



THE DAILY GOLD PREMIUM

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The initial rebound in precious metals lost a bit of steam but the evidence argues the recent lows should continue to hold. If there is a retest over the next week or two that could lead to a more sustainable bottom. As I argued last week, the macro fundamentals remain bullish for Gold & Silver but the market is more focused on the potential recovery rather than inflation expectations, which are rising. Hence, stocks and commodities have outperformed Gold & Silver, which needed to correct anyway.

There is some concern that precious metals have not performed given the weakness in the dollar which has fallen below 91 to a 2-year low. I want to note something that happened from 2002-2003. The dollar declined sharply then but gold stocks and silver consolidated for months and months. They eventually broke higher as the dollar declined more.

Gold corrected 15% and that is inline with the 2004 and 2009 corrections. Considering the rebounds from the corrections in 2004, 2009 and 2006, Gold could retest its high by June 2021. Gold rebounded quite nicely 4-5 months after those peaks. Gold is now entering the 5th month since its peak at the start of August.

I prefer to be realistic and conservative but the weight of the evidence argues for a good rebound. The only thing that gives me pause aside from relative weakness against stocks, (but that's to be expected at the end of a correction) is the net spec positions in Gold & Silver remain relatively high. So perhaps Gold grinds its way back near its high and then consolidates more (mid next year) to work off that speculation.

Finally, on p3 I share some guidance from those who are new or starting fresh. My buys today would be much different from those from months back. I will do this exercise periodically. Hopefully this brings some clarity for those of you who have asked.

Model Portfolio

Company	Type	Date	Shares	Last	Buy Price	Invested	Value	Gain \$	Gain %	Weight	Rating
Defiance Silver (DNCVF)	Exploration	4/16/20	25,000	\$0.66	\$0.14	\$3,500	\$16,500	\$13,000	371.4%	10.6%	Hold
		4/30/20	15,000	\$0.66	\$0.13	\$1,950	\$9,900	\$7,950	407.7%		
Rio2 (RIOFF)	Developer	3/25/20	24,000	\$0.67	\$0.20	\$4,742	\$16,080	\$11,338	239.1%	9.7%	Accumulate
		4/13/20	12,000	\$0.67	\$0.29	\$3,528	\$8,040	\$4,512	127.9%		
Aftermath Silver (AAGFF)	Optionality	4/16/20	17,000	\$0.80	\$0.17	\$2,805	\$13,515	\$10,710	381.8%	9.6%	Hold
		4/28/20	13,000	\$0.80	\$0.17	\$2,145	\$10,335	\$8,190	381.8%		
Minera Alamos (MAIFF)	Producer	3/25/20	20,000	\$0.54	\$0.19	\$3,800	\$10,746	\$6,946	182.8%	8.6%	Accumulate
		4/9/20	20,000	\$0.54	\$0.19	\$3,820	\$10,746	\$6,926	181.3%		
K92 Mining (KNTNF)	Producer	3/25/20	2,000	\$6.08	\$2.26	\$4,526	\$12,160	\$7,634	168.7%	8.5%	Hold
		5/8/20	1,500	\$6.08	\$2.64	\$3,966	\$9,120	\$5,154	129.9%		
Osino Resources (OSIIF)	Exploration	3/25/20	12,000	\$0.98	\$0.47	\$5,640	\$11,760	\$6,120	108.5%	5.9%	Accumulate
		4/9/20	3,000	\$0.98	\$0.50	\$1,500	\$2,940	\$1,440	96.0%		
Alexco Resource (AXU)	Producer	4/29/20	4,500	\$2.47	\$1.63	\$7,335	\$11,115	\$3,780	51.5%	5.9%	Accumulate
		7/20/20	1,500	\$2.47	\$2.70	\$4,050	\$3,705	-\$345	-8.5%		
Aurion Resources (AIRRF)	Exploration	3/25/20	12,000	\$0.89	\$0.45	\$5,388	\$10,644	\$5,256	97.6%	5.7%	Hold
		4/13/20	4,000	\$0.89	\$0.67	\$2,671	\$3,548	\$877	32.8%		
Liberty Gold (LGDTF)	Exploration	3/25/20	8,000	\$1.28	\$0.69	\$5,528	\$10,240	\$4,712	85.2%	5.6%	Buy
		4/9/20	3,000	\$1.28	\$0.72	\$2,160	\$3,840	\$1,680	77.8%		
GoGold Resources (GLGDF)	Developer	4/9/20	10,000	\$1.25	\$0.46	\$4,600	\$12,500	\$7,900	171.7%	5.0%	Hold
Roscan Gold (RCGCF)	Exploration	11/18/20	40,000	\$0.28	\$0.31	\$12,400	\$11,240	-\$1,160	-9.4%	4.5%	Buy
Ascot Resources (AOTVF)	Developer	7/2/20	11,000	\$0.89	\$0.80	\$8,800	\$9,790	\$990	11.3%	3.9%	Accumulate
Wesdome Gold Mines (WDOFF)	Producer	3/25/20	400	\$8.26	\$6.36	\$2,544	\$3,304	\$760	29.9%	2.0%	Accumulate
		4/9/20	200	\$8.26	\$6.40	\$1,280	\$1,652	\$372	29.1%		
Minaurum Gold (MMRGF)	Exploration	4/9/20	13,000	\$0.41	\$0.27	\$3,510	\$5,350	\$1,840	52.4%	2.1%	Buy
Sandstorm Gold (SAND)	Royalty	3/25/20	500	\$7.39	\$5.70	\$2,850	\$3,695	\$845	29.6%	1.5%	Hold
Vista Gold (VGZ)	Optionality	4/29/20	2,500	\$0.99	\$0.72	\$1,788	\$2,475	\$688	38.5%	1.0%	Hold
			Cash:	\$24,681		10%			Total:	\$249,621	
Trading rules: Use a mental stop loss of 20%, trim huge winners as they rise, add to strong stocks, cut losers.											

In my other accounts I own: Rio2, Minera Alamos, Aurion Resources, Defiance Silver, Aftermath Silver and some private companies.

Right now, if I had to rank the companies I have the most confidence in, the top 5 would be (in no order) Rio2, Minera Alamos, Liberty Gold, Osino Resources and K92 Mining.

Watch List companies: Tier 1- Integra Resources, Orezone Gold, Orca Gold.

Tier 2- NewcoreGold, Bunker Hill Mining, Maple Gold Mines, Chesser Resources, Idaho Champion, Norsemont Mining, Kore Mining.

I moved Orca Gold up to tier 1.

Take a look at the next page for better context.

Its a tough call whether to "buy" the accumulate stocks now or wait and see if they will correct 5-7%. Hopefully the sector retests its low and then some of these stocks will drop 5% or so.

Liberty Gold, Roscan Gold and Minaurum Gold are buys. That's 2 of the 9 on the next page. One could also buy Rio2 and Orca Gold. If I had to put cash to work Monday and I was starting fresh, those would be my buys.

Model Portfolio & Upside

If I were starting a fresh portfolio, this table is what I would start with. (I omitted Aurion & Minaurum because those are harder to project, being far from a resource estimate). The producers/developers are more predictable. I see Liberty, Osino and Roscan as being acquired within 2 years or 2.5 years. It's difficult to project where they'd be beyond 2 years and in a +\$2100 environment. Ascot needs more exploration success to expand its mine life, unlike Orezone or Orca, which has a larger project than Orezone and more exploration upside. Minera Alamos has moved quite a bit already and its difficult to see it being more than a 5-bagger. Alexco needs to expand production and enjoy a big run in Silver to get to 5x.

Note, that I'm not projecting values at \$2,800 Gold. The 2-3 year upside is based on Gold breaking past \$2,100 for good. Ultimately my Gold target is \$3,000/oz in Q1 2023, which is 2+ years from now. But the ultimate potential could be a bit higher across the board. Perhaps 7x would be 10x and 5x would be 7x.

Note, the US\$ prices are roughly 1.278 less than the Canadian prices. I omitted those to give the table a cleaner look. Support prices are optimal entry points which may or may not be tested. (I'm getting an update from Integra this week and will report back in TDG #704).

Stock	Cap	Close	Support	1.5-2 Year Upside	2-3 Year Upside
Rio2	\$128M	C\$0.86	C\$0.77	3x-4x @ \$1900 Gold	7x-10x @ +\$2100 Gold
Minera Alamos	\$227M	C\$0.66	C\$0.62	3x @ \$1900 Gold	5x @ \$2300 in 2.5 yrs
Liberty Gold (explorer)	\$317M	C\$1.64	C\$1.60	3x @ \$1900 Gold	4x @ +\$2100 Gold
Osino Resources (explorer)	\$101M	C\$1.25	C\$1.18	3x @ \$1900 Gold	4x @ +\$2100 Gold
Orezone Gold	\$182M	C\$0.91	C\$0.83	4x @ \$1900 Gold	7x @ \$2300 Gold
Orca Gold	\$113M	C\$0.61	C\$0.52	5x @ \$1950 Gold	7x-10x @ \$2400 Gold
Ascot Resources	\$246M	C\$1.14	C\$1.05	3x-4x @ \$2000 Gold	6x-7x @ \$2300 Gold
Roscan Gold (explorer)	\$75M	C\$0.36	C\$0.33	3x in 12-18 months	4x-5x @ +\$2100 Gold
Alexco Resource	\$335M	\$2.47	\$2.30	2.5x @ \$27 Ag	5x @ \$35 Ag w/ Expansion

I learned more information this week on **Orca Gold (ORG.v, CANWF)**. The company expects the financing to build the mine at the Block 14 project to ultimately be 70-30 between debt and equity. Given where the stock price is, they will not raise the entire capex (\$321 Million) at once. With a two-year construction period, they could raise in tranches. Orca Gold owns only 70% of the project but they do get to recoup all their costs first before the 70% kicks in. Orca Gold also owns 31.5% of Montage Gold, which it spun out. Montage Gold currently is worth C\$86M.

Although Orca Gold owns 70% of Block 14, it still has significant upside potential. The NPV of the project at \$1950 Gold is roughly \$1.5 Billion. Orca's 70% share is worth \$1.05 Billion. If their share of Montage is worth \$50 Million then that equates to \$1.1 Billion. With production of 228K oz Au/yr at a cash cost of \$676/oz, their share of the cash flow would be over \$150M/yr. Even with 100M more shares out, a US \$3 stock price in two to three years is not far fetched. That is a 6x gain from here.

Liberty Gold (LGD.to, LGDTF) is selling off due to the expiration of some warrants on January 26. Warrant holders are selling their stock to exercise the warrants. This also happened with Defiance Silver recently and the stock moved higher immediately after expiration. Stocks tend to push higher after warrants are exercised and expire.

Ongoing drilling at the company's Black Pine project continues to be successful along with indications of very metallurgy for a heap leach project. Sprott Equity Research estimates a current potential resource of ~2.3M oz Au @ +0.60 g/t. The resource should continue to grow as there are targets outside the main areas including the F Zone and Range Front targets. I'm confident this will grow into a tier 1 project.

Aurion Resources (AU.v, AIRRF)

reported some holes from the Hinge Zone at its Launi East property. The best hit was 1.6 g/t Au over 11.95 meters and 1.31 g/t Au over 5.30 meters. So nothing earth shattering.

After strong drill results in 2019 at the Aamarusko property, drilling has yet to pan out in 2020. The majority has focused on the Launi project. The latest news release also included results from the Kaaresselkä target which is 4 km south of Aamarusko. There were no significant hits. The best was 96 g/t Ag over 22 meters and 5.17 g/t Au over 0.77 meters.

Aurion's trajectory is proof of the difficulty of exploration and especially when you aren't drilling out a discovery or areas of known mineralization. The market doesn't care unless you hit something big.

Ultimately, I think it's safer to drill out discoveries rather than try to make new ones. We've seen this with Minaurum Gold (2018-2019) and now Aurion. Geologists prefer to do it this way but the market prefers the other option, which is drilling out known discoveries before trying to make additional discoveries.

I think the stock could test C\$1.00-\$1.05. I'm not going to bail on it unless I see an immediate better option for the capital. I also don't want to bail and then see sudden hugely positive drill results.

Defiance Silver (DEF.v, DNCVF)

announced the acquisition of the Lucita property from Pan American Silver. Lucita borders the San Acacio project. Defiance is only paying \$1.5 Million and a 2% NSR, and only \$200,000 is due until two years from now.

Defiance is excited about this project and thinks it has at least 15M-20M oz Ag potential. This gives the company more drill targets and will help them add even more ounces during this drill program which is just starting and figures to continue, uninterrupted. It raises the odds of San Acacio reaching 100M oz Ag.

I was hoping you could maybe comment in your next Q&A on Sabina Gold & Silver and give us your opinion on their project. No debt, nice cash and permits seems to be obtained. Do you see this as a good investment? Thanks for all that you do for us readers!

Good project and good company. It's a substantial project with a total of 7M oz Au. The feasibility study for the Back River project in Nunavut, Canada shows a capex of C\$415M for a project that would produce ~200K oz Au/yr for nearly 12 years.

I'm not a buyer because I don't think Sabina will be the builder. They will likely be acquired. My preference is to own developers that will build the project. There is a lot more upside in doing that way. Sabina has held up very well during this correction. If I owned it I would definitely hold it.

Did you get a chance to see Kitco's interview with Chris Vernuleun this week. The interviewer had great questions, and brought challenging things to the conversation vs traditional cupcake questions. One of them was regarding how this price action and chart of Gold from this summer, looks eerily similar to that of 2011, when the price topped. Chris seemed to get stumbled on this, and didn't really have a great answer. Would be nice to hear on the weekly subscription as to why this time is different? Or could there be a slight chance that it could've topped?

I don't see any similarity to 2011. Fundamentally, there was a big shift then as the yield curve began flattening and inflation peaked. Gold peaked at the same time as when the stock market made a cyclical low. Precious Metals had outperformed the stock market strongly over the previous 10 years. Right now it's the opposite though precious metals have regained some ground in recent years.

Fundamentally the Fed will remain at 0. Real interest rates will decline and the yield curve will continue to steepen. All bullish for precious metals.

Technically the better comparisons are the peaks in 2004, 2009 and maybe 2006. Also, in 2011 the miners were underperforming the metals badly and Silver had already made a blowoff top. The miners are just correcting after a huge breakout move through 7-year resistance.

I'm a newly subscriber and I appreciate your way of working. What about the Tier 2 watch list? The more good stocks chosen, the more lucky to find 5 or 10 baggers? I don't know if I'm right. Your opinion is welcome I say that but among the 18 stocks you preferred, I've only bought 11 at prices a bit far from your advice

I'm looking for the best combination of upside potential and fundamental quality. As you can see on p3, there are a handful of stocks with 5x to 7x potential and likely more if Gold runs to \$2,800 in the next 2-3 years. And these companies are solid fundamentally.

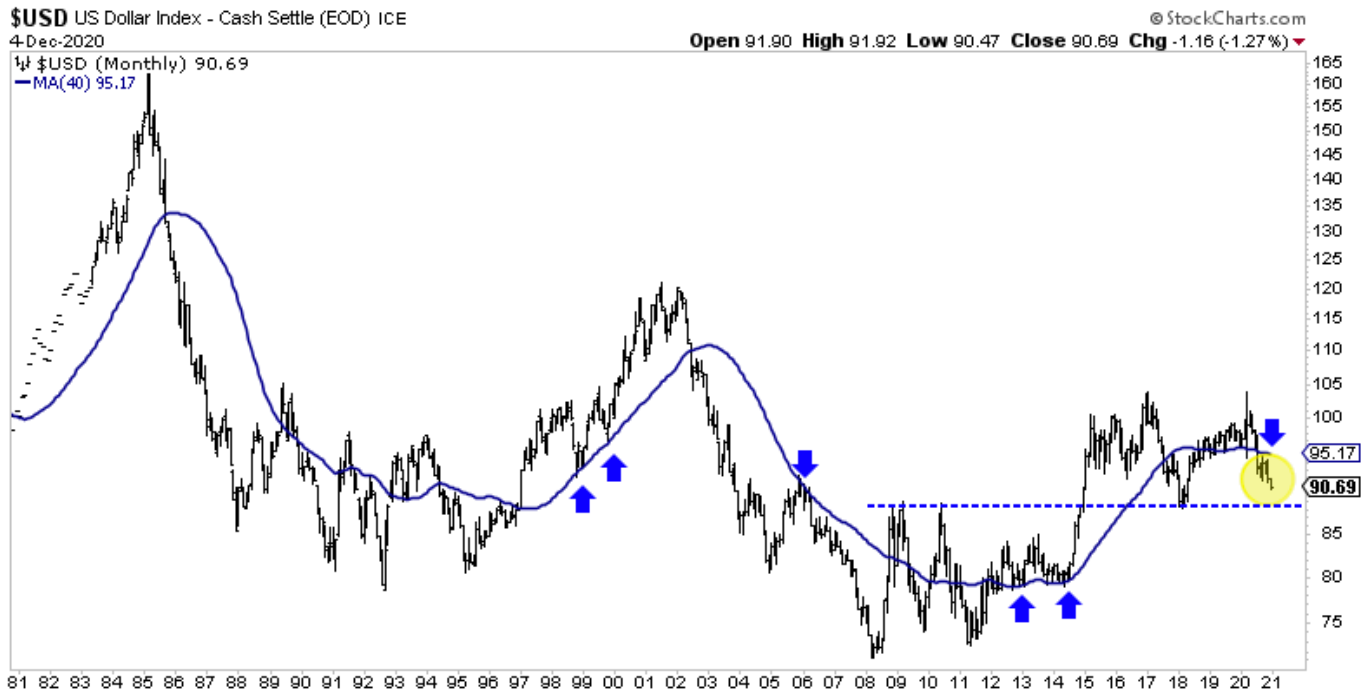
Tier 2 are companies that I am watching but some have more uncertainty. I could try and pick some 10-baggers but that would be speculating and my hit rate wouldn't be great. I'd rather go for 3-5 baggers that have good fundamentals and could become 5-7 baggers.

I became a subscriber a few months ago and I am really loving The Daily Gold, your insights are very valuable and your analysis stands out. If I may ask, I bought most of the companies in the model portfolio (very helpful the price targets), but I still don't own names such as Aftermath and Defiance Silver. I saw you tagged them as a "Hold" because they've become 'hot'. How would you proceed in this situation, do I buy on weakness to have some position on them?

I would not be a buyer right now. Proceed by doing nothing. They need to correct more in price and/or time. If you feel you have to buy, then buy a 3% position and wait at least few weeks or a few months before adding another 3%. In addition to needing to correct more, some of these stocks don't have as much upside potential as others.

US dollar Index

This is a monthly chart. There is a strong support level at 88. If the dollar continues to decline, that is where it could stop. Note how the 40-month moving average has been a good trend indicator. In recent months the dollar failed at the moving average, which is now sloping down.



2002-2003 Dollar Decline

We plot the dollar (inverted) along with HUI, Silver & Gold. From July 2002 to June 2003 the dollar index declined from 111 to 91. During this period the gold stocks consolidated along with Silver. As the dollar rebounded from 91, everything broke out from bullish consolidations. Then the dollar reversed lower and fell to 86. This period of dollar weakness coincided with the new economic expansion.



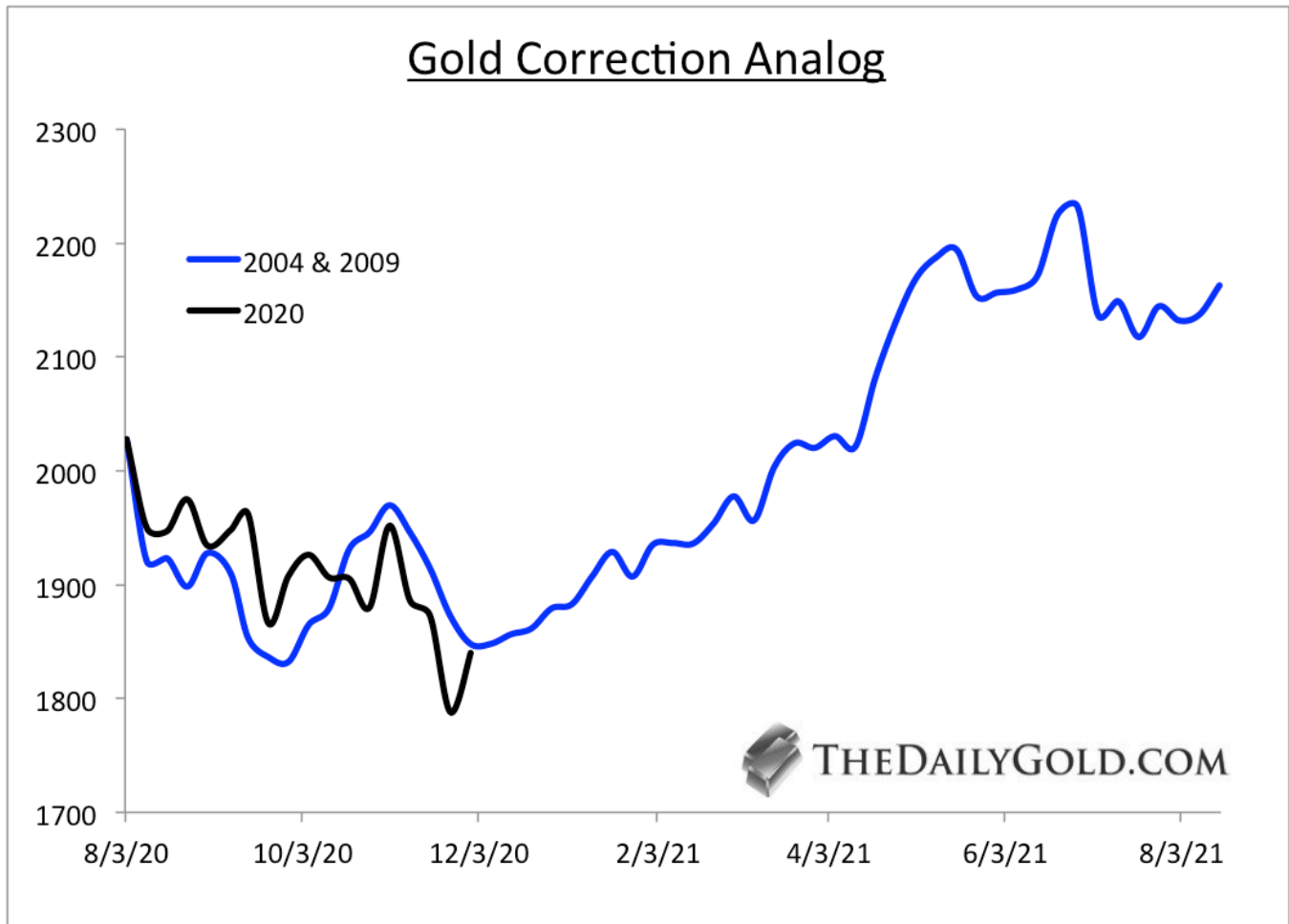
Gold & GDX vs. S&P 500

The next huge leg higher in the sector will coincide with these ratios breaking above the red lines. They have a lot of work to do to reach that point. They could be at an important low.



Gold Correction Comparison

Here I compared the 2004 and 2009 corrections with the current correction. Both of those were 15% as was this one. During the 2006 correction, Gold bottomed in five months and then recovered over 80% of the losses in another five months. That would put Gold around \$2,030 in June 2021. This analog puts Gold near \$2,200.



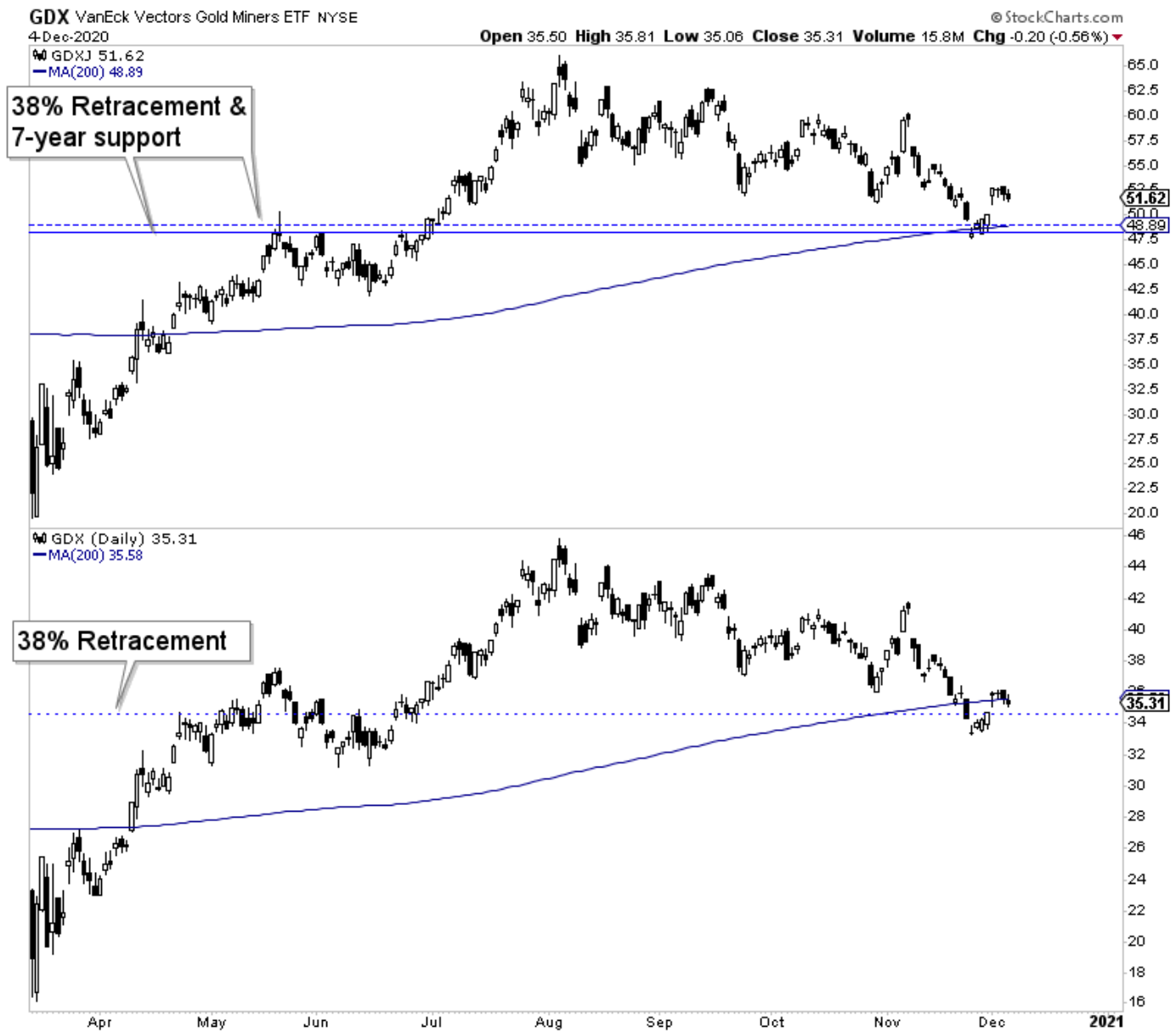
Gold & Silver

Gold bottomed at the 50% retracement around \$1,770. It closed the week at \$1,840 but faces stiff resistance at \$1,850 and \$1,970. Silver has held around \$22.50 three times since September. Perhaps that will hold moving forward. Resistance is at \$26. In any case, the near-term trend is higher but we could see some sideways action at times because of the overhead resistance.



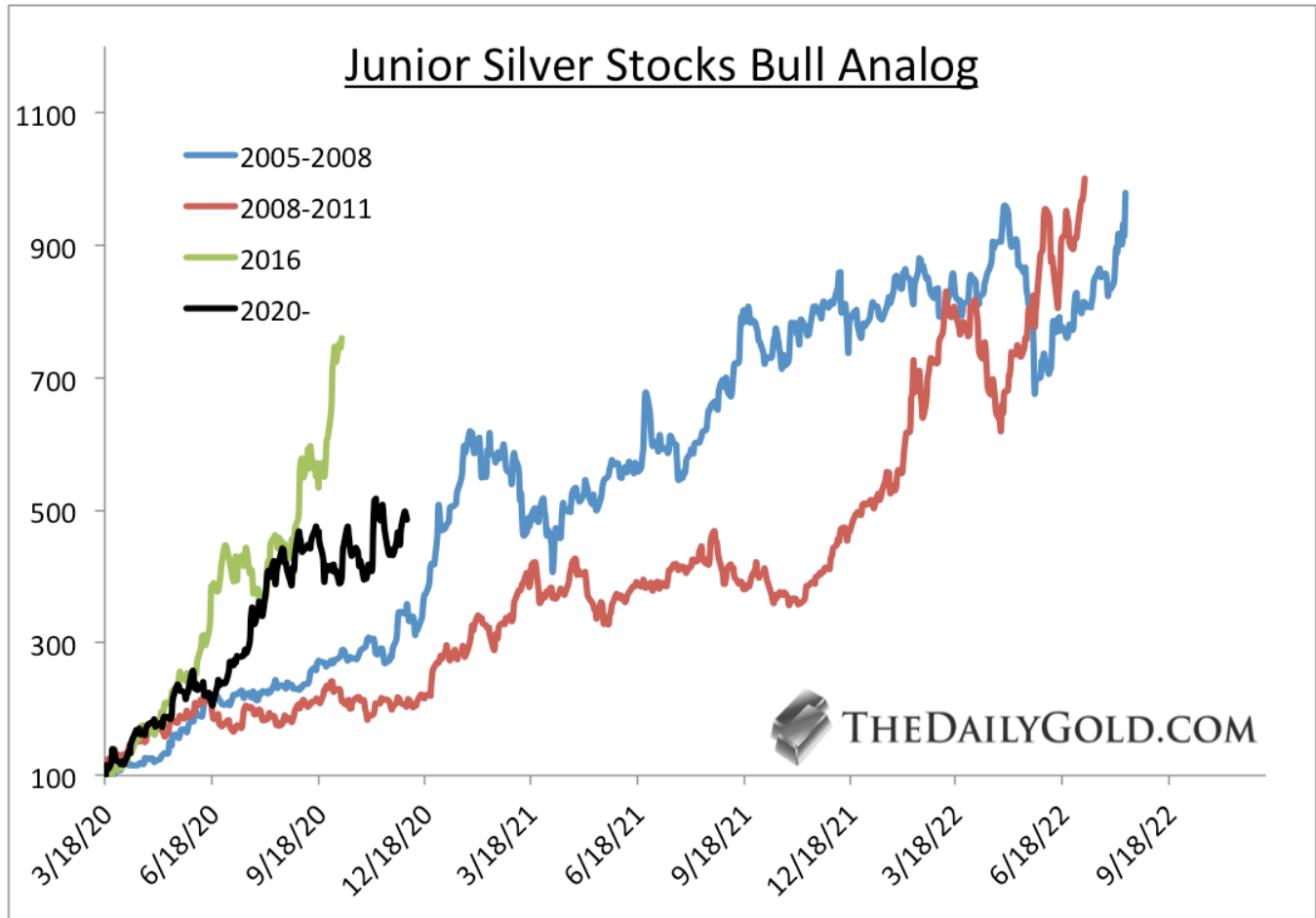
GDX & GDXJ

The miners rebounded but that faded after last Monday. I think any further weakness or selling is a buying opportunity. Perhaps they retest the lows and form a double bottom?



Junior Silver Bulls

The black is the current run. It remains fairly overbought. I would not be a buyer of junior silver stocks. The back line is the average of 9 silver juniors.



The following companies were discussed (ex charts) in these updates. Bold is the most recent company report.

Wesdome Gold Mines: 690, 676, 669, 667, 666, 662, 661, Jan 16 Flash, 653, 652, 646, 645, 641, 9/27 Flash, **Aug 8 Flash**
 Adriatic Metals: 668, 661, 653, 652, 645, 641, Sep 26 Flash, 633, 621, **614**
 Aurion Resources: 690, 688, 679, 671, 668, 661, 658, 653, 650, 646, **640**, 636
 Minaurum Gold: 690, **677**, 673, 668, 661, 660, 659, 658, 655, 653, 646, 645, 644, **639**
 Defiance Silver: **698**, 690, 688, 678, 676, 673, 668, 662, 661, 658, 653, 652, 649, 645, 644, **635**
 Minera Alamos: 701, 690, 688, 686, 678, 672, **670**, 669, 667, 666, 661, 660, 657, 653, 651, 645, **643**
 K92 Mining: 690, **677**, 675, 674, 673, 672, 671, 669, 667, 666, 662, 661, 653, Nov 14 Flash, 649, 645,
 Osino Resources: 701, 690, 686, 676, **671**, 668, 662, 661, 657, 656, 653, **649**, 648, Aug 14 Flash, 632, 628
 Aftermath Silver: 690, 674, 673, 668, **664**, 662, 661, 655, 653, 646, 645, 628, 626, 610, Feb 20 Flash
 Rio2: 690, **673**, 671, 670, 668, 661, 662, 660, 653, **652**, 649, Nov 13 Flash, Sep 5 Flash, 632, 631, 619
 Americas Silver: 674, 661, 653, **616**
 Bear Creek Mining: 674, 655, 653, 645, 639, 637, 634, 624
 Liberty Gold: 690, 688, 671, 668, **661**, 657
 GoGold Resources: 690, 686, 678, **669**, 668, 664
 Bonterra Resources: 643, Oct 10 Flash, 642, **628**
 Maverix Metals: **622**
 Sandstorm Gold: 690, 686, 673, 669, 667, 666, **621**
 First Majestic Silver: 674, 658, 653, **609**
 Wallbridge Mining: 641, **595**
 Argonaut Gold: 684, 670
 Marathon Gold: 643, 604, Equinox Gold: 647, 646, 634, 609, Novo Resources: 650, 637, 631
 Lea Gold: 647, 646, 637, Vista Gold: 640, 637, White Gold: 650
 Gran Colombia: 650, Sun Metals: 651, Teranga Gold: 652, Prime Mining: 653, 652
 American Pacific Gold: 652
 Corvus Gold 676, 658, 657, 654, Impact Silver: 674, 658, 657, 654
 Midas Gold, New Pacific Metals,
 Alexco Resource: 690, 674, 655
 Cardinal Resources, Pure Gold: 658
 Gold Resource Corp, HighGold: 659, 676
 Triumph Gold: 653, 652, 646, 645, 644, 639, **Aug 6 Flash**
 Westhaven Ventures: 689, 676, 660, 659, 658, 653, 652, 651, Dec 6 Flash, Oct 10 Flash, Oct 18 Flash, 644, **643**
 Integra Resources: 701, 676, 677
 Revival Gold, Roscan Gold, HighGold, Calibre Mining: 676
 GoldX: 678
 Roscan Gold 688, 687, 681,
 Spanish Mountain: 681
 Radius Gold, Precipitate Gold: 684
 Magna Gold: 687
 Newcore Gold, Maple Gold: 691, Idaho Champion, Orezone Gold: **697**, 692
 690, 682: All holdings covered
 674, 685: Silver stocks commentary
 Norsemont Mining: 694. **Ascot Resources: 696, Roscan Gold: 700**
 Kore Mining, Orca Gold: 702

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