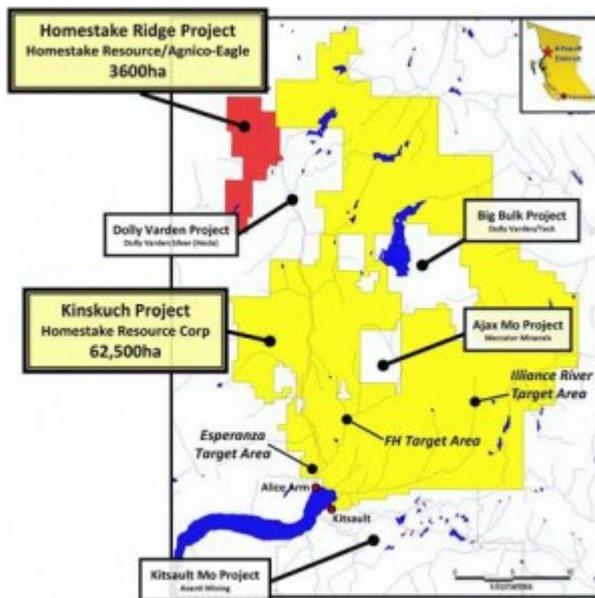


Agnico Eagle working towards increasing Homestake Resources gold and silver grade



Homestake Resource Corp ('Homestake', TSXV: HSR) is developing the gold and silver in northwestern British Columbia. It is part of the same stratigraphic assemblage of rocks as the Brucejack gold project, which was shown to contain several million ounces of gold (13 million ounces of gold and 62 million ounces of silver) and other gold-silver deposits hosted in lower Hazelton

Group rocks. The possibility of increasing the current gold resource on the property is very optimistic. Homestake has two projects: Homestake Ridge and Kinskuch.

Homestake has full ownership of the Homestake Ridge property (3,600 Ha.) which features an NI 43-1010 estimated Inferred Resource of 911,000 oz. gold and 20,366,000 ounces of silver and an estimated Indicated Resource of 124,000 oz. gold and 939,000 oz. silver. Agnico Eagle (TSX: AEM), a leading Canadian gold extraction and processing company, is a partner in the Project and it has already started working on increasing the grade of the resource. The gold deposits lie below the silver rich caps which are host to over 20 million ounces of silver. Homestake has identified three significant deposits at the property making Homestake Ridge one of the leading undeveloped precious metals projects in Canada. Last July Agnico has set out to expand the mineralization through a

7,500 meter drilling program, which is expected to deliver over 1,000 meters of surface mineralization.

Homestake also has a 100% option on the Kinksuch Property, which is one of the largest in Canada with its 62,500 hectares. It surrounds the Homestake Ridge and other properties. The size is such that the Company has considered breaking it up into smaller fragments for other junior or majors to develop. The timing of these developments is ideal in what has been a very active gold sector in Canada from a purely strategic point of view in 2014. The collapse of merger talks between Barrick Gold (TSX: ABX) and Newmont Mining (NYSE: NEM) and the failure of Goldcorp (TSX: G | NYSE: GG) to take over Quebec's prized gold producer Osisko (TSX: OSK) – bought by a rival – has left these North American mining sharks hungry. Surely, both will be looking for new gold and silver prey, facing competition from smaller predators on the hunt for promising juniors left exposed by the price of gold, which have failed to reach the highs that current global economic indicators would have suggested.

Barrick Gold may continue hunting for Newmont; however, the next effort will likely replace the friendly merger talks with more aggressive hostile takeover fangs. While these two gold giants fight it out, the smaller – but still substantial players – Goldcorp, Canada's second largest producer, has certainly retained its appetite for expansion. Rather than Quebec, Goldcorp may look west to British Columbia where there are large gold mine bargains to be had. Pretium Resources with its aforementioned Brucejack mine (seven million ounces) is a tempting dish, that would allow Goldcorp enough capital to both buy it outright and still have plenty of cash left over to expand and develop the project – given that it was ready to spend CAD\$ 3 billion for Osisko. Agnico Eagle, which defeated Goldcorp in a joint bid with Yamana Gold (TSX: YRI) to purchase Osisko last June has already started expanding the Homestake project and may yet have some appetite left for a

'fuller' involvement. Certainly, it would be the prime candidate for a takeover. Ultimately, this suggests that gold mining has been resilient in 2014 despite the lower than expected prices.

Geopolitical tensions and uncertainty are good for gold, because of its quality and in July, when the threat from ISIS became clearer and louder on the world scene, gold got close to its year high topping USD\$ 1345/ounce. Investors, however, appear to have short memories, forgetting 'the problem of the week' from the aggravation of East/West relations over Ukraine, or problems in the East or South China seas and questions about the recovery in the European Union. Rising equity markets have made investors less risk averse but this doesn't mean that the risks have gone away. Footage of the brutal murder of American journalist James Foley by an ISIS self appointed executioner has resonated around the world and it will be difficult for the United States and other powers to avoid returning to Iraq in a larger capacity or even of targeting ISIS in Syria – siding with Asad! Possible interest rate hikes by the Fed aside – which makes dollar based assets such gold more expensive for investors using other currencies – the risk for geopolitical 'black swans' capable of triggering gold rallies (i.e. the shooting down of a Malaysian Airlines jet in Ukraine) remains very high.