

Thom Calandra

THE **CALANDRA REPORT**
Investment Newsletter



August 4, 2019

- **Gold gain:** will it spread to micro-cap equities? One writer (excerpted below) says yes.
- **Vancouver's Sprott:** Tagging these obscure and emerging gold, silver, uranium, cobalt, nickel) explorers/roy-cos: **Int'l Prospect Ventures | Alianza | Azimut | Golden Valley Mines | Millrock | Sama | Aftermath Silver | Ardea Resources | CanAlaska Uranium | Metalla Royalty & Streaming**
- **If you see something, say something.** Ideas off the **ultra-cheap-heap**? When you need follow-up, please ask. *Always glad to send collateral material ... for free.*
- **TCR Tags** for "best" Sprott presentations, 'quotes,' ideas, forecasts., charts, drill programs below and in coming days.
- **"A world-class (metals) royalty** can change a company dramatically." -- **Brett Heath, Metalla Royalty**

"The small cap juniors, judging by the number of new financings and the interest I'm seeing in them, are on the verge of responding to the gold move. I think September will be very busy and rewarding for this micro-sector." -- **BRIEN LUNDIN, Gold Newsletter**

"The entire (uranium) sector is worth \$15 billion, less than a company that makes fake meat." -- **Craig Parry, IsoEnergy**

Calendar: **Vancouver** *this past week @ Sprott Resources ([Agenda](#)) | Victoria Gold's new Eagle Gold Mine Sept. 30-Oct. 2 | New Orleans Investment Conference Nov. 1-3*

"Tungsten will rocket in a war. It's very hard." -- **John McConnell, Victoria Gold** [Eagle Gold Mine in Yukon]

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Investment conferences are meant to inspire.

-- “Gold is the designated driver when the party ends.” -- **Peter Grosskopf**, Sprott Inc.

-- “We see so many exploration projects in Québec that sell for severe discounts to their fair value.” -- **Isabelle Cadieux**, investment manager of [SIDEX](#), a Québec institutional fund¹

More “inspiration,” harvested this apocaholics’ week, is at the close of this report.

Briefly

First, the probable big winners ahead:

I come away from four days at Sprott in Vancouver inspired enough to purchase one security -- **Ardea Resources**, a western Australia cobalt and nickel developer that intends to deal to shareholders in an IPO another explorer on the other side of the country, gold-seeker

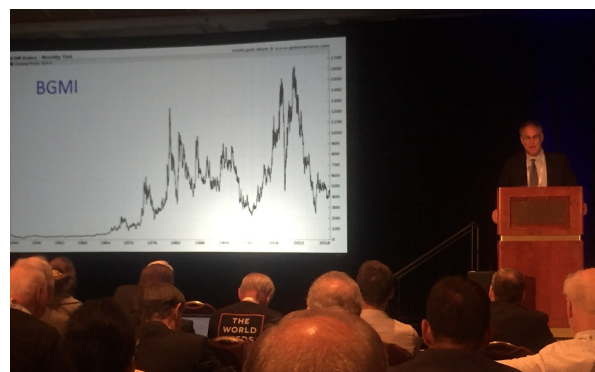
¹ SIDEX since its inception in 2001 as a state-backed investor in minerals exploration has consistently renewed and raised stakes across a swath of obscure [Québec explorers](#). These include **Radisson Mining**, **Nouveau Monde Graphite**, **International Prospect Ventures**, **Golden Valley Mines**, **Azimut Exploration**, **Midland Exploration & Monarques Gold**.

Godolphin Resources.

Inspired enough to want to add to my current holdings of Abitibi Royalties' original spark plug and cross-ownership marvel, **Golden Valley Mines**, along with RZZ/GZZ Pilbara (Australia) gold seeker and sister-co **International Prospect Ventures**.

Inspired enough by **CanAlaska Uranium**'s young new chief operating officer, geologist **Cory Belyk**, to want double my tame stake in Peter Dasler's eastern **Athabasca Basin** (Saskatchewan uranium) and Manitoba (nickel) property holder and project spawner. (Yeah, even in this urine-cake market for yellow-cake uranium equities).

Inspired enough to want to follow up on asset manager and Vancouver roommate **Matt Geiger** and longtime California researcher **John Kaiser** to dig around a bit more into **Alianza Resources** (silver exploration in Nevada). (I came across that one originally from **MJG Capital**'s Mr. Geiger and Alianza founder **Mark T. Brown**, who also is attached to a half-dozen



resources companies -- many starting with the letter A.)

I can't this weekend **BRIEFLY** do justice to the **Sprott Symposium** (attendance approx. 750 with exhibitors and staff) and to my top 8 or 9 of the 80-plus companies featured by Sprot Global -- a California/Canada asset manager-broker-dealer and partnership creator of natural resources investments.

Nor can I do justice to some of the forecasts, charts, strategies and lay-of-the-commodities landscape narrated by Sprot Inc.'s **Peter Grosskopf**, who was outstanding; Sprot's deep-value portfolio manager **Neil Adshead**; and Sprot U.S. Holdings chief, **Rick Rule**. (Mr. Rule *pictured here, referring as he did several times to a 90-year chart of Barron's Gold Mining Index.*)

And I have yet to even *catalog* 30 pages of notes from company execs, geologists, writers; a tycoon or two; and yes, from attendees (valuable comments via *le hoi-polloi*.)

For example, nearly every corner I turned, someone here had a name on their lips. My tag for the one I heard constantly in halls, on elevators, aboard ships and standing in buffet lines: Brett Heath's **Metalla Royalty & Streaming**). Brett's presentation on behalf of Metalla, along with Andrew P.'s for **Ardea**, Glenn Mullan's for **Golden Valley Mines/International Prospect Ventures** and Craig Parry's for **IsoEnergy** get tags for the best I digested.

I will excerpt some quotes, mention some names, reveal secrets in coming days. That's because I can't show it all here and keep this

report **BRIEFLY**, can I?

Read on here:

“I think the small cap juniors, judging by the number of new financings that are sprouting right now and the interest I’m seeing in them, are on the verge of responding to the gold move. I think September will be very busy and rewarding for this micro-sector,” **Brien Lundin** said *when* I asked the *when*-question.

“Copper is getting slammed by the trade kerfuffle, but it’s actually only near the bottom of a long-standing trading range. The longer-term supply/demand picture is still very positive for **copper**, and the word I’m hearing is that the big copper miners have turned very aggressive toward exploration for this reason, even looking for grassroots exploration projects,” the writer and **New Orleans Investment Conference** showman and active investor said.

[An aside: hearing that Friday just before the close, I bought more **Ivanhoe Mines** shares. I know, I know, I had to sell some in June and in May and in 2018 to cover family expenses; now I am adding a few back to a stake (approx. 79,000 shares) that in our family stems from as far back as 2003, when I first saw Ivanplats’ **Platreef** platinum-group metals spread in South Africa.]

“Platinum and palladium will remain very volatile, but I’m more inclined toward platinum right now as I believe it will enter catch up mode at some point,” says Brien. (Ivanhoe’s **Robert Friedland** had choice words, all good, for platinum, palladium, copper, for cobalt, for zinc and vanadium and even scandium ... but not so much for gold. *Quote below.*)

A name from Brien? “It’s hard for me to come up with a best cheap stock, but I’m investing and recommending **Aftermath Silver** (a tiny explorer that was not at the show) right now. It’s run a bit with the silver move, but I think it still has great upside

from here.”

The Sprott-owned “name” I just bought (less than \$1,000 USD worth to start) after meeting the CEO and several investors: Goongarrie Nickel Cobalt Project’s **Ardea Resources** (Melbourne traded: ARL and OTC: ARRRF) with potential for scandium. That **Godolphin** IPO likely this month with a free distribution to Ardea shareholder. I am in for the cobalt and nickel. “The IPO is more of a gold play with base metals (tungsten?) optionality. It’s also located further west, away from the geographic centre of the other projects,” says **Andrew Penkethman** of Ardea.



Most cobalt by the way comes from the Democratic Republic of Congo. Ardea calls its Goongarrie the largest nickel resource in the “developed” world: Goongarrie points to approx. 770 million metric tons of 0.7% nickel (with cobalt and other metals).

-- *"Gold is the designated driver when the party ends. WHEN RATES GO NEGATIVE, PEOPLE WILL BE HIDING UNDER THEIR DESKS."* -- Sprott Inc.’s **Peter Grosskopf** (pictured just above).

Mr. Grosskopf, in my book getting best



marks this week for his research, forecasts and reasoning, sees “significantly higher gold prices by the end of 2019.” The average Spratt fund, he says, is up about 35% this year.

Pension funds are looking for **CROs**: credit-risk offset insurance, he says. “There is an amazing class to be made for gold in this (new class),” he says.

Robert Friedland: *“I’m not a gold bug, sorry. If I were you, I would short gold and go long platinum ... Ninety-eight of the past 100 years, platinum was more valuable than gold.”*

(**Ivanhoe Mines’** Mr. Friedland pictured here, browsing booths.)

Ardea Resources: Once again, **nickel & cobalt** in western Australia, one of the largest such spreads in the developed world, Ardea says. Spratt owns a sizable number of the shares. As stated, **Andrew Penkethman**, CEO, is all business (and possibly separated at birth from the actor Ralph Fiennes). The looming IPO and free spinoff of **Godolphin** on the other side of the country in New South Wales could get a sudden interest from Aussie investors on Melbourne exchange.

Andrew P. says Ardea will contribute no cash to the new-co in the IPO -- that is probably a positive as the amount of money raised for

Godolphin in the IPO will be a decent test of market demand for a gold-poly metallic property. Ardea has \$11 million AUD of cash in its company treasury.

Our favored **San Francisco** asset manager and buy-side analyst, Matt of [MJG Capital](#), says Ardea makes “a ton of sense at these levels.” MJG says owning the shares gives him growing ownership of **battery metals** nickel and cobalt, and one day perhaps, magnesium-ion batteries that use scandium.

“Within the next few years, I have little doubt that the market will again be valuing the **Goongarrie Nickel Cobalt Project** north of \$250 million AUD,” Mr. Geiger says. (It’s more than \$200 million short of that right now.) “The key is for Ardea to reduce burn and make that \$11 million in the bank last as long as humanly possible. The only way we lose here is through dilution or by getting greedy and not taking profits when nickel and/or cobalt prices go on their next tear.”

The Calandra Report will continue to target obscure, deep-value investments among metals equities, biomedical, special situations and metals royalty companies. We will be devoting *as much time* to names I (we here at home) do *not* own as we do to those I (we) do own. Thus, on deep value (*as in ridiculously cheap*), *non-owned* names: **Millrock Resources** (MRO in Canada); **Salazar Resources** (*ditto*; SRL in Canada). **Alianza Resources** (Nevada) are some examples. **Azimut Exploration** and chief Jean-Marc Lulin’s “predictive modeling” in far northern Québec (Nunavik and James Bay) also a newbie for me. Dr. Lulin used to be chief geologist for influential **SOQUEM**, the Québec province’s minerals exploration exploiter (like JOGMEC in Japan). [Others ;flagged above

but not named in this report shall be in coming days or weeks. The only newbie here that I own *right now* is Ardea Resources, as of Friday August 2, 2019.]

Uranium -- poised? Sure but for what? the world asks. I continue to hold a cheap-heap belief that spot and contract prices for uranium in all of its elemental, ETF, contractual, equity and spot-price forms will notch some sort of recovery this year and in early 2020.

“As **uranium prices** increase ... which we think is absolutely inevitable,” says

TGR

Sprott’s Mr. Rule, noted for making a bundle for himself and clients during the last uranium up-cycle, He is describing **IsoEnergy**’s NexGen-spawned **Athabasca** exploration team and **CanAlaska**’s continued “generating” of Athabasca Basin prospects. “They’re not Johnny-come-latelys to the uranium business.”

I think Sprott’s backing (*influence here at Sprott was portfolio handler Neil Adshead, I am told*) of these two largely unnoticed* Athabasca Basin companies looks to be a thruster when uranium’s price, and individual drill results, show some promise.



“Poised?” Look for global events to help all uranium-cos before year-end.

At left: NYC investor **Ron Shorr** chats with **Bob Bishop**, retired gold analyst

* **CanAlaska**, in business since 2003 or so, is still largely obscure. **IsoEnergy** is a little better off on the obscurity scale as the **NexGen Energy** team dealt ISO some of its Athabasca Basin properties and that better known uranium-co owns a sizeable stake in ISO.

CanAlaska Uranium -- owned here at home on and off for a mostly profitable spell, and strategically minded **Peter Dasler** the operator -- enjoyed a tremendous rise in price from its subterranean levels a few years ago. CanAlaska is into nickel as well, at a Manitoba property in **Thompson Nickel Belt**. [That one](#) is sulphide nickel and is getting some interest from at least two and possibly more potential partners or even buyers, I detect.

As for being in the eastern Athabasca vs. the more explored western Athabasca, Mr. Dasler says, “We’re in the eastern part of the basin because we see higher (equity) multiples there.”

Cory Belyk is the new COO and used to manage “non-core” assets for **Cameco**. He is young, seems to embrace bold property decisions, and is probably CanAlaska’s next CEO. “Robert Friedland talks up all that copper (at Kamoa-Kakula in DRC Congo), as he should. But uranium has to be a big part of the energy solution for mining, producing and laying in all that copper,” Cory says.

Glenn Mullan’s **Golden Valley Mines** (Québec mostly and majority owner of super-success **Abitibi Royalties** plus shares of **IZZ International Prospect Ventures**, and **VZZ Val-d’Or Mining**), got a few new retail buyers from the Sprott show. There is deep value here. The 45 percent of Abitibi Royalties gets lost in the \$47 million CAD **GZZ/GLVMF** Golden Valley market value. Abitibi’s market-cap is more than three times that and now dividends out cash to shareholders.



What I learned from Mr. Mullan (*at left*) in two presentations, from a dinner and from a run along the Vancouver seawall (we have been friends since the 2011 **RZZ-IZZ-VZZ** IPO) is:

1. The brand-new **Abitibi Royalties** dividend to shareholders amounts to \$700,000 CAD yearly to Golden Valley. That pays for all salaries and expenses for GZZ. “There’s no dilution coming; that’s a promise,” he says. Glenn and other board members own approx. 10 percent of GZZ shares. GZZ owns 45% of RZZ.
2. GZZ’s other share holdings (RZZ, Sirios Resources, VZZ, IZZ) amount to approx. \$75 million CAD.
3. The upside for GZZ shares will come from the reality that Agnico-Eagle and Yamana Gold must replace evaporating reserves from **Canadian Malartic**, Canada’s second largest gold producer. Thus, GZZ’s **Odyssey** and eastern Malartic properties, all with royalties (NSRs) due eventually from Agnico-Eagle/Yamana Gold, will add to the already considerable royalty revenue that GZZ already harvests from Yamana and Agnico-Eagle each year for mined swaths of Canadian Malartic.

Here is [Abitibi’s net-smelter return update](#) (Canadian Malartic mine) from today. I’ll have some information about Glenn’s **International Prospect Ventures** and its 8 western Australia gold prospects next week.

“We (GZZ) trade at a discount to every metric. We have one employee, no booth babes. Same for Abitibi Royalties,” Glenn says. “Even our CFO is part time. No bloat.” After his two presentations, Mr. Mullan’s Golden Valley Mines got brisk volume in the stock and a fresh high in the GZZ price.

Notes & Quotes



This is that **Barron’s Gold Mining Index** Mr. Rule refers to throughout two of his presentations. The one at left tracks back to 1971. The index is a global conglomerate of listed

equities. Mr.Rule's comments prodded the crowd to declare the chart shows mining stocks look to have bottomed.

Worthy Thrusters

- **“Retail investors are** complete holdouts (for gold investments) and generalist portfolio managers are complete holdouts.” -- **Peter Grosskopf**
- **“The political** risk of getting a mine commissioned in British Columbia is so, so much greater than in **Ecuador.**” -- **Keith Barron**, Aurania Resources
- **“I think** there is a probability of a blow-up in the (energy) junk-bond market. The underlying bonds (in oil, gas, energy ETFs) are illiquid.” **Rick Rule**, Sprott Global
- **“If China** and the U.S. can't cooperate, the world is in deep trouble. ... The Chinese are on a jihad to electrify their economy.” -- **Robert Friedland**, Ivanhoe Mines
- ***** **TCR Tags** for “best” Sprott presentations, ‘quotes,’ ideas, forecasts., charts, drill programs above ... and in coming days. *****

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“Tungsten will rocket in a war. It's very hard.” -- **John McConnell, Victoria Gold** [Eagle Gold Mine in Yukon]

“I have four daughters. I have to find a mine a week.” -- **Glenn Mullan**, Golden Valley Mines | Abitibi Royalties | International Prospect Ventures

“Give people the freedom to fail.” -- **Randy Smallwood**, Wheaton Precious Metals

What I STILL owe you: Zach Flood and his **Northway Resources** IPO any day now at 10 cents. The 34-year-old geologist also runs private Kenorland Minerals -- Alaska mostly, like Northway -- from the same Vancouver office. Northway has an earn-in from a Newmont property at Healy in the Goodpaster District.

[Discount New Orleans pass here](#)



Here is the 2019 link:

<https://neworleansconference.com/noic-promo/calandra/>

The code **FREEGOLDCLUB** at checkout gets you tickets for \$189 off at gold club level. **TCRs**, I'll be there as a speaker and as your reporter.



... **If I forgot something**, which I surely have, shout please. That's mining engineer and CEO **Peter Dasler** at the CanAlaska booth.

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