



PearTree

Perspective

Expanding the universe of exploration capital.

Reasons to Buy Canadian



Trent Mell, President & Head of Mining

Fortunately, the Canadian Federal Budget did not contain any real surprises of note for the mining industry. The new Liberal government of Justin Trudeau had previously hiked the top tax bracket from 29% to 33%, which in fact had the effect of making PearTree's investment format even more attractive for issuers and buy-side alike. An overarching theme in the March 22 federal budget was deploying fiscal measures to put Canada back on the road to prosperity. Deficit spending would appear to be back in style and many Canadians appear accepting of this policy shift for now.

There are many reasons to be long Canadian mining equities, notably the low Canadian dollar and a growing sentiment that we now know where the bottom of the market is. At this year's PDAC convention, two Canadian explorers garnered more than their share of the spotlight. Uranium play Nexgen Energy (NXE.V) released a maiden resource for its Arrow project in Saskatchewan's Athabasca basin of 201.9 M lbs at 2.63%U3O8. "World class" is an overused term in this industry but, as one CEO told me, this discovery is one of only two new meaningful discoveries over the past 8 years (the other being Reservoir Minerals' Serbian discovery).

Another big story of PDAC was Integra Gold, which hosted a "Shark Tank"-style finale for its Gold Rush Challenge. Adapted from Rob McEwen's 2000 Goldcorp Challenge, Integra attracted more than 1,300 contestants who vied for \$1 million in prize money. It was a bold initiative for the small management team and it culminated in 'the' social event of PDAC, with a sold-out crowd of the industry veterans.

Prior to the conference, the Fraser Institute released its annual Survey of Mining Companies, rating 109 mining jurisdictions around the world based on a combination of their geologic attractiveness for minerals and metals and their policy attractiveness. For the second consecutive year, Saskatchewan ranks as the top jurisdiction in Canada and finishes second worldwide behind Western Australia. Half of Canada's 10 provinces and territories made the top 20 list:

Investment Attractiveness Ranking (119 jurisdictions)

| | | 2015 | 2014 |
|--------|------------------|------|------|
| Canada | Saskatchewan | 2 | 2 |
| | Quebec | 8 | 10 |
| | Yukon | 12 | 6 |
| | Ontario | 15 | 23 |
| | British Columbia | 18 | 29 |
| | Manitoba | 19 | 5 |

For the first time, the Fraser Institute also conducted a survey of the length of time it takes mining companies to get approval for mineral exploration. The study was limited to Canada for 2015 and compares the efficiency, transparency and certainty of the permitting processes

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Upcoming Events

Industry Events

We will be attending the **Swiss Mining Institute** March 22-23, 2016



If you would like to meet us at one of these shows, please contact us at marianne.jenkevice@peartreesecurities.com

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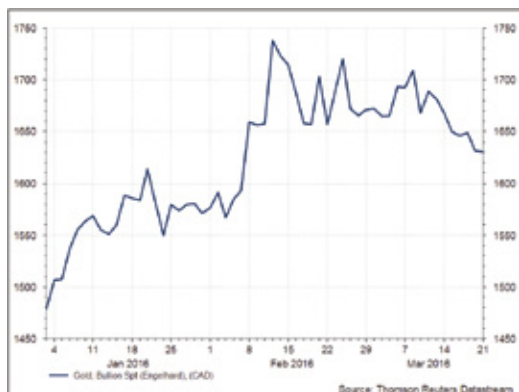


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in jurisdictions across Canada, based on the experiences and opinions of mining industry professionals. It found that permit times for mining exploration are increasing across Canada, especially in Ontario. We can only hope that this new survey inspires regulators to streamline permitting processes.

Gold Price in Canadian Dollars



Lastly, Canadian gold producers continue to enjoy the FX-adjusted gold price, which stood at about C\$1,626 at the time of writing. While down from a February peak of C\$1,735, it is nonetheless up more than 10% year-to-date. Gold remains one of the top 5 holdings for George Soros and holdings of gold-backed ETFs have seen total inflow for the year of about 180 tonnes.

The rest of the metals complex is still in a waiting game. Zinc treatment charges continue to drop in 2016, which is an encouraging sign that supply side responses are having an impact. Consensus sentiment that there is more upside than downside is only mitigated by timing issues. While we have no great insights on that point, patient money will be rewarded.

include uncut values of 17m @ 206.23 g/t Au (DDH VU-565), 31m @ 82.01 g/t Au (DDH VU-568), 23.5m @ 39.04 g/t Au (DDH VU-573), and 19.56m @ 36.12 g/t Au (DDH VU-599). The drill program is designed to target stope areas in yr-1 through yr-3 of the current mine plan. Definition drilling from five underground drill stations is in progress and is expected to be completed in the Q2 of 2016, covering over 200 vertical meters over a strike length of 250m by 7.5 to 10m centers.



Oban Mining Corp. (OBM-T)

Expanding Windfall – OBM reported on March 16 and 17, 2016, new results from the ongoing drill program at its 100% owned Windfall Lake gold project located in Urban Barry Township, Québec. The 55,000m drill program, that combines definition drilling above the Red Dog intrusion (to upgrade the level of confidence in the mineral resource) and expansion drilling above and below Red Dog, is in progress and has provided interesting results. Recall that the Windfall Lake gold deposit is located 200km NE of Val-d’Or and is accessible year-round. It has mineral resources standing at 2.7Mt @ 8.42 g/t Au (748,000oz) in the indicated category and 3.5Mt @ 7.62 g/t Au (860,000oz) in the inferred category.

Highlights from new drill holes include: 6.9m @ 7.71 g/t Au in the extension of previous DDH EAG-11-269, 3m @ 19 g/t Au (DDH OBM-16-58), 4.6m @ 8.43 g/t Au, and 2.2m @ 5.17 g/t Au (DDH OBM-16-593), as well as 4.2m @ 12.85 g/t Au (DDH OBM-16-600). The extension of previous DDH EAG-11-269 (6.9m @ 7.71 g/t Au) permitted to delineate the FW3 zone below Red Dog at 737.1 to 744m along hole and is located 39m down-plunge of EAG-11-289 (5.8m @ 9.96 g/t Au) and 117m up-plunge of EAG-13-511 (2.1m @ 7.96 g/t Au). Drilling below Red Dog is testing 3 major corridors of mineralization and alteration (FW-1, FW-3, FW-4), oriented ENE and dipping steeply to the SE, and appears to be defining similar lenses of the Main Zone defined above Red Dog. 4 new drill holes expanded high grade zones on the western end of Zone 27 and included 2.4m @ 19.9m @ 11.39 g/t Au (DDH OBM16-603), 3m @ 4.29 g/t Au (DDH OBM-16-604), and 5m @ 13.75 g/t Au (DDH OBM-16-606). Drilling targeted the contact between a rhyolite and a porphyry dyke in an area previously estimated to be of low grade. The intersected Zone 27 consists of 1-10% pyrite in stringers and disseminations with local visible gold. OBM-16-603 was drilled 34m above OBM-16-604 and confirms the high grade extension of Zone 27 for more than 140m vertically. OBM-16-601 targeted the Caribou zone at 175m below surface. The large alteration corridor associated with the Caribou zone was intersected from 177.8 to 238m with 2.4m @ 5.43 g/t Au.

Company News – Canadian Exploration and Development Space:



By Eric Lemieux, Mining & Exploration Analytics

Below are a few of the Canadian exploration and development companies we follow at PearTree. For more **Analyst Notes** please [click here](#).

In the News

Pretium Resources Inc. (PVG-T)



Confirming continuity with high-grade – On March 17, 2016, PVG reported results from the underground infill drill program at the Brucejack Project’s Valley of the Kings. Results continue to confirm the style and grade distribution of the Valley of the Kings gold mineralization in the area currently being tested. Reported assays include four intersections grading greater than 1,000 g/t Au. Selected drill highlights from the 2015/2016 infill drill program (186 holes for 33,206m)

TMAC Resources Inc. (TMR-T)



Developing Hope Bay at different levels – TMR completed a \$9M private placement of 827,206 flow-through shares at a price of \$10.88 per FT share that will be used for diamond drilling exploration expenditures on the highly prospective Naartok/Madrid North deposit area, 8km south of the Doris Mine, and for airborne geophysical surveys of both the Hope Bay and Elu greenstone belts. TMR is a Canadian-based mineral exploration and development company focused on the Hope Bay Greenstone Belt, an 80 x 20km property with significant upside resource potential in the Kitikmeot region of Nunavut. With a 100% interest in the Hope Bay Project, TMR is fully financed and set to de-risk with a step approach to

production. TMR has a highly experienced management team devoted to responsible and economically sustainable exploration, development, and mining in one of Canada's next major gold mining camp. It has secured equity and debt financing for gross proceeds of over \$365M, providing full funding to put the Doris Mine on the path to production by the end of 2016. Considering the prospectivity of the ground between Doris and Madrid North, several strategic opportunities involving exploration work in 2016 have been identified in sync with the sequential development of the Hope Bay camp, host to over 5.9M oz. Au (M&I resources totalling 15.2Mt @ 9.2 g/t Au (4.5 M oz.) and inferred at 6Mt @ 7.4 g/t Au (1.4M oz.)). P&P mineral reserves stand at 14.2Mt @ 7.7 g/t Au (3.5M oz.) of gold at an average grade of 7.7 g/t Au. TMR's work ensures potential to increase resources while also permitting longer range strategic exploration targeting.



Kirkland Lake Gold (KGI-T)

Strong Q3 and momentum for 2016 – On March 10, 2016, KGI announced financial results for Q3 reporting period of Stub Year 2015 (November 1 to December 31, 2015), as well as the full eight month period of Stub Year 2015 (May 1 to December 31, 2015, "YTD"). KGI had a 7th consecutive quarter of positive earnings and free cash flow generation of \$7.9M during the period (\$19.3M YTD). Of note, KGI produced 27,604oz. Au in Q3, for total YTD production of 102,59oz. meeting the mid-range of its production guidance of 90,000-110,000oz. Head grade was 14.4 g/t Au with mill recoveries of 97.1% and cash operating costs of \$716/oz (\$793/oz YTD). As of December 31, 2015, cash was \$93.7M and, subsequent to the close of the acquisition of St Andrew Goldfields Ltd., KGI had cash and cash equivalents of \$109.5M. KGI is assessing the mine plans and budgets for 2016 at each of the three East Timmins Operations and should provide guidance before late April 2016.



Integra Gold Corp. (ICG-V)

Après Gold Rush Challenge – Recall on March 7, 2016, ICG hosted the Gold Rush Finale at the Prospectors & Developers Association of Canada (PDC) Convention. ICG made available over 6 terabytes of digital mining and exploration data, spanning more than 75 years of mining production, development, and exploration activity on the Sigma-Lamaque mines in Val-d'Or, Québec where 9M oz. were produced. The crowdsourcing analytical challenge was evidently a stellar success with 95 teams registered (1,342 participants from over 80 countries). Of the 100 submissions, the final 5 presented in front of industry veterans Sean Roosen, Rob McEwen, Brent Cook, Chantal Gosselin, and Randy Smallwood. The SGS Geostat team from Blainville, Québec, was awarded first prize in front of a crowd of 400 industry players and supporters. The SGS Geostat team, led by Guy Desharnais, proposed a combination of machine learning and traditional geological methods with sophisticated geostatistical methods to drive data to produce the targets. Recall the Lamaque Mine produced 24.1Mt @ 5.9 g/t Au (4.5M oz) to a depth of 1,100m vertical from 1933 and 1985. The Gold Rush Challenge has given ICG a wealth of enticing targets as well as a platform that should incite mining companies, governments, and mining financiers to go beyond traditional thinking and consider disruptive technology as a means to captivate a new generation industry professionals.



Sirios Resources Ltd. (SOI-V)

Moving Towards a Major Discovery? – On March 7, 2016, SOI announced partial results of gold assays from its winter 2016 drill program on the Cheechoo project in Eeyou Istchee James Bay, Québec. Recall the Cheechoo gold project is located less than 10km to SE of Goldcorp's Éléonore gold mine that contains 5.35M oz. (4.03M oz.) Au reserve and 2.28M oz (4.1M oz. Au) inferred (see [Exhibit 3 in March 2, 2016 Analyst Note](#)). Diamond drill hole #40 (announced February 9, 2016) intersected a biotite schist over 36m with visible gold that yielded 2.12 g/t Au over 11.5m (between 315.5m and 327m along hole). Partial assay results for hole #40 between 287m and 355.4m yielded in total 1g/t Au. Of interest, certain on-going holes 0.5 to 1.5 km to the NW (#42 to 50) have delineated new mineralogical assemblages within tonalite and meta-sedimentary lithology that have Éléonore style alteration with diopside, garnet, brown tourmaline, chlorite, as well as black quartz-tourmaline veinlets. Holes (#42, 47, and 48) near the geological contact between tonalite and meta-sedimentary rocks are of particular interest as they have visible gold. Since 2012, SOI has an agreement with Golden Valley Ltd. (GZZ-V) allowing it, upon completion of certain obligations and counterparts, to increase its current interest of 45% to 100%. Under the terms of a revised JV agreement, SOI may acquire Golden Valley's remaining 55% interest by spending \$4.2M in exploration expenditures and making a \$0.5M payment (cash or equivalent in SOI shares) by June 13, 2016. SOI has granted to Golden Valley a 2.5 to 4% NSR royalty on Cheechoo.



Bonterra Resources Inc. (BTR-V)

Morphing into an Abitibi powerhouse – On March 17, 2016, BTR announced an acquisition agreement with Kerr Mines Inc. (KER-T), pursuant to which BonTerra will acquire a 100% interest in the Larder Lake property located in the McVittie and McGarry Townships of Ontario. The Larder Lake Property (2,165-ha) is located within a 9km stretch of the Cadillac-Larder break between Kirkland Lake and Virginiatown, with access to highway and power, and is host to a 0.96M oz historic resource estimate (indicated of 335,000t @ 4.07 g/t Au (43,800oz.) and inferred of 5,141,000t @ 5.55g/t Au (917,000oz.), August 15, 2011, P&E Mining Consultants). The property is located 7km west of the Kerr Addison Mine which produced 11M oz. Au. The Bear Lake (683,000 oz in inferred) and Cheminis (43,800 oz in indicated and 233,400 oz in inferred) deposits are open at depth and have over 100,000m of historical diamond drilling completed more recently by Gold Fields, who had entered into an option in 2012 to earn a 60% interest in the Bear Lake properties by spending \$40M in exploration and development. After 3 years of work, in June 2015, Gold Fields terminated the option as part of downsizing worldwide exploration activities, while still making accessible their results and data. Under the terms of the agreement, BTR can earn a 100% interest in the Larder property by paying \$0.5M and issuing 10M common shares, as well as paying \$0.35M and \$0.3M on the 6-month and 12-month anniversaries of exchange approval. We estimate total consideration at \$5.15M, with a 7.8% finders' fee in shares (1M). BonTerra continues to demonstrate active exploration work and commitment in the Abitibi Gold Belt of Quebec, on their Gladiator project, and have now established a base in NE Ontario.

Recall BTR has a 100% interest in the West Arena Gold property (Gladiator Gold project), to the SE of Windfall in the Barry-Urban sector. BTR reported on March 11 and 14, 2016, option agreements to consolidate the sector. The SW extension

of high-grade gold mineralization currently being drilled on the West Arena property was secured through an agreement with Golden Valley Mines Ltd. (GVV-V), in which BTR acquired a 85% interest in the Lac Barry Property (35 claims covering 1,431.65ha), adjacent to the south boundary of its Coliseum property. BTR is to issue to Golden Valley \$200,000 worth of shares and is to incur expenditures of an aggregate amount of \$2M over a 3 year period on the property. Upon the exercise of the option, Golden Valley will retain a 15% interest in the property and a 3% net smelter royalty (“NSR”), with 1% being subject to a buyback in favour of BTR for \$1M. On March 14, BTR announced securing another 1,582 ha to the SW of its 100% owned Gladiator Gold project by signing purchase agreements to acquire 100% of the Macho South (848ha), the Barry (395ha), and the Bailly 339ha properties.

Pure Gold Mining Inc. (PGM-V)



Advancing on Madsen – PGM announced on March 3, 2016, that it initiated a PEA on its 100% owned Madsen Gold project in Red Lake Ontario. The PEA, to be completed before Q3/2016, should provide a template for development opportunities of near-surface mineral resource utilizing the existing mining infrastructure (permitted mill and tailings). Recall the Madsen Gold project hosts an operational head frame with access to power, water, and labour. The historic Madsen Mine operated for over 36 years, producing 2.5M oz., with the Austin horizon mined from surface to a depth of 1,200m at a rate of 170,000oz. Au per 100 vertical metres. The Madsen Gold project has a current indicated resource of 3.24Mt @ 8.93 g/t Au (928,000oz Au) and an inferred resource of 0.79Mt @ 11.74 g/t Au (297,000oz Au) based on 13,624 drill holes. Using a scoping-level mine design of the existing mineral resource with a dedicated haulage ramp, the PEA shall examine a 500tpd base case development scenario as a stepping stone to continue to target resource growth through an accelerated exploration program. Nordmin Engineering Ltd., has been retained to review existing permits and report on the scoping-level operating and capital costs and project economics using existing surface portal with phased expansion of the related ramp.

Concurrent to the PEA, PGM embarked on a 2 rig, 16,000m, phase 1 diamond drilling program designed to test the depths of the McVeigh horizon (7m @ 16 g/t Au (DDH PG16-0581)) and advance new interpretations of its proximal near-surface high-grade targets. The Madsen Gold project also hosts a number of highly prospective new discovery areas such as the Fork Zone and Russet South targets where drilling in 2015 returned up to 5m @ 15g/t Au and 2.9m @ 39.1 g/t Au.

This newsletter is dedicated to providing insight and analysis on Canadian mineral exploration and development stories. We welcome your feedback.

PearTree Securities is the largest provider of mining flow through capital in Canada. As an exempt market dealer and portfolio manager, PearTree Securities has approximately \$250 million available for investments annually.

Equity Research



Balmoral Resources (BAR-T)

Grasset a potential beauty – On March 7, 2016, BAR provided its first resource estimate of 3.45Mt @ 1.76% Ni eq (1% Ni cut-off) for the Grasset Ni-Cu-PGE play in northwestern Québec. The H3 + H1 zones contain a combined resource in the indicated category of 3.45Mt @ 1.79% NiEq (1.56% Ni, 0.17% Cu, 0.03% Co, and 1.18 g/t PGE (0.34 g/t platinum and 0.84 g/t palladium)) for a total of 136,279,000 lbs NiEq. The Grasset H3 Zone contains 99% of the indicated resource and remains open at depth. Additional drilling could lead to further resource growth especially within the steeply plunging core of the H3 zone beyond the 550m vertical depth.

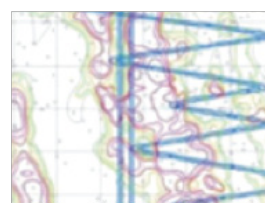


For more color:
3-15-2016 | Balmoral Resources Ltd. (BAR-T)
Balmoral Grasset Ni-Cu-PGE Deposit Revealed... Une Beauté!

Event: On March 8, 2016 Balmoral provided its first resource estimate for the Grasset Ni-Cu-PGE play in northwestern Québec.

Osisko Gold Royalties Ltd. (OR-T)

Attractive conservative royalty portfolio – OR announced on March 14, 2016, its Q4 2015 and full year 2015 results, as well as 2016 guidance. Full year royalty gold ounces earned were 30,125oz. Au and quarterly ounces earned were 7,989oz. Au, the majority of which from Canadian Malartic (7,587oz) with some from Éléonore (402oz). 2016 guidance is based on forecasts for the Canadian Malartic mine operations and the Éléonore mine in James Bay. The attributable royalty production for 2016 is estimated at a range of 28,000 to 29,000oz. Au for the Canadian Malartic mine and between 5,500 and 6,200oz. Au for the Éléonore mine operation. Osisko remains in a position to continue its growth in the royalty sector with a portfolio of more than 50 royalties essentially focused in Ontario and Québec.



For more details:
3-2-2016 | Osisko Gold Royalties Ltd. (OR-T)
Q4/15 results: Attractive conservative royalty portfolio

Event: Osisko Royalties announced its preliminary Q4 2015 results

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