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Gold And The Dollar Moving Higher Together?

In This Issue:

Fortuna Mining

Calibre Mining

B2Gold

Summa Silver

Lion One Metals

Amex Exploration

Angus Gold

Rugby Resources

"US liquidity or money supply keeps rising strongly...This strong, faster than nominal GDP, US money creation of the past year and a half has likely reverberated into financial assets and, in particular, US equities." - Research note from JP Morgan

Along with the quote above from JP Morgan, the analyst noted that the U.S. money supply has surged by \$2.2 trillion, or 9.6%, since May 2023. While JPM implicitly acknowledges that this flood of money has inflated the stock bubble ("likely reverberated into financial assets" - LOL ya think?), it makes no mention of the price inflation effect from the money supply growing well in excess of nominal GDP. In fact, 9-10% price inflation is pretty much what I've experienced over the last 18 months.

That growth in the money supply is a big part of the reason that the price of gold is up over 50% since March 2023. Ironically, since the end of September 2023, gold and the U.S. dollar have been rising in correlation:



As has been well publicized by the financial media, the dollar has been on a tear vs the other currencies in the dollar index (euro, yen, pound, Canadian dollar, Swiss franc, Swedish krona). But, of course, the media is completely ignoring the fact that gold is rising in tandem with the dollar, contrary to the popular folklore that gold and the dollar are negatively correlated. While the two often are somewhat negatively correlated, I've observed since 2001 that periods in which both move higher together are followed by gold's best periodic rates of return. I suspect that smart money smells the financial system troubles percolating in China, Japan, the EU and the U.S. and is flowing into both gold and the dollar for safety.

I most vividly remember this occurring from the fall of 2005 to May 2006 (among other times in the last 24 years), when the dollar and gold moved higher together in the last few months of 2005. Thereafter gold ran higher while the dollar declined. Thus, I think there's a high probability that gold will make another big move in the coming months.

Fortuna Mining (FSM, FVI.TO - US\$4.41) - Fortuna released its Q4/full-year production numbers. The Company produced a record 455,958 AuEq ounces, consisting of 369,637 ounces of gold - also a record - and 3,724,945 ounces of silver. For the full-year production at Seguela (137,781 ozs) was close to the high-end of guidance. Yaramoko (116,206 ozs) was at the high end of guidance. Lindero (97,287 ozs) was closer to the low end of guidance. San Jose (2,548,402 AgEq ozs) was below guidance. And Caylloma (1,178,543 AgEq ozs) exceeded guidance. FSM also spent approximately \$31 million buying back 6.4mm shares during Q4.

For 2025, FSM is guiding to 334k-373k ozs of gold and 900k-1mm ozs of silver, or 350k-420k AuEq ounces. Production will decline in 2025 because the 2.5mm ozs of AgEq produced by San Jose goes away and AgEq at Caylloma is expected to decline slightly. In addition, the production at Caylloma is expressed in AgEq. Because the price of silver has appreciated by quite a bit on a percentage basis relative to lead and zinc, the conversion of those two metals to silver-equivalent is adversely affected and thereby reduces the AgEq calculation.

While San Jose will not contribute to the production numbers in 2025, because the Company has managed to increase the throughput capacity at Seguela with minimal capital investment, it is partially replacing the high-cost, low margin production at San Jose with much higher margin gold ounces from Seguela. In addition, FSM has agreed to sell San Jose, which will save the Company \$27mm in mine closure costs (see below).

The all-in sustaining cost guidance for 2025 is expected to be in line with the 2024 AISC (\$1,550 - \$1,680). A decline in AISC at Lindero and Yaramoko attributable to 60% and 67% declines in capex, respectively, will be offset by a higher strip-ratio at Lindero and Seguela (note: the strip-ratio is the ratio of waste rock to ore - the tonnage of waste rock that has to be cleared away in order to access the ore to be mined; a higher strip-ratio adds to the AISC). In addition, there will be productivity and cost efficiency initiatives at both mines in 2025 which require a non-recurring bump in capex but will result in higher production at both mines. The strip-ratio is expected to decline at both mines in 2026 along with the AISC.

FSM also provided 2026 guidance for Seguela in order to reflect the significant increase in gold production and the reduced AISC that will result from the capex in 2025 directed at increasing production efficiency and tonnage processed. FSM expects to produce 160k-180k ozs of gold in 2026 at Seguela. The mine plan for 2026 will include the Sunbird deposit in addition to the Ancien, Antenna and Koula pits. The with the additional capex that will be

spent in 2025 plus the cost of stripping Sunbird in preparation for mining no longer a factor in 2026, The AISC at Seguela is expected to fall to \$1,260-\$1,390 in 2026 from \$1,500-\$1,600 in 2025.

Recall that Seguela was modeled originally to produce 120k-130k ozs of gold. Using the midpoint of the original model and the 2026 guidance, management will have accomplished a 36% increase in ounces produced at Seguela while spending a fraction of capital that would be required to increase the size of the processing facility. That is a remarkable achievement and it speaks to the ability of management to exploit high-grade open-pit ore hosted on Seguela (and there's a lot more waiting to be discovered).

With respect to San Jose, FSM entered into a binding agreement to sell the San Jose mine to a private Mexican company. FSM will receive US\$2mm at closing, \$2mm after the first post-closing and the right to receive up to \$11mm based on contingencies. In addition, FSM will receive a 1% net smelter royalty on production for five years.

This is a great deal for Fortuna. While it will receive up to \$15mm from the sale plus royalties. It will also avoid the estimated \$27 million in mine closure expenses that would be incurred over a roughly nine-year closure period. San Jose is no longer a core asset for FSM and this deal will enable the Company to focus on higher value opportunities while still benefiting economically from the remaining value that can be extracted from San Jose.

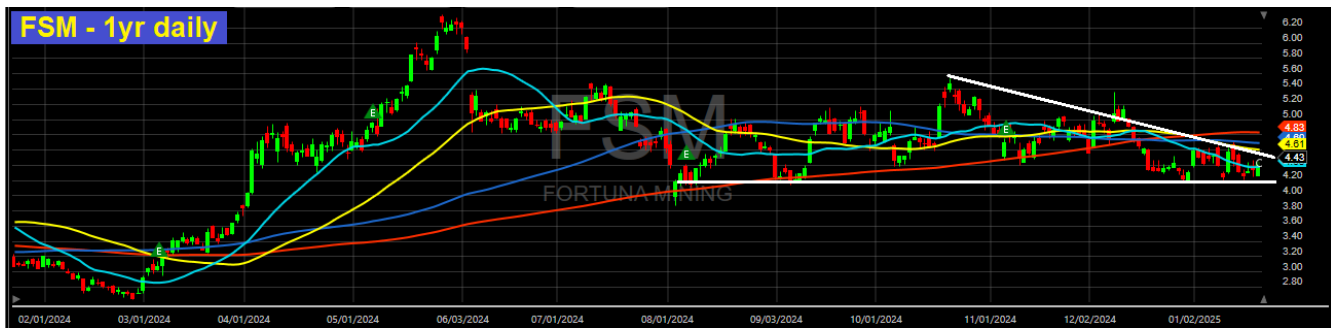
Fortuna is now set with four mines that will be consistent producers for the foreseeable future. To be sure, Yaramoko is closer to the end of its mine-life but it was expected to be shut down by 2024 when FSM acquired Roxgold. Not only has it not been shut down, since the acquisition Yaramoko has been producing in excess of 100k ozs of high-grade gold. Right now it looks like finding enough gold on the property to keep Yaramoko running for several years. Lindero will be a steady 100k+ gold ounces producer for many years. Caylloma should be a consistent 1mm +/- AgEq ounces producer for the foreseeable future.

In terms of production growth, FSM has always stated that its goal, for now, is to become a steady-state 500k AuEq ounces gold producer. To achieve this, the Diamba Sud project has the potential to take the Company to that goal, possibly by 2027. Jorge said that, all if goes well, FSM will begin a feasibility study in 2H 2025. In my opinion (for what that's worth) I have a feeling he's being conservative, understandably, in terms of managing expectations for Diamba Sud. But there's some big mines on trend with Diamba Sud and, being an optimist, I bet it will eventually add at least 100k+ ozs to FSM's production. In addition, FSM has budgeted \$19.3 million to advance greenfield projects in Mexico, Cote d'Ivoire and Senegal, including \$8.3 million for resource expansion exploration at Diamba Sud.

I continue to believe that Seguela alone is worth FSM's US\$1.38 billion market cap. The mine is expected to produce 170k (mid-point) ozs of gold in 2026 with mine level operating profit in excess of 50% assuming the price of gold stays where it is and the AISC is at the mid-point of the 2026 guidance. In other words, the profitability of Seguela is remarkable relative to peers. I also believe that Seguela hosts a large enough resource to justify doubling the rated capacity of the processing facility. That's where I believe Seguela alone is worth the current market cap.

As detailed in recent issues, I presented the case for why Fortuna is undervalued by 50% relative to peers like Hecla Mining. This means that I think FSM has the potential to double

over the next 12-18 months. It's already up 64% since the end of February 2024. I don't know if there's a more classic set-up for a bull move in the stock:



After more than doubling between the end of February 2024 and the end of May 2024, the stock has pulled back into a classic consolidation/accumulation phase. While technical formations don't always work out the way technical analysis geeks like to portray, it feels like there's been a six-month period over which big buyers have been accumulating the stock, buying the shares that weak hands have been selling. Assuming the price of gold continues to move higher, I think FSM could move back to the \$6.20 area where it was trading in early May 2024.

We own a big position in our fund and I always carry near-money Fortuna call options in my personal account, granted I've had to continuously roll them out to further expiration dates with the stock trending sideways since early July.

Calibre Mining (CXBMF, CXB.TO - US\$1.72) - Calibre announced on January 8th record Q4 gold production of 76,369 ozs (Nicaragua 66,578 and Nevada 9,691). The full year CXB produced 242,487 ozs of gold, which exceeded the guidance of 230k-240k. For the full year, Nicaragua produced 207,220 ozs and Nevada produced 35,367 ozs.

While production exceeded guidance, with continued growth in the production of the Nicaragua mines plus the 2025 production from Valentine mine in Newfoundland (from the Marathon Gold acquisition), on track for its first gold pour in Q2, CXB will continue on its trend of a high-growth rate in gold production. Valentine initially will produce 200,000 ozs annually and has considerable exploration upside. In total, continued organic growth in Nicaragua plus the production from Valentine puts CXB on track to be a 500,000 oz gold producer in 2026, more than doubling 2024's ounces produced.

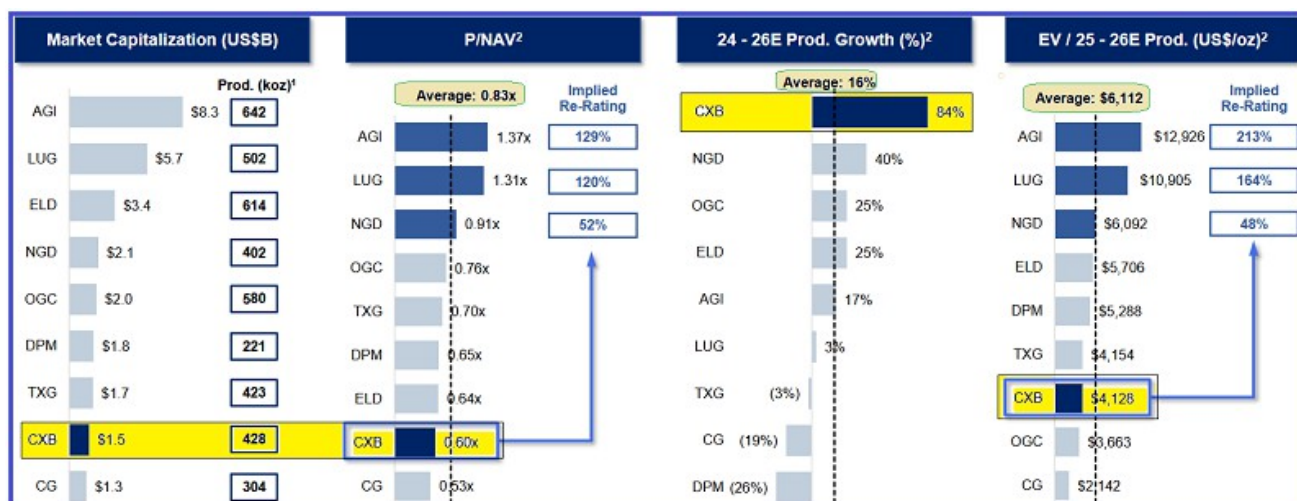
In November, CXB announced the discovery at Valentine of broad widths of gold mineralization outside of the mineralization outlined at the Frank Zone. CXB's three deposits with defined pit shells are Marathon, Berry and Leprechaun. Frank is one of four prospects. The assays from outside of the Frank Zone included 2.43 gpt gold over 172.8 meters, which included 3.84 gpt over 90.9 meters plus two other long intervals of 2+ gpt gold. This is very high-grade mineralization for open-pit ore.

Because of the highly successful exploration and potential resource expansion since CXB acquired Valentine, the Company has accelerated plans to expand the processing facility. The original plan was to expand throughput from 2.5mm tonnes per year to 4mm tonnes per year in 2029. The Company is now advancing plans to accelerate the timeline for scaling up production to as much as 5.4 million tonnes per year. A target date for the completion will depend on the current ongoing technical studies. But this would more than double the current

expected annual production just from Valentine to over 400,000 ozs per year.

With respect to 2025 guidance, CXB expects to produce 230k-280k ozs of gold, though this does not include any attribution for Valentine (the Company will need to ramp-up and optimize the mill in order to issue full guidance. The guidance sans Valentine includes 200-250k ozs from Nicaragua at an AISC of \$1,400-\$1,500 and 30k-40k from Nevada at an AISC of \$1,600-\$1,700. Production from Valentine should put CXB's full-year 2025 over 300k ozs of gold.

Using 893mm fully-diluted shares, CXB's market cap is US\$1.5 billion. In my opinion, CXB is considerably undervalued relative to its peers:



The graphic above is from the Company's December investor presentation. The left column shows market cap and ounces of production, where production is based on the average of 2025-2026 estimates for each company. I think based on the production comps, the two best peer comparables are Torex (TXG.TO) and New Gold (NGD.TO). The second column from the left shows market cap to NAV. While CXB is undervalued relative to Torex, it needs to rise 80% in value to bring its market cap in-line with NGD. Also, per the third column, of any of the comps, including Alamos and Eldorado, CXB has by far the highest projected production growth rate.

CXB is one of my favorite mid-cap producers. I started covering and recommending it in early 2023 when it was trading in the 80 cent US\$ area after it was hammered in late 2022 because of the market's irrational response about the Biden government imposing sanctions on Nicaragua. As it turned out, it was directed at areas from which the Nicaraguan President directly benefits from. Gold mining is not one of them. In fact, CXB sells 100% of its production offshore.

Based on using New Gold as perhaps the closest comp, I think CXB has room to at least double from its current price over the next 12-24 months. This of course depends on the directional movement of gold as well as the Company's ability to execute and successfully achieve production expansion goals. I think the pullback from \$2.08 in mid-October provides an ideal entry price to start a position or add to an existing position. We have a overweight position in our fund to which I plan to more overweight. I also think, given its undervaluation, that CXB is a potential acquisition target when the sector really heats up again. Potential acquirers include any number of large producers, including Newmont, Barrick, Gold Fields, AngloGold Ashanti, etc.

B2Gold (BTG, BTO.TO - US\$2.33) - On January 13th after the close, B2Gold announced 2024 production numbers and 2025 guidance. The Company also announced a restructuring to the way it returns money to shareholders which entails a dividend cut and the implementation of a shareholder buyback program.

BTG's total consolidated gold production for 2024 was 804,778 ozs. This was below expectations at the beginning of 2024 but at the lower end of the revised guidance. Recall that the Company revised guidance lower largely because of delays in accessing two high-grade open pits (Fekola Phase 7 and Cardinal) because of damaged equipment which needed to be replaced. The availability of replacement equipment was also an issue. The equipment is now in place and mine operating rates were at the expected levels by the end of Q4. The higher grade tonnage that was to be processed in Q4 will be processed in 2025. The Masbate and Otjikoto mines both continue to outperform expectations in Q4. This partially offset the loss of production at Fekola.

Total gold production in 2025 is expected to be between 970k and 1.075mm ounces. The growth in production will come from the two Fekola pits discussed above, the expected start-up of Fekola Regional, the start of mining higher-grade underground ore from Fekola and the start-up of the Goose mine in Canada. All-in sustaining cost per ounce is expected to be between \$1,460 and \$1,520. Goose is expected to contribute between 120k and 150k ounces of gold in 2025. The average annual gold production from 2026 to 2031 will be approximately 310,000 ozs. I expect that the consolidated AISC will decline once the upfront mine construction capex is concluded and Goose is fully ramped-up.

A Feasibility Study on the Gramalote gold project in Colombia is expected to be completed in mid-2025. Recall that Gramalote is an open-pit mine project that is modeled to produce 185k ozs of gold, with 234k ozs/year produced in the first five years, over a mine-life of 12.5 years (at this point) based on a PEA released in early 2024. The PEA showed a mine with an after-tax NPV of US\$778 million using \$2,200 gold in the first three years and \$2,000 thereafter. As such, that NPV is conservative given the current price of gold.

BTG also announced that it cut its dividend in half to a yield of 3% at the time of announcement. As an offset, the Company initiated a share buyback program for up to 5% of the shares over the next twelve months. While I didn't expect BTG to cut its dividend, I can understand why the decision was made. The Company wanted greater financial flexibility to make the capital expenditures required during the current phase of production growth without taking on more debt. This includes capex to fund the initial production from the Fekola Regional areas, completion and ramp-up of Goose, development of a new deposit (Antelope) at the Otjikoto mine in Namibia and the advancement of Gramalote.

The share buyback program will begin this quarter and last over the next twelve months (likely to be extended by the Board at that point). Open market purchases will be made on the TSX and NYSE. The shares purchased will be canceled. The day after the dividend cut was announced, the share price was hit hard at the open but rallied to close up two cents (0.80%). I'm guessing that the recent decline in the stock price was word leaking that the dividend cut was coming, which would explain why the stock price closed green a week ago Tuesday on the actual news of the cut.

On Wednesday this week BTG announced a US\$350 million convertible bond. The terms have not been set because the deal has not been priced yet. The proceeds will be used to pay

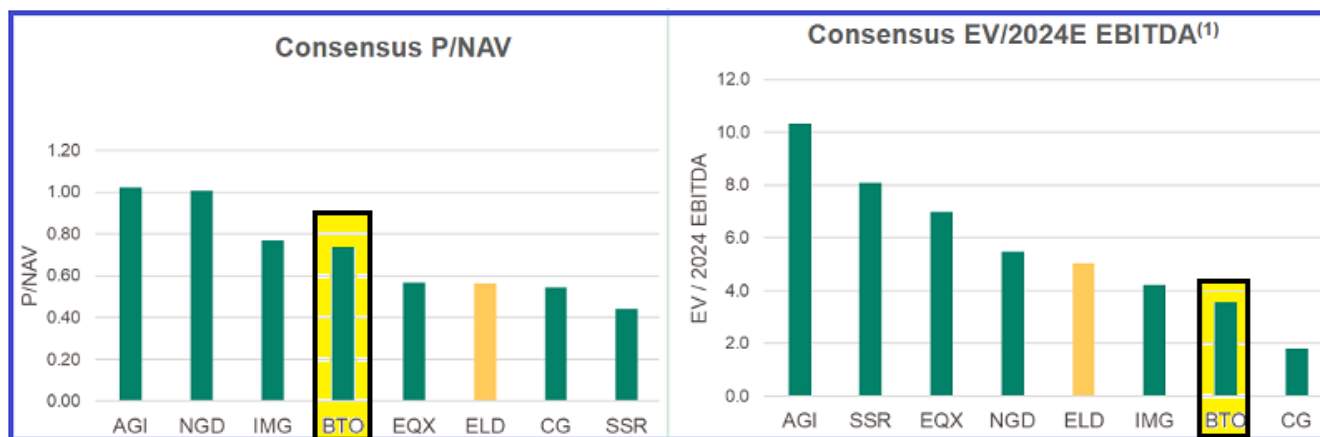
down the revolving credit facility, which will effectively reduce cash interest expense and give the Company more flexibility with its liquidity. As is typical when a convert deal is announced by a mining company, the stock was hit for over 6% today (Thursday, January 23rd) despite the fact that the market has no clue about the conversion factor that will be priced into the deal. This has pushed the dividend yield up to 3.3%. I used the sell-off to add shares to our fund. I also bought a lot of March \$2.5 calls in my personal account.

BTG will produce over 1 million ounces of gold in 2025 barring any unforeseen issues. The Goose mine is shaping up to be a monster gold producer and will give BTG considerable upside optionality to the price of gold. It also looks like there's a large amount of exploration/resource upside on the mine property.

With a US\$3.04 billion market cap, BTG is undervalued relative to its peers. Three of the most relevant peers are Eldorado Gold, New Gold and Iamgold. The most egregious discrepancy is EGO. Eldorado produced 520,293 ozs of gold in 2024 with an AISC of around \$1,270. The guidance for 2025 production is 545k-595k ozs plus some copper. EGO's market cap is \$3.1 billion. IAG produced 667k ozs of gold in 2024 with AISC of \$1,750. It's market cap is \$3 billion. It is guiding 2025 production to 735k to 820k ozs with an AISC of \$1,625 to \$1,800. New Gold produced 385k Au-Eq (87k gold-equivalent ozs of copper included) in 2024 at an AISC in the \$1,240-\$1,340 range. It's guiding to 447k-497k Au-Eq in 2025 with an AISC of \$975-\$1,075. NGD's market cap is \$2.2 billion.

Somehow EGO and IAG have the same market cap as BTG yet produce a bit more than half as much gold. IAG's AISC is quite a bit higher than BTG's while EGO's is lower. NGD's AISC is considerably lower than BTG's but it will produce less than half the amount of gold than BTG in 2025. In addition, BTG's production growth rate is considerably higher than that of all three comps plus BTG's AISC should come down quite a bit in 2025 with the big chunk of Goose capex out of the way and ability to amortize the capital costs over a much higher level of production. C'mon, man, what are we doing here?

Those comps are based on production and cost metrics. Because BTG produces a lot more gold than any of the three peers, it has much better upside optionality to the gold price. Here's the comps based on financial metrics (from EGO's latest investor presentation):



Notwithstanding the action in the stock market, I continue to believe - based on BTG's high growth rate in production relative to its peers that will take ounces produced to over 1.3mm in 2026 - that the stock eventually will play "catch up" to its peers in the valuation metrics.

Ultimately I think the stock will at least double over the next 12-18 months assuming my view is correct with respect to another big move higher in gold. In the meantime, at the current price an investor who starts a position or adds to an existing position gets to enjoy a 3.3% dividend yield on the shares purchased now while waiting out the time it takes for the stock to start moving higher.

Summa Silver (SSVRF, SSVR.TO - US\$0.23) - Summa released maiden resource estimates for the Hughes silver project in Tonopah, Nevada and the Mogollon gold-silver project in New Mexico. This was sooner than I expected based on the last update from the Company. Not knowing what to expect, I was impressed with the size and grade of the initial resource estimates at both projects.

The resource estimate at Hughes shows 10.47mm indicated ozs of AgEq (5.94mm ozs of contained silver and 50k ozs of contained gold) at an average grade of 332 gpt and 33.32mm inferred ozs of AgEq at an average grade of 418 gpt. There's also tailings from historic mining at Hughes with an estimated 2.74mm inferred ozs of AgEq. I'm impressed that 24% of the resource is indicated. In contrast, Blackrock Silver's resource, on which it recently released a PEA, is 100% inferred and lower grade. This means it is much less reliable. The Hughes resource is open and step-out drilling is being conducted (drill holes that follow the strike of the existing resource footprint) to expand the known mineralized zones plus hunt for new veins.

The Mogollon resource estimate shows 32.08mm inferred ozs of AgEq (12.12mm ozs of contained silver and 240k ozs of contained gold) at an average grade of 367 gpt AgEq. The mineralized zones at Mogollon remain open to expansion as the MRE covers just 2.7 km of the 77 km of known vein plus prospective targets.

I chatted briefly with Galen McNamera (CEO) about the development timeline this year. In addition to the step-out drilling at Hughes, he said he might consider doing a PEA but wants to see more drill results because if just one hole hits a rich discovery it can significantly affect the size of the resource and the NPV reflected by the PEA. The Company is in the planning stages for the next drill program at Mogollon.

Based on comps, SSVR is undervalued by quite a bit relative to peers:



The graphic above shows the market cap per resource estimate ounces for SSVR and five

peers. In my mind the most notable valuation differential is between SSVR and Blackrock. The overall grade of both resources is comparable, but SSVR's resource includes a material amount of indicated vs Blackrock, which is 100% inferred. This means that there's more certainty with respect to the size and grade of SSVR's resource. Yet, Blackrock is valued at more than double SSVR in terms of market cap per attributable ounce. I'll also point out that, while both the Hughes and Blackrock's Tonopah West deposits are on the same trend, Blackrock's deposit is further underground and thus will be more expensive to mine.

Lion One Metals (LIOMF, LIO.V - US\$0.21) - Lion One released its Q4 production numbers last week. The Company produced 4,300 ozs of gold and sold 4,741 ozs of gold, generating C\$17,993,000 in revenues. This compares with Q3 in which 3,639 ozs of gold produced and 3,129 ozs of gold sold, generating C\$10,470,518 in revenue. The grade of the gold recovered increased to 5.49 gpt from 4.59 gpt in Q3. The recovery percentage increased to 82.5% from 78.2% in Q3.

The Company is currently in the 300 tpd "pilot" plant phase of operations, with expansion to 600 tpd targeted for 2026. The steps the Company is implementing to optimize the processing plant have clearly been successful. Going forward, as the mine develops, LIO will be accessing higher grade ore from the deposit, which will continue the trend of increased production and revenues.

Keep in mind that the current operation is a "pilot," or start-up mine designed to optimize the processing facility before doubling the processing capacity. The reason to invest in LIO is for the much bigger, higher-grade mine that is hosted on the Tutavu property. The Company is currently mining the Tutavu deposit but there are several mineralized zones around the property that have produced absurdly high-grade surface sample assays. It also is expected that the property hosts copper but there's not been any modern exploration targeting copper mineralization.

I suspect that by the time the processing facility has been expanded to 600 tpd, there will have been more discoveries on the project property. Given the CEO's (Walter Berukoff) track record of building junior projects into mining companies that are acquired for 8 to 9 figures (Northern Orion sold for \$1.1 billion and Miramar Mining sold for \$1.5 billion), I think LIO will become an acquisition target for a much larger company which can fund the development of the much larger mine project hosted on the property. The list of big companies that operate in the South Pacific include Barrick, Newcrest (acquired by Newmont), Zijin Mining (Chinese) and Harmony Gold (South African).

LIO has 369mm fully-diluted shares outstanding, giving it a market cap of US\$77.5mm. Berukoff owns 8% of the equity. I think that by the time the 600 tpd facility is running and the property-wide resource has been expanded, LIO should be worth 3-5x the current market cap - more if the price of gold continues moving higher. We own an underweight position in the fund with plenty of room to add. Patience will be required with this idea but I love the upside potential relative to the risk, given that the project has been de-risked and is generating revenues.

Amex Exploration (AMXEF, AMX.V - US\$0.73) - Amex released drill results from the 2024 drill program at the Perron project on January 9th with the objective of extending multiple gold zones. The targeted areas were based on the block model and mine plan used in the recent PEA. The assays successfully intercepted high-grade gold along strike and/or at depth,

thereby expanding the mineralized footprint of the five deposits that were incorporated in the PEA (High Grade, Gratien, Denise, Grey Cat and Team). In effect, this will add economic ounces to the project.

In addition, a hole outside of the Beaupre Block hit visible gold. It was the first time visible gold was discovered outside of the Beaupre Block, which is the area of the deposit which hosts the current defined deposits and mineralized zones. This hole demonstrates the potential for economic gold mineralization on the entire Perron property. The 2025 drill program will follow-up on this discovery.

The latest drill results point to the high probability of defining a far bigger high-grade gold resource, both open-pit and underground, at Perron. This is why it was stressed that the MRE and PEA released in early September is just an early-state “snapshot” of the potential for the Perron project. Ultimately, this project will eventually be much larger and multiples more valuable.

I continue to pound the table on AMX shares after the unjustified 50% cliff-dive in the share price after the release of the PEA. Assuming a continuation of the current bull cycle in the sector, I'm looking for a double in AMX - minimally. I loaded up on shares in my personal account that day (September 4th) and added more after that. I also doubled the position on our fund. There's also the possibility that Eldorado Gold, which owns 9.9% of AMX, will acquire AMX and use its balance sheet to expedite the development of Perron.

The current market cap using 125 million fully-diluted shares (just 2.86mm warrants and 1.7mm options) is US\$91 million. This in my opinion is too low given the upside optionality to the price of gold already demonstrated by the Company. As recently as early April 2024, the Company was valued at US\$187 million. If gold makes its way toward \$3,000 this year, and I think it will, I can easily see AMX doubling or tripling before year-end.

Angus Gold (ANGVF, GUS.V - US\$0.31) - I normally would not update a Company when it announces the start of a drill program. But the news flow from Angus is sparse and I wanted to reiterate my belief in its Golden Sky project in Ontario. The majority of the winter portion of the program will be focused on the Dorset Gold zone, with infill drilling planned on the historical resource area plus step-out drilling to the east and west of the historical resource footprint. Angus reported the discovery of a new high-grade gold zone in a hole outside of the historical resource area in May 2024.

The Company has planned 15,000 meters of drilling this year. Drill results from the fall 2024 drilling on Dorset will be released soon. The 2025 drill program is fully-funded, with over C\$6.5 million in cash on hand. Two rigs will be turning on Dorset, which is a high priority exploration area. The Company also plans to further advance the BIF (banded iron formation) and Eagle River Splay discoveries this year.

Though the historic resource from Dorset is small (220k indicated and inferred ozs), at an average grade of 1.2 gpt+, the resource is open-pit and double the average grade of a Carlin Trend open-pit deposit. With three prospectively large deposits (Dorset, the BIF and Eagle River Splay), it “feels” like Golden Sky hosts a multiple million-ounce resource. Given the track record of management and the Board members, I don't think they would waste their time if they also did not believe in the potential of Golden Sky. They also own 38% of the shares.

It's important to note that it looks likely that the mineralization on the Eagle River Splay is an extension of the mineralization that formed the deposit at Wesdome's Eagle River mine, which is adjacent to the south to GUS' Eagle River Splay mineralized target. Wesdome owns 11% of GUS' equity.

I asked the CEO (Breanne Beh) about the plans for a maiden resource estimate. She said the Company is focused on drilling to expand the mineralized zones and that the mindset is that an MRE would be released sometime in 2026.

This is why I've said that this project is still early-stage and will require some patience. The bulk of the news flow will be drill results. In general, right now the market is not responding to drill results released by micro-cap juniors. But if the sector heats up like I believe it will this year, and if GUS makes a new discovery on any of the three mineralized zones (Dorset, BIF or Eagle River Splay), it could give the stock a big boost, particularly with Wesdome lurking in the background. Also, Alamos Gold's Island mine is relatively close to the east of Golden Sky. I wouldn't rule out AGI as an acquirer as a way to add ounces to its mine.

We own a relatively large percentage allocation of GUS and, at some point, I plan to add more shares. I think GUS has 5-10x upside potential based on what looks like could be a project property that hosts at least 2 to 4 million open-pit ozs of high-grade gold. The BIF alone could host a company-maker deposit. Orla Mining recently acquired Newmont's Musselwhite BIF open-pit/underground mine for US\$594 million, or \$102 per proven/probable/measured/indicated ounce.

Rugby Resources (RBMNF, RUG.V - US\$0.02) - I've followed Rugby and have, on and off, recommended Rugby for several years. I have known the co-founders/largest shareholders and Rob Grey (investor relations) for nearly 20 years. I did well with Exeter Resources, a gold/copper porphyry project in Chile that was acquired by Goldcorp in 2017 for C\$247mm. Most recently this management team has been advancing its Cobrasco copper project in Colombia. The work was suspended pending clarification on a change in a mining law which would require RUG to resubmit its environmental permit application (which had been already issued).

As a result, the Company has decided to pursue the continued advancement of its El Zanjón gold-silver project in Argentina. El Zanjón is surrounded by several large deposit mines, including Newmont's Cerro Negro mine, which is one of the largest gold mines in the world. El Zanjón is adjacent to AngloGold's Cerro Vanguardia gold-silver mine.

Rugby (or maybe its predecessor company) discovered Cerro Moro, which was eventually sold to Yamana before Pan American acquired Yamana. The same Rugby geologists who discovered Pan American's Cerro Moro mine and which sits adjacent to El Zanjón to the east, discovered El Zanjón's prospective north-west trending geologic structures, which similar to that of Cerro Moro 30km along strike from Cerro Moro.

El Zanjón is "book-ended" by two PAAS mines: Cerro Moro to the east and Manantial Espejo to the west. The nearly 9mm/137mm gold/silver Vanguardia mine is adjacent to the north. While nothing is guaranteed, given what is surrounding the property, there's a strong probability that EZ hosts gold-silver mineralization. The Company is working to identify more drill targets and prep the project for drilling but won't be ready to start drilling until October because of the onset of winter weather by the time the preparations are complete.

I chatted with Rob Grey about EZ and Rugby in general. The Company is currently evaluating several potential strategic alternatives that would generate shareholder value. Currently there's some interested parties sniffing around Cobrasco. The biggest positive right now is the fact that insiders own a very high percentage of the stock at much higher levels and are highly motivated to create value. It's no secret that Cobrasco has huge upside potential. Just prior to the change in the mining law, Rugby was about to close an upsized \$4mm unit deal to fund aggressive drilling on Cobrasco. It was believed that with just a few more successful holes, one of multiple potential buyers would have made a move to buy the project.

Though the director who lent the million bucks interest-free has not been identified, I suspect it was the co-founder, Bryce Roxburgh, who owns one-third of Rugby. He believes strongly in RUG's assets, particularly Cobrasco, and would have been motivated to fund the Company's operations in order to preserve the potential value of his shares along with the several insiders who were the original seed capital for Rugby and who have purchased a large portion of subsequent financings.

The bottom line is that I expect some potentially positive news flow over the several weeks with respect to the strategic alternatives being discussed. I look at Rugby as a 2 cent US\$ stock option with no expiration on the potential upside value of RUG's projects. I point to the recent doubling of Precipitate Gold as an example of a high-risk/high return "cheap stock option" play and I don't think PRG is done running higher. I think Rugby has similar potential, which is why I bought shares recently. To be sure, if you decide to buy shares, use "lottery ticket" funds that you won't mind losing.

NOTE: there were some company updates that I did not include in this issue because I was running out of time and this issue is long enough. Notably Integra Resources reported record gold production at its recently acquired Florida Canyon mine. If the pm sector is entering a another bull move higher, as I believe, ITRG should trade back to at least US\$1.25, where it was trading in mid-October. The stock is up 11% today on that news. I will update the companies I missed this week and provide more color on ITRG in the next issue.

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