



My Holiday Wish to Subscribers of The Mercenary Geologist

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December 29, 2017

Dear Subscriber:

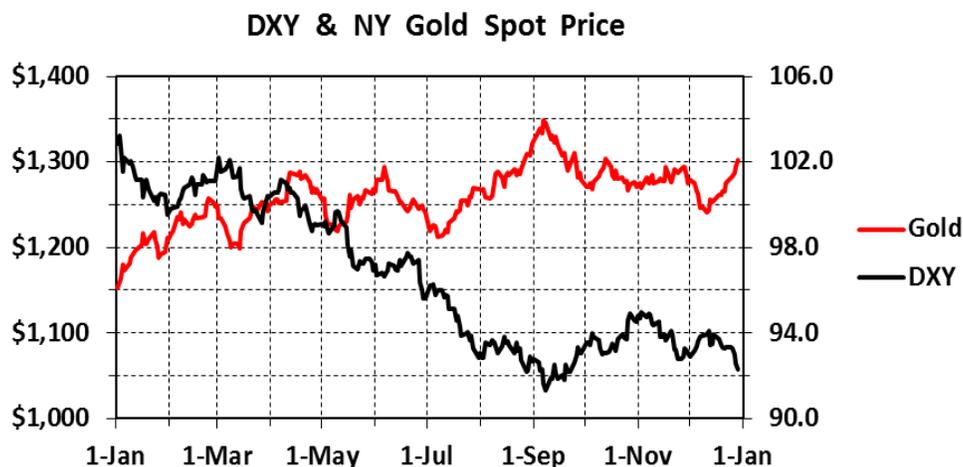
In my season's greeting one year ago, I stated the five-year commodities bear market was finally over. However, I warned that an incipient bull market would likely be a two-steps forward, one-step back process, and indeed that is what occurred in 2017.

Most of the world exchange-traded hard commodities turned in very good performances with yearly returns of 13% for gold, 12% for oil, 30% for copper, 28% for lead, and 29% for zinc. Palladium was the big winner, up a whopping 55% in 2017, while its sister metal platinum returned less than 3%.

Platinum's weakness compared to other precious metals is unprecedented: the current Pt:Au ratio of 0.71 is a historic low since January 1970 while the Pt:Pd ratio of 0.87 is a 17-year low. Based on these highly anomalous ratios, I bought physical platinum at the market bottom two weeks ago.

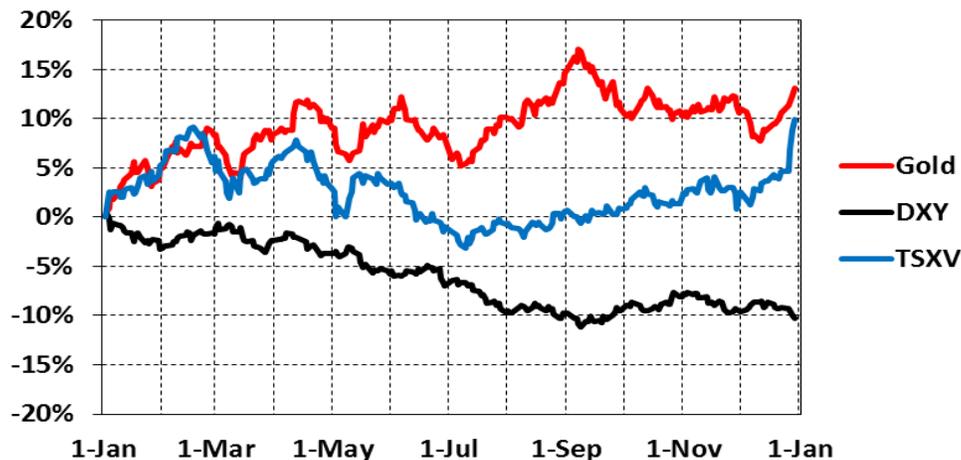
Gold rallied from a low of \$1151 at the beginning of 2017 to a high of \$1346 on September 8. The last four and a half months of the year have been marked by a gold price in strong negative correlation with the US dollar. Gold closed the year at \$1303 an ounce on dollar weakness.

Here is the year-to-date composite chart of DXY and the gold price:



As savvy speculators are aware, the Toronto Venture Exchange is often driven by the price of gold and that relationship ruled in 2017. The TSXV Index closed 2016 at 762, hit 844 in mid-February, and then drifted to a low of 750 in conjunction with the seasonal low for gold in mid-July. It then moved slowly upward and underperformed gold until spiking sharply to close today at a yearly high of 852. More than half of the Index's year-over-year gain of 12% occurred during the past four trading days.

This normalized plot of DXY, gold, and the TSXV Index shows the relative movements of each metric for 2017:



At MercenaryGeologist.com, we are dedicated to producing state-of-the-art analysis and research on commodities and equities. Our commitment to basic supply-demand fundamentals and a contrarian outlook allows us to prosper regardless of market conditions.

Since I launched the brand in late April 2008, our sponsorship business model has proven to be very stable compared to paid subscription newsletters. In this span of less than 10 years, many more writers have left the business than remain on the job. Our opt-in subscriber base now stands at over 6600 for a 4% gain in 2017.

Once again I chose to proceed cautiously during 2017 as the junior resource market teetered on the totter for most of the year. When markets emerge from bear cycles, my speculations tend to be early stage, start-up exploration companies with advanced projects in a commodity of interest and in geopolitically stable jurisdictions. I participated in several private placements in both the public and private arenas this year. Most were for gold projects with four in the United States and one each in Canada, Ireland (Zn), and Brazil.

In line with the tepid junior resource market, my track record of stock picks was a mixed bag in 2017.

Let's review the performance of two companies that I selected for coverage in late Q3 of 2016:

[Mawson Resources Ltd \(MAW.T\)](http://MawsonResourcesLtd.com) is a Finnish gold explorer that I covered in late 2010 with returns of 273% in seven trading days. My latest Mawson pick was at 40 cents in September 2016. It closed at a 52-week high of 56 cents the following day but did not exceed that level in the next 12 months. Low liquidity within its trading range was problematic. Management and I mutually agreed to cease coverage at the end of nine months. Mawson closed today at 45 cents. I remain a committed shareholder of MAW with news in 2018 expected to include drill results and perhaps a strategic partner and a spin-out of new projects.

[GoldMining Inc \(GOLD.V\)](#), formerly Brazil Resources Inc, has been an intermittent sponsor since its IPO in mid-2011. After a six-bagger win from early 2015 to September 2016, I provided an update last October as it was correcting from an overbought high of \$3.35. With recent tax-loss selling, GOLD hit a 52-week low of \$1.22 in early December and closed today at \$1.33. I recently bought shares using my [seasonal trading methodology](#) and remain on the bid for more.

Here are brief synopses of the five companies that I covered in 2017:

[Hannan Metals \(HAN.V\)](#) is a new Irish zinc explorer that emerged from a shell and RTO in early January. I initiated six-months of coverage in late May at 49 cents. Despite the strongly rising zinc price, that turned out to be just a penny off its high over the life of the contract. Hannan closed today at 23 cents, which is three cents below its two 2017 financings. I am disappointed by HAN's poor performance but remain a loyal shareholder because of its quality management team and high exploration potential of its County Clare project.

[Trilogy Metals Inc \(TMQ.MKT\)](#) has two world-class copper deposits in northwest Alaska and presents a compelling call on that metal. Coverage of Trilogy Metals began in late May at 65 cents and it returned more than a double at \$1.35 only eleven weeks later. I visited the project for the second time in August. Trilogy was hit hard by tax-loss selling, reaching a low of 69 on December 11 before rallying on news flow and a rising copper price to \$1.19 six days later. It has since been filling in the gap and closed today at \$1.09. I issued an update on TMQ last week.

[Integra Resources Corp \(ITR.V\)](#) is a newly founded Idaho gold explorer and holds the past-producing DeLamar gold-silver mine. I visited the project and initiated coverage on November 6 in anticipation of its Venture Exchange listing the following day. Integra's high was \$1.25, its low was 96 cents, and it closed today at \$1.10 on light volume. I will follow with a detailed report on ITR during the first week of January.

[Eagle Plains Resources \(EPL.V\)](#) is a long-lived prospect generator that has traded publicly since 1995 and intends to spin-out a Saskatchewan gold explorer in early Q2 2018 via a 1:2 arrangement. I covered Eagle Plains on December 1 when it closed at 17.5 cents. Over the past three weeks, EPL has traded as low as 15 and established a 52-week high of 25 cents today.

[Allegiant Gold Ltd \(AUAU.V\)](#) is a 1:5 spin-out of [Columbus Gold \(CGT.V\)](#) that will hold 14 exploration projects in the Western US. I wrote up Allegiant on December 8 after a field visit to two of its precious metals projects in Nevada. Speculators can still receive the spin-out dividend prior to the share distribution record date, which is expected to be announced in early January. Allegiant Gold will be listed on the TSXV shortly thereafter, and I will post an in-depth review of the newco after the stock starts trading.

Now let's segue to the record 191 products that were posted on our website in 2017.

I wrote [20 musings](#) on a wide variety of subjects that are of interest to me and hopefully, are of interest to you, too.

Our research on the correlations, ratios, and seasonality of important world-traded commodities and indices continued with in-depth analyses posted on gold, platinum, the dollar, and the Toronto Venture Exchange Index.

My other subjects included a guide to the PDAC, a field tour of the Yukon, a treatise on America's 90 wars in 241 years, a report from the New Orleans Investment Conference, five book reviews, and seven Mercenary Alerts covering stock picks.

I was interviewed [136 times](#) and made [25 video](#) appearances in 2017.

We initiated a new bi-weekly podcast series with Oreninc's Kai Hoffman from Germany and Paul Harris from Colombia. Our three regular podcast programs continued: the weekly Metals, Money, and Markets update is with Rob Goodman of MiningClips.com; the monthly Mercenary Musings Radio with Rob Graham focuses on commodities, has exclusive syndication to Kitco.com, and will soon enter its 9th year; and the popular Monthly Market Review with Kerry Lutz of the Financial Survival Network now has an audience averaging over 15,000 listeners for each show.

In 2017, we also launched a new product, the "[CEO Interview Series with Mickey Fulp](#)" in partnership with MiningClips.com. Seven of these high-end, professional-quality, video productions have been very popular, averaging several thousand viewers each. We hope to bring you many more of these informative chats in 2018.

I made [nine public speaking appearances](#) throughout the year, including speeches at the two largest resource investment shows: the Vancouver Cambridge House in January and the PDAC in Toronto in early March. I presented at the New Mexico Geological Society Spring Meeting in April and was also an invited speaker at the International Letter Writers Conference in Vancouver in May, 121 Mining Investment in New York in June, the Capitalism and Morality Symposium in Vancouver in late July, and the New Orleans Investment Conference in October. I made two jaunts south to Socorro to mentor geology and engineering students at New Mexico Tech.

We continued to grow our Twitter feed: [@mercenarygeo](#) now stands at over 63,200 followers for a gain of 7% for the year with an average of five to six tweets per day. We are the undisputed industry leaders for this social media platform. My IT team constantly monitors the Twitter account to attract quality followers from the business and investing sectors and quickly eliminates spammers and robots. Our tweets cover a cornucopia of subjects including business news, commodities, equities, geopolitics, geological phenomena such as earthquakes and volcanoes, individual rights and freedom, investing, libertarian ideals, my outdoor hobbies, and American spectator sports.

As always, my appreciation goes to those who actually run this business. I am the voice and face of [MercenaryGeologist.com](#) but have superb behind-the-scenes folks who deliver my products to you on a timely basis:

- Webmaster and IT manager Raffaele Della Peruta has been with me since inception of this business in April 2010.
- Kirsty Hogg is now in her seventh year as our social media and promotions manager.
- Troy McIntyre, student research assistant, moved to upstate New York in the late summer but we found ways to keep him working thru the wonders of the internet.

Troy was retained 15 months ago because of his stated fluency in excel. He is now an expert in that program and is responsible for our commodity and economic database that continues to grow (>18 mb) as we add new parameters and develop innovative techniques for analysis.

Thanks go to my workers, friends, and neighbors in New Mexico's South Valley who tend my animals, maintain the farm, and keep vigilance when I travel.

Finally, my appreciation for you as a loyal subscriber is constant; we will be successful only if you continue to 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. As always, we welcome and value your input and comments via Contact@MercenaryGeologist.com and 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 long-term, secular view of world commodities demand driven by population growth.

An unabashed 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 optimistic that the bull market in commodities will continue in 2018 and the best junior exploration companies will follow suit. I remain committed with significant share holdings in many good companies. That said, I am always seeking and participating in new ideas, deals, and startup companies in both the public and private venues. Rest assured that I will bring only the best of these to your attention at the best time for successful speculation.

Folks, always remember that profit-taking is never a bad move, and it is an especially sound strategy in the volatile junior resource market. These are not buy-and-hold stocks. You must sell to make money!

Finally, my holiday wish for subscribers in the coming year: May all your trades be to the upside.

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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Disclaimer: I am a shareholder of all the companies mentioned in this musing. Allegiant Gold Ltd, Eagle Plains Resources, Integra Resources Corp, and Trilogy Metals Inc currently pay a fee of \$4000 per month to sponsor this website. I am not a certified financial analyst, broker, or professional qualified to offer investment advice. Nothing in any report, commentary, this website, interview, and other content constitutes or can be construed as investment advice or an offer or solicitation or advice to buy or sell stock or any asset or investment. All of my presentations should be considered an opinion and my opinions may be based upon information obtained from research of public documents and content available on the company's website, regulatory filings, various stock exchange websites, and stock information services, through discussions with company representatives, agents, other professionals and investors, and field visits. My opinions are based upon information believed to be accurate and reliable, but my opinions are not guaranteed or implied to be so. The opinions presented may not be complete or correct; all information is provided without any legal responsibility or obligation to provide future updates. I accept no responsibility and no liability, whatsoever, for any direct, indirect, special, punitive, or consequential damages or loss arising from the use of my opinions or information. The information contained in a report, commentary, this website, interview, and other content is subject to change without notice, may become outdated, and may not be updated. A report, commentary, this website, interview, and other content reflect my personal opinions and views and nothing more. All content of this website is subject to international copyright protection and no part or portion of this website, report, commentary, interview, and other content may be altered, reproduced, copied, emailed, faxed, or distributed in any form without the express written consent of Michael S. (Mickey) Fulp, MercenaryGeologist.com LLC.

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