Bristow on Troilus Gold's latest 'exciting' results in the Val-d'Or mining district in Quebec

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Beware of inflation….maybe. US Federal Reserve Chairman Jerome Powell says inflation is transitory. In other words it's here now but it will dissipate come the fall or sometime later in the year. Somewhat surprisingly (at least to me) David Rosenberg agrees with this. However, yesterday's CPI numbers seem to be telling a different story and the markets have been officially spooked. Most notably the VIX (CBOE Volatility Index or fear gauge) has moved from 17 to 27.6 (a rise of 62%) since Monday morning!

So what does this mean to gold? Well, that depends on what kind of inflation it is. Historically, gold has been considered a hedge against inflation for its protection against a reduction in purchasing power of your hard earned dollars. This would be a good thing for gold investors, although the yellow metal wasn't overly helpful as a hedge yesterday. The counter argument is that if interest rates increase in an effort to combat inflation that can be a bit of a boat anchor for gold given risk free investments like GIC's look more appealing compared to the zero yielding metal that you have to pay to store safely. I don't know for sure what the answer is but I'm leaning towards the fact that interest rates can't rise too far, too fast because there is so much national debt everywhere in the world it would crush and destroy most economies. So I'm kinda, sorta bullish gold but I'm definitely not shouting it from the rooftops.

That is my terrible segue to talk about Troilus Gold Corp's (TSX: TLG | OTCQB: CHXMF) latest exciting results. The Company announced a substantial new western extension of their J Zone, traced over a minimum of 200 metres in strike, previously modelled as waste within the pit shell. Why can't I find gold in my garbage? Highlights include: 1.10 g/t AuEq over 68m, including 1.65 g/t AuEq over 10m and 2.23 g/t over 3m (ZJ21-226); 1.01 g/t AuEq over 34m, including 1.40 g/ t AuEq over 15m and 1.60 g/t AuEq over 5m; 2.21 g/t AuEq over 13m, including 7.13 g/t AuEq over 1m and 4.39 g/t AuEq over 3m (ZJ21-225). Of note, these appear to be higher grades than previously encountered at the J Zone.

As a refresher, the Troilus Gold property is located northeast of the Val-d'Or mining district, in Quebec, Canada. The property covers 107,326 hectares and includes the former Troilus mine operated by Inmet Mining Corp from 1997 to 2010, which produced in excess of 2,000,000 ounces of gold and 70,000 tonnes of copper (I'll save my copper and inflation dissertation for another day). The J Zone represents the formerly mined open pit which Troilus has now expanded materially.

Source: Company Website

As encouraging as these results are, one can't ignore the other exploration activity going on. In April the Company announced an expansion of the Southwest Zone Strike Length by 40% to 1.5 km into what the company is calling the Gap Zone. The Southwest Zone is located approximately 2.5 kilometres southwest of the J Zone with the Gap Zone being The Space Between (capitalized in homage to the Dave Matthews Band). Justin Reid, CEO of Troilus Gold is quoted as saying "The Southwest Zone continues to grow and exceed our expectations. The continuity of mineralization is exciting and the Gap Zone will be a continued major focus of our

work through the spring and summer of 2021 to help us better understand the nature and extent of the results we are seeing.”



Source: Company Website

The Company released an updated mineral resource estimate in July 2020 with total estimated indicated mineral resource increased to 4.96 million ounces AuEq and total estimated inferred mineral resource increased to 3.15 million ounces AuEq. Troilus has completed 32,000 metres of drilling since January 2021 and intends to drill approximately 10,000 metres per month throughout. It’s easy to imagine those numbers being a lot bigger the next time the company updates its resource estimate. Stay tuned, it’s going to be a busy summer for Troilus Gold.