



12

Canadian mining stocks to watch

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WITH THE VENTURE EXCHANGE INDEX BOTTOMING OUT IN LATE DECEMBER, NOW IS AN EXCELLENT TIME TO REVIEW QUALITY COMPANIES THAT COULD BENEFIT FROM THE NASCENT RECOVERY

As the political and economic uncertainty from 2018 continues well into the New Year, the yellow metal is gaining momentum and a bullish outlook for gold prices is being reported for 2019. Despite the general downturn in the junior exploration sector over the past couple years, there are some success stories and there are investment opportunities waiting to be explored.

Resource World magazine has compiled a list of 12 Canadian exploration and mining companies that appear to have the qualities required to succeed and take full advantage of this year's bullish gold forecast. As well, some other metals look promising such as zinc, lithium and uranium.

MONARQUES GOLD CORP. [MQR-TSX; MRQRF-OTC]

Monarques Gold is an emerging gold mining company focused on pursuing growth through its large portfolio of high-quality gold projects in the Abitibi mining camp of Québec. The company's flagship project is the Wasamac deposit, an existing underground mine that produced 252,923 ounces of gold from 1965 to 1971. Monarques has recently released a positive feasibility study (FS) with the results indicating the Wasamac deposit is an economically viable project with the potential to be a low-cost producing mine.

Highlights of the FS include an expected annual average

CANADIAN MINING STOCKS

Jack Milton, Chief Geologist for Fireweed Zinc Ltd., explores the company's Macmillan Pass Project, the world's largest undeveloped zinc-lead resource located about 200 km northeast of Ross River, Yukon Territory. Photo courtesy Fireweed Zinc Ltd.

gold production of 142,000 ounces over 11 years, pre-tax Internal Rate of Return (IRR) of 23.6%, Net Present Value (NPV) of \$522 million and payback period of 3.6 years. The deposit's mineral resources include a total of 29.9 million measured and indicated tonnes grading 2.70 g/t gold and containing 2.59 million ounces.

Monarques also offers custom milling services out of its 1,600 tonne-per-day Camflo mill. It is one of the main cash-flow generating assets and provides a constant revenue stream for the company.

The deposit is largely underexplored at depth and along strike providing the firm with great growth and investment potential moving into 2019.

CENTERRA GOLD INC. [CG-TSX]

Centerra Gold is engaged in the operation, development and acquisition of gold properties mainly in North America and Asia. The company's flagship assets include the long life, low-cost, gold-copper Mount Milligan Mine in British Columbia and the Kumtor Mine in the Kyrgyz Republic, which has produced more than 11.5 million ounces of gold between 1997 and 2017.

The company is also currently constructing its third gold mine, the Öksüt gold project in Central Anatolia, Turkey, which is expected to be producing gold in Q1 2020. In addition, the company's advanced-stage Kemess Underground Project in northern BC has recently released its latest feasibility study and the highlights include an after-tax NPV of \$289 M and after-tax Net Cash Flow of \$746 M and IRR of 12.6%.

Centerra is the largest Western-based gold producer in Central Asia with company-wide estimated proven and probable reserves totaling 16.3 million ounces of

contained gold and 2,568 million pounds of contained copper as at December 31, 2017. The corporation's vision is to responsibly deliver sustainable value and growth through the development of late-stage properties and 2019 is looking very promising for the company.

FIREWEED ZINC LTD. [FWZ-TSXV]

Fireweed Zinc is focused on advancing the Macmillan Pass Project, hosting the Tom, Jason and Nidd zinc-lead-silver deposits located in the mining friendly jurisdiction of Yukon. The property is both road and air accessible via government maintained gravel roads and the Macmillan Pass regional airstrip located on the property.

In January 2018, the company announced an NI 43-101 resource estimate making the Macmillan Pass Project the largest undeveloped zinc-lead resource in the world held by a junior company with 11.2 million tonnes at 9.6% ZnEq indicated plus 39.5 million tonnes at 10.0% ZnEq inferred for the combined Tom and Jason deposits.

In May of the same year, Fireweed also released a robust maiden Preliminary Economic Assessment (PEA) for the project including an after-tax NPV of \$448-million and IRR of 24%. Later in 2018, the company further consolidated the Macmillan Pass zinc district with the purchase and option of adjacent claims expanding its land position from 219 to 544 km². A significant exploration upside remains on the property with large land packages still untested using modern exploration techniques, making Fireweed worth tracking in 2019.

PURE GOLD MINING INC. [PGM-TSXV; LRTNF-OTC]

Pure Gold Mining is focused on advancing its flagship Madsen gold project in Ontario's Red Lake district. This prolific region has been recognized as one of the richest gold-producing areas of North America.

The politically stable jurisdiction, with easy access to critical infrastructure, along with the company's 120 years of combined experience in its senior leadership team, make the Madsen Gold Project very attrac-

tive for investors. Thus far, the Madsen Mine has produced 2.5 million ounces of gold averaging 9.7 g/t gold over 36 years of operating history, making it the second largest historic gold producer in Red Lake.

In addition, it contains a current indicated resource of 1,744,000 ounces gold at 8.7 g/t Au in 6.24 Mt and an inferred resource of 296,000 ounces gold at 7.9 g/t Au in 1.16 Mt. In 2017, Pure Gold released a PEA for its asset with the results including a robust after-tax NPV of \$258 million and an IRR of 47% with a 2.8 year payback period. This year will be very crucial for the company as an updated resource estimate and PEA are expected that have the potential to impact the production profile of Madsen.

SKEENA RESOURCES LTD. [SKE-TSXV; SKREF-OTCQX]

Skeena Resources is a junior explorer active in northwest BC's Golden Triangle region. The mineral potential of this unique geological setting makes junior miners like Skeena Resources extremely advantageous. The company's primary activities are the exploration and development of the past-producing Snip Mine and the recently optioned Eskay Creek Mine, both acquired from Barrick Gold. The Snip Mine produced 1.1 million ounces of gold averaging 27.5 g/t from 1991 to 1999 while the Eskay Creek Mine produced 3.3 million ounces of gold and 160 million ounces of silver averaging 45 g/t gold and 2,224 g/t silver from 1994 to 2008.

Skeena recently released a maiden resource estimate for Eskay Creek with a total indicated resource of 1,021,000 AuEq ounces, 207,000 of which is pit constrained and averages a 5.9 g/t AuEq while the remaining 814,000 is underground averaging 10.1 g/t AuEq.

In 2017, the company completed a PEA on their GJ copper-gold porphyry project. The results indicate a pre-tax NPV of \$546 million and a 27% IRR. Having such high potential properties located in one of the most geologically and mineral-rich regions in the world makes Skeena Resources a company worth following in 2019.

ROCK TECH LITHIUM INC. [RCK-TSXV; RCKTF-OTC]

Rock Tech Lithium is acquiring and exploring prospects for lithium and other battery metals. The company's flagship asset is the 100%-owned Georgia Lake lithium project in the Thunder Bay mining district in northwestern Ontario. The company recently released a PEA with the results including an after-tax NPV of \$210-million and an after-tax IRR of 48.1%.

The company also released an NI 43-101 compliant resource estimate that resulted in a measured resource of 1.89 million tonnes grading 1.04% Li₂O, an indicated resource of 4.68 million tonnes grading 1.00% Li₂O and an inferred resource of 6.72 million tonnes grading 1.16% Li₂O.

Owing to a shift to higher energy density batteries, the investment attractiveness of hard rock lithium projects is increasing. Hard rock lithium has certain advantages vis-à-vis brine deposits when producing lithium hydroxide, the key component for high energy density cathodes.

In a market environment where the trend for electric cars is growing, the demand for batteries and therefore, battery metals such as lithium, is expected to continue increasing making Rock Tech Lithium worth following this year.

WHITE GOLD CORP. [WGO-TSXV; WHGOF-OTC]

White Gold is active in the Yukon Territory, mainly in the White Gold District. This prolific mining area has seen gold discoveries of over 7 million ounces since 2007 with Goldcorp and Kinross investing heavily in the region.

White Gold controls over 21,218 quartz claims across 34 properties covering over 423,000 hectares representing approximately 40% of the area, making the company the largest land holder in the district. The opportunity to discover multiple, million-ounce, gold deposits is certainly there as the company is led by an experienced team that has collectively been involved in every major gold discovery in the district. The company's Chief

Technical Advisor, Shawn Ryan, is a famed prospector with multiple major gold discoveries in the Yukon totaling 7.5M ounces while Director, Robert Carpenter, has had his own success as a founder and CEO of Kaminak Gold Corp. that was acquired by Goldcorp for \$520M in 2016.

The company's flagship asset, the White Gold property, hosts a mineral resource estimate of 960,970 indicated and 282,490 inferred ounces of gold. The company recently acquired the QV gold property that hosts an inferred resource of 230,000 ounces of gold and is adjacent to its White Gold property.

GREAT BEAR RESOURCES LTD. [GBR-TSXV; GTBDF-OTC]

Great Bear Resources is focused on Red Lake, Ontario where over 30 million ounces of gold from 28 mines has been produced. The company has two prospective gold projects, the Dixie and the recently acquired West Madsen properties, both of which can be explored year-round.

Combining the two assets, Great Bear now controls 13,000 hectares of greenstone belts prospective for gold. The company's 2018 drilling program was successful with the Dixie Project confirming gold mineralization along a 2.3-km strike of a 10-km target.

The system at Dixie includes a high-grade gold zone that contains recent intervals of 16.35 metres of 26.91 g/t gold and 7.00 metres of 68.76 g/t gold and is open along strike and at depth. A recent Hinge Zone drill result returned 1,602.73 g/t gold over 0.70 metres at a 150-metre depth.

Such mining potential caught the attention and investment dollars of Rob McEwen, who invested along with his affiliated company, McEwen Mining, \$6 million as part of a \$10 million financing completed in September 2018. Great Bear is now well-funded and has adequate capital to continue its ongoing exploration program, 30,000 metres in 150 drill holes, in 2019.

SOKOMAN IRON CORP. [SIC-TSXV; SICNF-OTC]

Sokoman Iron is a discovery-focused junior mining company with projects in mining-friendly Newfoundland and Labrador. The company's primary focus is a strategic group of gold prospects in Central Newfoundland near the TransCanada Highway spearheaded by the newly acquired high-grade Moosehead Gold Project.

The project hosts numerous historical high-grade gold intercepts including 21.19 metres of 9.28 g/t gold. Since acquiring the project in 2018, Sokoman has re-interpreted the mineralization resulting in multiple high-grade drill results including 11.90 metres of 44.96 g/t gold, 24.90 metres of 33.56 g/t gold and 5.10 metres of 124.20 g/t gold. The zone is virtually untested below a vertical depth of 100 metres.

Sokoman's adjacent Clarks Brook Project has only seven shallow holes, all of which intersected gold mineralization including 3.10 metres of 3.74 g/t gold and remains open, and high-grade surface assays of up to 24 g/t gold. The Iron Horse Project is located in the prolific Labrador Trough, Canada's premiere iron ore producing district, and its diamond drilling, completed by Sokoman, included a new discovery highlighted by a 354 metre intercept grading 27.8% Fe.

Sokoman Iron has high-grade gold and base metal properties with significant exploration potential, is well funded with \$3.7 million in the treasury.

NEXGEN ENERGY LTD. [NXE-TSX]

NexGen Energy is a well-funded for the acquisition, exploration and development of uranium projects. NexGen has a highly experienced team of uranium industry professionals with expertise in corporate finance and a successful record in mine development. The company holds over 259,000 hectares of land across the Athabasca Basin region of northern Saskatchewan and owns a portfolio of high-impact projects spearheaded by its flagship asset, the high-grade Arrow

deposit.

NexGen's portfolio is considered to include the most prospective group of uranium properties known, given the mineralization discovered to date. Based on the most recent resource estimate, the Arrow deposit has an indicated mineral resource of 179.5Mlbs U_3O_8 contained within 1.18Mt grading 6.88% U_3O_8 including a high-grade core of 164.9Mlbs U_3O_8 contained within 0.40Mt grading 18.84% U_3O_8 , and an inferred mineral resource of 122.1Mlbs U_3O_8 contained within 4.25Mt grading 1.30% U_3O_8 .

In addition, NexGen has released an independent PFS indicating an Average Annual after-tax net Cash Flow of \$909 million. The above mentioned results make the asset the largest development-stage uranium deposit in Canada. NexGen's primary focus in 2019 will be to not only delineate Arrow in the most optimal way possible both in terms of cost and time, but also to try and determine what the entire Rook I property portfolio may hold.

DENISON MINES CORP. [DML-TSX; DNN-NYSE AMERICAN]

Denison Mines is a uranium exploration and development company focused in the Athabasca Basin region of northern Saskatchewan. The company's total interest in the area is approximately 320,000 hectares and includes its 90%-owned Wheeler River flagship project, which ranks as the largest undeveloped high-grade uranium project in the infrastructure-rich eastern portion of the district.

In 2018, the company completed a PFS for Wheeler River, which was highlighted by the selection of the In-Situ Recovery ("ISR") mining method for the high-grade Phoenix deposit.

Operating costs at Phoenix are estimated to be an industry low of US\$3.33/lb U_3O_8 , driving an overall project base-case pre-tax NPV of \$1.31 billion and IRR of 38.7%.

As a second phase of development at Wheeler, Denison intends to utilize excess licensed capacity at its 22.5% owned McClean Lake mill to process the mine

production from the Gryphon deposit - estimated to have operating costs of less than US\$12.00/lb U_3O_8 .

While the majority of Denison's value is derived from Wheeler River and the McClean Lake mill interest; the company generates cash flow by providing mine decommissioning services through its Denison Environmental Services division and through its management contract with **Uranium Participation Corp.** [U-TSX].

With permitting and ISR field testing planned for Phoenix, it's worth following the company's steps in 2019.

MGX MINERALS INC. [XMG-CSE]

MGX Minerals is a diversified clean energy and mining technology company engaged in the development of large-scale industrial mineral projects. MGX is currently managing magnesium, lithium, silicon and gold operations throughout BC and Alberta.

The company is leading the transition to renewable energy through investments in battery commodities, extraction processes, and clean tech for the oil, gas and mining sectors. MGX's main project is its flagship commercial rapid lithium extraction technology, developed in partnership with PurLucid Treatment Solutions. This technology reduces the capital expenditure, geographic limitations, water usage and environmental footprint required to extract lithium and could further mine the metal from a broader range of brines and other sources.

Among all the operations the company is currently involved in, the asset with the most tangible value is the Driftwood Creek magnesium project in British Columbia. This project is host to a high-grade magnesite deposit with the 2018 PEA outlining a post-tax NPV of \$316.7 million, and an IRR of 19.3% with a payback period of four years.

MGX's vision is to serve as a leader in providing the clean energy resources that will make the foundation of tomorrow's energy economy and 2019 is a very promising year for the company. ■