Gold Newsletter

Vol. LII March 2024

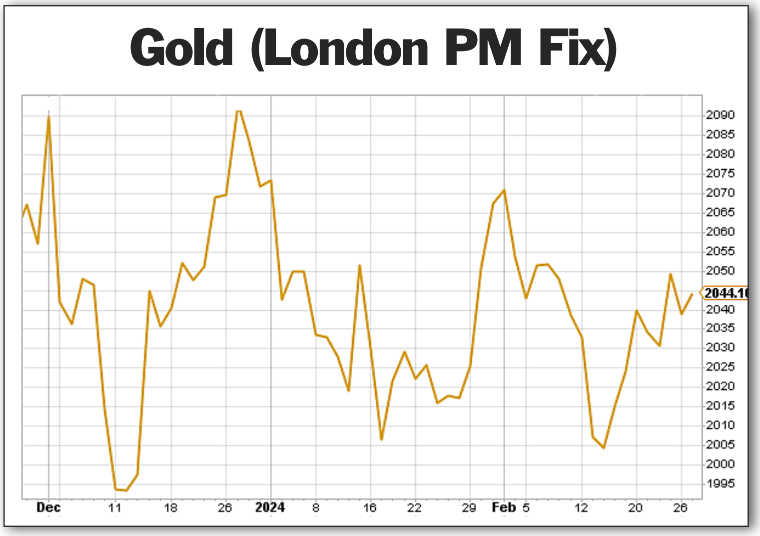
Inertia

Gold has been stuck in a rut, refusing to either fall or rise much at all. Let's take a look at how and when this could change.

By Brien Lundin

The finest teacher I ever had was Brother Gordian Udinsky, S.C., a mountain of a man who taught via a method familiar to Marine drill sergeants.

It was in his class that I learned how effective fear can be as an educational force. To this day, I remember his lesson that inertia was "the tendency of a body at rest to stay at rest, and a body in motion to stay in motion in the same direction, until acted upon by an external force."



If you got this or another lesson wrong while Brother was standing behind you, God help ya — because he would ably demonstrate your head's tendency to stay at rest until acted upon by his hand smacking the back of your noggin.

Yes, he'd likely be in jail if he did that in the current educational environment. But I and hundreds of other students who passed through his classes absolutely revere him today for the lessons that still stick with us after all these years.

This popped into my head as I was considering how to explain what gold has been doing...or not doing...since our last issue.

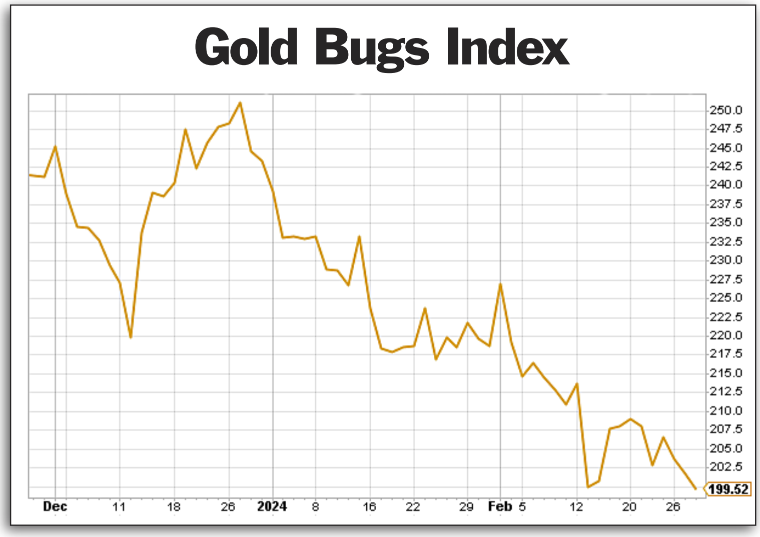
It Could Be Worse

Reflecting on that physics lesson, we see that gold has continued to demonstrate its tendency to stay at rest over the past four weeks, well above the key $2,000 level but without any momentum to the upside.

INSIDE:

I suppose we should be grateful for that — we could have seen some external force driving it below $2,000 — but it's still somewhat frustrating to have gold just sit here.

I guess we could draw on another lesson in physics, one on how equilibrium is reached in a closed system. In the case



of gold, the downward force of speculative selling has been equaled by buying pressure from another source. And now I think it's become apparent where that buying pressure is coming from.

Allow me to explain with a brief recap....

Last issue I reported that it was common knowledge that the Fed was going to start cutting rates this year, the only argument in the markets being how many times they'd cut and when they would begin.

I noted how the price of gold had been closely coordinated with the fed funds futures gauge of expectations for a March cut, demonstrating how preoccupied investors were on this one factor.

I also described how Western investors were totally absent from the gold market, and that Eastern investors likely were as well, leaving central banks as the dominant buyers.

And I closed by noting that the markets were missing the big picture: The Fed was destined to cut at some point this year— and gold would take off as a result — so we shouldn't worry overmuch about anything in the interim.

I'm writing you this month to say much of the above was wrong.

A New Reality Shaping Up

The big change in the dynamic that I outlined last month came with the CPI report for January, with both the headline and core numbers coming in a tenth higher than expected. That might not seem like much, but they translated into annual numbers that were two-tenths higher than predicted. The headline came in at 3.1% year over year, while the core rate (which so often is used to *understate* inflation) showed a 3.9% increase.

That was enough to kill off any hopes of a March rate cut by the Fed, and that sent the markets into quite a tizzy.

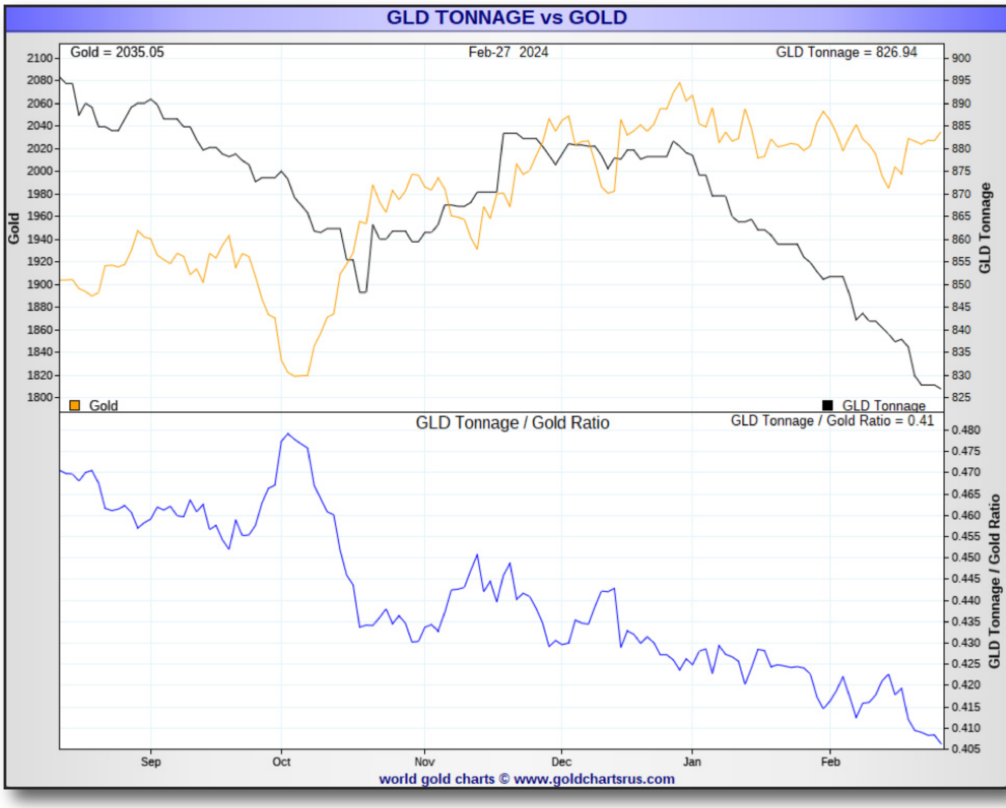
The Dow lost over 500 points in a big equity sell-off. For its part, gold fell nearly $30, and lost over $40 from its high for the day. That nosedive took the spot price, finally, below the key $2,000 level.

In our *Gold Newsletter Alert* publication, I had been predicting, week after week, that the repeated bear attacks would force gold below $2,000. The danger lay in the fact that this was a key psychological and technical level, and could trigger sell stops that would, in turn, accelerate the downward trend.

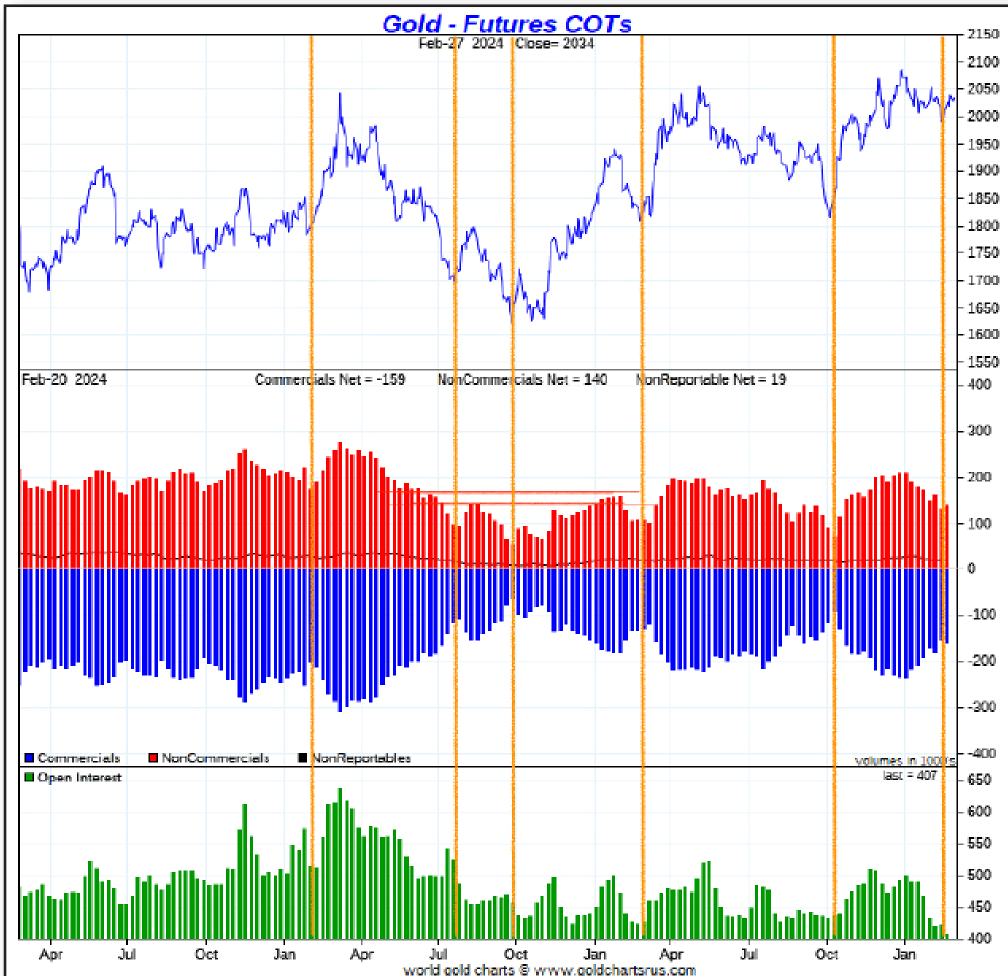
Our three-month chart of the gold price shows that the selling took gold below that key level for just a couple of days, and only on a spot basis. Thus, it didn't trigger the sell stops that the bears had hoped it would.

This quick rebound was further evidence of strong, underlying and price-insensitive buying in gold. All of this was just as I reported last month, but it seems I was wrong back then in one key aspect.

First off, Western investors are still absent, as you can see from the accompanying chart of gold holdings in the SPDR Gold Shares ETF (GLD) plotted against the price of gold.



Holdings in GLD are a great proxy for Western investment/speculative gold demand. As you can see, even as gold was hitting an all-time high in December, Western investors had begun to rotate out of GLD. As gold began trading sideways, they absolutely stampeded out of gold (and likely into Nvidia and Bitcoin).



As further proof of the mounting Western disinterest in the yellow metal, consider the accompanying graph of open interest on the Comex "paper gold" exchange.

This chart not only shows how open interest has collapsed for both commercials and non-commercials, but also what this might mean for the gold price. Note the vertical lines I've drawn at similar points of low open interest, and how these typically presaged very significant uptrends in the gold price.

Timing is another thing to consider, however. While most of these bottoms in open interest were quickly followed by sharp rallies, the low in the summer of 2022 seems to have been a false signal, as a further low in open interest was hit a few months later. That one proved to be the starting gun for a very significant uptrend, however.

The bottom line is that Western demand has dropped off a cliff; apathy for gold on this side of the world is running rampant.

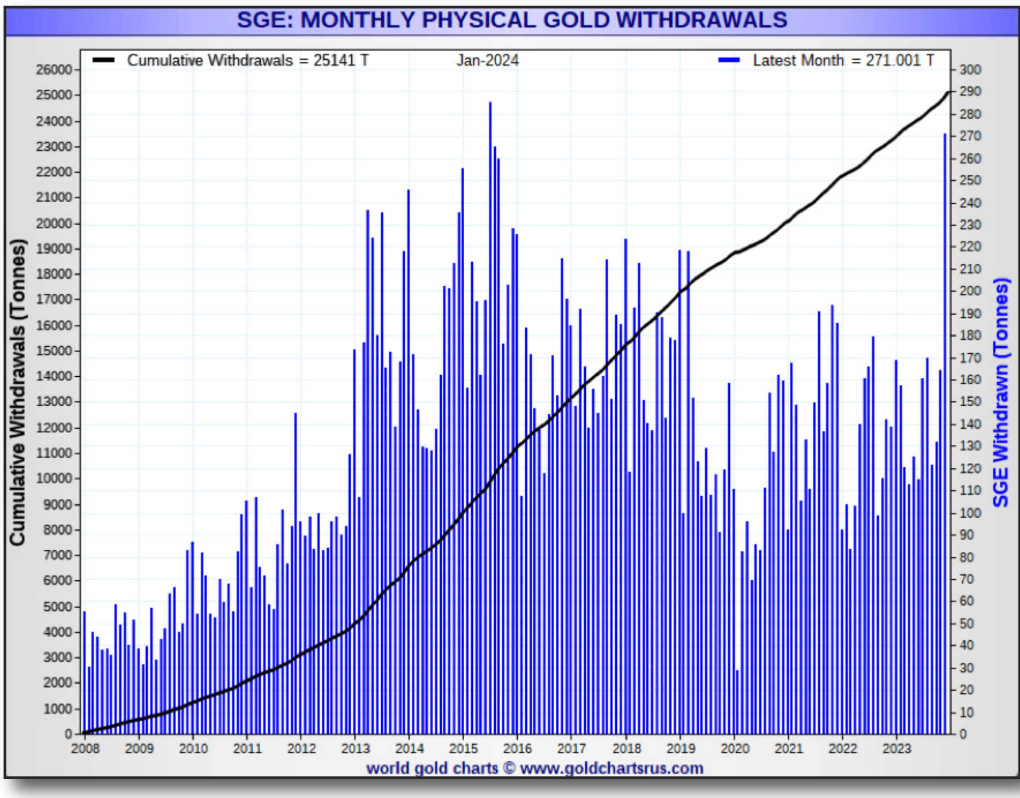
So what has held the price of gold aloft?

The other side of the argument I made last month was that central bank buying had been supporting the market. I still believe this to be true, as much of the buying has been insensitive to the price. There appears to be an iceberg bid under the gold market that just keeps coming in with more buying, and frustrating the shorts that have been trying to drive the price below sell stops.

But there seems to be much more than this at work. I'd argued last month that the buying in gold probably wasn't from Eastern savers and investors, because this sector has historically been extremely price sensitive. Asian gold buyers have typically been bargain hunters, buying after significant price declines (and helpfully cushioning those price drops).

I assumed this factor was still in force...but apparently not, as the data in the accompanying chart of Shanghai Gold Exchange withdrawals indicates.

First, note that withdrawals from the Shanghai Gold Exchange are the best proxy we have for domestic gold demand in China. Now take a look at that chart...which shows that SGE withdrawals in January soared to the second-highest level ever.



Chinese citizens are buying gold hand over fist, even with the price of gold close to all-time highs. In short, *this time is different.*

What are the implications of having Eastern investors buying now, while Western investors are on the sidelines?

It means that once the Fed does pivot and gold begins to rally, the Eastern buyers will likely still be there, only to then be joined by the trend-following Western investors to turbocharge the move.

We've been expecting a big rally once the Fed finally pivots. Now it's setting up in a way that could make this one of the more explosive rallies we've seen.

But there's still the question of not only *when* the Fed will pivot, but also *if.*

Pivot Postponed

As noted above, the January CPI report was a shocker for the financial markets, with every asset class sent reeling as investor reset their expectations for a Fed rate cut.

To get an idea of how much those odds have shifted, consider that in early January fed funds futures were predicting a 75% probability of a rate cut at the Fed's March 20th meeting. Those odds currently stand at 0.5%.

The odds of a cut by the May meeting, which had been as high as 87%, now stand at just 13.6%. And the predictions for a June cut, which had been 99.5%, now stand at 61.2%.

While the odds have shifted considerably, they still overwhelmingly favor a cut by the July Fed meeting. In a recent X post, however, noted chartist and New Orleans Conference alum Jim Bianco posed an interesting scenario in which the Fed could find itself cornered by political considerations and unable to cut *at all* this year:

> *"In other words, all the probabilities are in a downtrend. So, while March and May are priced out, check back after February payrolls and CPI to see where all these probabilities are.*
>
> *"If payrolls and CPI are again strong (above consensus), I would look for June and July cuts to get priced out.*
>
> *"The next meeting after July 31 is September 18. The Fed can insist on all it wants that they are not political, but STARTING rate cutting cycle six weeks before the election will look unbelievably political.*
>
> *"The meeting after September 18 is November 7, the day AFTER the election. Again, waiting until the day after to start cutting also looks political.*
>
> *"If Feb payrolls and CPI are strong causing the market to price out a June and/or July rate cut, has the Fed's opportunity to cut this year slipped away?*
>
> *"Restated, what is the Fed going to do this year? Does it all come down to the economic data in the next three or four weeks?"*

As Jim concludes, the data flow over the days just ahead will be crucial to determine what the Fed wants to do or *can* do...and in turn the future for all the investment markets.

In The Meantime...

So if we add it all up, there's now a risk — small in my judgement, but still real — that the Fed won't be able to cut at all this year.

The most likely outcome, however, is that we'll get the much-awaited pivot at some point, probably in June...and that will mark the launching of the next big move higher in gold and mining stocks.

On that note, the junior mining market is stuck in one of the deepest malaises I've ever seen. As I detailed above, the indifference from generalist investors is remarkable as interest is focused almost exclusively on AI and Bitcoin.

This too will change at some point, and the trick as always is figuring when that point will be reached.

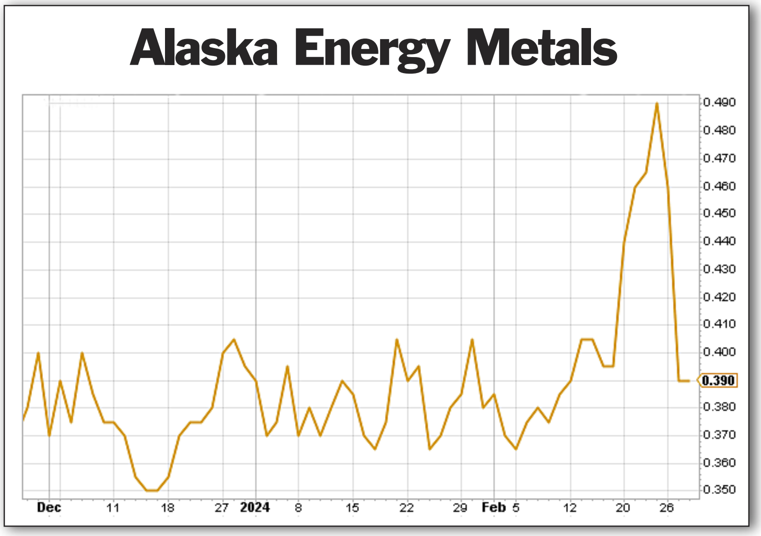
For now, bargains abound and, as you'll see in the following review, I'm still turning the soil in our portfolio with some deletions as well as a couple of new additions that are absolutely irresistible.

So let's take a look....

Mining Share Update

Alaska Energy Metals

AEMC.V; AKEMF.OTC
877-217-8978
alaskaenergymetals.com



Alaska Energy Metals generated a resource update calculation on its Nikolai nickel-sulphide project that even surprised management.

The data allowed AEMC to connect the Eureka East and Eureka West deposits into one massive deposit that is 4.2 kilometers long. The updated estimate pegs the overall deposit's resource at 3.88 billion pounds of indicated nickel and 4.23 billion pounds of inferred nickel. That's up significantly from no indicated pounds and 1.55 billion inferred pounds in the prior estimate.

By envisioning Nikolai as hosting one big pit, AEMC has dramatically reduced the strip ratio from 3.7-to-1 to 1.5-to-1. The mineralization lies in three parallel zones, with the middle zone averaging 0.33% nickel equivalent, a reminder that this is a low grade resource.

Sulphide nickel resources, even low-grade ones like Nikolai, matter when they carry the scale this deposit does. The world is looking for more nickel sulphide deposits to mine in lieu of the laterite style of nickel deposit, which requires a ton of energy to process.

With another season of drilling directly ahead at Nikolai, the deposit here will have the chance to grow larger still. Already, it is one of the biggest nickel resources in the U.S.

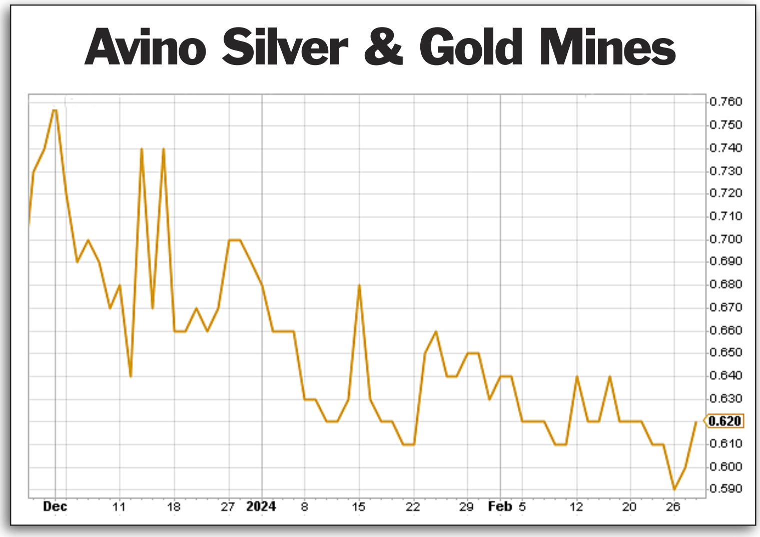
Alaska Energy's share price moved up just a little on the news. But this updated resource estimate is a big deal, as it puts the company squarely on the radars of larger companies looking to grow their resource bases...and to do so with a deposit that's of strategic size.

Make no mistake, this is a classic "optionality" play, and we'll need to see higher nickel prices for Nikolai to be economic. But other companies with similar projects, albeit a bit further along the development curve, are currently valued at a significant multiple of AEMC's market cap. That gap should close as the company and the project progresses, even without the help of a rebound in nickel.

On that note, it may take a while for the broader nickel story to evolve in AEMC's favor, but based on the seemingly unstoppable electrification trend, evolve it will. And when it does, and as the company advances Nikolai, we'll be glad to have owned Alaska Energy Metals at or near current levels. It's a buy.

Alaska Energy Metals Corp.

Recent Share Price:....................................C$0.39
Shares Outstanding:..........................86.5 million
Market Cap: ....C$33.7 million
Shares Outstanding
Fully Diluted: ....111.6 million
Market Cap
Fully Diluted: ....C$43.5 million



Avino Silver & Gold Mines

ASM.TO; ASM.NYSE-A
604-682-3701
avino.com

Avino provided the market with its outlook for 2024 and an update on major 2023 activities.

For the full year 2024, the company projects it will generate between 2.5 million and 2.8 million silver equivalent ounces. Those ounces will come from 700,000-750,000 tonnes of material from the Avino mine and from stockpiles at its nearby La Preciosa project in Durango, Mexico.

The capital budget this year calls for US$3.0-US$4.0 million of growth capital, US$0.8-US$1.0 million of exploration and evaluation funds, and US$3.5-US$4.0 million of sustaining capital and mine development funds.

The growth capital budget will cover work at both the Avino Mine and La Preciosa. For La Preciosa, those funds will pay for surface work and equipment procurement for the first phase of mine development. Much of the needed equipment is already available at Avino, so the upfront capital to start this phase a La Preciosa should be minimal.

Budgeted expenditures at La Preciosa are contingent upon approval of the environmental permit for the project, which Avino has submitted to the relevant authorities. None of the exploration and evaluation expenditures will focus on the current Avino Mine production area.

Highlights from 2023 included an updated global resource estimate in February 2023 that showed the Avino Mine and La Preciosa hosting 368 million silver-equivalent ounces in all resource categories. Actual production for the year came within revised guidance of between 2.4-2.7 million ounces silver equivalent.

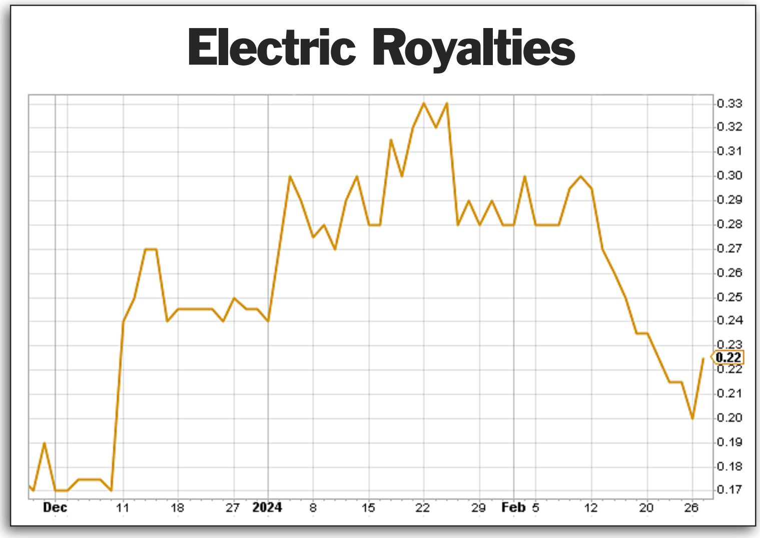
In other news, the company generated a prefeasibility study on its Oxide Tailing project at the Avino Mine Operations. That study showed an after-tax NPV, discounted at 5%, of US$61 million and a post-tax IRR of 26%. Initial capex would be US$49.1 million.

That after-tax NPV for the Oxide Tailing Project alone is worth more than Avino Silver & Gold Mines' current market cap, which means you're getting the production from Avino proper and that massive silver equivalent resource essentially for free.

Bottom line: Few if any companies offer better leverage on rising silver prices. Avino's a great value and a buy right now.

Avino Silver & Gold Mines Ltd.

Recent Share Price:..................................C$0.62
Shares Outstanding: ....129.9 million
Market Cap: ....C$80.5 million
Shares Outstanding
Fully Diluted:.................................139.4 million
Market Cap
Fully Diluted: ....C$86.4 million



Electric Royalties

ELEC.V; ELECF.OTC
604-639-9200
electricroyalties.com

Electric Royalties' previously announced deal to acquire a portfolio of 126 lithium properties in eastern Canada continues apace.

Management's aim is to have most of these properties (100+) turn into royalties by the end of year 3 or year 4 of the deal. The acquisition itself pays back more than the cost of the deal over time through the option payments on the properties.

ELEC will pay C$3.5 million in cash for the portfolio and, over the first three years of the deal, expects to receive back more than C$6 million in option payments.

Remember, 15 months ago, ELEC agreed to sell one-half of its Seymour Lake lithium royalty for C$4 million in cash. Each of these 100+ projects has the potential to be developed three to four years behind Seymour Lake. That's like 100+ shots on goal.

ELEC is excited about its ability to move through these Ontario projects quickly. Development is faster in Ontario, the targets are at surface, and development through the initial stages is relatively cheap. Hence, ELEC believes it can turn projects into discoveries quickly.

As for the bombed out lithium market, it's actually a good time to look at picking up lithium assets on the cheap, on the whole "when there's blood in the streets, buy real estate" thesis.

Lithium is undoubtedly in a long-term uptrend, but we will see these wild swings from oversupply to under-supply over the next few years. The key for ELEC is to get positioned to win when the market bounces back.

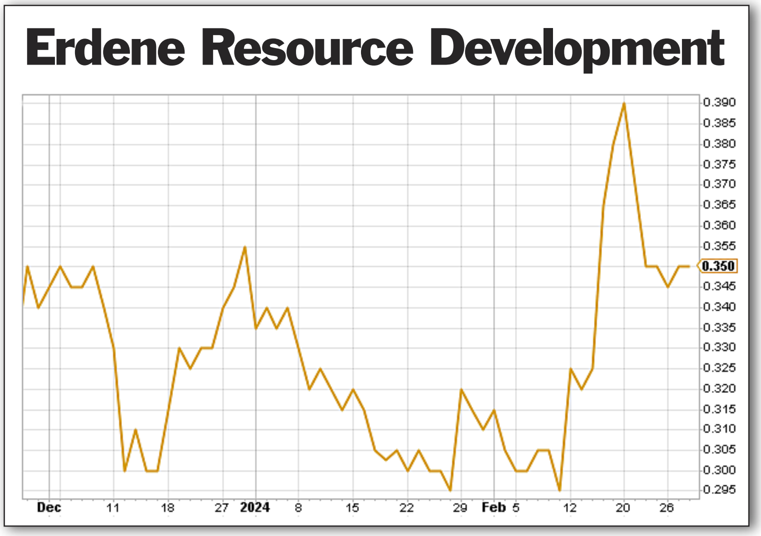
And that's exactly what it's doing with this Ontario-focused lithium property package. If you like lithium's long-term fundamentals, you'll likely be glad you picked up Electric Royalties at or near current levels. It's still a buy.

Electric Royalties Ltd.

Recent Share Price:..................................C$0.23
Shares Outstanding: ....96.6 million
Market Cap: ....C$22.2 million
Shares Outstanding
Fully Diluted:.................................120.7 million
Market Cap
Fully Diluted: ....C$27.8 million

Erdene Resource Development

ERD.TO; ERDCF.OTC
902-423-6419
erdene.com



Thanks to its Bayan Khundii ("BK") deposit in southwest Mongolia, Erdene Resource Development has a rich, open-pittable project that's well on its way generating significant cash flow.

BK covers just a portion of the Khundii mining district it controls in the country. Khundii has the potential to host multiple million-ounce deposits, and the company's 100%-owned Zuun-Mod molybdenum-copper project offers a ready source of base metals on near the border with resource-hungry China.

BK is the flagship asset, however, and Erdene owns it in conjunction with Mongolian Mining Company ("MMC").

MMC is the country's largest mining company, boasting a market cap of $1 billion and a Hong Kong Stock Exchange listing. MCS Group, one of Mongolia's largest conglomerates, owns 40% of MMC.

Erdene originally partnered with MMC back in January 2023, when the Mongolian company took a 50% stake in the Khundii district in exchange for $40 million in financing. That cash injection allowed Erdene to put out a new feasibility study on BK and start pre-construction work on the mine.

The mine at BK is relatively small, but incredibly rich for an open-pit deposit. Its head grade will average an eye-popping 4.0 g/t, giving the mine an after-tax Net Present Value, discounted at 5%, of $170 million using $1,800/oz gold. Its after-tax IRR is a robust 35.3%, and its initial capex is a modest $100 million.

At $1,800/oz. gold, BK would have all-in sustaining costs of just $869/oz, which implies about $1,000 of cash flow per ounce of gold produced (and more like $1,200/oz. at current gold levels above $2,000/oz.).

As you could guess, the project is very sensitive to the gold prices, with the after-tax NPV jumping to $275 million and the after-tax IRR to 49% at $2,200/oz. gold.

As of early February, BK has the money it needs to go into production, thanks to $80 million in additional funding from MMC. First gold pour is expected by Q2 2025 and could come even sooner based on the work Erdene has already completed on site.

Better still, BK represents just a small portion of Khundii's district-scale potential. The Dark Horse property to the north of BK is already contributing 40,000 ounces of 7 g/t open-pittable gold to BK resources, and it has many untested targets in need of follow up with the drill bit.

Directly east of BK is the Ulaan Southeast target, a blind-top, high-grade discovery made in 2021. Also in the district is Khundii's Altan Nar project, which has a gold-rich polymetallic deposit of 500,000 ounces at a rich 2 g/t gold.

In short, Khundii could end up being the next large-scale gold district in the Central Asian Orogenic Belt, which already hosts giant gold and gold-copper deposits like Kumtor (14 million ounces gold), Almalyk (25 million ounces gold), Muruntau (140 million ounces gold) and Oyu Tolgoi (62 million ounces gold).

Add in Erdene's 500-million-pound moly resource at Zuun Mod, and you have a company with near-term cash flow on the way and long-term exploration promise.

With the funding now in place to build a mine a BK, things are going to start to move quickly for Erdene. If you like gold's prospects in the back half of 2024, you'll want to own Erdene Resource Development at or near current levels.

Erdene Resource Development Corp.

Recent Share Price:..................................C$0.34
Shares Outstanding:........................345.0 million
Market Cap: ....C$117.3 million
Shares Outstanding
Fully Diluted:.................................399.0 million
Market Cap
Fully Diluted:............................C$135.7 million

i-80 Gold

IAU.TO; IAUX.NYSE-A
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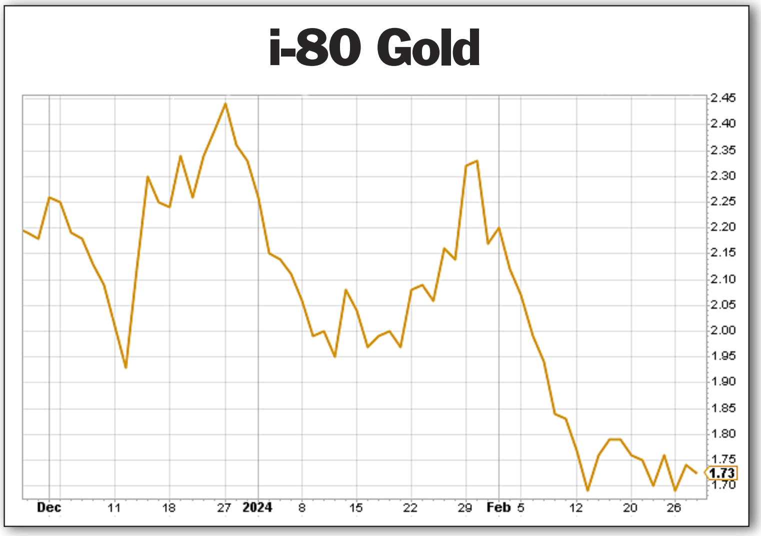
i80gold.com



i-80 Gold has raised money to support its exploration and development efforts on its key projects in Nevada.

Earlier this month, the company announced a non-brokered private placement of 10 million common shares priced at C$1.80 per share of up to C$18 million. That offering was over-subscribed on close, raising C$21.6 million by issuing 12.0 million common shares at C$1.80 a share.

In addition, the company received a subscription agreement to purchase an additional 1.08 million shares for gross proceeds of C$1.94 million. In all, the raise will bring in C$23.5 million.

The financing gives i-80 the funds to stay aggressive drilling its Granite Creek, McCoy-Cove and Ruby Hill projects and, indeed, i-80 generated results from drilling on all three of those projects in February.

At Granite Creek, 2023 surface drilling has helped define and expand the lower portion of the South Pacific zone, which is being prepped for near-term mining. The results were stellar, with multiple intersections of high-grade gold (e.g., 26.1 g/t over 5.7 meters and 10.6 g/t over 9.4 meters).

At McCoy-Cove, the latest results are from the Helen zone, which i-80 expects will be the first target accessed from the Cove mine. Highlights include 14.4 g/t gold over 20.2 meters and 13.3 g/t gold over 3.7 meters (Hole 33), 12.7 g/t gold over 24.4 meters (Hole 34), 10.1 g/t gold over 7.9 meters and 14.3 g/t gold over 8.0 meters (Hole 35) and 9.7 g/t gold over 9.6 meters and 33.9 g/t over 2.8 meters (Hole 36).

At Ruby Hill, i-80 reported assays from the final three holes drilled in a multi-year program. The holes were drilled on the East Hilltop zone, and returned both CRD and skarn style mineralization.

Holes 1 (0.2% zinc, 6.3% lead, 180.0 g/t silver and 2.2 g/t gold over 5.0 meters) and 2 (6.2% zinc, 5.6% lead, 198.0 g/t silver and 1.0 g/t gold over 3.6 meters and 13.4% zinc, 2.5% lead, 93.7 g/t silver and 0.6 g/t gold over 5.5 meters) cut CRD mineralization. Hole 3 (13.7% zinc, 0.6% copper and 17.5 g/t silver over 57.8 meters, including 21.6% zinc, 1.9% copper and 54.6 g/t silver over 9.5 meters) intersected skarn mineralization.

As you can see from this parade of high-grade assays, i-80 Gold isn't lacking for rich targets among its projects.

Add it all up, and it's obvious that i-80 Gold is on its way to becoming a profitable mid-tier producer. At current levels, it's a buy.

i-80 Gold Corp.

Recent Share Price:..................................C$1.71
Shares Outstanding:.......................291.9 million
Market Cap: ....C$499.1 million
Shares Outstanding
Fully Diluted:.................................328.7 million
Market Cap
Fully Diluted: ....C$562.1 million

Lahontan Gold

LG.V; LGCXF.OTC
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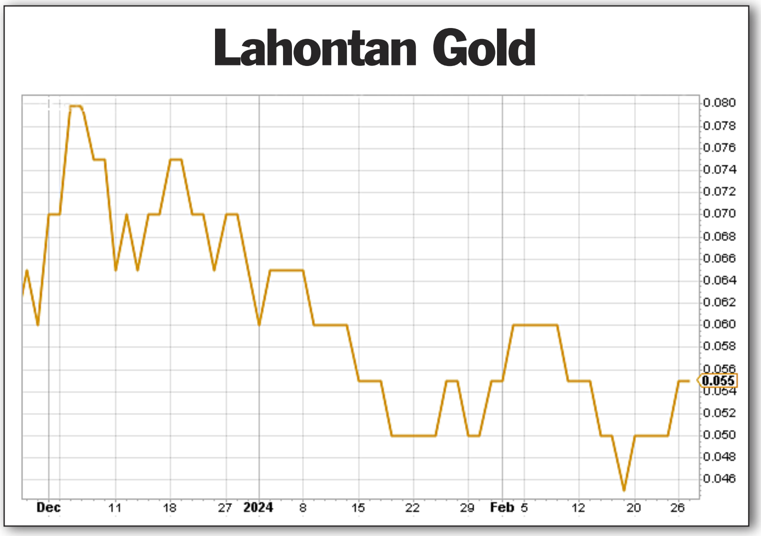
lahontangoldcorp.com



Lahontan Gold took the time to review its accomplishments in 2023 and to look ahead to 2024.

Key among last year's news was the release in January of a maiden mineral resource estimate for its Santa Fe project along Nevada's Walker Lane trend.

Based on 1,275 drill holes totaling 125,435 meters, the estimate showed a pit-constrained indicated resource of 1.1 million gold equivalent ounces at 1.14 g/t gold equivalent and an inferred resource of 544,000 gold equivalent ounces at 1.00 g/t gold equivalent.

Better still, much of those resources are oxide, with an indicated oxide resource of 712,000 ounces and inferred oxide resource of 262,000 ounces.

Lahontan also enjoyed success with the drill bit in 2023. It completed 3,687 meters in 18 RC holes on the Slab-Calvada resource area. The drills targeted areas beyond the conceptual pit shells and were highlighted by 38.1 meters of 0.87 g/t gold and 2.5 g/t silver, including 10.6 meters of 2.02 g/t gold and 2.4 g/t silver (Hole 4R) and 82.3 meters of 0.68 g/t gold and 2.0 g/t silver (Hole 1R).

Lahontan sees Slab-Calvada a ripe target for resumption of mining at Santa Fe, as the mineralization there out crops at surface and is completely oxidized.

Other news of note in 2023 included commencing work on a Plan of Operations to submit to the BLM, acquiring the West Santa Fee project, expanding the Santa Fe project and completing met work that showed recoveries of 74.4% for gold and 29.0% for silver.

The two big news catalysts in 2024 for Santa Fe will be the submitting of the POO to the BLM and generating a PEA on the project.

That Lahontan Gold continues to trade under C$10 million, given all the in situ value the company has already proven up, is a sign of how crazy this mining-stock market is right now. I expect that valuation mismatch to change in the back half of the year, as gold resumes its upward trend and that PEA proves to the market the value of Santa Fe.

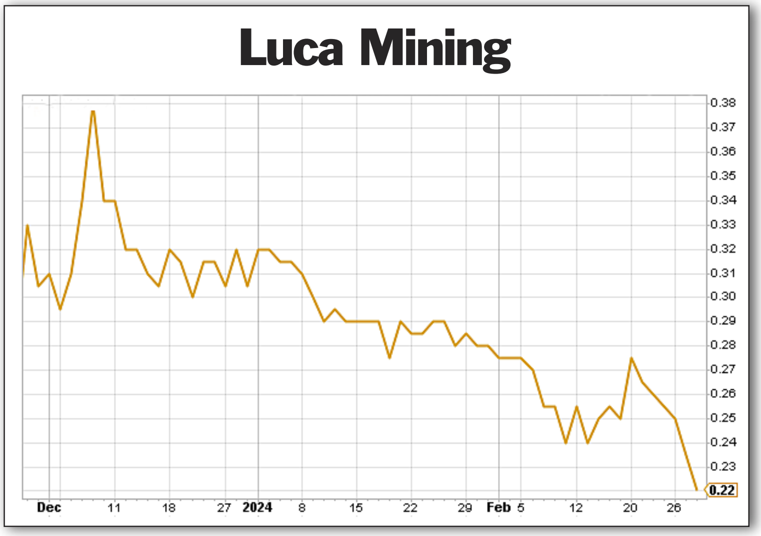
Lahontan Gold's still a buy.

Lahontan Gold Corp.

Recent Share Price: ....C$0.06
Shares Outstanding: ....146.8 million
Market Cap: ....C$8.8 million
Shares Outstanding
Fully Diluted: ....204.2 million
Market Cap
Fully Diluted: ....C$12.3 million

Luca Mining

LUCA.V; LUCMF.OTC
888-715-0597
lucamining.com



Luca Mining provided the market with updates on progress at its Tahuehueto gold mine in Durango, Mexico and its Campo Morado polymetallic mine in Guererro, Mexico.

At Tahuehueto, the company announced that its project to increase the mine's mill to 1,000 tonnes per day of capacity was near completion. Currently, the company is testing a second ball mill that will provide total installed grinding capacity of 1,200 tpd.

The overage in ball mill capacity will help ensure an actual production rate of 1,000 tpd. Once the second mill is commissioned, Tahuehueto will begin ramping up production to 35,000-40,000 ounces gold equivalent per year.

At Campo Morado, optimization efforts are bearing fruit.

The company improved overall performance at the mine in Q4 2023, and the mine enjoyed higher recoveries and concentrate grades. Copper in the bulk concentrate during the quarter increased from 48% recovery to 70% recovery.

Key improvements implemented during the quarter included "effective mine-to-mill planning, new procedures of ore blending, increased metallurgical test work, optimized griding and reagent dosing for improved recoveries, and phased equipment upgrades for the mine and mill."

A critical program going forward will be ALS Laboratories' work to achieve a clean copper-lead separation that would produce three saleable concentrates (zinc, copper and lead) as opposed to the current two concentrates (zinc and mixed copper-lead).

So far, the market isn't giving Luca Mining much credit for the progress it is making on its two core projects. But that should shift in the back half of the year, especially if metals prices cooperate. Luca Mining remains a buy.

Luca Mining Corp.

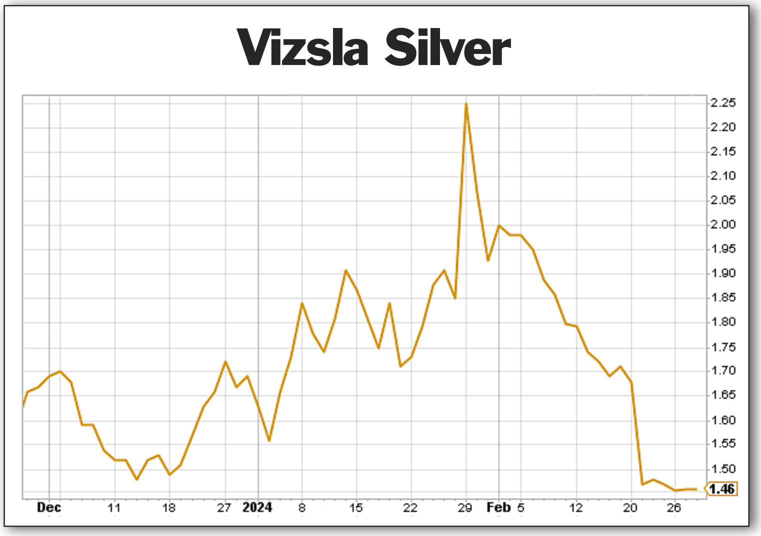
Recent Share Price: ....C$0.21
Shares Outstanding: ....141.7 million
Market Cap: ....C$29.8 million
Shares Outstanding
Fully Diluted:..................................196.3 million
Market Cap
Fully Diluted: ....C$41.2 million

Vizsla Silver

VZLA.V; VZLA.NYSE-A
604-364-2215
vizslasilvercorp.ca

Vizsla Silver released more assays from the La Luisa vein on its flagship Panuco project in Mexico.

The holes reported showed high gold grades, albeit in generally narrower widths (e.g., Hole 425 returned 498 g/t silver equivalent, or 42 g/t silver, 6.76 g/t gold, 0.02% lead and 0.05% zinc, over 1.3 meters).



Located 700 meters west of the Napoleon vein system, La Luisa currently hosts 4.0 million ounces of indicated silver equivalent and 25.3 million ounces of inferred silver equivalent. Mineralization has been traced for 1,670 meters along strike and to 450 meters down dip.

Vizsla currently has two rigs turning at La Luisa, one testing the open strike potential to the southeast and the other filling in a gap zone to the north.

Overall, La Luisa is likely to add modestly to Panuco's overall ounce count, but its gradual expansion is a good example of how this already world-class silver resource can expand still further.

To fund its work at Panuco, Vizsla recently announced a C$30 million bought deal financing. The financing will raise that amount by issuing 20 million shares at C$1.50 per share. The deal comes with a 15% overallotment option.

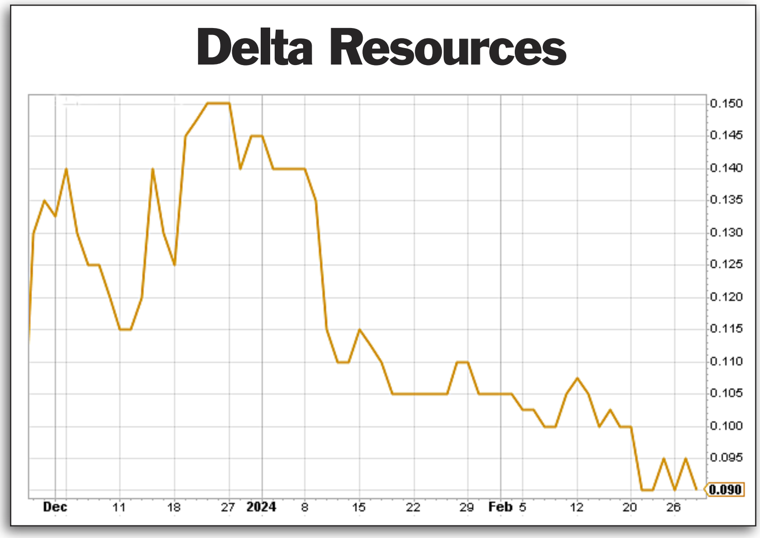
It's good to see that Vizsla can raise money when it needs it, especially in the current beaten down market for financings.

Also, as a reminder, the arrangement agreement between Vizsla Silver and its Vizsla Royalties spinout will be completed within 45 days. So if you want your one Royaltyco share for every three Vizsla shares held, you'll want to build a position soon if you haven't already.

Vizsla Silver's a buy.

Vizsla Silver Corp.

Recent Share Price: ....C$1.47
Shares Outstanding:.......................208.7 million
Market Cap: ....C$306.8 million
Shares Outstanding
Fully Diluted: ....244.2 million
Market Cap
Fully Diluted: ....C$359.0 million



New Recommendations

Delta Resources

DLTA.V; DTARF.OTC
613-328-1581
deltaresources.ca

My first new recommendation this month is Delta Resources, and the key to the story is their Delta-1 project in Thunder Bay, Ontario.

After a big discovery hole in October 2022, the company was able to attract a C$10 million bought deal financing last May, but has suffered since then along with the rest of the market. The upshot is that the company now has C$5.6 million in cash and a market cap of under C$10 million.

This by itself is very attractive, but doesn't mean a whole lot without the other key to the puzzle: A still-undefined but obviously very large gold resource already outlined at Delta-1.

It's difficult to say without a compliant resource yet, but I can eyeball a million-plus ounce resource at the project, which drilling has currently outlined to dimensions of 1.8 kilometers in strike, with a width of 10 meters to 100 meters and a depth from surface to 250 meters. It's still open in all directions, with a 5,000-meter drill campaign to continue expanding the project in progress.

The resource is lower-grade, with most intersections under 1.0 g/t gold, but with lots of higher-grade hits and zones that should boost the economics. The geometry of the mineralization, and extensive infrastructure in the region (including two power lines and the Trans-Canada highway running across the property), hold the promise of a relatively low cut-off grade for the project.

The continued upside is easy to see, as the 1.8-kilometer Delta gold zone is located within a larger structural corridor spanning 4.5 kilometers in strike.

East of the main zone, the company has traced an area of low-grade mineralization over more than 600 meters in strike. Recent intercepts from the East Extension are believed to be part of a gold-enriched halo of a high-grade core.

West of the main zone, drills have traced low-grade gold mineralization with a 250-meter step out hole. It too may contain a halo of high-grade mineralization. Future drilling will explore both extensions.

In terms of the overall geology of the mineralization, higher-grade, wide ore shoots have been observed and appear to plunge at 40 degrees towards the west. These higher-grade ore shots are common to structurally controlled gold deposits and often occur in pulses along the broader zone of mineralization.

Delta has ample targets to chase at it begins to drill in Delta-1 in 2024. If drilling encounters more of those ore shoots, they could boost the potential economics of an already promising deposit area.

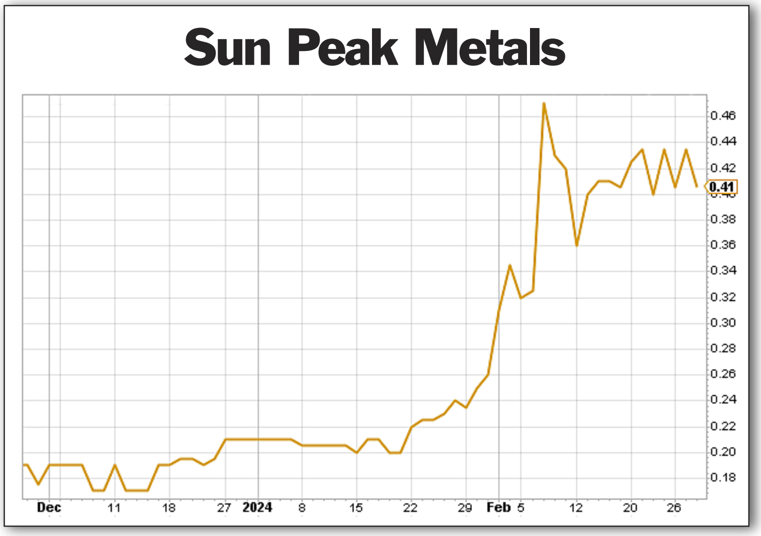
The bottom line is that this market is handing us a lot of bargains, but Delta Resources seems extraordinary even in this environment. It's a buy.

Delta Resources Ltd.

Recent Share Price: ....C$0.10
Shares Outstanding: ....98.5 million
Market Cap: ....C$9.9 million
Shares Outstanding
Fully Diluted: ....144.0 million
Market Cap
Fully Diluted: ....C$14.4 million

Sun Peak Metals

PEAK.V; SUNPF.OTC
604-999-1099
sunpeakmetals.com



My "new" recommendation this month is Sun Peak Metals.

Consistent readers of this missive will recognize Sun Peak as a prior recommendation from 2020.

At the time, I was extremely enthused about this company's Shire project in Ethiopia and its ability to contain rich, polymetallic mineralization similar to the Bisha and Asmara deposits in Eritrea.

The technical team at Sun Peak discovered those latter deposits and saw in Shire a chance to make a new discovery.

Unfortunately, Sun Peak picked early 2020 to list, which turned out to be a week before violence broke out across Ethiopia, with the fighting particularly intense in the Tigray region where Shire is located.

At that point Sun Peak pulled out of the country and waited until it felt it was safe to return. It continued paying its local employees. It also arranged for force majure agreements on its Shire concessions with the Ethiopian government. And with Sun Peak's country risk flashing red, I ceased coverage.

Fast forward to today, and the situation in Ethiopia has stabilized enough that Sun Peak is ready to begin work again. It has gotten the force majure lifted on the Meli, Nefasit and Terer concessions. The government will lift force majure on its other three Shire concessions (Adi

Dairo, Adi Mendi and Wokemba) later in 2024.

Meli and Terer are more advanced than the other targets, with pre-IPO drilling by Sun Peak uncovering high-grade polymetallic intercepts. The best interval from Meli returned 15.3 meters of 3.18 g/t gold, 25.0 g/t silver, 2.2% copper and 1.4% zinc, and the best interval from Terer cut 17.9 meters of 3.95 g/t gold, 45.5 g/t silver, 1.4% copper and 1.6% zinc.

PEAK will likely fill in the details of its renewed work on these concessions in the coming weeks, and I would expect drilling to begin very soon.

Sun Peak's share price has been trading up on the news and it's currently hovering in the mid-40-cents range. Given the upside I see on the Shire project, I think current levels make for a great entry point for the company as it gets the drills turning again.

Granted, there is both exploration and country risk here, but if you're comfortable with higher-risk/higher-potential plays, Sun Peak Metals makes for a compelling bet on polymetallic deposit discovery. It's a buy.

Sun Peak Metals Corp.

Recent Share Price: ....C$0.41
Shares Outstanding: ....87.1 million
Market Cap: ....C$35.7 million
Shares Outstanding
Fully Diluted: ....93.8 million
Market Cap
Fully Diluted: ....C$38.5 million

Brief Notes

• **Aftermath Silver** (AAG.V; AAGFF.OTC; C$0.17) provided an update on its Berenguela project in southern Peru.

The company has spent recent months analyzing geochemical, geophysical and sampling data from past operators of the project. That data shows that Berenguela has other potential targets beyond the substantial silver, copper and manganese deposit that has already been outlined there.

We own Aftermath Silver for the advanced-stage resources it controls at Berenguela and as well as at its Challacollo silver-gold project and its Cachinal silver-gold project, both in Chile. The additional targeting at Berenguela is nice, but secondary to the sizable resource that already exists on the project.

Aftermath Silver remains a strong lever on rising silver prices and a buy at current levels.

• **Amarc Resources** (AHR.V; AXREF.OTC; C$0.10) has begun a C$10 million exploration program on the DUKE copper-gold district it has optioned to the Boliden Group.

Boliden is again fronting the money to Amarc to explore DUKE as part of a two-staged option to earn up to a 70% interest in the district by spending up to C$90 million. The partner already spent C$10 million exploring the project in 2022-2023.

This year's winter drill program at DUKE will follow up on last year's positive results on the DUKE deposit and the DUKE deposit target. The Phase 2 2024 program will focus on testing a variety of targets across the district.

Between this Boliden joint venture agreement and the C$110 million JV agreement with Freeport McMoRan on the JOY District, Amarc Resources continues to punch well above its weight in terms of exploration activity. The company is still a buy.

• After years of drilling on its Perron gold project in Quebec, **Amex Exploration** (AMX.V; AMXEF.OTC; C$1.51) is rapidly approaching two potential catalysts for the company's share price.

The first will be a new resource estimate by the end of March that will compile the majority of the work Amex has done on Perron to date, which encompasses more than 400,000 meters of drilling. If there's ever been a company that has amassed this much drilling without a maiden resource estimate, I can't recall one. So this will be big news for the market.

The second catalyst will be a PEA on the project, due out a couple of months later, which should also impress the market.

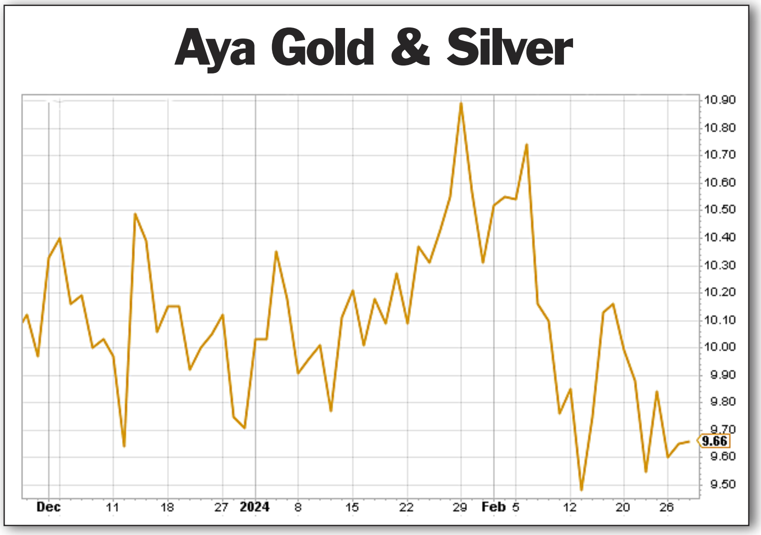
Analysts who cover Amex have already been sharpening their pencils on the potential resource at Perron, and coming up with estimates of over 3 million ounces gold. Within that is forecast a high-grade zone of more than 1 million ounces grading 10 g/t.

With that high-grade zone as a base, the upcoming PEA should show a profitable mining operation, particularly as Perron's segment of the Abitibi Greenstone Belt is surrounded by good infrastructure.

In a world that looks to grow more gold-friendly in the back half of the year, these pending news items promise to give Amex's share price a boost. Plus, the company will stay active on Perron, with 60,000 meters of drilling planned for 2024.

With this kind of news on the way, Amex Exploration continues to be a buy.

• **Aya Gold & Silver** (AYA.TO; AXREF.OTC; C$9.59) announced a bought-deal financing to raise C$67.5 million by issuing 6.59 million common shares at C$10.25 per share. There is an over-allotment option that could boost the raise to C$77.6 million.



That's money Aya can use to fund ambitious expansion drilling programs on its Boumadine and Zgounder Regional projects. The upside of those projects, when put alongside the ongoing silver production from Zgounder, continues to make Aya one of the stronger buys on our list.

• **Banyan Gold** (BYN.V; BYAGF.OTC; C$0.28) has released an updated resource estimate for its AurMac project in the Yukon.

The company's 2023 drilling program at AurMac managed to expand its total inferred resources from 6.2 million to 7.0 million. The Powerline deposit alone now contains 6.2 million ounces of gold.

2024 will be a year where the drills focus on outlining higher-grade zones within this larger resource. Combined with recent solid recoveries from metallurgical tests, this new resource estimate reminds us that Banyan Gold is a fantastic lever on rising gold prices and a buy.

• **Battery Mineral Resources** (BMR.V; BTRMF.OTC; C$0.14) entered into a couple of new deals to move its Punitaqui Mining Complex in Chile back into production.

“It remains to be seen how much this past year’s drill program will add to the already sizable open-pit resource at Taurus (1.4 million ounces of inferred gold at 1.14 g/t).”

The first was a US$5 million copper concentrate prepayment agreement and a US$20 million advance payment terms arrangement with Javelin Global Commodities. Javelin has signed on to be BMR’s exclusive marketing agent for sales of product from Punitaqui for an 11-year term.

In exchange for the agreements, Javelin will receive a variable commission based on the product price received by BMR’s Chilean subsidiary. The terms of the deal are involved, and I refer you to BMR’s website for details. The gist is that BMR will now have money to begin returning Punitaqui to operations.

The second deal was an agreement with Anglo American to process 240,000 dry metric tonnes of copper slag at Punitaqui delivered from Anglo’s Chagres smelter in Chile. Anglo will buy the resulting concentrate from the flotation plant at Punitaqui in a move that will see the plant generate some cash flow while BMR begins commissioning the plant.

It’s good to see Battery Mineral Resources moving forward with development at Punitaqui. On the thought that these recent moves will see the mine become cash flow positive sooner than expected, I’m moving the company back to a buy from a hold.

• **Cabral Gold** (CBR.V; CBGZF.OTC; C$0.16) continues to deliver solid drill results from drilling to test the gold-in-blanket and basement saprolite gold at its Cuiu Cuiu project in Brazil.

RC drilling on the Central deposit included Hole 390 (23 meters of 1.0 g/t gold from 5 meters depth in the basement saprolite) and Hole 391 (13 meters of 1.4 g/t gold from 51 meters depth in the basement saprolite). Hole 391 also intercepted 4 meters of 1.2 g/t from 40 meters depth.

Auger drilling on the MG gold deposit returned gold values in eight of nine holes and was highlighted by Hole TR665 (19 meters of 1.3 g/t gold from surface, including 2 meters of 8.0 g/t gold).

These good results were in addition to gold results returned from the Machichie Main Zone, located 500 meters northwest of MG.

Highlights from this RC drilling on this zone included Hole 409 (30 meters of 2.6 g/t gold in the mineralized basement saprolite, including 12 meters of 5.6 g/t gold from 11 meters depth), Hole 418 (9 meters of 4.3 g/t gold from fresh rock from 41 meters depth) and Hole 414 (13 meters of 1.6 g/t gold from surface in mineralized saprolite).

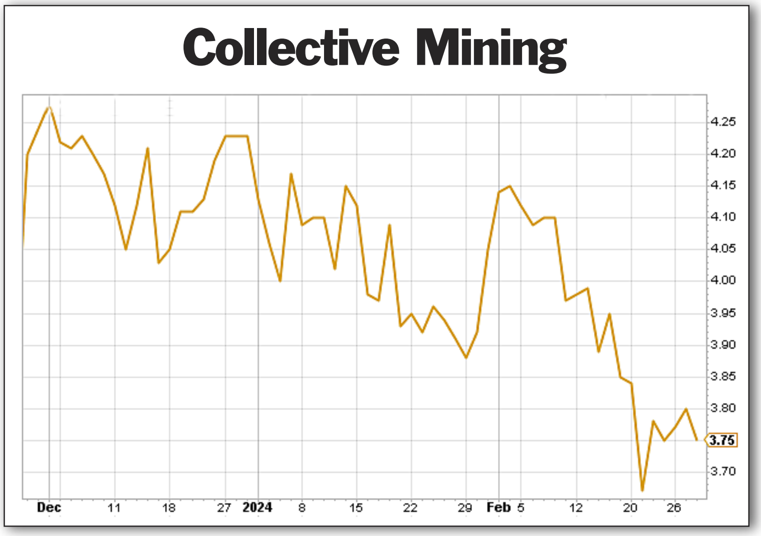
All this work is showing that Cuiu Cuiu contains a substantial amount of near-surface gold amenable to heap leaching. On the thought that a stronger gold market will eventually reward all this good work, Cabral Gold remains a buy.

• **Cassiar Gold** (GLDC.V; CGLCF.OTC; C$0.22) released assays for the last six holes from the 2023 drill program on its flagship Cassiar project in northern British Columbia.

The holes managed to extend the mineralization on the Taurus deposit in the Cassiar North section of the property. Hole 206 provided the highlights assays, cutting two significant gold intercepts (101.4 meters of 0.84 g/t gold from 6.0 meters downhole and 178.8 meters of 0.59 g/t gold from 196.1 meters downhole).

It remains to be seen how much this past year’s drill program will add to the already sizable open-pit resource at Taurus (1.4 million ounces of inferred gold at 1.14 g/t). Growth elsewhere on the property is possible as well, and Cassiar will soon report results from a recent field program on the Cassiar project as a whole.

With the Taurus resource providing a valuation anchor, Cassiar Gold continues to have a lot of exploration upside at the Cassiar project. The company is still a buy at current levels.



• **Collective Mining** (CNL.TO; CNLMF.OTC; C$3.80) currently has four rigs operating on its Guayabales project in Colombia. Two of those rigs are now focused on the Trap target, where initial drilling made a discovery in January.

The second rig was sent to Trap based on results from a follow-on hole that showed strong visual mineralization. If this target proves to have scale similar to Apollo, it will be a major advance for Guayabales.

The evidence of sulphide mineralization at depth at Trap highlights the presence of stockwork and sheeted porphyry veins and makes continued drilling there a program to keep an eye on.

Collective has not been getting credit yet for the discovery at Trap, but that could change if follow-on assays validate the visual results from this latest hole.

In the meantime, a strategic investor has stepped up with a C$18.9 million non-brokered private placement (4.5 million units at C$4.20 per unit with each unit good for a share and a half-warrant redeemable at C$5.01 over a period of 36 months).

Collective Mining is on the verge of outlining a very significant copper-gold porphyry district at Guayabales, and at recent levels the company continues to be a buy.

• **Exploits Discovery** (NFLD.CN; NFLDF.OTC; C$0.11) announced results from till sampling on its Gazeebow South property in Newfoundland.

The project covers seven kilometers of the northern Appleton Fault Zone, which hosts much of the high-grade gold encountered by New Found Gold in the province. The till samples taken along this stretch of Gazeebow continue to show elevated gold grain counts (up to 14 times greater than the area's background levels). Importantly, they also show a significant percentage of pristine or near-pristine grains, which indicates that they haven't been transported very far.

While Exploits uses the data from this work to identify drill targets on Gazeebow, it is awaiting assays from the recently completed 2,500-meter drill program on its Bullseye project. That program is designed to test for the eastern extension of New Found Gold's Jackpot zone.

We'll keep Exploits Discovery a hole while we wait to see that assays from Bullseye.

• **Filo** (FIL.TO; FLMMF.OTC; C$21.70) reported assays from three holes drilled on the Aurora zone of its Filo del Sol project in Argentina.

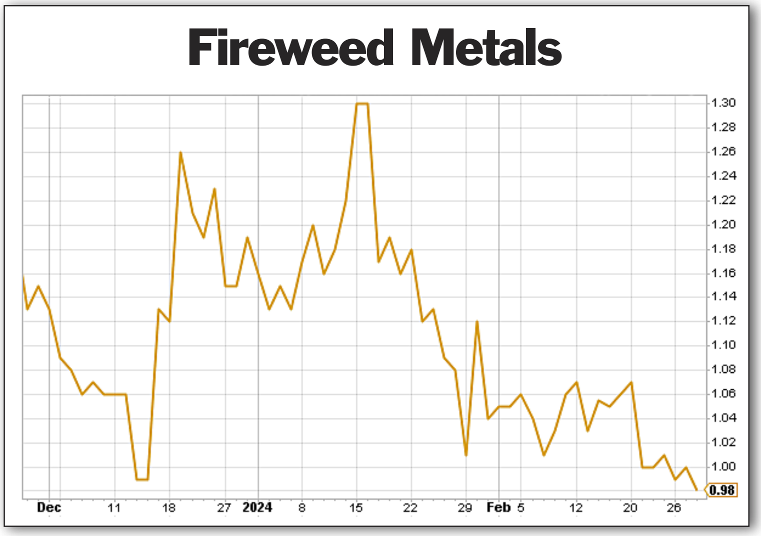
The holes showed more long intervals of mineable-grade mineralization, with Hole 97 returning 1,077.0 meters of 0.89% copper equivalent, Hole 98 cutting 953.8 meters of 0.42% copper equivalent and Hole 100 intersecting 631.3 meter of 0.68% copper equivalent.

This last hole added more than 500 meters in depth beyond the current resource pit shell and extends the western margin of the deposit by 250 meters. Taken together, the three holes cover 1.6 kilometers of strike and expand the deposit to the west along that entire distance.

Impressive results like these have, unfortunately, become "same-old, same-old" news for investors, and Filo's share price ticked only slightly upward on this news.

Still, Filo del Sol remains one of the largest, undeveloped copper-gold-silver deposits globally and it continues to grow. For that reason, it remains a strong hold on our list.

• **Fireweed Metals** (FWZ.V; FWEDF.OTC; C$0.99) released assays from the last of the holes drilled in its 2023 campaign at Mac Pass. This last batch came from drilling on the resource-hosting Tom and Jason deposits.



Highlights from this work came from the Tom South zone, which was not in the 2018 mineral resource for Tom and Jason. Hole 9 cut 14.0 meters true width of 11.45% zinc, 5.86% lead and 126.3 g/t silver, and Hole 9D2 returned 9.8 meters true width of 9.82% zinc, 11.7% lead and 180.1 g/t silver.

These results represent a 100-meter-plus step out from the known Tom resource. More importantly, they may form a continuous zone of mineralization between Tom Southeast, Tom South and Tom West, with Tom South connecting the zones through a fold hinge.

Fireweed plans to follow up on these good results from Tom South in 2024. The work is reminder that, even after decades of work, Mac Pass can still surprise. On the belief that Fireweed Metals' current market cap is undervaluing Mac Pass (and Mactung) significantly, FWZ continues to be a buy.

• **Headwater Gold** (HWG.CN; HWAUF.OTC; C$0.14) released assays from drilling on two of its shared projects with Newmont, with one set of decent results from Spring Peak and one set of disappointing results from Midas North.

The highlights from the Spring Peak drilling included 4.6 g/t gold over 11.4 meters from Hole 32 and 4.6 g/t over 9.8 meters from Hole 31 from the Disco zone. The mineralization at Disco remains open to the northeast, southwest and at depth. In all, Newmont and Headwater drilled 20 holes at Spring Peak in 2023 and all 20 holes hit.

The partners have established scale at Disco, but whether it's enough scale to keep Newmont around as a drilling partner in 2024 remains to be seen.

Less likely to see a renewal of effort from Newmont is Midas North, where nine scout holes returned nothing of significance.

Judging from Headwater's low trading levels, investors right now are betting that Newmont parts ways with both projects, which would leave Headwater to fund additional work on its own (or find a new partner).

HWG has some C$3 million available to continue drilling its myriad projects in the western United States. But on the bet that Newmont sticks around for another drill season at Spring Peak, Headwater Gold remains a buy.

• **Heliostar Metals** (HSTR.V; HSTXF.OTC; C$0.19) announced a plan to use the driving of the current, 412-meter-long decline at Ana Paula to its full target depth in order to mine a bulk sample of the deposit.

A prior engineering study indicates the tunnel will need 1,100 meters of additional development along with 317 meters of spiral and stope development. HSTR believes this process would take 11 months and allow for the test production of 7-10 g/t gold material (perhaps more than 20,000 ounces) from a bulk sample.

The company is exploring self-funding, non-equity options to finance the decline development and test mining. If it can make the numbers tumble, I like this derisking approach to getting a key portion of the infrastructure at Ana Paula complete.

Based on the potentially lucrative, high-grade deposit Heliostar Metals is chasing here, the company is another buy.

• **Latitude Uranium's** (LUR.CN; LURAF.OTC; C$0.23) share price continues to track along with the offer for the company that will make it a part of a three-way merger with ATHA Energy and 92 Energy.

Based on the shareholder response on ATHA's end to the deal, the transaction is well on its way to consummation. When complete, it will give existing Latitude Uranium shareholders a piece of one of the premier uranium exploration companies in the sector.

There's still time to own a piece of this story by buying Latitude at or near current levels.

• **Metallic Minerals** (MMG.V; MMNGF.OTC; C$0.24) has generated a maiden resource estimate for its Keno Silver project in the Yukon.

The combined underground and in-pit total resource estimate comprises 18.2 million ounces of silver equivalent (2.5 million tonnes at 225 g/t silver equivalent).

It's not a blockbuster resource, but it's a good start and Metallic has many promising targets to chase at Keno Silver. Metallic Minerals remains a hold.

• **Minera Alamos** (MAI.V; MAIFF.OTC; C$0.28 provided the market with a plan for gold production at its Santana mine.

The plan involves utilizing the existing leach pad capacity to increase mining and stacking operations. This scenario would balance a long-term leach pad expansion (for which Minera is awaiting permits) with a shorter-term plan to mine and stack on the current permitted pad space.

The revised plan would see Santana produce around 20,000 ounces of gold over the next 12 months using the current pad capacity.

We'll have to wait and see if these changes results in positive outcomes for Minera Alamos in 2024. In the meantime, we'll keep it a hold in our portfolio.

• **Revival Gold** (RVG.V; RVLGF.OTC; C$0.31) has added to its land position on the south end of Beartrack-Arnett and has highlighted a new target called Sharkey, located two kilometers south of Joss.

The company outlined Sharkey using a reinterpretation of 1990s geophysical data on Beartrack, which traced the Panther Creek-Coiner Fault System for another five kilometers south of Joss.

"The company is exploring self-funding, non-equity options to finance the decline development and test mining."

Revival plans to drill Sharkey extensively in 2024 in the hope of adding to Beartrack-Arnett's gold ounce count. Revival Gold remains a hold for now.

• **Ridgeline Minerals** (RDG.V; RDGMF.OTC; C$0.09) updated the market on its plans for its Swift and Black Ridge (formerly Carlin-East) projects in Nevada. Both are prospective for deep deposits of Carlin-style gold and both are subject to joint venture deals with Nevada Gold Mines.

After spending $7.5 million on the projects through Dec. 31, 2023, NGM plans to spend another $5.2 million on them in 2024. The bulk of that money will go towards drilling Swift with 3-5 deep core holes. Black Ridge will see a round of surface work to identify drill targets.

Deep drilling is an expensive proposition, which is why it's good Ridgeline has a well-heeled partner in NGM to foot the bill. We'll keep Ridgeline a hold while we wait to see what this program turns up in 2024.

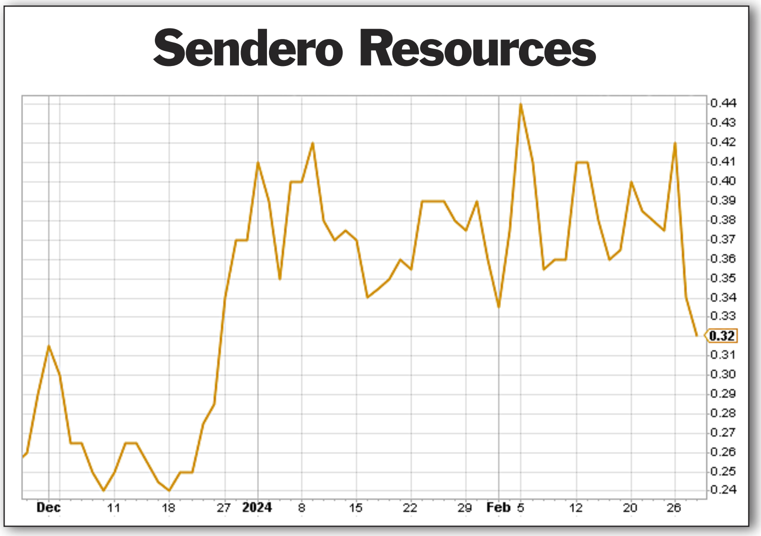
• **Scottie Resources** (SCOT.V; SCTSF.OTC; C$0.16) released the final assays from its 2023 drilling program on the Blueberry Contact zone in British Columbia's Golden Triangle.

The 20,130-meter program focused on expanding this zone and managed to drill off high-grade mineralization down to a depth of more than 525 meters.

Highlights from this last batch of assays include Hole 312, which cut 13.9 g/t gold over 7.0 meters and Hole 305, which intersected 59.2 g/t gold over 1.25 meters and 9.5 g/t gold over 1.0 meter.

The Blueberry Contact zone has been traced for 1,550 meters along strike and looks to be a significant gold deposit. Scottie is already planning its follow-up drilling program for the 2024 field season. Work on that program will begin in a few months, so there's no rush, but Scottie Resources remains a buy.

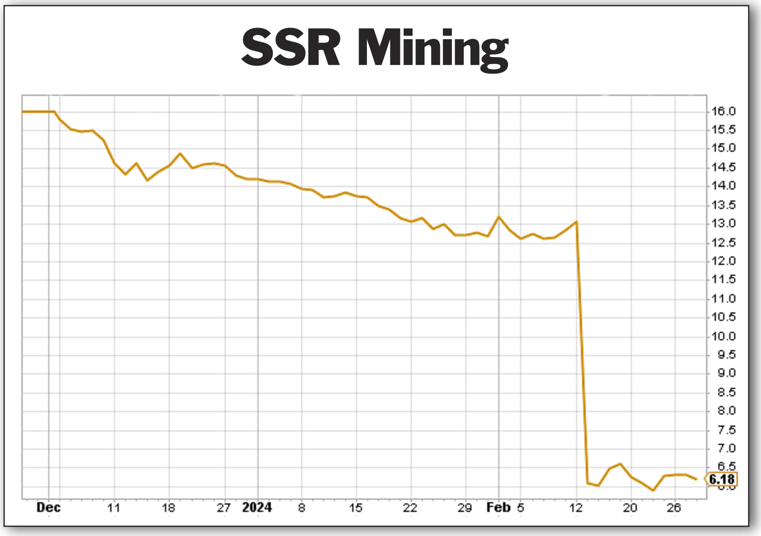
• **Sendero Resources** (SEND.V; SRRCF.OTC; C$0.32) saw its share price drop Tuesday in reaction to a technical update on the company's drilling at Penas Negras in Argentina, including descriptions of core from the initial drilling.



The company has completed three diamond holes for a total of 1,544 meters on the La Pena, Tamberias and La Ollita targets. Frankly, the negative market reaction came from retail investors being unfamiliar with the technical descriptions and unexcited by what they saw (and didn't see) in the news release. I'm not a geologist, but the company's descriptions of the drill core actually seemed very encouraging to me.

As always, we'll see when the assays come in.

Of the three holes described, there's particular interest in the hole into La Ollita. The company reported that "The association of high-level breccia bodies in PND003 showing clasts of mineralized porphyry plus the clear evidence of classic vuggy residual quartz and silica-clay (advanced argillic alteration) overlying porphyry style mineralization is strong evidence of telescoped alteration and mineralization zoning. Similar features are shared with the



contemporaneous porphyry gold copper deposit of the Vicuña District, particularly Filo del Sol and Josemaria."

Yes, that's a lot of geological jargon, but sharp-eyed investors should note the mentions of Filo del Sol and Josemaria at the end. This is the kind of potential that Sendero has offered from the beginning and is why I recommended the company. That the visuals from the La Ollita hole seem to support this potential is certainly no reason to sell this stock now.

I'm even more excited after seeing these core descriptions to see what the assays from this program turn up. The market is handing us a bargain right now, and Sendero remains a buy.

• **Silver X Mining** (AGX.V; AGXPF.OTC; C$0.17) appears headed in the right direction at its Nueva Recuperada silver mining complex in Peru.

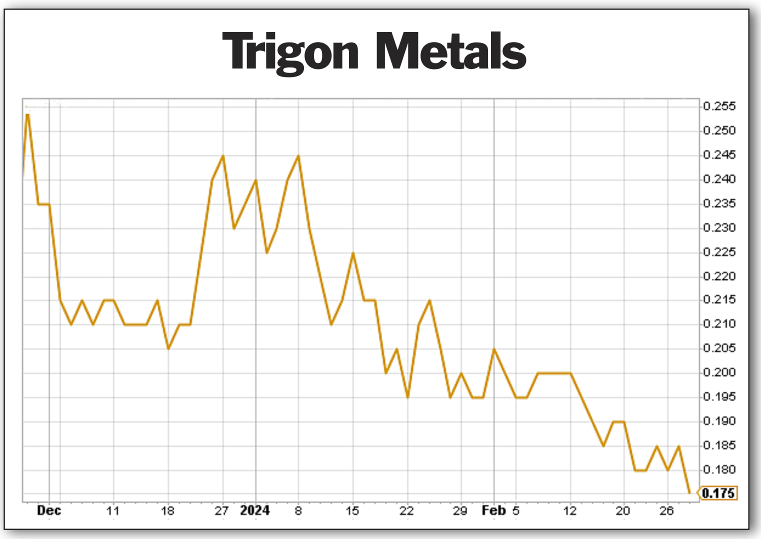
Since restarting operations there in September, Silver X has processed 445,000 ounces of silver equivalent material. In Q4 2023 alone, Nueva Recuperada processed 354,205 ounces of silver equivalent, a 193% increase over the previous quarter and about even with Q1 2023.

Silver X says that cost reduction strategies paid dividends in Q4 2023 and that the mine is on its way to cash flow positivity. We'll give Silver X a couple more quarters to right the ship at Nueva Recuperada. It continues to be a hold.

• **SSR Mining** (SSRM.TO; SSRM.Nasdaq; C$5.92) halted operations at its Copler mine in Turkey earlier this month after a massive landslide from its leach pad left nine people missing. SSRM is working to assess the situation and ensure that all missing are accounted for.

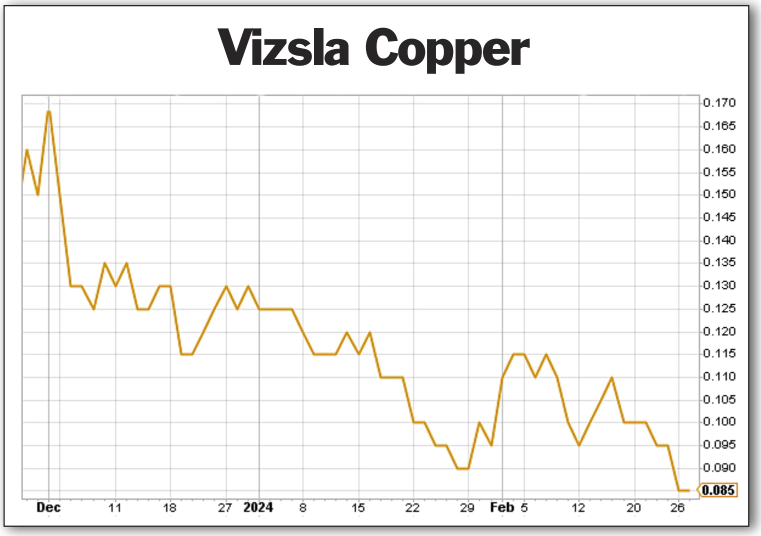
The government of Turkey has taken a hard line on the disaster, revoking SSR Mining's environmental permit for Copler and detaining eight employees from the mine. It also plans to fine the company over the spill.

As would be expected, SSRM's share price took a big hit from the announcement, dropping more than 61%. This is obviously a tragedy, but the sell-off in SSR was overdone. The share price has rebounded from the lows and I feel there's more ground to be gained back, but we'll keep it a hold while we wait to see how the situation continues to unfold.



• **Trigon Metals** (TM.V; PNTZF.OTC; C$0.18) has announced a spin-out of the company's Silver Hill project in Morocco into a separate company.

The plan is to distribute, on a pro



rata basis, all outstanding shares in the capital of the spinco and new common shares of Trigon in exchange for common shares currently held by Trigon shareholders. Under the terms of the spinout, each Trigon shareholder will receive one new Trigon share and 0.5 spinco common shares in exchange for each share of Trigon held.

The spinout should help Kombat and Silver Hill attract sources of capital suitable for their separate status as operational and exploration-stage projects. I like the move, as it gives Trigon shareholders a stake in the upside at Silver Hill while allowing Trigon to focus on advancing copper mining at Kombat.

Trigon Metals remains a buy.

• I had suspected **Vizsla Copper** (VCU.V; VCUFF.OTC; C$0.08) might get active in the acquisition market and that came to pass this month when the company announced the acquisition of Universal Copper in an all-share deal.

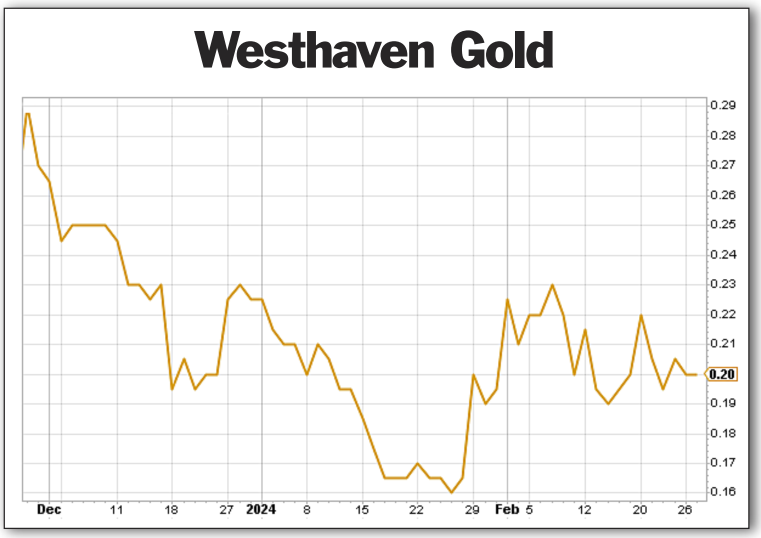
Under the arrangement, Universal Copper shareholders will receive Vizsla Copper shares on the basis of 0.23 of a Vizsla Copper share for each share of UNV held.

The deal will add Universal's Poplar porphyry copper-gold project in British Columbia to Vizsla Copper's portfolio. The project hosts 152.3 million indicated tonnes of 0.32% copper, 0.009% moly, 0.09 g/t gold and 2.58 g/t silver and 139.3 million inferred tonnes of 0.29% copper, 0.005% moly, 0.07 g/t gold and 4.95 g/t silver.

I like to see the team at Vizsla Copper taking advantage of down-market conditions to build its portfolio through acquisition. As they've told me, it's cheaper now to buy copper resources than it is to drill them.

If you like copper for the long-term, you'll want to own Vizsla Copper at or near current levels. It's a buy.

• **Westhaven Gold** (WHN.V; WTHVF.OTC; C$0.20) announced a non-brokered private placement that will raise up to C$2.3 million by issuing up to 10 million flow-through common shares at C$0.23 per flow through share.



The money will fund Westhaven's work this year at Shovelnose, which has multiple high-priority targets worthy of follow up. We'll move Westhaven to a hold while we wait to see how this year's drill program at Shovelnose turns out.

Ceasing Coverage

We're overdue for a culling of our portfolio, both to keep it manageable and to make sure we're focused on the fastest horses in our stable. With that in mind, as of this month's issue, I will be ceasing coverage of **Artemis Gold**, **Elcora Advanced Materials**, **Hawthorn Resources**, **Maple Gold Mines**, **Ophir Gold** and **Sigma Lithium.**

Potpourri

Miscellaneous notes and observations

By Brien Lundin

Rampant distraction

I noted in this month's lead article how completely disinterested generalist investors are right now in the gold market.

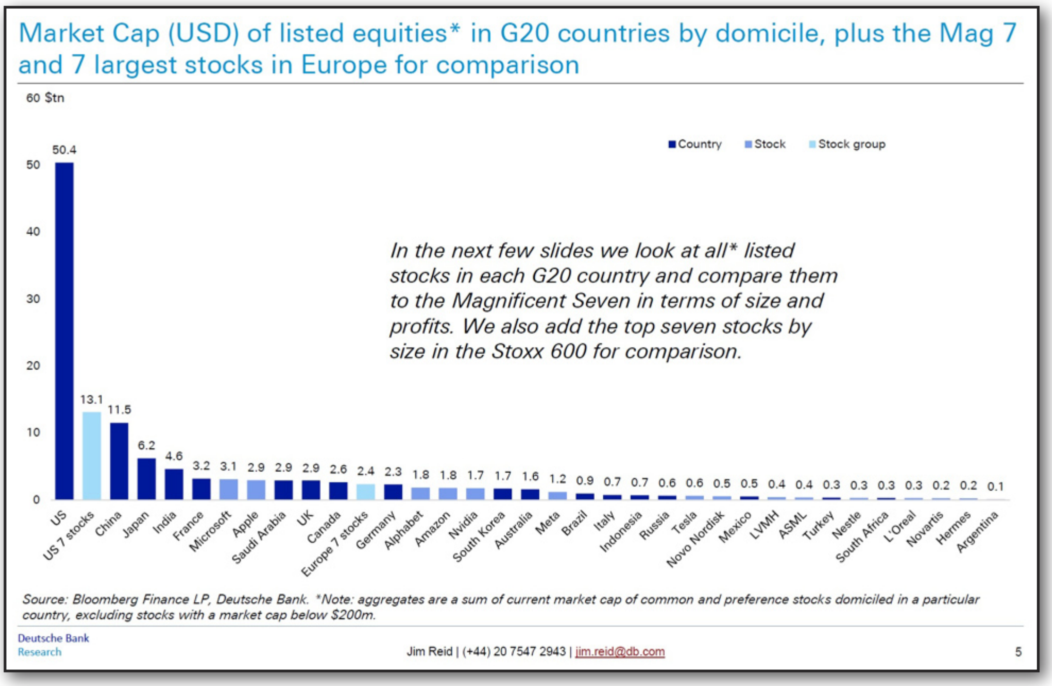
As I've said often in recent months, gold needs to post a significant breakout — above $2,100 and maybe even $2,150 — to prove that this latest record high wasn't just another in a series of peaks and failed advances.

Until and if we get that breakout, everyday investors simply won't be interested in the yellow metal.

In the meantime, they are *very* interested, even obsessed, with the "Magnificent Seven" stocks: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla. That obsession has blown up another bubble of monstrous proportions, as highlighted in a recent X post by our friend Ronnie Stoeferle, in which he highlighted the following chart by analyst Jim Reid.

As Ronnie quotes Reid, "The Mag 7 mkt cap alone would make it the 2nd largest country stock market in the world, double Japan in fourth. France, Microsoft, Apple, Saudi Arabia and UK market caps are all very similar."

The accompanying chart shows how large this bubble has grown.



So how do you play this? Unless you're the nimblest of traders, you don't. The problem with a bubble like this is that you never know how big it can ultimately grow, and you could lose a fortune waiting for it with any kind of leveraged play.

All we can take from it at

this point is that it's going to change, eventually, and when it does we'll see a dramatic shift into other asset classes.

The good news for us is that gold will likely be the recipient of much of this shift in asset allocations. And as relatively tiny as this market is, just a dip of a figurative ladle into the huge ocean of liquidity sloshing around the world would multiply the valuations in the mining sector.

It will be worth waiting for.

Another sign of the current extreme...

Not to beat a dead horse, but another great follow on X, TheHedgelessHorseman, recently highlighted how extreme the valuation of the tech-heavy Nasdaq 100 has gotten to gold stocks, in this case the Gold Bugs Index (HUI).

As he noted, "Nasdaq/HUI has been higher than it is currently only once since 1996... That was for three weeks in 2000 (Marked)...."

This chart confirms what I've been saying about how the current junior mining stock market is as bombed out as it was at the turn of the century. The difference is that back then gold was trading as low as \$252/ounce, while today it's within spitting distance of an all-time high.

At the 2000 low, it took a couple of years of a consistent price uptrend in gold to get the mining stocks going. Today only a few weeks of such an uptrend would be necessary to spark a new run in mining equities, if that uptrend is driven by monetary factors like a Fed pivot.

Again, that very event seems very likely.

The debt-reset tsunami is on the way

I've often remarked about the spiraling cost of servicing the federal debt — how interest rates at these levels, with the federal debt so large and growing so quickly, are simply an untenable situation.

The latest numbers from the Fed, at this writing, show that we've now crossed my long-predicted threshold of \$1 trillion being paid just in interest on the federal debt. Specifically, the total is \$1.026 trillion, and that number is due to be updated at any time.

So this is bad.

But another big issue is the level of corporate debt, not just in the U.S. but around the world. Just the additional debt-service costs coming up in developed nations is roughly equal to the combined GDP of Japan and Germany!

Now consider what's coming for commercial real estate in the U.S. As YahooFinance just reported, "one of the most damning figures that illustrates the doom headed for commercial real estate is the total value of mortgages that will mature in 2024. By Mortgage Bankers Association (MBA) projections, $929 billion of the $4.7 trillion outstanding commercial mortgages held by lenders and investors will come due this year...."

Make no mistake: This issue alone could send the U.S. economy into recession, and force the Fed to not just pivot, but panic.

As the report continues,

"While commercial real estate values and low occupancy rates illustrate the dire situation facing the market, it's not the full story, Michael Imerman, a UC-Irvine Paul Merage School of Business assistant professor, told Fortune.

"It is 'much more about the financing that is in place,' he said, explaining that many commercial real estate developers took out large loans after the Global Financial Crisis in 2009 when interest rates were low. Many of those loans are now coming due.

"'With interest rates having increased so much over the past 18 months, the owners of these properties—the real estate developers and investors—will have to refinance at a much higher rate,' he said. 'Couple that with the low occupancy rates, there is no way that these loans will be serviced, which is going to lead to a massive amount of commercial real estate loan delinquencies in the next few years.'"

Again, none of this is speculation or arcane economic projection. It's *simple math.* Clear and unavoidable.

The upshot of all of this is that we'll need negative real interest rates — rates below the level of inflation — for as long as the current global monetary regime is in place.

And that will be massively bullish for gold, silver, mining stocks and "things" in general.

Let's catch up at these conferences....

Just a few hours after putting this issue to bed, I'll be winging my way up to Toronto for two big mining events:

- The **Metals Investor Forum**, an invaluable event at which I'll be speaking Friday morning. You can register at no charge here.
- The **PDAC convention**, the world's largest annual gathering of mining professionals, at which I'll be speaking on Sunday at 1:05 p.m. You can register here.

If you're at either of these events, please take the time to say hello. I'd love to discuss your views on the markets right now.

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