



# PROSPECTOR

RESOURCE INVESTMENT NEWS

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AMERICAN  
MANGANESE CEO  
**LARRY REAUGH**  
HAS THE ANSWER  
TO THE WORLD'S  
BATTERY PROBLEM



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# THE ANSWER TO THE WORLD'S BATTERY PROBLEM



By Christian Granholm

*Where will we get the rare metals we need and how will we recycle them?*

It's fair to say that in many ways, Elon Musk has led the charge to bring Electric Vehicles into the lives and onto the streets of North Americans. But it's also fair to say that charge has become a tumult of competitors, each increasing the size of the wave as it gathers strength and crashes against the shore of gasoline-powered polluters.

Across the sea, Volkswagen, reeling from their diesel-doping scandal, is launching an electric-car offensive, with more than 10 electrified models expected by the end of next year and over 30 new battery-powered models by 2025.

Volvo announced all its new models will have electric motors as of 2019. BMW will have an EV Mini by 2019. Domestic manufacturers in the States have similar and even grander plans.

However, what they all have in common is one giant problem that's about to bring the EV market to a screeching halt.

## WHERE WILL WE GET ALL THE COBALT?

Lithium ion batteries come in many different flavours. Lithium-manganese-dioxide (using about 61% manganese) is one of the many possible configurations but by far the most popular right now is lithium-nickel-manganese-cobalt-oxide.

The lithium is plentiful and relatively easy to come by. Nickel is also not hard to source. Manganese, also in comparatively good supply (American Manganese happens to be sitting on a mountain of it at their Artillery Peak, Arizona site). But cobalt - cobalt is the chink in EV's armor.

First off, there aren't many producers.

There are even fewer sources that are eligible for pure cobalt extraction (much of the cobalt produced comes as a by-product of nickel/copper mining). And it's the location of the source mines that is equally problematic.

China is the big supplier. The DRC produces 56% of all the world's cobalt. Places that have many in the US Defense industry sweating their strategic bullets (cobalt is necessary for the development and manufacture of many weapons platforms).

At the same time that demand is about to skyrocket, governments around the world are demanding that manufacturers find better ways of recycling the batteries currently in circulation and about to expire.

In 2020, more than 356,000 LiOn batteries will reach their end of service life. Canada, China and the European Union have all set demands for increased recycling targets.



Necessity being the mother of invention, it appears we have a new

*Larry Reaugh, President and CEO of American Manganese Inc., says it's market pressure, and good luck, that led his firm to stumble upon the answer to the world's battery problem.*



white knight leading us towards an era of economically feasible recycling and resource management. And not a moment too soon.

Larry Reaugh, President and CEO of American Manganese Inc., says it's market pressure, and good luck, that led his firm to stumble upon the answer to the world's battery problem.

"Falling manganese prices meant that given the existing technology, Artillery Peak was not economically viable for commercial development," explains Larry.

**“** So, we decided to go back to the drawing board and come up with better methods of extraction. **”**

In partnership with Kemetco Research, American Manganese researched and developed a new process to extract manganese. Once they had a working model, they realized they could adapt the technology to other materials, such as lithium batteries.

"The game changer here lies in the cathode," says Larry. "Previously unrecyclable, companies were stockpiling it because they didn't know what to do with it. Or worse, it was going straight into the smelter, and polluting that way."

"Our proprietary technology, which we have conclusively demonstrated through lab scale testing and applied for patents, not only recycles the cobalt, which would otherwise be lost, but also the lithium, nickel and manganese," says Larry.

The percentages of recovery are gratifying. "100%," says Larry. "Not models, not theory, but in practice, we can return 100% of the cathode metals in the recycling of Lithium Ion Batteries."

As the key to future sustainability lies in recycling technology, so too does the answer for correcting the wrongs of the past. And thanks to the soaring price of cobalt, all of it can be done at a handsome profit.

The current method of cathode elimination is by incineration in a

smelter, whereby 40-60% of the cobalt is recovered and the rest of the cobalt and cathode material ends up as slag.

American Manganese can process scraps, recycling the cobalt and the other cathode metals, solving an environmental disaster in the making all while reaping huge profits.

In the manufacture of cathode material for LIB's 10% of the cathode material ends up so scraps in the case of cobalt this could amount up to 4,000 tonnes each year.

The company estimates they could recycle current scrap stockpiles to the tune of \$230 million a year in cobalt alone.

Plans are currently underway to bring a commercial plant into production and the management team is busy implementing their economic strategy.

"We're estimating processing 35 tonnes per day of scrap," says Larry.

He hopes to have the plant online in 2018.



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Recycling Lithium Ion Electric Vehicle Batteries*

# ILLEGAL MINING – HOW GRAN COLOMBIA GOLD IS CHANGING THE PARADIGM

*Criminal cartels don't care where the supply comes from, as long as the money is flowing. As cocaine becomes harder to smuggle into the continental US and abroad, illegally mined Colombian gold replaces the cash inflow to the cartels' coffers.*

*By Christian Granholm*

**A**nd as with cocaine production, it is the local Colombian workers who are exploited to supply the ill-gotten goods.

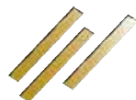
“Let me start by saying it's a good country to work in; I've been going there for ten years. It has a lot of resources and some of those resources are its people,” said Mike Davies, CFO of Gran Colombia Gold Corp. who spoke with The Prospector.

“But there's a challenge right now in the mining industry because there's a lot of oppressed workers, there's a lot of

environmental and safety issues with illegal mining. It has become a new means by which illegals are laundering money and gold is much more conducive for them to carry on business.”

Gran Colombia owns the largest underground gold and silver mine in the country. Their Segovia site is a high grade, production-stage operation whose run rate reached 165,000 ounces per year as of mid-2017. All-in costs sit at about \$900/oz.

Their “King's right title” at Segovia means they own the land, everything



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on it and underneath it, in perpetuity, as long as they're mining.

Illegal miners work the property, with little or no safety equipment, using outdated and environmentally destructive practices such as mercury, to sell the gold they find to illegal mills for far below market value.

And the government is cracking down. Documents certifying the source of the gold are now required to get the material into processing plants. Mercury is becoming harder and harder to find.

The workers blamed Gran Colombia, as well as Continental and the other foreign-owned developers in the area.

**“** A lot of the illegal miners probably associate the new government rules as something we instigated,”

says Davies. “The truth is we’ve come up with our own approach to deal with illegal mining, and it’s a highly successful plan that benefits the company, the miners and the environment; it’s a win-win-win all around.”

**”**

Gran Colombia meets with the miners and negotiates contracts directly with them.

“We don’t think of them as illegal, they’re skilled miners and they just happen to be working in a title we own.”

“Local mining cooperatives get formed with their own management teams, and basically become their own companies. We pay for their services, based upon gold we recover from the material they bring to our mill.”

“We’re then able to process the material in an environmentally responsible way. We pay them on a set rate per ounce recovered, sometimes based on the grade. Our terms make them some of the best paid contract miners in Colombia. The caveat is that the material has to come to our mill.”

And by controlling the flow of gold, Gran Colombia contributes to both the economic development and the health and safety of the community.

“There are over 2500 miners and 36 conglomerates, all former illegal miners, now under contract with us. As part of our deal, we have a team of inspectors who travel around and ensure everyone is under working our umbrella of health and safety. Proper practices are followed, explosive licenses are in place, newer equipment is used instead of old, dangerous jackhammers.”



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"Thousands of people are now eligible for the Colombian social benefit system that previously weren't. When they couldn't demonstrate that they had a legal source of income, they couldn't open bank accounts, they couldn't apply for social security benefits. Now, working with the mining co-operatives and with us, people actually can legalize their employment and from that a whole host of benefits has arisen."

**GRAN COLOMBIA ALSO PROVIDED ECONOMIC SECURITY FOR PAST MINERS WHO HAVE PENSIONS.**

"Segovia is not something that we brought to Colombia; it's been mined for more than the last 150 years. We bought the operations out of receivership from the government because the previous UK owner had

abandoned the site back in the 70's. And so the government ran it in liquidation for decades trying to find an economic solution and the biggest challenge they had was the previous workers were all pensioned workers. The government needed a source of funding to support those pensions and that's where we came in."

"We were able to cut a deal with the liquidator whereby we bought the title in 2010 for about \$200 million, which was used to help to protect the pensions of over 1600 people."

Davies credits Gran Colombia's success in part to not behaving like a "foreign company".

*Almost all of our management is situated locally; we operate as a Colombian company, with respect for the local community and the benefit for miners working with us. And that strategy has proven out, time and time again.*

"In the grand scheme we know that this current disruption is temporary; the Segovia operations have been ramping up production for a couple of years now, costs are well controlled, the relationship with our contract miners is getting better and better."

"Among all the important work we're doing in Segovia, we're expanding and modernizing; we're setting up something that's going to last. We've doing major drilling campaigns: a 20,000 metre program this year, following up on a 10,000 metre campaign from last year. We've recently extended the mine life another four years to almost ten years."

As with any property, ultimately it's resources in the ground that dictate success.

"Any geologists or technical guys that come down and look at the grades and tour the facilities comes away... kind of awestruck," says Davies.



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# FEATURING AMK: ONE OF THE MANY PROSPECTIVE GOLD PROPERTIES IN “THE 500KM GOLD BELT IN B.C.”

By David O'Brien

**American Creek Resources Ltd. (AMK: TSX-V, ACKRF: OTC) has three projects in the richest part of the “Golden Triangle” which hosts one of the richest gold / silver / copper belts in the world including the world’s largest undeveloped gold deposit (by reserves).**

**“O**ne of the most important mineral trends of north-western British Columbia extends from near the town of Stewart north to the Treaty Glacier. There is a new geological understanding of the area which is positive for new discoveries and directly relates to Treaty Creek.” **Nelson / Kyba, British Columbia Geological Survey, Ministry of Energy and Mines, 2014**

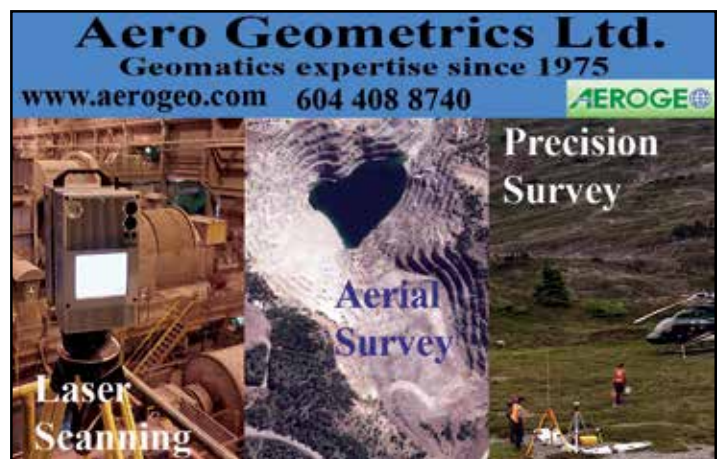
As a result, new infrastructure includes paved roads, power and an ice-free bulk-tonnage port. This in turn has led to a proliferation of new mines, adding to the numerous past producing mines, two mines have just gone into production and many world-scale projects are moving towards production.

*Proximity play... Check.*

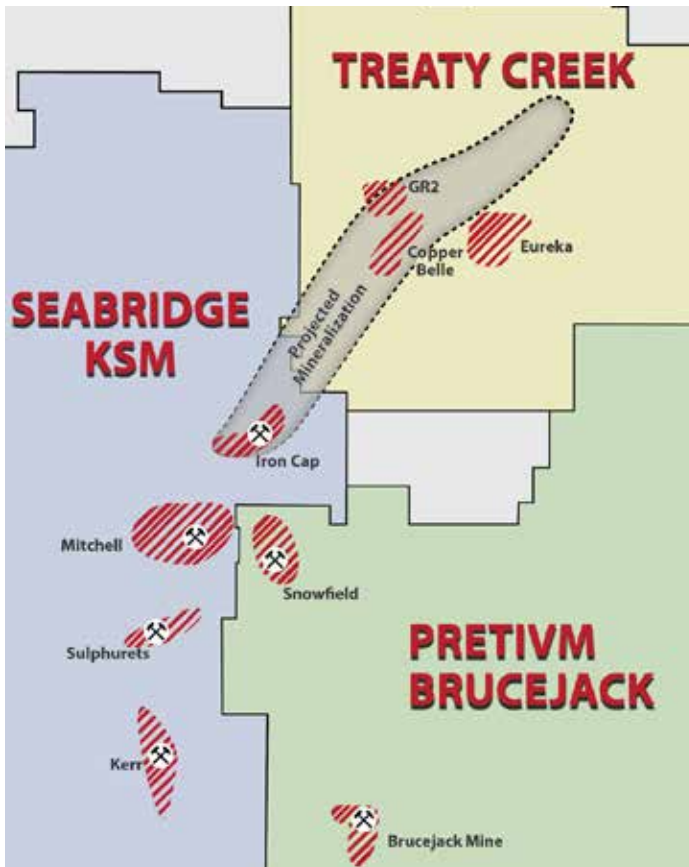
American Creek Resources has formed Joint Venture partnerships with **Tudor Gold Corp. (TUD: TSX-V, TUC: FSE)** on the **Treaty Creek** and **Electrum** projects in the Golden Triangle. The President and CEO of Tudor is **Walter Storm** with more than 50 years of global business experience. He financed the start-up of what became **Osisko Mining (OSK: TSX)** and helped the company to develop a world class gold mine, reaching a market capitalization of \$4.5 billion. Mr. Storm suggests that these flagship properties have even more potential than his previous successes in mining. Tudor’s geological team includes the former Regional Geologist for the NW (Skeena) Division of B.C.’s Ministry of Energy and Mines, **Jeff Kyba**.

**AMK HAS A FULLY CARRIED INTEREST OF 20% ON TREATY CREEK AND A STANDARD JV OF 40% ON ELECTRUM.**

Treaty Creek is adjacent to, and part of the same hydrothermal system as, the world’s largest undeveloped gold deposit by reserves (**KSM - Seabridge Gold**) and one of the highest-grade precious metal mines in the world (**Brucejack - Pretivm**); collectively representing **one of the greatest concentrations of metal value on the planet**. Treaty Creek’s geology and geophysics indicate a 7km continuation of mineralization from the Seabridge border (Iron Cap) to the Orpiment zone, backed by a government geological report stating its potential to be **“B.C.’s next big discovery”**. - **Kyba, 2014.**







## NEAR TERM OBJECTIVES - OVERVIEW

### Treaty Creek – AMK has a carried interest

- Multi-million dollar program – over 20,000m drilling
- Define a resource calculation on Copper Belle zone
- JV – expand high-grade VMS system
- Drill into the indicated mineralization extending for 4km south to the Seabridge KSM border

### Gold Hill

- Probable source for Canada's 4th largest placer deposit
- Identify drill targets
- Drilling to test extension of mineralization in syenite dykes

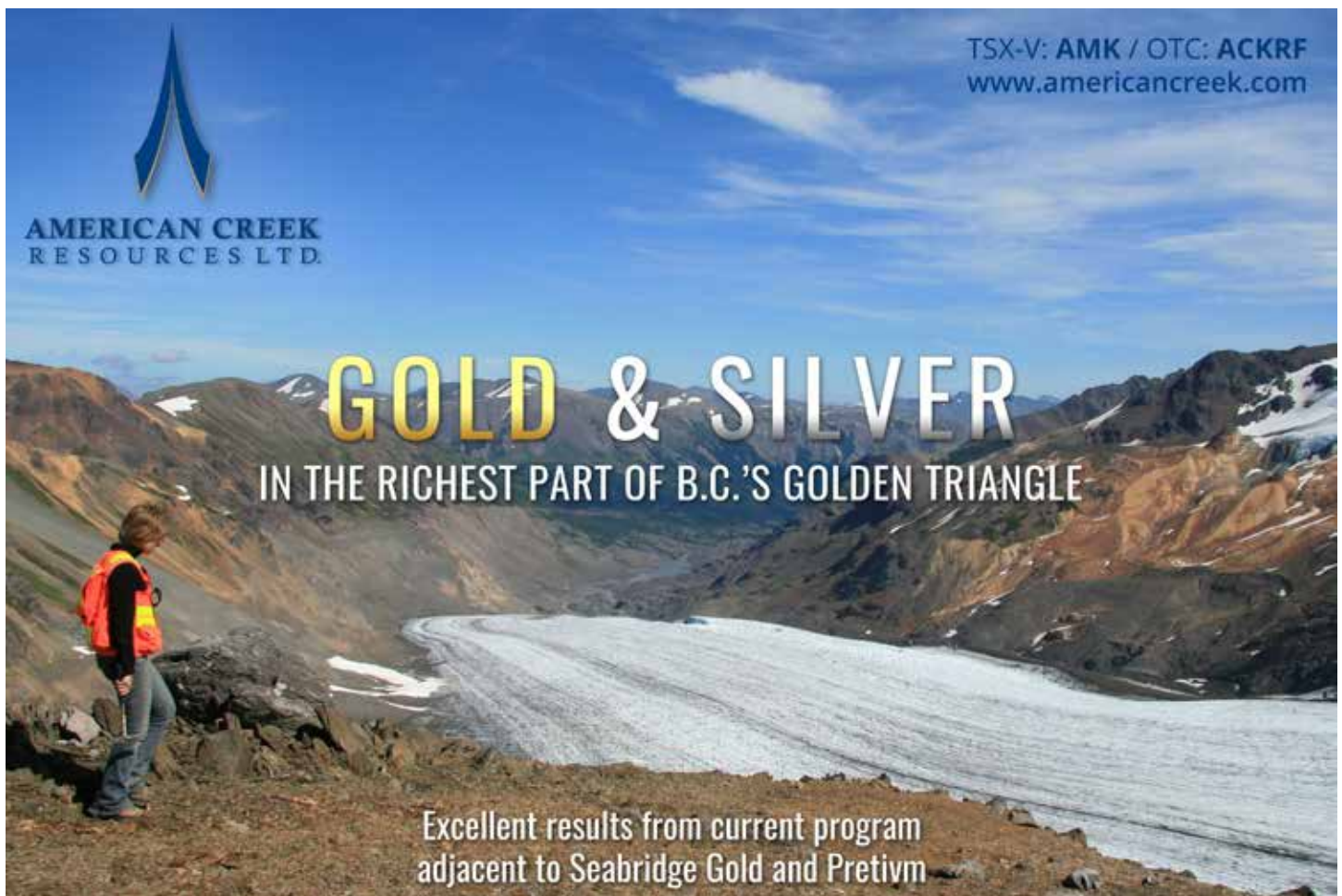
### Dunwell Mine Group

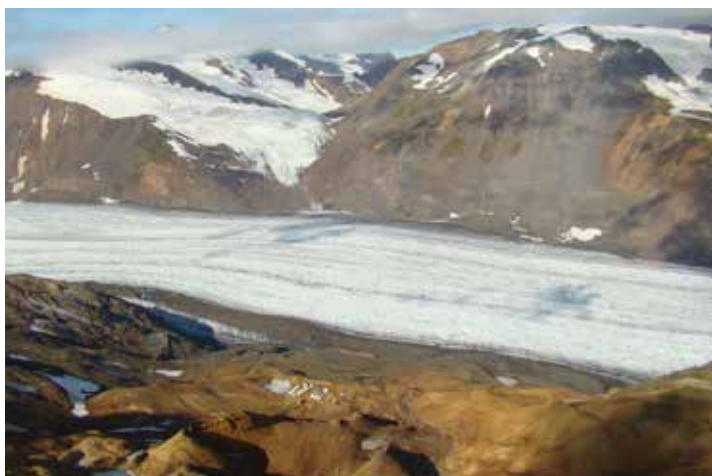
- Locate and sample the eight previous areas of high-grade production (on surface and adits)
- Mapping, sampling, and analyzing structure of mine
- Identify drill targets / confirmation and step out drilling of zone discovered in 2010

### Programs on Austruck Bonanza, Ample Goldmax, Silverside, and Glitter King

- Mapping, sampling, magnetic & IP geophysics, and geochemistry

*Properties' Potential and Progress... Check.*





### SUMMARY OF AMK'S HIGHLIGHTS FOR INVESTORS

**Management, directors, and advisors have extensive exploration experience.**

**Darren R. Blaney**, for example, is the President, CEO & Director, who co-founded American Creek Resources Ltd. in 2004. With 20 years of varied business and investment experience, which includes mineral exploration investment, real estate investment, marketing and sales, environmental consulting to both government and non-government organizations, business consulting, and executive corporate management.

### Exceptional Properties

- In the richest part of B.C.'s Golden Triangle and other historic mining camps
- Next to world class deposits & mines with the same geology
- In a politically stable region
- Excellent logistics combined with tremendous potential
- Discovery stage – resource calculations in the near future

### Joint Ventures with strong partner with mining success

- Walter Storm has the "Midas Touch" in business including the gold mining sector (Osisko)

### New Acquisitions

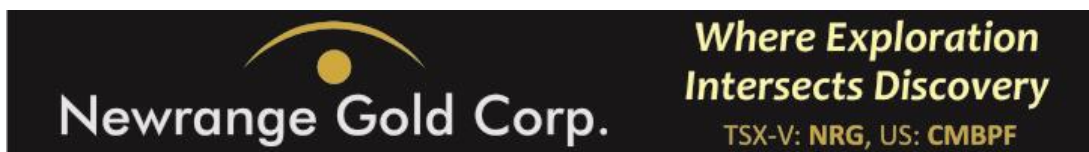
- AMK has acquired several new prospective properties on very favourable terms, taking advantage of market softness to bolster their portfolio of quality gold and silver projects

### Extensive Programs in 2017 with resource calculation(s) potential

- JV – 20,000M program on Treaty Creek
- 100% owned – programs on Gold Hill, Dunwell, smaller programs on earlier stage properties.

*As our Due Dili Checklist fills out, this one is worth investigating, Ed.*

*David O'Brien is the owner of **Int'l Mining Research Inc.** which employs Media, Event and Online exposure, including **eNews News Release Reprints** and **eNews 3<sup>rd</sup>-Party Articles**. O'Brien also owns **W.I.T. Marketing Writing**, an Ad Agency, and has been contributing articles to **TheProspectorNEWS.com**, on demand. He owns no shares in the above companies. [dobrien@InternationalMiningResearch.com](mailto:dobrien@InternationalMiningResearch.com)*



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P17-08	30.5	39.6	9.15	27.80
P17-10	25.9	38.1	12.20	49.49
Including	27.4	29.0	1.52	340.90
P17-12	57.9	62.5	4.57	14.52
P17-17	8.4	13.0	4.57	43.80
P17-18	54.1	64.0	9.91	15.27

**Phase II drilling – September 2017.**

**Robert G. Carrington President & CEO – [www.newrangegold.com](http://www.newrangegold.com)**

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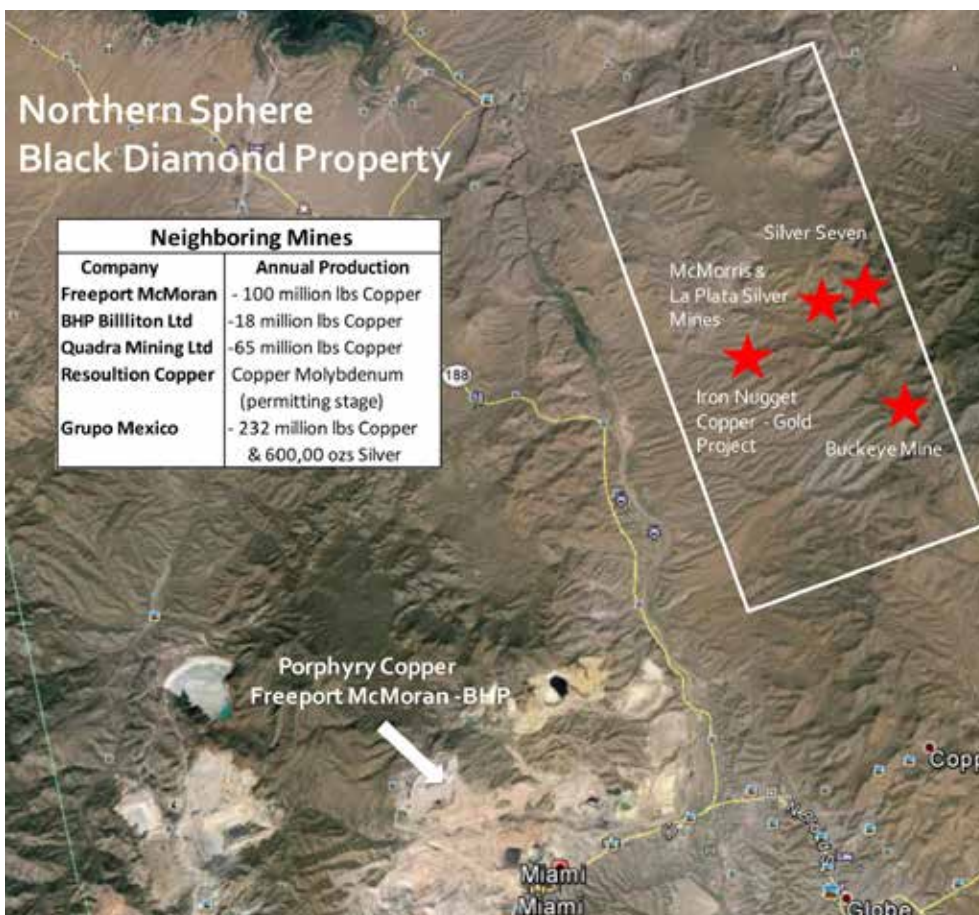
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# “NSM: ON TRACK WITH EVERYTHING IN THEIR MILESTONES CHART”

*Recently, Ellis Martin of The Ellis Martin Report, a long time Media Partner of my W.I.T. Marketing Writing, Media & Online Campaigns and International Mining Research Inc. met with Denis Clement and John MacKenzie, Directors of New Ruby Mining Corp. (a private company) at the Sprott Natural Resources Symposium in Vancouver.*

*By David O'Brien*



**T**hat meeting resulted in the invitation to Ellis to visit their property in Arizona, and because John Carter, President of Northern Sphere Mining Corp. (NSM: TSX-V), who also has an interest in New Ruby was there, they decided to tour Northern Sphere's Buckeye Property as well. A producing silver mine.

The video Ellis produced is here, and gives us a great overview of what's to come at Buckeye.

<https://www.youtube.com/watch?v=VOp8dfj3N5w>

As a proximity play, the following map shows relevant players and activities, and combined with the 'on and off-again' almost one hundred years of on-property activity, this is anticipated to be in production for a while. (My Forward-Looking Statement, Ed.)

**A little strengthening in the price of silver won't hurt the bottom line either.**

Northern Sphere was introduced to TheProspectorNEWS.com readers in our last issue, available here: <http://theprospectornews.com> on pages 16 & 17. (Ecuador's on the Cover.)



Key to that introduction was the MILESTONES Chart, and we're now able to confirm that everything mentioned is on track.

We've also been Reprinting their recent News Releases in our eNews letter, and the News consistently reaffirms their progress:

- 1st Production Results at Buckeye Mine;
- Underground Drilling at Buckeye Mine;
- Advanced Drilling Results from Scadding;
- Definition Drilling Results from Buckeye;
- 20,000 tons of Buckeye Ore Stockpiled.

Next, the NI 43-101 will be finalized about the Scadding Mine.

In Ontario, NSM's story of the Scadding Mine is heating up even more as gold seems to have held its recently achieved US\$1,300+ mark.

The budget for the US properties in the balance of 2017 is \$200,000 for Mining Equipment; \$600,000 for Operations at the Buckeye Mine and the Silver Seven

Mine; \$100,000 for Exploration at Iron Nugget, McMorris, Cherry and Flat Mesa; \$300,000 for G & A; and a \$100,000 Contingency...totalling \$1,300,000.

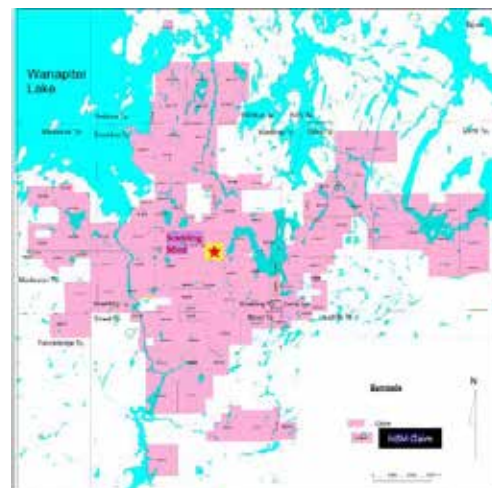
The Cdn budget of \$400,000 is for the Scadding Property exploration diamond drilling; targeting down plunge of former producing zones; testing known geophysical anomalies; and targeting the Serpent Formation quartzites. As well, another \$100,000 will be spent on conducting additional exploration activities on contiguous ground. Tons of potential for a long life-of-mine.

This is a significant land package in the Sudbury area: →

The Board of Directors includes Sheldon Inwentash, a famous 'company-maker', and the probability of Joint Ventures to advance many programs is very high.

John Carter has been responsible for the engineering development of many mining operations over the past few decades, so along with the other Directors and Executives, this 'bodes well', as I wrote in my introductory article.

*Do your Due Dili, of course.*



David O'Brien is the owner of **Int'l Mining Research Inc.** which employs Media, Event and Online exposure, including **eNews News Release Reprints** and **eNews 3rd-Party Articles**. O'Brien also owns **W.I.T. Marketing Writing**, an Ad Agency, and has been contributing articles to **TheProspectorNEWS.com**, on demand. He owns no shares in the above companies. [dobrien@InternationalMiningResearch.com](mailto:dobrien@InternationalMiningResearch.com)



# BACTECH ENVIRONMENTAL: “GREEN GOLD” PROCESSING TECHNOLOGY ADDRESSES ARTISANAL MINING AND ARD PROBLEMS

By Richard (Rick) Mills  
[aheadoftheherd.com](http://aheadoftheherd.com)

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



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Every year millions of small-scale miners toil in the baking sun, collecting and breaking rocks with the goal of extracting small amounts of gold - enough to make a living in some of the most impoverished corners of the world.

Most of these “mines” are illegal and unregulated. The problem of artisanal mining is so widespread, it is estimated as many as 30 million people, many of them women and children, work in this hard-scrabble industry.



Mercury is used to recover minute pieces of gold that is mixed in soil and sediments. Mercury and gold settle and combine together to form an amalgam. Gold is then extracted by vaporizing the mercury. Global Environment Facility





The subsistence miners use mercury to extract the gold and silver. Mercury bonds well with gold, allowing it to be easily separated from the ore. But the mercury must be burnt off to release the gold from the amalgam, which gives off toxic fumes. Mercury ingestion can cause neurological problems, including the lowering of IQs and genetic defects.



Creating this shiny amalgam of gold and mercury exposes workers to toxic substances and pollutes the environment. CBC.ca

The mercury not only exposes the unprotected workers to poisonous gas, it also gets into the environment, contaminating lands and water

supplies, and eventually enters the food chain when digested by fish and game. The Washington-based Natural Resources Defense Council says artisanal miners use about 1,400 tonnes of mercury a year.

**“** Exposure to mercury threatens our health, with many often irreversible toxic effects. Developing fetuses and young children are most at risk. Mercury pollution also harms wildlife and ecosystems.

*Mercury occurs naturally in the earth's crust, but human activities, such as mining and fossil fuel combustion, have led to widespread global mercury pollution. Mercury emitted into the air eventually settles into water or onto land where it can be washed into water. Once deposited, certain microorganisms can change it into methylmercury, a highly toxic form that builds up in fish, shellfish and animals that eat fish. Most human exposure to mercury is from eating fish and shellfish contaminated with methylmercury, both in the United States and worldwide.*

*Almost all people in the world have at least trace amounts of methylmercury*

*in their tissues, reflecting its pervasive presence in the environment. Some communities eat significantly more quantities of fish than the general population, and thus may be exposed to much greater mercury contamination. It is estimated that more than 75,000 newborns in the United States each year may have increased risk of learning disabilities associated with in-utero exposure to methylmercury.*

EPA

**”**

The United Nations Industrial Development Organization (UNIDO) estimates that there are between 10 and 15 million artisanal and small scale gold miners worldwide, including 4.5 million women and 600,000 children.

Artisanal and small scale gold mining is, globally, the largest source of anthropogenic (man-made), mercury emissions. Arsenic and cyanide contamination are other consequences of illegal gold mining.

While small-scale mining and mercury use is a huge problem worldwide, regular mining operations can, of course, also adversely affect the environment. The problem of acid rock drainage (ARD) has plagued the industry for decades.





Unused – 2012 FLSmith Summit Valley Technologies 3500 GPM Gold Processing Plant | Located in Florence, AZ

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This disassembled gold processing plant presents a wonderful opportunity to a buyer in the mineral mining space. The equipment in this sale represents a total gold processing plant. Please refer to the listing for the complete inventory listing.

The unit was purchased and assembled in 2015, but was never used. The unit has since been disassembled and is awaiting sale.

For all inquiries and/or inspection requests, please Contact **Simon Lovett** or [slovett@whiterocktrading.com](mailto:slovett@whiterocktrading.com).

More information

[EquipmentOne.com/fisher](https://EquipmentOne.com/fisher)



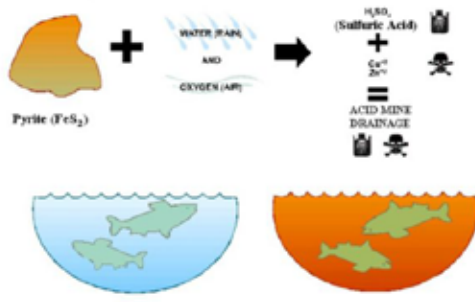
It occurs when sulphide minerals are exposed to air and water, which creates sulphuric acid.

and particularly after mine closure. While advances have been made in preventing ARD and treating exposed

BacTech Environmental (CSE:BAC) was created in 2010 with the goal of addressing both the mercury exposure problem created by artisanal mining and acid rock drainage which has become a negative legacy of depleted mines.

## What's Acid Mine Drainage?

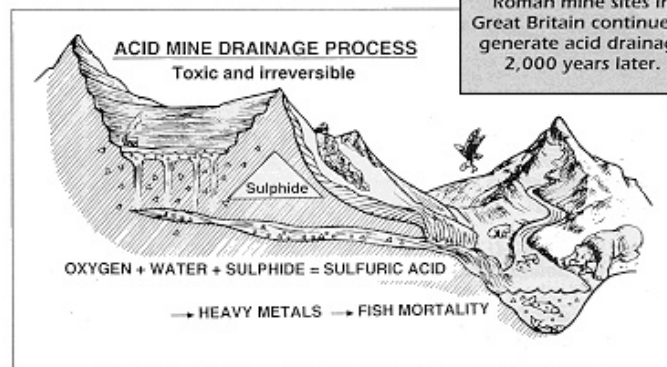
Acid mine drainage (AMD) is polluted water discharged from (usually) abandoned mines. Metal sulfides, often pyrite, when exposed to air and water react to form a sulfuric acid solution containing dissolved metals. This mixture is known as Acid Mine Drainage and can be very harmful to aquatic life.



[www.pcv.bc.ca/eng/britainia/background.html](http://www.pcv.bc.ca/eng/britainia/background.html)

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When highly acidic water and dissolved metals leach into the groundwater, it can be harmful to fish and aquatic life. ARD is a concern at operating mines

mine water, it continues to be a major issue for the industry with respect to leftover tailings and waste piles.

A spinoff of BacTech Mining, which was re-named REBgold, BacTech Environmental was granted a license by REBgold to use its BACOX technology for the remediation of tailings and waste rock left by previous mining operations. Recently, the company

 <p><b>Digital Phone System (PBX)</b></p> <ul style="list-style-type: none"> <li>✓ Compact design operates quietly.</li> <li>✓ Very low power consumption.</li> <li>✓ 1-2-3 set-up &amp; web configuration.</li> <li>✓ Voicemail &amp; Voicemail-to-Email</li> <li>✓ Auto-Attendant &amp; Off-Hours Menus</li> <li>✓ Intelligent call forwarding.</li> <li>✓ Uses analog or digital lines.</li> <li>✓ Remote &amp; on-site support available.</li> </ul>  <p>systems from <b>\$875.00</b></p>	 <p><b>Multi-line Business Phones</b></p> <ul style="list-style-type: none"> <li>✓ Individual staff phone extensions.</li> <li>✓ Support for on-site and remote phones.</li> <li>✓ Call Hold, Transfer &amp; 3-Way Conferencing.</li> <li>✓ Advanced Text &amp; Number Call Display</li> <li>✓ Do-Not-Disturb &amp; Call Forward.</li> <li>✓ Staff Directory &amp; Speed-dial.</li> <li>✓ Conferencing rooms &amp; Call Agent Queues.</li> <li>✓ Uses Existing PC Ethernet Wiring</li> </ul>  <p>phones from <b>\$155.00</b></p> <p><a href="http://www.telephonic.ca">www.telephonic.ca</a></p>	 <p><b>40% Savings* On Monthly Phone Bill</b></p> <ul style="list-style-type: none"> <li>✓ Access discounted long-distance rates.</li> <li>✓ Reduce your line cost to \$32/month.</li> <li>✓ Keep your existing telephone number.</li> <li>✓ Auto-forward calls to mobile staff.</li> <li>✓ No need for long-term contracts.</li> <li>✓ XLS call records available for easy accounting.</li> <li>✓ Simple PDF invoicing.</li> <li>✓ Free quotation &amp; savings assessment.</li> </ul> <p>business lines <b>\$32/month</b></p> <p>Call <b>604.638.3848</b></p>
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added a second application for treating run-of-mine ores.

Also known as bio-oxidation, bioleaching uses naturally occurring bacteria to oxidize sulphides. The bacteria live in reactor tanks and are capable of oxidizing sulphides in as little as five or six days versus years in their natural habitat.

BacTech's technology is particularly useful for artisanal mining in areas where the miners use mercury to extract arsenopyrite, a mineral that is highly associated with gold. Mercury is only able to extract about 5% of gold found in arsenopyrite, meaning the other 95% of the ore is discarded and wasted.

A recent solution has been to crush and grind the ores followed by flotation to produce an arsenopyrite concentrate thereby eliminating the use of mercury. This process unfortunately produces high grade gold concentrates but also up to 15% arsenic making the product difficult to sell. In Ecuador for example the only buyers of this concentrate are the Chinese, who ship it to Asia for

further processing. About 100 tonnes of arsenopyrite concentrate is estimated to leave Ecuador every day bound for the Far East.

**“** *We are sort of a 5% solution. Because we're very good at treating and stabilizing arsenic as part of the process, we've become the answer to the problem. And by virtue of that, we can build our own plant locally and offer more money to the locals for their gold* **”**

says Ross Orr, BacTech's president and CEO.

So how does BacTech produce gold and other metals from sulphide ores?

Old tailings are delivered to a flotation plant, where a concentrate containing sulphide minerals and metals is produced. Most of the tailings (95%) are returned to a new, lined tailings pond as inert rock, while the remaining 5% concentrate goes through a series of bioleaching tanks containing

bacteria. The bacteria “eats” the sulphide minerals including pyrite and arsenopyrite, making the iron and arsenic water-soluble. The liquor then moves to a thickener where gold and silver are sent in one direction and the liquor with iron and base metals in another. The liquor is then filtered and three non-toxic byproducts are produced: ferric arsenate, gypsum and ferric hydroxide. These are sent back to the tailings pile and the thickener produces gold and silver that go to a conventional metals recovery plant eventually ending up as dore bars.

“What we do is refloat the tailings and take the sulphides out; the stuff that's causing the problem. As I say, we like to cure the patient as opposed to treating the patient for 50 years,” says Orr. “If you remove the source of the problem, which are the sulphides, you stop the generation of acid. The benefit is you're getting the contained metals that are associated with the sulphides that helps pay for the process.”

BacTech has so far designed, built and commissioned three commercial plants

## Getting Warmer and Warmer... in the Best Possible Ways

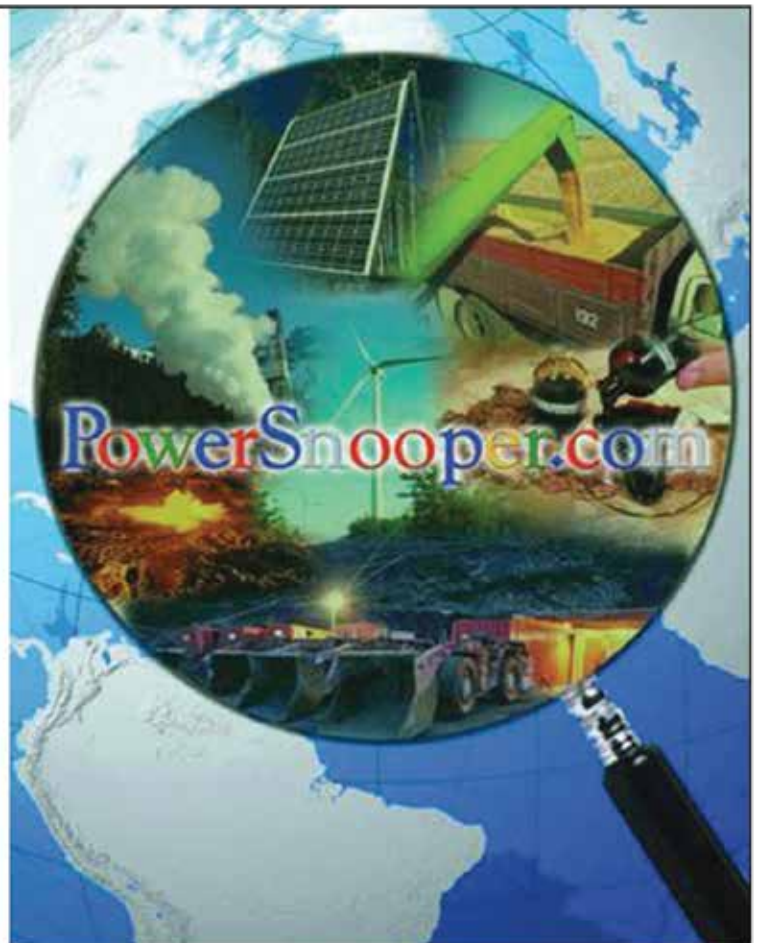
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for acid mine drainage and arsenic stabilization: one in China, one in Tasmania, and one in Western Australia.

But the company decided that it wanted more than a small percentage

returned 292 grams per tonne silver, 1.47% tin and 1.07% copper. Assay results from the last 24 holes of a 57-hole drill campaign, completed in March, showed an average 210.27 grams per tonne silver, 0.93% tin and 1.52% copper.

University in Ontario. The material will be tested to demonstrate the viability of BacTech's bioleaching technology for extracting gold from the concentrate as well as a stable ferric arsenate byproduct.



of revenue from these licensing deals, so it looked around the world for a project that would generate higher returns. The answer was the Telamayu project in Bolivia - one of 26 sites identified by the Bolivian government for mine site remediation. Partnering with COMIBOL, the Bolivian state mining company, BacTech is aiming to build a \$7 million gravity flotation plant to extract silver, copper and tin from the Telamayu tailings. The company has identified 500,000 tonnes of material for processing plus another 3.5 million tonnes from an option on a stockpile across the river called the Nuevo Tails.

**“** We're looking at annual revenues probably in the \$25 million range. And cash flow in the upper teens. Let's say it's \$15 million. We get 100% of that money until we recover our debt or 18 months, whichever comes first. And it should be the former, not the latter," says Orr. "At that stage, after payback, we switch to a 55/45 **”** relationship in their favour.

The project is expected to have a five-year life.

BacTech has conducted drilling on the tailings piles to ascertain metal grades. Assay results from the first 23 holes

Orr expects engineering on the plant to take three months with construction starting in January at the latest.

Meanwhile BacTech is also working on a project in Ecuador to address the artisanal mining problem there and also the increasing amounts of arsenopyrite being shipped to China rather than being processed in Ecuador.

Building on the work of Dr. Marcello Veiga of the University of British Columbia who implemented the flotation plants that do not require mercury, BacTech has plans to construct a 40 tonne per day bioleaching plant in the area of Ponce Enriquez. The plant will use concentrates purchased from the flotation plants in the area.

The plant economics look good according to BacTech's projections. Using a gold grade of 49 grams per tonne, a gold price of \$1,100 an ounce, and a throughput of 21,000 ounces a year, the plant produces annual revenues of \$25 million and a 40% internal rate of return. At \$1,200 gold and with grades of 62 gpt at 26,500 ounces a year, revenues jump to \$30 million and the IRR to 51%. The flotation plants would be paid 55-60 cents on the dollar.

In June, BacTech shipped 150 kilograms of arsenopyrite gold concentrate collected from flotation plants in Ecuador for testing at Laurentian

Orr said the testing should take about six months and if all goes well, the plant could be producing gold by the end of next year. After that, the same model could be replicated in other neighbouring countries where artisanal mining is rife, such as Peru and Colombia, giving BacTech the opportunity for multiple recurring revenue streams.

## CONCLUSION:

BacTech is a clean-tech company that has a unique and proprietary technology for addressing two of the mining industry's most perplexing environmental problems: acid rock drainage and artisanal mining. The company has not only proven that its technology works, through three former plants, but it also has a profitable business model in place. This business model could work both for operating/ abandoned mines that have ARD issues, and for artisanal gold mining regions where the supply of gold ore for bioleaching plants is seemingly endless. The opportunity is there for a series of recurring revenue streams, which should in time translate to a significant increase in market value and shareholder returns.

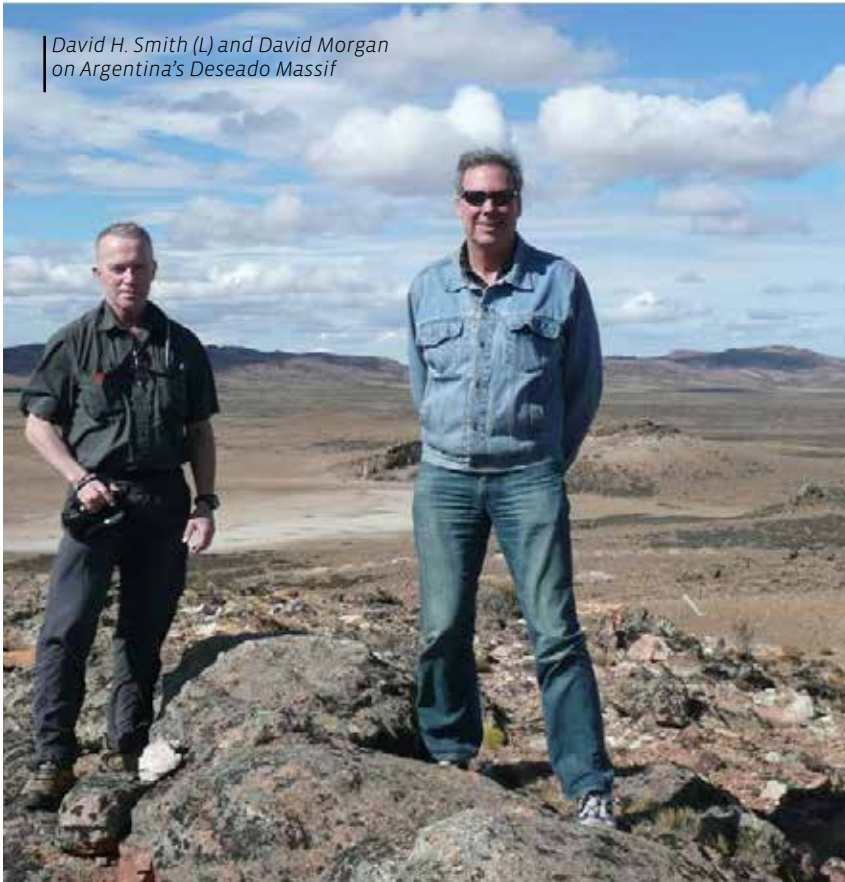
For these reasons, BacTech Environmental (CSE:BAC) should be on all Ahead of the Herd radar screens. BacTech is definitely on my screen. Is it on yours?

## Legal Notice / Disclaimer

*This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.*

*Richard owns shares of BacTech Environmental (CSE:BAC) and BAC is an advertiser on his site.*

David H. Smith (L) and David Morgan  
on Argentina's Deseado Massif



# YOUR FOUR ACES: **GOLD, SILVER, COPPER AND DIGITAL METALS**

*"The bear market we just went through was a Lollapalooza. My suggestion is that we're in the first inning of a nine-inning game for most commodities, and maybe the third inning of a nine-inning game with regards to gold."*

*- Rick Rule*

*By David H. Smith*

#### **Bio**

*David H. Smith is Senior Analyst at [themorganreport.com](http://themorganreport.com) and a regular contributor to [moneymetals.com](http://moneymetals.com). He has investigated resource sector mines and exploration sites in Argentina, Chile, Bolivia, Peru, Mexico, China, Canada, and the U.S. He shares his findings and investment perspective with readers, the media, and North American investment conference audiences.*

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**T**here are two kinds of investment risk: Information and Price. When the price of a commodity is seen as “low” most people have either stopped paying attention, or supply/demand seems forever skewed in favor of supply and still lower prices. A buyer faces **information risk**, since not much is known about when/if these “cheap” prices will rise.

Once the market begins to provide information - accurate or otherwise - and investors hop on to the perceived new trend, positions become more expensive. Eventually considerable data becomes available, but prices may have risen - a lot. You now face **price risk**.

**If Rick Rule is correct** - and I believe he is - we are in the early stages of the information risk side of the equation. You can no longer buy copper at \$2, gold at \$1,050, silver at \$14, or most mining stocks near their 2016 lows. Still, many investors keep “watching for a correction”...while prices continue to rise. Should you buy now and accept some information risk, or wait and pay a lot more, accepting price risk?

The “I’ll back up the truck (when)” attitude leaves crowds of investors as spectators, watching until prices head toward the stratosphere, wherein they jump in as emotionally-driven speculators. David Morgan has done the research on this. He shows decisively that as much as “90% of the profit

### Here’s where we seem to be right now:

- Zinc put in major triple higher-lows bottoms, spaced from 2004 to the present.
- Copper staged an upside breakout from a 2.5 year head and shoulders formation.
- Gold punched through 12 month resistance above \$1,300.
- Silver is penetrating an 18 month downtrend line.
- The XAU:Gold (stocks-to-gold ratio) broke out of 10/20 year down-trends.
- Production Head grades for copper and gold continue their decade-long decline.
- Since 2011, “high-grading” has exacerbated this condition.
- More exploration money is finding fewer big deposits.
- Country-risk/complexity adds **years** to new large-scale discoveries coming online.

*The Morgan Report has long been known for its ahead-of-the-herd precious metals’ research. But from the beginning, we’ve covered everything from rare earths (early on), to uranium, lithium, and PGMs, often with on-site video-recorded visits.*

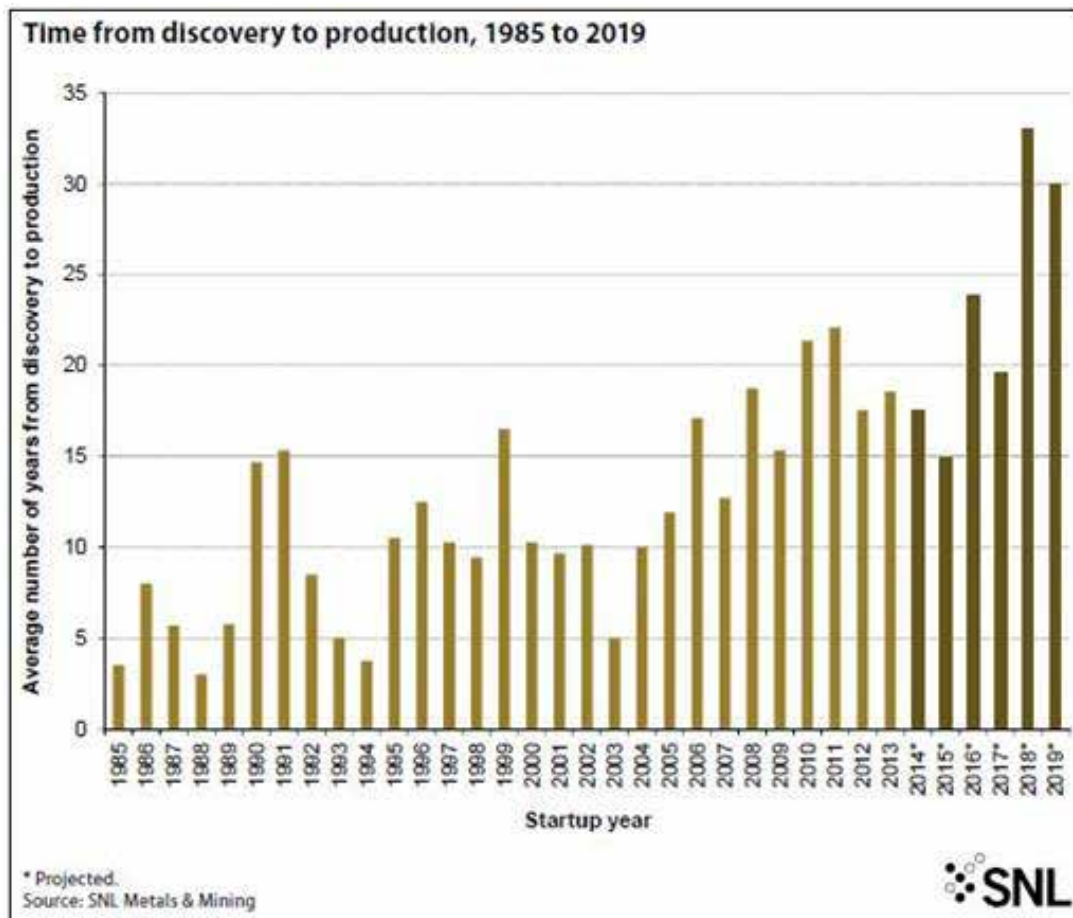
Three years ago, we were the first to begin profiling a company developing a cyanide-free mobile gold mill circuit, operating with a tiny environmental foot print. The spin-off (from-which TMR subscriber/shareholders received free shares) extracts precious metals from eWaste at many times the “grade per ton” of the best gold, silver and PMG mines on the planet...via a non-toxic proprietary food-grade ingredients’ process. It has announced “a strategic global partnership” with one of the world’s largest circuit board and electronic waste recovery companies.



Mining Shares may finally be set to outperform gold...in a big way! (Courtesy, Stewart Thomson/Graceland Updates)

potential for the metals and mining stocks becomes available during the last 10% of the entire bull run.” But you won’t “make the grade” unless you overcome what he calls “the amateur’s mindset”.

This month, readers access a North American gold-copper story profiling an operation boasting the largest gold Reserves (Proven and Probable) of any exploration company in the world - along with enough copper to keep a major



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## SECOND CHANCE

How to Make and Keep Big Money from the Coming Gold and Silver Shock-Wave

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producing for over 50 years...still selling at just one third of its all-time high.

Not to mention that our Team is advising on - and contributing to - **a cutting-edge digital silver-secured token, powered by Blockchain technology.** After it's been de-risked a bit and ready for prime time, we will present the case to TMR subscribers, so they can decide if they want to become early adopters themselves. You'll meet your resource-sector needs with one-stop shopping at <http://richesinresources.com/>

After further due diligence, we may even profile a potash company which could offer investors one of the lowest risk-high reward profiles to be found in this entire beaten-down, yet critically-important sector.

**Making big money is one thing. Keeping most of it is something else.** Dozens, maybe hundreds of analysts talk about how to make a lot of money in the high risk/high reward resource sector. We do that too. But few if any, offer more than a quick look at how to actually hang onto what you've earned. This is where we (once again) come in.

The Ducks are Lining Up for Your Second - and Best Chance. Last fall, David Morgan and I published Second Chance: How to Make and Keep Big Money from the Coming Gold and Silver Shock-Wave. Our premise is that over the next few years, gold, silver and mining stocks are going to reach all-time nominal and inflation-adjusted highs. We have a unique approach that not only teaches you how to tap into

this historic up-move in a potentially life-altering way, but also how to keep most of your profits, while just about everyone else gives theirs back to Mr. Market when the Great Bull Run inevitably rolls over. We have yet to see anyone else propose such a plan which, given that it accords with human nature, is by definition, more likely to succeed.

Whether you avail yourself of our paid service, or just read what we write in the public domain - consider doing both (!) - we hope you resist the temptation to be like the deceased character in the cartoon who, while slumped over his keyboard, with bony skeletonized fingers grasping a computer mouse, says, **"Closely watching the price of \_\_\_\_\_ . I'm 'ALL IN' as soon as it drops!"**



### EXPERIENCED MINEFINDERS DEVELOPING GREAT SHAREHOLDER VALUE IN NORTH AMERICA

Southern Silver Exploration Corp. is a precious metal exploration and development company with a focus on the discovery of world-class mineral deposits in north-central Mexico and the southern USA.

Our specific emphasis is the Cerro Las Minitas silver-lead-zinc project located in the heart of Mexico's Faja de Plata, which hosts multiple world-class mineral deposits such as Penasquito, San Martin, Naica and Pitarrilla. We have assembled a team of highly experienced technical, operational and transactional professionals to support our exploration efforts in developing, along with our partner, Electrum Global Holdings LP, the Cerro Las Minitas project into a premier, high-grade, silver-lead-zinc mine.

In the Faja de Plata (The Belt of Silver) in north-central Mexico, 70 km by road from the city of Durango, exploration to date on the Cerro Las Minitas property (104 drill holes, 46,351 metres) has led to identification and delineation of three mineral deposits (the Blind, the El Sol and the Santo Nino). The current drill program has recently identified significant intervals of new mineralization beneath the Blind and El Sol deposits along the leading edge of the skarn which surrounds the central monzonite stock. Mineralization along this "Skarn Front" can now be traced, discontinuously, for up to 800 down dip and over 650 metres along strike and remains open both to depth and laterally. In Q3, the Company will be revising its 2016 Initial NI-43-101, Mineral Resource at a 150g/t AgEq cut-off, equals: Indicated Resource of 36.5 Mozs AgEq, 10.8 Mozs Ag, 189 Mlbs Pb and 207 Mlbs Zn; and Inferred Resource of 77.3 Mozs AgEq, 17.5 Mozs Ag, 237 Mlbs Pb and 626 Mlbs Zn. (1-6) (See News Release dated 03/18/16).

Electrum Global Holdings L.P. headed by Dr. Thomas Kaplan has now earned in for a 60% indirect interest in the Cerro Las Minitas project and has formed a J/V with Southern Silver. Initial results from this program continue to confirm the geological concept and extend the high-grade mineralization in the newly identified Blind Shoulder target. 14.8m Grading 39.4g/t Ag, 0.1% Pb, and 10.2% Zn (410g/t AgEq; 11.6% ZnEq) and 6.5m (est.TT) averaging 737 g/t Ag, 8.6% Pb, and 21.8% Zn (1814 g/t AgEq; 51.2% ZnEq).

On the Oro Project, New Mexico, Southern has completed a 300 line-kilometre airborne Z-TEM survey over the entire 16.3 sq. km. property at 200m line spacing by Geotech Airborne Geophysical Surveys and is part of a larger evaluation of the project by Southern to identify new targets for drill testing the Cu-Mo porphyry potential of the property. Preliminary results show several potential target areas. Further 3D processing and interpretation of the data by Geotech Airborne and Southern's consulting geophysicist will be completed over the coming weeks.

Southern Silver Exploration, the right metals, the right time.

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# HAVE WE REALLY STARTED A NEW METALS “SUPERCYCLE?”

By Chris Temple - Editor/Publisher  
The National Investor

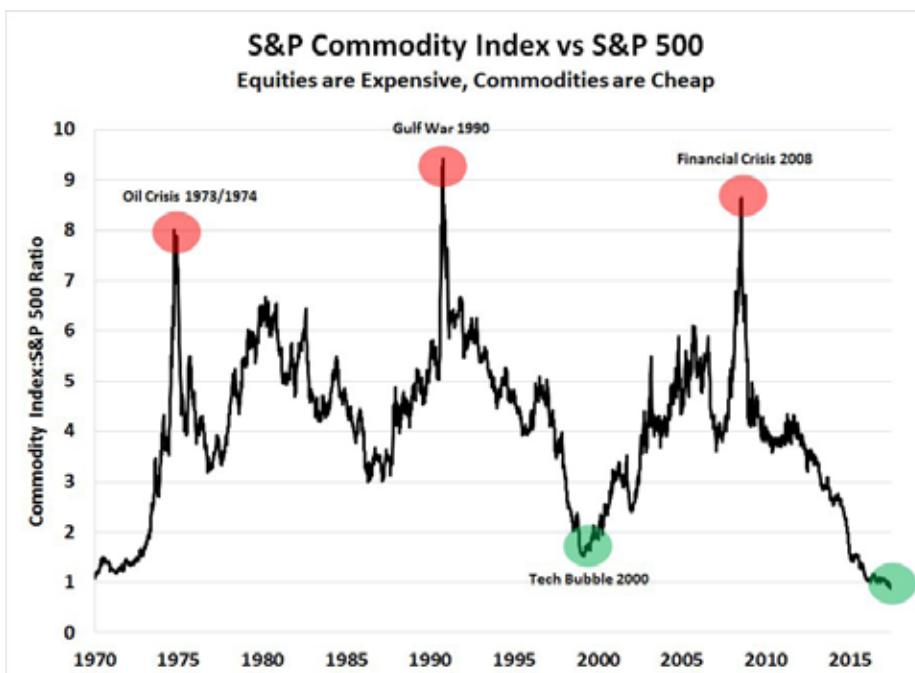
*Resource-oriented investors’ fondest memories – and if you are like most, greatest profits – hearken back to the glory days of the early “aughts.” From, roughly, 2002 - 2008 major forces served to drive commodity prices through the roof. You had to work hard not to make money during this time, with quantum leaps across the board in precious and base metals, energy, agricultural commodities. . .well, pretty much EVERYTHING!*

**L**ately, some considerable rallies in base metals – including technical breakouts in copper and zinc, as well as surging interest in the “energy metals” complex – have investors giddy once more. To be sure, there are indeed some individual stories of companies in these areas that I have recommended to my Members

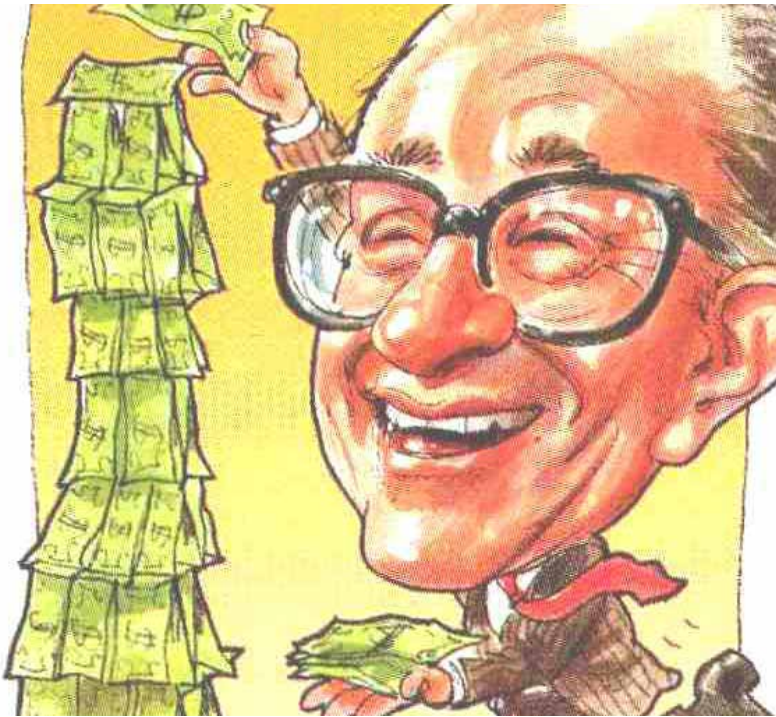
based as much or more on their own unique merits as opposed to my long-term view for the metal(s) they are exploring for.

**Aside from that – and the purpose of this brief commentary – I am advocating caution.** It is easy to look at a chart such as above and believe it is a no-brainer “green light” to throw money wantonly at anything to do with commodities; metals or otherwise. Yes, I know – and myself harp on – the fact that, relative to financial assets, commodities are historically undervalued. But I’m here to tell you that the environment today – and the challenges to this overly simplistic, increasingly bullish euphoria over a new commodities supercycle – just might not be as safe or as simple as you might think.

First, we need to look at the “macro” as well as monetary environments that must be positively aligned to undergird a secular bullish environment for commodities. Back

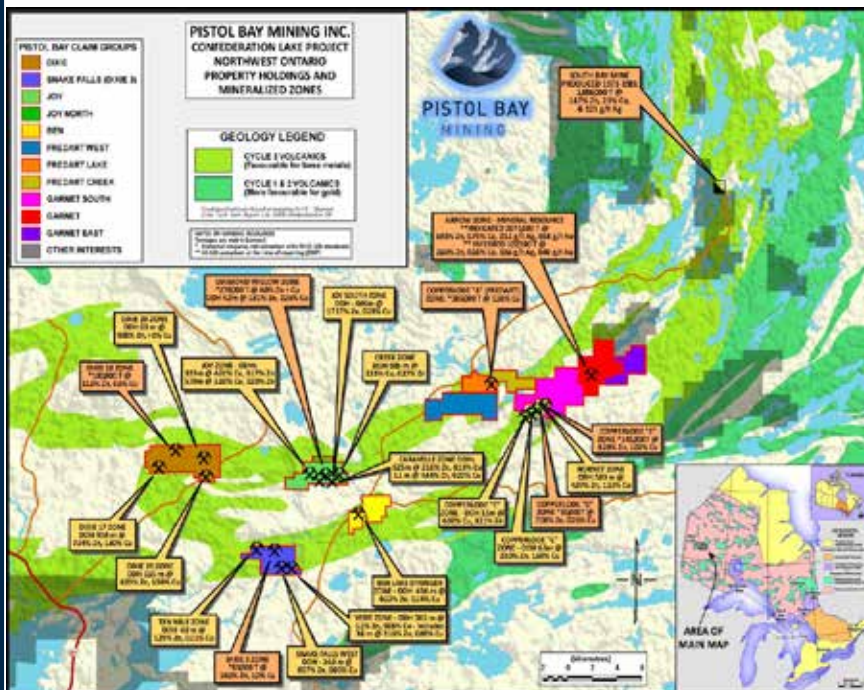






in that “aughts” time frame **we had the two greatest positive forces of all time leading to that explosive supercycle:**

1. First, from the demand side, we had China's great leap forward in industrialization, urbanization and infrastructure building. For a several-year stretch, that nation was almost single-handedly responsible for the increases in aggregate demand of pretty much any commodity you want to name.
2. Secondly, we had in the United States of America a Federal Reserve Chairman, Alan Greenspan, who I have often described as the Mad Monetary Scientist of the Ages. Fresh from blowing the financial bubbles that eventually led to the 2000 stock market debacle, Greenspan—retooled



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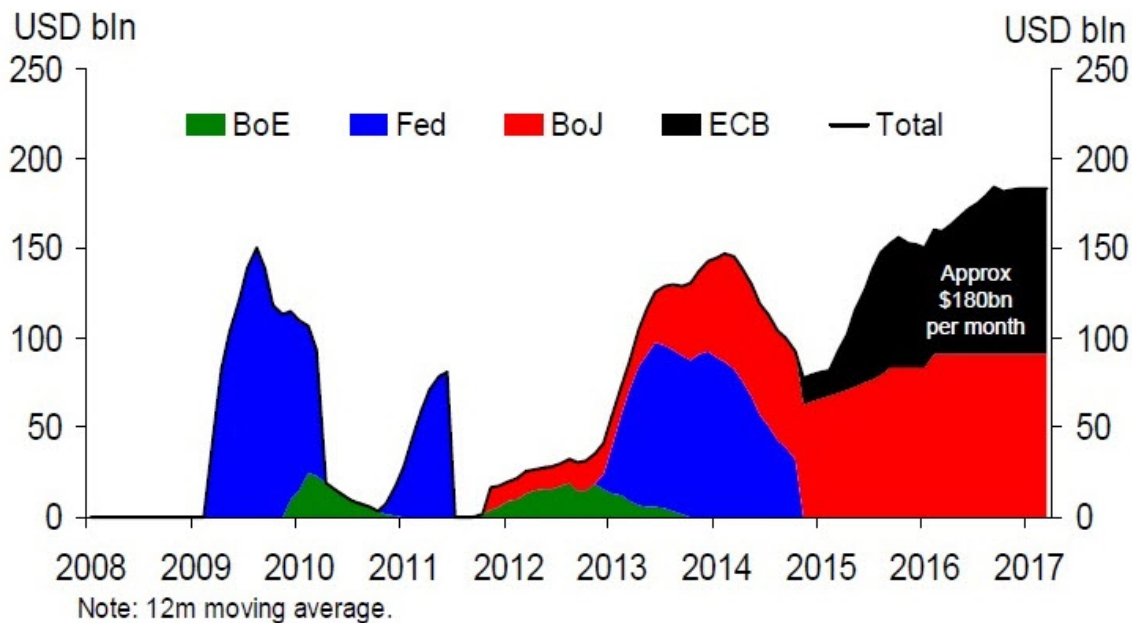
#### Dominant Zinc-Copper Land Position, Confederation Lake VMS Greenstone Belt, Ontario

- Arrow Zone/Garnet Lake has 2M tonne Indicated Resource @5.92% Zn, 0.75% Cu 21.1 g/t Ag and 0.58 g/t Au (historical resource—non 43-101)
- Fredart Zone has 425,000 tonne @1.56% copper (historical resource—non-43-101)
- Joy features historic intervals of: 5.7m of 3.1% Cu, 0.2% Zn; and 3.35m of 4% Cu and 0.17% Zn
- VTEM Plus survey completed—over 2100 line kms
- Positioned to benefit from deficits in zinc
- Accessible by all-weather forestry access roads—good infrastructure
- 42M shares outstanding

Still plenty of liquidity being added to markets:  
ECB and BoJ buying a combined approx. \$180bn every month



### Monthly Fed, ECB, and BoJ asset purchases



Source DB Global Markets Research

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thanks to the repeal just prior of the Glass-Steagall act, which he had long pushed for—took bubble-blowing into a whole new dimension still. This time around, the mad scientist's favorite financial alchemy was to push the derivatives markets to dizzying heights; leverage on top of leverage on top of leverage, securitization of everything imaginable, to the point where this all blew up AGAIN, led by the implosion in credit markets and mortgage securities, primarily.

It was fun while it lasted; and if you – like our Members – grabbed a chair in late 2007 or early 2008 before the music stopped. Later, as all that unwound, commodities of all kinds crashed anew.



*There was a hopeful rebound from 2009 - 2011 or so. Initially, it was led strongly by precious metals; the theory here was that all the new "money printing" by the central banks ostensibly to rescue the world from the 2008 implosion was finally going to lead to that Weimar-like hyperinflation the gold bugs had long touted as what would bring about a gold price of \$5000 per ounce or greater.*

But things didn't go according to script; and even as financial assets kept recovering, commodities rolled over anew DESPITE all the Quantitative easing, Z.I.R.P. and even negative interest rates, etc.

#### WHAT'S DIFFERENT TODAY?

*We decidedly do NOT have all the same tail winds that led to the explosive gains of the last decade for commodities. Far from it.*

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# 1. **China is not the factor that it was.**

Certainly, over the long run, the renewed empire will continue to have an oversized appetite for raw materials; not only as it continues to build its own country but the New Silk Road as well. But for the foreseeable future, the best we can say is that China is not quite the demand force it was before. Further, the risk exists that at some point it might have a debt debacle for a while; something that would send ALL asset classes reeling, with the most likely exception being gold.

# 2. **The Fed is on the sidelines for now.**

For the time being, the Federal Reserve is taking the “window” the market allows it and removing some of its past accommodation. None the less, other central banks are more than picking up the slack; indeed, the first six months of 2017 saw some \$1.5 trillion injected into markets, the fastest annual pace ever. Near-term, though, monetary

stimulus may become less of a help if the E.C.B. decides to finally cut back its own Q.E. program.

# 3. **OVERCAPACITY.**

A lingering issue that investors seem to be ignoring amid the renewed bullishness is that **many industrial commodities, agricultural commodities and energy continue to be hobbled by in some cases massive overcapacity.** For this, too, we can thank “The Maestro.” WAY too much credit was force-fed to producers and resulted in far too much product and capacity. It’s worst with energy, but lingering overcapacity remains in key metals such as nickel, iron ore and even copper.

# 4. **Trade – and other? – Wars Looming.**

While U.S. President Donald Trump has so far been more bark than bite, the possibility of a larger trade war breaking out is still palpable. As I write this, there is also a larger threat of broader trade embargoes over North Korea’s ongoing weapon

tests. Needless to say (or it should be!) if any of these kinds of wars are launched in a meaningful way, you can kiss the new commodities bull market good-bye for a while (not to mention the bull market in equities broadly.)

In summation, and as I am explaining in more detail on an ongoing basis to our audience at The National Investor, there indeed are some pockets of opportunity, chiefly with those individual companies along the entire commodities spectrum whose attributes set them apart. But aside from them, the current rally environment will NOT lead in my estimation to that kind of “rising tide lifts all boats” we saw in the aughts, at least not any time soon.

Pick your commodities -- and companies -- wisely!



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**Bravada Gold Corporation** (BVA-TSX.V; BGAUF-OTCQB; BRTN-Stuttgart) is an exploration and development company with a portfolio of eleven high-quality properties in Nevada, one of the best mining jurisdictions in the world and where important new discoveries continue to be made. During the past 12 years, the Company has successfully identified and advanced properties that have the potential to host high-margin deposits while successfully attracting partners to fund later stages of project development. Currently, five of its Nevada properties are being funded by partners, which in aggregate include earn-in work expenditures of up to \$6.5 million and payments to Bravada of up to +\$3.0 million in cash and shares, with Bravada retaining residual working or royalty interests.

**Partner-funded programs** – Partners spent approximately US\$1.5 million on Bravada’s properties during 2016, resulting in the discovery of shallow, oxide gold mineralization at Baxter and in the refined high-grade gold target that is currently being permitted for 2017 drilling at Quito. A summary follows:

**Baxter** – Funding partner Kinross began a 3rd-phase drilling program in May.

**Quito** – We expect our funding partner Coeur to begin drilling early in the 3rd quarter.

**Shoshone Pediment** – Mine permitting continues by Baker Hughes, with Bravada holding a royalty on eventual barite production.

**North Lone Mountain and South Lone Mountain** – Funding partner Nevada Zinc continues to expand the footprint of zinc mineralization on their claims towards Bravada’s South Lone Mountain claims (see Nevada Zinc Corporations news release of January 11, 2017). Should Nevada Zinc complete the purchase of Bravada’s South Lone Mountain claims, Bravada will retain an attractive royalty on base and precious metals. Drill targets have been identified on Bravada’s North Lone Mountain property.

**Bravada-funded programs** – Bravada plans limited “proof of concept” drilling programs at two of its self-funded projects:

**Wind Mountain** – Bravada received an independent Resource Update and a positive PEA in 2012 (see news release NR-07-12, dated May 1, 2012) and plans to drill-test for high-grade “Hishikari-type” gold/silver vein mineralization beneath the existing disseminated resource at the Wind Mountain property. Drilling is expected to begin during the 3rd quarter.

**SF** – Bravada plans to drill-test for high-grade “Carlin-type” gold mineralization at the SF property. Drilling is expected to begin late in the 3rd or 4th quarter.

**Other Nevada Properties** – The Company continues to seek appropriate funding partners to advance its other properties, many of which have significant gold intercepts in drill holes and have targets delineated for additional drilling. A limited amount of targeting is planned for several of these properties to further refine targets that could be attractive for new partners to drill test.

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