



Mercenary Alert: Trilogy Metals Inc: The Time to Buy-in Again?

A Special Alert Musing from Mickey the Mercenary Geologist

For Subscribers Only

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I have been a shareholder of **[Trilogy Metals Inc \(TMQ.AM; TMQ.TSX\)](#)** for over three years, way back when it was still a penny stock. I introduced it to subscribers and initiated coverage in late May of 2017 at 66 cents.

In my opinion, Trilogy Metals holds the two best undeveloped, giant, high-grade copper deposits located in a safe geopolitical jurisdiction in the world: Arctic, a polymetallic volcanogenic massive sulfide deposit, and Bornite, a sediment-hosted copper-cobalt deposit, both in Northwest Alaska. Better yet, these mineral deposits are separated by a wide valley of about 20 km, currently share a camp, and will be accessed by the same private road.

TMQ reached an all-time high of \$3.14 in late June of 2019. When I wrote on TMQ from early August to late September, it was in the midst of a three-month bout of repeated algorithmic short attacks, an institutional fund exited the stock and was replaced by another, and it had an unexpected personnel change. During this turbulence, it bottomed at \$1.50. Along with some subscribers, I bought and sold into this volatility and generated short-term profits.

From October 1 to 15, the stock bottomed again at \$1.50 to \$1.60. At that juncture, smart speculators played on its strong fundamentals and a sustained run to \$2.25 was the result. Tax-loss selling in late November to early December took it down to about \$1.75. However, Trilogy rebounded to close at \$2.60 at the beginning of 2020.

It closed at \$2.50 upon announcement of the Phase I US-China trade deal on January 16. A couple of trading days later, copper hit a seven-month high of \$2.84 a pound.

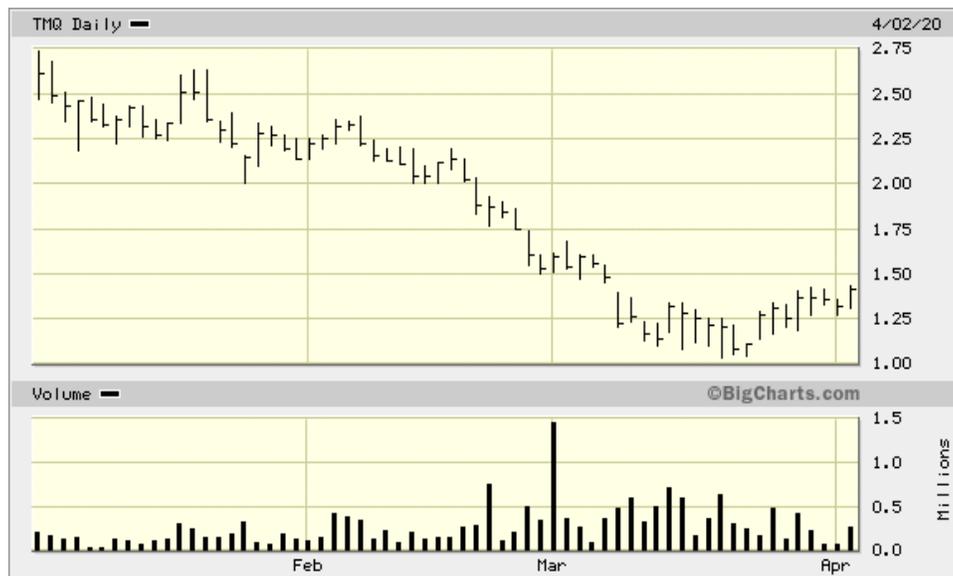
Then everything went south and then some. Media-stoked fears over a new flu virus outbreak in China led to fear and panic, and then to irrationality and hysteria. Subsequent draconian government actions have shut down a large proportion of the world's economy and have driven copper prices to a 3.5-year low, oil to an 18-year low, and gold to a seven-year high. Copper bottomed at \$2.08 on March 23 but has gained some ground since, trading from \$2.15 to \$2.20 over the past couple of weeks.

This admittedly nasty flu has resulted in quarantines and lockdowns of billions of people, imposition of martial law, massive shut-down of industrial capacity and retail businesses, embargo of ship cargoes, and travel bans to and from all foreign countries.

The hysteria is driven by a media that embraces any sort of event deemed worthy to wear the “crisis” label and a corrupt and criminal United Nations medical bureaucracy (WHO) that squanders hundreds of millions of dollars annually and is led by an avowed Marxist.

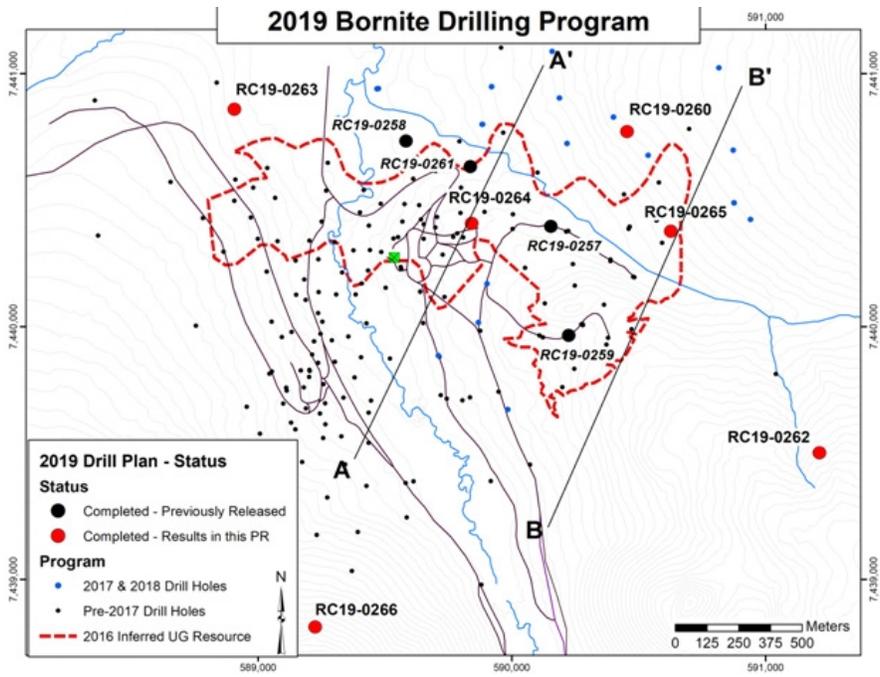
As China’s original problem has spread to other nations, it has weighed heavily on world stock markets; US equities are now in bear market mode after hitting all-time highs in mid-February. The market turmoil has almost equally affected “Dr. Copper” as it faces both supply and demand destruction. However, the downturn is exacerbated for copper stocks.

So while the metal is down over 20%, it should be no surprise that copper explorers and developers have dropped even more. Trilogy Metals Inc bottomed at its low since tax-loss season of 2017 at \$1.03 in mid-March. It closed today at \$1.40 and nearly 50% below the year-to-date high of \$2.75:



Meanwhile, company news flow since my last report has been quite positive:

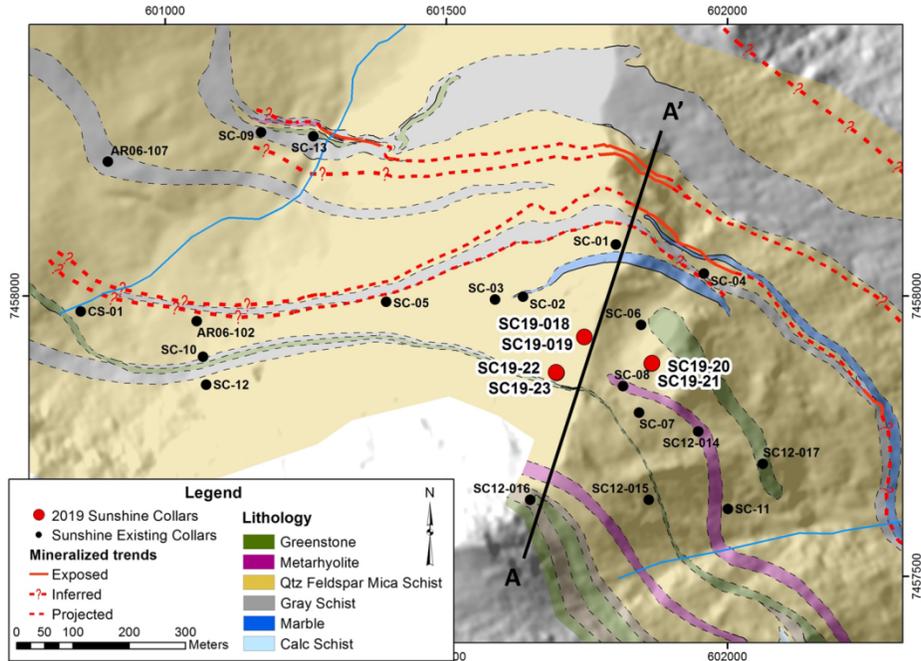
- In mid-September to late October 2019 drill results from the 7600 m, 10-hole Bornite drill program were reported.



Hole	From (m)	To (m)	Length (m)	Cu (%)	Co (%)
RC19-0257	588.72	591.74	3.02	3.10	0.03
RC19-0258	654.00	655.59	1.59	1.67	0.06
RC19-0259	505.05	506.73	1.68	1.61	0.01
	521.90	530.89	8.99	3.18	0.01
	534.07	539.26	5.19	2.73	0.01
	548.32	549.74	1.42	2.28	0.00
	552.81	564.89	12.08	2.25	0.01
RC19-0261	306.32	307.43	1.11	5.14	0.00
	391.12	400.14	9.02	2.50	0.06
	403.56	420.43	16.87	2.31	0.03
	428.41	441.28	12.87	2.32	0.02
	531.32	542.04	10.72	1.69	0.04
	554.33	559.70	5.37	1.89	0.01
	576.81	578.51	1.70	1.55	0.03
	651.90	653.80	1.90	2.38	0.03
	667.97	670.69	2.72	3.51	0.17
682.96	690.61	7.65	2.23	0.05	

Hole	From (m)	To (m)	Length (m)	Cu (%)	Co (%)
RC19-0260	665.78	668.73	2.95	3.08	0.019
RC19-0262	No Significant Mineralization				
RC19-0263	No Significant Mineralization				
RC19-0264	436.79	449.76	12.97	1.92	0.036
	475.29	477.29	2.00	1.75	0.018
	480.43	485.87	5.44	1.97	0.008
	488.9	495.58	6.68	2.14	0.007
	528.61	530.35	1.74	1.55	0.009
	537	538.83	1.83	1.66	0.007
	559.76	561.82	2.06	2.22	0.010
	661.77	663.58	1.81	1.59	0.014
	685.95	687.63	1.68	1.83	0.018
	722.58	727.99	5.41	2.44	0.021
	731.52	733.45	1.93	2.23	0.008
	740.7	745.24	4.54	2.29	0.015
	752.86	775.68	22.82	2.86	0.032
781.87	786.99	5.12	11.01	0.006	
Hole	From (m)	To (m)	Length (m)	Cu (%)	Co (%)
RC19-0264	801.32	802.95	1.63	1.62	0.005
	809.63	816.82	7.19	5.98	0.055
RC19-0265	520.6	522.27	1.67	3.71	0.041
	536.06	537.07	1.01	9.06	0.004
	564.03	572.92	8.89	2.38	0.018
	578.51	580.83	2.32	3.61	0.021
	598.6	607.32	8.72	4.58	0.139
	635.51	637.49	1.98	2.51	0.020
	645.57	657.93	12.36	2.01	0.013
	671.82	673	1.18	2.68	0.001
	684.03	687.45	3.42	2.41	0.005
696.83	698.69	1.86	2.44	0.002	
RC19-0266	No Significant Mineralization				

- In early November, it reported drill intercepts from the promising Sunshine prospect in the Ambler Schist Belt, approximately 13 km west of the Arctic deposit. Six holes were drilled and totaled approximately 1350 meters. One was previously reported in September; all intersected multiple zones of ore-grade, copper-rich, polymetallic mineralization.



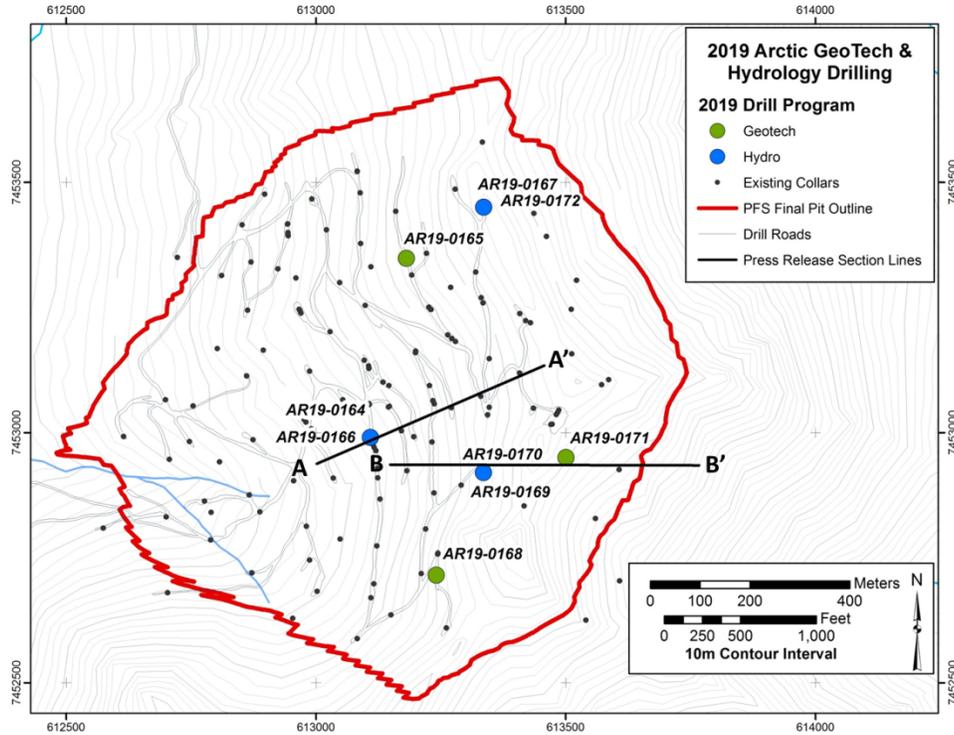
Hole	Zone	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	CuEq (%)*
SC19-019	New	57.00	66.14	9.14	3.02	1.42	0.27	0.14	24.65	3.95
	1	68.85	72.15	3.30	1.68	1.77	0.47	0.12	27.57	2.82
	2	98.81	102.54	3.73	4.74	0.97	0.13	0.15	28.96	5.51
	3	122.36	125.40	3.04	0.75	1.40	0.35	0.08	21.02	1.63
	4	138.17	146.05	7.88	2.23	5.62	1.10	0.18	46.95	5.23

Hole	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	CuEq (%)*
SC19-018	139.52	144.76	5.24	2.08	3.13	0.63	0.15	41.64	3.93
	238.72	245.06	6.34	1.63	1.45	0.09	0.07	13.38	2.38
	247.86	255.06	7.20	0.72	2.18	0.21	0.03	6.64	1.69
	260.46	261.60	1.14	1.53	0.35	0.01	0.03	3.67	1.71
SC19-020	176.37	179.74	3.37	4.15	3.42	0.83	0.26	74.35	6.54
	188.55	190.10	1.55	1.43	1.65	0.40	0.06	23.30	3.77
	204.15	209.09	4.94	4.47	3.42	0.01	0.00	0.12	5.77
SC19-021	219.30	221.98	2.68	3.70	0.44	0.00	0.00	0.40	3.87
	146.62	156.28	9.66	3.93	3.00	0.77	0.22	73.10	6.10
SC19-022	114.12	115.47	1.35	2.89	4.87	1.41	0.17	68.30	7.96
	130.40	134.61	4.21	0.34	2.28	1.07	0.07	30.63	1.85
	143.73	159.01	15.28	1.35	2.91	0.78	0.16	32.58	3.08
SC19-023	163.50	168.51	5.01	0.87	1.92	0.66	0.10	24.69	2.09

- In mid-December, the anticipated 50-50 joint-venture with South32 Ltd was announced. The deal was formally consummated upon receipt of \$145 million and the new operating company was structured in mid-February.

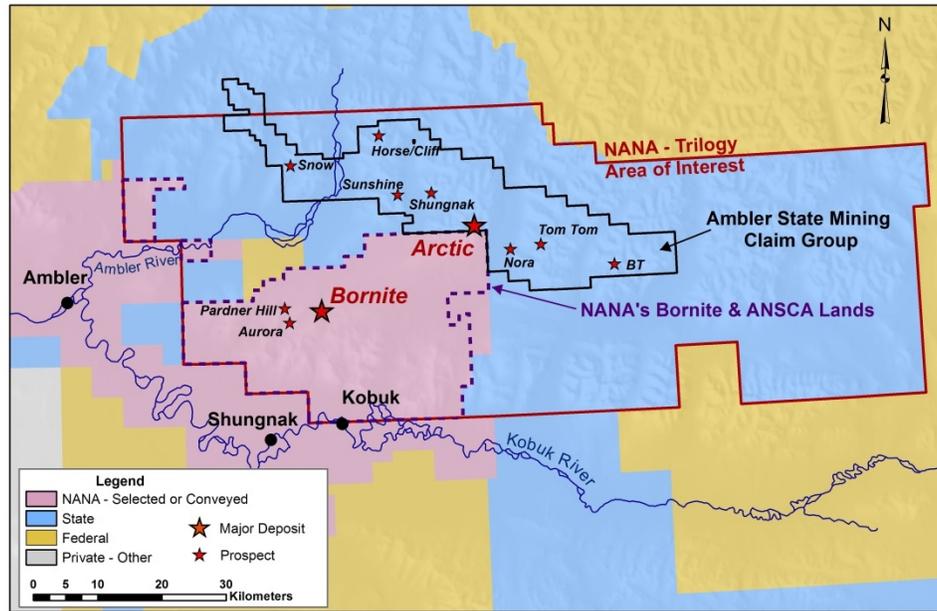
In early January, Trilogy provided an update on project activities. Details are below.

- Intercepts from eight of 10 holes totaling 2400 meters that were drilled mainly for geotechnical and hydrological purposes within the Arctic deposit in 2019:



0.5% CuEq	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)	CuEq (%) ^a
AR19-0164	148.77	154.54	5.77	1.45	6.24	0.83	0.28	32.20	4.54
	161.27	177.68	16.41	5.09	4.82	0.53	0.47	47.09	7.80
AR19-0165A	125.11	126.95	1.84	1.66	1.87	0.34	0.52	18.87	2.97
AR19-0166	155.36	160.51	5.15	2.95	6.22	1.47	0.75	51.07	6.70
	170.18	179.65	9.47	4.12	4.78	0.46	0.48	40.61	6.74
	182.73	184.35	1.62	2.71	10.13	2.02	0.25	56.36	7.84
	194.62	201.15	6.53	1.68	2.12	0.41	0.47	35.65	3.22
	209.53	218.16	8.63	3.62	6.81	0.84	0.87	56.00	7.51
AR19-0167	197.21	200.25	3.04	2.40	2.60	0.10	0.10	16.92	3.63
AR19-0169	127.92	142.34	14.42	2.20	2.61	0.33	0.30	24.20	3.70
AR19-0170	137.77	151.49	13.72	3.36	5.52	0.74	0.33	39.19	6.24
	253.33	260.43	7.10	5.27	2.57	0.02	0.91	38.75	7.17
AR19-0171	50.87	67.42	16.55	3.69	4.24	0.85	0.45	51.14	6.30
AR19-0172	178.49	194.54	16.05	1.07	1.15	0.18	0.10	9.08	1.71

- An additional 465 state mining claims were staked adjacent to the existing claim block. Total project holdings are now approximately 1727 sq km:



- In late March, the BLM tabled the Final Environmental Impact Statement (EIS) for the Ambler Mining District Industrial Access Project, the 211 mile road from the Dalton Highway to the project.

Trilogy Metals anticipates significant news flow and catalysts in the second quarter of 2020. Included are:

- Record of Decision for the Final EIS for the road and permit from the Army Corps of Engineers, expected within a couple of months.
- Completion of the Arctic Feasibility Study, on track for delivery in late Q2.
- The summer work program and budget for the Upper Kobuk Mineral Project that includes Arctic, Bornite, and the Ambler Schist Belt.
- Commencement of the summer exploration and development program, which is targeted for mid-June.

I think that with the quality of its projects, partnership with one of the world's largest integrated mining companies, cash in the bank, currently depressed stock price, and positive developments on the docket for the near-term, Trilogy Metals Inc should be considered a buy at this juncture.

Note that I have purchased another tranche of the stock and may do so again if the price remains in its current range or goes lower.

You must always do your own due diligence. If Trilogy Metals meets your speculative portfolio goals and you agree with my ideas, I submit it could be an opportune time to buy in again.

Ciao for now,

Mickey Fulp
Mercenary Geologist



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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