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My Wish for a Happy Next Year

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Dear Subscriber:

In my season's greeting to you a year ago, I was optimistic that the incipient bull market for commodities would continue in 2018 and the best junior exploration companies would follow suit.

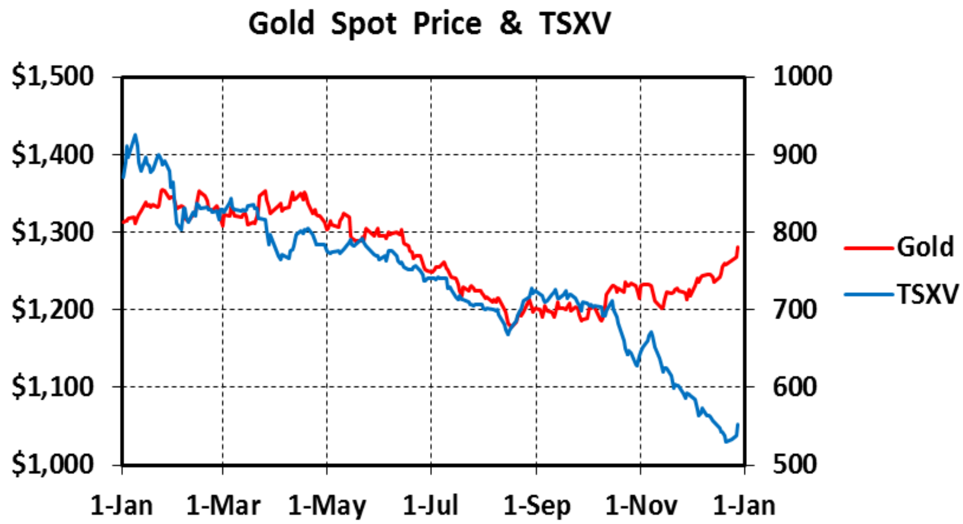
In fact, nearly the opposite has occurred. 2018 broke bad for most commodities, resource stocks, and world equity markets.

Most of the world exchange-traded hard commodities turned in poor performances with these losses: -2% for gold; -9% for silver; -16% for copper; -19% for lead; and - 24% for zinc. Palladium was again a big winner, up nearly 18% and at record high levels. Meanwhile, its sister metal platinum was down 15% to lows not seen since the global economic crisis in December of 2008. Oil had a volatile year, up big then down even bigger to finish at -25% in 2018. Uranium finally showed signs of strength as massive production cuts in Canada and Kazakhstan started to work down seven years of oversupply; it gained 20% year over year.

Platinum's continued weakness compared to gold and palladium is unprecedented. The current Pt:Au ratio of 0.62 is the historic low and the Pt:Pd ratio of 0.64 is an 18-year low. Based on these highly anomalous ratios, physical platinum remains a compelling buy just as it was at the end of 2017.

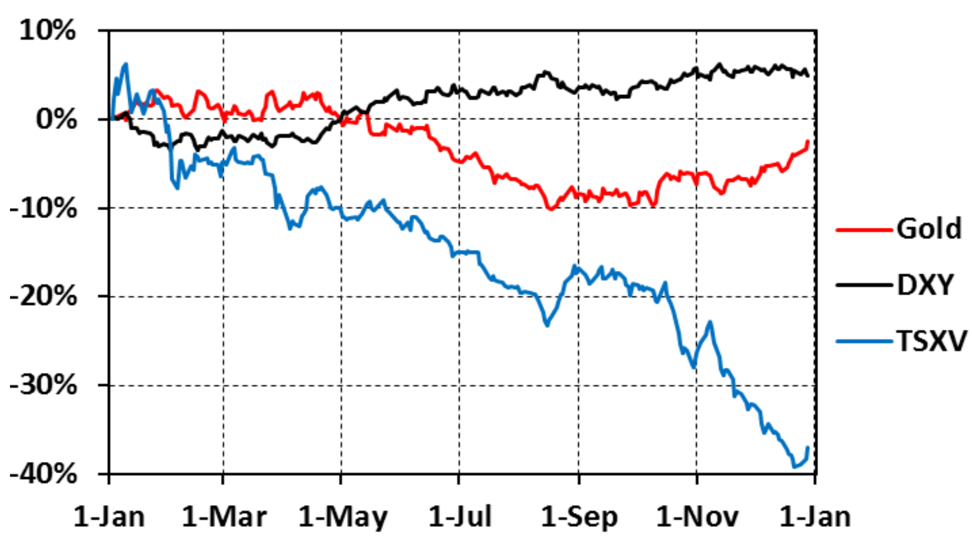
Gold was at $1302 at the end of 2017 and closed today at $1280. The strong negative correlation of gold with the US dollar index that has characterized much of the Trump presidency held thru the first half of the year. This correlation went by the wayside during the summer doldrums of Q3 and for nearly all of Q4 as markets turned volatile.

Here is the year-to-date composite chart of DXY (+4%) and the gold price (-2%):



The TSXV Index closed 2017 at 851, hit its yearly high on the sixth trading day of the new year at 939, and then drifted down, further down, and then down some more in a slow, relentless burn thru the end of the year. With one trading day left in 2018, the Index is -35%. Folks, that is a big bad bear of a bourse.

This normalized plot of DXY, gold, and the TSXV Index illustrates the relative movement of each metric in 2018:



At **MercenaryGeologist.com**, we are dedicated to producing state-of-the-art research and analysis on commodities and equities. We continually add new parameters to our massive commodity and economic database and develop new and innovative analysis techniques.

Our commitment to basic supply-demand fundamentals and a contrarian outlook allows us to prosper regardless of market conditions.

Since I launched the MercenaryGeologist.com brand in late April 2008, the sponsorship business model has proven to be very stable compared to paid subscription newsletters. Our opt-in subscriber base now stands at nearly 6800 for a 2% gain year over year; not bad for a bear market!

When markets emerge from bear cycles, I speculate in early stage, start-up exploration companies with projects in a commodity of interest in geopolitically stable jurisdictions. I participated in several private placements in both the public and private venues this year. My money went to one uranium deal; the rest were gold prospects, mostly in Nevada but one in the Yukon. I added a wild card to my hand and gambled with a private deal in a risky jurisdiction but with the right geology for high rewards.

Given the ongoing bear market for junior resource stocks, I determined to carefully pick and choose companies for coverage. And despite the extremely bad market for junior resource stocks, my track record of stock picks was actually a mixed bag of winners, flat-liners, and one loser in 2018. On an encouraging note, all these stocks still have good fundamentals and potential to the upside remains intact. That said, stocks that are flat in volatile times are dead money and at times, I will choose to move on to other speculations with upside.

Here are brief synopses of the five companies plus two spin-outs that I covered for at least a portion of 2018:

Trilogy Metals Inc (TMQ.AM;TMQ.TSX) was picked in May 2017 at 65 cents and more than doubled to $1.35 in just eleven weeks. Trilogy began this year at its low of $1.18 and reached an all-time high of $2.34 in mid-October despite a falling copper price. Once again, it has been hit hard by tax-loss selling, reaching a seasonal low of $1.50 on December 24; it closed today at $1.72. I issued alerts on TMQ in February when it posted a pre-feasibility study on the Arctic polymetallic sulfide deposit and in October that included Bornite project drill results, a cobalt resource, personnel additions, and project-wide permitting updates. Partner S32's decision on year three of its joint venture option is due at the end of January.

Integra Resources Corp (ITR.TSXV; IRRZF.OTCQX) is an Idaho gold explorer that began trading in early November 2017. It holds the past-producing DeLamar and Florida Mountain gold-silver mines. I covered Integra from its first trading day and followed up with a detailed report on January 2. Its 2018 high was $1.40 in mid- to late February and its low was 61 cents on tax-loss selling two weeks ago. ITR closed today at 81 cents on light volume. Despite robust resource estimates for the two projects and strong drill results, the junior bear market and liquidity issues have limited the company's upside over the course of 2018. I ceased coverage at the end of April when the company cut budgets.

Eagle Plains Resources (EPL.TSXV) is a long-lived and successful Western Canadian prospect generator. It was purchased for a pending 1:2 spin-out of a northeastern Saskatchewan gold explorer holding five properties, two of which are optioned for joint venture to SSR Mining and one to Aben Resources. I covered Eagle Plains on December 1, 2017 when it closed at 17.5 cents. EPL traded as high at 29 cents in early April before it went ex-dividend and is currently at 10 cents; its 52-week tax-loss low was 7.5 cents. With the spin-out treated as a non-taxable dividend, it effectively has a valuation of 14 cents per share at this time. My six-month contract was completed in May after the spin-out.

Taiga Gold Corp (TGC.CSE) began trading on April 30 at 21 cents, its low of 6.5 cents occurred in early December, and it closed today at 8 cents. TGC has not performed to expectations for reasons that include the bear market, a dearth of material exploration news, and low liquidity except for spikes to the downside on the low liquidity Canadian Stock Exchange. SSR Mining drilled plus 10,000 meters at the Fisher property but has yet to release any assays. Note the partner exceeded $4 million in the ground to earn 60% on the property and has a one-time 90-day option to pay $3 million to TGC and form an 80-20 joint venture. Upside on this stock depends on SSR Mining's results and pending decision on the project.

Columbus Gold Corp (CGT.TSX; CGTFF.OTCQX) was purchased prior to spin-out of a Nevada explorer, Allegiant Gold. Columbus owns 45% of the Montagne d'Or gold deposit in French Guiana in joint-venture with Nordgold, a private Russian company. It has reserves of 2.75 million ounces gold. I wrote about the spin-out in early December 2017 and suggested subscriber attention if CGT retreated to its previous trading range of 60-70 cents before going ex-dividend. Upon spin-out, it traded at 69 cents, reached its low of 18 cents on December 16, and closed today at 20 cents. The company has performed poorly in the bear market due to U.S. concerns over Russian oligarchs, anticipation of a long permitting process, and minority share of the project.

Allegiant Gold Ltd (AUAU.TSXV; AUXXF.OTCQX) was the 1:5 spinco from Columbus Gold. It began trading on January 30, opened at a high of 75 cents, and hit a tax-loss low of 16 cents last week. Allegiant rallied over the past four days to more than a double at 33 cents and closed at 29.5. The company holds 14 exploration projects in the Western US and mostly in Nevada. Drilling at its flagship Eastside project was successful in expanding the deposit to the south and west. Assays are pending from two projects, including the highly prospective North Brown; it will drill three more by mid-year. AUAU requires positive exploration results for share price upside. I ceased coverage in late May when the company cut budgets.

Ely Gold Royalties (ELY.TSXV; ELYGF.OTCQB) is a Nevada-based hybrid prospect generator and royalty company. I initiated coverage in early February at the 52-week low of 9 cents. It reached a high of 16.5 cents in early November and currently trades at 12.5 cents with generally good liquidity. ELY has added significantly to its property positions and royalty base this year and now has 77 properties. 51 are optioned and/or have deeded royalties and 28 are available for option. In mid-Q4 it purchased two small royalties interests in Nevada and Ontario that are expected to generate cash flow in 2019. I currently cover Ely Gold Royalties.

GoldMining Inc (GOLD.TSX; GLDLF.OTCQX) is a gold bank with 21 million ounces of resources spread over several projects in Alaska, Brazil, Colombia, Northwest Territories, and Peru. It has been an intermittent sponsor of this website since the IPO in mid-2011 and has consistently returned rewards to subscribers. I re-initiated coverage in late November at 79 cents when it began to undergo tax-loss selling. GOLD was as low as 71 cents and closed today at 77. Past performance indicates that the company should rally off these lows in the new year. The company offers a short-term profitable trade, entry near its lowest price since March of 2016, and/or an opportunity to average down on a fundamentally strong stock.

Now let's segue to the record 229 products that were posted on the website, exceeding our goal of at least 200 in 2018.

I wrote **29 musings** on a wide variety of subjects that are of interest to me and hopefully are to you, my loyal subscribers.

Our research on commodity and economic metrics resulted in several reports: gold-platinum ratios; two on the confused and conflicted copper market; a short-term prediction on the gold price; two reviews of historic gold-oil ratios; and the historic performance of the TSXV Index relative to the price of gold.

On more general topics, I discussed the gold mining industry of Nevada, America's unhealthy dependence on mineral imports, whether to sell in May and go away, and the abandoned concept of drill to kill. I disparaged the Fraser Mining Survey, preliminary economic assessments, and peak gold as fake news.

I wrote essays on why I don't own mining companies, the trouble with geologists, another on the fallacy of belief, and my views regarding the malthusian narrative of catastrophic resource depletion; I also reviewed a book. For subscribers only, I posted nine alerts covering my stock picks.
I was interviewed **122 times** and made a record **70 video** appearances in 2018.

Our four regular podcast programs continued: the weekly Metals, Money, and Markets update with Rob Goodman of MiningClips.com; the bi-weekly Oreninc podcast with Kai Hoffman from Germany; the monthly Mercenary Musings Radio with Rob Graham, syndicated exclusively to Kitco.com; and the popular Monthly Market Review with Kerry Lutz of the Financial Survival Network that averages over 15,000 listeners per show.

The "**CEO Interview Series with Mickey Fulp**" launched last year has been quite a successful venture. Seven of these high-end, professional-quality videos were produced in 2018 and averaged over 5800 unique viewers apiece. We will bring you more of these informative chats in 2019.

I started a new series from the field, "**A Geological Moment with Mickey the Mercenary Geologist**". These videos provide viewers with brief descriptions of the unusual geological locales that I am so lucky to visit so often.

I was invited to make **eight public speaking appearances**: Vancouver Cambridge House in January; PDAC in Toronto in March; International Metals Conference in Vancouver and Mines and Money in New York, both in May; Sprott Resource Investment Conference in Vancouver in July; New Orleans Investment Conference in October; and 124th Annual AEMA meeting in Spokane in December. I also participated in a Financial Survival Network webinar on precious metals in January. Presentations are linked for each event on the website.

Our Twitter account certainly had some ups and downs as their platform wreaked havoc with our followers over the last five months of 2018. Despite my IT team constantly monitoring the account to eliminate spam and robots, Twitter whacked over 8500 of our followers in July, added 2500 of those back in October, and then took 2800 away in November. Despite these still-unexplained shenanigans, we remain the industry leader of this social media platform with **@mercenarygeo** followers now at 52,500.

Our activity on social media is robust with an average of four to five tweets per day. Tweets cover a variety of subjects including business news, commodities, equities, geopolitics, geological phenomena such as earthquakes and volcanoes, project field trips, individual rights and freedom, investing, libertarian ideals, my outdoor hobbies, and American spectator sports.

Gratitude goes to those who help run this business. I am the front man for **MercenaryGeologist.com**, but it is behind-the scenes people who post, tweet, and research that allows us to produce a plethora of content and deliver it on a timely basis:

- Webmaster and IT manager Raffaele Della Peruta has been here since inception in April 2008.

- Kirsty Hogg is now in her eighth year as our social media and promotions manager.

- Troy McIntyre, research assistant and serial vagabond on yet another walkabout, continues his remote work on our commodity and economic database that nearly doubled in size (>35 mb) over the past year.

Thanks also to the trusted farm worker in New Mexico's South Valley who tends my animals and maintains the spread and the valued neighbor who keeps vigilance when I travel.
My appreciation for you as a loyal subscriber is constant; we will be successful only if you have interest in what I write and say. Rest assured that I will be honest in my opinions, outspoken in my ideas, and consistent in my core values. We welcome and value your comments and suggestions via **Contact@MercenaryGeologist.com** and will respond to all emails unless you are a troll.

We remain fully committed to profitable speculation in the junior minefield. Our work is anchored by a secular view of commodities demand driven by world population growth and steady increases in the standard of living.

A devotion to contrarian market ideas is what distinguishes us from other junior resource pundits. We remain mindful that most money is made by early positioning before capital markets turn bullish. Contrarianism requires diligent research and market understanding, but most of all, patience and commitment to a well-defined speculative strategy. Our unique Power of Two trading methodology is the basis of that strategy (**Mercenary Musing, May 10, 2010**).

I am hopeful that the bear market in commodities will end in 2019 and the best junior exploration companies will generate good returns for stakeholders. I remain a committed speculator with significant share holdings in many good companies. That said, I am always seeking new ideas, deals, and startups in both public and private settings. Rest assured that I will bring only the best to your attention when I consider the timing best for successful speculation.

That said, the commodity sector is increasingly dependent on world geopolitics, major stock market performances, and the successful implementation of President Trump's strategy of economic and resource nationalism. At this juncture, big speculators have abandoned the futures and options markets despite strong supply and demand fundamentals. With commodities in limbo and resource stocks in the doldrums, buying opportunities are plentiful.

Folks, remember that profit-taking is never a bad move, and it is an especially sound strategy in the volatile junior resource market. I repeat my annual message: You must sell to make money!

Finally, my wish to you and yours is for a happy and profitable next year as this one cannot end soon enough for junior stock speculators!

Ciao for now,

Mickey Fulp
Mercenary Geologist

The **Mercenary Geologist Michael S. "Mickey" Fulp** is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist and analyst searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, 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. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

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

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