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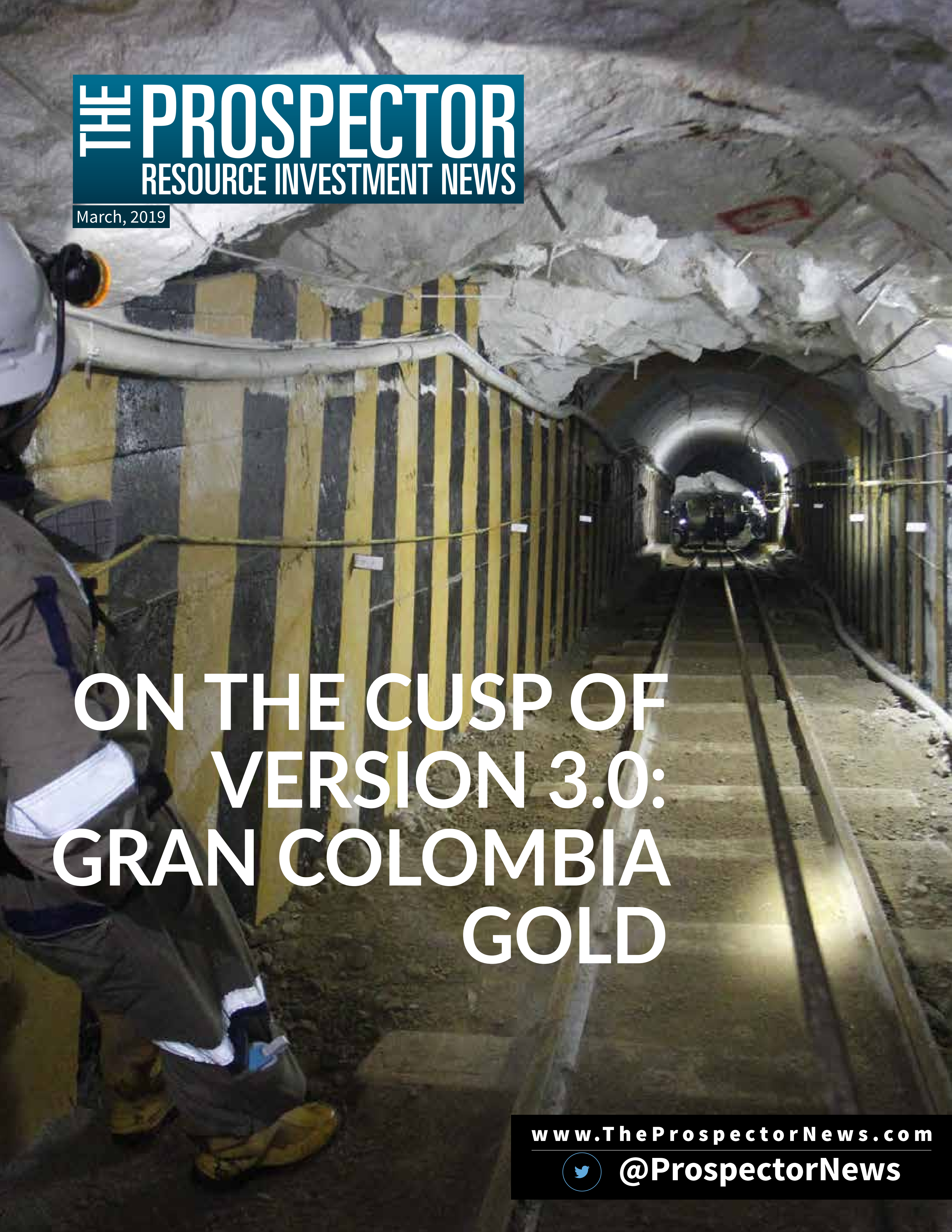

ON THE CUSP OF VERSION 3.0: GRAN COLOMBIA GOLD

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ON THE CUSP OF VERSION 3.0: GRAN COLOMBIA GOLD

UNDERVALUED AND ON THE RISE

By Christian Granholm

"2018 turns out to be the watershed year for Gran Colombia," Mike Davies, Chief Financial Officer for Gran Colombia Gold told The Prospector.

"We've been working on turning around the company since early 2016 - and in 2018 the results all started to come together," continues Mike. "We've moved up to what we would consider mid-tier producer status; we did over 200,000 ounces of gold in 2018 - that's up over 25% from the year before."

Gran Colombia's tale has been enviable. It's like if you said, "I want to start a gold company, work bloody hard, dig up millions in gold and make tons of money for everyone," you'd just look at Gran Colombia and say, "Yeah. Just like them."

They've taken a historic site that's pushed out over 5 million ounces, located in a great jurisdiction, done all the math, put in the work, and now everything seems to be paying off.

So why is their stock trading at $4 with a 52 week low of $2 when GMP's analysts say it should be closer to $6? Mike has some answers.

"We're generating free cash flow. Our costs are well under control. Despite everything we've accomplished, the most exciting part of our story is still to come - it's just starting to get out now - it's beginning to show up in the stock market."

"We've said for a long time that we're undervalued versus our peers. Recently, GMP Securities analysts came out with a $6 target price for our shares. If you look at us, our 52 week low right now is $2.02 and our 52 week high, which we hit this week (Feb 13) is $4.07.

"Looking at our share price performance over the last 12 months, compared to the the TSX Global Gold Index, the way it's been quoted to me is: 'You guys are crushing it,' point blank."

"We're outperforming the index. So it's all starting to come together."

Gran Colombia seems to have hurdled the junior problems that create stumbling blocks for a lot of producers on their balance sheet.

"2018 was also the year we completed the improvements that we wanted to do to our capital structure and our balance sheet, getting rid of concerns people had about the potential massive dilution that would have come from our previous convertible debentures."

"The effort over the last three years to turn things around and really sticking to the things that we can control: what we spend, our costs and the execution of our plans has really come together nicely and is now showing up in the creation of shareholder value in the recovery of market capitalization."

We asked Mike the same question we ask everyone: what's in the bank?

"At the end of December, we reported a balance of US$33 million."

And the same follow-up as always: what have you done with the money you had?

"Over the last three years we've taken our debt, which stood at about US$182

million at the end of 2015, down to the current balance around US$83 million, so that's a dramatic reduction in debt."

"We've taken away a lot of the concerns with our reduction in debt around being too highly leveraged on the balance sheet. The new debt package that came into place last April, which are senior secured gold-linked notes (TSX: GCM.NT.U), have another five years to run as a nice, serviceable profile for taking our remaining debt down. It's all under control."

So if the financials are solid, what's coming out of the ground?

We did 218,000 ounces of gold in 2018. For 2019, we've given a guidance range of between 210,000 and 225,000 ounces. Our approach to guidance is always to under-promise and over-deliver.

WHAT DOES HE MEAN BY OVER-DELIVER?

"We've had a lot of double digit growth the last few years as we've been implementing our strategy at our Segovia operations, beating our guidance each of the last couple of years. This year, I think we're expecting sort of a repeat of last year and continuing to invest in the long term blue sky potential at Segovia, which is the exploration package that we have in our title."

We asked Mike to talk more specifically about their properties.

"We have three projects and one investment but ***the core project is our Segovia Operations***. It's been documented back to the 1850s as site of continuous mining with well over 5 million ounces of gold produced over the past 150+ years."

"It's a high grade property. By the end of 2019, we alone will have taken a million ounces out of Segovia. It was identified in a white paper last July by Mining Intelligence as one of the top five highest grade underground gold operations globally."

"And that was based on producing around 17 and half grams per tonne in the fourth quarter of 2017, which put us in third place in that year. When you look at 2018, Segovia produced 17.1 grams per tonne mined."

"And when you look at where it should place, it should still be in the top five in 2018. So it's a really nice high quality asset with great prospectivity within our title. We're currently mining only 3 of 27 known veins. So we're very optimistic about where we're going to go next."

"Now that we've got a good platform and infrastructure going, we're going to start turning our exploration more towards the step-out and brownfield opportunities in the title to look for the resource and reserve expansion at Segovia."

Gran Colombia's second major project is Marmato, a 'mountain of gold', southwest of Medellin.

"There's currently a small operating mine there that does about 25,000 ounces a year. We're studying it right now looking at an opportunity for an underground mine expansion to increase our production profile in probably a couple years out. We're still in the early stages of the underground expansion review. But it provides us a great opportunity again in another historic mining district in Colombia where we can grow our footprint."

"*Our third project is Zancudo*; it's also a site of past production, also in Colombia. We're not doing anything ourselves at Zancudo at the moment. We've basically optioned it out to IAMGOLD. They've just completed the second year of a six year drilling program as part of an earn-in option toward a 65% interest. So we're keeping abreast of what they're doing but they're just a third of the way through to this point."

"And then last year, we bought a 17% interest in Sandspring Resources, a TSX Venture Exchange Company whose primary asset is the Toroparu gold project in Guyana, which is currently at the feasibility stage."

"We've got a board seat, which our CEO holds. They've also in turn bought into a project we have in Colombia within our Segovia title, in an area that we weren't getting to right away. They got into that so they can explore it and turn it into a production source of cash for them in the near term, while they're really focused on moving forward with the feasibility study on their Toroparu project."

SO WHAT'S THE KEY TAKE-HOME FOR INVESTORS HERE?

"Well, the last time we spoke with The Prospector, you guys said it's like we were releasing 'Gran Colombia version 2.0' and I've been using that a lot through 2018," laughs Mike, "to really help people understand the changes. When we meet with investors, they may be familiar with the name, but often what they recall from looking at us a few years ago is very different from where we are today."

"We need to let them know that we are version 2.0 and on the cusp of becoming version 3.0."

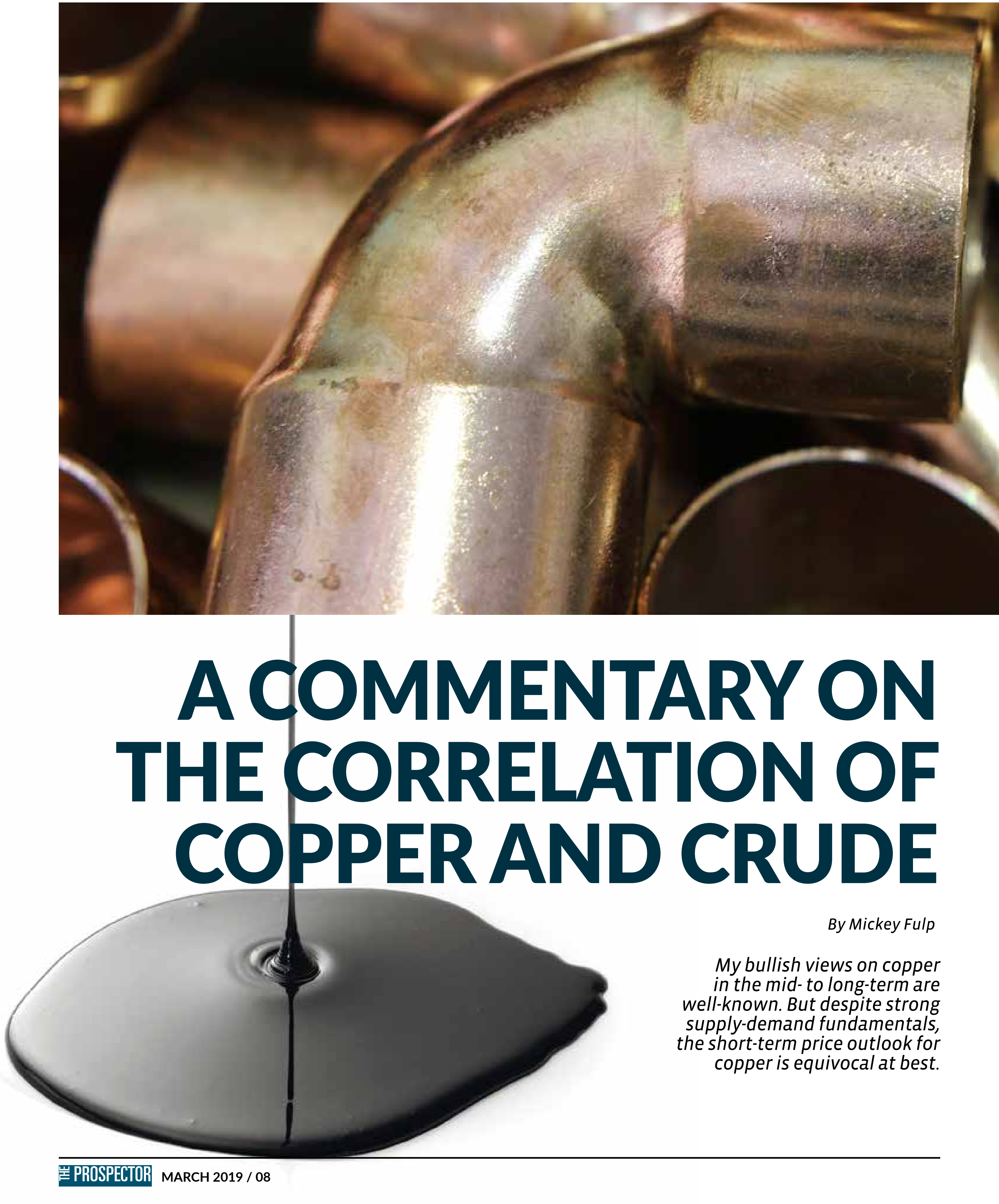
With a growth strategy now leveraging upon the work that we've been successful at - the key thing investors should know is: we're still undervalued.

"The turnaround is continuing; we've begun to unlock the potential at Segovia. And then on a secondary basis Marmato."

There's lots of upside opportunity and share price revaluation.

"The fact that we've recently reached $4 doesn't mean that the run should be done; the GMP analysts set a target price of $6, our benchmarking against peers certainly suggests on a number of different bases that our enterprise value is still well below our peers who are doing 200,000 ounces and US$100 million of EBITDA a year."

"2019 for us will be a year where we can repeat the successes of 2018 in terms of production and cash generation, but now starting to really move the needle towards where we go in the longer term for Segovia and our pipeline of exploration stage projects and that's our key focus," sums up Mike.



A COMMENTARY ON THE CORRELATION OF COPPER AND CRUDE

By Mickey Fulp

My bullish views on copper in the mid- to long-term are well-known. But despite strong supply-demand fundamentals, the short-term price outlook for copper is equivocal at best.

Price uncertainty exists for the entire industrial metal complex due to the ongoing trade dispute between the United States and China. China is by far the largest consumer of metals in the world with America in second place but far behind. Questions regarding a slowing Chinese economy that is also weakened by the tariff snafu are well-founded and have cast a pale over normally robust speculative markets for both hard and soft commodities.

As a result, hedge fund speculators have largely abandoned the derivative markets for industrial commodities with the gross numbers of futures and options contracts at near-historic lows for both the energy and metal sectors.

Regardless of all the ambivalence, students of macroeconomic trends know that the world runs on oil and copper is a leading indicator of world economic health.

Some pundits have commented on a recent price divergence between copper and crude oil, the two most important world exchange-traded commodities. They produced a 17-year chart of prices and noted that since 2002, copper and oil have had a strong positive correlation at 0.84.

Although this is indeed true, we urge caution when looking at such long-term composited metrics as they are often misleading.

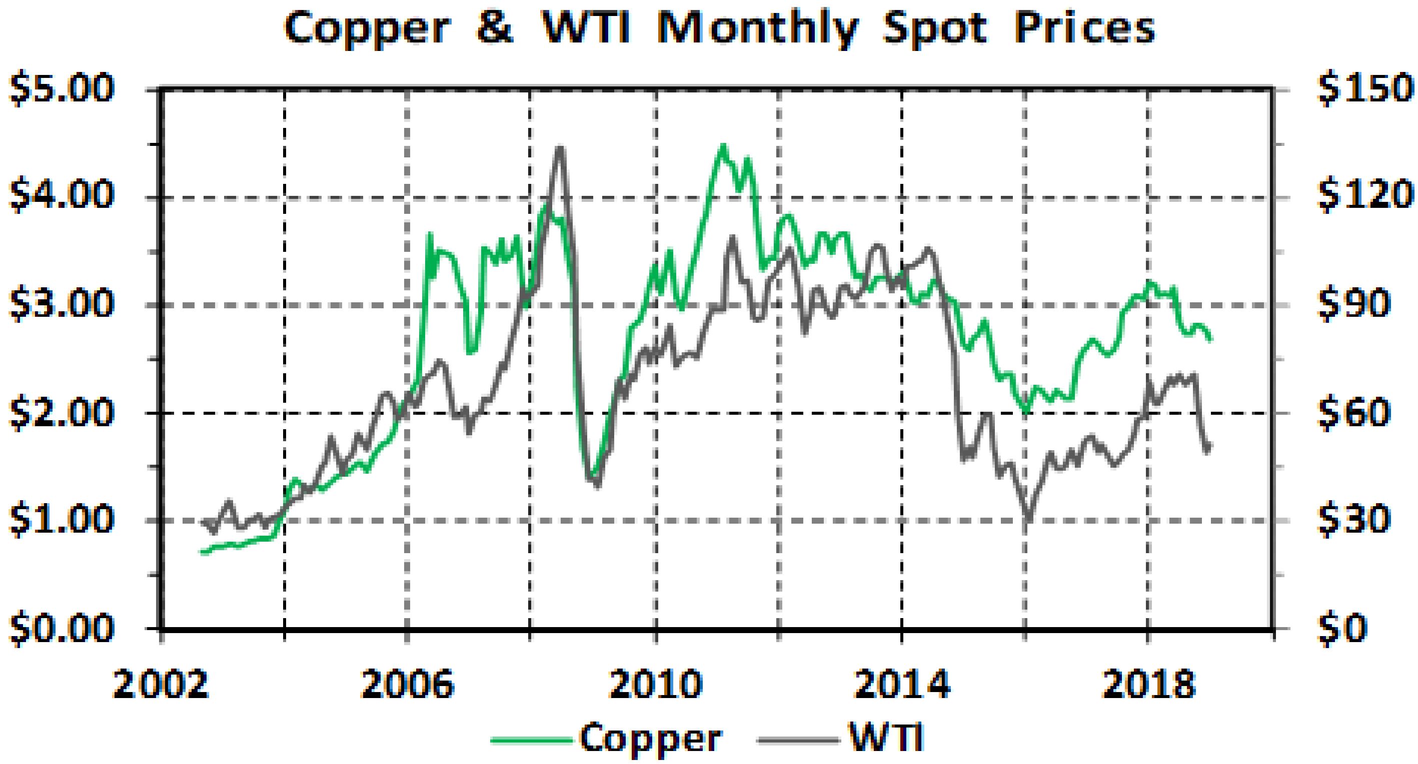
In addition, the case was made that a long-standing price relationship is now changing; i.e., copper and oil prices are no longer correlated. Evidence for this is apparently based on the downturn in the price of oil from mid-October to late-December while copper remained flat from mid-October until mid-December.

I submit that calculating an overall correlation coefficient for 17 years' worth of daily prices for copper and crude produces a fallacious metric that is merely an artifact of the very long time period under consideration.

Furthermore, I opine that extrapolating a two-month contrarian trend to predict a fundamental change in the relationship between two major commodities is neither reasonable nor logical.

And I will show you exactly why in the data that follows.

Our giant (38 megabyte) commodity and economic database includes daily spot WTI oil prices and daily spot London copper prices from August 2002. Sources are the US Energy Information Administration (EIA) and the London Metals Exchange (LME). Here's a composite copper and oil chart of monthly average prices:



For this analysis, we took daily copper and oil prices and computed short-, medium-, and long-term correlation coefficients beginning in the summer of 2002 and continuing to present. Our products include running 20-day, 50-day, 100-day, and 200-day correlation coefficients. For good measure, we also calculated yearly correlations.

Following our usual protocol, we consider coefficients of > 0.6 or < 0.6 to represent strongly correlated spot prices of copper and oil in a respective positive or negative relationship.

Here are the results for strong positive correlations (> 0.6) of copper and crude with percentages of the total days since 2002 or 2003:

- 20-day correlations: 1381 of 4105 daily records for 33.6%;
- 50-day correlations: 1580 of 4075 daily records for 38.8%;
- 100-day correlations: 1659 of 4025 daily records for 41.2%;
- 200-day correlations: 1955 of 3925 daily records for 49.8%.

Our analysis shows that since mid-2002, daily prices of copper and crude have been strongly correlated over particular intervals (i.e., they go up and down together in near-linear tandem) from 1/3 to 1/2 of the time.

Taking our treatment a step further, we determined the strong negative correlations (< -0.6) for copper and crude over the same running time periods. Here are those results:

- 20-day correlations: 217 of 4105 daily records for 5.3%;
- 50-day correlations: 154 of 4075 daily records for 3.8%;
- 100-day correlations: 52 of 4025 daily records for 1.3%;
- 200-day correlations: 0 of 3925 daily records.

The record shows that copper and crude oil are actually negatively correlated (i.e., when one goes up the other goes down in a strong linear relationship) on occasion over generally short periods.

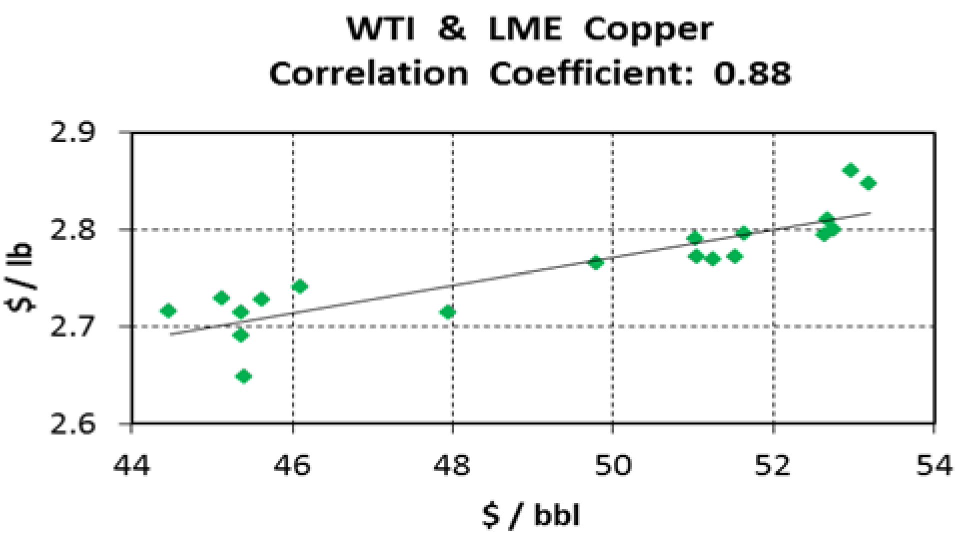
Furthermore, copper and crude oil prices are positively correlated to a significant degree for only six years (highlighted) of the 16-year data set: 2005, 2008 to 2010, 2012, and 2015. With exception of 2012, these were years when prices were either rising rapidly or crashing hard for the entire natural resources sector:

Yearly Correlations	
2003:	0.06
2004:	0.39
2005:	0.68
2006:	0.39
2007:	0.37
2008:	0.91
2009:	0.93
2010:	0.80
2011:	0.26
2012:	0.71
2013:	-0.32
2014:	0.51
2015:	0.82
2016:	0.40
2017:	0.58
2018:	0.16

Regardless of how we dissect the correlation data, here's the gist of the story over the past 16-plus years:

For correlations from as short as 20 days to as long as 200 days and also by calendar year, there is no significant positive correlation of copper and crude oil spot prices for one-half to two-thirds of these intervals.

Now let's look at a scattergram for prices of copper and crude from November 30 to January 9:



Albeit a relatively short-term record, this is indeed a strong positive correlation and further negates the premise that a new price paradigm is emerging for copper and oil.

The strong late November to early January correlation occurred in the face of recent macroeconomic factors that logically should have produced a divergence of copper and oil prices. These include:

- a world glut of oil that caused a major correction in its price from mid-November thru early January;
- a range-bound copper price that was in extreme backwardation until mid-January;
- no end in sight for the trade dispute between the US of A and China;
- very little interest from speculators in derivatives markets that spawned a focus by traders on front-month contracts, i.e., the here and now.

In examining over 16 years of daily data, we see little evidence for a predictably strong relationship between copper and crude oil prices over the short-, mid-, and long-terms. Their prices are strongly correlated in either the positive or negative sense less than half of the time for all intervals and years that we analyzed.

Moreover, statistical analysis of very recent data shows no evidence for a paradigm shift in their price relationship (or more often, the lack of one).

Folks, I think we can conclude only the following for the foreseeable future:

- the world has, does, and will continue to run on oil;

- demand for crude oil will continue to increase by about 1.4% annually;
- copper will remain an all-important industrial metal as world population increases and remote areas in Eastern Asia gain infrastructure and are electrified;
- demand for copper will continue to increase at an annualized 3.4% per year just as it has since 1900.
- future market share of electric vehicles may increase copper demand incrementally in the coming decades but by a very small amount;
- the vast tonnages of copper required for grid electricity, electronics and communications, construction, industrial machinery and equipment, and conventional transportation will continue to dominate its usage.

Finally, we are in full agreement with our peers that copper is poised to soar once American and Chinese trade issues are settled.

The Mercenary Geologist Michael S. "Mickey" Fulp *is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.*
Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.
Mickey is well-known and highly respected throughout the mining and exploration community due to his ongoing work as an analyst, writer, and speaker.
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ETFs ARE THE MODERN-DAY FOOLS GOLD

As a general rule, the most successful man in life is the man who has the best information

By Richard (Rick) Mills

Gold was up slightly on Friday, due partly to continued weakness in North American stock markets; Wall Street was down for the third day in a row and the Nasdaq and Dow were headed for their first weekly losses of the year.

The precious metal closed at US$1,314 in New York, $4.20 higher than the previous session. Gold is up so far this year due to a number of factors we outlined in a previous article.

Among this week's worries, President Trump said he wasn't planning on meeting the Chinese president before a March 1 deadline that, if a trade deal isn't reached, will push tariffs on billions worth of Chinese imports from 10% to 25%. US trade negotiators had earlier suggested talks were going well and a deal could be within their grasp. Worries about slowing growth in the EU and the UK added to the malaise in the markets.

What caught my eye earlier in the week though, wasn't the usual inverse relationship between gold and stocks, but a report about ETFs.

According to the World Gold Council, holdings in gold-backed ETFs hit their highest level in six years, at 80 million ounces. The "paper gold" instruments, which offer investors exposure to the gold price through an exchange-traded fund rather than physical gold or gold stocks, have been on a tear of late. January is the fourth consecutive months of net inflows; $8 billion, the equivalent of 85 tonnes of gold invested over the same period.

My question is, why? Sure the gold price has gone up, prompting retail and institutional investors to bulk up on their paper gold, hoping to catch a decent gain. Or it could be the other way around - big institutional funds buying blocks of ETF shares, increasing the demand for gold held in vaults, thereby causing the gold price to go up. Research confirms it's more the latter.

Either way, if gold investors want an investment to leverage the rising price, at AOTH we believe a gold ETF is the last place they should be looking. The best place? Junior gold miners.

This article will explain the foolishness of gold ETF investing and why it makes sense to stock-pick the right juniors with the best projects.

HOW ETFS CHANGED GOLD

First, a primer on gold ETFs and how they have changed the gold market. Let's start with the basics. An exchange-traded fund sells shares, then pools the money it collects for investing into the areas that fit their objectives, whether it's US market indices, foreign currencies, bonds, commodities futures, or in this case, gold.

ETFs are popular because the investor doesn't have to pick a stock. The ETF holds many investments, all get factored into its price. This reduces the risk of losing on one particular stock, but it also significantly dilutes the potential gains.

Gold ETFs have been around now for about 15 years. They started as a way for the mom and pop investor to become a

player in the gold market without having to go and buy physical bullion (coins or bars) or pick gold mining stocks. Gold ETFs could be bought and sold just like equities, which is really what they are.

At first a niche market appealing to a relatively small investor pool, ETFs have become mainstream. In 2016 when the gold price recovered from an extended slump, inflows into gold ETFs were the second highest on record and accounted for a third of total investment demand that year.

Some gold ETFs track the gold price, either through holding bullion or entering into future contracts. Others invest in gold companies - majors and midtiers, or juniors. If you are considering buying an ETF (at AOTH we don't) make sure you understand what the ETF is investing in. Do your homework.

The first gold ETF to be sold in the US was the SPDR Gold Trust (GLD), which is currently the largest gold fund in the world. iShares Gold Trust (IAU) is another large gold ETF, the VanEck Vectors Gold Mines ETF (GDX) tracks gold mining companies and the Sprott Junior Gold Miners ETF (SPDR) follows a group of gold exploration companies.

While gold ETFs claim to track the gold price, in fact the opposite is true. This means, as stated above, that buying a gold ETF is a trade, not an investment in gold. Bloomberg actually proved it. The news site did a regression analysis of the last 10 years, to try to determine whether gold was influencing ETFs, or vice versa. It found the beta for ETFs tracking gold to be 0.126. The beta for the opposite, gold tracking ETFs, was 0.59, a significantly stronger correlation.

Bloomberg also noted that a third of ETF investing is done by institutions, with the ability to purchase or sell large blocks of ETF shares at a time, allowing them to influence the gold price if enough volume is traded.

Also worth noting is that gold ETFs are the swing trade in the gold market. Central banks buy and sell gold throughout the year (They bought more bullion in 2018 than any year since 1971), as do buyers of gold jewelry, bars and coins.

All other forms of gold buying being equal, then, when investors pile into ETFs the gold price should move up, and if they sell en masse, the price should fall. According to Bloomberg the exact opposite happens.

THE TROUBLE WITH TRUSTEES

As noted, investors really need to read the fine print when buying a gold ETF. Not only do many investors not understand what they are buying, they also misunderstand how safe their investment is.

ETFs claim to be as secure as bullion because the shares are backstopped with bullion that is actually held in a gold vault somewhere. The problem comes if, when, the fund holder decides to go and collect his/her bullion.

He or she would run into something called "counter-party risk," which is a fancy way of saying that nobody is guaranteeing the gold - that is supposedly matched to your ETF shares - will be there when you need it.

Here's how it works: First the investor buys the shares through an "authorized participant", usually a large financial institution. The institution then purchases shares from the trustee, such as iShares Gold Trust. The trustee then gets a custodian (a bank or financial institution) to source the gold and store it for them. Sometimes the custodian assigns this task to another party, known as a sub-custodian.

Already we can see the party, YOU, that owns the gold is three or four layers removed from the ETF investor. Is this looking like a safe, transparent investment?

If the custodian (the bank or financial institution), that has the gold, also known as the "counter-party", were to fail, would the investor be able to claim his gold? Very likely not.

Forbes notes that under London Bullion Market rules, there are no contractual agreements between trustees and custodians or sub-custodians, nor are trustees insured should anything impair their ability to part with the gold. They leave this up to the custodian, which only carry basic insurance on the gold stored in its vaults.

> *Putting it all together, if anything happens to any of the counter-parties, the investor has zero recourse*
>
> *Forbes*

PAPER GOLD

What happens if you sell your gold ETF shares? Well if you sell your ETF, you will be paid back in cash, not gold. That's because when an investor buys shares in an ETF, he becomes a shareholder of the trust, not a gold holder. No different than owning a stock.

A crisis of any severity may demand you have actual gold bullion in your possession. Selling for cash, kind of defeats the purpose of having gold in your portfolio as insurance against financial catastrophe, doesn't it?

At Ahead of the Herd we love gold, but we hate ETFs. If you think the time is right to invest in precious metals, there are really only two alternatives:

- Physical gold or silver. Coins such as American Eagles or the Gold and Silver Maple Leaf coins sold through the Royal Canadian Mint are popular choices.
- Gold mining stocks.

Remember - Gold is the only financial asset that is not simultaneously somebody else's liability.

Know - Gold ETF shares represent a paper claim on gold, not gold itself.

THE BEST LEVERAGE

Historically junior gold stocks offer the best leverage to a rising gold price because of the huge opportunity for gains. Consider this: Say you like Goldcorp right now so you buy 500 shares at C$14.00/sh - a $7,000 investment. Goldcorp (T:G) has a really good first half and the stock price goes to $20. You think that's a pretty good deal so you sell it, pocketing $6 a share. Your $7,000 has turned into $10,000, a 42% gain.

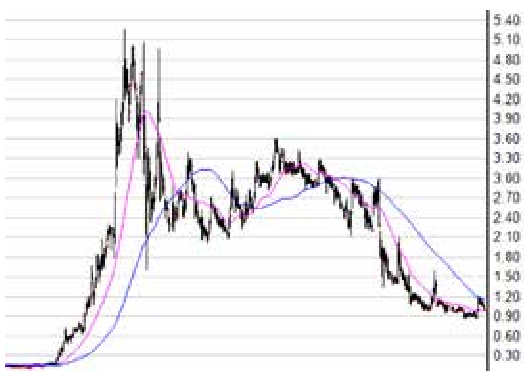
Option two: You find out about a junior exploration company that has a very good project in a safe jurisdiction, with experienced management, lots of cash and plenty of exploration upside. The company is trading at $0.23 a share. You only have $7K to spend so you buy 30,400 shares.

Abour five weeks into a drilling program your junior hits a discovery hole. The share price triples to $0.69. You're smart enough to take the profit, so you sell. Your $7,000 is now worth just under $21,000.

How likely is it that a major gold company like Goldcorp would triple in six months? The odds are set pretty high against you. What are the odds of a gold junior tripling in six months? Reasonably good. Here's one example.

Our junior gold pick, Aben Resources (TSX-V:ABN), hit multiple high-grade zones at its Forrest Kerr property, while drilling in BC's Golden Triangle August 2018. In the first 20 days of August Aben tripled in price from $0.14 to $0.48.

Another junior drilling in the same area, Garibaldi Resources (TSX-V:GGI), had an even more dramatic share gain after hitting a surprise nickel-copper sulfide system. On July 1, 2017 Garibaldi was trading at 33 cents. By October 1 it had run up to $4.01, making the stock a 12-bagger.



Four years earlier, Kelowna-based Colorado Resources (TSX-V:CXO), made a copper-gold porphyry discovery during inaugural drilling at its North ROK property in the Golden Triangle. The stock ran for a month following the discovery, from $0.33 to $1.32 trough to peak, netting investors who got in at $0.33 a 725% profit.

This week RCC Mining and Mineral Exploration Services compiled a list of the best drill intersections so far this year. Among the top 10 were GGX Gold (TSX-V:GGX), which cut high-grade mineralization at its Gold Drop property in southern BC.

Great Bear Resources (TSX-V:GBR) ran after a gold hole at its Dixie project near Red Lake, Ontario.

and Regulus Resources (TSX-V:REG) for a copper-gold-silver intercept at its AntaKori property in Peru.

The day after RCC's report, GGX Gold gained 57.1%, Great Bear Resources was up 29.4%, and Regulus Resources vaulted 11.9%. And let's not forget our newest gold junior pick Max Resources (TSX:V.MXR) already a double going from 0.18 ten days ago to close at 0.38 today.

CONCLUSION

The point is, picking the right company, and selling at the right time, can be VERY rewarding for junior resource investors.

Owning physical gold is a way to preserve wealth against paper currencies which are subject to inflationary pressures and over time, lose their value. Gold is insurance against financial calamity, and at AOTH we think everyone should own some gold bullion, for their own safety.

We saw this recently in Venezuela. Outcast President Maduro reportedly sold over 40% of the country's gold reserves in 2018 in a last-ditch attempt to fund government programs and pay bondholders. Venezuela is experiencing hyper-inflation and extreme unemployment; it is essentially broke.

Recently Maduro tried and failed to find more gold to sell, first from the Bank of England and then through a Russian airliner that landed in Caracas with the intention of shipping out 20 tons of bullion. Amid international condemnation, the plan fell through.

When your country is falling apart, you find bullion to sell, or use as a bargaining chip.

You invest in gold bullion because it's a safe haven. That means you need to have access in times of turmoil – its there when you need it. You buy junior gold stocks because history shows they have the greatest leverage to a rising gold price, and you get exposure to news that could potentially send its shares flying.

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Aben Resources (TSX.V:ABN) is an advertiser on Richard's site aheadoftheherd.com. Richard owns shares of ABN

XIMEN MINING: CATCHING HOLD OF A B.C. GOLDEN RING?

The entire metals' complex (Ag/Au/Cu/PGMs) may be building steam for a near-term upside breakout.

During the last few months, two mega-mergers took place. First, Barrick Gold and Rangold Resources in September, 2018. Then Newmont combined with Goldcorp in January this year to create Newmont Goldcorp, the world's largest gold company.

Mining companies often merge in search of greater operational synergy. But gold and silver producers large and small have an even greater mandate. Every ounce produced leaves one less ounce in reserve or resource. Production pipelines must be kept full, to avoid becoming a wasting asset.

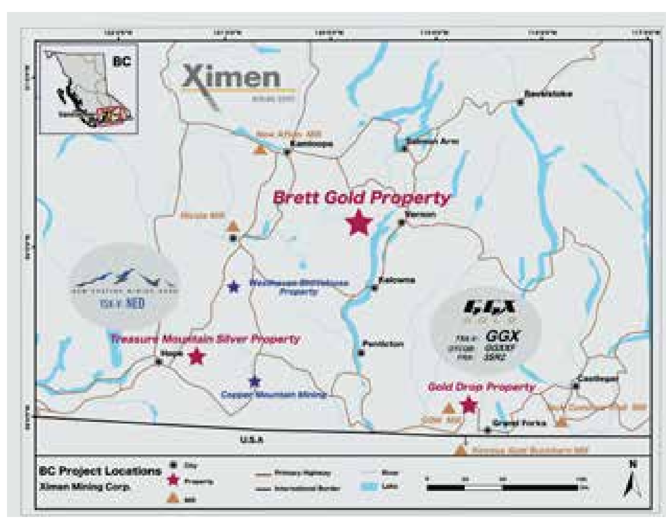
By and large they look to acquire or Joint Venture with an exploration company having the goods, enabling them to keep churning out more metal. A multiple-property explorer you might want to investigate carefully is Ximen Mining Corp.

Ximen Mining owns 100 percent interest in three (two gold, one silver) southern BC.- located precious metal projects. Both the Gold Drop Project and Treasure Mountain Silver Project are currently under option agreements, with the options' partners making annual staged cash and stock payments, and funding their development.

The Gold Drop Project, (2150 hectares) for which Ximen holds drilling and trenching permits, is located in southern B.C's Greenwood Mining Division. It hosts at least 8 low sulfide, gold-silver bearing quartz veins/systems - four of which have been previously worked by excavation efforts varying from shallow shafts to extensive underground workings. This property recently saw a drill hole of 129 g/t gold and 1,154 g/t silver over 7.28 meter core length, the seventh best in the world this year, according to an article on Mining.com.

The Treasure Mountain Silver Project, adjacent to Nicola Mining's Treasure Mountain property and the past-producing Huldra Silver Mine, covers 9500 ha. hosts seven gold, silver, lead, zinc and/or copper occurrences in various regions, some of which have associated historic underground workings.

Over the past two years, Management has followed a consistent path of analysis and strategy in order to hone understanding, and then create an exploration plan for **<u>the Brett Gold Project</u>**. In March 2017, the team undertook further analysis of the 2016 drill holes, including additional sampling of drill core, focusing on intervals with quartz and/or carbonate veining, faulting and epithermal alteration. In Sept 2017, an in-depth look at the project was created via a new 43-101 Report.



In April 2018, Ximen began trading on the U.S. OTCQB Venture Market. This OTC listing, the center of three, is a step up in the continuum which OTC Markets Group maintains, in order to inform investors of opportunities and risks in the sector. Throughout 2018, Ximen expanded its Technical Team.

In 2016, the Ximen Mining Board of Directors decided to divest the Company's non-core precious and base metal assets and **focus solely on its key asset, the Brett Epithermal Gold Project**, along with the surrounding ground making up the Gold District (see the excellent satellite video explaining this transformation here.

With this decision, President/CEO/ Director, Christopher Anderson stated:

> *Ximen is in control and owns 100% of a very large epithermal gold district in southern BC, which has proven to deliver multiple high-grade intercepts, backed up with a successful high grade bulk sample. Things are looking very encouraging.*

- Mineralization on the Main shear zone extends for over 650m.
- Low Sulphide epithermal system.
- Since 1986, 157 holes totaling 22,866m have been drilled.
- Including RC hole of 1.26 oz/t over 55 feet.
- Since 1994, 1506 feet of underground development have been completed.
- A bulk sample was completed with 97% recovery gold.
- 1,400 tonnes of ore (est. 4-5 g/t Gold) have been stockpiled.
- Two new high-grade gold-bearing zones @34.18 g/t Au and 16.7 g/t Au discovered.
- Ximen drilled high-grade gold values on the Main Zone, incl. 24.7 g/t Au over 1.3m.
- Multiple, new, high-grade targets are ready for drilling.
- Underground drilling will focus on defining rough gold grade/ tonnage/zone.

The 2011 (cyclical) bull market top in gold and silver took down the entire mining sector, washing away many an exploration company, leaving others moribund, with no financingor money to operate, and no plan of action for recovery. The 2016, 6 month run up failed, giving back most of the upside. Throughout all this, Ximen Mining was a survivor. Triaging their properties, they directed available resources to the most compelling one - the Brett Gold Project - and achieved cash flow by optioning the rest.

Right now, the technical analysis, sector merger activity, and investor sentiment evidence is compelling that one of the longest cyclical bear markets in mining history is ending. Several top-flight analysts have stated that over the next few years, the coming secular commodities bull run is going to be one for the history books.

Given this, investors should direct their decision-making toward companies with good projects, a solid exploration team, and proven management that can adjust to changing market conditions while moving decisively to successfully execute their game plan. CEO Anderson's outlook shows he gets it, saying *"Gold mines are not found, they are made. A few key ingredients consist of persistence, patience and of course, the ever essential abundant presence of some high-grade gold, topped off with a lucky streak that aligns with Mother Nature."*

More often than not, that kind of luck favors the prepared mind - as well as investors who take advantage of it.

THE RUST FACTOR: OSISKO METALS TO THE RESCUE

HOW OSISKO METALS WILL HELP TO KEEP THE WORLD SHINY AND BRIGHT

by Christian Granholm

North America has two very big problems that not enough people are talking about.

One, our infrastructure doesn't last long enough. Too much of the rebar used in concrete isn't galvanized and it rusts in half the time it should.

And two, emerging powerhouses like China and India need the same quality in materials to keep new projects such as bridges, buildings and even automobiles from rusting away too early in today's world where sustainability is key.

Osisko Metals has a made-in-North-America solution.

"The main use of zinc is galvanization," explains Jeff Hussey, President and CEO of Osisko Metals.

"Sixty percent of the global zinc market is used for galvanization of steel in infrastructure projects and for vehicles so that cars don't rust," says Jeff.

"When we look at China and India they want the same things as we do: a car that doesn't rust out in a few years. So in response to market demands, they're increasing the amount of galvanization in their vehicles."

"As their economies develop and their middle classes grow further, they're also purchasing more vehicles every year."

"In the case of global infrastructure projects, today's standards demand sustainable infrastructure, which means that the rebar that goes into the concrete needs to be galvanized so that it lasts more than 50 years. Galvanized rebar can help concrete last 100 years or more. That's what everyone wants in infrastructure projects. All of which is directly impacting the demand for zinc as the galvanizing ingredient in structural steel."

Osisko Metals is an emerging exploration and development company with a focus on zinc. The company's flagship, the Pine Point Mining Camp, has an Inferred Mineral Resource of 38.4 Mt grading 4.58% zinc and 1.85% lead, making it the largest high-grade, pit-constrained zinc deposit in Canada.

WHAT'S THE SUPPLY RIGHT NOW?

"Well, critical levels are 10 days consumption and we're at about five to six days right now. So we're at very low critical levels. However, there is a disconnect in the market due to the US/China trade wars that are going on."

"The price dropped in June of last year, following the announcement of tariffs on steel by the USA, the zinc price dropped from $1.50 - when it was forecasted to be $1.75 for the next two years - it went from $1.50 to $1.00 and has rebounded to about $1.20."

"But the backdrop has not changed; the zinc metal supply is still very low. So any uptick in demand, either from Chinese or US stimulus, from central banks on infrastructure projects, is going to stress the supply even further."

"And what we can predict in the foreseeable future is that zinc is going to be a commodity which is going to rise in value. And so the core of our strategy, to focus on zinc assets, should create value."

"With that in mind, we have secured two of Canada's premier zinc mining camps: those being the Pine Point Mining Camp and the Bathurst Mining Camp ."

"As previously mentioned, we announced our Maiden pit-constrained resource for Pine Point in December 2018. We're also concurrently advancing the Key Anacon project in Bathurst. That project was in private hands for over 60 years. We're preparing to release a Resource Estimate for Key Anacon shortly."

"Two years following our entry into Canada's premier zinc mining districts, we're producing two Resource Estimates and moving forward to create value."

HOW MUCH DO YOU HAVE IN THE BANK RIGHT NOW?
"We're currently sitting at about $17 million."

WHAT ARE THE NEXT STEPS?
"What we're doing now is telling our story to investors and it's a very good one. If you look at Pine Point, there's 3.9 billion pounds of zinc and 1.6 billion pounds of lead in the ground."

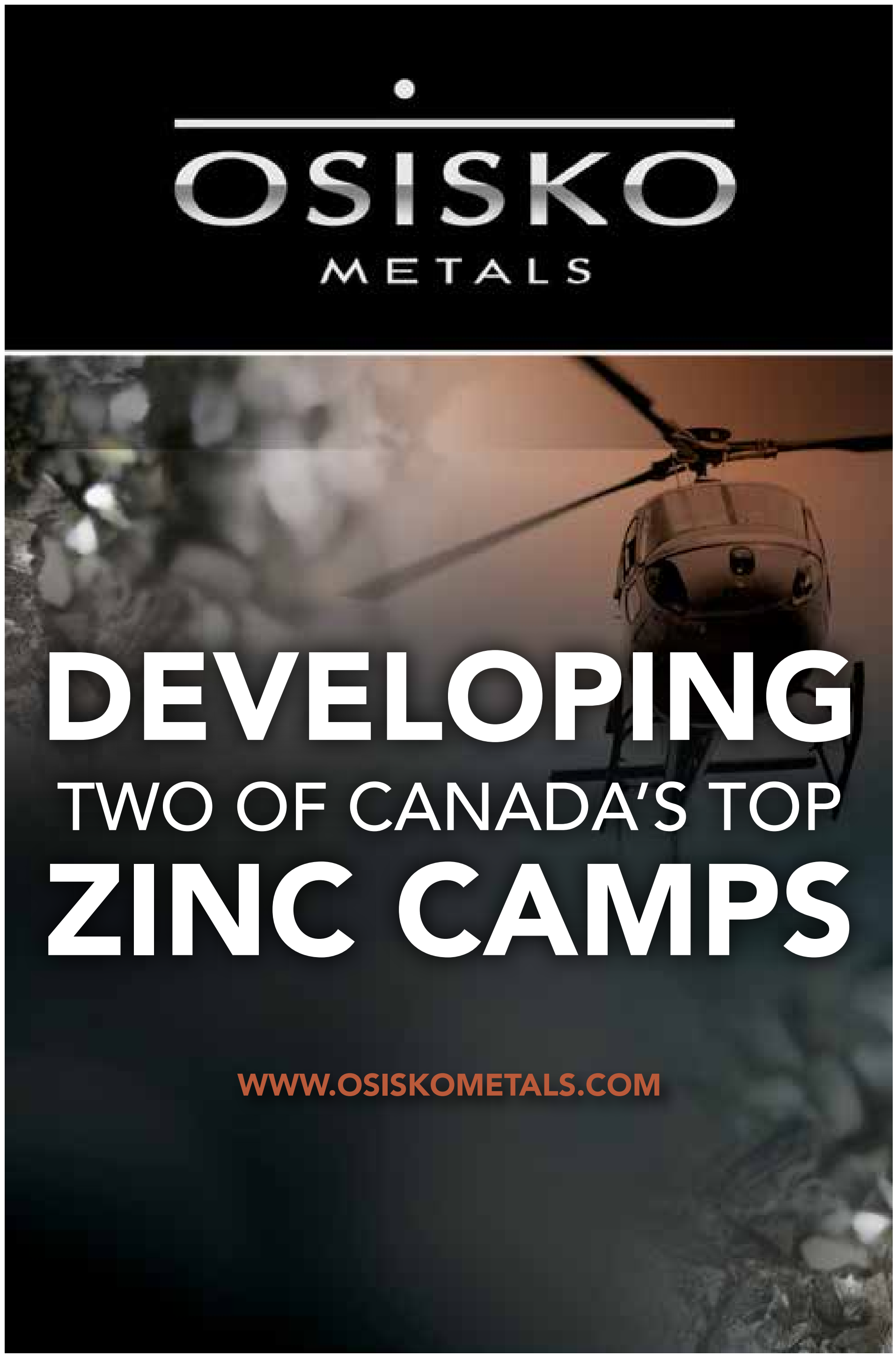
"We want to release an updated Mineral Resource Estimate for Pine Point prior to year's end and then kick-off an economic study in 2019."

What we want investors to realize is that we're bringing the market current resources - this is not just an exploration story but also a development story - which we can quickly perform economic studies and go towards permitting and eventual development. The beauty of both projects is that all of the expensive infrastructure is present. This reduces the capital expenditures necessary for an eventual mining project.

"Lastly, we're working hard in Quebec at what we call the Quebec Genex Projects, where we're exploring a new geological model and testing drill ready targets across Quebec. So we're active in three provinces."

Jeff closes with what he calls a 'tidbit', which is actually enough to warrant an article of it's own.

Now's an opportune time for investors to get involved in Osisko Metals since we're trading close to our year low. With all of the work from the last year of drilling over 100,000 metres converting historical resources and the milestones we expect to accomplish and the aggressive marketing we'll be doing, 2019 will be a promising year for investors.



A YEAR IN THE LIFE OF FED CHAIRMAN JEROME POWELL

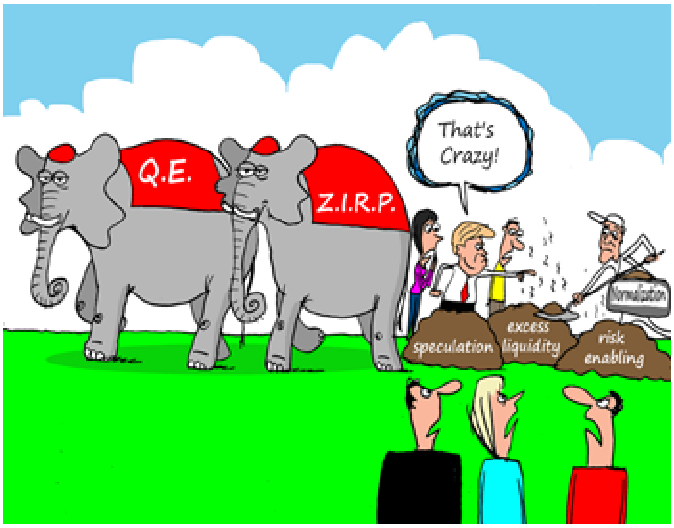
With all the attention of the time over the Trump-Congress battles, trade wars and the like, one can be forgiven for forgetting that an important milestone was reached on February 5. And that is, the first anniversary on the job of Fed Chairman Jerome "Jay" Powell.

by Chris Temple - Editor and Publisher
The National Investor

Here, I look back at a very rocky first year on the job for the suddenly-queasy Powell:

➔ As has often happened to others, Powell immediately faced a sharp stock market correction as he was sworn in on February 5, 2018. Despite that, Powell was resolute that the central bank's game of "Monetary Jenga" (i.e.--a methodical, well-telegraphed "normalization" of monetary policy) would continue for the foreseeable future. Markets shuddered for a while over the idea that Powell meant business and would no longer allow the Fed to implicitly guarantee investors' moves.

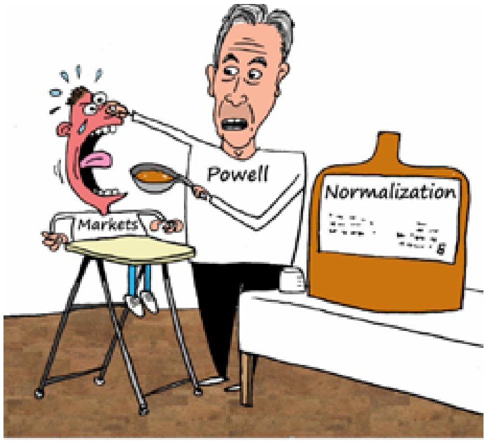
➔BUT as time went on, brickbats started coming from those worried Powell was taking away the proverbial punch bowl too energetically. ***Among his most vociferous critics, we know, was one Donald J. Trump, the president who appointed him.***



Even Yours truly questioned whether Powell understood that the Federal Reserve is the de facto central ***bank of the world***, given the dollar's reserve status. While markets and the economy in the U.S. remained fairly strong, the Fed's tightening and the resulting rise in both the U.S. Dollar Index and rates was having a marked affect in foreign markets.

➔Chairman Powell was unmoved, however; and most notably, early in October, gave a speech that ***really*** sent the markets into a tizzy. He essentially said that the central bank was nowhere near a "neutral" policy yet, suggesting ***several*** more rate hikes ***still to come***.

Indeed, he even suggested that the Fed might have to "overshoot" its target; i.e. -- raise rates to beyond the still-elusive "neutral." More than in February, markets started to rebel more broadly after this, as Powell ***still*** seemed on course not only in his hawkish policy, but in deliberately letting more air out of markets in the process!



"Now, this is for your own good."

Just as the monster turned on its creator in that classic 1931 version of *Frankenstein*, the markets (chiefly, it must be noted by me again, a "creature" of one of Powell's predecessors, Alan Greenspan) turned on Powell big-time, the fourth quarter of the year featuring a near-free fall at times for markets.

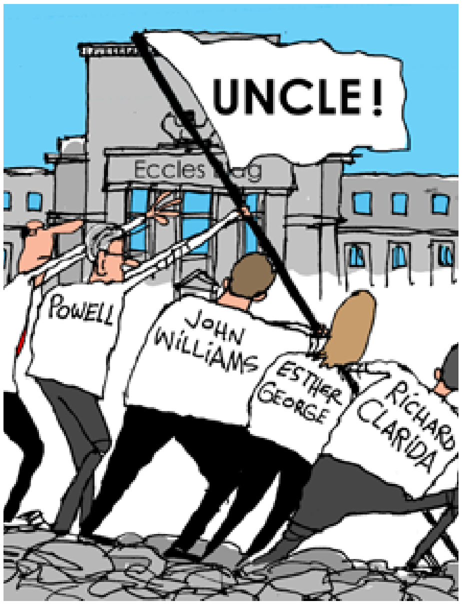
And others joined President Trump's chorus: that the Fed was about to kill the economy and was being far too hasty (if not "loco" as The Orange Wonder described Powell and the central bank.)

AND THAT WAS ALL A BELEAGUERED POWELL – AND FED – COULD TAKE.

So – channeling the iconic memory of American troops claiming Iwo Jima in 1945 as the war in the Pacific was ending – so, too, did the Fed engineer its own flag raising outside the Marriner S. Eccles Building in Washington, D.C.

Iwo Jima – 1945

At its January meeting, in fact (as I reported immediately afterward) the suddenly-pliant Fed went ***well beyond*** what the markets were expecting, essentially taking any further rate normalization off the table indefinitely.



Washington, D.C. – 2019

Once upon a time, it took a then-notorious "hawk" -- Paul Volcker -- about ***three years*** to make the transformation from hawk, bond vigilante and inflation tamer. . .to a "dove" who enabled "Reaganomics" and an EXPLOSION in debt. ***That latter, as I have often pointed out, was the most important legacy of Volcker; one which solidified the Fed as the friend--not the enemy--of asset bubbles of all kinds***.

As Volcker did, I have said from the start that Powell would be able for a brief time to try to bring back some sanity, market pricing, price discovery and the like to Wall Street and the credit markets. But after a generation of on-again and off-again bubble blowing. . .the more recent phenomena of ZERO interest rates and quantitative easing. . .and the fact that our fractional reserve banking system is FAR more stretched than it was in Volcker's day, I never thought Powell had three years' worth of life as a hawk ahead of him.

INDEED, IT TOOK MR. POWELL

JUST UNDER ONE YEAR TO MAKE THE TRANSFORMATION TO DOVE!

➔Especially as central banks in the rest of the world have recently tilted to an even more "dovish" tenor themselves–the European Central Bank most recently and notably backing away from what little "normalization" they had previously promised, and as the Peoples Bank of China has likewise embarked on RECORD money printing--you have a sense of what might lie ahead.

In the wake of the Global Financial Crisis that came to a head in 2008, it took all these various unprecedented moves to keep the world from slipping further into deflation/depression. For a while, the bankers and others managed to re-blow the bubbles that lost their air back then.

The sobering thought today is that these same measures--and likely MORE to come--are now needed ***merely to keep things from slipping backward anew***.

HAPPY ANNIVERSARY, JAY!

PLAYER ONE IS READY

AMERICAN MANGANESE POISED TO BECOME FIRST GLOBAL RECYCLER FOR LI-ION

By Christian Granholm

American Manganese Inc. wants to be the industry leader in recycling spent electric vehicle lithium-ion batteries.

The pilot plant developed by American Manganese

2018 was a make-or-break year for the tiny Canadian company with the big patent. With positive results from their pilot plant project, hinted-at-but-still-secret deals possibly brewing with foreign powers and a new MOU with a Netherlands-based materials provider, the critical metal company is poised for **it's** biggest year to date.

Larry W. Reaugh, President and CEO of American Manganese

"2018 was a big year for us, especially towards the end of the year - all the work we'd put in over the first three quarters has started to come to fruition," Larry W. Reaugh, President and CEO told The Prospector.

> *We've got approval for our patent application with the US government," confirms Reaugh. "So for all intents and purposes, we have that patent and we're just waiting to get a number for it. I know how many patent applications come through the US office each day so really that could happen at any time now.*

This vital, game-changing patent Larry refers to covers his proprietary process for the recovery of metals from lithium-ion batteries such as cobalt, lithium, nickel, manganese, and aluminum. By utilizing an innovative combination of reagents and unit operations, American Manganese (AMY) can provide 100% extraction of cathode metals at battery grade purity.

The patent approval comes at a critical juncture in American Manganese's business development, timed perfectly to take advantage of advancements in testing the physical hardware.

"Of course the other thing right now is the pilot plant," says Larry. "It's reached a point where we're actually running material through stage one and two - this is another big milestone for the company."

According to the steps laid out by Larry, the stages of recovery are as follows:

Stage 1
Pre-treatment of cathode material
Stage 2
Leach of active material
Stage 3
Purification
Stage 4
Recovery of base metals
(e.g., nickel, cobalt, manganese)
Stage 5
Lithium recovery and water recycle

"So looking into the immediate future here, we will have all of the test results back from the pilot plant testing shortly. That will move us into the next phase."

We've spoken to Larry before about the ramifications his tech might have on political levels. It's no secret that the demand for recycling li-ion batteries is a global and mounting problem. True to form, Larry remains cagey when discussing anything he may have in the works.

"Politically, I can't speak to that right now," he says firmly. "I have been contacted – we're receiving inquiries and interest from private and governmental agencies. I cannot say anything definitive or more."

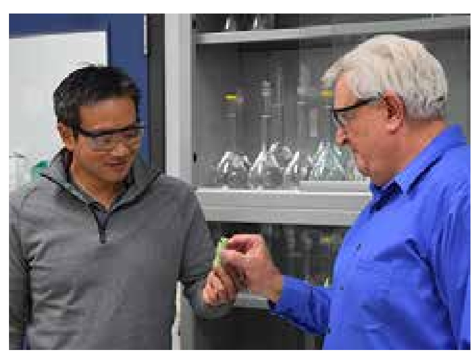
"I can add that there are movements afoot to make recycling mandatory. And that's all I can say about that at this juncture."

"But we've got lots of interest in the company right now. That's always a good sign of things to come."

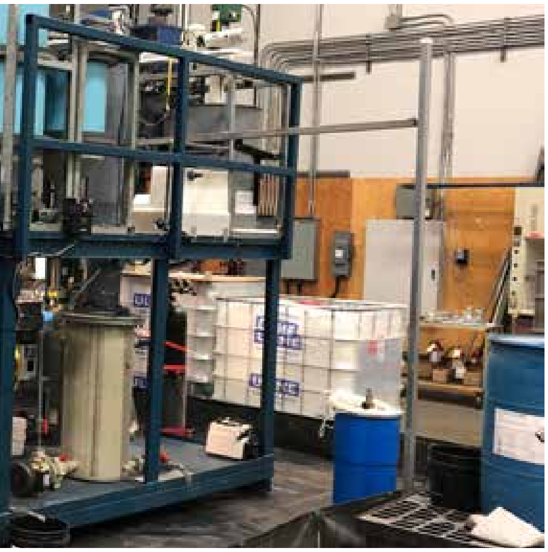
Despite all the positive news, AMY has seen a dip in share price, which is unwarranted given their poised position.

"The only bad piece of news we have is that despite all the good news, our price has dipped a bit. But that's something that we will overcome - it just means there's a lot of value out there right now for us, even more than usual."

That value should see an uptick soon as word of their MOU and its ramifications become clear. The partnership would enable AMY to import raw materials, from discharged and disassembled batteries, needed for recycling in a cost-effective manner.



Norman Chow of Kemetco (left) who are the research contractor for American Manganese



"The Netherlands group, Battery Safety Solutions, has developed a method to completely discharge spent batteries and harness their energy for use in their disassembly process," says Larry.

"They sent us 20 kilograms to test and everything about that part of the process is all very straightforward."

"We were able to recover more than 90%, closer to the mid-90's, of all the cathode materials."

"They have a proprietary system that is the perfect marriage for our technology and for our two companies. The timetable to cement this relationship I'm looking at is probably a year and a half away."

Larry says their material is safe for transport, and can be sent by any number of shipping methods, thereby reducing any of the costs usually associated with shipping hazardous materials.

The patent for the recycling process has been approved says Larry, but the final, crucial step is receiving the patent number. However, they still are fully protected in 152 countries and jurisdictions.

"That's what we're waiting for. As soon as they issue the number we have everything we need and we can get to the next steps."

"The big news, the momentum that we're building on from last year is threefold: first, there's getting the pilot plant up and running, then there's the patent getting approved and finally there's the MOU with the Battery Safety Solutions."

"Everything at American Manganese is looking positive. We are on track, hitting our milestones and firmly focused on next steps," says Reaugh.

And with the global market for li-ion batteries ever increasing, as well as the resulting waste material being produced by dead batteries, American Manganese couldn't come at a more critical time.

"There's a lot of money in lithium ion batteries," says Larry. "If you do a little bit of math on the cathode materials, you'll see that for example, in 100,000 electric vehicle batteries of NMC-111 chemical composition there is an estimated $340 million worth of ore components. Looking at the global market it's staggering what is there, waiting to be recycled."

RETHINKING MINING STRATEGY

DELOITTE REPORT EXPLORES TOP 10 INDUSTRY TRENDS FOR 2019

By Andrew Swart

Produce the highest volumes of ore at the lowest possible cost.

For many years, this was the cornerstone of strategic planning in the mining industry. The result was a drive to build ever-larger mines in pursuit of superior returns in a world of constantly-rising commodity prices. Although that bubble has long since burst, many mining companies are still struggling to break free from this mindset.

In today's complex mining environment, companies can no longer anchor their strategic planning cycles around merely producing cost-effective ore. However, many miners have not yet sufficiently broadened their strategic outlook to take a range of critical industry shifts into account—the role of individual assets in the portfolio, balancing risk and return, the path of value creation, etc.

Forward-thinking mining companies are taking steps to reposition their outlook by revisiting their underlying business models and making new strategic investments. While it is currently unclear whether these moves will be sufficiently far-reaching or radical, one thing is clear: management teams serious about long-term value creation must put strategy at the heart of their board-level conversations.

CONSIDER PUBLIC INFLUENCE

The industry is shifting in ways many executives never anticipated. A great example is the rising voices from consumer groups that have historically been silent. Unlike retailers, telecommunications companies, or other consumer-facing businesses, mining companies have never truly answered to the broader “public”.

That’s all changing as users of smart phones (which contain more than 62 different metals) and drivers of electric vehicles (EVs)—which rely on increasingly in-demand commodities such as lithium, graphite, cobalt, copper, titanium, aluminum, nickel, and manganese—start questioning whether the metals and minerals in their end-products have been ethically sourced.

Consumers are not the only stakeholders altering industry dynamics. Governments and communities have also become more vocal over the years and possess the power to delay or even shut down projects if their needs are not adequately addressed. As a result, corporate social responsibility (CSR) initiatives, which were once approached as mere compliance exercises, are now morphing into stakeholder engagement programs, and social license to operate is becoming a pivotal strategic issue that will either differentiate mining companies or derail them.

PICK WINNING ASSETS

A similar strategic struggle is taking place at the portfolio level, as mining companies attempt to select the “best” assets. The issue is that, while certain assets look good on paper, their return profile could be compromised in practice. Consider world-class ore bodies located in politically risky geographic regions, where government demands are taking the form of higher royalties, resource taxes, growing requirements for local beneficiation, and even reclassification of key commodities as “strategic”. This would imply a specific set of capabilities to capitalize on those ore bodies and execute on that strategy.

An equivalent challenge exists in regions where key inputs, such as energy and water, are scarce. Energy alone can account for up to 30 per cent of a mine’s total cash operating costs, when the consumption of grid power, diesel, liquefied natural gas, and compressed natural gas are taken into account. At the same time, global capital expenditure on water and wastewater by the mining industry is expected to rise by 23.5 per cent, to US$1.64 billion by 2019.

Hindered by fluctuating energy prices and the difficulty of placing a true value on water, mining companies must continually readjust the relative value of their individual assets—especially where their carbon and water footprints vary from mine to mine and region to region. The strategic implications of this cannot be underestimated.

BROADEN YOUR STRATEGIC OUTLOOK

Looking at these factors alone—consumer awareness, social license to operate, geographic risk, and access to input commodities—it becomes clear that mining companies must take an ever expanding range of issues into account when setting corporate strategy if they hope to create competitive portfolios robust enough to generate value across multiple scenarios.

When done well, strategic planning cycles consider a range of issues in addition to producing at lowest cost, including the role of individual assets in the portfolio, the path to value creation, the balance between risk and return, and how the company is differentiating itself in the eyes of its stakeholders. These key choices should ultimately drive a mining company’s investment allocation strategy, the partnerships it creates, and the kinds of capabilities it decides to build. Successful companies will be those that give thoughtful consideration to the composition of their portfolios and offer a more unique investment.

Rethinking mining strategies is just one of several important trends to watch for over the next year. Other trends in Deloitte’s 2019 Tracking the trends report include, harnessing the power of analytics and AI, managing risk in the digital era, how sustainable shared social outcomes drives success, exploring the water-energy nexus, reimagining mining talent, decoding capital projects, operationalizing diversity and inclusion programs, and how EVs and battery minerals provoke the desire for provenance.

To read more about each of these trends visit Deloitte’s website and download the full report.

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