



Mercenary Alert: Tax-Loss Selling Gives Us This Buying Opportunity

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

[Contact@MercenaryGeologist.com](mailto:contact@mercenarygeologist.com)

November 27, 2018

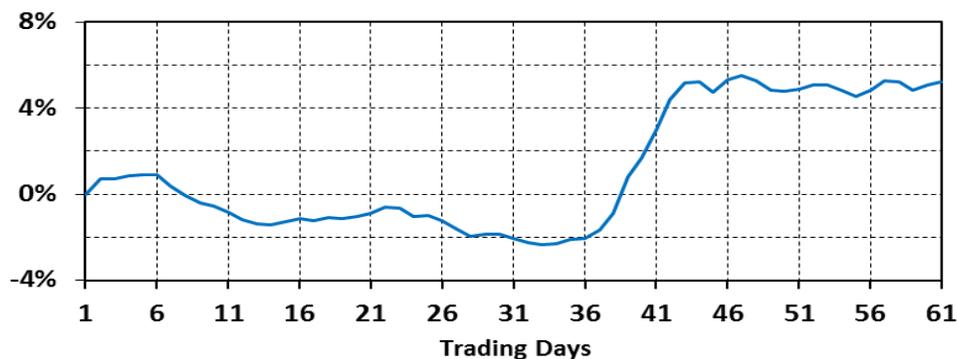
Over 10-plus years, I have spoken and written extensively about my contrarian ways in the equities marketplace.

For the past two years, [Mercenary Geologist.com](http://MercenaryGeologist.com) has conducted extensive research on seasonal patterns of the Toronto Venture Exchange Index (TSXV). We have determined that specific junior resource stocks present compelling buys during December tax-loss season lows. Moreover, significant returns can be realized in short trading times ([Mercenary Musing, November 7, 2016](#)); ([New Orleans Investment Conference, October 25, 2017](#)).

Today, I present an actionable idea for this year's seasonal downturn in the junior resource market. But first let's assume that past is prologue and review the 16-year composite history of the TSXV Index from November 1 to January 31, a period of three months.

Our usual procedure was employed to produce the chart below. We normalize the three-month period for each year, calculate the percent change for each trading day, and sum these daily changes over the 16 years to generate a composite chart. Note that each month is represented by 20 to 22 trading days:

**TSXV Index 2002 - 2017
November 1 - January 31 Composite**



This composite chart illustrates that on average, there is a noticeable downturn in the TSXV Index during early to mid-December. From trading day 22 or 23 to trading days 31-36, there is a broad bottom.

The tax-loss selling bottom most often occurs on December 15 \pm 2 to 3 trading days.

The downtick is followed by a steep rise from about trading day 37 to trading days 42 or 43. This interval is from immediately after the Xmas holiday (or Boxing Day for you British Empire-types) until the end of the first week of January.

From our analysis, we can suggest a potentially profitable short-term trading strategy to take advantage of tax-loss selling:

- Pick a fundamentally-sound junior resource stock that has a 52-week high significantly higher than its current trading level.
- Put in a series of open order stink bids from late November until mid-December to buy near, at, or below its 52-week low.
- Sell at the end of December or during the first week of January when the stock rebounds to a normal trading level.

Folks, that was a primer on a short-term buying and selling strategy developed from our TSXV research. Now I will give you a specific stock that could fulfill the above premise in short order.

[GoldMining Inc \(GOLD.TSX; GLDLF.OTCQX\)](#) is a junior gold bank with numerous advanced exploration projects across several jurisdictions in the Americas.

I am a shareholder and have been since the company was founded in 2010 as a private concern called Brazil Resources Inc. It went public via an IPO in the spring of 2011 and I initiated coverage at that time. Over the past seven years, I have covered the company intermittently.

It is one stock that I have continued to play successfully thru the typical up and down cycles of a junior resource company. Note that I maintain a core share position and often have a trading position to boot.

GOLD has a 52-week high at \$1.54 and a low of 73 cents. It has 135.6 million shares outstanding and 155.1 million fully diluted. Included are 7.4 million options and 13.5 million warrants. With its recent close at 78 cents, market capitalization stands at about \$100 million. Cash position is \$9.5 million with no debt.

The company has good liquidity with combined trading on the Canadian and American exchanges averaging 220,000 shares per day over the last quarter.

Given my long term involvement with the company, I have come to know senior management well and am quite comfortable working with them. GoldMining Inc is led by executive extraordinaire and Chairman of the Board Amir Adnani; he is the company's largest shareholder. Geologist Garnet Dawson is CEO, geologist Paulo Pereira is the Brazilian-based President, and Pat Obara is the CFO.

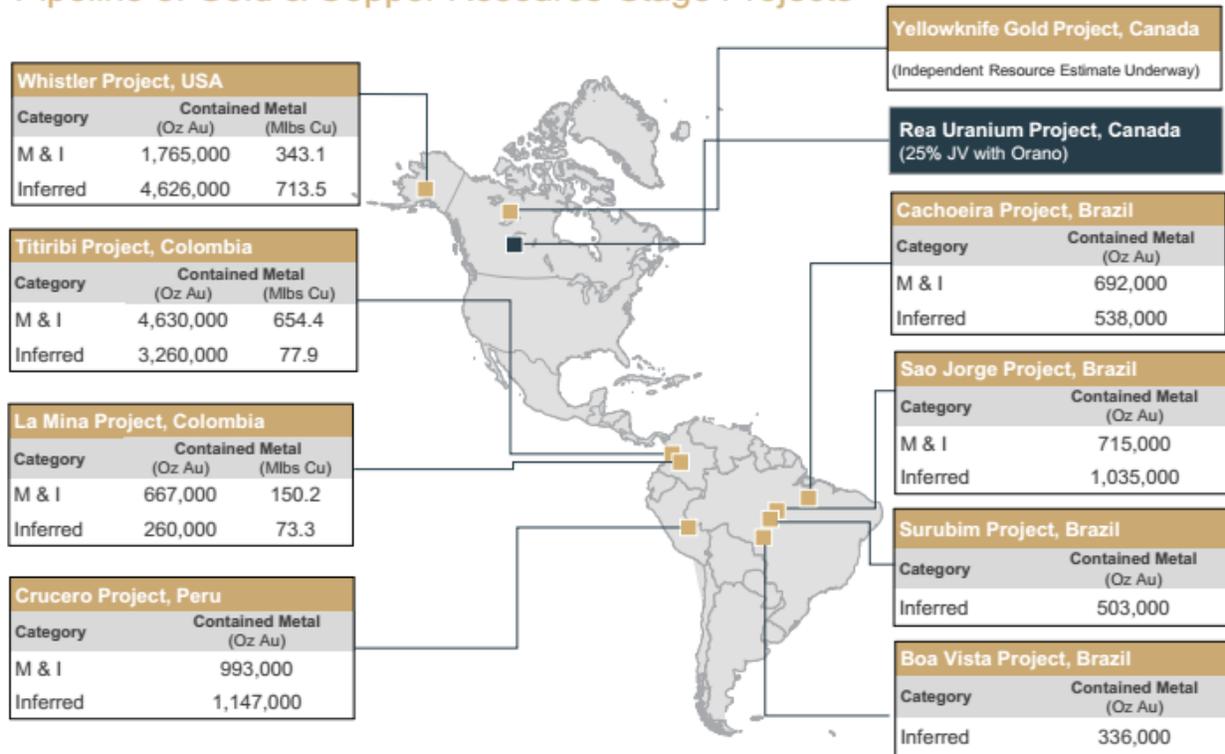
Here's the 52-week chart showing a 49% drop in the share price since mid-January:



This map shows the company's projects and gold and copper resources in Alaska, Northwest Territories, Colombia, Brazil and Peru:

GoldMining Assets

Pipeline of Gold & Copper Resource-Stage Projects



All told, GoldMining's corporate ledger contains 9.5 million ounces of gold in measured and indicated resources and 11.7 million ounces of gold in inferred resources.

With exploration costs now averaging \$45 per ounce of gold discovered, GOLD has chosen a different tact. During a bear market for gold over the past five years, it has made seven major acquisitions of distressed companies or resource project assets. These projects have largely been acquired for consideration consisting of GOLD shares with no or very minor cash payments. Dilutions to the company's share structure have varied from about 3 to 5% per acquisition.

A quick back-of-the-envelope calculation shows that its all-in resources of 26 million gold-equivalent ounces (21 million ounces gold and two billion pounds of copper) are currently valued at a less than \$4 per ounce of gold in the ground. This is a very low valuation compared to its mid-tier junior exploration peers.

That said, GoldMining Inc's gold and gold-(copper) projects should be viewed mainly as optionality plays and calls on the price of gold because most are not economic at current metals prices. In that regard, the company functions as a gold project bank.

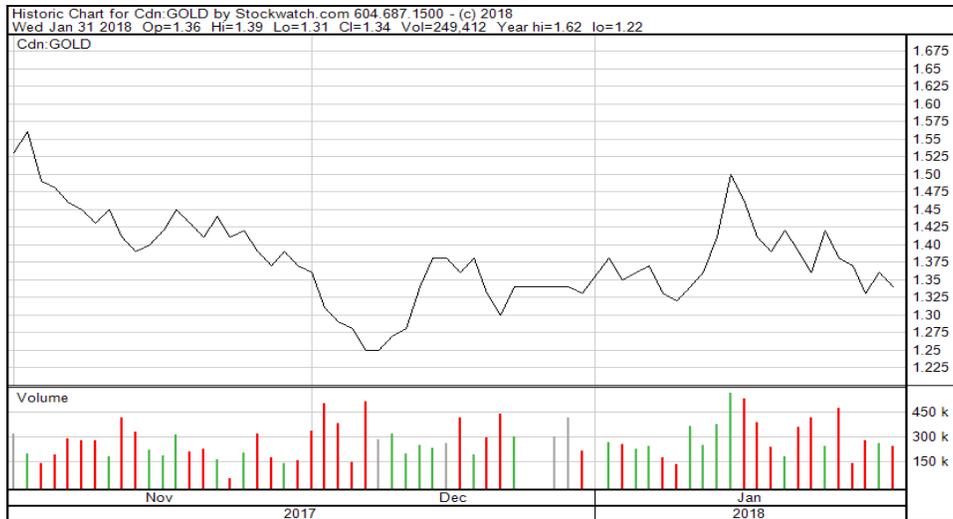
I fully expect these projects will be sold-off for significant cash or spun-out individually into other companies when the inevitable bull market for commodities comes around. I also anticipate that these future transactions will result in significant dividends to GOLD shareholders. And that is the reason that I maintain a core share position in the company.

Company assets also include a bonus with another yellow metal asset to go along with all the gold: It holds a promising uranium project in the Athabasca Basin of northeastern Alberta that is a 75-25 joint venture with the recently renamed Orano (ex-Areva, the French government uranium giant). This is a non-core asset that can be sold or spun-out as the uranium market continues to gain traction.

As I alluded to above, GOLD also presents a periodic trade opportunity with attractive entry and exit points. Closing price charts over the past two November thru January periods illustrate rewarding short-term share trades:



GOLD stock purchased in mid-December 2016 at \$1.50 and sold five trading days later at \$2.25 returned 50%.



GOLD stock purchased in early December 2017 at \$1.25 and sold in mid-January 2018 for \$1.50 returned 20%.

Besides quickly triggered trades, there are other ways to play GOLD in the coming weeks:

- The height of tax-loss selling in December will likely present low price entry points for those wishing to accumulate the stock via stink bids.
- This year's selling season could be an ideal time for shareholders wishing to average down and reduce their cost basis.
- Based on the stock's performance in 2016, 2017, and 2018, we can expect a double or more in share price from its low to its high in 2019. Note the stock is currently only 5 cents off its 2018 low.

As contrarians, we always strive to buy stocks when they are unknown, unwanted, unloved, and undervalued. While GoldMining Inc and its Chairman Amir Adnani are certainly not unknown to the junior resource sector, I submit that the latter three criteria apply at this juncture.

Do your own due diligence and see if you agree with my views.

You already know that I have skin in this game; please be advised that the company also pays to sponsor my website. Therefore, my opinions are colored by financial interests in the company.

Ciao for now,

Mickey Fulp
 Mercenary Geologist



Acknowledgment: Troy McIntyre is the research assistant for MercenaryGeologist.com.

The [Mercenary Geologist Michael S. "Mickey" Fulp](http://MercenaryGeologist.com) 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.

Contact: Contact@MercenaryGeologist.com

Disclaimer and Notice: I am a shareholder of GoldMining Inc and it pays a fee of \$4000 per month as a sponsor of 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.

[Copyright © 2018 Mercenary Geologist.com, LLC. All Rights Reserved.](http://MercenaryGeologist.com)