mines and money NEW YORK

PREVIEW MAGAZINE NO 3

SEE INSIDE FOR

Speaker interviews with

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Mining profiles

NQ Minerals | Lumina Gold | Core Gold | Canshale Corp

8-9 May, 2018 | New York Hilton Midtown

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mines and money NEW YORK

PREVIEW MAGAZINE NO 3

Welcome to the final event preview guide for our 2nd Annual Mines and Money New York show on 8 to 9 May.

In this guide you'll find views on how to invest in silver from Ian Williams, opportunities in diamonds investing from Paul Ziminisky, as well as insights from two of the leading US based mining investors: Adrian Day and Mickey Fulp.

You'll also find some of the profiles of the 60 mining companies who are attending our New York event. With our meeting planner we can help you schedule meetings with investors and miners to ensure that your time is fully maximised at the event.

If you haven't signed up it's not too late, please just give us a call on **+44 (0) 208 004 3888** or drop us an email **atcs@mineandmoney.com**

Kind Regards

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The Anchor House

UNDERSTANDING THE REASONS BEHIND THE RE-EMERGENCE OF INTEREST IN REES

Clint Cox, President, The Anchor House

Interviewed by: Andrew Thake, Mines and Money

Clint Cox founded The Anchor House, Inc. in 1995 as an investment advisory firm specializing in unique situations. In 2005, he began researching the Rare Earth Element (REE) market and began solely focusing on the REE market from 2006.

At Mines and Money New York Clint will be speaking on "The re-emergence of the Rare Earths investment thesis– is this the next opportunity in the mining space for smart investors?". Mines and Money caught up with him to ask him about some of the key issues.

Mines and Money (MM): Can you tell us a bit what REE are and why they are important / what are they used for?

Clint Cox (CC): Rare earth elements (REE)—often called "lanthanides" in the scientific community—are the fifteen elements with atomic numbers 57 to 71 plus yttrium, which is atomic number 39. Promethium (Pm) is not found in nature, and is therefore not included when discussing the REE market. Sometimes scandium (Sc) is included with the REEs, but this element is not usually found in REE deposits, and actually represents a separate market and supply chain.

Rare earths are used across a number of industries: fluid cracking catalysts, auto catalysts, rechargeable batteries, high strength permanent magnets (used in motors, sensors, hard drives, etc.), glass, alloys, ceramics, phosphors, thermal barrier coatings, as well many other niche markets.

MM: Why the re-emergence of interest in Rare Earths?

CC: Price often drives interest, and the rare earth market has enjoyed a price rebound recently. There is a steadily increasing demand for REE magnets across a variety of uses including automobiles (especially electric vehicles), appliances, motors, and sensors. This magnetic demand seems to be the primary driver of the market.

MM: What's different this time to the last wave of interest in REE?

CC: The rare earth price explosion of 2010-2012 was the result of increasing demand, drastic changes in Chinese REE policies, and a brief—although far-reaching—political crisis. During this time rare earths were splashed across the headlines of major media outlets, congressional hearings were convened, government agencies across the globe scrambled to research and report on the topic, and investors poured into the sector to take advantage of this exciting "new" opportunity.

There are key differences between the rare earth market today and 2010-2012. Chinese export quotas have been abolished, more of the supply chain is now inside China, the demand for rare earths in the phosphor market has decreased due to rapid LED adoption, there is increased REE production outside of China, many prospective projects are further along than they were several years ago, the resource sector is much more aware of REEs, and it is currently more difficult for junior mining companies to obtain financing. One of the most important differences now is that the rare earth industry is not experiencing a major crisis that necessitates the involvement of heads of state and world governing bodies. That said, rare earths are every bit as critical today as they were during the crisis.

MM: Can you tell us the differences between heavy and light rare earths and their underlying supply/demand stories?

CC: Light rare earth elements (LREE) and heavy rare earth elements (HREE) can be defined in several different ways. We define LREEs as lanthanum (La), cerium (Ce), praseodymium (Pr), and neodymium (Nd); mid rare earth elements (MREE) as samarium (Sm), europium (Eu), gadolinium (Gd); and heavy rare earth elements (HREE) as terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), Thulium (Tm), ytterbium (Yb), lutetium (Lu), and yttrium (Y). Sometimes Sm, Eu, and Gd are referred to as LREEs and sometimes HREEs. One of the reasons that the industry likes to use the first four as LREE is that solvent extraction plants are generally designed for either LREE or HREE production and the natural split is between Nd and Sm.

The majority of LREE supply comes from the following minerals: bastnäsite, monazite, and loparite. LREEs are mined from rare earth primary mines at Mount Weld in Australia, various mines in Sichuan, China, Shandong, China, India, several other various sources both inside and outside China; and also from by-product production at Bayan Obo, China, and Lovozero, Russia.

HREE supply comes primarily from clay deposits in Southern China, with other material coming from locations in southeast Asia and smaller amounts from LREE deposits.

The demand for magnetic rare earths—Nd, Pr, Dy, Tb—drives the market. Because many magnets have been redesigned to use less Dy since the 2010-2012 crisis, and because the demand for REEs in phosphors has declined, the HREE market has been greatly impacted. While there are still many uses for HREEs, the market is not nearly as hot as it was during the crisis.

MM: Which of the REEs would you say is the one to watch and why?

CC: Neodymium and praseodymium (Nd/Pr), as these are critical for magnet applications.

NQ MINERALS

NQ Minerals is a London listed (NEX exchange) minerals exploration and Mining development company. The company holds advanced exploration projects in North Queensland in Australia; but the key focus for investors should be NQs recent acquisition of the Hellyer Tailings project in Tasmania, Australia, which has the potential to see the company be strongly cash generative by the end of 2018.

Reasons to consider NQ Minerals:

A company changing acquisition: The Hellyer Tailings project involves the extraction and processing of precious and base metals from the tailings dam of the historic Hellyer Mine. Significant and very high-grade metals exist within the Hellyer tailings material, particularly precious metals, which were never focussed on for extraction by previous owners of the asset (focussing instead on base metals). NQ Minerals aim to produce 3 poly-metallic concentrates containing a combination of Gold, Silver, Lead and Zinc. All major plant and infrastructure required for operations to commence is already on-site (given the existing/historic plant will be used for processing. The project is Permitted, with start up in September 2018, and a 10 year life of operations.

Moving to the London Stock Exchange (AIM list): The company is working through the process of listing on the London Stock Exchange. This is expected to occur in mid to late 2018

A Clear Strategy: NQ minerals has enunciated a clear strategy, and is working towards that, which should provide investors with some confidence in management's vision for the firm. The clear short-term focus is completing the refurbishment and moving Hellyer into production. The commencement of cashflow from this asset would likely change the outlook for NQ Minerals, and allow significant further focus on their prospective exploration projects located in North Queensland. To date the re start is on time and on budget.

Assets

Hellyer Tailings Project

The company owns 100% of the Hellyer Polymetallic Tailings Project (located in Tasmania, Australia), which will produce Gold, Silver, Lead, Zinc and Pyrite. Hellyer is a previously mined and operated mine-site currently on care and maintenance. All required infrastructure and processing facilities are in place on-site for NQ Minerals to progress towards reprocessing tailings materials from the historic mining operations at the site.

The permit commence operation has been approved in October 2017. Refurbishment has commenced in June and will ramp up during February 2018 and will be completed in July 2018. Commissioning will commence in August with concentrate sales commencing in September 2018.

Hellyer location: A well-established mining jurisdiction

Resources & Reserves

The tailings dam currently hosts a JORC compliant Resource of 9.5Mt @ 2.6 g/t gold, 104 g/t silver, 2.8% lead, 2.5% zinc. NQ management believe there is potential for this number to increase.

Implied contained metals numbers are as follows:

Gold: 794Koz

Silver: 32Moz

Lead: 266Kt

Zinc: 238Kt

Copper: 19Kt

Accordingly, the reserve is sufficient to support a 10-year operation producing 3 polymetallic concentrates.

The company has attempted to optimise the saleability of the concentrates, rather than optimising metals recovery, which should facilitate offtake discussion moving forward.

Hellyer Project refurbishment well underway

Ticker

NEX: NQMI / OTCQB: NQMLF

Strong Team:

Brian Stockbridge (Chairman).
Walter Doyle (Director, CEO and Founder)
Roger Jackson (Executive Director)
Colin Sutherland (CFO & Director)
Greg Lane (Technical advisor and Director)
Mike Bardon (Operations Manager)
Adrian Lungan
Alan Ambrose

Key Financials

Project Metrics	
Total Revenues	USD715 m
Lead/Silver Concentrate	USD389 m
Zinc Concentrate	USD128 m
Gold/Silver Concentrate	USD198 m
Total Cashflow after Tax	USD287
Total Project EBITDA	USD306 m
Total Project EBIT	USD287 m
Operating Years (years)	9 yr
Avg Annual Free Cash Flow	USD31m
Project NPV pre Tax	USD168 m
Project IRR pre Tax	249%

Market capitalisation USD

$ 41m

Operations

The tailings dam will be mined by means of hydraulic dredging and processed through the onsite proven base metal flotation facility to produce the three saleable metal concentrates, by way of a conventional sequential float.

Given the relative simplicity of mining, the benefit of a well-established processing plant, and associated infrastructure, including dredge, on site concentrate storage and train loading facility, railway line and port facility, the restart was only US $15m.

North Queensland Assets

NQ Minerals also possesses two early stage exploration projects in North Queensland, Ukalunda and Square Post. Each of the projects are located within the Charters Towers Gold Province which has produced more than 20 million ounces of gold.

Both are potentially prospective for gold mineralisation, and certainly present the company with some future optionality and upside following the expected cashflow generation from Hellyer.

Video

https://vimeo.com/185275261

"INVESTING IN SILVER HAS BEEN THE SECRET TO US OUTPERFORMING OUR COMPETITORS"

Ian Williams, Chairman, Chief Executive, Charteris

Interviewed by: Andrew Thake, Mines and Money

Ian Williams is well known in the UK precious metals industry having been the best performing UK fund manager across all sectors 2016. His fund is US$20mAUM.

Ahead of his appearance at Mines and Money New York, we caught up to him to ask him about his investment strategy, and what he does differently to his fellow fund managers.

Mines and Money (MM): Can you tell us a little bit about your fund and how it's different to many other precious metals funds?

Ian Williams (IW): We have a 65% to 70% weighting in silver with the rest mainly in gold. We are a UK UCITs registered fund.

MM: Why the strong silver weighting?

IW: Our belief, borne out by our success in 2016, is that in a bull market silver is virtually guaranteed to outperform gold. Most other precious metals fund managers have a much heavier weighting towards gold. We believe that investing in silver has been the secret to us outperforming our competitors.

I also have historically liked silver miners as many of the Canadian silver companies were based in Mexico, which fell under the NAFTA agreement, although this may change under the Trump administration.

In 2016 our fund outperformed the Blackrock Gold & General fund by 73%.

MM: What is the downside to having a silver strategy?

IW: The downside is that silver is more volatile so you must live with that volatility.

MM: And how do you manage that?

IW: In a bull market our 70% weighting into silver is purely into silver equities. Likewise, our gold investments are into gold equities.

In a bear market we maintain the same weightings but invest into Gold ETFs, physical Gold as well as some platinum, with possible some holdings in some of the streaming companies and good producers such as Agnico Eagle.

MM: What sort of mining companies do you invest in?

IW: We avoid the large majors – too many are badly managed, and suffer from not having a rising production profile. There are some exceptions such as Agnico Eagle and Randgold Resources but most we avoid.

At the other end we avoid the smaller exploration companies – too much risk relative to the reward.

So, our sweet spot is a mid-tier cash flow producing mining company.

MM: So, what's your outlook on silver this year?

IW: Well all the indicators are very positive. However, I am little concerned.

MM: Why?

IW: When everyone is saying silver is going up I get a little concerned. I am a contrarian investor at heart so as much as I respect the likes of Sprott and Keith Neumayer at First Majestic, I am a little worried about the almost universal positive sentiment towards silver.

Coupled with this is the puzzle of if the fundamentals for silver is so good, why hasn't silver gone up in price. Apart from silver being a store of value, it has industrial uses so it should rise in line with other industrial metal. There is also a lot of merit in the silver / gold ratio thesis which flags Silver as cheap.

MM: So, why isn't silver higher? Is Sprott right and the market wrong? Or the market right and Sprott wrong?

IW: We are a great believer in cycle analysis. In 2016 is was a good year for precious metals but a bad year for base metals. In 2017 it was the opposite with base metals outperforming precious metals. So, you have these rotations in the sector. Precious metals and silver's time will come again, it's just a case of believing in the cycles

MM: Any commodities you would avoid?

IW: I'd avoid iron ore as it has a structural surplus which will persist for years.

I'm also not keen on shale oil. Partly as demand will trail off due to the rise of hybrids and EVs. It's also capital extensive – the lifespan of their wells is about 18 months after which they require redrilling and a lot of shale oil companies have huge debts.

MM: What's your view in cryptocurrencies?

IW: A Silver or gold back cryptocurrency, as currently being issued by Perth Mint and Royal Mint interests me. That would be a real store of value and a much better alternative to Bitcoin.

LUMINA GOLD

Lumina Gold Corp (TSXV: LUM) is a Vancouver, Canada based precious and base metals exploration and development company focused on gold and copper projects in Ecuador. The Company's Cangrejos Gold-Copper project is located in El Oro Province, southwest Ecuador, and its Condor Gold-Copper project is located in Zamora-Chinchipe Province, southeast Ecuador. The Company also holds a large and highly prospective land package in Ecuador consisting of ~135 thousand hectares. The Company has an experienced management team with a successful track record of advancing and monetizing exploration projects. Lumina intends to continue to identify, acquire and advance mineral exploration properties that have large scale potential.

Team

Marshall Koval - President & CEO, Director
Leo Hathaway - Senior Vice President
Diego Benalcazar - Senior Vice President
Martin Rip - Chief Financial Officer
Scott Hicks - VP Corporate Development & Communications
Lyle Braaten - VP Legal Counsel & Director
John Youle - VP Corporate Affairs

Key Financials

Cash [Sep 30/17 + net financing proceeds] = US$18.4 million

Ticker

LUM (CVE) / ODMEF (US OTC)

Market capitalisation USD

~$150 million

Four Things every investor should know about your projects

1. Advancing Cangrejos (8.8Moz Au) to a Preliminary Economic Assessment in Q2 2018, while concurrently drilling infill and step out holes throughout the year. Cangrejos is expected to be a large scale, long life project that will be suitable for a major producer to build.
2. Drilling and exploring Condor (10.6Moz Au) to enhance the existing resources.
3. Exploring two early stage concessions with First Quantum under a US$39M earn-in agreement.
4. Exploring Lumina's other early stage concessions throughout Ecuador.

Location Map of Mines

Advanced Projects

- **Cangrejos, 6,374 ha**
- **Condor, 8,269 ha**

Lumina – First Quantum Earn-in

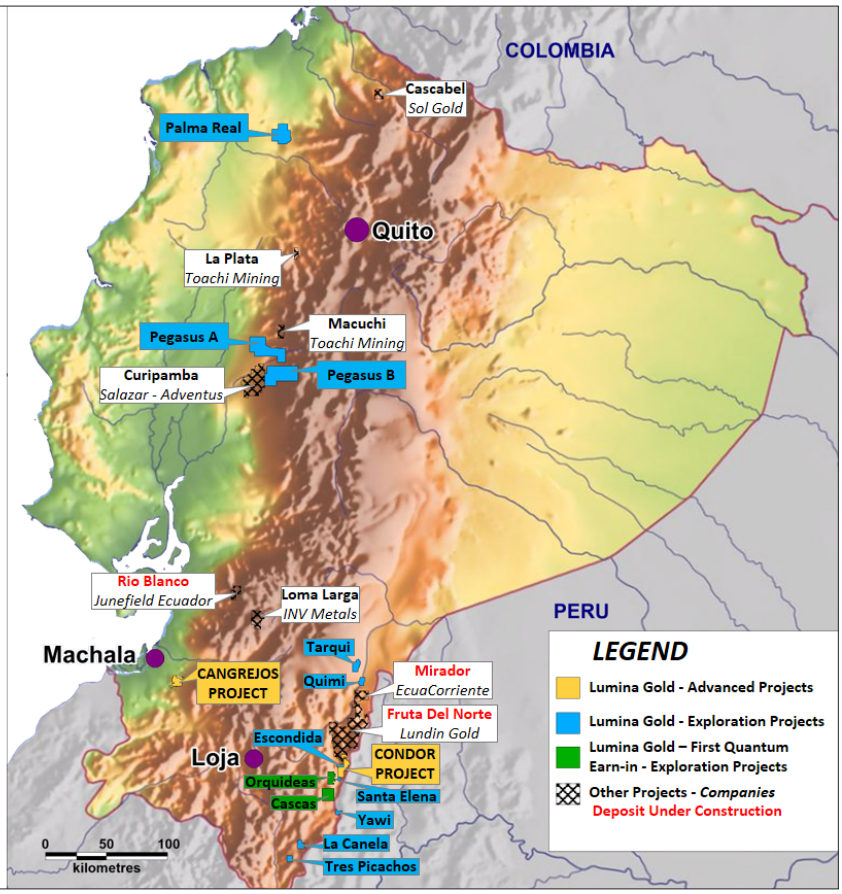
- **2 concession packages, 14,741 ha**
  - Orquideas (4,743 ha)
  - Cascas (9,998 ha)

The Macuchi VMS Belt

- **3 large concession packages, 87,135 ha**
  - Palma Real (19,775 ha)
  - Pegasus A / Pegasus B (67,360 ha)

Condor Cordillera Copper-Gold Belt

- **7 concessions packages, 18,890 ha**
  - Tarqui and Quimi (7,548 ha)
  - Escondida (1,204 ha)
  - Santa Elena (628 ha)
  - Yawi (1,494 ha)
  - La Canela and Tres Picachos (8,015 ha)



"I'M MORE OF A RED FLAG PERSON"; THE 5 TOP STOCKS THAT THE US'S LEADING INDEPENDENT ANALYST PICKS FOR 2018

Mickey Fulp, The Mercenary Geologist

Interviewed by: Andrew Thake, Mines and Money

The Mercenary Geologist (mercenarygeologist.com) Mickey Fulp is a Certified Professional Geologist. He has 35 years' experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, coal, uranium, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development.

Mickey is well-known and highly respected throughout the mining and exploration community for his ongoing work as an analyst, writer, and speaker.

Mines and Money (MM): You are speaking at Mines and Money New York on uranium – how do you view the sector currently?

Mickey Fulp (MF): Uranium has been depressed, unwanted and unloved for some time. This is because by an over-supply of near term uranium. That makes it great for a contrarian speculator like me.

The spot price of uranium will go up when US utilities begin to run out of inventory and start entering into long-term contracts again. A second catalyst will be if/when nine Japanese reactors restart in 2018 .

MM: So how should an investor play the uranium investment thesis?

MF: I can tell you what I have done: invest in US-based uranium producers and developers.

MM: Other than uranium, what commodities interest you at the moment?

MF: Gold, copper and oil. I like these commodities as they can be traded on the worlds' exchanges and they reflect the bullish economic climate going forward. The world is being led by US stock markets.

Trump has been rolling back regulations, bureaucracies, and cutting taxes. He has instilled a "can-do" attitude towards permitting and development, unlike the previous eight years under a "can't-do" and delaying Obama administration.

MM: What do you look for in a prospective investment? Are there say some green flags /indicators that you always look for?

MF: I'm more of a red flag person. I focus on fatal flaw analysis, specifically on the 1200 mining stocks listed on the TSX.V which is my bailiwick. I need to eliminate 95% as quickly as possible to get down to 60 companies that generally meet my criteria and deserve a closer look and consideration for speculation.

That said, I look for a tight share structure with insiders and management holding significant paper. I want experienced management with technical people, geologists or engineers, at the top. I want these people to have a track record of success in previous resource sector ventures. I prefer advanced stage projects, and currently am focused on gold and copper. Finally, I want them to have cash in the bank or the ability to raise funds for exploration without undue dilution.

MM: What's the best mining speculative investment you have ever made?

MF: I was arguably the first analyst/writer to get into REE space over 10 years ago. I picked four REE penny stocks, and these four were the only ones to gain NSYE listings and reach hundreds of millions of dollars in market valuation. I made myself and my subscribers a lot of money. Better yet, I exited by the time the bubble burst completely. Those 4 REE companies that were once trading at US$6 to U$18 are now penny stocks again and have been busted back to the junior exchanges.

MM: And your worst?

MF: About two years ago, I speculated on a US-based uranium past producer/developer that had plans to develop a new uranium mine in Turkey. I bought near the top but over the next few months, it rolled back 12:1 to maintain its NASDAQ listing, did dilutive financings and debt instruments, changed its business, and is now a junior lithium explorer in Nevada!

MM: You call yourself a speculator rather than an investor. Have you ever speculated on cryptocurrencies?

MF: Absolutely not. The "klepto-currencies" are a speculative bubble with no underlying fundamentals. I don't see how anything that is requires an internet connection to be fungible can be considered a viable financial instrument. I prefer physical gold in my physical possession and US dollars, still the world's reserve currency.

MM: Which juniors have projects that excite you?

MF: There are five companies that I am currently cover. I hold significant positions and they sponsor my website.

Trilogy Metals, who are speaking at Mines and Money New York, have in my opinion the two best undeveloped copper projects in the world in NW Alaska, over eight billion pounds copper-equivalent.

Integra Resources has purchased the DeLamar mine in southwest Idaho from Kinross. It has about 3.5 million ounces gold-silver in qualified open-pit resources at Delamar and Florida Mountain.

Allegiant Gold is a spin out of Columbus Gold. It owns 14 drill-ready projects in the western US, mostly in Nevada and with plans to drill 10 of them this year. It is led by Andy Wallace of Cordex, undoubtedly the best team of prospectors and geologists in Nevada over the past 40 years.

Ely Gold Royalties is a hybrid royalty / prospect generator company with 70 projects in Nevada of which 25 are vended out to other companies. It holds significant royalties on most of these projects.

Eagle Plain Resources is a prospect generator in Western Canada and has a pending 1:2 spinout of its Saskatchewan properties that are adjacent to SSR Mining's Seabee gold mining operations. SSR Mining is currently drilling 18,000 meters on Eagle Plains ground via a joint venture.

MM: Why so many US recommendations?

MF: Partly because I know the Western US well and I like investing in what I know. However, I also like the US because the Trump effect has been monumental. Integra Resources was recently granted a 10,000 meter drill permit in 4 weeks. Nowhere else in the world could that have happened so quickly. In the United States, geopolitical risk is low, mineral tenure is secure, and the rule of law is sacrosanct.

Conversely, I tend to steer clear of Canada. Flow-thru financings, ongoing native issues, remoteness and infrastructure challenges, and a left-leaning government are not attractive to me at this juncture.

MM: Which emerging regions interest you?

MF: I spent about a third of my career working in Latin America. I have worked and lived in Mexico, Peru and Chile and am conversational in Spanish. These three countries all have a long-lived mining culture and tradition and some of the most prospective mining ground in the world. So I like opportunities in those jurisdictions.

MM: Which commodities are you avoiding right now?

MF: Any battery, critical, energy, rare, or strategic metal, i.e., the specialty or minor metals. I prefer the major metals that are traded on the world's exchanges.

Lithium is controlled by a cartel made of three companies listed on the NYSE and two big Chinese players. Between them, they have 80 years of reserves. To do business in the lithium space, your only exit strategy is to sell to the cartel because they control the fate of all potential competitors.

The cobalt price spike is a short bubble that also occurred in 1979 and 2007. There are no large deposits outside of the DRC and Zambia that appear to be economically viable. The cobalt mines in Ontario are extremely narrow veins that cannot be mined using modern mining methods. And one must remember that most cobalt is a by-product of copper and nickel smelting from the world's major integrated mining companies. Also nickel sulphide can easily be substituted for cobalt in lithium-ion batteries.

I had one success in graphite space as a seed stock shareholder of a small developer in 2012 at the beginning of that short-term bubble. That said, graphite is an industrial mineral with small annual demand and very low margin per tonne. There isn't even enough current graphite demand in the traditional industrial uses to support any new developments, let alone pie-in-the-sky projections based on unrealistic assumptions regarding electric vehicle demand.

MM: What is your outlook for the mining sector in the next 12 months?

MF: It's going to be better than last year. We're in the bottom of the second of a nine inning baseball game. Gold, copper and oil have steadily risen from January 2016 lows. Couple the Trump pro-development and infrastructure agenda with strong US and Chinese demand, and the outlook for mining space is good going forward.

CORE GOLD

Core Gold is a gold mining company based in Canada with all operations in southern Ecuador. The company counts with three world-class assets including the Dynasty Goldfield mining unit, the Zaruma underground mine and the Portovelo mineral processing plant. The company was reorganized under a new board and management in September 2016 and is currently the largest gold miner in Ecuador.

OUR FLAGSHIP ASSET: THE DYNASTY DISTRICT

The Dynasty District is a 50,000-hectare land package host to a 30 Km by 90 Km long copper gold belt extending from the Peruvian border on its southern edge 90 Km's NE towards Zaruma, Ecuador. The Dynasty District is an extension of the prolific Peruvian copper gold trend and includes five known production and exploration targets, with well-known gold-copper porphyry and epithermal vein potential.

Core Gold management put the Dynasty Goldfield target within the Dynasty District into production within four months of assuming control of the company in Q3 2016. The Dynasty Goldfield has a total 43-101 resource of 2,140,000 oz Au.

Dynasty Goldfield Mining Unit

Portovelo Plant

Team

Keith Piggott – President & CEO. Mine builder with over 40 years experience in mining operations globally.
Sam Wong, CA – CFO. Experienced CFO with proven strategic planning and corporate finance track record.

Key Financials

Price	$0.28
1 Year Price	$0.10 - $0.40
Shares I/O	114.1
Warrants	17.1M
Options	8.4M
F/D	154.6M
Market Cap	CAD $30M
Last Financing	CAD $2.1M @ $0.30

Ticker

TSX-V: CGLD
OTCQX: CGLDF

Market Capitalization USD

$25,000,0000

Four Things every investor should know about your project

1. Core Gold is the largest gold mining company in Ecuador
2. The company is on track to produce 25,000 – 35,000 oz Au for 2018E
3. The Dynasty Goldfield mining unit was put into production in 4 months
4. The Linderos and Copper Duke exploration targets are both world-class targets

Asset map

WHY INVESTORS SHOULD TAKE ANOTHER LOOK AT DIAMONDS

Paul Zimnisky, CEO, Diamond Analytics

Interviewed by: Andrew Thake, Mines and Money

Paul Zimnisky is an independent analyst and consultant. His work on diamonds and the mining industry has been used globally by financial institutions, private and public industry participants, management consulting firms, governments, and universities.

Ahead of his address on the investment thesis for diamond at Mines and Money New York, we caught up with him to get his views on the industry.

Mines and Money (MM): How has the diamond industry performed over the last 5 years?

Paul Zimnisky (PZ): Over the last 3 or 4 years the diamond industry has underperformed most other commodity-related industries. As a result, the investment community has been quite apathetic towards the space. Diamond prices have been relatively weak since mid-2014 and the earnings of most related companies have suffered as a result.

MM: Can you tell us a little about the key catalysts driving the diamond industry?

PZ: The most prominent catalyst over the last decade has been Chinese middle class adopting the tradition of giving diamond engagement rings. In 2010 through mid-2014 the industry saw a tremendous amount of new incremental demand for diamonds driven by the opening of hundreds of new retail stores primarily in Mainland China. To an extend a similar trend has been seen in India.

When the Chinese economy slowed in 2015, there was a noticeable impact on global diamond demand and certain segments of the industry were left holding way too much excess inventory, which ultimately has pressured diamond prices. Towards the end of 2017 the industry has seen Chinese demand return in a meaningful way, and at the same time a lot of excess inventory in the industry has been cleaned up.

To put China into perspective, the market currently represents about 18 to 20% of global diamond demand, importantly it's the industry's fastest growing large market. The US is still by far the largest market representing about 50% of global demand but growth has been moderate, but stable. India, Japan, the middle east and Europe are other important markets for the industry.

MM: How do you expect supply and demand to change in 2018?

PZ: I am forecasting a production decrease of about 3% by volume and 1% by value this year. While production by De Beers is expected to increase moderately this year, the industry's other large producers are guiding towards production declines, mostly attributed to aging assets. I am forecasting a demand increase of about 3% this year driven by a strong global economy and healthy consumer sentiment.

Importantly, looking at the largest miners, I estimate their inventory levels are the lowest they have been in 3 to 4 years, I think this will allow for higher prices in the low-to-mid single digits this year if demand doesn't disappoint.

MM: What are key consumer trends that investors should look out for?

PZ: There has been a notable increase in self-purchases by women as women become more and more financially independent. Women globally have said they view self-bought diamonds as a symbol of financial independence.

MM: What are the challenges facing the diamonds industry?

PZ: The industry is certainly facing challenges related to changes in consumer appetite and social norms, but most of these are not new trends. Marriage rates are down and there are changing consumer preferences with younger generations, for example, the millennial generation being less interested in luxury discretionary and material wealth, but I think a lot of this has already been priced into expectations for the industry. I would say that general outsider sentiment towards the industry has got too pessimistic. The industry has been quite proactive responding to these challenges, for example, reintroducing generic diamond marketing, and I think it will pay off.

MM: How much of a competitive threat are synthetics?

PZ: They are a legitimate threat. Attributes of the product do appeal to a certain set of consumers, but at this point it's unclear if that appeal will translate into a significant amount of actual sales, at least at current prices which are only marginally lower than natural equivalents.

In my opinion, to really gain market share, the synthetic industry will really have to spend a lot of money on marketing and branding. This traditionally has been a relatively high barrier to entry in the luxury industry.

I think the better story will be the proliferation of using synthetic diamonds in high tech application, for example, use in processing chips, optics, lasers, thermal conductivity equipment etc. The properties of diamond make the application potential very wide, and the scientific and technology community has just scratched

the surface. I think the future in this area will be very exciting. To date, the problem had been the limited ability to create very consistent, high quality diamond in an economic way for use in these applications. But there is significant investment being made in this area and it should just be a matter of time until the production potential improves significantly and costs come down.

MM: So, is the future bright for the diamond industry?

PZ: I do think 2018 is setting up to be a good year for the industry, possibly one of the best in the last three years or so, due to the reasons mentioned earlier. That said, news recently broke of a banking fraud in India involving two of the larger players in the industry, the scale of the larger impact is still unclear at this point, but this news will probably take some wind out of the sails of the industry, at least shorter term. The impact could range from damage in consumer confidence in India to strained financing to the diamond manufacturing industry in India, which could impact demand for rough diamonds. This is a story that the industry is monitoring closely right now, hopefully it's an isolated incident.

MM: There has been a lot of interest recently in blockchain– what impact do you think this will have on the diamonds industry?

PZ: This is certainly a positive development. There are multiple companies in the industry making investment in this area. I like to see the industry associating with what is a well-received development in technology, I think it shows forward thinking.

MM: What's your advice to investors looking towards diamonds / diamond mining companies as an investment?

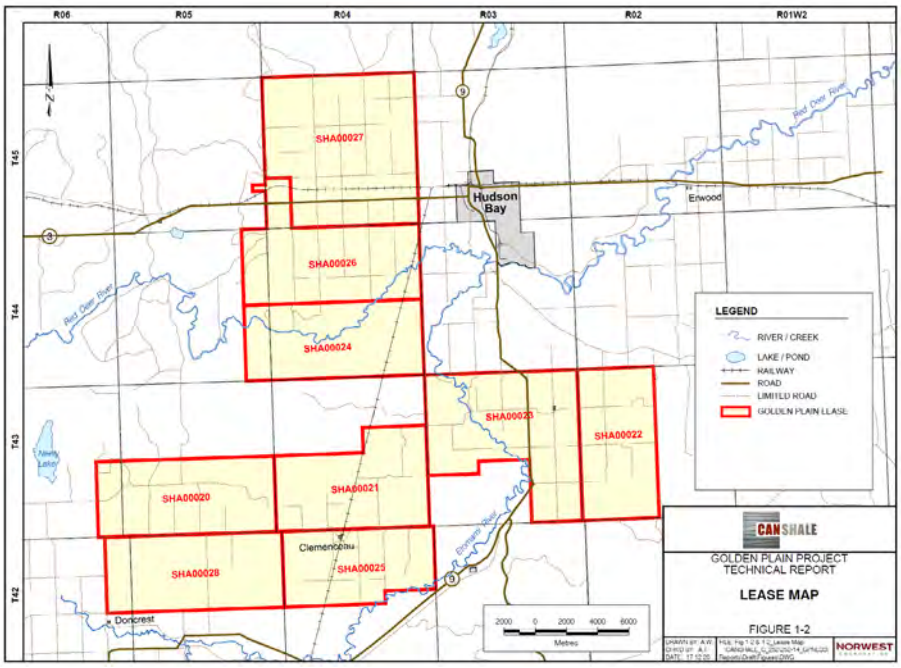
PZ: Recently, investors have not done well in the space. This is due to the challenges mentioned earlier, lower rough prices, high capex of miners etc. In addition, the diamond industry is operationally complex, not very transparent, and the investible universe is relatively limited. That said, I would argue the space is discounted for the above reasons but thus offers good value if you are willing to do the work, be selective and nimble.

CANSHALE CORP.

Canshale is a private Canadian Company, incorporated in January 2010 and headquartered at Suite 600, 7015 Macleod Tr. SW, Calgary, Alberta T2H2K6. Canshale's principals have a proven track record and decades of experience in the development and operations of large, unconventional resource projects. Their direct leadership experience encompasses acquisition, design, construction and start-up of large-scale energy projects. Importantly, with this first-hand knowledge, they have experienced the implications these projects have on nearby communities, society and the environment.

Canshale is establishing an integrated energy products company to produce Ultra-low Sulphur Diesel & sweet Naphtha through the development of its Golden Plain oil shale project in central-east Saskatchewan. By independently proving the magnitude and quality of its massive resource base, selecting and thoroughly testing a process maximizing oil yield with the least technology risk and completing the initial design engineering and cost estimates using recognized engineering firms and licensors, Canshale has laid a solid foundation. The Golden Plain Project delivers high value products at low costs, while presenting a dramatically lower environmental footprint and enviable economic returns.

The Golden Plain Project has taken over 8 years of diligent effort to delineate the appropriate resource, determine the best available technologies, design to exceed regulatory needs and deliver a project concept that will meet all economic, social and environmental hurdles



Team

Canshale's Management Team, its officers, directors and consultants, has a history of value creation and delivering outsized gains to its private equity investors that exited timely. They created, managed and divested two oil sands companies (Synenco Energy Inc. SYN:TSX and Oilsands Quest Inc. BQI:NYSE Amex), achieving market capitalizations of greater than US$1 billion, each and creating substantial returns for the private equity investors.

The Management Team members' careers in energy and resource development encompass direct leadership experience in the start-up, execution and divestiture of large-scale energy projects. Collectively, their experiences include exploration and development in the oil sands, oil shale, coal and base metals sectors. The principals have senior managerial experience in establishing, building and running significant public and private organizations, including design, construction, operations and divestments.

The Management Team was involved in the creation and evolution of the Canadian oil sands industry, including one retired director regarded as a technological pioneer and another current director as the strategic catalyst responsible for establishing and expanding the profitable operations of Suncor. The Management Team has played a pivotal role in establishing the regulatory regimes governing Alberta and Saskatchewan's development of oil sands and oil shales.

The team members include:

Christopher H. Hopkins – Pres. & CEO, Director
Chris Yellowega – SVP Development & Operations
Nick Pohorelic – CFO
Michael Supple, Tom Milne & Randy Koroluk – Independent Directors

Key Financials

Canshale is currently in the pre-development phase. The Company has completed it's exploration and is nearing the completion of the project definition phase, having addressed key risks associated with how-to economically recover and process its resources.

As a predevelopment company, Canshale has no revenues and has been supported by its shareholders. The Company has raised and expended ~ US$17 million by issuing 69 million shares (72 million, fully diluted) and no long-term debt. In conjunction with financing the completion of its project definition and in anticipation of moving toward eventual project sanction the Company is seeking a partner and anticipates a public listing.

Market capitalisation, USD

Canshale is a private company and does not currently trade on any stock exchange or in any over-the-counter or grey market. Canshale is dedicated to providing liquidity to its shareholders via a timely public listing or transaction. Currently the Management of the Company estimates its value at $US 200 million, pre money.

Four Things every investor should know about your project

1. Immense project scale: 12 billion barrels of exploitable resources (Best estimate, NI 43-101 & NI 51-101), contained in its 100%-owned Saskatchewan Oil Shale Leases (15-year, renewable).
2. Low environmental impacts: Limited water use with no tailings ponds, clean air emissions - easily configured for carbon-capture, simple, low-impact mining methods together with inert solid waste enabling rapid return of the land to agriculture.
3. Compelling economics, with all-in projected costs of under US$22/bbl and margins of approximately US$1.40/gal on revenues of US$1.90/gal (>70% margin) at reference WTI US$65/bbl.
4. Located directly on CN rail's mainline for direct access to North American markets and delivery to tidewater. Roads, airstrip utilities and industrial infrastructure at the doorstep.

INVEST IN GOOD JUNIOR PRODUCERS AND EXPLORATION STORIES NOT MAJORS

Adrian Day, CEO, Adrian Day Asset Management

Interviewed by: Andrew Thake, Mines and Money

Adrian Day is considered a pioneer in promoting the benefits of global investing in this country. A native of London, after graduating with honuors from the London School of Economics, Adrian spent many years as a financial investment writer, where he gained a large following for his expertise in searching out unusual investment opportunities around the world. He has also authored two books on the subject of global investing: International Investment Opportunities: How and Where to Invest Overseas Successfully and Investing Without Borders.

Mines and Money caught up with Adrian to get his views on the investment outlook for 2018.

Mines and Money (MM): In November you said that now is the time to get back into gold. Where do you expect the price of gold to be by the end of 2018?

Adrian Day (AD): Much depends on both the dollar and how global stock markets play out this year. But absent another liquidity crisis, as per 2008, I expect gold to be higher. Now you know, one doesn't predict both price and date, but a "guess" would be over $1,400 by year end, or at least at some point during the year.

MM: For investors looking to get back into gold equities where is the smart play? Is it junior explorers, junior producers, midtiers or the majors?

AD: The major miners typically move first in a bull move, but in my view, somewhat perversely to those who don't know the industry, I consider these to be most risky sector. The junior producers, particularly those with more than one operation and good balance sheets, are attractive since they are good candidates for M&A. Selected exploration companies offer the most potential, both from a discovery and from M&A. The seniors, with declining production, are hungry for resources. One other sector I think is very attractive, despite the valuations, is the royalty sector, which offers novice investors buy-and-hold, low-risk exposure to the sector,

MM: At VRIC last week a number of commentators remarked how the audience was younger than previous years. Has the millennial returned to the mining industry or do deep seated problems still remain?

AD: I think that's a little optimistic and premature. But no question, this sector needs some new investors.

MM: One area the milliennials are very keen on is cryptocurrencies. Do you invest or advise your clients to invest in cryptocurrencies?

AD: No

MM: Any commodities that you would advise investors to steer clear of in 2018?

AD: I am not sure there are any that I would issue a blanket warning to stay clear (other than the latest flavour of the month). Some are more attractive than others, however, and my favourite would be copper, notwithstanding the strong market in 2017. After a pullback, copper could be very strong based on a real fundamental supply shortage within a few years.