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Mercenary Alert: Catalysts Are Coming for This Copper Company

A Special Alert Musing from Mickey the Mercenary Geologist

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Three weeks ago I wrote that Alaska copper developer [Trilogy Metals Inc \(TMQ.AM; TMQ.TSX\)](#) was on sale ([Mercenary Musing, August 7, 2019](#)). Within a day, it bumped from \$1.75 to \$2.05. But the algorithmic shorts mounted another attack over the past couple of weeks and drove the price back down to \$1.50.

These short-sellers have wreaked havoc on Trilogy over the past month and a half. TQM traded at or above \$3.00 from June 24 to July 8 and reached an all-time high of \$3.13. Then the shorts started to move on the stock around July 10.

A two-month chart is shown below. Note in particular volume spikes of over a million shares on the big downtick days since mid-July:



This up and down volatility, while stressful for the company's managers and private equity funds with large positions, has given retail investors a couple of entry points with plenty of liquidity to add to their holdings. Recent action implies that the shorts have a floor of \$1.50 for the stock.

These short manipulations have been exacerbated by a weak copper market with today's close at \$2.56 marking a 26-month low. I do not expect copper prices to move upward until America settles its trade differences with the Chinese. Despite an oversold copper market with relatively strong supply-demand fundamentals, the trade dispute is ruling both prices and speculative positions.

That said, Trilogy Metals has catalysts coming that could compromise the repeated attempts to drive the stock lower.

According to my sources, the BLM's Draft Environmental Impact Statement for the Ambler Mining District Industrial Access Project is expected to be tabled within the next several days. Note that this will be a major milestone for the company.

This process would then involve a 45 to 60 day public comment period with a final record of decision expected by year's end.

In addition, the Trump's head administrator for the Environmental Protection Agency, Andrew Wheeler, recently voiced his agency's support for the road.

So permits for Trilogy Metal's Ambler project remain on track, exploration and development activities at Arctic, Bornite, and the Ambler Schist Belt are ongoing, and all indications are that partner South32 Ltd remains fully committed. The summer field season is now wrapping up and there will be significant additional news flow as we move into the fall.

Assuming the BLM sticks to its permitting timeline by year-end and South32 exercises the option to acquire a 50% interest for \$150 million, Trilogy will be very well-positioned to complete a bankable feasibility and permit the Arctic Mine, complete a pre-feasibility study on Bornite, and explore the highly prospective Ambler Schist Belt.

I recently accumulated the stock in the upper \$1.50 range and will continue to look at any weakness as a buying opportunity. You must do your own due diligence to determine if Trilogy Metals Inc fits your particular risk-reward profile.

Ciao for now,

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The [Mercenary Geologist Michael S. "Mickey" Fulp](#) is a Certified Professional Geologist with a B.Sc. in Earth Sciences with honor from the University of Tulsa, and M.Sc. in Geology from the University of New Mexico. Mickey has 40 years of 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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