

A "VICIOUS CIRCLE" OF FACTORS COULD LEAD TO A DOLLAR SURGE, MARKET PLUNGE

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by Chris Temple - Editor and Publisher The National Investor

As I write this, what had been hopes for an imminent deal of some kind in the U.S.-China negotiations over trade issues (and a lot more) have been dashed. Nasty rhetoric, new tariffs and threats of more from both sides have been increased dramatically as we kick off the week of May 13, as this is written.

This development is combining with other present/looming issues to increase a little-understood and under reported risk facing the markets: a surprise and perhaps huge surge higher in the exchange value of the U.S. dollar. Such an event would further devastate emerging markets, likely knock U.S. stocks down further, keep commodities in check generally and—all told—throw the world back into recession if it goes on.

#### CHINA - "BEYOND A TRADE WAR"

've been listening to one of the smartest people on geopolitics and China, John Rutledge; he's been warning that we have now moved on to something beyond a mere trade war with China. And that's ominous, if the "hawks" on China are now back in charge. Notwithstanding the many legitimate gripes that the U.S. (and other trading partners) have with China, the feeling has suddenly re-emerged that a goal of those hawks goes way beyond merely those oversimplified mercantilist ones Trump has mouthed so often, of reducing the trade deficit with China (one like—with many other things—was Made in America to begin with.)

Those hawks view China today as those who were in The Reagan Administration viewed the old Soviet Union a generation ago. China is THE main economic and military rival, longer-term; and there are those who would be happy to really cripple China as a result of what, in a sense, are misleadingly-termed "trade talks." A credit crisis, market plunge, economic disaster; all might be "tolerable" to these folks if it substantially delays China's longrun economic and military ambitions.

If you want to move past the oversimplified rhetoric and get a REAL education on the stakes here, listen to the interview with Rutledge at: https://www.youtube.com/ watch?v=VZHBGfh7HoQ

Having been one of a small minority of currencies to have rallied against the U.S. dollar in 2019, the Chinese yuan has swiftly given back those gains.

If anything, this may even complicate talks with China, as Trump—rather than keeping his mouth shut for a bit and understanding that this is quite involuntary on China's part—will hector them further over what he'll term a more deliberate weakening of their currency to try to offset the effect of tariffs, export pressures, etc.

The net result of increased trade worries is that the resulting economic weakness and market drops will chase people into the safe haven of the U.S. dollar (and, to certain extents, the Japanese yen, Treasury securities and even gold, which will buck commodity weakness elsewhere.)

#### **RENEWED EUROPEAN** DONNYBROOK



The upcoming European Parliament elections mere days away may deliver markets generally and European politics particularly more than they bargained for. The fact that the United Kingdom is even taking part in them is a victory of sorts in one battle that has been "won" by the plutocracy in Brussels. Yet it could prove a Pyrrhic victory to have kept the British as a part of this whole exercise. If the election outcome delivers back to the parliament a reinvigorated and reengaged Brexit Party leader Nigel Farage (at his best recently at https://www.youtube.com/ watch?v=YshD3VZuLrU) the outcome of this cohabitation-while-divorcing could end up looking like the classic dark comedy War of the Roses, with Michael Douglas and Kathleen Turner.

With the part-traitorous and parthapless Prime Minister Theresa May now a pariah and lame duck in her increasingly lonely abode at "No. 10,"

> Farage has stormed into the void and now leads the adrift Tories in polls ahead of those parliamentary elections.

> And that's not the only looming headache for the E.U.'s leaders as Election Day rolls near in two dozen-plus member states. It is pretty much a foregone generally, conclusion that, establishment and "center"

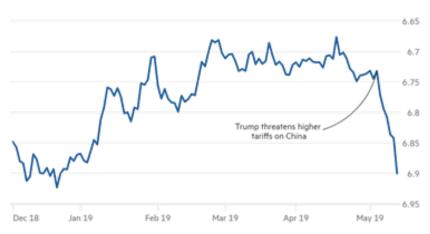
parties pretty much Europe-wide are going to come out on the short end of the stick as an assortment of euro skeptic, nationalist and anti-immigration forces add to their presence in the E.P.

Most ominously for the powers that be, new polls show that the so-called "far right" Rassemblement National (RN)-formerly the National Frontheaded up by Marine Le Pen has pulled in front of President Macron's REM Party. From the yellow vest protests, to Macron's "partnership" with German Chancellor Merkel in turning lose a foreign invasion on Europe to a host of other issues, Macron's popularity, as May's, continues to plunge. If his party indeed does come in second to Le Pen's, it will even further upend domestic politics and more.

All this renewed political angst is likely to add to the downside case for the euro in the months—even years—

#### The fall in China's yuan

Rmb per \$ (offshore)



Source: Refinitiv (formerly Thomson Reuters)



**ahead.** It's notable that the common currency has continued to slowly erode in 2019 despite the Fed's aboutface as to its policy intentions. As I have pointed out numerous times, this is due to America's relatively healthier economy, and relatively FAR healthier banking system. Further, in any outcome even now (let alone if what will likely be an even more fractured Europe after the coming elections) the way forward for whoever ends up at the helm of the European Central Bank when it changes presidents late this Summer is that ever more papering over of its banking and political problems will be required.

That will add to trade tensions that have been coming back. . .between **Europe and China**. Ever more so, they will seek to hold up their export markets via a currency war.

Again, the net result of Europe's growing messes will be U.S. dollar relative strength.

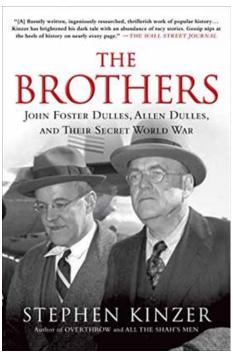
#### **RENEWED GEOPOLITICAL WORRIES**

To me, the most disappointing thing about the Trump presidency thus far is that Candidate Trump—who correctly railed against America's military adventurism the world over, with its attendant loss of trillions of dollars and countless lives—has allowed himself to be completely neutered. Now-President Trump has given the war mongers and interventionists a pretty free hand.

No Trump appointee more epitomizes his 180-degree turn than National Security Adviser John Bolton. As I have quipped, Trump might just as well have had Melisandre from Game of Thrones fame raise the maniac John McCain from the dead and let him run American foreign policy. There would be no discernable difference.

As with the hawks on China policy that are willing to risk pushing China too far, Bolton is a dedicated advocate of American Empire; he's very much following the example first set by the Dulles brothers in the wake of World War 2. To that end, he thinks it's time for Iran once again to be overthrown (as the Dulles brothers accomplished back in the early 1950's; one of a succession of events that earned America the hatred of that country.)

With markets both overpriced and vulnerable, even an "accident" of some



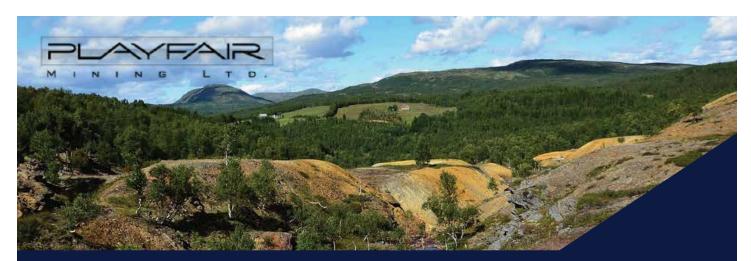




kind in the Middle East (Bolton is the one who claims to have ordered a carrier group and Patriot missile battery nearer Iran) could topple With upward pressure things. already on the greenback due just to what we pretty much know, this unknown "Black Swan" event-if it materialized-would send market moves into overdrive: Treasuries (and other major sovereign debt) would soar higher in price. . .the U.S. Dollar Index would surge back well into triple-digit territory. . .emerging market paper of all kinds would get pounded. . .industrial commodities would get set back further ...etc.

The above comments were taken, in part, from the current issue of The National Investor. For more thoughts as well, check out my podcast of May 13 on the Korelin Economics Report, at: http://www.kereport.com/2019/05/13/ trade-war-escalation-shift-money-tothe-risk-off-assets/





RKV PROJECT- COPPER NICKEL COBALT IN SOUTH CENTRAL NORWAY

BEGINNING WITH ARTIFICIAL INTELLIGENCE, PLAYFAIR IS USING MODERN EXPLORATION METHODS TO EXPLORE THIS 300SQKM HISTORIC COPPER NICKEL DISTRICT.

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Contact: Donald G Moore CEO | dmoore@wascomgt.com | 604-687-7178



he junior resource sector is a people business. In my view, making money consistently in a sector which is fraught with risk and failure, without a doubt, is inextricably linked to the quality of the people who are running the companies with which I am investing.

This statement, and statements like it, are very likely the most common answers you will hear from many pundits throughout the industry. While this should now be common knowledge, however, I still hear from investors who invest and lose money with "butchers, bakers and candlestick makers."

So, why does this still happen? I'm not totally sure. Maybe it's the potential for a quick buck or simply investors caught up in a narrative. Whatever the answer may be, I'm sure it will continue in the future, and that's too bad. While it makes a select few rich, overall, the promotion of mediocrity is really bad for the sector.

In saying this, today I have for you a conversation with one of the sector's 'greats;' a man and a group in which it's worth investing.

This person is Dr. Mark O'Dea, Chairman and Founder of Oxygen Capital.

Oxygen Capital has a great track record of success within the sector, as they have provided a ton of value for their shareholders through the sale of many of their projects, such as Fronteer Gold, Aurora Energy and True Gold.

In our conversation, I asked O'Dea about the secret behind Oxygen Capital's success, lessons he's learned while working in the sector, his view of jurisdictional risk and more.

There's a lot to glean from O'Dea's answers - Enjoy!

**Disclaimer** The following is not an investment recommendation, it is an investment idea. I am not a certified investment professional, nor do I know you and your individual investment needs. Please perform your own due diligence to decide whether this is a company and sector that is best suited for your personal investment criteria. I do NOT own shares in any of the companies discussed in the interview. I have NO business relationship with Oxygen Capital or any of its associated companies.

**Brian:** In my opinion, one of the biggest issues facing most people is their lack of self-awareness. Whether it be in their investments or their personal lives, many people either have no idea or are prone to lying to themselves about where they are strong and where they are weak and, thus, typically fall short of their goals and aspirations.

Oxygen Capital and its managing partners definitely don't have this issue, as their track record for success within the resource sector is among the best I have seen.

#### What has and continues to make Oxygen Capital successful within the resource sector?

Mark: When you start working on a project, you know reasonably soon, whether it has the potential to be an economic deposit or not, and if it doesn't, there's really no point in faking it. It's a waste of time, it destroys the trust of shareholders, and it builds the wrong type of working culture. So, you're much better off focusing your efforts on finding the right project. We have lived by the philosophy of "good projects and good places" for 20 years now and it has worked out really, really well.

Over that period, I've been CEO and/or Executive Chairman of a number of public companies that have been acquired, because they were underpinned by projects that were either operating mines, or advanced projects that could ultimately become mines.

For example, Fronteer Gold, among other things, had the high grade Long Canyon deposit that ultimately became a mine built by Newmont, after they acquired Fronteer in 2011. It is now one of their lowest cost mines in the USA. Aurora Energy defined and advanced one of the largest uranium deposits in Canada back in 2009, and it was ultimately acquired by Paladin in 2011. Its Michelin deposit needs higher Uranium prices, but it's got all the attributes of a long life mine. And most recently, at True Gold, we built an open-pit, heap leach gold mine in West Africa, and shortly after we poured our first gold bar in 2016, we were acquired by Endeavour Mining. So, all of our big successes have been underpinned by high quality projects that were either mines or had the potential to become mines.

Today, we've got four companies at Oxygen - Pure Gold, Liberty Gold, Sun Metals and Discovery Metals. We've created, in my view, one of the best exploration and development pipelines in the business. And all of our companies continue to be underpinned by good projects, in good places. At Pure Gold, we have the large Madsen Gold Deposit in Red Lake Ontario, which is currently the highest grade gold development project in Canada today. We just finished a bankable feasibility study that's underpinned by a two million ounce indicated resource, at almost nine grams per ton, with another half million ounces of inferred gold. It's going through the final permitting process and ultimately the goal is to become the next Canadian producer.

Liberty is rapidly advancing three big open pit gold projects in the Great Basin of the United States. They're excellent projects in a Tier 1 jurisdiction. We recently put out a PEA on Gold Strike and it shows that it's got the makings of an excellent low cost mine. It's very appealing. And we're about to start drilling Black Pine, which is another big Carlin-style gold system that has exciting size potential.

Finally, Sun Metals, we just made a highly disruptive discovery in BC, which was frankly, one of the best high grade copper-gold intercepts in Canada in 2018. We're about to get back in there this summer and continue drilling to build continuity and size. We are all very excited. So, all of our businesses are underpinned by real projects and that's been the key to our success.

**Brian:** Over the course of my life, I have learned that a large portion of what it takes to be successful is not being afraid of failure. The caveat being that it doesn't pay to be irrationally courageous, either.

Firstly, do you agree? Secondly, can you give an example, in terms of your personal resource sector career, of how you used this philosophy to overcome adversity and be successful?

Mark: I would agree with both points, this business is like a treasure hunt, and you know you're going to make a lot of wrong turns, and hit a lot of dead ends along the way. But when you persevere and ultimately get to the



prize, the reward can be spectacular for everyone, and it's worth it.

We look at dozens and dozens of projects every year, and the key is to know, A, what makes a good project, and those are things like grade, size, strip ratio, metallurgy, all those kinds of things. The second is knowing when to keep going and when to stop.

In my opinion, it is perfectly fine and, in fact, preferable to cut your losses and move on, if your project isn't shaping up into something meaningful. So, maybe the metallurgy is fatal, or the strip ratio is too high, or the grade is too low, or maybe you just got the geology all wrong. Whatever the reason, failure is part of this business and winning teams in my opinion need to be able to try and fail and quickly move on to a better project. That's what investors expect of you.

**Brian:** For me, jurisdictional risk is an interesting subject because everyone has their own criteria for what constitutes risk. For most, jurisdictional risk is most closely tied to the politics of the country in question, or the politics of a neighbouring country.

Overthe course of your career, you have worked in and run mining companies in a variety of different countries around the world. These countries range from premier jurisdictions, like Canada and the United States, to some of the more difficult places, like Burkina Faso and Turkey. How have these experiences shaped the way you view jurisdictional risk?

Mark: In my view, risk comes in many forms and I put risk in two categories. One is subterranean risk. Everything

below the ground, and the other is above ground risk. And so, 50 years ago in our sector, all the risk associated with mining was subterranean and related to the deposit itself. Did it have the grade and the size or not? And today, all those subterranean risks are still there, to the exact same extent, but layered on top of it all are the above ground risks. Which are, in many ways, far more challenging, because they're difficult to manage and they can take a lot of time.

I'm talking about things like regulatory, permitting, social, and geo political risk, and mining is under increased scrutiny today. Regardless of the jurisdiction you're in these days, each jurisdiction has its challenges, whether it's from local communities or an environmental group.

From day one, your project needs to be positioned in a way that benefits the local community, regardless of where you are. And that means employment, a better way of life and environmental protection, and if you get these three correct right out of the gate, then you are at least increasing your chances of success down the road.

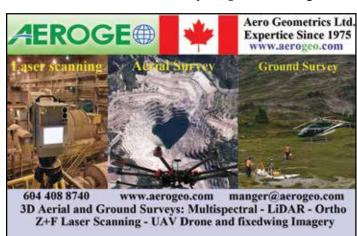
**Brian:** At the moment, bearish sentiment within the resource sector appears to be very prevalent. As a consequence, many of the junior companies that I have spoken to are finding it very hard to raise cash to further develop their projects.

Oxygen Capital companies have a great reputation when it comes to their ability to raise cash. First, how is it that Oxygen companies are able to raise cash in difficult markets and, second, in your opinion, why is the junior resource sector on a whole, seemingly, having a hard time attracting investment capital?

Mark: Since 2013, we've been in a bear market; gold spiked at US\$1890 /oz in 2012, and then we've been bumping along in the US\$1200s to US\$1300 range for about six years now. And, during this period, there have been some pretty massive structural changes, with traditional funding having exited the space and dried up. ETF flows have stolen liquidity, and passive money is taken over from active money. During this period, we've been able to stick to our knitting and we've been focused on buying, exploring and advancing great projects in great places, and building Our businesses have our pipeline. been able to grow in this bear market because we've been able to attract some of the best investors and name brand backers in the sector, and I'm extremely thankful for their support in backing our companies. Since 2012, we've raised about \$500 million dollars in 30 finances. And that includes the CapEx to build the Karma open-pit mine in Burkina Faso.

The biggest challenge to raising new capital today is the decimation of actively managed resource funds. These funds kept the ecosystem going for decades and most of that capital has now migrated into passively managed ETFs, which don't participate in financings. It has also shifted into other speculative industries, which hasn't helped. But I do fundamentally believe, that the relevance and approval of the sector is going to have a renaissance as the demand for green technologies puts a bigger and bigger focus on the need for metals in our modern lives.

**Brian:** Having attended many resource sector focused investment conferences over the years, it's clear, to me at least, that the majority of investors in the sector are in their, so-to-speak, 'golden





years.' The younger generations, mainly the millennials, on mass, are virtually absent, with their attention seemingly more focused on cannabis and crypto. The question that comes to my mind is, why? Is it a matter of relatability?

#### In your opinion, why has the resource sector failed to attract the millennial generation's investment dollars, thus far?

Mark: I think that is an important question, but I'm not sure we're getting the answer right.

The broader market has been booming, other sectors have been on fire and generating great returns, in sectors that are more topical and, frankly, cooler. In contrast, you look at the mining space and the equities have been going down for eight years, so there hasn't been an opportunity for them to make any money. So, they've been staying away and that's one answer.

The other answer, I think there's a cognitive dissonance between understanding the role of mining in propelling a greener, more sustainable society. That vision requires metals. And, ultimately, I think a connection needs to be made by people, who are embracing electric vehicles, wind turbines, solar panels, and recognize that they all require metals. Lots of metal, which can be extracted without destroying the environment.

As an example, Tesla just published an article today saying there's not going to be enough metal to supply the electric vehicle demand that's anticipated. And that's all copper, cobalt, nickel, etc,. What end consumers and investors need to realize is that, mining and environmentalism are all part of the same continuum. We're all on the same team. And people can feel good about extracting metals from the ground, to build a sustainable greener future, while still protecting the environment. It all needs to be able to coexist as part of the same ecosystem.

**Brian:** Within Oxygen, you tend to focus on de-risked projects as part of your ethos. A great example of an advanced de-risked project would be the Madsen Red Lake Gold Mine, which is owned by Pure Gold, in Red Lake, Ontario. Red Lake is a prolific district.

What are your reasons for focusing on gold right now and what do you see as a future for Red Lake?

Mark: Almost all of our success as a group comes from projects that have been worked on in the past and we have effectively "rediscovered" them. We can include the Michelin Project that Aurora had, Goldstrike and Black Pine at Liberty Gold, Karma at True Gold, Long Canyon at Fronteer Gold and Madsen at Pure Gold. These were all past producing mines or previous exploration projects that were forgotten and put away for various reasons including low metal prices or changes to corporate direction.

Madsen is a perfect example to highlight. This was a past producing mine for 38 years, it produced 2.5 million ounces of gold and effectively lay dormant for 20 years, owned by the predecessor company Claude Resources, who worked on it intermittently, but never advanced it to the stage of developing a new geological understanding and getting it back into production.

Pure Gold picked it up in 2014, and consolidated the property for a net cost of \$8.7 million dollars and the team has focused on re-interpreting, comPILing, integrating, every bit of data they could for two years on this project. We came up with a new geological model and the Company is now sitting on the highest grade development gold project in Canada, with a million ounces of reserves, drilled off at six-and-half meter centers, and sitting within a 2.1 million ounce indicated resource with another half million ounces of inferred resource. It's an extraordinary accomplishment and these are all new ounces. This is not a remnant project that we're going to go in and salvage. These are brand new ounces sitting outside of historical development. So, that's a pretty important fact to include in there.

Madsen, even though it's evolved from a historical legacy project, it is actually a big part of the future of Red Lake. It's a sunrise asset today. We're about to move through the final permitting process and into production with a high grade gold reserve of one million ounces, with the potential to provide decades of production in Red Lake. Meanwhile. the Red Lake mine complex itself is a sunset asset and it's starting to wane. So, I think Madsen is going to be a very, very important component of the whole consolidated Red Lake package.

**Brian:** In my opinion, distinguishing if management teams are owners or if they are solely employees is integral to understanding the motivation the team has to succeed. Not only is it integral to understand how much of the company insiders own, but at what price.

#### How important do you think it is that management own shares in their own companies?

Mark: I think it's vital, I think it's one of the most important things that a shareholder should look at, when they invest in a company. How much skin in the game does the management have? There's a massive difference between being an employee and being an owner. Being an owner of your company, through owning a significant portion of shares, is a really strong testament to your dedication and your focus on making it a successful venture. For example, at Pure Gold, we recently had five year options that were about to expire last month and everybody in the group, all the board and senior management, exercised those options and held the stock, adding three million shares of insider ownership to the books.

One of the things I have learned over the years is that when you have a project that you truly believe in, own as much of it as possible. I'm one of the largest shareholders in each of the oxygen companies, and have been regularly adding to my position at Pure Gold and Liberty Gold.

**Brian:** Mark, it has been a pleasure. Thank you very much for sharing your thoughts on the resource sector and, most importantly, educating us on the Oxygen Capital group of companies.

#### Before we end, do you have any final thoughts or advice for resource sector investors in 2019 and beyond?

Mark: I will leave you with a quote from Miles Davis, who knew what he was talking about when it came to jazz when he said, "Time is not the main thing. It's the only thing." He wasn't talking about mining, obviously, he was talking about music. But I think it is equally applicable to the mining sectors.

In this business or any cyclical business, if you get the timing right, the results can be spectacular, beautiful. And to me, it feels very much like the timing is right for the resource stocks to resurface and breakout from this bear market in the very near term.



by The Indigenous Miner

A project in the Yukon is writing a bold and uniquely Canadian road map for environmental practices. Along the way, what was once an adversarial relationship with First Nations has morphed into an admirable co-partnership.

he reasons for the success of Copper North Mining Corp.'s Carmack Project, like all good mines, lie in it's geology. But first we asked CEO Doug Ramsey about the approach that turned things around and led to the foundation of a mutually beneficial relationship.

"Well, this story has a very long history," begins Doug, "and it wasn't a particularly good relationship between the previous mining company and First Nations."

"Originally I joined the company as a VP of Sustainability and Environmental Affairs in February of 2012. One of the things I joined to do was to repair the relationship with First Nations."

"I approached the Little Salmon Carmacks band in particular because they're close to the project, and they had some real, legitimate concerns about the previous proposal."

"And so we started with simply getting to know them. And in time we were able to give them a sense of who we

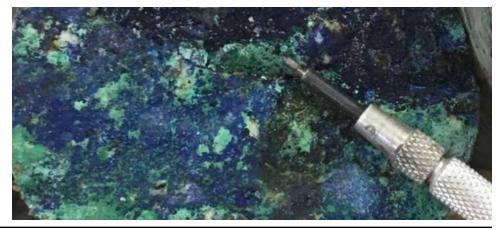
are, and how we approach both mine development as well as relationships with local First Nations."

"By December of 2012, we had a consultation agreement with Little Salmon. And keep in mind that it wasn't that long previous, where Little Salmon was an intervener, opposing the project for water licenses."

Doug has a lot of ground to cover and moves swiftly.

"It sounds like a big turnaround, but it was pretty straightforward. It really comes down to just taking a different approach with First Nations peoples. We took the approach that, look, Little Salmon and the Selkirk First Nations are very important stakeholders. We want you guys to know about what we're doing before anybody else does."

"They don't need to have a lot of meetings," says Ramsey, "it's just when there's a change, they need to know about it before we tell government or publicize it. They always come first."





"And we've taken that approach all the way along - continuing to inform them about the progress on our metallurgical process change. And so that when we're ready to get back into intensive consultation, everyone is ready to move things forward quickly."

"And that's an approach that everyone seems to find refreshing and appreciate."

But it is the geology that sets the Carmacks Project on a completely different track. A geology and a process which makes Carmacks unique in Canada.

"Our Carmacks project in the Yukon is an advanced stage copper-gold-silver project that we're looking to advance through feasibility and permitting," explains Ramsey.

"We've had it since 2011, when we were created as a spin-out from the former Western Copper. There are a few things about the Carmacks Project that are a little unusual, but they're unusual in good ways as far as mining properties in Canada are concerned."

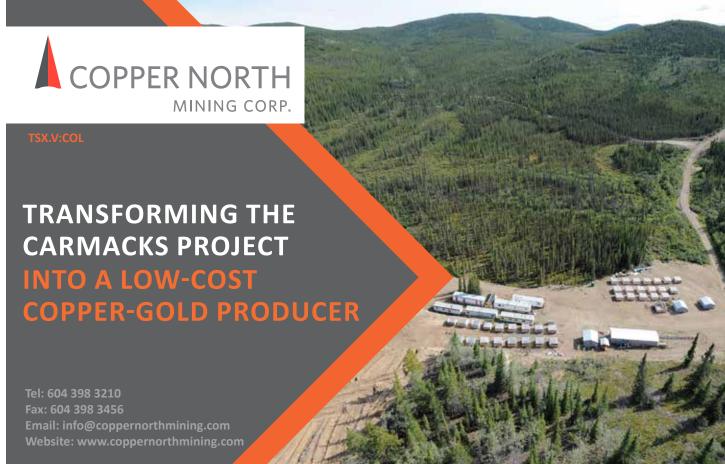
"Firstly, It's an oxide copper-gold-silver deposit. Most of the copper projects in Canada are based in sulfide ores. Oxide typically forms on the top of the deposit, but are almost always scrubbed away by glaciers long, long ago."

By chance, the last continental glaciation skipped over the Carmacks location, leaving a wonderful deposit in excess of 250 meters from surface.

"When Western had the project, they were looking at it as a copper-only heap leach project. They were leaving the precious metals behind."

"When we took it over, we knew we needed to do some re-engineering of the heap leach anyway, and we decided to take it a step further and see if we could modify our metallurgical process to recover both gold and some silver in addition to the copper."

"And so with some metallurgical test work, we were able to determine that we could use a very conventional technology called agitated tank leaching. That





allows us to have a two stage process wherein the first stage we recovered the copper and then in the second stage we recovered gold and silver."

"That allows us to move away from heap leaching, which was a concern to the First Nations as well as to the government and the general public." Heap leaching is the process used by most of the world for copper

recovery. It creates a host of environmental issues including ground/water contamination and tailings impoundment. When tailings impoundment goes wrong (see: Mount Polley disaster) it goes very wrong.

"By using a tank base system we leach the copper with a process called solvent extraction electrowinning to produce cathode copper, which is final copper metal. As we're not producing a concentrate it doesn't need to be shipped somewhere to be smelted - we are able to produce final copper metal on site."

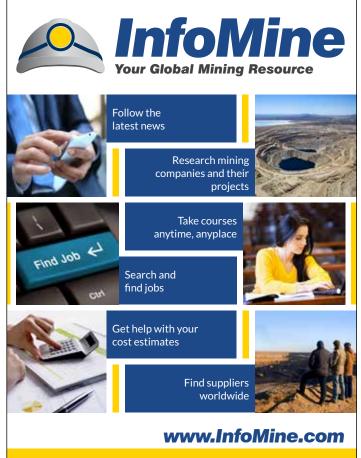
Producing metal on site, without shipping to a smelter, greatly reduces the carbon footprint and pollution caused in the local environment by transporting ore.

"What we've got is a completely contained leaching process rather than the heap leach that was previously proposed."

"We're recovering copper and doing a better job of recovering the copper than in the heap. We're also recovering gold and doing a very good job of recovering that and some silver. And in the end, we've got a neutralized non-acid generating dry stack tailings PILe. So there's not even a tailings impoundment, there's no tailings dam to worry about at the end of it."

"So from an economic perspective, the project is improved, but also from an environmental perspective the project has vastly improved."





"There aren't any other projects in Canada using this process. In other parts of the world, there are operations were this is in use - typically wetter parts of the globe where heaps don't work very well. Places like the Congo, South Africa. In Vietnam it's used for gold recovery."

"But there aren't very many projects in the world at all that use this kind of two stage process, because in most cases, it's either just a gold deposit or just a copper deposit. We have the luxury of having both."

It is this combination of geology and process that puts Copper North in such a unique, and enviable position.

"Because we're using dry stack tailings, which is regarded as one of the best available technologies for tailings management, we've got a long term, stable tailings impoundment."

"We've used a dry stack where the solids are filtered to about 17% moisture, and then they actually go out into the tailings PILe where they're compacted even more."

"Also, because it's an oxide the sulfide minerals aren't there - meaning there's no acid rock drainage issue. And furthermore, there's no metal leaching issues."

When the mine life has reached it's end, how will this effect clean-up?

"Absolutely, this is the superior system - it makes everything easier to clean and contain. In fact, the way the tailings management area is designed, it's designed to be closed out as it's built. There's the opportunity for progressive reclamation as the tailings PILe is established."

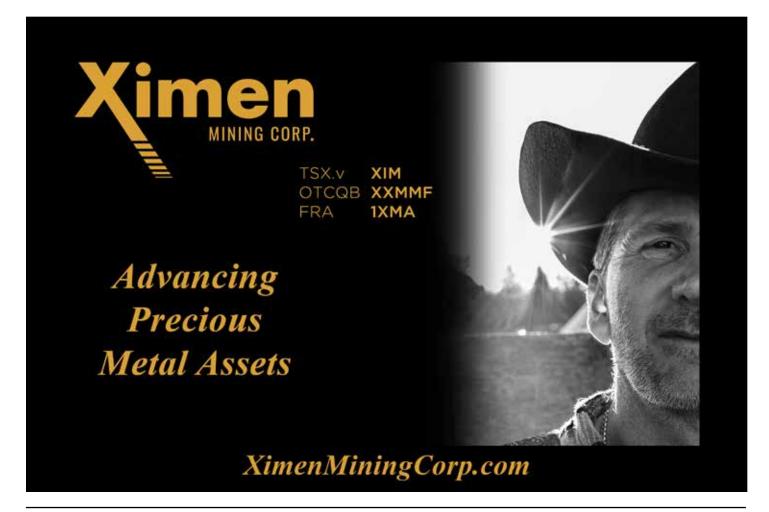
"Next, because we have non-reactive tailings, we are able to seed and plant vegetation on it without waiting for the PILe to drain. This is a massive advantage - we've already provided a substrate for the establishment of vegetation - we don't need to worry about long term containment dam stability because there isn't one. So it's something that can be closed out quickly, in an environmentally conscious manner and relatively inexpensively."

It should be noted that the Carmacks Project is also able to hook directly into the Yukon power grid. In 2018, the Yukon produced 94% of it's electricity from renewables (hydro). Copper North is able to reduce their impact by avoiding the large diesel generators other companies use on remote sites.

"It's just one more thing that makes us better, more viable and more sustainable," replies Doug. "If the project wasn't already unique enough."

Originally thought to have a 7 year mine life, recent explorations extend that out to a possible 9 1/2 years. At the time of this writing Copper North hasn't announced new financing yet, but are expected to issue a proposal in May/June.

"we need to take our new metallurgical process up to the feasibility level of engineering," closes Ramsey. "That's our next task, and to get there is going to take us about \$1.2 million."





## \$2 TRILLION **INFRASTRUCTURE PLAN** WILL REQUIRE MEGA **METALS**

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

By Richard (Rick) Mills

he White House and Congress finally agreed to put their significant differences aside and work together on something constructive, no pun intended.

On Wednesday it was announced that President Trump and Democratic congressional leaders plan to spend \$2 trillion on US roads, bridges, power grids, water and broadband infrastructure - bricks and mortar priorities that are sorely underfunded in both the United States and Canada.

For more on this, read our The global infrastructure deficit: the road not yet taken

"We just had a very productive meeting with the president of the United States," House of Representatives Speaker Nancy Polosi said during a press scrum, adding: "We did come to one agreement: That the agreement would be big and bold."

The Democrats' House leader Chuck Schumer was equally optimistic, per Reuters:

"We agreed on a number, which was very, very good - \$2 trillion for infrastructure. Originally we had started with a lower even the president was eager to push it up to \$2 trillion," Schumer said.

Trump campaigned on a pledge for fix America's crumbling towns, cities, freeways, ports etc., but a \$1.5 trillion White House infrastructure proposal last year didn't go anywhere. The plan called for \$200 billion in federal funds that would require a 4-1 match from state and local governments.

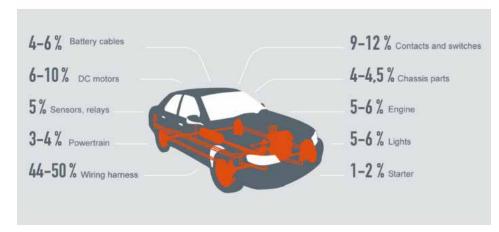
The proposed legislation reportedly faced hurdles in Congress because it didn't offer enough federal funding for Democrats, nor did it address how the program would be paid for. A later \$1 trillion proposal by House Democrats also failed to get any traction.

The fact that the Dems and the GOP have shown bipartisanship in a government

that up to now has been as divisive as they come, is good news. We'll leave the thorny subject of whether the legislation actually passes, to the political gurus. Let's presume it does. What would it mean for mined metals? This article takes a stab at that question.

#### \$2T SHORTFALL

Spending on infrastructure, also known as "blacktop politics", is a common way for politicians to earn votes in an election cycle, but for the United States the issue transcends politics because the need is so dire.





According to the American Society of Civil Engineers (ASCE), the US needs to spend \$4.6 trillion between 2016 and 2024 in order to upgrade all its infrastructure to an acceptable standard. But only \$2.6T has been earmarked, leaving a funding gap of \$2 trillion. US lawmakers must have been reading the 2017 Infrastructure Report Card, put out by the ASCE every four years, with its \$2T shortfall figure.

We see and hear about the implications of infrastructure neglect almost every day in the news.

#### **INFRASTRUCTURE FAILURES**

Likely the most impactful, in terms of the potential for death and destruction, are blackouts or brownouts that happen when electrical grids fail. In the United States, the grids are particularly vulnerable to hurricanes, floods scorching-hot weather. They must be sturdy enough to withstand natural disasters that are becoming all too frequent due to climate change.

But the US energy system, comprising 640,000 miles of high-voltage transmission lines split into three grids by region, is at full capacity. Most of it was built in the 1950s and 60s and has a 50-year life expectancy.

Half of the nine worst power outages in US history were storm-related. In 2012 a line of fast-moving winds and thunderstorms called a "derecho" moved across the US Midwest, causing 4 million people across 11 states to lose power; some were in the dark for 10 days. This was just a warmup though to Sandy, a massive hurricane that impacted 24 states the same year. The storm drenched New York, flooding streets and closing subway lines, and cutting power to some New Yorkers for up to two weeks. The damage to New York City was \$18 billion, more than the damage tally for all the other states combined.

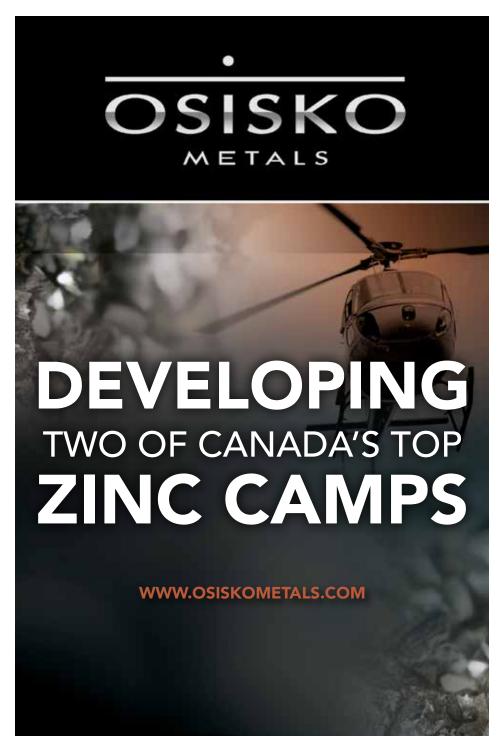
Affecting less people but more dramatic, are bridge failures. There are few accidents - except maybe a plane crash or a passenger train derailment - that strikes as much fear into the traveling public, as a major bridge collapsing as you drive over it. In 2007 it happened in Minneapolis. Investigators said support plates that were half as thick as they should be caused the I-35 W bridge to fall down, killing 13 people.

Then there's the annoying. Fitting into this category are overcrowded airports, subways, buses, and schools. All are problems that could be alleviated by building more infrastructure. Nobody has likely died from a watermain break but these incidents always draw attention to how old these pipes are.

On July 29, 2014, a major watermain in Los Angeles sprung a leak, causing 20 million gallons to sPILI onto the UCLA campus. The flood waterlogged and stranded hundreds of vehicles. It was discovered that the problem was at the juncture of a 93-year-old and 53-year-old water pipe under Sunset Boulevard.

#### **INFRASTRUCTURE METALS & USES**

Infrastructure is the physical systems - the roads, power transmission lines and towers, airports, dams, buses, subways, railways, ports, bridges,



power plants, water delivery systems, hospitals, sewage treatment, etc. that are the building blocks, the Lego pieces, which fuel a country's, city's or community's economic, social and financial development.

Economic growth necessitates building more infrastructure to meet increasing demands on power, heat, water, roads and the like. As populations grow, they need more houses, hospitals, subway lines, roads, recreational facilities, sports stadiums.

There is an undeniable connection between a country's competitiveness and its infrastructure, yet both Canada and the US are facing significant infrastructure deficits, meaning the money that is being allocated for upgrades to water lines, sewers, bridges, roads, dams, power plants, public buildings, etc., isn't enough to cover maintenance let alone replacement costs.

The amount of pipe rehabilitation, the number of dams that need to be upgraded, new ports, airports, bridges, power plants etc., will require billions of tonnes of raw materials. We're talking iron ore, steel, zinc, manganese, vanadium and copper, just to name a few key metals.

Let's take a closer look at some key infrastructure metals, and their uses in infrastructure.

Aside from iron ore, manganese is the most essential mineral in the production of steel. You can't produce steel without adding 10 to 20 pounds of manganese per tonne of iron ore, making manganese the fourth most traded metal commodity.

Canada and the United States have numerous and vast iron ore deposits, yet neither country produces manganese.

#### **STEEL**

Building new North American infrastructure would obviously take a lot of steel. It's hard to say how much, but consider these facts: The Hoover Dam on the Arizona-Nevada state line used 45 million pound of reinforced steel, 88 million pounds of plate steel and outlet pipes, 6.7 million pounds of pipe and fittings, and 4.4 million yards of concrete.

#### Structurally Deficient Bridges: Top and Bottom Five States by Number and Percent



According to the American Society of Civil Engineers, by 2025 70% of US dams will be over 50 years old and past their life expectancies. The cost to rehabilitate them? \$64 billion. It would cost American taxpayers one-third of that just to repair the most hazardous dams.

Bridges are in equally bad shape. The United States has 614,387 bridges. Nearly four in 10 are over 50 years of age. On average 188 million trips are made across a structurally deficient bridge every day! The engineering society (ASCE) tells us that the backlog of bridge rehabilitation is valued at \$123 billion.

The most common raw materials found in new modern bridges are steel, concrete, stone and asphalt. Steel is often used in the bridge superstructure for expansion joints, beams, bearings, floor beams, girders, reinforcing bars in concrete, traffic barriers and trusses. It is used in the substructure for the reinforcing bars in concrete, armoring for expansion joints, anchor bolts, etc. It is also used for PILes to support the abutments and piers.

To get an idea how much steel is required to fix America's broken-down bridges, consider the raw materials that went into just one new bridge, the \$24-million Sundial Bridge in California, completed in 2004:

In addition to being a functional work of art, the Sundial Bridge is a technical marvel as well. The cable-

staved structure has an inclined. 217 foot pylon constructed of 580 tons of steel. The deck is made up of 200 tons of glass and granite and is supported by more than 4,300 feet of cable. The structure is stabilized by a steel truss, and rests on a foundation of more than 115 tons of steel and 1,900 cubic yards of concrete.

The famous Golden Gate Bridge contains about 88,000 tons of steel, and 80,000 miles of wire inside each of the two steel cables. That's enough wire to go around the world three times.

Zinc is mostly used in steel fabrication to prevent rusting; it is an essential component of galvanized steel bridges.

#### **RARE EARTHS**

Rare earths are used in a variety of industrial applications. Updating Internet speeds to 5G using fibreoptics requires erbium for the fiber. Computers that will go into new schools and public buildings contain europium. REEs are used in metallurgy as an alloying agent to desulfurize steels, as a nodularising agent in ductile iron, and as alloying agents to improve the properties of magnesium, aluminium and titanium alloys.

#### COPPER

Copper is used for electrical applications because it is an excellent conductor of electricity. That, combined with its corrosion resistance, ductility, malleability, and ability to work in a range of electrical networks, makes it ideal for wiring. Among electrical devices that use copper are computers, televisions, circuit boards, semiconductors, microwaves and fire prevention sprinkler systems.

In telecommunications, copper is used in wiring for local area networks (LAN), modems and routers. The construction industry would not exist without copper - it is used in both wiring and plumbing. The red metal is also used for potable water and heating systems due to its ability to resist the growth of waterborne organisms, as well as its resistance to heat corrosion.

Consider the amount of copper needed to upgrade rail networks. The ASCE divides the rail infrastructure deficit into freight rail and passenger rail.

The Federal Railroad Administration estimates that, of the \$6.9 billion needed to maintain, modernize and expand freight rail capacity, 2017-22, railroads only have \$1.6 billion. Scary when you consider how the dearth of pipeline capacity in Canada is forcing producers to ship their product by rail.

In March 2018 the crude-by-rail exports to the United States hit a three-year high of 170,000 barrels a day. That's not too impressive until you consider the accidents that have occurred shipping crude oil by rail. How about the Lac Megantic trail derailment in Quebec that killed 24 people and sPILled 1.5 million gallons of crude? Or the Mount Carbon trail derailment in 2015, where 19 tank cars of crude oil went off the tracks in West Virginia? The large oil sPILI caught fire, resulting in several large, violent fireball eruptions that destroyed one home and forced the evacuation of hundreds of families. Each car was carrying 30,000 gallons of crude oil.

For passenger rail, the repair backlog is \$28 billion.

How much metal will be required to upgrade US freight and passenger rail? Again we can only estimate but consider the amount of copper it takes to build a high-speed train network: 10 tonnes per kilometer of track. Powerful electric locomotives contain over eight tonnes of copper, according to the Copper Alliance.

Public transit is lacking in the US compared to Canada and Europe. New subway and light-rail systems are badly needed to get motorists out of their cars. Buses will also be in high demand.

Likely, the buses of the future will be electric. EVs contain about four times as much copper as regular vehicles. A hybrid electric bus has 196 pounds, and 814 pounds of copper go into a hybrid-electric bus, mostly the battery. The Copper Alliance states that the largest EV maker, China's BYD, used an estimated 26 million pounds of copper in 2016.

#### **MILITARY INFRASTRUCTURE**

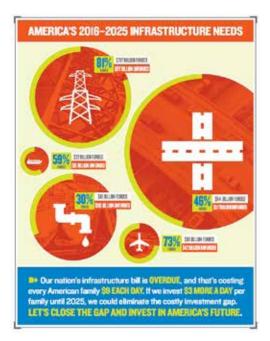
So far we have only talked about civilian infrastructure needs; there's also the needs of the US Military. The \$2 trillion infrastructure deficit doesn't include money that needs to be spent on military barracks, storage buildings, roads, lighting, etc.

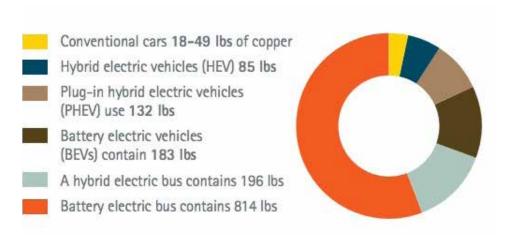
Considering we are in the beginning stages of a Cold War between the US, Russia and China, it's the wrong time to be under-funding the military. And another reason why the United States government needs to take a hard look at the metals it lacks. The US Military is number one despite having virtually no rare earths of its own (other than one light rare earths mine in California) that go into a plethora of defense applications, no production of manganese necessary for steel, no domestic vanadium or titanium

used in fighter aircraft, and 100%-reliant on imports for it's metallurgical-grade bauxite used for aluminum.

President Trump just pilfered \$3.6 billion from the Pentagon's funding and put it towards his border wall, despite the fact that the US Air Force is in desperate need of funding for bases hammered by recent bad weather, and just general deterioration.

The Air Force needs \$5 billion to rebuild bases in Florida and Nebraska. Hurricane Michael destroyed most of the Tyndall base when it slammed into the Florida Panhandle in October, while the base in Offutt was inundated by an overflowing Missouri River that damaged nearly 80 buildings.





An article by Defense One uncovers a startling backlog of deferred maintenance of military infrastructure that extends to 2047! This is due to chronic underfunding since 2012. It's hard to believe the Department of Defense has a problem funding anything; its nearly \$1 trillion allowance is the largest item in the federal budget behind Social Security. The DoD's base budget for 2019-20 is \$576 billion.

Yet according to Defense One, combined spending on military construction and family housing is nearly half what it was in 2012, \$14.6 billion, versus an annual average of \$8.2 billion from 2015 to 2018.

The Pentagon rates 23% of its infrastructure is in poor condition and another 9% is failing. Some of it is in such rough shape, it's not worth saving.

#### CONCLUSION

The \$2 trillion that the White House is planning to spend on infrastructure has two aspects to it. One is finding the money. There's plenty of money in the budget, but most of it goes to Social Security and defense. The close to a trillion

dollars a year the American Society of Civil Engineers says it needs for the next five years is there, it just isn't allocated. To

amount of pipe rehabilitation, the number of dams that need to be upgraded, new ports, airports, bridges, power plants



lawmakers there must be other priorities. The second problem relates to how we source the materials needed for rebuilding American infrastructure. The etc., will require billions of tonnes of raw materials. We're talking iron ore, steel, zinc, manganese, vanadium and copper, just to name a few key metals.



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Some of these metals are unavailable in the States or Canada. North America has some deposits, but no mines. So we import them.

We think we can just for the metals needed these huge infrastructure build-outs from places like China, Russia, South Africa, the DRC and Gabon, but these countries aren't reliable and in the case of the first two, they have shown they are not friendly to the West.

Most people don't know it, but Canada and the US are dependent on foreign countries for a number of critical metals. Without a reliable supply chain, a country must depend on outsiders. This gives foreign suppliers incredible leverage over North Americans. There is always the possibility of slowed flows or bans on strategic materials, due to politics or trade disputes - a perfect example Saudi Arabia's threat to slow or stop oil production if sanctioned over Khoshoggi affair, another current example is the ongoing trade dispute with China.

The US is dependent on South Africa, the politically unstable Democratic Republic



of Congo (DRC) and an increasingly unreliable and aggressive China for over half of its supply of what it considers strategic or critical minerals.

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Rare earths, manganese and vanadium are three examples of critical metals needed for the massive infrastructure build-out the US is talking about, in that \$2 trillion bill it's talking about passing. America doesn't mine any of them. (we can't really count the Mountain Pass rare earths mine in California because the concentrates are shipped to China for refining into oxides)

The majority of the metals needed, as we've discussed, are base metals like iron ore, zinc and copper. The United States is not a major producer of any of these metals. In fact, there is no way the US will be able to correct its infrastructure deficit through domestic mining; a large percentage will have to be imported.

As the infrastructure roll-out begins (if the infrastructure bill is passed... ) we should also remind ourselves that, while improving public infrastructure is a good thing in terms of safety and productivity, it is yet another sign of resource gluttony. As become dearer. we wrote about in We are the lemmings, every year we are depleting our resources faster and faster.

example, China's and Road Initiative (BRI) is expected to push demand for copper to 6.5 million tonnes by 2027, an increase of 22% compared to 2017, according to the International Copper Association. Imagine how much steel, iron ore, concrete, etc., Belt and Road is going to consume? It boggles the mind.

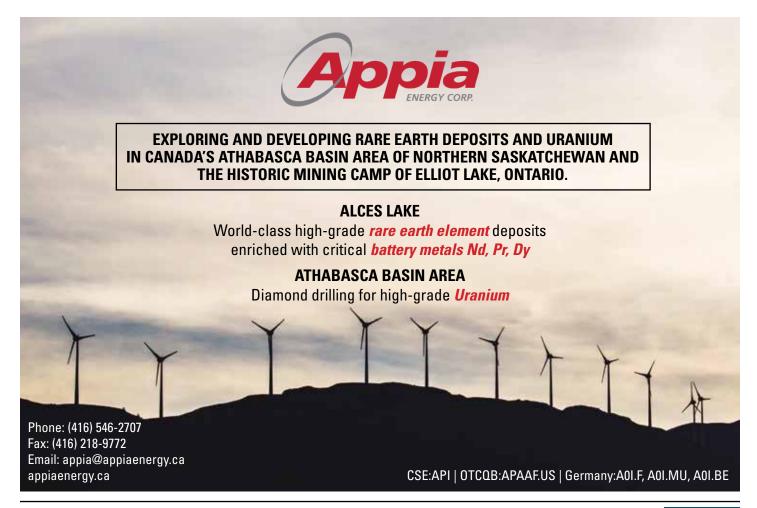
#### Read more about BRI here

In the absence of change, we can only observe, and bet on trends. As metal markets observers, we know that coming deficits in copper and zinc, to name two infrastructure metals, are about to meet a tsunami of demand, as Belt and Road and US/ Global infrastructure spends seriously ramp up. Where are they going to find the metal? Who knows, but we are sure it's going to

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inlay Minerals (FYL: TSX-V)'s theme is "At Our Core: Exceptional Assets + Technical Excellence = Road to Discovery" and this certainly bears repeating as we review the three projects they're focused on these days.

The properties, PIL, ATTY and Silver Hope, run right up the middle of B.C.'s 'twinned spiral' spine of gold and

copper mines tracing the waves of the two mountain ranges pressed up by the subduction of the Pacific Plate by the North American Plate all along 'Cascadia', including "The 500Km GOLD BELT in B.C." we've been commenting on for almost a quarter-century. Tectonic actions and multiple events with hot magmatic fluids bringing up minerals over the millennia... lots of silver, too, and molybdenum...

The first two, *PIL* and *ATTY*, are in the northern end of the Quesnel Terrane, while *Silver Hope* is west of that, nearer the Coastal Range, and equally 'on trend' with many other discoveries.

**PIL Project's Cu-Au-Mo** porphyry targets are at surface, with potential at depth. Toodoggone Region, B.C.

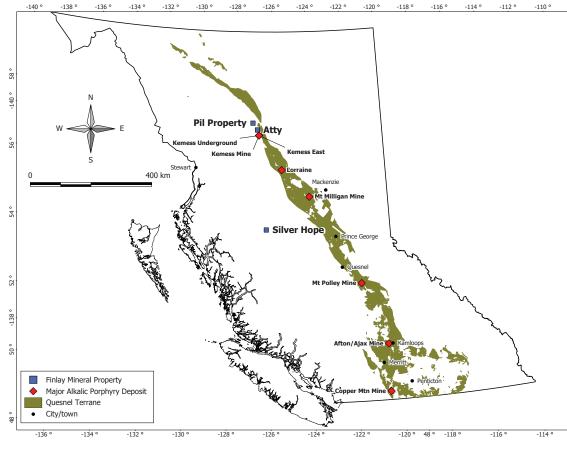
This past year saw the expansion of

both the gold and silver systems to almost 800 m by 100 m.

This points the team to some targeted trenching to plan for drill-testing. A deep Induced Polarity (IP) survey has been planned for 2019. Everything on the accompanying map shows the alkali porphyry systems of the Quesnel Terrane from Copper Mtn Mine, thru the New Afton Mine, Mt Polley Mine, Mt Milligan Mine, the Lorraine, and right up to the nearby Kemess complex of mines. and All clear indicators of the PIL Project's potential.

ATTY Project is right next to (<1Km) the Kemess complex of mines.
Toodoggone Region, B.C.

Optioned to **Serengeti Resources Inc. (SIR: TSX-V, 34S: FSE)** in March 2018 for \$1.85 million in





consideration and \$12 million of work over an 8-year term; this project's potential was being 'proven up' by Serengeti's \$325,000 2018 field work. It included geological mapping, relogging and sampling of existing core and IP geophysics.

This year's planned expenditure by SIR is a minimum of \$875,000. We look forward to those results to report on. **Silver Hope Project** with deep-seated porphyry Cu-Au-Mo deposits that fed the shallow deposits and Cu-Ag-Au mineral occurrences. Houston Area, B.C.

Two discoveries highlight the recent achievements with a Cu-Mo porphyry in the West Horizon and a 2Km stretch of Au-Ag-Cu-Pb-As-Sb mineralized zones in the Main/Deep Horizon. Noteworthy was hole #SH11-12 with 76m of 29g/t Ag, 0.43 g/t Au and 0.2% Cu.

The deep IP survey conducted in 2018 & 2019 identified large, deep chargeability anomalies at 500m to 600m under the Main/Deep Horizon.

FYL plans for 2019 include detailed analysis of the MT data, prospecting, sampling and mapping in the eastern part of the property. Subject to further financing, additional deep drilling will be initiated.

With 170+ years of experience, the management team exemplifies the term 'Proven Management'.

Robert Brown, President, CEO and Director says "The focus of the 2018 survey was to target the suspected deep source for the known Cu-Ag-Au occurrences found along a geological trend extending south from the former Equity Silver Mine deposits. The survey was highly successful in detecting a large, deep, IP zone below known mineralization. Our intent is to followup with deep drilling."

Pretty good start with plenty of our checkmarks in place already in your Due Diligence

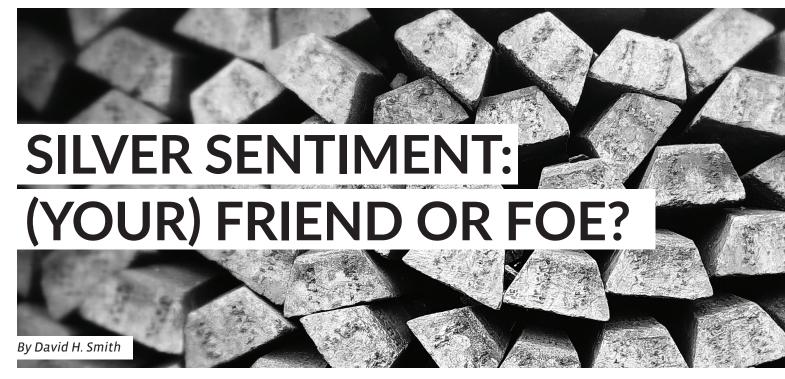
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Precious metals' markets have been on a roller coaster for two decades. Gold came to life in 2000. and silver crawled along below \$5 until late 2003, with a first print above \$10 in 2006. Two more years saw a 400% rise for those who "kept the faith", but then dropped below \$9 during the 2008 global financial meltdown. Next it was up and away as silver rocketed to just under \$50 by April 2011. By then, "everyone knew" it was going to \$100. A blogger announced he had sold his house to buy silver, and advised others to do the same, even as David Morgan called the top to the day for his TMR subscribers.

ilver's 2011-16 "sandpaper decline" cost it 70% and the miners a lot more. Then the 6 month 2016 upside run shocked just about everyone, with prices moving up almost every trading session for weeks. Until June, that is, followed by a two year decline wiping out most of the gains and kicking to the curb a lot of long-term silver stackers who finally threw in the towel.

This writer understands how they - and **you feel.** I've been in the silver markets since 1972, and have pretty much seen it all. The drop from \$50 an ounce in January

1980 and the 22 year wait for a new bull run from below \$5. The euphoria of the \$50 print in 2011. And, like everyone else, I've felt the grinding pain since then.

What Now? I think the most common reason that a plan fails, or doesn't get started, is because the OODA Loop -Observe, Orient, Decide and Act - is not completed. But there's an even more powerful factor standing in the way of success for many investors.

It has to do with allowing Sentiment to drive their decisions. In other words,





when the market tone is negative, they either wait until the coast seems clear, or for some magical "lower price point" on the charts. What happens instead, is that either the price moves up to the predicted level, or if it does drop, the investor waits for an even lower price! Either way it almost guarantees no action is taken.

But going against sentiment is a great way to lower risk, and increase the odds of a bigger long-term payout. To get an idea of how bad sentiment has become in the silver market, listen to what Stefan Gleason at Money Metals has to say.

Silver sentiment today is as weak as it's been in recent years, including in comparison to gold. We've seen decent demand for gold coins and bars this year, including a few people selling silver to buy gold... despite the gold:silver ratio favoring silver as much as ever. Years ago, by dollar volume, Money Metals would sell 50% more silver than gold, but now that's flipped...

There's Power in the Rule of Three. Reduce anxiety by mentally dividing your physical holdings into three components - Insurance, Speculation and Investment. Consider keeping the Insurance portion indefinitely.

Hold the **Investment** segment through what you believe to be the majority of the secular bull run. When silver starts its next big leg up, sell some of your Speculation holding into the rise. More than a few of those who gave up the ghost during the last year or so, may have held onto their silver for two or three decades, and never sold an ounce!

Above All, Don't quit! Navy SEAL Marcus Luttrell of Lone Survivor fame says, "If you never quit, you'll never know how to... Never, never give up! In that last second, you may get the card you needed."

So don't quit on Silver. Run through the OODA Loop. Rework your Plan. Add another tranche of bullion. To get to the next level, read/re-read David Morgan's and my book, Second Chance: How to Make (and Keep) Big Money from the Coming Gold and Silver Shock-Wave. And get a copy of Bob Moriarty's new book, Basic Investing in Resource Stocks: The Idiot's Guide.

The trip's next and last day was drawing a blank. Finally our guide said it was time to go, and my fishing partner started taking down his rod. But I made one more cast, and after a hard strike and a wild fight, released a 15 pound Rainbow - my largest of the trip. All because I was willing to take that last cast.

Silver is building a head of steam for its **next big run.** World Silver Survey 2019 Review, the institute's annual World Silver Survey, said that global demand hit a three-year high in 2018, surpassing more than one billion ounces, an increase of 4% from 2017. At the same time, global silver mine production declined for the third straight year, dropping 2% in 2018 to 856 million ounces. In every one of the top ten producing countries, silver production has been falling for the last 4 consecutive years!

Don't be fooled by negative market sentiment. Stay in the Game, and take one more cast. Sell a little on the way up. Decide to claim a seat at the Winners' Table in a few years, when this mega-trend has run its course. I'll see you there...



#### Fishing for Success, Safety and Profit? Go Against Sentiment!

I was cold and wet, casting flies in 60 mph winds for giant Rainbow trout on Argentina's remote Jurassic Lake. The day before, releasing a 10 pounder from a rock ledge, high winds had blown me into the lake. Keith Barron, my fishing partner somehow grabbed my vest so that I could claw my way back up the side, breaking 8 fingernails. Talk about negative sentiment!

#### Disclaimer: Portions of this essay first appeared at MoneyMetals.com

David H. Smith is Senior Analyst for TheMorganReport.com, a regular contributor to MoneyMetals.com and the LODE Cryptographic Silver Monetary System Project (CSMS).

He has investigated precious metals' mines and exploration sites in Argentina, Chile, Peru, Mexico, Bolivia, China, Canada and the U.S. He shares resource sector observations with readers, the media, and North American investment conference attendees.



By David O'Brien

ver the past few years, your author has been highlighting prospective properties in the Globex Mining Enterprises Inc. (GMX: Toronto Stock Exchange, G1MN: Frankfurt, Stuttgart, Berlin, Munich, Tradegate, Lang & Schwarz Stock Exchanges and GLBXF: OTCQX International)'s portfolio.

This issue's stories highlight recent successes of various Partners... using excerpts from their recent News Releases and maps from Globex's website at www.GlobexMining.com. As an active explorer with over 160 properties 'on the go', there's always a few up-and-coming.

#### **CHIBOUGAMAU INDEPENDENT MINES**

"Chibougamau Independent Mines Intersects Wide High Grade Zones of Copper and Gold Mineralization Extending the C-3 Zone to Depth

April 22, 2019 - Rouyn-Noranda, Quebec, Canada. CHIBOUGAMAU INDEPENDENT MINES INC. (CBG-TSX-V in Canada, CLL1-Frankfurt, Stuttgart and Lang & Schwarz Stock Exchanges in Germany, CMAUF-OTC in the US) and GLOBEX MINING ENTERPRISES INC. (GMX Toronto Stock Exchange, G1M -Frankfurt, Stuttgart, Berlin, Munich, Lang & Schwarz and Tradegate Stock Exchanges in Germany and GLBXF -International OTCOX in the US) are pleased to report to shareholders the results of analysis of two drill holes completed on the 100% Chibougamau Independent Mines Inc. owned C-3 Zone on the Bateman Bay property located in McKenzie township, east of the Town of Chibougamau, Quebec.

Globex Mining Enterprises Inc. holds a 3% Gross Metal Royalty on the Bateman Bay property and most of the other Chibougamau Independent Mines assets as a result of the spin out of Chibougamau Independent Mines Inc. to Globex shareholders.

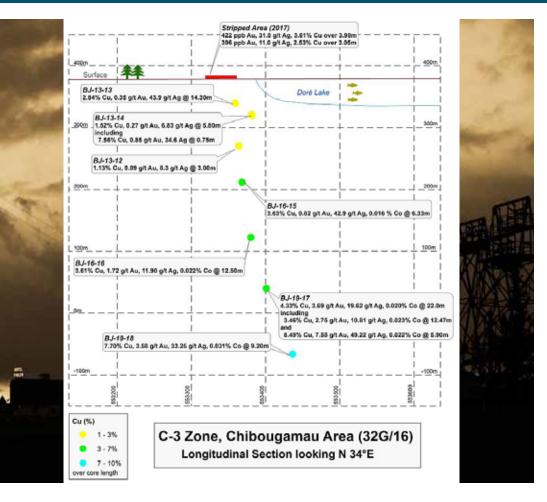
For additional information regarding the drill holes, please see the Chibougamau/ Globex press release dated April 4, 2019 at www.globexmining.com/news.php.

Drill hole BJ-19-17 intersected the C-3 Zone at a vertical depth of 340 metres (1,115 ft), 80 metres (262 ft) below and 25 metres (82 ft) southeast of drill hole BJ-16-16 which returned **3.61% Cu, 1.72 g/t Au** and 11.9 g/t Ag over 12.5 metres (41.0 ft).

Hole BJ-19-17 returned two intersections of 3.46% Cu, 2.75 g/t Au and 10.81 g/t Ag over 12.47 metres (40.9 ft) and 8.49 % Cu, 7.55 g/t Au and 49.22 g/t Ag over 5.90 metres (19.36 ft) from 375.60 metres to 388.07 metres and 391.70 metres to 397.60 metres, respectively.

Chibougamau Independent Mines Inc. and Globex Mining Enterprises Inc. are extremely pleased with the results of drilling to date on the C-3 Zone which has now been shown to extend to at least from surface to a vertical depth of 450 metres (1,476 ft) and is open in all directions on strike to the northwest and southeast and to depth.

We are particularly pleased with the gold content which in individual assays reaches up to 37.37 g/t Au over 0.62 m (2.03 ft), 18.58 g/t Au over 1 m (3.28 ft) and 15.98 g/t Au over 1 m (3.28



The new resource estimate more than doubles the resource and sets the stage for additional metallurgical work, optimization studies on grinding size and the start of a Preliminary Economic Assessment."

"VANADIUM ONE REPORTS AN INDICATED RESOURCE OF 113.5 MILLION TONNES AND AN INFERRED RESOURCE OF 520.5 MILLION TONNES AT ITS MONT SORCIER PROJECT TORONTO, CANADA, April 23rd, 2019 Vanadium One Energy Corp. (the "Company") (VONE: TSX-V), is pleased to release its first NI 43-101 Mineral Resource Estimate (MRE) for its 100% owned Mont Sorcier Iron and Vanadium Project, near Chibougamau, Quebec.

Total Indicated Resources are calculated to be 113.5 million tonnes in the ground, with the potential to produce 35 million tonnes of Concentrate grading 65.3% Fe and 0.6% Vanadium Pentoxide. Additional Inferred Resources are defined as 520.6 million tonnes, with the potential to produce 178.3 million tonnes of Concentrate grading at 64.4% Fe and 0.6% Vanadium Pentoxide.

The deposit has two major zones, known as the North Zone and the South Zone

#### ft) in hole BJ-19-17 and 13.30 g/t Au over 1.0 m (3.28 ft) in hole BJ19-18.

Interestingly we analyzed for cobalt in the area of mineralization. In hole BJ-19-18 the cobalt content averaged 0.031% Co over 14 m (45.93 ft) including 0.033% Co over the 9.20 m (30.2 ft) of the mineralized zone. In hole BI-19-17 the cobalt content over the two mineralized sections assayed 0.023% Co over 12.47m (40.9 ft) and 0.022% Co over 5.9m (19.36 ft).

More work needs to be done regarding this potential byproduct.

As yet, the true width of the C-3 Zone intersections has not been determined but is thought to be from 55% to 65 % of the intersection widths."

As Jack Stoch, President & CEO of GMX states, "...these results reaffirm the previous indicators and start to fill in the potential of both companies' long-term thoughts on developing the properties...", with the following list simply screaming 'potential!' (Ed.)

#### PROPERTIES INCLUDED IN THE CHIBOUGAMAU MINING CAMP ARE:

Baie Malouf	Lac Chibougamau
Bateman Bay	Lac David Sud
Berrigan Mine	Lac Élaine
Berrigan South	Lac Simon
Buckell Lake	Mont Sorcier [Vanadium One]
Copper Cliff Extension	Nepton
Grandroy	Quebec Chibougamau GoldFields
Kokko Creek	Virginia Option
Lac Antoinette	

#### **RECENT NEWS FROM GLOBEX RE: VANADIUM ONE:**

"Attached please find a press release issued today by Vanadium One which is working on our Mont Sorcier royalty property. Chibougamau Independent Mines Inc. holds a 2% Gross Metal Royalty and Globex Mining Enterprises Inc. a 1% Gross Metal Royalty on the property.

The South Zone is estimated to host 113.5 million tonnes of *Indicated* Mineral Resources with 30.9% Magnetite, with a potential to recover million tonnes of Concentrate grading 65.3% Fe and 0.6% Vanadium Pentoxide (V2O5), with low amounts of titanium (1.2% TiO2).

The South Zone is estimated to hold an additional Inferred Mineral Resource



of 144.6 million tonnes grading 24.9% Magnetite, with a potential to recover 36.1 million tonnes of Concentrate grading 66.9% Fe, 0.5% Vanadium Pentoxide (V2O<sub>5</sub>) and 1.0% TiO<sub>2</sub>.

The North Zone is estimated to hold additional Inferred Mineral Resources of 376 million tonnes grading 27.4% Magnetite, with a potential to recover 142.2 million tonnes of Concentrate grading 63.7% Fe, 0.6% Vanadium Pentoxide (V2O5) and 1.8% TiO2. All concentrate grades are calculated from Davis Tube Testing (DTT) results.

The Company engaged CSA Global, an independent Geological and Mineral Estimation firm with headquarters in Australia, and offices in Canada, to undertake and complete the Mineral Resource Estimate for the Mont Sorcier deposit."

As Jack and I discussed, 'we' look forward to VONE advancing the property's vanadium story especially in light of the potential demand for vanadium in redox batteries and power storage technologies... and more:

From 'wiki' for context:

**Vanadium** occurs naturally in about 65 minerals and in fossil fuel deposits. It is produced in China and Russia from steel smelter slag: other countries produce it either from magnetite directly, flue dust of heavy oil, or as a byproduct of uranium mining. It is mainly used to produce specialty steel alloys such as high-speed tool steels. The most important industrial vanadium compound, vanadium pentoxide, is used as a catalyst for the production of sulfuric acid. The vanadium redox battery for energy storage may be an important application in the future."

#### SCANDIUM... 'THE 'FORGOTTEN' **MINERAL?' AT IPG'S CRATER LAKE**

Pete Cashin, President of Imperial Mining, is reminding us of scandium's importance at their Optioned Crater Lake, which includes rare earth elements (REEs) and niobium, as well as the scandium.

"Imperial Mining Commences Crater Scandium Lake Project Drilling Program, Northeastern Québec

MONTREAL, QUEBEC - March 4, 2019 - Imperial Mining Group Ltd. ("Imperial") (IPG: TSX-V) is pleased to announce that it has mobilized crews to commence diamond drilling activities on its Crater Lake scandium project, northeastern Québec.

The program calls for up to 2,500 m of diamond drilling to be completed on the TG Zone (TGZ) target. The diamond drill program will commence in early March and is expected to be completed by the end of April. Data from this definition drilling will be used for a 43-101 Inferred Resource calculation, which is expected to be delivered by the end of May or early June. The ultimate objective of this exploration work is to deliver a Preliminary Economic Assessment on the scandium resource towards the end of the year or early 2020.

The highest scandium grades obtained from the property were returned from a highly-magnetic pyroxenite



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#### May 2019 Mineral Resource Estimate (175g/t AgEq cut-off)

INDICATED: 134Mozs AgEq; 37.5Mozs Ag, 40Mlbs Cu, 303Mlbs Pb, 897Mlbs Zn; and INFERRED: 138Mozs AgEq; 45.7Mozs Ag, 76Mlbs Cu, 253Mlbs Pb, 796Mlbs Zn

- Current Discovery Cost = \$0.07 / oz AgEq or \$0.005 /lb ZnEq
- 133 drill holes, 59,000 metres, US18.5M spent in acquisition and exploration to date
- Continued success in transitioning our exploration targets into additional Mineral Resources
- Recent drilling identified a silver enriched zone in new CLM West claims; similar to nearby Avino, La Preciosa vein systems
- De-risking project with continued Engineering and Metallurgy work

#### Oro Cu-Mo-Au Project, New Mexico, USA:

- Cu-Mo-Au Porphyry Target multiple drill-ready targets within a six sq.km alteration footprint
- Z-TEM survey over entire property completed and evaluated, additional claim staked

SSV:TSX.V | SEG1:FRANKFURT | SSVCL:SANTIAGO | SSVFF:OTCQB

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horizon related to a 6-km diameter alkali intrusive Complex. Previous exploration programs over pyroxenite target returned very high scandium grades in drilling of up to 167.8m grading 260 g/t Sc including 62.8 m grading 304 g/t  $Sc_2O_3$  and including 27.6 m grading 351 g/t Sc<sub>2</sub>O<sub>3</sub>.

In addition, previous drilling at the southern margin of the TGZ target returned a high-grade scandium intersection grading 506 g/t Sc<sub>2</sub>O<sub>3</sub> over 19.0m. Imperial's summer prospecting and grab sampling program over the TGZ target area returned between 404 g/t and 1,540 g/t Sc<sub>2</sub>O<sub>3</sub> in outcrop (see Press Release: October 30, 2018). These grades compare well with those reported from other scandium resources presently being explored in Australia and the United States. The magnetic anomaly related to this target measures 600 m in strike length by 200 m wide and represents a very attractive scandium target for drilling..."

Readers may recall the last time we 'covered' scandium... one of the newer technological uses is in lighter, stronger and more flexible airplane fuselages.

#### **BRÄUNSDORF LICENCE IN SAXONY** - SILVER, ZINC, COPPER, LEAD: **UPDATE**

"Globex Receives Preliminary Bräunsdorf Magnetic Data

Rouyn-Noranda, Ouébec, Canada. GLOBEX MINING ENTERPRISES INC. (GMX - Toronto Stock Exchange, G1MN - Frankfurt, Stuttgart, Berlin, Munich, Tradegate, Lang & Schwarz Stock Exchanges and GLBXF - OTCQX International) is pleased to inform shareholders that it has received preliminary magnetometer survey results from the Bräunsdorf area located in our Saxony, Germany silver property.

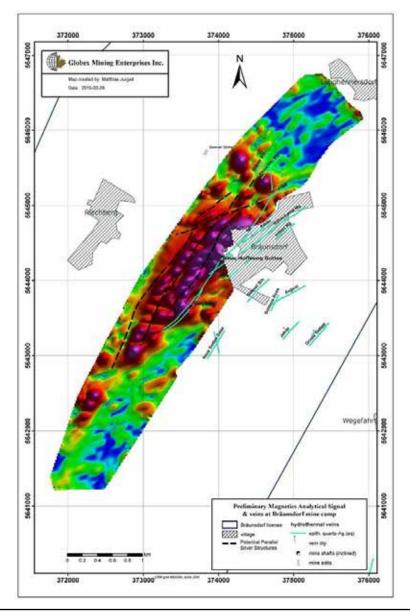
The area surveyed covers a rectangular grid area approximately 6.5km long by 1 km wide elongated in a northeastsouthwest direction covering the principal Neue Hoffnung Gottes (NHG) vein system including the Siegfried and Neue Hoffnung Gottes shaft areas and adjoining land to the northwest. Production from the NHG silver vein system is estimated to be approximately 112.5 tonnes (3,616,959 oz. Ag) from a strike length of approximately 2,750m and depths of up to 250 m. All mining was manual pick and shovel mining followed by hand sorting undertaken between 1673 and 1862. No modern exploration of any kind has been undertaken on the property. Veins are reported to have reached widths of up to 4.2 m.

The magnetometer survey outlines a series of 3 parallel northeast-southwest trending, linear magnetic anomalies. The NHG vein system seems to parallel the southeastern most of these magnetic anomalies within an area of magnetic low. The other linear anomalies suggest corresponding linear, parallel magnetic lows similar to the one beside the magnetic high that borders the NHG silver vein system. No work of any kind has been

undertaken on what may be geological environments that are similar to that of the NHG silver vein system and thus are priority target areas."

What strikes us about this issues' collection of stories... is how different they are, and at what stage of development they present to investors. No activities for 150 years on a prospective property with good indicators, for one! Do your Due Diligence, of course.

David O'Brien is the owner of Int'l Mining Research CENTRE which employs Media, Event and Online exposure, including eNews News Release Reprints & 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



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