

Jay Currie's Motherlode: Newlox Gold, Eoro Resources & Labrador Iron Ore Royalty

This is a casual column. It is not investment advice. It is about what I have "eyes on" weekly. You might want to take a look. Assume I am invested or would like to be invested in any company I mention. Do your own due diligence and get advice from an investment professional.

Newlox Gold Ventures Corp.

Artisanal gold mining is a huge business. An estimated 20% of worldwide gold production comes from this sector. Unfortunately, many artisanal operations use mercury to recover the gold. This leads to toxic tailings piles all over the world.

When he was going to university doing environmental studies, Ryan Jackson, the young CEO of Newlox Gold Ventures Corp. (CSE: LUX), spent part of a year in Costa Rica as an intern for a mining company. He met the artisanal miners and saw piles of tailings. He arranged for some samples from the tailings piles to be assayed and saw there was still a lot of gold left to be recovered.

Working with mining engineers at UBC, Ryan came up with a small scale, low CAPEX, tailings reprocessing plant. 80 tonnes a day of material and, fully optimized, over 90% recovery of the gold present. The tailings run a minimum of 9 grams per ton. The artisanal miners are paid for their tailings but there is a significant margin left for Newlox. Plus, once processed, the tailings cease to be toxic.

Newlox was blown a little off course by COVID but its first plant is now back online. Small scale, but, at full

production, that's 80 tons a day of 9 gpt rock with a 90% recovery for 4.5KG of gold per week. At current prices that is about US\$250,000 per week. Newlox is *en route* to making \$1,000,000 gross a month on what looks to be a \$2 million CAPEX.

Newlox is also getting ready to commission a second plant which will operate as a mercury-free, toll milling, facility for a community of artisanal miners also in Costa Rica.

Newlox is producing gold right now but the market is not yet acknowledging that production. When it does, Newlox will be re-rated and it will be re-rated again as its second facility comes online.

Eloro Resources Ltd.

Tom Larsen, CEO of Eloro Resources Ltd. (TSXV: ELO | OTCQX: ELRRF) had a problem a couple of years ago. Work on the company's gold-silver property in Peru was progressing slowly because of the need to get "community" support for the project. This would happen, but it was taking a while. Tom looked for other projects and his go-to South American geologist, Osvaldo Arce knew of a potential project in Bolivia.

Iska Iska is a privately held large property which already hosted a producing tin mine. But the geology suggested there was a much larger, polymetallic, set of structures with really significant potential tonnages. Iska Iska is located in Bolivia's prolific South Mineral Belt which includes world-class deposits as Chorolque, Tasna, Choroma, Siete Suyos and San Vicente.

Eloro began mapping, sampling and drilling and, in the Fall of 2020, announced that it had located not one but two breccia pipes hosting high-grade silver, gold, lead, zinc and copper mineralization. The stock, which had been trading at under \$1.00 took off. It didn't hurt that star geologist, Quinton

Hennigh had signed on as the Senior Technical Adviser. The stock ran to over \$5.00 and I missed the run completely.

The key thing about Iska Iska is that it has two major breccia pipes with the potential for more. These pipes are large – 400 meters across – and potentially hosts to bulk tonnages of material. At depth, there are significant tin showings leading the company to comment, “Eloro considers that this style of mineralization is more closely aligned with large tin porphyries in the region and that a similar porphyry potentially underlies the CBP and perhaps more of the Iska Iska project area.”

My takeaway is that Iska Iska is potentially a huge polymetallic deposit which is only going to get more valuable as it is defined by Eloro’s aggressive drilling program. I have bought shares on the recent dip and I also have exposure through another Tom Larsen company, Cartier Iron which holds a little over 2 million shares of Eloro. Cartier trades around \$0.15 for a market cap of \$10 million. If Eloro trades at \$4.00, Cartier’s shares are worth \$8 million. Something to think about.

Labrador Iron Ore Royalty Corporation

Every so often you make a bit of money on a junior trade. Most of the time you need that money or have another junior to buy, but there is virtue in putting a bit of your profit into a less volatile investment. The problem being that current interest rates make that very unattractive. So, I went scouting.

I found Labrador Iron Ore Royalty Corporation (TSX: LIF). At the time I bought it TMX-Money reported the yield was 19.2%. What?? Well, TMX was actually wrong, at \$1.00 per quarter, the yield is actually a very respectable 10.47%.

LIF is a royalty company which has a 7% royalty and \$0.10 per ton commission on every ton of iron ore produced by the Iron

Ore Company of Canada (IOC). It also owns 15% of IOC. Its very distinguished Board of Directors has a general policy of paying out 99% of the company's income in dividends.

IOC is running smoothly and while I don't anticipate big capital gains with LIF, the worldwide iron ore market is firming...something else to think about.