Top 10 Gold & Silver Mining Stocks for 2020
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Precious Metals Outlook for 2020

Metals Focus, one of the world’s leading precious metals consultancies, give their Outlook for Gold, Silver, Platinum and Palladium in 2020.

- Bull market for gold to remain in place – Gold started 2020 on a bullish note, after the US killing of a top Iranian commander stirred fears of a wider conflict in the Middle East. As we write, gold has slipped back below the $1,600 threshold having hit an almost seven year high of $1,611.

  In the very short-term, investor sentiment will continue to be dominated by developments in the Middle East. More aggressive actions by the White House will clearly provide another catalyst for price gains. That said, it is worth stressing that sharper geopolitical tensions usually generate a short-term boost for gold prices. Without a dramatic escalation, we would not be surprised if gold retreats towards or below $1,500 in the coming weeks.

  Another near-term headwind for gold comes from improving bond yields since last September, particularly in the US where the yield curve (as indicated by the 2yr-10yr spread) hit a 15-month high by end-2019. Broad based optimism in global markets is also visible in equity market strength, after growing expectations and then the apparent confirmation of a “phase one” trade deal between the US and China. Once fears about a global economic downturn re-emerge, this may well result in further loosening of monetary policy for key reserve currencies and liquidations in key equity markets. We also need to be mindful of broader, rising indebtedness, notably among Chinese corporates, and still possible economic/political risks in the Eurozone.

  Against this backdrop, there is clear scope for renewed, net investor inflows into gold in the medium-term. Despite both ETP holdings and Comex net longs standing near previous records, this is not necessarily cause for concern for the medium-term. The overall value of global assets has been increasing in recent years and we believe this also justifies a higher value for gold investment. In particular, the proliferation of negative yields in recent years also calls for higher than previous investor allocations in gold.

- Silver to outperform gold this year – Silver will continue to take its cue from gold over the course of 2020. Given its far smaller market size (relative to gold) and therefore its higher volatility, we also expect silver to outperform the yellow metal, resulting in the gold:silver ratio falling to the low 70s later this year. That move will certainly not be harmed by some investors still feeling that silver is undervalued.

  Silver’s upside would have been even stronger, if the metal were not held back by weak supply/demand fundamentals. Following four years of consecutive losses, mine supply is forecast to start improving. While physical investment will also edge higher, the absolute total will stay well below the 2015 peak. Even though Metals Focus forecast a modest recovery in industrial offtake, overall the silver market is still on course to generate another physical surplus.

- Platinum relies on positive spillover from gold to edge higher – Metals Focus are cautiously optimistic about platinum prices in 2020, although this has little to do with the fundamentals. Even though platinum autocatalyst demand is expected to start improving from 2020 onwards (due to rising heavy duty vehicle production and tightening emissions regulations), gains will be fairly modest. In addition, after falling to a decade-low in 2019, platinum jewellery sales will remain soft this year. This in turn reflects the continued weakness in China where a slowing economy and unfavourable structural changes in consumer preferences continue to weigh on platinum jewellery.

  Support from the supply side is also expected to remain, if anything, limited. Fears about large-scale labour actions in South Africa have dissipated following the signing of three-year wage deal in late 2019. More importantly, record PGM basket prices (as a result of significant gains in palladium and rhodium prices) have alleviated cost pressure.

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Top 10 Gold & Silver Mining Stocks for 2020

Don Durrett, publisher of GoldStockData.com – a valuable source for gold and silver investors, listed his favorite risk/reward gold and silver mining stocks for 2020 on SeekingAlpha.com. These companies feature (1) Low valuations versus their upside potential. (2) Quality properties with long-life mines. (3) Exceptional leverage to higher gold and silver prices.

Gold seems to be trending. I'm not sure if a new gold bull market has begun, but the gold technical chart looks very good. If we get above $1,600, then we could easily trend to a new high above $1,935.

If that happens, the gold miners are going to do exceptionally well. Why? Because every dollar that gold rises above $1,500 applies leverage to a gold miner’s share price. The leverage comes from the fact that costs are somewhat fixed, and an increase in the gold price becomes immediate free cash flow (for producers).

Cash is king in the gold mining business because it costs money to mine and it costs money to find more gold to maintain your reserves. The better a company’s balance sheet (more cash and less debt), the stronger their share price. Subsequently, as gold prices rise, a company's balance sheet improves, thereby making a company more valuable.

As a gold mining investor, you hit the jackpot when a few things unfold. First, you have to find a quality property. These are sometimes called flagship properties. I want them to be at least 2 million oz. in size, which creates a long-life mine. Second, you want the location to be low to moderate risk. Third, you want operating margins to be good, so that you have solid free cash flow. Fourth, you want a strong balance sheet that allows you to explore new mines and acquire new mines. Fifth, you want management to execute well and hit their cost and production targets. Sixth, you want to see a pipeline for growth that will generate more production.

The jackpot – big returns – can be anticipated if gold prices trend. The reason for this is mostly because you can find most of the factors that will create big returns. The one factor you cannot find is higher gold prices. This last factor you have to assume.

The stocks on this list have all of the factors that you need except higher gold prices. If we get higher gold prices, then these stocks should do well and have big returns. If you give these companies high free cash flow and a good balance sheet, then they have high upside potential.

Potential Risk

While gold appears to be trending higher based on its chart, there is always a chance that this is a false breakout. If gold prices drop, the gold miners will be pounded lower. Investors have shown very little patience to hold their positions if gold prices drop. Thus, there is extreme volatility in this sector. With big upside potential comes a big downside risk.

Stocks Included

The ten gold stocks listed below all have high upside potential along with high quality properties. There are seven producers and three development stocks. They vary in market cap size with two stocks under $100 million and three stocks over $1 billion. These are not the safest, high quality gold miners. Instead, they are companies that have a certain degree of risk that can be overcome with higher gold prices. Thus, they are a bet on higher gold prices.

Alio Gold

Alio Gold (TSX: ALO) changed their name from Timmins Gold after they acquired Rye Patch Gold. This stock has been an underachiever and management has not executed well. However, they will get better in a hurry if gold prices continue to trend. They have enough projects and resources to grow production and become a much larger company.

They are currently a 100,000 oz. producer in Mexico and Nevada. Plus, they have a nice project (Ana Paula) they are developing in Mexico. They have large resources for their market cap (5.5 million oz.) and could easily become a 200,000 oz. producer.

This is not a slam dunk stock, but they have low debt and will have a good balance sheet if gold prices continue to trend. As a speculation stock with high upside, it looks pretty good.

I always like to buy gold miners where my projected future cash flow is higher than their current FD market cap. Alio fits that criteria. www.aliogold.com.

Amarillo Gold

Amarillo Gold (TSX.V: AGC) looks really solid for big returns. I don't know why it is so cheap or what is going to stop it from doing well (other than lower gold prices or bad management). They have a quality project (Mara Rosa) in Brazil that is close to being...
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shovel ready. It is a bit smaller than I would like (1.5 million oz. at 1.3 gpt), but has excellent exploration potential. Also, it is economic with low projected cash costs around $550 per oz. The capex is $123 million to produce 100,000 oz. annually.

All they need are final permits and financing. They are targeting production in 2021. Also, they did it right and do not have any debt at this time. Thus, they can be patient and wait for financing. The only red flag is they could get acquired for a low premium. Insiders own about 25% and so far have been able to prevent a hostile takeover attempt.

One thing I learned from this stock is that it is better to wait until development projects are close to being shovel ready before buying shares. What is quite common with development stocks is the share price drops in value as the dilute shares to finance pre-construction development (G&A, drilling, PEA, resource estimates, scoping studies, permitting, metallurgy, feasibility study, etc.).

Argonaut Gold

Argonaut Gold (TSX: AR) has been a successful mid-tier producer for more than a decade. They have a conservative management team that has done a good job of building and operating gold mines. That said, this is not an upper-echelon elite mid-tier company, which they are trying to become. They currently produce about 200,000 oz. annually and are not being rewarded by the market. Thus, they are undervalued.

They have three producing mines in Mexico and have three more to build. They have large resources, with 9 million oz. Plus, they have low debt and all-in costs around $1,200 per oz. I'm not sure why the market doesn't like them. They are having trouble permitting one of their projects, but they have three to build.

If I value them as a future 300,000 oz. producer, their annual free cash flow potential is almost their current market cap. That makes them very cheap on a long-term basis at higher gold prices. Their red flag is that a larger company could acquire them for a small premium. Undervalued companies tend to attract attention. I would not be surprised if they get taken out in 2020.

Asanko Gold

Asanko Gold (TSX: AKG) is a mid-tier producer in West Africa (Ghana). They have 1.7 million oz. open pit project (Nkran) that will produce about 220,000 oz. in 2020. That's a lot of production for their current market cap. They are undervalued because they do not have low costs, with all-in costs around $1,300 per oz. However, they do not have high debt ($30 million) and their costs should come down in 2020.

They are currently developing a second project (Essave), where they own 45%. It is a large project with 3.5 million oz. (1.2 gpt), with projected cash costs around $700 per oz. It is permitted and production should begin in 2021 or 2022. After Essave comes online, that will make them a 300,000 oz. producer.

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I project that their potential future free cash flow is higher than their current market cap. I like to chase free future cash flow and Asanko is a good opportunity to chase. I just need three things to happen. First, gold prices rise. Second, Essave comes online. Third, they do not get acquired by a larger company with less upside potential. www.asanko.com.

Cardinal Resources

Cardinal Resources (ASX/TSX: CDV) has a very large open pit project (Namdini) in West Africa (Ghana). It is a 7 million oz. (1.2 gpt) resource with a recently released feasibility study. They are currently working on permitting and expect to begin construction this year if they get financing.

They have a small FD market cap compared to their potential future cash flow. They plan to begin production at 300,000 oz. annually with a capex of $390 million. The cash costs are about $700 per oz. and the after-tax IRR is 30% at $1,300 gold. Thus, it is economic and is likely to get financed if gold prices remain above $1,500.

Other than the location, I don’t see any red flags to justify its low valuation. If the mine gets built and gold prices rise, it will have a huge free cash flow. In fact, I forecast potential future free cash flow at nearly double their current market cap.

The red flag for this stock is the location, need for financing, and the possibility of getting acquired by a larger company. They seem to be a sitting target for a takeover, which I expect in 2020 if gold prices continue to trend. But what investor wants a quick 30% premium when you can have 500% or more if you wait for gold to break out? If they get acquired for less than $500 million, then it will be a bargain for the buyer. www.cardinalresources.com.au.

Eldorado Gold

Eldorado Gold (NYSE: EGO; TSX: ELD) has a lot of gold (17 million oz.) for their market cap. If you have been reading this far, you know by now that I like to compare a company's current market cap to their projected potential future free cash flow. Eldorado Gold has four operating mines at about 400,000 oz. annually, and is building three more mines to expand production to 600,000 oz.

It’s unusual to find such quality projects with such a low valuation. They do have a lot of debt ($449 million), but their all-in costs are pretty low at around $1,200 per oz. I think investors are nervous that a lot of their debt is due in 2022. But as long as gold prices trend, they will have no problem rolling it over.

Another reason, investors dumped the stock was from permit issues at their Skouries project in Greece. It is their 5 million oz. flagship. Those issues appear to be resolved. But even without Skouries they have a lot of gold. I think they are good mine builders and operations. Also, I consider this a growth story and could be a good dividend stock at higher gold prices.

Their red flag is that two of their operating mines are in Turkey, which adds location risk. Plus, their high debt and they still need to build Skouries, which will add more debt. So, while it has big upside potential, there is significant risk. www.eldoradogold.com.

Equinox Gold

Equinox Gold (TSX: EQX) appears to be pricey with a $1 billion FD market cap. However, they are merging with Leagold Mining to create a major in the making. I like both companies, so the combination should be something special. Plus, Ross Beaty will be the Chairman in charge, and he is one of the best.

Leagold Mining has a FD market cap of $870 million and four producing mines in Mexico. Their near-term target is 600,000 oz. of production. Equinox has been a growth story. They are currently producing about 240,000 oz. and are targeting another 200,000 by 2023. So, combined they will likely become a 1 million oz. producer. I expect them to exceed that total with Ross in charge.

The red flags are that they might not reach their targets and a somewhat constrained upside potential. After they close the merger, their combined market cap will be near $2 billion. But buying a potential 1 million oz. producer for less than $2 billion seems cheap to me. Plus, I expect this to be a growth company. I want in now at the beginning. www.equinoxgold.com.

IAMGold Corp

IAMGold Corp. (NYSE: IAG; TSX: IMX) is a global gold producer and one of the larger mid-tier producer. I expect them to become a major. They have quality properties and a quality management team. They are a bit pricey, but I expect them to do well with higher gold prices.

They currently produce about 800,000 oz. with 4 operating mines. They operate in Canada, South
America, and West Africa. I consider this a growth stock because that is what management has been doing. They are currently building another large mine (COTE) in Canada, and it won’t be their last.

Of all the mid-tier gold producers, I consider IAMGold to be one of the best. Their cash costs are around $800 per oz. which is low enough to give them a bit of safety for lower gold prices. Plus, it gives them leverage for higher gold prices. Their red flag is exposure to some political risk in West Africa. www.iamgold.com.

Skeena Resources

Skeena Resources (TSX.V: SKE; OTCQX: SKREF) is developing a high-grade open pit (Eskay Creek) in the golden triangle region of British Columbia. They recently released a PEA that looks excellent to me. The after-tax IRR is about 50% at $1,300 gold. The capex is $233 million to produce 300,000 oz. (including silver). The grade is 4 gpt (including silver) and the cash costs are projected to be under $750 per oz.

I’m not sure why their market cap is currently so low. Perhaps investors are underestimating the premium Canadian producers are going receive when gold prices rise. A 300,000 oz. producer in Canada with moderate cash costs will be worth a fortune in the future. I project future cash flow at higher gold prices to be around $200 million annually. And I would expect them to be valued at a 10x free cash flow multiple. If you do the math, they are currently worth a fraction of that value.

Eskay Creek isn’t their only project. They have two more projects that are both interesting and could provide cash flow in the future. I’m only valuing them as a 300,000 oz. producer, but it could easily be higher.

There are a few red flags. First, there is always dilution to develop and build mines. Share dilution will reduce the upside I have projected. Second, the CEO has never built a mine. I think that is part of the reason for the current low market cap. Third, Barrick Gold has an option to obtain 51% of Eskay Creek in 2020 (they have to make a decision by December). Barrick will have to pay Skeena about $75 million for the option.

So, worst case, Skeena gets $75 million and keeps 49% of Eskay Creek. They can use that money to advance their other to projects and let Barrick spend money developing Eskay Creek. Then they can borrow the money needed for the capex on Eskay Creek. Win-win-win in my book, for their three projects. The only way Skeena doesn’t do well is if gold prices drop. www.skeenaresources.com.

TMAC Resources

TMAC Resources (TSX: TMR) is a gold producer in Canada. It’s not in an ideal location in Nunvut, but not a bad location either. It’s a big property (400,000 acres) with a lot of drill targets (80-kilometer strike length). They are already producing 160,000 oz. annually, with cash costs around $750 per oz. They have plenty of gold at 6 million oz. (8 gpt), and that total is going to increase.

They plan to expand production to 6,000 tpd and are currently permitting phase 2. They do have $113 million in debt and will need to take on more debt to expand. Currently, they have about $50 million in cash and are producing free cash flow.

This stock is a sleeper in my opinion. I love Canadian gold producers and expect them to sell at a premium in the future. As long as TMAC can avoid a takeover, this stock could do really well. Newmont owns 28%, so either they will do the takeover, or they will have to approve a takeover. www.tmacresources.com.

Conclusion

These are my favorite 10 gold miners for 2020. I’m sure they won’t all perform well, but, hopefully, most of them will. The key will be the gold price and how management teams execute. Hopefully, gold will remain above $1,500 and trend higher in 2020. Once we get above $1,600, the gold miners will be very healthy and producing significant cash flow.

Don Durrett Disclosure: I am/we are long ALO, AGCBF, ARNGF, AKG, EGO, EQX, IAG, SKREF, TMMFF. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.
Don Durrett considers these silver miners to be the cream of the crop and all have outstanding upside potential if silver prices take off. Here are his favorite risk/reward silver mining stocks for 2020.

One trend that I have noticed while analyzing silver mining stocks for the past 15 years is that they are increasingly disappearing. Silver prices have been low (sub $18) for an extended period of time, making it very difficult to build and operate silver mines. What has become a trend is that silver miners have had no choice but to diversify into gold mining, which has been more profitable.

There are so few pure silver miners left that it is easy to name them. In fact, there are currently only about twenty in the entire world. There are so few pure silver producers, that only five made this list, even though I prefer producers and would like to have listed ten.

This list includes five producers, one near-term producer, and four development projects. What they all have in common are quality properties with long-life mines. Also, I have not included any in high-risk locations or management teams that are sketchy.

I consider these the cream of the crop and all have outstanding upside potential if silver prices blast off. Some of these can be considered pricey, if you are looking for large gains if silver prices double. But if you are expecting the potential for extremely high silver prices, then these are excellent stocks to own.

It’s not super early to be buying most of these stocks, so you are not going to have “to the moon” returns. In fact, buying the SIL silver miner ETF will probably do as well with less risk. Or, buying physical silver, could do better than some of these stocks with far less risk (I personally consider owning physical silver a must own asset).

Why I Like Silver

The reason to buy these stocks is to get in the game and get exposure to silver. I personally am not satisfied owning only SIL and physical silver. I also want to own several silver mining stocks. I want exposure just in case silver blasts off to the moon and for the possibility that some of these stocks sell at 30x free cash flow.

There are several reasons why I like silver and the silver miners. Here are a few:

1. Silver is extremely undervalued and unloved. The current GSR (gold/silver ratio) is 84, whereas when silver was considered money, it was 16.
2. Silver is rare. Most of the silver that is mined goes from the mine to some type of fabrication facility. Very little silver goes into a warehouse where inventory stacks up. The amount of silver bullion inventory available for sale is tiny compared to gold bullion (about 1%).
3. Silver is perhaps the most important commodity in the industrial world after copper. About 80% of the silver produced today is used in some form of fabrication. Very little of the silver produced is available for investors on a dollar basis (around $3 to $4 billion).
4. The potential for a silver shortage is very high. What has happened with palladium (a shortage) is likely to also occur with silver. Palladium used to be valued around $300 per oz. Today it is worth more than gold.
5. There are very few pure silver miners. This creates an opportunity as investors will be forced to buy the only ones left.

Potential Risk

While silver appears to be trending higher based on its chart, there is always a chance that this is a false breakout. If silver prices drop, the silver miners will be pounded lower. Investors have shown very little patience to hold their positions if silver prices drop. Thus, there is extreme volatility in this sector, and with big upside potential comes big downside risk.

The Bear Market in Silver Could be Ending

I think we are still in a bear market for silver, and it’s not yet time to break out the champagne. Until we break out of the 6-year channel, I will not be confident that a new bull market in silver has begun. So, while many of the silver miners have been breaking out and trending upward (First Majestic, Alexco Resource, Pan American Silver, Silvercorp Metals, Hecla Mining, etc.), the silver price has not yet joined the party.

Gold has broken out of its 6-year channel. However, silver is still in the channel. We need a close above $20 to confirm a breakout, although a weekly close above $18.50 will give me a lot of confidence. Once we get above $18.50, I would say it’s game on.

Stocks Excluded

I excluded stocks that I consider pricey, such as Pan American Silver, SilverCrest Metals, Silvercorp Metals, Fresnillo Plc, Buenaventura Mining, New...
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Pacific Metals, and Industrias Penoles. If you want lower returns, consider looking at these for opportunities.

I excluded the smaller producers, such as Impact Silver, Excellon Resources, and Santa Cruz Silver. All three of these could do well if silver prices trend higher.

I excluded certain stocks because of issues that reduce their risk/reward profile. These include Avino Silver & Gold, Americas Gold & Silver, Golden Minerals, Almaden Minerals, Minco Silver, Silver Bear Resources, Prophecy Development, and Discovery Metals. I expect several of these stocks to do well if silver prices trend. They each have issues that prevented them from making the top 10.

MAG Silver

MAG Silver (TSX: MAG) has a large development project (Juanicipio) in Mexico. It will be one of the largest silver mines in the world. They own 44% and are not the operator (Fresnillo is building the mine). The mine will begin production at 11 million oz. of annual silver production. MAG will get 5 million oz. of annual production with no very little costs. I estimate free cash flow to be around $200 million at $50 silver. It’s a huge mine, yet the capex is only $300 million and it’s almost built (completion in 2020). MAG will end up with very little debt.

It’s a high-grade mine (10 to 15 opt) with very low costs. Plus, they have been finding more silver and the mine is going to grow in size. The only red flag is they might do a spin-out of Juanicipio and create a dividend stock. If that happens then the upside will be somewhat constrained (although the dividends could be huge). I would prefer if they find a way to add a second and third mine and create a very large company. They do have a pipeline of properties to explore. My worry is that they might want to remain an exploration company. www.magsilver.com.

First Majestic Silver

First Majestic Silver (TSX: FR; NYSE: AG) is one of the few large pure silver miners. Most of their revenue (93%) comes from silver and gold, with most of that being silver. They will produce about 25 million oz. of silver equivalent in 2020. They do not have low costs (about $16 to $17 per oz. all-in) and have benefited significantly from the recent rise in silver prices.

It was recently a cheap stock, trading below $5 because of their costs. At its current valuation, the upside is somewhat constrained, but it has leverage to the silver price. Each dollar rise in silver will go to their bottom line (an additional $25 million in free cash flow). And with their free cash flow, they will be able to acquire more production. The red flags are high costs and a small pipeline for growth. Also, Mexico (where First Majestic has all of their mines) may raise their mining taxes to offset their lack of oil revenue (Mexico used to be a large oil exporter). www.firstmajestic.com.

Fortuna Silver Mines

Fortuna Silver Mines (TSX: FVI; NYSE: FSM) produces silver in Mexico. It is not an elite silver miner such as First Majestic or Pan American Silver. However, they are a solid mid-tier producer and have always executed well. Like many silver miners, they have acquired a gold project (Lindero). Thus, they are no longer a pure silver miner. Also, they do not have large resources (45 million oz. of silver reserves). But they do have a good pipeline of properties for exploration.

They mined about 18 million oz. of silver equivalent in 2019. And their all-in costs are pretty good around $14 per oz. They are not super cheap, but they do have significant upside potential. Lindero will add 90,000 oz. of gold production in 2020 (construction is almost complete in Argentina). Their red flags are low resources for growth and a bit pricey. www.fortunasilver.com.

Endeavour Silver

Endeavour Silver (TSX: EDR; NYSE: EXK) is a solid mid-tier producer. They hit a speed bump recently and had to close a mine due to low resources. Shutting down mines always costs money, plus they now have lower production, so their share price took a hit. This also impacted their reputation to a certain extent. Continued on page 10
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extent because management did not provide guidance that the mine would close in 2019.

I personally like their management team and properties. They still have three high-grade silver mines in production (Mexico). Plus, they are developing two other silver project for production growth. They get 100% of their revenue from silver and gold, with 55% from silver and 45% from gold. They do have high costs, with all-in costs around $17 to $18 per oz. but they currently have no debt. Also, they also have large resources with about 120 million oz. silver equivalent (including gold). They are targeting 10 million oz. of silver equivalent (including gold) for the near future. Their only red flags are high costs and potentially higher Mexico taxes. www.edrsilver.com.

Hecla Mining

Hecla Mining (NYSE: HL) is both a silver and gold producer (about 50/50). They have been having cost issues the past two years and have been losing money. In fact, their share price crashed to $1.30 in 2019 and they came close to trending to zero. Also, they have very high debt of $584 million and only $33 million in cash. For this reason, they have the highest risk on this top 10 list.

Because of their debt issues, you have to give this stock a short leash. If it drops below $2, then the risk changes to extreme. However, as long as silver prices remain over $17, they should be okay. One thing to be aware of is they have a large amount of debt due in 2021 and will need to roll it over this year. Also, expect some share dilution soon because of their low cash balance.

Make the best investing decisions.

They have had labor issues at their Lucky Friday mine (6 million oz. of annual silver production) in Idaho for a few years now and the stock has struggled. They currently have a tentative deal to end the labor strike with the union, but union members have not signed the contract. Consider this to be an ongoing labor issue for 2020, but it appears close to being resolved.

They currently have all-in high costs (they claim to have low costs and high margins, but lost a lot of money in 2019). Higher gold/silver prices will help them cleanup their balance sheet.

They have large resources and a nice pipeline of projects (450 million oz. of silver and 10 million oz. of gold). This could become a very large company. The key will be higher gold/silver prices and good execution. A lot of investors question the quality of their management team. I have to admit that they have not executed well over an extended period of time. Their strategy seems to be more focused on growth than shareholder returns.

They have three development projects that could add a lot of revenue. They are currently trying to permit two large silver projects in Montana. Plus, they are trying to re-start a gold mine in Nevada that they acquired from Klondex Mines. They might be a bit pricey, but the upside potential is there. Their red flags are high all-in costs (free cash flow), a poor balance sheet, and a questionable management team that needs to prove itself. www.hecla-mining.com.

Alexco Resource

Alexco Resource (TSX: AXU) is close to restarting production in Canada (Yukon). They have an excellent property (Keno Hill) with 100 million oz. and 30 million oz. of reserves (800 gpt). It’s high grade and a long mine life. They are projecting all-in costs (free cash flow) at around $13 to $14 per oz. That’s not low cost, but it has a lot of leverage to higher silver prices. They will begin production at around 4 million oz. of annual production. I would expect that to increase over time.

Since this is an existing mine, the capex to restart it is very low. It is a 7-month build with a capex of around $23 million. They plan to borrow $15 million, which is nothing. They will pay that back the first year of production. They are giving guidance for production to resume in Q4 2020.

The one red flag is their streaming deal with Wheaton Precious Metals. They are obligated to give 25% of their Keno Hill production to Wheaton for the life of the mine. Wheaton pays them a calculated

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amount until silver prices reach $25, then they pay them nothing. Alexco gets more money if silver is cheaper. Basically, Alexco is protected for silver prices under $17. However, after silver gets above $20, they get very little money from Wheaton, and zero after silver reaches $25.

I would consider Alexco pricey, but they have a good property and could easily expand production. Plus, there simply are not very many pure silver plays in Canada. I would not be surprised if Alexco gets valued at over 10x free cash flow if silver prices blast off. www.alexcoresource.com.

Aurcana Corp

Aurcana Corp. (TSX.V: AUN; OTCPK: AUNFF) is developing a silver project (Ouray) in Colorado. Plus, they have another silver mine (Shafer) on care and maintenance in Texas. Ouray looks very promising. It is a past producing mine that is permitted with 30 million oz. and very high grade (700 gpt). They need to raise about $35 million to restart the mine at about 2 million oz. annual production.

The risk is that they can’t raise the capex. But they the Shafter mine, which they could sell or use as collateral for a loan. I think Ouray will get built and soon. Shafter could also be restarted and has 18 million oz. (240 gpt). The capex to resume Shafter is about $20 million to produce about 1 to 1.5 million oz. annually.

I’m not sure why Aurcana is so cheap. Usually, when a stock is cheaper than it should be, there is a reason. But it has been trending in recent months. As a speculation stock, it looks pretty good. www.aurcana.com.

Silver One Resources

Silver One Resources (TSX.V: SVE; OTCPK: SLVRF) is developing a large silver project (Candalaria) in Nevada. It is a past producing mine and permitting should not be difficult. It has a large historical resource of 46 million oz. (105 gpt) M&I and 84 million oz. Inferred (45 gpt). Plus, it has excellent exploration potential.

The stock is trending and has almost tripled in value since May. They seem to be making slow progress and have a lot of work to do. I would consider this a long-term investment. If they can become a 3 million oz. producer, these stocks should do really well.

There are numerous red flags. First, we don’t have an official resource estimate or a PEA. We don’t know at what price it is economic or how much they plan to mine. There are a lot of unknowns. Plus, they will have to dilute shares to advance the project. Even with this high-risk, I like the upside potential if they can get Candalaria into production.

Eric Sprott owns 10%, SSR Mining owns 6.5%, First Mining Gold owns 3%, and management owns 5.5%. That’s probably enough insiders to prevent a cheap takeover. www.silverone.com.

Bear Creek Mining

Bear Creek Mining (TSX.V: BCN; OTCPK: BCEKF) has been advancing a large silver project (Corani) in Peru for several years. It is finally close to construction. It is very large with 300 million oz. (50 gpt). The problem is that the low grade has made it marginally economic at $17 silver, with an after-tax IRR of 15%. I prefer an IRR
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10 Best Silver Mining Stocks for 2020

Continued from page 11

above 25%, but the large potential cash flow at higher silver prices makes it compelling.

The first 5 years will produce 13 million oz. of silver, dropping to 8 to 10 million oz. for the next 17 years. That’s a lot of silver production and I’m sure they will be an acquisition target at higher silver prices. I just hope they don’t sellout shareholders and accept a low-premium offer.

The project is permitted and shovel ready. All they need is financing, which won’t be easy to obtain at $17 silver. They might have to wait until $19 or $20 silver. They don’t have any debt, so they can wait.

There are a few red flags besides the low-grade and financing issues. The IRR relies on base metals (lead and zinc), so there is a dependence on base metals at lower silver prices. Also, once this project is financed and under construction, the vultures will circle for a takeover attempt. www.bearcreekmining.com.

Hochschild Mining

Hochschild Mining (LSE: HOC; OTCPK: HCHDF) is a large silver and gold producer in South America. They have 4 operating mines and produce about 16 million oz. of silver, and 38 million oz. of silver equivalent (including gold). That is a lot of production for their market cap, making them attractive.

There all-in costs for silver equivalent are not super cheap at about $15 per oz., and one of the reasons it has a low valuation. Another reason is they have about $150 million in debt. But they also have plenty of cash at around $100 million. Plus, one family control 54% of the shares and will make sure debt does not become a big issue.

Another reason I like them is they have a large gold project (Volcan) in Chile that is worth more than their current market cap at higher gold prices. Volcan has 9 million oz., although it is low grade. Hochschild has a very competent management team and can easily build Volcan once gold prices rise.

Another reason to like them is they pay dividends. This could easily be a growth stock with dividends. Those are the best kinds of stocks to own because your dividend yield rises as the stock rises.

Conclusion

These are ten best silver miners for 2020, says Don Durrett, publisher of GoldStockData.com — a valuable source for gold and silver investors. Durrett is sure they won’t all perform well, but hopefully, most of them will. The key will be the silver price and how management teams execute. Hopefully, silver will remain above $17 and trend above $20 in 2020. “Once we get above $20, the silver miners will be healthy and producing significant cash flow,” says Durrett.

Don Durrett Disclosure: I am/we are long AG, AUNFF, AXU, BCEKF, EXK, FSM, SLVRF. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.
MoneyShow Top Picks Report:  
Gold & Silver Stock Picks for 2020

Each year for more than three decades, the MoneyShow.com editorial team has surveyed the nation’s leading newsletter advisors and investment experts asking for their favorite stocks for the year ahead.

MoneyShow’s 2020 Top Picks Report – features 100+ timely investment ideas. A number of these investment ideas will be featured in The Bull & Bear Financial Report. The entire report can be downloaded FREE of charge.

Below are the Top Gold Stock Picks for 2020 by investment experts known for their high-quality research and long-term track record of success.

Speculation Play: Evrim Resources

Evrim Resources (TSX.V: EVM) was our top speculation last year and the thesis behind my recommendation remains much the same, says Adrian Day, editor of Global Analyst, www.adriandayglobalanalyst.com. Mr. Day highlights Evrim Resources and Franco-Nevada.

The stock has been more-or-less stable in the last 12 months – but importantly, the downside from current levels remains low, with the share price backed by hard assets.

The market cap is just shy of US$20 million. This is backed by almost US$10 million in cash and a stack of assets, most importantly a 2% royalty on a property the company discovered called Ermitano, in the mining friendly state of Sonora, Mexico.

Earlier this year, the company sold the property to First Majestic, a mid-size production company, whose adjacent Santa Elena mine is running out of higher-grade ore. Evrim retained a royalty.

Since taking over the property, First Majestic has been aggressively exploring, doubling drill activity. It expects production to commence at the beginning of 2021. There will essentially be no capex, since the mill facilities at Santa Elena will be used to process the Ermitano ore, which is fully permitted.

In short, Ermitano is being fast tracked by a hungry miner, at no cost to Evrim. Once in production, this could generate over $20 million over its seven or eight-year mine life. (The first few years will be tax free due to tax credits held by the company.)

The royalty, should Evrim wish, could be most readily turned into cash. So the present value of this royalty plus cash-on-hand well exceeds the company’s market cap.

All the company’s other assets, its exploration properties in British Columbia, Nevada and Mexico; its joint ventures and alliances with companies including Newmont Goldcorp (NEM) and Yamana (AUY) – all this comes free. Remember, most of these joint ventures have other companies spending the money, so Evrim operates with a very tight budget.

It has among the best management for a small exploration company. Any success on any of its exploration projects should see the tightly held stock price move rapidly while the downside is protected by hard assets. That’s the kind of exploration odds I like.

Top Conservative Idea: Franco-Nevada (TSX: PNV; NYSE: FNC) – Adrian Day’s top conservative investment idea for the coming year – is a leading royalty company in the gold space.

Despite a consistently strong stock price in recent years, through thick and thin in the gold mining business – the stock is up from under $40 at the end of 2015 – we are returning to Franco for the simple reason that it is best-of-class, a true “sleep-well-at-night” investment.

Franco’s business model gives it upside exposure but downside protection in the notoriously challenging and volatile mining industry. It acquires royalties (and their cousin, the “stream”) from mining companies. The mining company might need development capital, or it could want to repair its balance sheet.

In short, Franco makes an upfront payment and in return receives a percentage of the production that comes from the mine. It has been a very successful business, with another record of GEOs (“gold equivalent ounces”) received.

Although primarily holding gold assets, Franco also generates revenue from other resources, including silver and even oil.

Significantly, Franco’s newest and largest stream investment, Cobre Panama, a copper mine from which Franco receives the gold by-product, made first deliveries after announcing commercial production September 1st, ahead of guidance. This removes lingering caution on the $1 billion plus recent investment.

Franco has the best management in the mining business. There is currently a changing of the guard at the top, with CEO David Harquail becoming chairman of the board in May, while founder Pierre Lassonde becomes chairman emeritus. Paul Brink, president and chief operating officer, will become CEO.

Both Lassonde and Harquail have outstanding reputations in the gold industry, and will still be heavily involved with the company, while Mr. Brink has certainly proven himself over the years with the very strong transactions he has supervised.

Franco may not be the top-performing gold stock over the next 12 months, but in a positive environment, I envision returns that will satisfy any
conservative investor, while the downside for the low-risk business model remains far lower than for the typical gold stock.

Any conservative investor wanting exposure to the gold sector—and I believe this is a good time to be buying gold—should look no further than Franco-Nevada.

Franco-Nevada: Top Pick


I'm a huge fan of royalty and streaming companies. Investors who like gold as an asset do so because they understand that the yellow metal can limit losses in their equity position and reduce volatility during downturns.

Adding a royalty company such as Franco-Nevada to the mix can be like injecting nitro into your souped-up sports car.

This is because while Franco-Nevada, the world's largest streamer with a market cap of $25 billion, enjoys a lot of the upside potential when gold prices are rising, it shares very little of the downside potential with producers and explorers when the metal is in decline.

Franco is better insulated from bear markets because it has a diversity of high-quality active mines in its portfolio, including those in the oilfield.

What's more, Franco isn't the company spending money to develop a project. It simply puts up the capital, and in exchange it receives either a royalty on whatever the miner produces or rights to a stream of metal or oil supply at a fixed, lower-than-average cost. It's a win-win for Franco and the miner, a win-win-win if you also include the investor.

To give you an idea of just how profitable Franco-Nevada is, when you compare its net income per employee to those of blue chip stocks, there's really no contest.

Some of the world's most recognizable names—including Apple (AAPL), Facebook (FB) and Goldman Sachs (GS)—are highly profitable, generating around half a million dollars or more per employee after expenses.

And then there's Franco-Nevada, which makes approximately $3.5 million per employee, or seven times Facebook's net income. It's simply in a league of its own.

Conservative Pick: Franco-Nevada Speculative Pick: B2Gold

I'm bullish on gold, due to easy money policies by Fed, and volatility & instability in an election year, as well as potential geo-political trouble, asserts growth stock expert Mark Skousen, editor of the industry-leading advisory, Forecasts & Strategies, www.markskousen.com.

For conservative investors, my 2020 recommendation is Franco Nevada Corp. (TSX: FNV); the Toronto-based mining/energy finance company, is now ahead 48% this year, handling beating the market. I suspect we won't see FNV falling under $100 a share again.

It has a lot of upside potential since earnings and revenue growth have accelerated for three straight quarters, especially the last one. It is the only stock in the mining sector that has a long-term upward trend. It has a rising though modest dividend plan (1%).

For speculators, my 2020 recommendation is B2Gold (TSX: BTO; NYSE American: BTG), a Vancouver-based low-priced (below $4) gold mining stock with great promise, and could even be a buy out candidate. It was founded in 2006 by executives from Bema Gold.

It has built a diversified portfolio of mines in Nicaragua, the Philippines, Mali, Colombia, and Namibia with relatively low debt. It's already making money.

Third-quarter results released in November were spectacular, with $311 million in revenues, and earnings coming in at 9 cents per share in the quarter, up an impressive 125% from the prior-year quarter.

It produced a record 258,200 ounces, 7% above the company's budget. The Fekola Mine in Mali is expected to produce 450,000 ounces this year, and 600,000 ounces in 2020. It also announced its first dividend, a modest 1 cent per share.

Exciting Year for Copper and Gold Picks: Hannan Metals & Midas Gold

I anticipate an exciting year for copper and gold which brings me to my Top Picks for 2020, notes Gerardo del Real, editor of Junior Mining Monthly, www.outsiderclub.com. Note that this idea is only suitable for experienced investors aware of the risks of buying a micro-cap, penny stock. Top Picks for 2020 are: Hannan Metals and Midas Gold.

My high risk for 2020 is a copper-silver-zinc exploration company active in Ireland and Peru—Hannan Metals Ltd. (TSX.V: HAN) (OTC Pink Sheets: HANNF).
Hannan Metals is a tiny copper-silver-zinc explorer (C$7 million market cap) that has managed to put together a massive and district scale land package in a very under-explored part of central Peru.

The company recently doubled its land holding at the Sacanche area to now cover 60 kilometers of the prospective strike at the 100% owned San Martin project in north central Peru. The land package now covers 60 kilometers of the prospective strike.

The new Sapo mining concession application covers a further 30 kilometers along strike from the same prospective host rocks as found at Sacanche, being located immediately along strike from high-grade copper silver mineralization that Hannan recently identified, assaying up to 2m @ 5.9 % Cu and 66 g/t Ag.

Hannan believes the Sapo mining concession application is prospective for two styles of sediment-hosted copper-silver mineralization, observed throughout the 100 kilometers of strike of prospective sedimentary rocks hosted within Hannan mining concession claim areas.

The land package has kicked off a staking rush in the area and I believe Hannan’s first-mover advantage will be rewarded with discoveries and partnerships in 2020 that validate the exploration concept mapped out by the Hannan team. Drilling should commence in Q2/Q3 of 2020 and any discovery of significance will lead to much higher share prices.

*My other Top Pick for 2020 is Midas Gold (TSX: MAX) (OTC: MDRPF).*

Midas Gold controls the world class Stibnite gold-antimony project, located in the historic Stibnite-Yellow Pine mining district in central Idaho.

In 2014, an independent Pre-feasibility Study demonstrated potential for a large-scale, long-life, low-cost open pit gold mine that stands out from its peers. The project boasts 6.6 million gold ounces, across all categories, and an important antimony credit that could produce nearly 100 million pounds of the important strategic mineral.

The gold is high-grade. So much so that if it were in production today it would be the fourth highest grade open pit deposit in the U.S.

Midas Gold checks all those boxes. It also checks several boxes for its largest shareholder Barrick Gold which I believe makes Midas a prime takeover target.

There is a lot of upside between the current $165 million market cap and the billion dollar plus net present value the 2014 pre-feasibility study outlined using a $1,500 gold price. Midas is expected to publish its feasibility study in Q1 of 2020 and is expected to be fully permitted by Q1 of 2021.

The recent increase in M&A is expected to continue and if recent transactions are an indication, the assets that will be bought at a significant premium will be in stable jurisdictions, have scale and significant exploration upside.

(MoneyShow editors: Gerardo del Real chose Great Bear Resources (TSX.V: GBR) (OTC: GTBDF) as his Top Pick last year. The shares rose 260%. He now says, “The success at its 100%-owned Dixie project in the Red Lake district of Ontario has allowed Great Bear to expand its already aggressive drill program to a remarkable 200,000 meters. There is a lot to like in the context of what I expect will be a pivotal year for gold and the better juniors in the space.”)

**Top Picks 2020: Integra Resources & Millrock Resources**

**Integra Resources (TSX.V: ITR) (OTC: IRRZF) is developing the large-scale DeLamar gold-silver project in southwest Idaho, explains Brien Lundin, a specialist in junior mining stocks and editor of Gold Newsletter, www.goldnewsletter.com.**

When I say large-scale, I mean it: The company recently released an updated resource estimate showing 3.9 million ounces in gold-equivalent, measured and indicated resource (2.4 million ounces of gold and 116.5 million ounces of silver).

Another 500,000 ounces of gold-equivalent lies in inferred resources. And that’s so far. The company continues to aggressively drill the project, with outstanding results.

At its War Eagle Mountain target, Integra recently reported drill results that were highlighted by 10.9 g/t gold and 115.3 g/t silver over 34.1 meters. At its Florida Mountain target, the drill cut 1.7 g/t gold and 26.5 g/t silver over 45.8 meters, including 19.6 g/t gold and 68.2 g/t silver over 2.1 meters.

These results from War Eagle and Florida Mountain highlight the potential for high-grade ore at DeLamar to punch up the economics of the low-grade mill feed currently envisioned for the project.

And more results will be coming in 2020, as the drilling success has attracted smart, deep-pocketed investors. Integra recently closed a $31.9 million financing that will keep the drills turning while also funding a pre-feasibility study.

Integra’s share price has been largely range-bound in recent weeks. With more drilling and assays to come from DeLamar, I think the company makes for an excellent buy at current trading levels.

Lundin’s other Top Pick for 2020 is Millrock Resources (TSX.V: MRO) (OTC: MLRKF) – a risk-oriented, micro-cap penny stock – is a diversified, 2 Operating Mines • 3 Advanced Exploration Projects

www.argonautgold.com
prospect-generating exploration company with a focus on Alaska.

The company almost always uses joint-venture partners to fund the expensive drilling on its projects, but one of its targets was so exciting that it was about to fire up the drills on its own nickel.

Until an Australian company came up with an extraordinary deal that was simply too good to pass up.

Resolution Minerals offered to spend $5 million on Millrock’s 64North project over the next year, to earn just an initial 30% interest.

To increase that to a 60% interest, Resolution must spend $20 million plus issue 38 million in Resolution shares and make $200,000 in cash payments. Millrock will receive 8% of the 2020 expenditures on 64North as an operator fee.

This is an exceptional joint venture deal – perhaps the best I’ve seen in terms of immediate exploration commitment.

And here’s why Resolution is so excited about 64North: The project’s location immediately west of Northern Star Resources’ Pogo gold mine makes it a prime piece of real estate. That potential is boosted by geophysical surveys and other indications – including Northern Star’s drills marching right toward 64North.

To give you a sense of the scale of deposits the partners are after here, consider that Pogo has already generated four million ounces of gold and has another six million ounces remaining in reserves and resources.

To date, the market is giving Millrock almost no credit for this deal and this project. But that’s likely to change, as the drills begin turning at 64North in the weeks ahead and gold hits the next phase of this bull market.

Editor’s Note: Brian Lundin also serves as president & CEO of Jefferson Financial, Inc., host of the annual New Orleans Investment Conference, the oldest and most respected investment event of its kind. Get on the Advance Notice List for the 46th Annual New Orleans Investment Conference, October 14-17, 2020. Gold Stock News readers will be among the first to know when public registration opens up so you will be able to register at the best possible price.

Gold Fund Manager’s Top 2020 Mining Picks

We are beginning to see more money come into the gold mining space. Senior gold producers have been the primary beneficiary so far as investors have begun to rotate money to these names, asserts resource sector analyst Ralph Aldis of US Global Investors, www.usfunds.com. Mr. Aldis highlights Major Drilling Group International and TriStar Gold.

The senior gold miners have also delivered a disciplined year of consolidation. Now, if they are going to try to grow their reserves and resources and not go buy an exploration mining company with a property of merit, they are going to drill.

And that is where Major Drilling Group

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Puma Exploration: On Track for the Next Discovery in New Brunswick

Puma Exploration Inc. (TSX.V: PUMA) is a Canadian-based mineral exploration company located in Rimouski, Quebec. This junior company, which has been active in the field of mineral exploration since 2003, is distinguished by its dynamism, as evidenced by its projects at different stages of development in precious and base metals. The Corporation’s main projects are the Murray Brook, Turgeon and Nicholas-Denys projects, all located in New Brunswick, a province rich in natural resources.

Puma Exploration projects are located nearby and inside the famous Bathurst Mining Camp (BMC).

Puma Exploration has become a major player in mineral exploration in New Brunswick through the acquisition of a diversified portfolio of mining properties. The Corporation benefits from the proximity of several infrastructures: In addition to the structured road network bordering its projects, a major seaport, the one of Belledune, is located near the city of Bathurst.

Also, Puma owns an equity interest in BWR Resources (TSX.V: BWR) exploring for gold in Manitoba and also an option agreement with Rio Tinto for the Red Brook Project in New Brunswick.

Puma Exploration recently announced the closing of the purchase agreement with Targets Minerals in relation to the Nicholas-Denys Project as disclosed on August 27, 2019.

In exchange of its interest in the Ann’s Creek and Beresford Copper properties and in some surface rights, Puma has received $100,000 in cash, $10,000 in debentures and 14,200,000 shares of Targets Minerals representing approximately 48% of the current and outstanding shares of the company. Puma also retains 1% NSR Royalty of which half of it can be bought back for $1,000,000.

Puma constitutes the largest Targets Minerals shareholder and both managements will work together to create a major new active player in Northern New Brunswick with the initial focus on precious metal (Gold-Silver), Targets Minerals plans to list its shares on a Canadian Stock Exchange within the next 18 months, notes Marcel Robillard, President and CEO of Puma Exploration.

For further information on Puma Exploration, contact Marcel Robillard, President, 175 rue Légaré, Rimouski, QC G5L 3B9. Phone (418) 724-0901. Email: president@explorationpuma.com or visit the website at www.pumaexploration.com.
Gold to Record New Highs
Reaching $2,200 within 18 Months


Gold climbed to 6-year highs, as a haven and barometer of financial uncertainties. Also there is a strong correlation with the amount of $12 trillion of negative yield sovereign debt or one third of the global bond markets and gold. Unlike these bonds, gold retains its value. Concerns of America's deteriorating financial position, particularly with an election around the corner, has also spurred central bank purchases. We believe foreign investors are increasingly unwilling to fund out of control federal deficits. Without confidence in the dollar, the world has no reserve currency.

A deeper problem is that investors are increasingly concerned that the world will stumble again into a cycle of competitive devaluations and tariff morass. Just as America displaced Britain as the world's pre-eminent economic power after World War II, so, too, do the large debt and fiscal pressures confronting the West, the rise of China and other economic entities, change the dynamics of the international monetary system. The problem is not a new one.

With half-century-old relationships severed, countries are retreating into regional economic blocs. As such, it is hard to believe that our leaders would repeat the economic disasters of the past, particularly when the world's financial system is more leveraged, unstable and more dangerous than on the eve of the Lehman crisis. Quantitative easing, zero and negative interest rates have pushed investors to take on more risk as they seek better returns. Of concern is that the confluence of factors echoes the blunders of the 1930s. The longer the search for yield, the greater the probability of another financial crises. Gold is a good thing to have. Consequently we expect gold to record new highs, reaching $2,200 an ounce within 18 months.

As Good as Gold

For much of the past five years, gold was stuck in a 2 year trading range but traded up to $1,500 this year on concerns over the impact of the US-China trade war on global growth. Demand for gold remains strong particularly from central banks, while supplies remain uncertain. China remains the world's largest consumer and producer of gold as gold moves from the West to the East. Both Russia and China have moved out of dollars for reasons both economic and political. They have bought gold every month this year becoming the fifth and sixth holder respectively.

Central banks have become net buyers for the second year in a row as many hedge their bets on American hegemony. Last year 22 central banks bought gold as a hedge against the dollar as well as to build up their respective reserves. Germany purchased gold for the first time in 21 years, joining Russia, China and 14 other central banks. Geopolitical forces will continue to support safe haven buying. After all, in 2020, the Americans will elect an inflationary president. Gold is a good thing to have.

This bull market is only beginning.

Recommendations

The gold mining industry has undergone a consolidation with greater scale, less debt and better control of spending. While, AISC have fallen from $1,200 to under $1,000 an ounce, due in part to the deferment of development and exploration, we believe that the lack of success and the need for replacing declining reserves has reinforced the “peak gold” scenario. Supplies are limited. The lack of reserve growth is an industry-wide problem and since the majors have adopted a free cash flow model, reserve replacement will be a problem for the entire industry. As such, we believe that development plays are the next sweet spot particularly since they could be in production shortly. Lundin Gold, a 310,000 ounce producer in Ecuador, Eldorado's Lamaque, McEwen's Gold Bar and Victoria's Eagle are but a few new producers that have come on stream this year. We have added Lundin Gold to our coverage list.

With the mining industry’s financing pipeline running dry, miners have spent some $30 billion on mergers as a means to save costs, attract institutional money, grow reserves and production. Barrick-Randgold, Newmont-Goldcorp, Continued on page 18
Gold to Record New Highs

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Kirkland Lake's bid for Detour, and Endeavour's bid for Centamin are classic examples. And, the Chinese are coming with state-backed Zijin buying Continental Gold in Columbia, as the industry consolidation accelerates. While, equity and bond investors are shunning the smaller exploration companies, preferring the more liquid senior producers, we believe the exploration players possess "ten bag" potential. Development plays are also favoured, needing only financing which will come as gold surges through $1,600 an ounce. We continue to favour seniors like Barrick and Agnico Eagle as well as mid tier B2Gold.

• Agnico Eagle Gold Mines Ltd. (AEM) – Agnico Eagle had a record quarter posting peak quarterly gold production, generating free cash flow from core asset LaRonde, Canadian Malartic, Kittila, and Meliadine, with the ramp up of Amurruq in Nunavut. The company also focused attention on encouraging exploration results at Canadian Malartic and Upper Beaver in Kirkland Lake. Agnico has a strong balance sheet with $350 million of cash. The miner has paid a dividend for 36 consecutive years. We continue to recommend the shares for Agnico's rising reserve and production profile.

• Barrick Gold Corp. (ABX) – Barrick reported a strong quarter and with the sale of 50 percent owned Kalgoorlie in Australia, the company is well on hand to raise $1.5 billion in asset sales. Barrick's Kalgoorlie sale to Saracen Mineral Holdings achieved top dollar because of Saracen's need to replace declining production and an offside hedge position.

Barrick continues to focus on operations and next year will see a full year production from Bulyanhulu, after coming to an agreement with the Tanzanian government. At the Nevada Joint Venture, results were strong, particularly from Cortez in Nevada. The Nevada Joint Venture is already spinning off efficiencies with the combination of assets and is on track to deliver almost $500 million per year of efficiencies. In West Africa, Barrick extracted value selling the Massawa project in Senegal to Teranga for cash and shares, giving Barrick a strategic stake in Teranga. In Latin America, Barrick's joint venture Pueblo Viejo in the Dominican Republic had a strong quarter and 800,000 ounces a year of production is expected from this long-life operation. Barrick is also working with Shandong of China in optimizing Veladero in Argentina and another review of the giant Pascua Lama operation. Barrick's huge cash flow, asset sales and cost savings could generate a net zero debt position next year. We continue to recommend the shares here.

• B2Gold Corp. (BTO) – B2Gold had a stellar quarter with major contributions from flagship Fekola in Mali, Masbate in the Philippines and Otjikoto in Namibia. B2Gold also sold off its Nicaraguan assets for about $120 million in cash and shares, retaining a 30 percent stake in Calibre. The Nicaraguan assets were sold because B2Gold is focusing on lower cost mines generating positive free cash flow. At Fekola, cash costs were under $400 an ounce, while Otjikoto was about $394 an ounce. B2Gold has $146 million in cash and a strong balance sheet. The company is one of the fastest-growing intermediate gold producers in the world generating free cash from almost one million ounces of annual production. The company is working on a feasibility study at 50 percent owned Gramalote JV which is expected sometime late next year. B2Gold enjoys an all in cost of less than $800 an ounce and repaid $75 million of the company's revolver. We continue to recommend the shares here for its growing production profile and low-cost mines.

• Centamin PLC (CEE) – Egyptian-based Centamin rejected a surprise $1.9 billion bid from Endeavour Mining. Centamin has no debt, no hedges and a strong balance sheet with almost $300 million in cash and a profitable long life gold mine. For the nine months, Centamin had produced 330,000 ounces with a cash cost of $700 per ounce and all in cost of $950 an ounce. Centamin operates the Sukari open pit, a world-class asset that produced 3.7 million ounces in the past but importantly, still has long life reserves of 7.2 million ounces. Centamin also has a healthy dividend policy and the only downside is a single asset located in Egypt. We would hold the shares here.

• Centerra Gold Inc. (CG) – Centerra had another rock fall at the Kumtor waste rock dump in the Kyrgyzstan. Two employees are missing and the company has suspended operations. Kumtor is an open pit and this is the second time that there has been a problem. Also at the same time, Centerra wrote down Mount Milligan, its copper gold mine in British Columbia. Mount Milligan has been problem prone due in part to the lack of water in the past and reduced reserves by a whopping 20 percent. Consequently, Centerra has begun a technical review of the mine and a new updated 43 101 is expected but furtherwrite downs are expected, casting a cloud over the shares. Centerra is an intermediate gold producer and the two strikes have put a lid over the stock, particularly since the outlook is uncertain as to when they will be up and running again. Sell.

• Eldorado Gold Corp. (ELD) – Eldorado had a positive quarter with a solid contribution from newly commissioned Lamaque in Quebec which produced 32,000 ounces at a cash cost of under $500. Eldorado is working on a PEA to expand production. Meantime Eldorado's Kisladag and Efemcukuru mines in Turkey made a contribution, although leaching at Kisladag is uncertain. Eldorado has about $320 million of liquidity but total debt stands at $403 million so the company's finances are tight over the near-term. In Greece, the company reported progress, receiving the installation permits for both Skouries and Olympias in September. Further permits are needed and Eldorado still requires ministerial approval to finalize. The new government could be of help. Nonetheless, Eldorado's need to pay down debt, Greek

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Continued from previous page

uncertainty and flat production profile makes the shares an opportunistic speculative tidbit in this active M&A market. Hold.
• IAMGOLD Corp. (IMG) – IAMGOLD had a disappointing quarter as production at Rosebel in Suriname was down. IAMGOLD is a mid tier gold producer with four mines but production was off due to lower grades at Rosebel which was a major disappointment. At flagship Essakane in West Africa, a feasibility study for the CIL heap leach facility looks favorable. However, in Suriname, the security and government uncertainty is a disappointment, holding up expansion plans for Saramacca. At Westwood in Quebec, the operations are waiting for a new mine plan. Execution has been a problem at IAMGOLD. Cote Lake is still on the shelf. Ore from Saramacca to the Rosebel mill along the main hall road will be completed by the first quarter but the ramp up at Saramacca won’t be done until later on in the year. IAMGOLD has been in negotiations with the state owned Chinese producers however IAMGOLD’s high costs, together with their uncertain operations likely caused a breakdown in discussions. Sell.
• Kinross Gold Corp. (K) – Kinross had a strong quarter with all in cost (AISC) around $1,000 an ounce from three core operations, Paracatu in Brazil, Kupol in Russia and Tasiast in Mauritania. At Paracatu, throughput and recovery was strong. Bald Mountain and Round Mountain had disappointing quarters. To no surprise, the LaCoipa feasibility study was delayed until next year but we expect that LaCoipa is too far off in the future to matter and will require big bucks. Kinross’ acquisition of Chulbatkan for $238 million ($US) is an open pit, high grade, heap leaching operation with 1.8 million ounces of reserves in Russia Far East. The acquisition increases Kinross’ Russian footprint with Kupol and Dvoinaye producing almost 500,000 ounces last year. Kinross has a $1.5 billion revolving credit facility to 2024 enough to build out phase 2 at Tasiast where detailed engineering is about 65 percent complete. Kinross sold its stake in Fruta del Norte to Lundin Gold for $150 million as Lundin successfully poured its first gold bar in Ecuador. We prefer Agnico Eagle here.
• Kirkland Lake Gold Limited (KL) – Kirkland had a strong quarter due principally to a major contribution from its high grade Fosterville mine in the Australia. Kirkland has $600 million in cash and cash equivalents as the company produced free cash flow. Kirkland owns four underground gold mines, Macassa, Holt, Taylor in Canada and the rich Fosterville in Australia. Kirkland Lake shares dropped 20 percent on the announcement of acquiring Detour for almost $5 billion because the all share transaction would raise Kirkland Lake’s overall costs. Detour is not making much money here and has a problem prone pit. However, importantly is that the deal would boost Kirkland’s in situ reserves to 20 million ounces from 5 million ounces. We believe Kirkland Lake’s short reserve life has been a major negative for Kirkland and that the Detour reserves were bought cheaply. We thus favor the acquisition, particularly since the excess premium has been erased, bringing Kirkland more in line with its peers.
Editor’s Note: Kirkland Lake Gold had its best year ever in 2019, producing 974,615 oz, up 35% on the 723,701 oz produced in 2018. The target production for 2020 is 950,000 – 1,000,000 ounces of gold from high-quality mines in Canada and Australia.
• New Gold Inc. (NGD) – New Gold had a disappointing quarter due to Rainy River in Ontario and New Afton in B.C. where new life of mines plans (LOM) are expected in the first quarter next year. New Gold still can’t make money. Unfortunately New Gold has too much debt due to the disastrous buildout of Rainy River where it didn’t just rain, but poured. Despite a $100 million debt repayment, New Gold still has too much debt and Rainy River faces an uphill battle. Production again was a disappointment due largely to heavy rainfall. At New Afton in BC, the mine produced 52,000 ounces (gold equivalent) but grade remains a problem. Blackwater in B.C. will require capital and New Gold does not have excess capital or cash flow to develop the open pit. New Gold is a low grade, high cost operation and the difficulty to make money and poor balance sheet are good reasons for a sell.
• Newmont Goldcorp Corporation (NGL) – The world’s largest gold producer had a disappointing quarter due to operations at Penasquito, Eleanoro, and Cerro Negro formerly held by Goldcorp. These mines will be the focus as Newmont intends to turn around these problem prone operations. Newmont produced 1.64 million ounces in the quarter with all in cost under $1,000. Importantly, Newmont reported positive free cash flow and has a strong balance sheet. Newmont also sold its 20 percent equity stake in Continental Gold which was acquired by Zijin Mining of China. The key for Newmont’s management is to turnaround Goldcorp which we believe will take a couple of years. In the interim, Newmont’s mill expansion at Ahafo and the Quecher Main project will fill the gap. To improve its numbers, Newmont plans to repurchase up to $1 billion of its common shares. We prefer Barrick in the interim.
Editor’s Note: All opinions expressed and recommendations of gold mining companies are those of John Ing, President & CEO of Maison Placements Canada Inc. Mr. Ing has over 45 years of experience as a portfolio manager, mining analyst and investment banker.
Maison Placements Canada Inc. is an institutional investment boutique that provides financial services to corporate, government, institutional, and individual investors. The firm offers securities underwriting, distribution, and execution services. Additionally, it provides investment banking services including mergers, acquisitions, and divestitures; equity financing; financial and corporate restructuring; valuations; fairness and regulatory opinions; and management advisory. For more information on Maison Placements Canada, visit www.maisonplacements.com.
This is an edited version of the article Gold: The Swamp is Draining by Mr. Ing. The full article can be viewed at www.TheBullandBear.com.

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Precious Metals Picks for 2020

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Outlook 2020
Oil, Silver, Gold, and Uranium

At this point in time, David Morgan is neutral to bearish on most of the base metals because the fact remains that the global economy is still contracting. “The huge build out of China is far from over, but China also has massive debt problems and we do not see the Trade War helping them, at least for some time. It is most likely that some resolution will be announced before the primary election in the U.S., but our view is that it will be more window dressing or talking points rather than any meaningful reforms.

Oil 2020

We are bullish on oil and not many are at this point. Crude oil was up 35% in 2019 yet most of the mainstream press kept announcing the oil glut and how the “fracking” miracle made the U.S. the largest oil producer in the world. Although this is fact, it will be short-lived unless oil prices move to perhaps $75 to $80 per barrel. Regardless, fracking is losing money with very few exceptions and has probably peaked in the U.S. for now, believe it or not.

Since tensions in the Middle East seem to be escalating, having some exposure to energy, particularly oil, will probably be prudent this year.

What we do anticipate is the general stock market to continue to defy all logic and continue to make new highs. Do not get sucked into this market at this point; if you are involved, keep your stops tight or lighten up and take profits. This market is still overvalued and is the likeliest place for the deep state to “manage” the situation to spin the political climate in whatever direction they determine to be in their best interests, not yours.

Silver 2020

I can see a 30 percent increase in silver to over $22 per ounce in 2020. This may be enough of an increase to substantially lower overhead resistance. The “real” breakout point is at $25 to $26, and at this point there is very little resistance to the upside, and people who would not touch silver at sub $20 will be putting their preferred silver broker on speed dial. It amazes me that historically silver buyers for the most part buy at the wrong time and sell at the wrong time as well. Could the $22 be wrong yes of course, but based on last year’s performance and everything we covered in the editorial it seems more likely we will see that number than not.

The last big move in silver went from the 2008 bottom at about $9.00, and in a four-year timeframe it went from that bottom to about $50.00, for a fivefold increase. The third wave can be two or even three times as big as the second wave, which means we could see a tenfold increase from the 2015 low of approximately $13.00, and that projects $100-$130 per ounce on a spike high. Could it go higher? Absolutely.

Gold 2020

The price projection for gold in 2020 is similar to silver, at the outside, a 30 percent move, which means a gold price approaching the most recent high in 2011. If we are correct and silver finally starts to outperform gold, then perhaps a 20 percent gain is more likely, which suggests a gold price high of near $1800 for the year.

Uranium 2020

After 20 years of go-nowhere prices, uranium made a moon launch, running from $7/pound in 2003, to around $140 – without a decline – in just five years. At the 2007 top it has been estimated there were 500-600 companies, (mostly) explorers and producers, in the “uranium space.” When the bull run started there had only been five!

Today the spot price per pound is around $30. Producers need at least $40, preferably $50, to “make it worth their while” – which means being able to turn a reasonable profit. In the 2020 uranium space, there are now only about 20 companies! It should be noted that much uranium is purchased “offline” under long-term contract, at a price that can be substantially different from the quoted spot price. One source claims that this current pricing is actually running in the neighborhood of $45-$65, based upon “the marginal cost at a minimum.” (We have not sought to verify the accuracy of this statement.)

Is a new uranium mega-bull in the cards for 2020 or later? While uranium is still very much “out of favor” for most investors, the case for a new bull run is again being made. What’s interesting is that just about everything stated over the last decade about it as a reasonable investment can and will be seen as valid if/when a new bull run gets going…along with additional data points that this time could tip the balance in favor of the perma-bulls.

But as contrarians who keep an eye out for investment possibilities well beyond just gold, silver, and the miners, long-time TMR subscribers will recall that well before the first epic uranium bull run ended, David Morgan profiled a uranium exploration stock that could have returned readers almost 1100%. We feel it’s important to delve into the topic, provide readers with additional information to conduct their own research, and let them decide.
Questions David Morgan is asked – and Possible Answers:

1. Is the case for a new bull market in uranium compelling? Yes.
2. Could it get underway this year? Yes, but doubtful.
3. Could it still be several years away? Yes.
4. Is the potential for outsized gains worth the risk? Probable.
5. Is it possible to “participate” while keeping risk manageable, and without tying up major funding or missing other “opportunities” while we wait? Yes.

Editor’s Note: In the next and upcoming issues of The Morgan Report, editor David Morgan, will look at strategies for participating in a market that has in the past offered considerably more frustration than success, has taken much longer to evolve than the experts expected (not unlike gold and silver from 2011), and see if the risk/reward and time spent might be worth it. For more information on The Morgan Report visit www.TheMorganReport.com.

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The new Cariboo Gold Rush

A recent news release by Omineca Mining & Metals (TSX.V: OMM) dated Jan. 17 2020 caught the attention of editor Chris Temple. The company announced on January 17th, it had increased its gold exploration claims 13-fold at Wingdam, BC. Here are Temple’s comments:

“Those of you who follow the gold sector more than most know that the Cariboo region of British Columbia has become a story again. Most noteworthy – until now – was last year’s takeover of Barkerville Gold Mines by Osisko Gold Royalties. That was occasioned by Barkerville’s ongoing success in adding high-grade gold resources to its assets in its part of the Cariboo as well as the belief that substantial exploration upside remains.

Historically – as Omineca’s chief Tom MacNeill reminded me – no place in the province has produced more high-grade placer gold than has the Cariboo. The combination of both geologic and hydrologic activity in ages past led to the various river channels in this area especially being attractive.

Notably, though the easiest-to-find placer gold at surface has for the most part long since been recovered, what has NOT been – yet – is all the gold trapped in underground/covered “paleo channels” as well as lode sources for some of the placer gold. Where the former is concerned – Omineca and its contractor/partner are not very many weeks away from beginning the bulk sampling program at Wingdam. I remain quite optimistic that gold recovered and the associated revenues will be a major, even historic catalyst for Omineca (and long-dormant “sibling” company 49 North Resources, which owns about 2/3 of OMM’s shares) in 2020.

It’s potential “lode” (hard rock) gold nearby Wingdam that may be about to take on new meaning for Omineca as well. Some people Friday morning (Jan 17) had at least some general inkling of what may be afoot (as witnessed by the 50% jump in OMM shares) when the company announced it had staked an additional 36,000 hectares of mineral claims at Wingdam, BC. Omineca is now the second-largest landholder in the Cariboo, behind Osisko; its now roughly 400 square kilometers likewise border Osisko now, as well, to the west.

A major priority for 2020 – and a potentially HUGE second catalyst for the company's story and its stock – will be for Omineca to drill at least some of this area before too long.

Revenues to come in the months ahead from Wingdam’s bulk sample program could be HUGE news for both Omineca and its largest shareholder 49 North (of course, nothing is for sure until it’s actually in hand).

Revenues to the company are likely to be many, many times its still-puny market cap. That was reason enough already to consider this as perhaps THE most likely BIG, explosive story for 2020.

Now, we have the added prospect of drilling revealing much, much more. And in any case, with the new ground announced recently, Omineca is now a compelling broader/longer-term exploration story as well.”

For more information on Omineca Mining visit www.omitecanminingandmetals.com.

In Chris Temple’s Members-only issue of The National Investor, Blue Sky Uranium (TSX.V: BSK; OTC: BKUCF) is profiled as his newest addition in the uranium/nuclear energy space.

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TIMER DIGEST, P.O. Box Greenwich, CT 06836, 1 year, 18 issues, $225. www.timerdigest.com.

Gold Timers are Bullish

The Timer Digest monitors over 100 of the leading market timing models, ranking the top stock, bond, and gold timing according to the performance of their recommendations over various periods of time. The service also provides four Model Portfolios and features commentary by Top Ranked Market Timers.

The current consensus of the Top Five Gold Timers is Bullish.

Keith Moored, Market Forecast, the 2019 Gold Timer of the Year, said the price of gold was generally equal to his fair value calculation; his current forecast also indicates somewhat higher prices during 2020.

Fundamentally, Impeachment and Iran have become feature sources of uncertainty. Technically, gold indicators are resolving a short-term overbought condition. Support for the February contract is $1550, then $1525, and $1500. Resistance is $1575, $1600, and $1620.”

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Sibanye-Stillwater rated
Strong Buy in 2020

Bill Velmer’s precious metals recommendations increased substantially in 2019. Velmer views Platinum and Palladium as strong holds with additional upside. Rhodium has been the star performer recommended @ $1480 within his October 23rd 2017 email alert now trades @ $7800.00/oz.

“It appears that Rhodium is in very short supply and actually trading short on supply. The metal is used in Catalytic Converters within Diesel and gas powered vehicles and EV’s. Even though the price of the very rare metal has appreciated dramatically we believe additional upside appears very likely.

The recent announcement of TSLA expanding into China has lit a fire under the Palladium and Rhodium metals.”

Recommended: Sibanye-Stillwater

Velmer’s latest precious metal stock is Sibanye-Stillwater (SBGL). Previously recommended at $5.64 in Nov 2019, SBGL currently trades around $10.42. Sibanye-Stillwater Ltd. mines for precious metals including palladium, platinum, gold and associated metals. It operates through the following segments: Driefontein, Kloof, and Beatrix. The company is headquartered in Westonaria, South Africa.

The company is the largest individual producer of gold from South Africa and is one of the 10 largest gold producers globally. Sibanye-Stillwater is also the 3rd largest Palladium and Platinum producer.

Visit the website: http://www.sibanyestillwater.com and review the investor section and review the most current Q2 financial results and presentation.

We rate SBGL on a strong buy recommendation with very attractive upside potential. Management mentions that a dividend is being considered for early 2020.

We believe that the herd is being very short sighted and has weighed too much on the results of the first half and has not taken in full consideration of Platinum, Palladium and Rhodium massive move to the upside.

Editor’s Note: S.A. Advisory recommends low priced Nasdaq and Nasdaq Bulletin Board opportunities that are fundamentally undervalued and underfollowed, midcap higher priced stocks that are out of favor and turn-around situations, and international investment opportunities. Sign up for editor Bill Velmer’s FREE Email service at www.saadvisory.com.

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Higher gold prices in 2020

Expects palladium prices to tumble

Patrick Heller has a high degree of confidence that the price of gold at the end of 2020 will be higher than it was at the end of 2019 – $1,519.50.

At the start of each year, Heller takes a longer perspective on asset performance than just a single year. He compares century-to-date results of various assets, as measured in U.S. dollars. Here is the latest update (12/31/1999 to 12/31/2019: Gold +427.2%, Palladium +333.9%, Russell 2000 +230.6%, Silver +229.6%, MS-63 $20 St Gaudens +209.4%, DJIA +148.2%, Platinum +127.9%, Nasdaq +120.5%, S&P 500 +119.9%, Switzerland Franc +64.7%, MS-65 Morgan Dollar +37.0%, China Yuan +19.0%, Canadian Dollar +11.8%, Euro +11.4%, Japanese Yen -6.0%, Great Britain pound -17.9%, Mexican Peso -50%.

“This longer term perspective is illuminating. By starting near a low point for precious metals, you can see that they have performed favorably compared to stocks and currencies over the past 20 years. This reinforces the point that it makes sense to have some portion of your net worth or investment portfolio allocated to bullion-prices physical precious metals and maybe even some riskier numismatic assets.”

Palladium too Risky to Hold

“While platinum and palladium both outperformed gold and silver in 2019, they are trading almost exclusively on the basis of industrial usage rather than as financial assets.

In years past, automotive manufacturers used platinum in the catalytic converters as less costly than having to use twice as much palladium to perform the same function. When the price of palladium was less than half the price of platinum for an extended period, that finally persuaded vehicle manufacturers to retool production of catalytic converters to use palladium instead on a large swath of their products.

The initial result of this technological change is that the price of platinum declined after once being worth around 2,000. The price of palladium started to rise. However, there is a problem with new supplies of palladium. The world’s largest platinum mining nation is South Africa, which operates far more efficiently at production than Russia, which is the distant second largest producer. As a nation, South Africa has a strong incentive to maximize exports.

In contrast, the dominant supplier of newly mined palladium is Russia, where the mining infrastructure, on average, is in poor condition. South Africa is far behind as the second largest producer. Not only does Russia face problems trying to ramp up mine output, its government could use a supply shortage for political gain against developed economies.

The price of palladium continued to soar in 2019, but I think this is only a temporary situation. Eventually, vehicle manufacturers are almost certain to switch back to platinum for catalytic converters, which will sharply cut demand for palladium. This could happen even if innovations would no longer require twice as much palladium to serve the same purpose as platinum. When this happens (remember, this scenario occurred once before in the early years of this century), I expect palladium prices to tumble. It may take a few years to occur, but I consider it risky to hold, much less make new purchases of palladium bullion-priced coins and ingots right now.

By the way, the price of palladium in January soared to new record high prices above $2,000. If you own some, you may want to cash in your profits sooner rather than later. Once the price breaks, it will likely plummet faster than it rose.”
Gold shares, after a 50% rise, is resisting at its highs, and so is platinum. Silver is following. This is saying a correction is likely on the agenda.

Palladium lives in its own world. It is soaring, reaching $2000! Strong demand for catalytic converters, especially coming from the huge demand for cars in China and other countries who have stricter regulations, has meant more palladium in each vehicle.

Which is best?
We like all of them, and there’s a place for a selection in your portfolio.

Nearly all of our metals related recommendations made, good double-digit gains in 2019 and there’s more to come.

For new positions buy gold, silver and platinum and/or SPDR Gold Trust (GLD), iShares Silver Trust (SLV) and Platinum Shares ETF (PPLT). The shares we like best are Pan American Silver (PAAS), Jr Gold Miners ETF (GDXJ), VanEck Vectors Gold Miners ETF (GDX) and Agnico Eagle (AEM).”

Editor’s Note: The Aden Forecast is one of the most influential investment publications in the world today. Its easy to understand format and powerful advice has consistently produced double-digit profits for subscribers in 21 out of the past 27 years…That’s a 78% batting average, one of the best and most consistent long-term track records in the business. For more information on The Aden Forecast and Gold Charts R Us, the weekly trading service, visit www.adenforecast.com.

Equities vs. Gold: Which Will Outperform in the Year Ahead

The Federal Reserve’s policy pivot in 2019 has provided one of the biggest bullish catalysts in years. Gold and the entire metals-and-mining sector have perked up.

In fact, this appears to be the start of a major new bull run. Now, with the fundamentals shifting back in gold’s favor, the timing is perfect. And, if past form holds true, investors who act now could reap out-sized gains in the years to come.

Join some of the world’s most respected metals-and-mining experts and company executives at the Money, Metals, & Mining Symposium during the 2020 MoneyShow Orlando to learn precisely how to profit in 2020 and beyond!

There will be 10 featured workshops on Metals & Mining. This is just one of the over 200 free presentations and panel discussions to help you find advice that best fits your personal investing style.

Over 125 renowned economists, top-performing money managers, and successful professional traders will tell you how to best be positioned to protect and grow your portfolio in 2020.

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International (TSX: MDI; OTC: MJDLF) is going to benefit from the exploration cycle first.

As gold peaked in the earlier part of this past decade, Major Drilling’s returns on invested capital breached 20 percent but began to fall with gold prices and reduced drilling demand.

Demand is now on the rise as Major Drilling’s cash from operations nearly double over the past quarter, delivering a windfall of free cash flow for the quarter.

For those comfortable with a penny stock in the gold sector, TriStar Gold (TSX.V: TSG) (OTC: TSGZF) is a top for speculative idea for the year ahead.

The biggest issue in the exploration space over the last couple of years is securing funding. Nick Appleyard, President/CEO of TriStar Gold was able to bring in US$8 million into the company from Royal Gold, Inc. back in May 2019.

More recently, Canaccord raised C$2.24 million for TriStar Gold with Goldspot Discoveries participating in the placement to help further delineate high impact targets to the Castelo de Sonhos gold discovery in Brazil.

Over the last three years, TriStar has grown the resource by a factor of seven to its current 2.0 million ounces with further untested ground within the paleoplacer gold deposit of Castelo de Sonhos.

Analogous to these paleoplacer deposits are the Tarkwa Gold Mine operated by Gold Fields in Ghana and the Jacobina Gold Mine operated by Yamana Gold in Brazil, so these deposits are understood but need to be delineated before development starts.

With companies like Equinox Gold Corp. stepping in to takeover LeaGold Mining Corp. creating a very Brazil- centric gold mining company, maybe there is room for further consolidation in the future.

MoneyShow editors: Last year, Ralph Aldis recommended Wesdome Gold Mines (WDO) as a Top Pick; the stock has risen 126% percent. Aldis notes, “While the company has not been the subject of a takeover, that possibility certainly still exists for 2020.”

Silver poised to Outperform
A Top Pick: Silvercorp Metals

One of the most relevant macro-economic events during 2019 was gold’s breakout rise from a key multi-year resistance at $1,365, suggests Omar Ayales, chief trading strategist for Gold Charts R Us, www.goldchartsrus.net.

This move confirmed a secular bull market rise that began in December 2015. The breakout rise we are experiencing has been strong and broad – and is based as gold shares, silver and other precious metals pick up the pace.

Interestingly, silver had been a sleeper until the second half of 2019 when it started to show breakout strength. And together with a bullish outlook for resources in 2020, silver is positioned to outperform precious and resources metals.

Also consider the silver to gold ratio remains near an extreme favoring gold suggesting the ratio could start moving in favor of silver in the year ahead.

And while silver itself would be a good trade, consider buying silver shares to take full advantage of silver’s upswing. One of my favorite silver miners is Silvercorp Metals (TSX: SVM; NYSE American: SVM)). It’s a low-cost silver producer with main operations in China.

Not only is Silvercorp Metals positioned to benefit from the renewed secular bull market in precious metals and silver, but it could benefit from easing trade tensions between China and the U.S. I consider the stock a top pick for aggressive investors; I’ll be looking to buy Silvercorp Metals on dips below $5.50.

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Continued from page 3

make voluntary supply cuts unlikely in the foreseeable future. This also helps to explain why the loading shed in South Africa has failed to stimulate higher prices, as significant and rising above-ground inventories mean that supply will remain ample.

The good news for platinum prices is that it looks like the investor community is no longer as negative towards the metal. Rising macroeconomic uncertainties have played a large part, as they make for a more positive environment for gold, with which platinum tends to be positively correlated. This is also partly due to some investors buying into the thesis that substitution of palladium with platinum in autocatalysts is on the horizon (a shift that Metals Focus remain sceptical of). Looking ahead, the seemingly less hostile investor sentiment, coupled with our constructive view towards gold, gives us some confidence that the recovery in H2.19 for platinum could extend into 2020. Still, with its unfavourable fundamental backdrop, the upside for platinum prices is expected to be limited.

• Palladium to continue rallying this year – With a 54% intra-year increase in 2019, palladium remained the best performer of the four main precious metals for the third year in a row. The start of 2020 has seen the palladium rally continue into uncharted territory, with the price opening of $1,945, palladium surged 32% to $2,577 by Jan 20. Following two weeks of successive gains, it was not surprising to see an almost $200 price correction. Palladium’s favourable supply/demand fundamentals remain the chief driver of the rally.

As was the case in 2019, palladium’s remarkable gains in early 2020 reflect its healthy consumption in the automotive sector, which is expected to deliver another all-time high this year. Despite a notable slowdown in global light vehicle sales in 2019, palladium benefited from higher PGM loadings amid tightening emission control standards, especially in China. Palladium has received another strong boost following a power supply shortage in South Africa in late 2019. Even though the country produces more platinum than palladium, potential restraints in palladium output will certainly exacerbate the tightness in the physical palladium market. Indeed, following a decade of almost uninterrupted deficits, above-ground stocks by end-2019 were only sufficient to cover 14 months of demand, compared to 24 months at the start of 2010.

Going forward, an ongoing deficit should justify further gains in palladium prices this year. That said, calling the market’s top is tricky given the speed of the rally and the fact that the palladium market is comparatively small and hence relatively inelastic. It is perhaps easier to argue that any near term correction may not prove that significant given limited investor participation at present.

Editor's Note: London-based Metals Focus Ltd. specializes in research into the global gold, silver, platinum and palladium markets producing regular reports, forecasts and bespoke consultancy, www.metalsfocus.com.
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