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Portfolio managers share top picks

PRECIOUS METALS SUMMIT | Gold, silver juniors catch the eye of three veteran investors



Attendees at the 2018 Precious Metals Summit in Colorado. SONIA SLEE PHOTOGRAPHY



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At the 2018 Precious Metals Summit in Beaver Creek, Colo., The Northern Miner caught up with three portfolio managers to discuss the gold and silver companies that made an impression on them during the event. Here's what they had to say.

"I'm inclined to speak about our book and portfolio, of course," **Tocqueville Asset**

Management's Doug Groh says. "One of the companies is Corvus. We're a relatively large shareholder in that company, and we're really quite excited about the resource they just announced."

Corvus Gold (TSX: KOR; US-OTC: CORVF) tabled a maiden resource for its Mother Lode gold project in Nevada in September that incorporates the results of the company's first two drill programs.

According to the estimate, the project contains 53.3 million tonnes grading 0.68 gram gold for 1.15 million oz. gold, as well as 16.2

million inferred tonnes at 0.46 gram gold for 241,000 oz. gold.

Corvus based its resource on 78 holes it drilled in 2017 and 2018, as well as 189 historical holes. The company is part way through the third phase of a drill program at Mother Lode to expand the resource.

The program is targeting a broad western extension to Mother Lode that Corvus defined with its first two phases of drilling. The company will test the deposit's northern and eastern extensions, as well as new feeder targets it found while modelling the resource.

“**Anglo Gold Ashanti** is a shareholder of Corvus, and Anglo holds properties around the Corvus Gold position,” Groh explains. “At some point there’s a consolidation opportunity around the Corvus investment.”

Mother Lode is also surrounded by **Coeur Mining’s** (NYSE: CDE) Crown Block claims, which Coeur acquired by buying Northern Empire Resources for \$117 million earlier this year.

The company also has its nearby North Bullfrog gold project. North Bullfrog contains 158.1 million measured and indicated tonnes grading 0.35 gram gold and 1.58 grams silver for 1.76 million oz. gold and 8.02 million oz. silver.

“By the end of October, we’ll have a new preliminary economic assessment combining the three deposits up at North Bullfrog, with the Mother Lode discovery,” Corvus president and CEO Jeffrey Pontius said during a presentation at the Precious Metals Summit.

Corvus shares are trading at \$3.12, within a 52-week range of 79¢ to \$3.25. The company has a \$330-million market capitalization.

On the silver front, Groh names **Sunshine Silver Mining** as one company he met with at the conference that caught his attention.

“It’s a private company, but Sunshine Silver Mining is building a mine in Mexico: the Los Gatos mine,” Groh says. “We’re rather excited about their project and the developments they’re initiating.”

Sunshine Silver is focused on its Los Gatos silver project in Chihuahua state. The development-stage project is a 70-30 joint venture with **Dowa**, which owns Japan’s largest zinc refinery.

“We’re surrounded by some exceptional mines, but the area where the Los Gatos discovery was made was not considered mineralogically prospective,” company chairman Stephen Orr said during his presentation. “That is, until two quite renowned exploration geologists conducted an assessment through this area.

“They found an outcrop. It wasn’t mineralized, but it looked like geochemically it probably had some leakage from a deep-seated epithermal. So they sampled the area, and it confirmed their thesis.”

Orr says that because the area was not considered prospective, almost all the mineral rights were available. The company was able to compile 1,030 sq. km of contiguous mineral rights.

Sunshine tabled a feasibility study for the project 10 years later, in December 2016. It assigns the project a US\$209-million net asset value at a 5% discount rate. The project has 9.8 million proven and probable tonnes grading 247 grams silver, 4.8% zinc, 2.3% lead and 0.3

gram gold.

Sunshine would mine 2,500 tonnes per day to produce 5.2 million oz. silver, 50 million lb. zinc and 37 million lb. lead each year over 11.5 years.

The company is financed for the project’s US\$316-million initial capital expense through a debt facility totalling US\$210 million, and an equity financing that covers the rest. According to Groh, the company should begin underground mining in the next couple of months. It expects to hit full production by the end of 2019.

Sunshine says it intends to go public “in the future, when markets are favourable.” It would list itself on the *New York Stock Exchange* and the *Toronto Stock Exchange*.

Dynamic Funds’ Robert Cohen lists several gold companies that have been getting a lot of attention. **Bellevue Gold** is one that stands out to him.

“They’re here, and I think they’re getting a lot of positive feedback,” Cohen says.

Bellevue is drilling from three diamond drill rigs at its flagship Bellevue gold project, 400 km northwest of Kalgoorlie in Western Australia. The project includes the historic Bellevue gold mine that — according to the company — produced 800,000 oz. gold at 15 grams gold, but closed down in 1997.

Bellevue asserts that the historic mine remains poorly understood and under-explored. According to a *JORC*-compliant resource it tabled in August 2018, the project contains 1.9 million inferred tonnes grading 8.2 grams gold for 500,000 oz. gold.

“The amazing thing about this is, we’re discovering it for about A\$15 per resource ounce,” Bellevue director Steve Parsons said during his presentation. “It’s very cheap. We’re spending about A\$1.5 million per month, and we’re adding 100,000 oz. gold a month with that.”

With more than A\$8 million in cash as of June 2018, the company is fully funded to finish its infill and step-out exploration program at the project. It’s testing multiple targets along more than 20 km of strike around the historic mine, and plans to table an updated resource estimate in 2018’s fourth quarter.

Recent step-out highlights from the project’s Tribune and Viago lodes include 2.1 metres grading 9.4 grams gold from 300 metres down-hole and 2.8 metres at 19 grams gold from 571 metres down-hole.

Shares of Bellevue are trading at A24¢ within a 52-week range of A8¢ to A30¢. The company has a A\$96-million market capitalization.

Cohen also met with **SilverCrest Metals**

(TSXV: SIL; US-OTC: SVCMF) at the summit.

“They just put out their latest resource,” Cohen says. “That’s very much a world-class discovery.”

SilverCrest tabled the updated resource for its Las Chispas silver-gold property in Sonora, Mexico, in September.

The project has 4.3 million inferred tonnes grading 3.68 grams gold and 347 grams silver, or 623 grams silver equivalent, for 511,500 oz. gold and 48.2 million oz. silver — or 86 million oz. silver equivalent.

“As of this latest resource, we are in the top-five, highest-grade silver-gold deposits in the world,” said SilverCrest CEO Eric Fier during his presentation.

The expanded resource includes eight of 30 veins in the district, as opposed to the five veins included in the maiden resource the company released in February 2018. The updated resource features a 26% increase in tonnage, a 38% increase in equivalent ounces of silver and a 10% increase in silver-equivalent grade.

The company says it increased the Las Chispas resource by expanding the Babicanora vein with 24 more holes, and discovering the Babicanora Norte vein, with 40 holes. It also discovered the Granaditas veins and the Luigi vein, and expanded the Giovanni vein.

SilverCrest plans to drill the property with as many as eight drills until the first quarter of 2019. At that time, it plans to release another updated resource and a preliminary economic assessment for Las Chispas.

SilverCrest was formed largely by the management team that discovered and developed the Santa Elena silver-gold mine, and sold it to **First Majestic Silver** (TSX: FR; NYSE: AG) in 2015.

“We’re fully committed to running this project right into production,” Fier says.

Shares of SilverCrest are trading at \$3.14 with a 52-week range of \$1.05 to \$3.58. The company has a \$231-million market capitalization.

Cohen is the lead portfolio manager for the Dynamic Precious Metals Fund and Dynamic Strategic Gold Class. He is also co-manager of the Dynamic Strategic Resource Class and DMP Resource Class.

After our conversation with Cohen, we asked **Van Eck Associates’** Joe Foster for his favourite stories at the show.

“There are a couple interesting companies that I’ll follow up on when I get back to New York,” Foster says with a smile. He has just watched more than a dozen company’s present after acting as a moderator all afternoon. “But I’ll keep that to myself.” TNM