

Homestake Ridge Resources benefits from Agnico's 2014 drilling program

☒ Homestake Resource Corp. ('Homestake', TSXV: HSR) is developing the gold and silver in northwestern British Columbia has announced that Agnico Eagle Mines Ltd. ('Agnico', TSX: AEM) shall "let lapse its option to earn an initial 51% interest in the Homestake Ridge property in northwestern British Columbia, with Homestake retaining 100% ownership of the property." Homestake already had 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, one of the largest Canadian gold companies, was a partner in the Project, which is characterized by gold deposits located under 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.

During the past summer, Agnico started, but did not complete, its 7,500 meter drilling program aimed at expanding the surface mineralization zone, reaching only 2,972 meters in six holes. This resulted in an extension of the new Slide target to 800 metres of strike length, "confirming a new zone of silver mineralization similar to that identified at the Homestake Silver Deposit and indicating the potential for a similarly rich gold zone down dip, which remains to be tested." Agnico's work, however, will not be in vain. According to Joe Kizis, President of Homestake, work at Homestake Ridge will proceed along the model in the development of drill targets below the silver mineralization: "Agnico's drilling has demonstrated that a silver resource is

likely to be developed with further drilling at the Slide target... Our mineral-zoning model, based on our three discoveries made to date on the property, suggests that rich gold mineralization should occur beneath the envelope of silver-biased mineralization seen at the Slide target." This will allow Homestake to explore identified targets without having to set up a new camp or mobilize drills.

The Homestake Ridge property belongs to 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. In 2013-2014, Agnico and partner Yamana Gold (TSX: YRI) engaged in a battle with Goldcorp (NYSE: GG | TSX: G) to purchase Osisko's Malarctic mine. The bidding war for the battle for Osisko was surprising, given the gold industry's efforts to cut costs in light of lower than expected gold prices. Evidently, Agnico was left with little appetite to get involved in a longer term exploration process, even though, the Homestake project started to expand already by last June. The price of gold was USD\$ 1,286/ounce before the Labor Day long weekend; it reached a monthly peak of USD\$ 1,322 during the second week of August. Nevertheless, the past two weeks have been marked by a sharp increase in geopolitical tensions (Russia / Ukraine, Israel / Palestine, Iraq / Kurdistan) and it is unlikely that gold will drop any further than the current price. This means that precious metals will remain in high demand as a safe haven in the long term.

The short term gold price prospects are 'upset' by the market expectations of higher interest rates and a stronger US Dollar. As noted in a previously published article on InvestorIntel, the American economy has gained strength over the past August and should expect the optimistic trend to continue in September. Growth rates in the United States have reached record levels (the best results since the beginning of

President Obama's first term). Meanwhile, the European Union is concerned by the prospects of deflation ahead of an important meeting of the European Central Bank. Both developments have been exercising pressure on gold and precious metal values. The markets are also monitoring the evolution of the Russian-Ukrainian conflict following the announcement of possible sanctions against Russia, in which case they are likely to turn to values that are considered to pose the fewest risks, such as the US Dollar. However, despite all these factors and statistically speaking, September is the month that has favored gold – even if on September 2, it opened on a downward path at USD\$ 1,276/oz.

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.

Goldcorp's total takeover bid of Osisko Mining makes Quebec mining sector the real winner

✘ Contrary to the expectations of many analysts and Osisko Mining (TSX: OSK), gold industry giant Goldcorp (TSX: G) has decided to increase its hostile takeover bid for the smaller player by CAD\$ 1 billion. This means that Goldcorp is officially ready to pay 3.6 billion CAD or 7.65 CAD per share. Evidently, Goldcorp – and its CEO Chuck Jeanne in particular – is confident that taking over Osisko carries considerable benefits for Goldcorp's earnings per share.

Goldcorp's generosity was stimulated by a competing bid by Yamana Gold (TSX: YRI), which, according to the Wall Street Journal, was said to be preferred by Osisko's CEO Sean Roosen. Yamana has offered shares and cash totaling CAD 929.6 million for 50 % of Osisko's mines and exploration assets whereas Goldcorp's bid applies to the entire company. However, Yamana's offer includes capital from two Canadian pension funds and would allow for Osisko's management to keep their jobs and remain in the company's headquarters in Montreal. It is a scenario reminiscent of a scene from the 1987 comedy movie "The Secret of My Success", where management's biggest concern during a takeover bid was whether or not they would keep their existing jobs.

The matter will now be up to Osisko's shareholders, who may care less about the stability of management's jobs and favor the overall clearer conditions inherent in Goldcorp's total takeover bid. This means that the battle will continue. Yamana will likely sweeten its offer further despite the fact that

Goldcorp's managers had warned that there would be no other offers. Nevertheless, the original and formal offer dates back to last January. The additional billion was unsolicited and presented by way of a press release. The Board of Directors of Osisko will therefore meet in the coming days to weigh the pros and cons of this new proposal, stalling shareholders' decision, asking them to wait for their recommendation.

Of course, the bidding war reflects the fact that interest in Osisko Mining and Quebec's Malartic deposit, located in the Abitibi -Témiscamingue, is growing. It represents one of the largest gold reserves in production in Canada with proven and probable reserves of 10 million ounces of gold. This suggests that regardless of the outcome Goldcorp will continue to look for opportunities in Quebec. On Thursday, Charles Jeannes, President and CEO of Goldcorp, said the Company was fully committed to further exploiting the Eleonore deposit in northern Quebec, which should enter service by the end of the year with 2,000 employees. Goldcorp spent almost CAD\$ 2 billion to build Eleanor. Goldcorp will use its investment and commitment to Eleanor as the platform to put pressure on the Government of Quebec – which will be replaced after an election dominated by economic issues – to favor its own bid for Osisko, given its proven record to invest in Quebec, which will come out as the biggest winner from the latest bidding war. Indeed, although mining companies have actually decreased their investments in Quebec in recent months, employment related to the mining sector showed strong growth in 2013.

The bidding war over Osisko is likely the sign of the return of more investment. Gold mining is not even the largest employer; that record is held by the mining of ferrous metals and iron ore and Ferro-niobium accounting for about 22%. Gold mining is second at 20.3%. Despite the decline in metal prices in 2013, mining activities in Quebec remained very strong. According to preliminary data, in 2013, the value of mineral

shipments from Quebec was CAD\$ 8.30 billion, an increase of 3.3 % compared to 2012. The two main substances produced in Quebec remain iron and gold are 34.7 % (CAD\$ 2.88 billion) and 20.4 % (CAD\$ 1.70 billion) of the total value of mineral shipments respectively. In 2014, the government of Quebec predicts that the industry could grow much further due to increased demand for iron ore, nickel and gold. Moreover, Quebec is one of the world's most desirable mining destinations, even if under the leadership of the Parti Quebecois it lost some of its luster. According to the annual global survey conducted by the Fraser Institute to leaders in the mining industry, Quebec fell to 21st place among 112 mining jurisdictions in the world in 2013 while it occupied the top of the world rankings in 2009 – it was in fifth place in 2011 and eleventh largest in 2012. This proves that changes in the Province's mining policy have discouraged investment. The new Liberal government of Premier Philippe Couillard said it would encourage investment in companies related to the mining industry. Couillard, moreover, wants to bring more foreign investors to the mining sector. The Yamana-Goldcorp battle over Osisko will surely contribute to raising that attention.