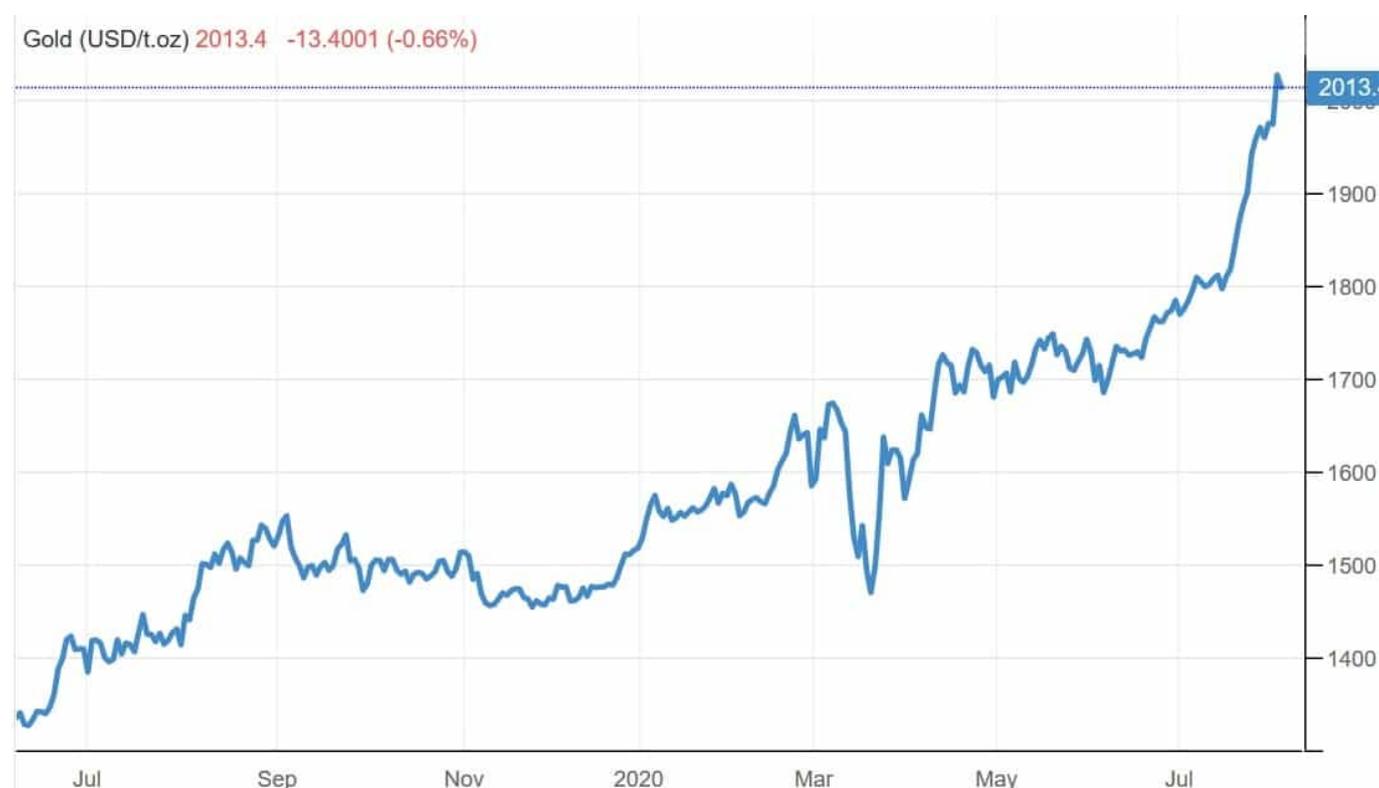


Winners flying high as gold hits US\$2,000/oz

A look at some winners and who might be the next

Gold just hit a new all-time record high, breaking through the US\$2,000/oz mark as the gold bull run continues in 2020. Gold started 2020 at US\$1,498, and as I write this article is at US\$2,013, for an impressive 37% gain YTD. Many gold miners are up much more than that due to their leverage to the gold price. Today we look at some of the strong performers and some others that may soon play catch up.

Gold breaks through US\$2,000/oz to hit a new record high



Source: Trading Economics

Looking at the gold companies we follow at InvestorIntel, here are the past 1 year performances:

- Alkane Resources Ltd. (ASX: ALK | OTCQX: ALKEF) – Up 264%
- Angkor Resources Corp. (TSXV: ANK | OTC: ANKOF) – Down 18%
- Euro Sun Mining Inc. (TSX: ESM) – Up 46%
- Granada Gold Mine Inc. (TSXV: GGM) – Up 83%
- Harte Gold Corp. (TSX: HRT) – Down 36%
- Quebec Precious Metals Corp. (TSXV: CJC | OTCQB: CJCFF) – 0%
- West Red Lake Gold Mines Inc. (CSE: RLG | OTCQB: RLGMF) – Up 126%

Alkane Resources had the best year of the above group as they continued to produce good volumes of gold in a rising gold price environment. Harte Gold had the least impressive year of the group as their mine had start up issues and a COVID-19 interruption. They also had higher operating expenses (OpEx) as they have not yet dug deep enough to reach the high grade gold.

Reviewing the top 5 performers yesterday on InvestorChannel's Gold Watchlist Update, we see Granada Gold doing the best, up an impressive almost 35% on no news.

The top 5 gold performers yesterday as gold broke through US\$2,000/oz

- Granada Gold Mine Inc. (GGM.V)
- CAD 0.29 (34.88% - Volume: 1,853,824)
- Gold Terra Resource Corp. (YGT.V)
- CAD 0.45 (21.62% - Volume: 2,077,844)
- Eastmain Resources Inc. (ER.TO)
- CAD 0.28 (7.55% - Volume: 4,159,939)
- McEwen Mining Inc. (MUX)
- USD 1.45 (7.41% - Volume: 5,382,815)
- Novagold Resources Inc. (NG)
- USD 9.56 (6.46% - Volume: 2,164,707)

Source: InvestorChannel's Gold Watchlist Update

Just last month I wrote "Granada Gold looks to be 'underestimated' by the market as drilling continues" and it looks like the market agreed with this yesterday.

Looking ahead, it is abundantly clear that those gold miners that can deliver will be handsomely rewarded. Investors need to always review the management to see if they have a good track record. Certainly if a gold miner can either increase their production and profits, grow their resource, or discover more gold (ideally high grade above 5 g/t), then at US\$2,000/oz the shareholders will likely be very well rewarded.

Of the seven gold stocks InvestorIntel covers above, all look promising in a strong gold price environment.

Even the laggards Angkor Resources and Harte Gold can turn things around very fast. In the case of Angkor the current

market cap (C\$14m) looks cheap considering their numerous gold, silver, base metals, oil & gas exploration assets in Cambodia. With Harte Gold it is more just a matter of patience as the mine gets deeper they can access the higher grade gold, thereby reducing operating costs and increasing profits. This means investors willing to give the Company another 1-2 years may be well rewarded at the current reduced market cap (C\$132m). Quebec Precious Metals is probably the most unloved and under the radar gold miner of the group covered, explaining their 0% one year return. With some good past drill results (1.15 g/t over 80.1 m, 14.20 g/t Au over 2 m, 5.05 g/t Au over 5.06 m, and 4.66 g/t Au over 3.50 m) and further results expected soon, a maiden resource estimate at the Sakami Project due by late 2020/early 2021, and with a market cap of just C\$18m, this is one to get excited about. You can read more in my recent article "Quebec Precious Metals announces a 'very promising gold discovery' in James Bay."

Of the recent winners – namely Alkane Resources, Euro Sun Mining, Granada Gold Mine, and West Red Lake Gold Mines – I would probably say Granada Gold Mine appears to have the most exciting potential given their existing ~1.2m I&I gold Resource, some exciting high grade drill results (including 11.45 g/t gold over 33 meters), and a market cap of only C\$27m. West Red Lake Gold Mines also continues to look very promising after the one year +126% return. That's because West Red Lake's 3,100 hectare property has a 12 km strike length and 3 former gold mines, and contains 1.1 million inferred ounces of high-grade gold (7.57g/t) open at depth. The market cap is still only C\$30m.

What a wonderful time to be following the gold miners. Let's hope the Bank of America forecast comes true and I am writing about US\$3,000/oz gold in the near future.

Disclosure: The author Matthew Bohlsen owns shares in Harte Gold, Eastmain Resources and Granada Gold, and may soon take a position in Quebec Precious Metals. The information in this

article is general in nature and should not be relied upon as personal financial advice.

Harte Gold – The good and the bad news with this great potential high-grade gold producer

Investors patience has definitely been tested with the slow ramp and high AISCs of gold production from January 2019 until now, and again recently with the COVID-19 mine closure since the end of March 2020.

Harte Gold Corp. (TSX: HRT) is a relatively new gold producer with its primary focus on its 100% owned Sugar Zone property 24 km north of White River, Ontario, Canada. Exploration on the Sugar Zone property includes 83,850 hectares encompassing a significant greenstone belt with a 35 kilometre strike length.

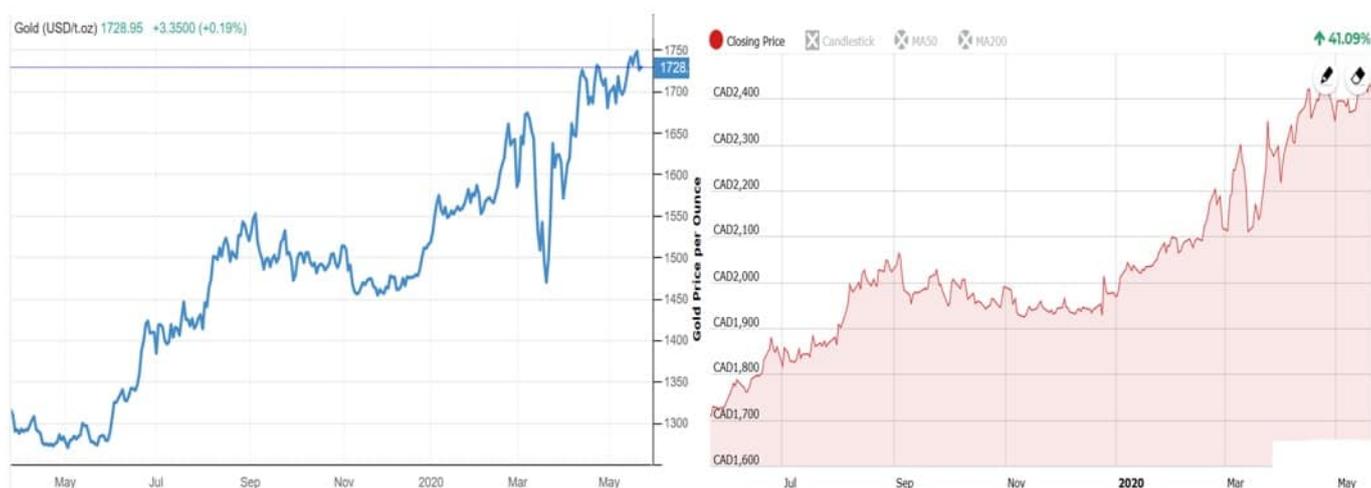
The property has huge exploration upside with ~90% yet to be explored. The 10% explored has already found 1.67 million gold ounces in the Indicated and Inferred categories. Harte Gold's Sugar Zone property has a M&I Resource estimate of 1.1 Moz contained Au @ 8.1 g/t, and Inferred Resource of 558 koz contained Au @ 5.8 g/t.

Gold production began in January 2019 but there has been some ramp up problems resulting in lower production and higher costs, which helps explain the current low stock price.

The Good news

The good news for Harte Gold right now is the high gold prices, especially when converted to CAD. In fact gold is currently trading at USD 1,728, which equates to CAD 2,410. The CAD gold price is up 41.09% over the past one year.

USD gold price (now US\$1,728) and CAD gold price (now \$2,410) 1 year price chart



The other good news is that Harte's gold production (prior to the COVID-19 stoppage) was trending higher. Gold production for the three months ended March 31, 2020 ("Q1") totaled 8,597 ounces, the highest quarterly production result to-date. Q1 production was 7% higher than Q4, 2019, and 42% higher than Q3 2019. Once back into full production the mine should be on track for a minimum run rate of 35,000 ounces pa, which should ramp steadily towards a 60,000 ounces pa run rate in 2021.

Combine rising gold production, reducing AISC's and we should start to see some profits later in 2020 or early 2021, assuming gold prices hold, and the mine reopens soon. As economies of scale kick in 2021 should be a significantly better year for Harte Gold.

Other good news was the December 2019 discovery of high grade gold that showed initial sampling returned grades of up to 247 g/t. This potential new high grade gold zone (the TT8 Discovery) is approximately 17 km southeast of the Sugar Zone Mine in an area previously mapped by OGS geologists as granite and not known to host gold mineralization. The TT8 Discovery is believed to be an extension of an existing known greenstone belt to the east. The Company reported that “17 chip samples across a 40 metre strike extent have returned gold values from 11.1 g/t to 247.0 g/t Au.”

Q1 2020 performance – Increased gold production, reduced costs, improved grades

Figures in C\$ 000	Q1 2020 Performance	Improvement Over Q1 2019	Improvement Over Q4 2019
Ore processed (tonnes)	51,705	35% ✓	
Head grade (g/t)	5.50	13% ✓	9% ✓
Gold ounces produced	8,597	57% ✓	7% ✓
Key Financial Data (000 \$)			
Net revenues	15,667	93% ✓	1% ✓
Mine EBITDA ¹	3,891		104% ✓
Cost Statistics (in dollars)			
Cash Cost (US\$/oz) ¹	1,133	27% lower ↓	7% lower ↓
AISC (US\$/oz) ¹	1,951	20% lower ↓	4% lower ↓



The bad news

The bad news for investors is that the stock price has fallen over the past year as the company has struggled to yet meet previous Feasibility Study targets for production and costs. AISCs in Q1 were still too high at USD 1,951/oz, despite falling 20% YoY (and 4% QoQ). Production whilst improving is well below the previous 60,000 ounces pa target.

The other bad news is the mine had to close due to COVID-19 at the end of March 2020. This will mean Q2 production will be negatively impacted. Harte Gold has stated:

“The Company is in constant review of the situation and will

make a decision on restart in due course. Detailed planning is underway that will allow the Company to mobilize and resume operations in an efficient manner once the decision to restart is made. Higher grade stope material expected later this year should have a positive impact on gold production. Further guidance will be provided once detailed planning is complete.”

Wrap up

Investors patience has definitely been tested with the slow ramp and high AISCs of gold production from January 2019 until now, and again recently with the COVID-19 mine closure since the end of March 2020. The May 2020 announcement that BNP Paribas has agreed to defer debt payments removes any short-term liquidity concerns.

Despite a very testing start the fact remains the Sugar Mine and property has enormous potential. Grades are improving and get higher as they go deeper, with the average grade of the M&I Resource at 8.1 g/t, compared to the Q1 2020 mined grades of 5.5 g/t. Put another way, grades should steadily improve another 47% only to reach the average 8.1 g/t level. Combine this increased grade over the next few years with growing production to meet the mill’s capacity of 60,000 ounces pa, then AISCs should have dropped very significantly towards the forecast AISC of US\$845 in the April 2019 Feasibility Study. The December 2019 new high-grade gold discovery reminds investors again of the huge exploration potential across the vast 83,850 hectares Sugar Zone Property.

It appears that investors will still need some more patience in 2020; however with an experienced new management and operations team Q1 2020 has shown they are slowly turning things around. Q2 results will be poor due to the COVID-19 shutdown, but H2 2020, and 2021 should see great improvements.

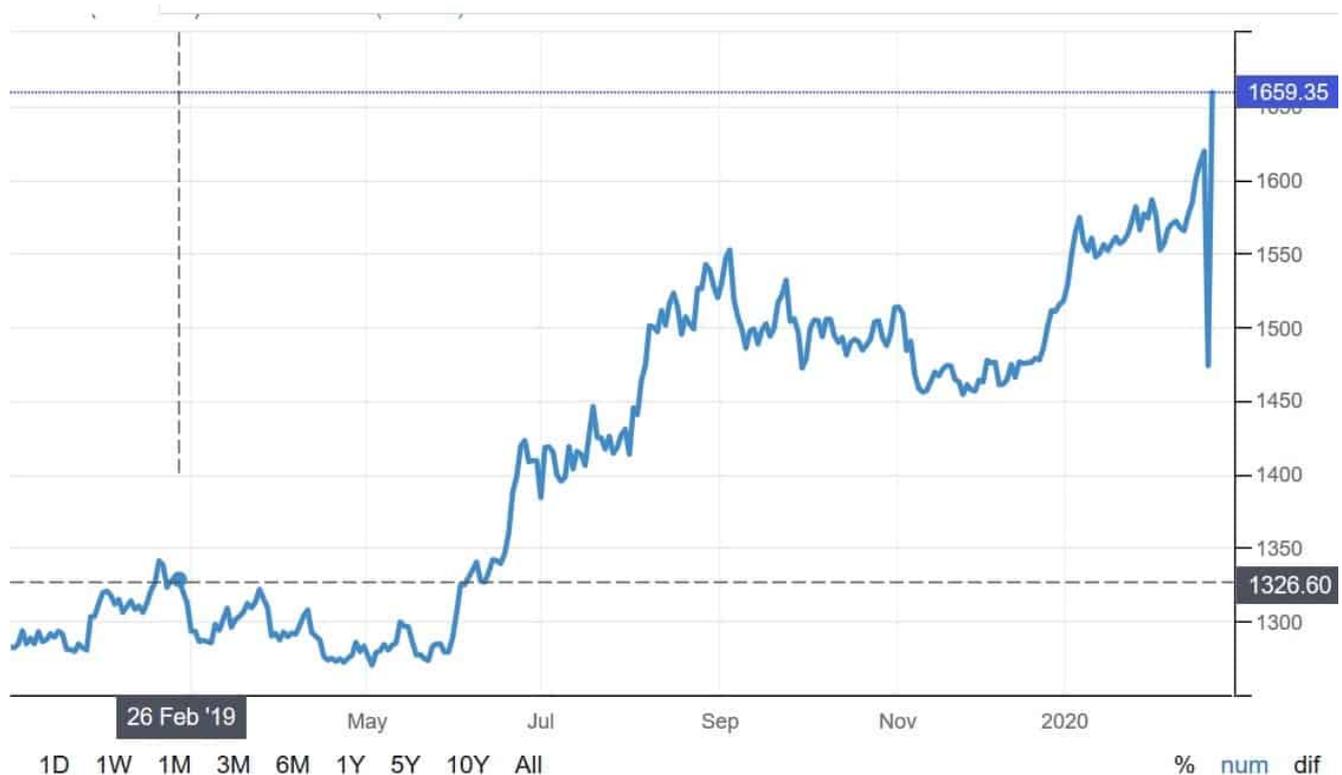
Gold rises as the coronavirus threatens to become a pandemic

Gold is up ~25% over the past year and is up ~12% in 2020 outperforming almost all commodities so far this year. Of course, I should mention the emissions metals palladium and rhodium which were up 75% and 366% over the past year respectively.

Gold rises as coronavirus threaten to cause a pandemic

The coronavirus and the threat of a pandemic are driving gold prices higher in 2020. A pandemic is defined as “an epidemic of disease that has spread across a large region; for instance multiple continents, or even worldwide.....” It also needs to be unstable, that is, new cases rising significantly.

Gold is up ~25% over the past 1 year – Now at US\$ 1,659



Some history of flu virus pandemics

Some recent flu pandemics include: HIV, Spanish flu, and the 2009 swine flu.

- **The Swine flu pandemic (2009/10)** was an influenza pandemic that killed ~201,200 people worldwide. It ran for about 16 months from April 2009 – 10 August 2010.
- **The Spanish flu pandemic (1918-20)** infected 500 million people around the world, or about 27% of the then world's population at the time. The death toll is estimated to have been 40-50 million, and possibly as high as 100 million, making it one of the deadliest epidemics in human history. It should be noted that World War I was a factor.

Gaining some perspective

It is estimated that the seasonal flu kills between 291,000 to 646,000 people worldwide each year, mostly the very old or the very young, or those with weakened immune systems.

To date, the coronavirus has caused 2,619 deaths.

Coronavirus cases, deaths, and recovered cases as of February 23, 2020

Coronavirus Cases:

79,561

[view by country](#)

Deaths:

2,619

Recovered:

25,076

Coronavirus deaths versus seasonal flu deaths so far in 2020

2,619 Coronavirus deaths this year

72,721 Seasonal flu deaths [this year](#)

Source

What this means is that currently, the coronavirus is not yet a huge concern, even if we assume China's statistics are not accurate and that global cases were in fact 10x worse at 26,190 deaths. That would still only be 36% of the seasonal flu death toll. My conclusion, for now, is that the coronavirus 'at this stage' is still only a 'potential' significant threat to the global population and economy.

Economic disruption has been greater so far due to China's measures to try to contain the virus; however recent numbers in China suggest new cases are falling and workers are returning to work.

However given what we know from history that pandemics can cause millions of deaths then it would be very wise for

investors to add some insurance to their portfolios, just in case, the coronavirus does become a severe pandemic. Two ways to do that are to build up your cash levels and buy some gold or quality gold stocks.

10 gold stocks we are following at InvestorIntel

Alkane Resources Ltd. (ASX: ALK | OTCQX: ANLKY)

Alkane Resources is a gold production company with multi-commodity exploration and development projects predominantly in the Central West region of NSW, Australia. The Tomingley Project is expected to produce about 30,000 to 35,000 ounces of gold for FY20 at an AISC of A\$1,250 to A\$1,400 per ounce, in line with the recent move to underground mining. Alkane is also ramping up nearby regional gold exploration to help support the feed at the Tomingley Mill. The Company is also well known for its rare earths project known as the Dubbo Project which has a potential mine life of 70+ years. You can read more here.

Angkor Resources Corp. (TSXV: ANK)

Angkor Resources (formerly Angkor Gold) is the first North American publicly-traded mineral exploration company in Cambodia. Angkor Gold is a project generator with a focus on gold exploration, and in more recent times oil and gas exploration. They have a huge land package (983 km²) in Cambodia with multiple prospects focused on gold, silver and base metals. Their oil and gas exploration license is known as Block VIII (7,300 km² concession). You can read more here.

Eastmain Resources Inc. (TSX: ER | OTCQX: EANRF)

Eastmain is a Canadian gold exploration and development company focused on the James Bay area, Quebec, Canada. Eastmain has several gold projects; however, their flagship is the advanced Eau Claire Project with an open pit and underground M&I Resource estimate of 853,000 oz Au, grading

6.18 g/t. In total, Eastmain has a pipeline of 11 exploration projects ranging from early exploration to pre-development. You can read more here.

Euro Sun Mining Inc. (TSX: ESM)

Euro Sun Mining is advancing its 100%-owned Rovina Valley Project, located in west-central Romania. It is the second-largest undeveloped gold deposit in Europe. Euro Sun has an M&I resource of 7.05 million gold ounces and 1.39 billion copper pounds at their Rovina Valley Project. In addition, Euro Sun has discovered four new gold-copper porphyry targets, with a cluster of three porphyry targets just 1.5 km apart from each other, only 6 km east from their existing Project. Grades are lower however that is normal in large size copper-gold porphyries. You can read more here.

Granada Gold Mine Inc. (TSXV: GGM)

Granada Gold is a Canadian junior mining and exploration company with gold and silver properties in Quebec and Ontario. The Company's current focus is directed towards the development and continued exploration of the Granada Property situated in the heart of the famous Abitibi Greenstone Belt and along the prolific "Cadillac Trend". Drill results have been promising including from surface 7.67 g/t over 15 metres. You can read more here.

Harte Gold Corp. (TSX: HRT)

Harte Gold Corp. commenced gold production in early 2019 at their wholly owned Sugar Zone underground mine in White River Ontario, Canada. The current Resource estimate is 1,108,000 contained gold ounces @8.12g/t Indicated and 558,00 contained gold ounces @5.88g/t Inferred. There is also excellent exploration upside with a 30 km strike potential with only 5km so far explored, over a massive 79,335 hectares land package. Full-year 2020 guidance is 42,000–48,000 ounces of gold production at an AISC estimate of US\$1,475–US\$1,650 per ounce.

Costs are expected to fall in subsequent years as the mine gets deeper and reaches higher grades. The mine is planned to ramp up to 61,000 Au ounces pa over an initial 14 year mine life. You can read more [here](#).

Quebec Precious Metals Corp. (TSXV: CJC | OTCBB: CJCFF | FSE: YXEP)

Quebec Precious Metals (QPM) is a new gold explorer with a large 874 square kilometre land position in the highly-prospective Eeyou Istchee James Bay region, Quebec, Canada (not far from Newmont Goldcorp Corporation's Éléonore gold mine). QPM's flagship project is the 100% owned Sakami Project with well defined drill ready targets. Sakami has already had some great drill results including 26.35g/t over 11 metres. In 2020 QPM plans to drill 25,000 meters at Sakami. The drill program is fully-funded. You can read more [here](#).

Signature Resources Ltd. (TSXV: SGU | OTCQB: SGGTF)

Signature Resources is a Canadian gold exploration company with advanced and early exploration assets. Their core asset encompasses the Lingman Lake Gold Mine in northwestern Ontario, Canada. Signature Resources has a historic resource estimate of 234,648 oz of contained gold, grading 6.86 g/t, over an area of 9,896.8 hectares. The Company's other assets include two new early exploration projects: Lingside West and Lingside East. All three projects are located within the Lingman Lake greenstone belt. Signature plans to advance and expand these projects centering on targeted diamond drilling of the high-grade gold zones. Some good airborne geophysical surveys results in 2019 are also positive for further exploration in a new area "known to host over 40 mineral occurrences, reported to contain gold, copper and molybdenum mineralization." This area is situated 12.5-kilometers west of the Lingman Lake gold mine. You can read more [here](#).

TNR Gold Corp. (TSXV: TNR)

TNR is a project generator that focuses on gold and the key energy metals, copper and lithium. TNR Gold's current three main projects involve gold in Alaska, copper and gold in Argentina, and lithium in Argentina. A 2013 resource estimate at their Shotgun Gold Project in Alaska resulted in an Inferred Resource of 20,734,313 tonnes at 1.06 grams per tonne (g/t) gold for a total of 705,960 ounces gold (Au). TNR holds a 0.36% net smelter return royalty on the 100% owned McEwen Mining Los Azules Project, and a 1.8% NSR royalty on the Mariana Lithium Project in Argentina which is being developed by a JV with Ganfeng Lithium and International Lithium (ILC). You can read more [here](#).

West Red Lake Gold Mines Inc. (CSE: RLG | OTCQB: RLGMF)

West Red Lake Gold Mines is focused on gold exploration and development in the prolific Red Lake Gold District of Northwestern Ontario, Canada. The district is host to some of the richest gold deposits in the world and has produced 30 million ounces of gold from high grade zones. West Red Lake's 3,100 hectare property has a 12 km strike length and 3 former gold mines (Rowan Mine, Red Summit Mine, Mount Jamie Mine), and contains 1.1 million inferred ounces of high grade gold (7.57g/t) which remain open at depth. You can read more [here](#).

A gold turnaround worth watching...

Harte Gold started out well in H1 2019 however by H2 2019 they adjusted their 2019 production guidance lower and their AISC's ballooned. The stock fell 50% as a result, and a new CEO (Sam Coetzer) and Chief Operating Officer (Martin Raffield) were

hired in November 2019.

Harte Gold Corp. (TSX: HRT) is a junior gold producer from their massive 79,335 hectares Sugar Zone property in White River Ontario, Canada.

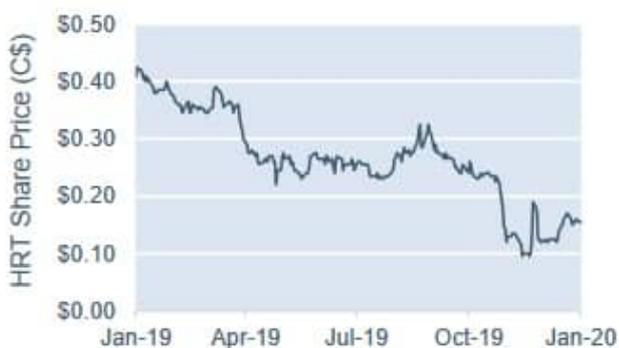
Harte Gold has a NI 43-101 Indicated Mineral Resource of 4,243,000 tonnes grading 8.12 g/t Au with 1,108,000 ounces contained gold, and an Inferred Mineral Resource of 2,954,000 tonnes grading 5.88 g/t Au with 558,000 ounces contained gold.

Harte Gold Company snapshot

» Corporate Overview

As at January 31, 2020

Headquartered	Toronto, Canada
Market Cap	\$120 M (\$0.18/sh)
Shares Outstanding	677 M (basic) 757 M (fully diluted)
Markets	TSX: HRT Frankfurt: H40 OTCBB: HRTFF
Analyst Coverage	Haywood (Buy) Echelon (Following)



» Sugar Zone Mine Property¹

Ownership	100% Harte Gold
P+P Au Reserves	890 koz @ 7.1 g/t
M+I Au Resources	1.1 Moz @ 8.1 g/t
Inferred Au Resources	558 koz @ 5.8 g/t
Processing Plant	800 – 900 tpd
Mining Type	Longhole stoping (underground)
2020E Guidance:	
Production	42,000 – 48,000 oz
Cash Cost²	US\$900 – US\$1,100
AISC²	US\$1,475 – US\$1,650
Long Term Potential	65,000 – 70,000 oz

Source

How is the Harte Gold turnaround progressing?

To date, the swift management changes of 2019 appear to be working. Three key measures highlight this:

- Q4, 2019 gold production was 8,017 ounces, the highest quarterly result to-date and a 32% increase over Q3, 2019.
- Total gold production for 2019 was 27,316 ounces, exceeding the revised guidance range of 24,000 to 26,000 ounces.
- Grade appears to be trending higher in December relative to previous months.

We will need to wait and see a few more quarter's results in 2020 before we can definitely call the turnaround a success, but certainly, the new trend is an improvement. Also, investors should keep in mind that the higher grades at depth take some time to reach.

2020 guidance

Harte Gold's full-year 2020 guidance is:

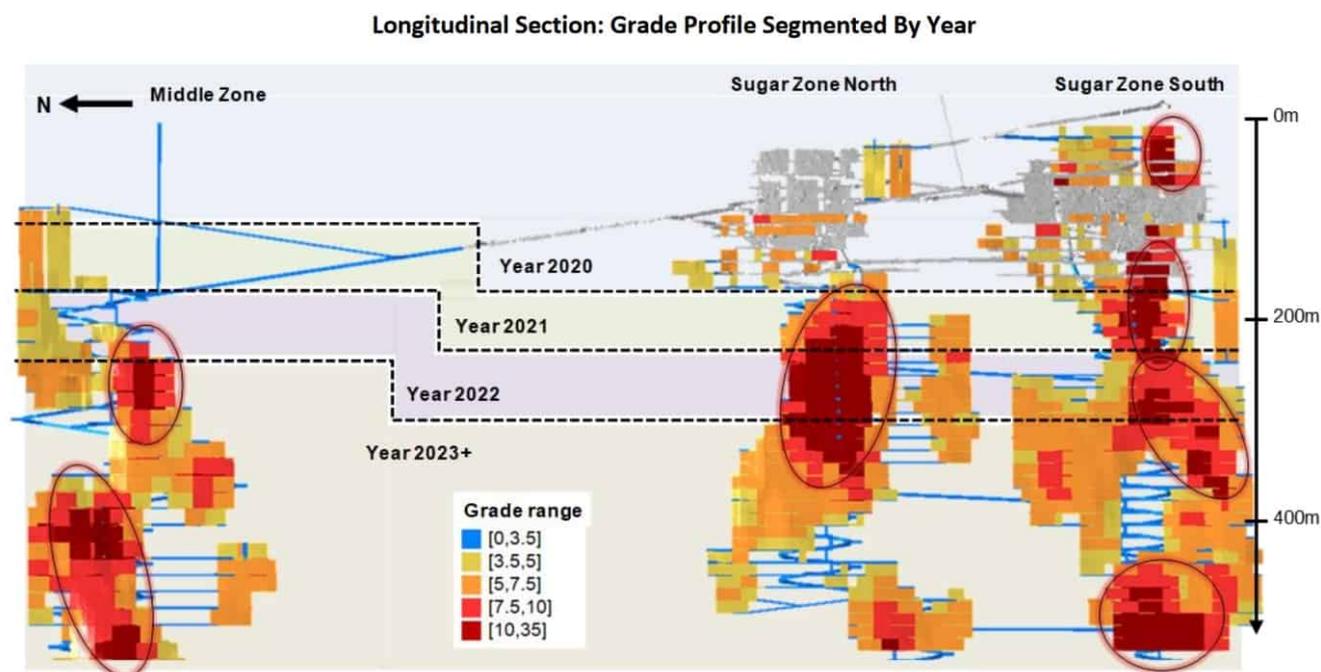
- 42,000–48,000 ounces of gold production (an increase of 54% to 76% over 2019 production).
- US\$900–US\$1,100 per ounce cash operating costs.
- US\$1,475–US\$1,650 per ounce All-In Sustaining Cost ("AISC").

Given the current gold price of US\$1,587 then AISC's of US\$1,475 –US\$1,650 still look to be too high. The AISC of US\$845 in the April 2019 Feasibility Study is still a way off. Of course, as they mine deeper and grade improves, combined with larger volumes, efficiencies of scale should see Harte Gold in a better position by end 2020, and even better each year thereafter (see chart below). Sugar Zone North looks to be very promising in later 2021, 2022, and 2023.

The Company states: "After 2020, production growth is expected to continue as higher-grade areas of the mine become

accessible. While mined tonnages are consistent in 2021 and 2022, the average grade of areas mined in those years is expected to improve.”

Harte Gold model showing mined gold grades will increase in 2021, 2022, and 2023+



Source

Harte Gold is now drilling at their new TT8 discovery

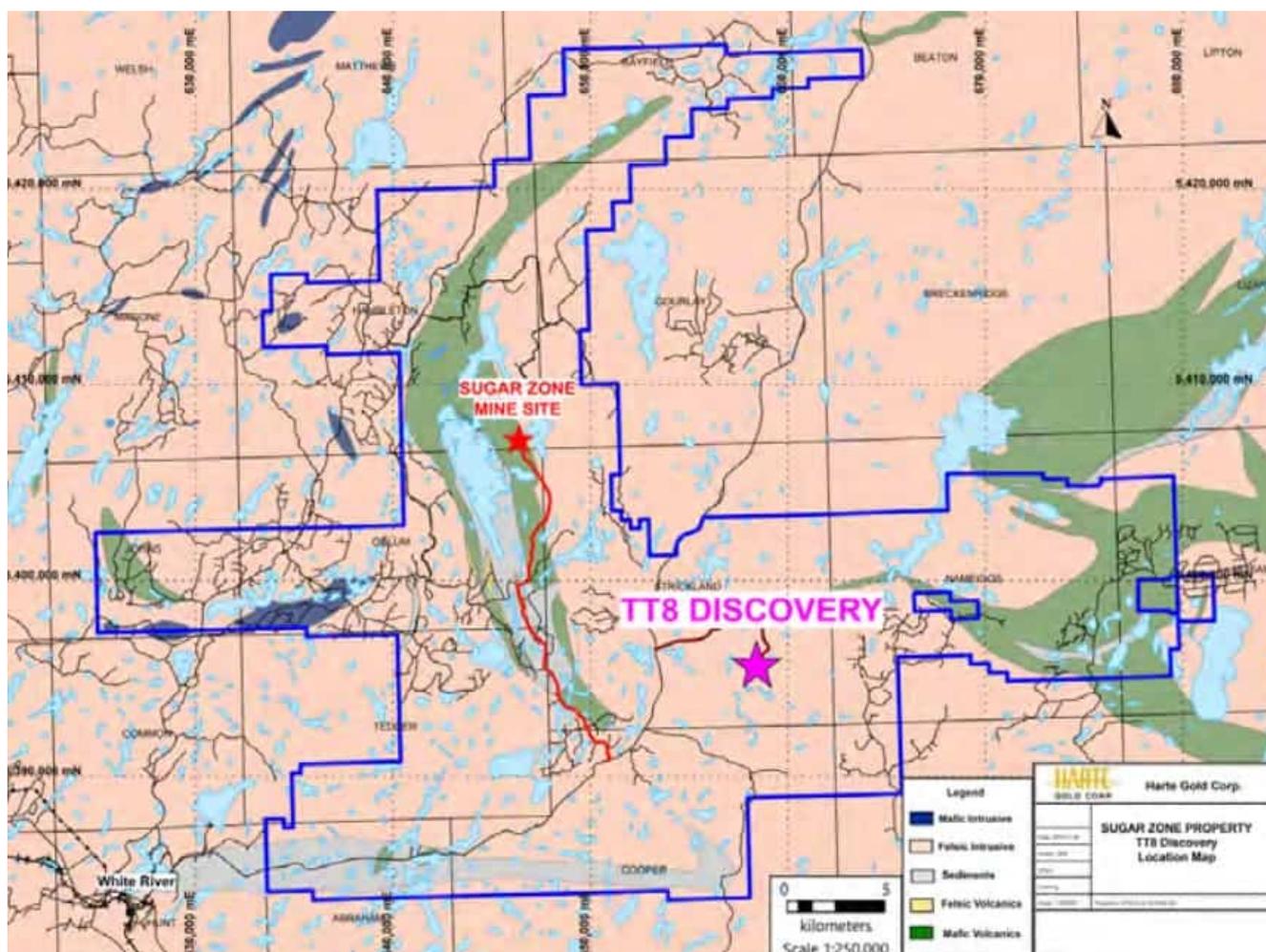
Drilling is underway at the TT8 discovery, approximately 17 Km southeast of the Sugar Zone Mine. The TT8 Discovery is believed to be an extension of an existing known greenstone belt to the east. Drilling will test the down dip potential of the mineralized outcrop. Drill results will be provided as they become available.

Back in December 2019, Harte announced the new discovery stating: “17 chip samples across a 40-metre strike extent have returned gold values from 11.1 g/t to 247.0 g/t Au.”

Sam Coetzer, President and CEO, commented: “We see this as very positive news, confirming the prospective potential of the overall Harte Gold land package. The TT8 Discovery will

now form the primary focus of the company's exploration plan. Our strategy is to find additional feed sources for our processing facility and this target potentially fits this goal. I am very excited and believe our exploration team have the ability to unlock significant further value from our overall property."

Location of the TT8 discovery



Harte Gold further strengthens management

On January 28 Harte Gold announced the appointment of Dan Gagnon, Mine General Manager, Sugar Zone Mine. The announcement stated: "Mr. Gagnon brings to Harte Gold over 30 years of experience in geology and general management from a wide range of operations across Canada."

The Company has also hired Christopher McCann as Director of Technical Services, a new position within the Company with the

primary focus on engineering design, scheduling and planning capabilities.

On February 12 Harte Gold announced further management changes with the appointment of Graham du Preez as Executive Vice President and Chief Financial Officer. The announcement stated: "Mr. du Preez is a senior executive with more than 20 years of finance experience, including leadership roles in a complex, publicly-traded, international mining company as well as junior mining companies."

Closing remarks

The Harte Gold turnaround has begun but is by no means complete. At the Sugar Zone Mine new management have reduced costs and increased production, but still have some way to go.

When combining the above with the new TT8 discovery and its potential to feed further gold and the additional experienced management, I would say the turnaround looks likely to continue in 2020. Provided the gold price stays strong and Harte can continue to reduce costs and increase production in 2020, then by 2021 Harte should be in a much stronger position. Some nice high-grade drill results from the new TT8 discovery would also be very useful.

Harte Gold has a current market cap of C\$98 million, and an analyst's consensus target price of C\$0.25 representing 72% upside.

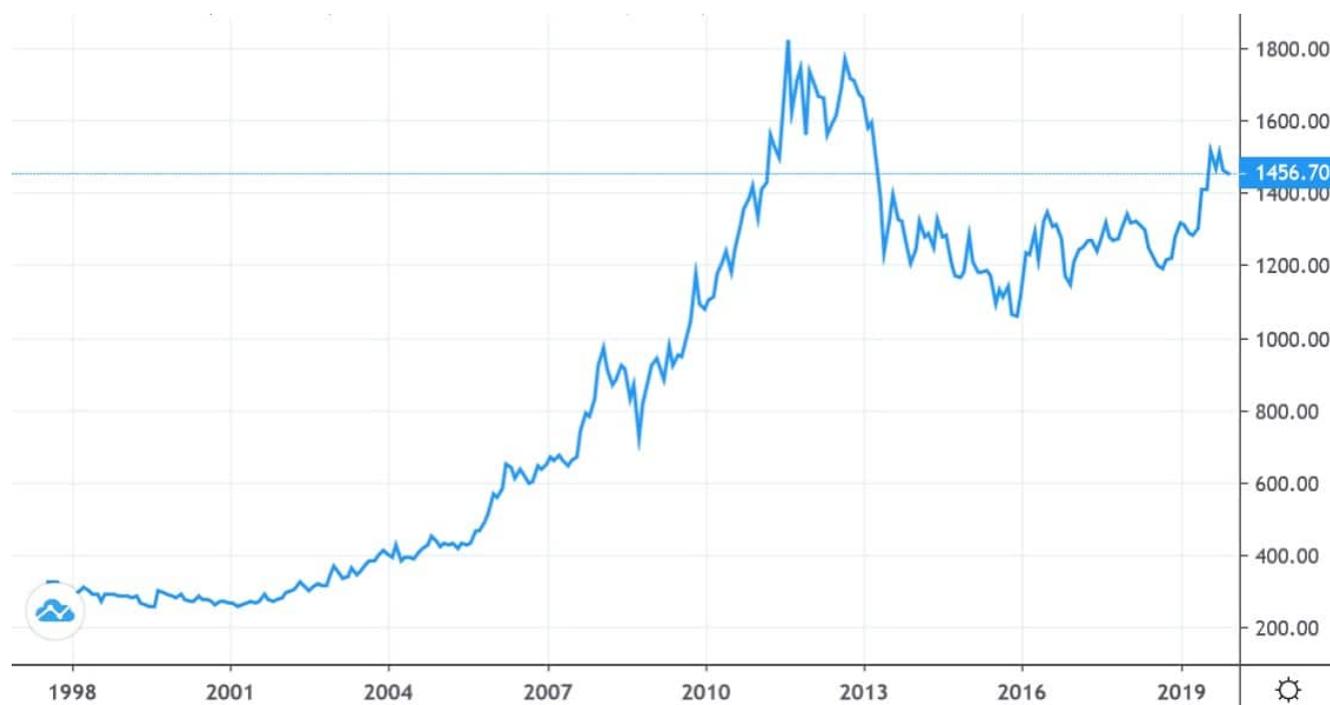
Eight gold plays that may

surprise you in 2020 – Part 1

In this two-part series, Part 1 will cover 4 promising small-cap gold miners, and Part 2 will cover 4 promising micro-cap gold juniors.

The gold price is still well below the previous peak and the world is saddled with enormous debts and growing geopolitical conflicts, including the never-ending US-China trade war. Should the gold price remain strong or even strengthen further then all these stocks have the potential to do very well.

Gold price 21 year history



Alkane Resources Ltd. – Market cap A\$306 million

Alkane Resources Ltd. (ASX: ALK | OTCQX: ANLKY) is a gold production company with multi-commodity exploration and development projects predominantly in the Central West region of NSW, Australia. The Tomingley Project is expected to produce about 30,000 to 35,000 ounces of gold for FY20 at an AISC of A\$1,250 to A\$1,400 per ounce, in line with the recent move to underground mining. Alkane is also ramping up nearby regional gold activity. This year Alkane identified an

exploration gold corridor between Tomingley and Peak Hill in New South Wales. The three prospects of San Antonio, Roswell and El Paso received encouraging results suggesting a real potential for mine development in the area. A 60,000-metre resource definition drilling program on the San Antonio and Roswell prospects is in progress. Alkane is also continuing gold exploration more broadly at the Northern Molong Porphyry Prospect, 35 km east of Dubbo. Significant porphyry style gold-copper has been discovered at the Boda project.

The Company is also well known for its rare earths project known as the Dubbo Project which has a potential mine life of 70+ years.

Investors can read more about Alkane Resources' gold projects [here](#).

Every year finding new gold discoveries is getting harder and harder

Harte Gold Corp. – Market cap C\$128 million

Harte Gold Corp. (TSX: HRT) commenced gold production in early 2019 at their wholly owned Sugar Zone underground mine in White River Ontario, Canada. The current Resource estimate is 1,108,000 contained gold ounces @8.12g/t Indicated and 558,000 contained gold ounces @5.88g/t Inferred. There is also excellent exploration upside with a 30 km strike potential with only 5km so far explored, over a massive 79,335 hectares land package.

2019 has been a challenging year for Harte with several production ramp issues resulting in high All-In-Sustaining-Costs (AISC) for now. Full-year 2019 guidance has been adjusted to 24,000 – 26,000 ounces at an AISC of US\$2,000 to US\$2,200 per ounce. Naturally, the market was spooked by this and the stock fell heavily as a result.

To urgently rectify the problems a new CEO (Sam Coetzer) and

Chief Operating Officer (Martin Raffield) have recently been appointed. Both have a long and excellent mining track record. Looking ahead the new management team combined with a push towards the higher grade gold should result in AISC falling towards the previously forecast AISC of US\$845/oz from the April 2019 Feasibility Study. As production and grade improve further economies of scale will kick in, leading to what should be a very profitable operation once ramped to the planned 61,000 Au ounces pa over an initial 14 year mine life.

Investors can read more about Harte Gold [here](#).

Eastmain Resources Inc. – Market cap C\$27 million

Eastmain Resources Inc. (TSX: ER | OTCQX: EANRF) is a Canadian gold exploration and development company focused on the James Bay area, Quebec, Canada. Eastmain has several gold projects; however, their flagship is the advanced Eau Claire Project with an open pit and underground M&I Resource estimate of 853,000 oz Au, grading 6.18 g/t.

Eastmain's district-scale land package covers a total of 109,000 hectares within the James Bay gold camp. The Company is actively focused on two of its three key properties: The new Percival discovery and the Eau Claire Project in Clearwater, and the Eleonore South Joint Venture. In total, Eastmain has a pipeline of 11 exploration projects ranging from early exploration to pre-development.

Eastmain Resources has the potential to be a gold producer from 2022/23, once start-up CapEx funding is secured.

Investors can read more about Eastmain Resources [here](#).

Euro Sun Mining Inc. – Market cap C\$21 million

Euro Sun Mining Inc. (TSX: ESM) is advancing its 100%-owned Rovina Valley Project, located in west-central Romania. It is the second-largest undeveloped gold deposit in Europe. Euro

Sun has an M&I resource of 7.05 million gold ounces and 1.39 billion copper pounds at their Rovina Valley Project. In addition, Euro Sun has recently discovered four new gold-copper porphyry targets, with a cluster of three porphyry targets just 1.5 km apart from each other, only 6 km east from their existing Project.

The February 2019 PEA was based on just 29% of the Rovina Valley resource, and on 108,000 oz pa of gold production at an All-In Sustaining-Costs (AISC) estimate of US\$752/oz. The Pre-Tax NPV_{5%} was \$218.1 million, with an IRR of 15.4% at \$1,325/oz gold and \$3.10/lb copper, over a 12-year mine life. This should be substantially improved in the BFS in mid 2020 if the mine life can be significantly extended.

The grade is not high but with large near surface gold-copper porphyry deposits, expect excellent upside potential from this under the radar gold junior. Euro Sun is a potential gold producer (subject to project financing) by 2022/23.

Investors can read more about Euro Sun Mining Inc. [here](#).

Finding gold was never easy, but finding it today is even harder. Global gold reserves and grades are declining, with many suggesting we have now reached peak gold production. This can only result in one thing – Gold will become scarcer and more valuable.

Next, in Part two I will look at some higher risk/higher reward gold micro-cap juniors.

Harte Gold – Where to from here?

It has been a tough start up year of production for Harte Gold Corp. (TSX: HRT) and investors were naturally disappointed with their recent 2019 Financial Year (FY) guidance, sending the stock price ~50% lower. Announced on November 1, guidance for 2019 was : “Quarterly results when compared to the Feasibility Study were below target. Based on results to-date, full year 2019 guidance has been adjusted to 24,000 – 26,000 ounces at an AISC of US\$2,000 to US\$2,200 per ounce. Previous guidance was 39,200 ounces at an AISC of US\$1,300 to US\$1,350 per ounce.”

Harte Gold Chairman Stephen Roman stated to InvestorIntel “Our ramp up issues at the Sugar Zone Mine will be resolved. We are working on the 2020 and Life of Mine Plan as well as management additions. More news to follow. Our biggest issues during 2019 have been lack of labour and insufficient underground development due to lack of labour as well as getting through surface low grade prior to getting into our forecasted mine grades.”

Harte Gold makes swift management changes

Clearly changes were needed at Harte Gold to fix the 2019 production results. Just three days after the 2019 guidance Harte Gold announced two new key management appointments – Sam Coetzer as President, Chief Executive Officer and Director, and Martin Raffield as Executive Vice President and Chief Operating Officer.

Sam Coetzer (President, Chief Executive Officer)

Sam has over 30 years of international mining experience and provides Harte Gold with strong leadership skills and an extensive knowledge of underground mining operations. Most

recently, Sam was President and Chief Executive Officer of Golden Star Resources Ltd. During Mr. Coetzer's tenure as CEO, he successfully:

- Transitioned the company from open pit operations to an underground-only producer.
- Attracted institutional capital including a large strategic investment.
- Grew the capital markets profile and increased overall share trading volume.

Martin Raffield (Executive Vice President and Chief Operating Officer)

Martin has over 25 years of experience managing underground mining operations across Canada and Africa. Most recently, Martin was appointed Executive Vice President and Chief Technical Officer of Golden Star, after joining Golden Star as Senior Vice President, Project Development and Technical Services. From June 2007 to 2011, Martin served as Principal Consultant and Practice Leader, SRK Consulting (US). Prior to SRK, he was Chief Engineer and Mine Superintendent at the Campbell Mine for Placer Dome Inc. Martin holds a Ph.D. in geotechnical engineering from the University of Wales and is a Professional Engineer registered in Ontario.

Harte Gold's Sugar Zone Mine in White River Ontario, Canada

Harte Gold has a massive 79,335 hectares at their Sugar Zone property, with plenty of exploration upside. The current Resource estimate is 1,108,000 contained gold ounces @8.12g/t Indicated and 558,00 contained gold ounces @5.88g/t Inferred. Production is forecast to ramp up to 61,000 Au ounces pa over a 14 year mine life. With further exploration success the mine life could be extended or production volumes increased, or both.



Will new management be able to turn things around?

There is quite a long history of new production start ups having a rough first year before going on to be very successful. Most recently RNC Minerals production turned around to be on target for ~100,000 ounces per annum at an AISC of US\$ 1,175 and falling, from a mine that was about to be sold 2 years ago due to not being profitable. In this case gold grades are only 2-4g/tonne, with some occasional bonus very high grade coarse gold finds.

In the case of Harte Gold they have grades in the range of 6-8g/tonne, so really there should be absolutely no reason why this mine cannot be very profitable going forward, assuming the gold price remains strong. The start up year has been a struggle, and AISC right now mean they are running at a loss. But looking ahead as they apply a more disciplined management approach and reach the high grade gold, Harte Gold should become a very profitable mine with AISC falling towards the previously forecast AISC of US\$845 in the April 2019 Feasibility Study. Harte Gold is currently working on the 2020 and life of mine plan, so we will need to wait to see what comes from that.

Harte Gold – April 2019 Feasibility Study summary points

- **“Base Case” scenario:** 800 tpd operation producing 61,000 gold ounces annually over a 14 year mine life
 - Generates approximately \$30 million annually in net free cash flow at US\$1,300/oz gold
 - The mine and process plant are operational with no additional construction capital expenditures required
 - Costs well defined based on contracted rates and operating experience: cash operating cost US\$643/oz and all in sustaining cost (“AISC”) of US\$845/oz
- **Expansion opportunity:** Feasibility Study confirms the mine is capable of 1,200 tpd based on current Mineral Reserves
 - Could increase production to 95,000 gold ounces annually and potentially reduce cash costs through benefits of scale

Given the current gold price is hovering just above US\$1, 450, if Harte Gold can get their AISC down in 2020 to below this level, and then close to the US\$845/oz as per the 2019 Feasibility Study (FS), then the outlook will brighten considerable in 2020 and 2021.

It is not unusual for underground mines to have a tough first year as they try to expand production. Harte Gold is working their way deeper to reach the higher grade gold. Also head office and other expenses (interest expense etc) are a relatively larger portion of costs until a mine can scale up production to higher volumes. My view is that a combination of new management, better ore grades, and economies of scale as production volumes increase, will see a significant improvement in the AISC in 2020 and beyond.

The gold is there in good grades, it just takes time to reach economies of scale. With two new key management appointments (CEO & COO) who have over 55 years of combined mining experience (especially underground), it looks highly likely that the problems of 2019 will soon be turned around in 2020.

Harte Gold Corp. is headquartered in Toronto, Ontario, Canada; and has a market cap of C\$ 91 million. Analyst's consensus is a buy with a price target of C\$ 0.40, representing an upside of ~185%.

Harte Gold announces plans to strengthen operations through management additions as gold production increases

Interim CEO Stephen G. Roman of Harte Gold told InvestorIntel: "We are currently **ramping up mining operations** to 800 tonnes per day and as part of this transition from exploration company to operating company.....The plan is to bring in a professional mine operations team to optimize production and continue the growth profile to 1,200 tonnes per day which will put us in the 100,000 (gold) ounces per year production category."

On both accounts this is good news for shareholders. A "professional mine operations team" at Harte Gold is a good move as the gold developer has now transitioned to a gold producer. Stephen G. Roman will oversee this transition and build a team capable of growing Harte Gold into a profitable enterprise and continue an aggressive exploration program to build ounces on the Sugar Zone property. He will continue to serve the Company as non-executive Chairman of the Board. He will also serve as Interim CEO pending the appointment of a new President and CEO, expected to occur by October 28, 2019.

Harte Gold Corp. (TSX: HRT) is Ontario's newest gold producer

through its Sugar Zone Mine in White River Ontario. The transition from an exploration company to an operating company will still be overseen by Stephen G. Roman, as he will continue to serve the Company as a non-executive Chairman of the Board. Harte Gold will also continue their aggressive exploration program building ounces on their 79,335 hectare Sugar Zone property. The current resource estimate is 1,108,000 contained gold ounces @8.12g/t Indicated and 558,000 contained gold ounces @5.88g/t Inferred, all at a 3g/t Au cut-off.

Harte Gold's 79,335 hectare Sugar Zone property and Sugar Zone mine



Harte Gold reports Q2 production increase of 42% over Q1

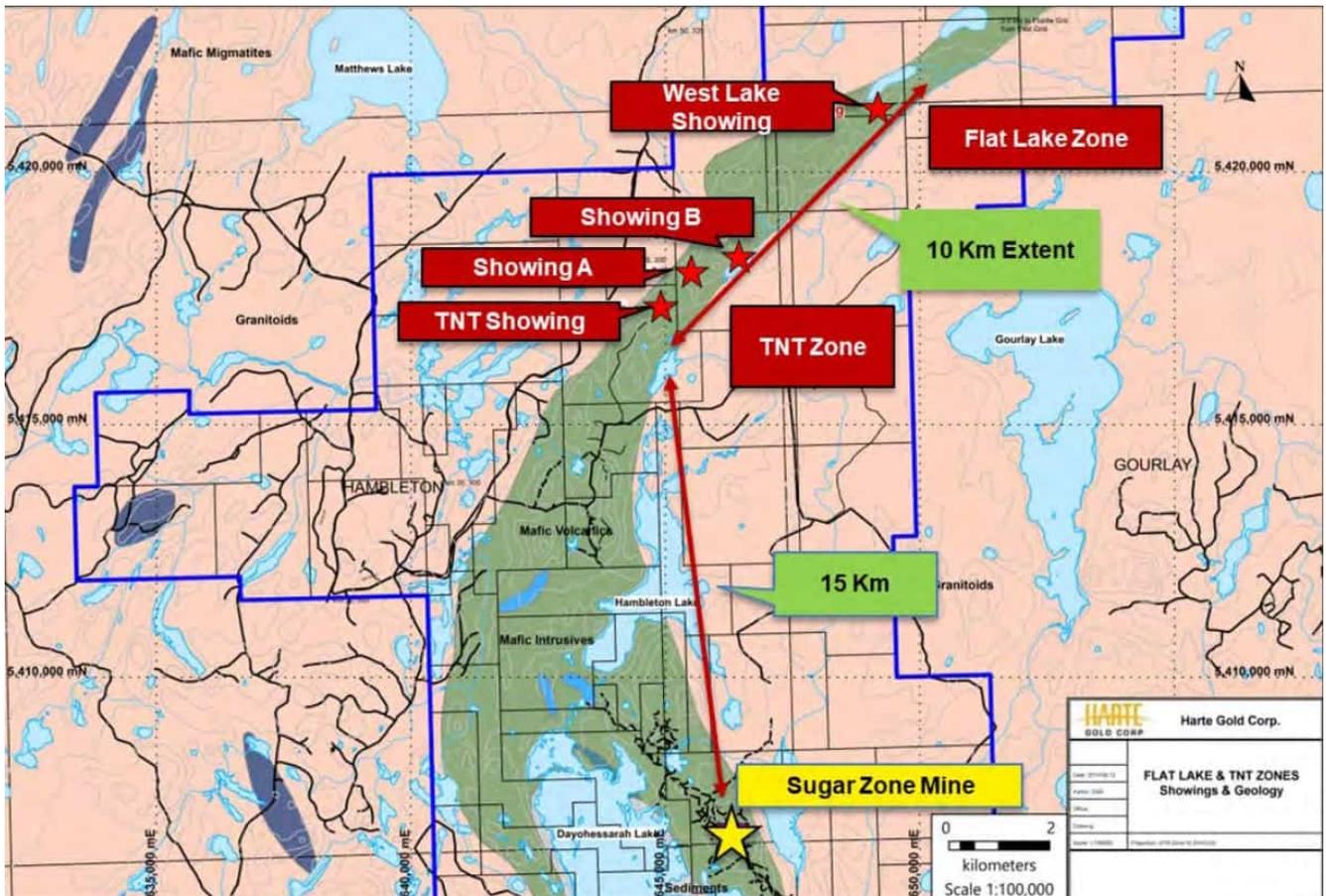
Harte Gold recently reported a second Quarter production of 7,754 gold ounces, an increase of 42% over Q1. The Company is continuing to ramp up to 800 tonnes per day of processed ore. Net revenue was \$11.8 million, a 50% increase quarter over quarter that was attributed to increased gold production that averaged a realized price for the quarter of US \$1,305 per payable ounce. The mill processed 53,216 tonnes of ore on

a 591 tpd average. Note this will improve as average head grade processed was 4.89 g/t resulting from the blended grade of mine production and the lower grade surface stockpiles. Average head grade for mined ore was 6.01 g/t, so this will be the guide going forward as the surface stockpiles are now depleted.

Sugar Zone South continues to expand

The Company's high grade Sugar Zone South continues to expand with current mineralization extended 300 meters along strike and 200 meters down dip remaining open in both directions. In the upper areas of the Sugar Zone South mineralized intersections have returned up to 23.59 g/t over 2.02 meters. As the high grade Sugar Zone South discovery continues to expand the Company expects to incorporate this new zone in an updated mineral resource estimate by the end of 2019. Combined, the Flat Lake and TNT Zones represent a previously unknown altered and mineralized horizon with anomalous gold and base metal values which occur along a strike length in excess of 10 km.

Harte Gold's TNT and Flat Lake combined strike length is now in excess of 10 km



Costs to reduce as scale takes effect

Harte Gold stated: "At a stable 800 tpd run-rate, cash costs are expected to reduce to US\$551 per ounce (AISC of US\$957 per ounce) for 2020 and US\$580 per ounce (AISC of \$891 per ounce) over the life of mine." This should mean 2020 will be a very good year for Harte, even better if the gold price holds above US\$1,500/oz.

Appian Natural resources Fund is granted more warrants

Harte has agreed to issue Appian 3,950,000 warrants to purchase common shares of the Company at an exercise price of \$0.35 per common share, expiring on August 28, 2022. Following the issuance of the new warrants, assuming the exercise of all of its warrants, Appian would own an aggregate of 180,447,991 common shares of Harte (representing a further increase of approximately 1.7% to 27.0% of the outstanding common shares of Harte).

The new management changes will be a good thing as Harte Gold will benefit from having the right team to match the new producer stage of mining. Underground mining is fraught with challenges and requires significant ongoing capital expenditure. Investors took a short term hit on the recent news (including the warrants), but really in the near term, the management bolster is a good move for Harte Gold.

Headquartered in Toronto Ontario Canada, Harte Gold Corp. has a market cap of C\$ 173.3 million.