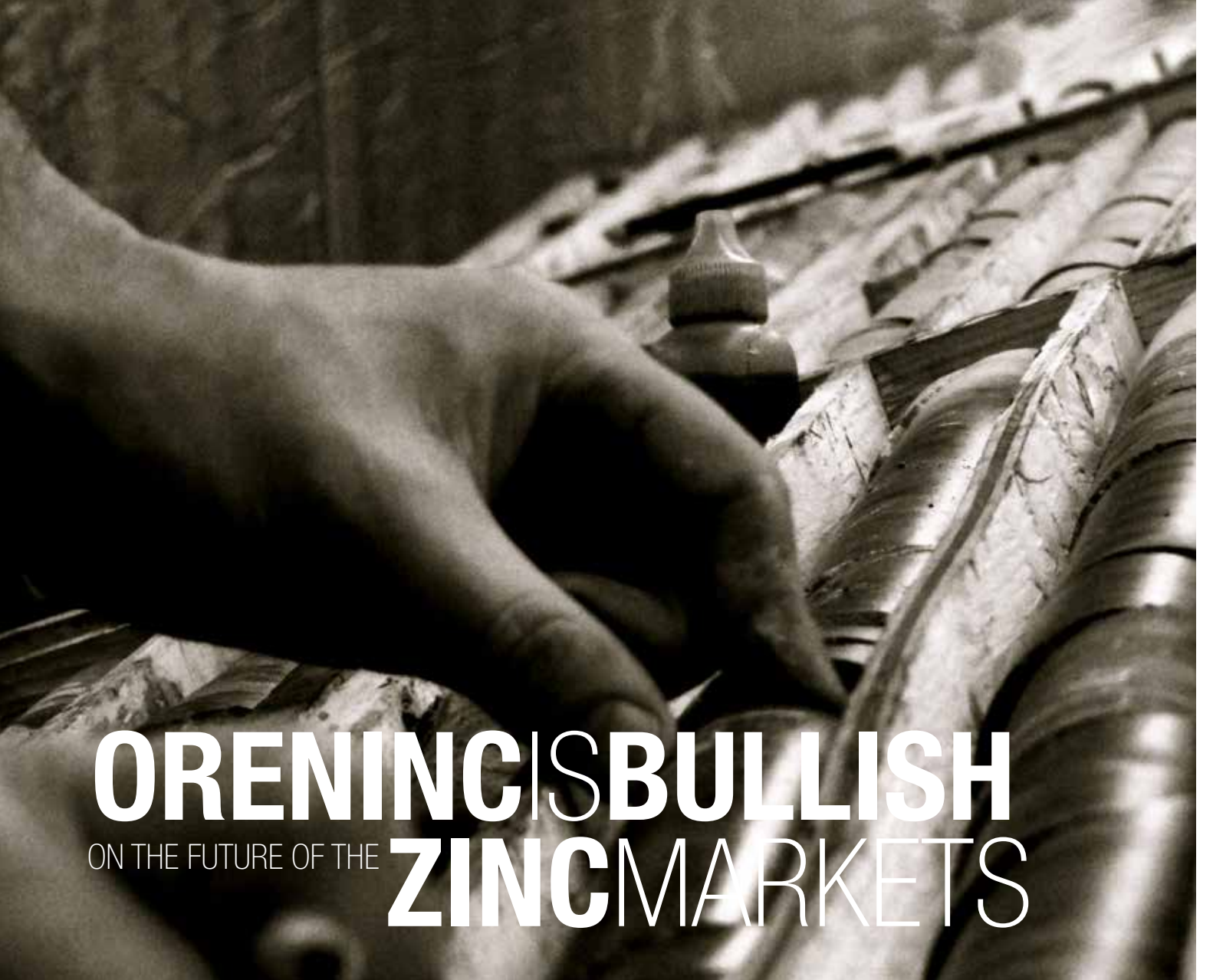
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ORENINC IS BULLISH ON THE FUTURE OF THE ZINC MARKETS

By Benjamin Cox

We are excited about zinc because we feel supply is limited due to mine capacity and demand will stay relatively robust in any economic scenario.

In the short term, zinc production will be driven by the shutdown of significant mines like Century and a limited number of new mines being built to replace them. However, market visibility is confused by the fact that there are resources in the world that can be developed, and the market can and will stay in oversupply if any major

company's focus is turned onto them. However, we feel that most majors do not really care about the zinc market even when prices spike.

We believe that there will be a global renaissance due to a supply shortage for zinc from about 2012 to 2016, but supply will equal demand in the longer term. We think zinc assets are attractive because the market has not priced in supply shortage, but metallurgy, location, and permitting are going to be the three major drivers when deciding which assets to buy.

What Is Zinc? Zinc is the fourth most-produced metal worldwide, surpassed

only by iron, aluminum and copper. It has a variety of uses, such as in alloys, batteries, dietary supplements (or poison, depending on how much), paints, pennies and on lifeguards' noses, but the primary end use for zinc metal is to galvanize steel.

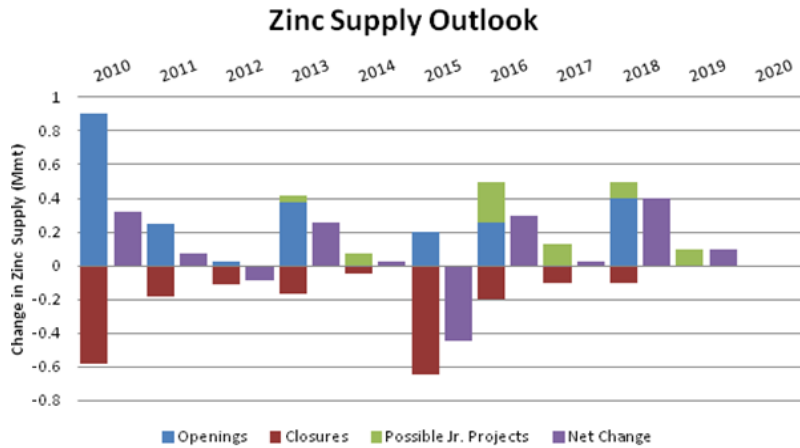
Supply Thesis: Current annual zinc metal production is around 11 million metric tons, of which about 70 percent comes from mines and the other 30 percent from recycling. Currently supply is stable, but mines are shutting down. There is no shortage of zinc in the ground, but there is a shortage of mines that are able to mine it economically, as well as good zinc projects that could turn into mines.

Due to the decades-long oversupply in the zinc market, there has been a lack of interest in the development of zinc properties. Zinc has been a low-margin, lousy business and pretty much ignored

world, over the next decade the current projects on the drawing board are only going to be able to keep supply relatively flat, not increasing. The red, blue, and green bars show the relative amount of

nations are also (presumably) going to make more galvanized steel as a percentage of their total steel production. In 2006, only roughly 20 percent of steel production in China was galvanized steel, as opposed to 50 to 60 percent in the developed world.

Figure 1



by every major mining company. This historic lack of attention, along with the crash of 2008 and the planned shutdown of a significant amount of zinc supply, has created a looming shortage, and with the exception of Hindustan Zinc, no one seems to care, which has resulted in few new large-scale projects that are close to development.

production expected to be gained and lost, and the purple bar shows the net change in zinc supply for that year.

Demand Thesis: Zinc demand is pretty simple. China, India, Brazil, Egypt, Indonesia, Tajikistan, and other developing nations are all growing and want to increase urbanization,

China is currently the world's largest producer of zinc and their recent involvement in close to 20 foreign zinc projects has us convinced they know something we don't about their domestic zinc supply. We, of course, would not dare go out and look at their resources, but clearly either they are running out or they are getting into very high-cost marginal resources, or both. The general market does not yet share our view of China being zinc-constrained. The counter-thesis to our view is that China is completely awash with zinc and is buying projects to stonewall them and keep supply constrained. Our problem with this counter-thesis is that the sheer amount of investment China is putting into these projects is not going to slow them down, but speed them up.

We see the market remaining in slight oversupply for the next year or two, followed by continued growth in zinc demand but supply becoming constrained, creating a good medium-term outlook for zinc prices.

Figure 1: Due to the imminent closures of many of the largest zinc mines in the

industrialization and bling-ification. This will increase zinc demand twofold for two main reasons. The first reason is fairly straightforward: these nations' new 2- to 50-story high-rises, bridges, cars, railroads and soccer stadiums require large amounts of steel. The US, Western Europe and Japan already have all of these wonderful things in ample supply and we don't see significant new demand for steel in these nations driving global growth. The second reason is that developing

Figure 2: World zinc supply and demand estimates until 2020. The no-growth estimate assumes zinc demand stays at 2009 levels. This is possible, but not likely. The low-growth estimate assumes no developed world growth, 1 percent growth in China and 3 percent growth elsewhere. The Oreninc View assumes 1 percent growth in the developed world, 3 percent growth in China and 6 percent growth everywhere else.

CONCLUSION: Everyone has their own view about zinc. Ours is that we need it and soon our mines will not be able to provide enough of it. Just as the global economy begins to recover and developing nations continue to expand, our largest and best zinc mines are closing. It will take time to discover, permit and turn on new mines, and most will not be of the scale to replace those that are going off-line.

Zinc Supply/Demand Curve

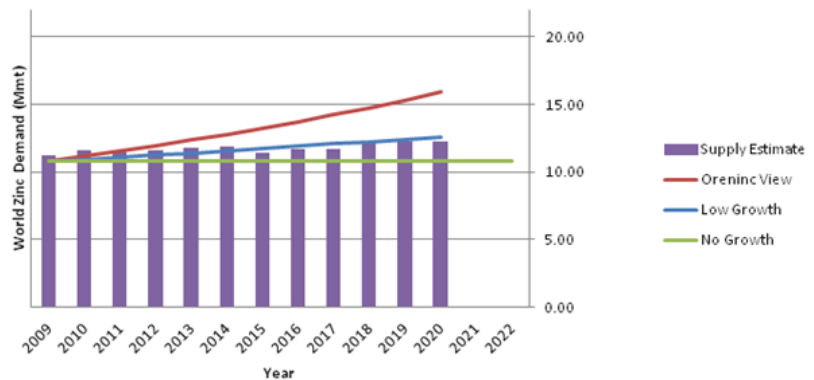


Figure 2

Because of this, we feel that almost any semi-decent zinc project that has the permits and the metallurgy and can get into production before 2020 will be developed, regardless of size. In the longer term (post-2020), we see the zinc market returning to a general balance, either through increasing supply or adjusting demand and we feel that, once again, nobody will care about zinc.



CREAM MINERALS REORGANIZES AND RISES FROM THE MEXICAN DESERT AS AGAVE SILVER CORP

Cream Minerals Ltd. (TSX VENTURE:CMA) (OTCQB:CRMXF)(FRANKFURT:DFL) announces that it has agreed not to proceed with the sale of the Company's Nuevo Milenio Silver-Gold Property as previously announced on July 22, 2013. The Company's Board proposes a corporate reorganization. The company will consolidate its outstanding common shares on a 10 for 1 basis.

Former Chairman Frank Lang has agreed to purchase 6,000,000 shares at 10 cents per share netting \$600,000 in new capital through a private placement. (60% of the Private Placement's subscription) This gives Mr. Lang over 20% of the outstanding shares and effective

control of the new company. Ronald Lang will become the new corporate President & CEO subject to approval of shareholders at the annual general and special shareholders meeting to be held on September 27, 2013.

Ronald Lang, a director and proposed new CEO and President, states, "With the proposed financing and corporate reorganization, the Company will continue to advance mining exploration and development of its silver properties in Mexico and North America with the goal of optimizing shareholder value." The Share Consolidation, Private Placement and Name Change are all subject to the approval of the TSX-V.



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