RESOURCE OPPORTUNITIES

Independent Research for Junior Mining Profits

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By James Kwantes

NexGen Energy (NXE-V)

NexGen has been one of the stories of the TSXV so far in 2016, more than tripling from 72 cents and outpacing a Venture exchange that has itself come alive. The Arrow deposit's maiden resource estimate (MRE) of 201.9 million pounds inferred at 2.63% U308 -- including a high-grade core of 120M lbs grading 13% -- released on March 3 lit the fuse. There are plenty of people with matches standing by, and some of them are already shareholders.

So is it too late for those who aren't shareholders, or who are considering adding to core positions? The short answer is no. And I include myself in that group -- I've been adding to my position in recent weeks as the stock has sold off.

The longer answer touches on how a NexGen takeover might take shape in the months to come. We already know Arrow has made the grade. Uranium concentrations in the deposit are high by Athabasca Basin standards and off-the-charts by global standards -- more than 100X global averages. NexGen used a cutoff grade of .25% U308 for its resource. Had it upped that to a ridiculous 10% cutoff grade, Arrow still contains more than 100 million lbs of uranium. As Cameco's former Chief Mine Engineer Doug Beattie put it in a [CEO.CA interview] late last year, "What NexGen is currently drilling only comes around once every 20 years."

NexGen's VP exploration, Garrett Ainsworth, also discovered the neighbouring Triple R deposit while he was with Alpha Minerals (which was later taken over by JV partner Fission Uranium). So let's assume, for the purposes of this exercise, that NexGen attracts a takeover bid. We'll call this foray into future possibilities Triple S, for size, strategic importance and spinouts.

Size

Arrow is already the largest undeveloped uranium deposit in the Athabasca Basin, the richest concentration of uranium on Earth, and it remains open in every direction and at depth. The deposit is made up of four different mineralized shear zones that run parallel to each other. It starts within 100 metres of surface and has an 820-metre vertical extent, a strike length of 865 metres and a width of 275 metres. Consider: the MRE only includes the 82 holes drilled to the end of October (AR-14-01 to AR-15-62) and NexGen hit on 80 of them. That's a remarkable hit rate, especially using wide spacing of 50 metres.

NexGen is expanding the deposit and upgrading pounds from the Inferred category through an aggressive drill program of stepouts and infill drill holes. And the high-grade hits keep coming for NexGen. Hole AR-16-63c2, announced March 9, intersected 42 metres at 15.2% U308 and another 46.5 metres at 12.99%.

It's been a relative dry spell on the news flow front -- CEO Leigh Curyer, VP Exploration Garrett Ainsworth and IR man Travis McPherson just returned from a marketing trip in China, Hong Kong and Australia. With multiple assays pending, that should translate to plenty of news flow in coming weeks. The Arrow resource should be updated by the fall. Both the pounds and grade will move higher.

And the mineralization extends far beyond Arrow. In its latest news release, issued April 18, NexGen announced a land-based discovery called Cannon about 1.3 kilometres northeast of Arrow, along trend. Eleven holes have been drilled at Cannon and four of those intersected anomalous radioactivity as measured by a handheld scintillometer. There's also the Bow discovery -- which is under a lake -- about 3.7 kilometres northeast of Arrow and along trend.

Strategic importance

The world's uranium giants include some of the largest mining companies, such as Rio Tinto and BHP Billiton. Basin neighbour Cameco is also in this group, as well as state entities including AREVA (France) and Kazatomprom (Kazakhstan). Uranium remains out of fashion, but it's big business for these companies -- the only business, in some cases. That increases the stakes when a unique, growing discovery such as Arrow emerges that holds the potential to fill important gaps in the supply pipeline over the next 20 years.

Mines are a depleting asset and uranium miners are burning through their resources on a continual basis. Call it depleted uranium -- those resources will have to be replaced by discovery or through M&A. Nuclear is a vital source for current and future global energy supply, particularly in a world transitioning away from carbon-based electricity. But there's currently an oversupply, and with the uranium price stuck below US$30/lb, there's not much uranium exploration occurring outside of the Basin. Production is being curtailed, too -- Cameco just shuttered its Rabbit Lake uranium mine.

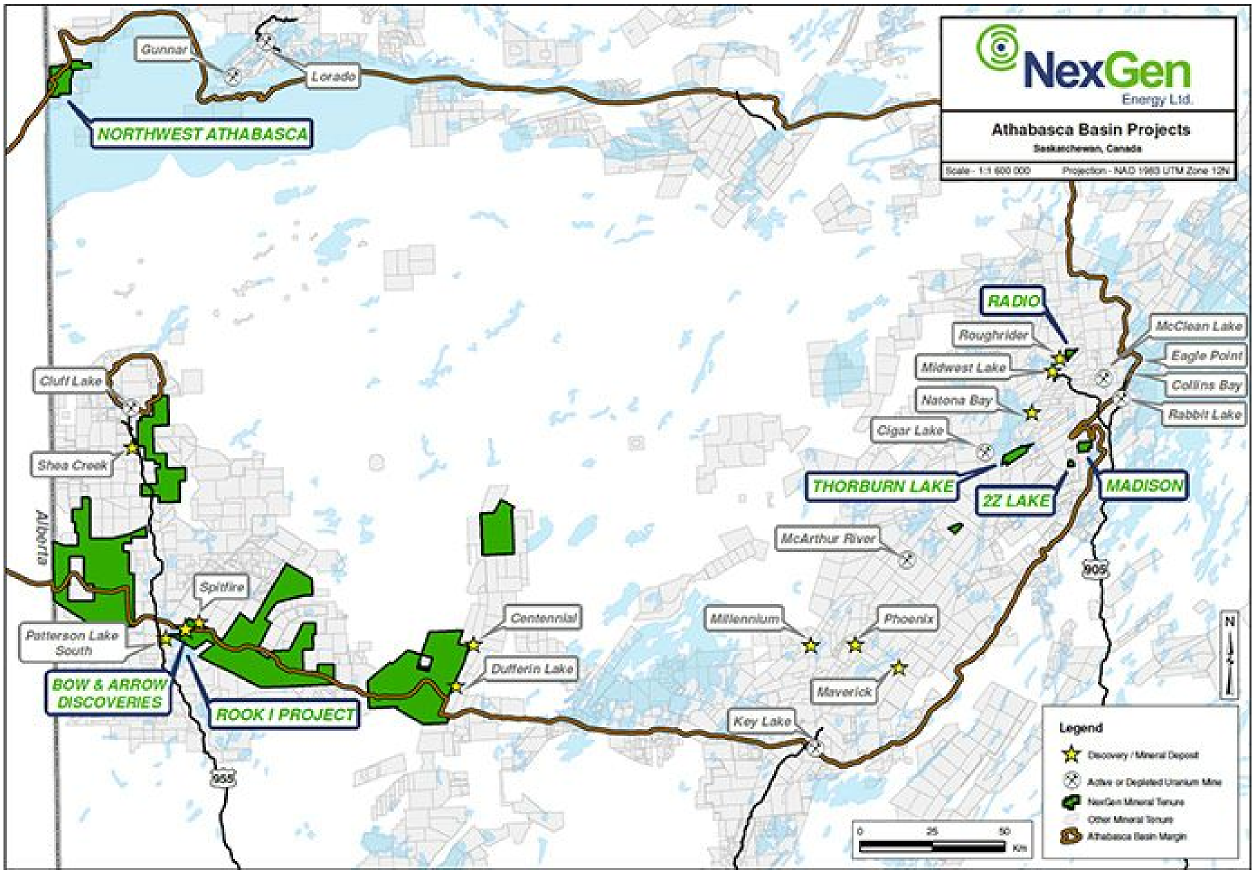
It's too early to describe Arrow as being highly economic -- there have been no economic studies done (the company is targeting 2017). But the deposit's high grade and characteristics -- land-based and hosted in the Basin's friendlier basement rocks, not the wetter sandstone -- pretty much ensure that Arrow will one day be a cash cow for somebody.

That somebody may be Cameco, which -- to be blunt -- needs NexGen. The big miner produces about 18% of the world's supply, most of it from the Basin. But it just shuttered Rabbit Lake, has struggled with cost overruns at Cigar Lake, and will need to find a replacement for its flagship McArthur River mine.

The western Basin, where Arrow is located, has no operating uranium mills. But it's the new frontier for high-grade uranium mineralization and Cameco won't want to miss a shot at becoming a player there. Cameco shuttering Rabbit Lake could be seen as clearing the decks for a run at NexGen. The uranium miner definitely has an eye out for acquisitions -- in 2011 it lost a bidding war with Rio Tinto for Hathor's Roughrider deposit in the eastern Basin, which hosts 40.7 million lbs inferred (11.3% U308) and 17.2M lbs indicated (1.98%). Could there be a repeat of the 2011 bidding war, between the same two players?

Hathor sold for about $650 million, which is roughly NexGen's current market cap (not including warrants and options). Cameco's market cap is about $6.5 billion, so swallowing NexGen -- especially after any kind of bidding war -- could lead to indigestion. I suspect Arrow will become prey for one of the larger companies with uranium businesses, such as Rio Tinto, or go to a consortium that includes a state-owned entity.

An interesting side note: NexGen's Radio property in the eastern Athabasca Basin is 2 kilometres from and on trend with Rio's Roughrider deposit.



Spinouts

It's easy to lose sight of because of Arrow's size, scale and grade. But Arrow is a single deposit in a single mineralized corridor, on a property (Rook 1) that hosts at least seven mineralized corridors. NexGen is one of the largest landowners in the Athabasca Basin, with extensive properties in both the western and eastern Basin.

If and when NexGen is taken over, there will be a spinout. And the spinout could be quite a prize itself. It will likely include a chunk of cash, a healthy Arrow royalty -- perhaps as high as 5% -- and most of NexGen's other properties. If NexGen is purchased by a major and Arrow is put into production, the Arrow royalty alone becomes a valuable asset.

NexGen has about $33 million left to create value with the drill bit and work on environmental and test work in advance of economic studies. The company routinely tops the Venture on volume and papers have been filed for an uplisting to the Toronto Stock Exchange, which should improve visibility. That should happen in the next month.

In the Feb. 4 newsletter, with the stock at 84 cents, I speculated that NexGen's MRE could provide one of the sparks to scare off the junior mining bear. The move since has been remarkable, especially in a stagnant uranium price environment -- one of NexGen's few headwinds.

Resource Opportunities first recommended NexGen shares at 30 cents back in 2013 and has been beating the drum ever since (the stock was at 45.5c when I took over the letter a year ago). If you didn't get in on the run, it's not too late. This story remains in the early chapters despite all that CEO Leigh Curyer and his team have accomplished. The consolidation to the low $2s after a spike to $2.75 is an opportunity to initiate a position, or add to one.

If you own NexGen shares or are considering buying, I urge you to watch CEO Leigh Curyer's presentation March 5 at the Subscriber Investment Summit in Toronto.

Curyer is an accountant by trade and not prone to hyperbole. So one of his comments -- the stock had risen to $1.28 at the time on the heels of the MRE -- stuck with me. "As of Thursday we quickly became the second largest uranium company by market cap, we're still about 23 times less than Cameco. We've got one more to take over and I think we're going to do it. We've certainly got the capability to do it."

Also, watch Tommy Humphreys' interview with Warren Irwin of Toronto hedge fund Rosseau Asset Management, NexGen's largest shareholder. He owns just under 10% of NexGen's stock.

NexGen Energy
Price: $2.25
Shares outstanding: 301.9 million
Fully diluted: 334.6 million
Market cap: $679 million
Cash: $33 million

These are golden days for junior mining speculators and gold's strength has led to "closeology plays" and speculative spikes on drill plays. That hasn't happened in a few years and is another sign that the tide has turned for the yellow metal. Gold's big move in the first quarter caught the attention of even mainstream analysts, and this week's US$54 move confirms the breakout. The global race to devalue currencies should provide something of a floor, as government paper joins gold in the "no-yield club."

Exuberance has returned to the gold market -- there are plenty of gold miners on 52-week high lists -- and that has filtered into TSXV share prices. In this market, the challenge is to find gold plays that have not yet moved with the gold price -- or not moved as much as they should. Prosper Gold (PGX-V) is one of them. Full disclosure: Prosper Gold has a business relationship with Pacific Website Company Inc., CEO.CA's parent company, and I am a consultant to CEO.CA. All other conflicts of interest are disclosed at the bottom of the letter.

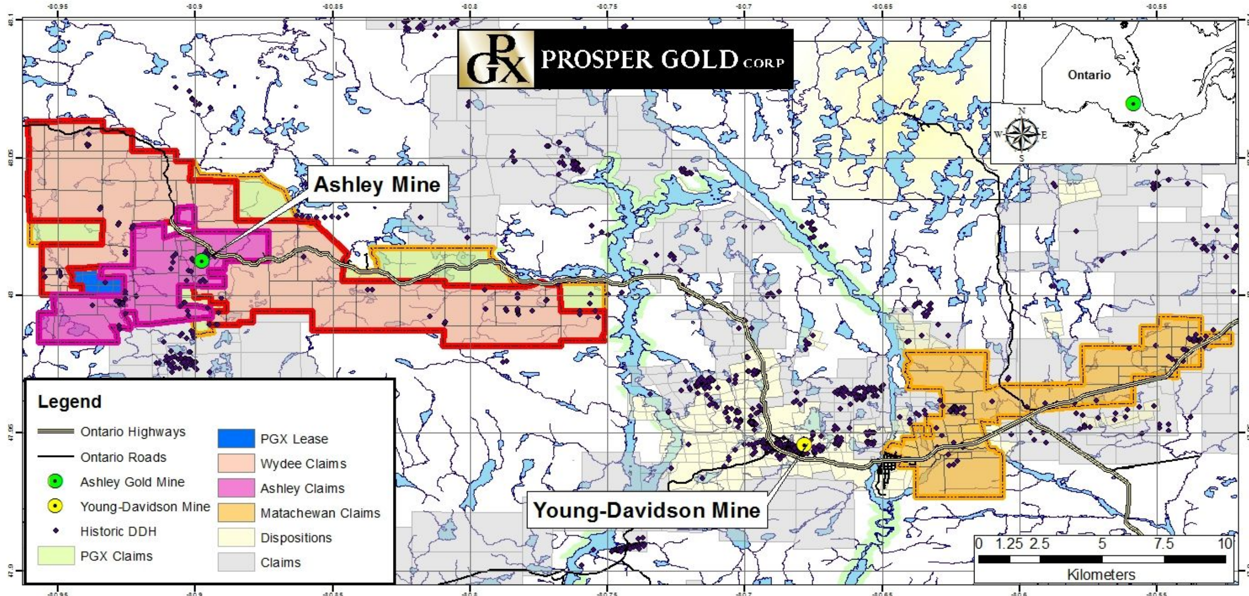
Prosper Gold (PGX-V)
I sent out a subscriber alert on Prosper Gold on the morning of April 11 with the stock at 20 cents. Shares have since hit 30 cents but with just 35 million shares out and a market cap of about $10 million, the stock still offers speculative upside potential.

Prosper Gold is run by the same team -- CEO Pete Bernier and VP exploration Dirk Tempelman-Kluit -- that sold Richfield Ventures and its Blackwater gold deposit in B.C. to New Gold for $500 million-plus in 2011. That was a big win for shareholders -- Richfield spent just $10 million drilling off the deposit, now in New Gold's development pipeline.

Bernier has returned to his roots in Timmins, Ontario with Prosper's purchase of several exploration properties -- starting with the past-producing Ashley mine -- in a neglected stretch of the Abitibi Greenstone Belt. The Ashley mine, in the Cadillac-Larder Lake fault zone, produced about 50,000 ounces of gold from 157,000 tonnes (9 g/t) in the 1930s.

The hometown connection helped make it happen -- Prosper picked up Ashley from four prospectors he knew from his teenage prospecting days. They stepped in when the family that had owned the mine property for several decades -- and done little with it -- lost it.

Prosper then optioned two large land packages from Alexandria Minerals (AZX-V) -- the Wydee claims, which surround the Ashley property, and the Matachewan claims, which lie to the east of Alamos Gold's Young-Davidson mine. The Wydee/Ashley properties have visible gold in outcrops and high-grade vein targets that will be further defined through a grassroots exploration program including soil sampling. Historic grab samples at Wydee have grades as high as 302 g/t, 499 g/t, 565 g/t and 672 g/t gold.



There are also bulk tonnage gold targets, similar to Young-Davidson mineralization. Prosper is planning a drill program for late summer. A cautionary note: with cash of less than $400,000 as of Jan. 31, Prosper will have to raise money soon. But this is a thrifty, incentivized team -- Bernier runs the company out of a Quesnel home office. He and Tempelman-Kluit haven't drawn a salary in two years and they own a combined 27% of shares. As Bernier told me in a phone interview about a month ago, "we just want to go out and find another mine."

The best place to find a mine is in the shadow of head frames, and there are shadows aplenty around Ashley. The closest mine is Young-Davidson, which hosts proven and probable reserves of 3.8 million ounces of gold (2.63 g/t) and another 5.3M oz measured and indicated (2.72 g/t). There are other nearby operations with size and rich grades, including Goldcorp's Porcupine (2.1M oz @ 1.5 g/t P+P, 4.6M @ 1.39 g/t M+I) and Kirkland Lake Gold operations (1.46M oz @ 19.2 g/t P+P, 2M @ 16.8 g/t M+I).

This is speculation with a margin of safety. The Abitibi is one of the world's most prolific gold belts (production of more than 160 million ounces) and it's where Prosper CEO Pete Bernier got his prospecting start. Bernier and Tempelman-Kluit have skin in the game and are hungry to find another gold mine. They have properties with visible gold in outcrops and are in the right neighbourhood.

Prosper Gold
Price: .29
Shares outstanding: 35.1 million
Fully diluted: 44.6 million
Market cap: $10.2 million
Working capital: $400,000

Colombus Gold (CGT-T)
Columbus Gold is another gold play that fits the bill in terms of lagging the move in gold equities. That's despite this week's move from .48 to .55, fuelled by gold's move as well as some nice drill intercepts announced Friday at Eastside, the Nevada exploration project. Hits there included 35.1 metres of 4.1 g/t gold and 19.7 metres of 1.74 g/t.

Columbus's flagship project is the Montagne d'Or gold deposit at the Paul Isnard project in French Guiana, which hosts 3.9M oz of gold indicated and 1.1M oz inferred. Russian producer Nordgold is earning in to a 50.01% interest (for a total 55.01% interest) in Montagne d'Or by spending a minimum US$30 million and completing a bankable feasibility study by March 2017.

There have been some good infill drill results from Montagne d'Or as well, including intercepts of 44.9m of 3.04 g/t gold, 34.1m of 4.44 g/t and 9.3m of 11.5 g/t. The 6,580-metre program was designed to upgrade ounces from Indicated to Measured for the Feasibility Study. Nordgold is funding all work in French Guiana and Columbus earns a 10% management fee.

Columbus CEO Robert Giustra also recently made an aggressive, albeit brief, foray into proxy fight land. Columbus took a 2.675-million share position in Quebec high-grade gold play Eastmain Resources (ER-T) and on March 28 proposed its own slate of directors while demanding leadership change. Eastmain CEO has been run for 20 years by CEO Don Robinson (his wife Catherine Butella is exploration manager) and the company has been developing the Eau Claire deposit for almost as long.

Less than two weeks later, Integra Gold (ICG-V) stepped in with a $6-million financing tied to leadership changes, including a new CEO. So what was in it for Columbus shareholders?

I asked Giustra, and he said entrenched exploreco leadership -- such as at Eastmain -- is partially responsible for the junior mining malaise of recent years. Management teams in companies that have failed to advance quality projects are drawing money away from stronger companies, he asserted.

Giustra said Columbus made some money on Eastmain shares, got some marketing out of the move, and will now have the chance to review Eastmain's company's data. Several companies had been interested in other properties in Eastmain's portfolio, but were rebuffed by Eastmain management, according to Giustra. At the top of the list of interesting properties is Eleonore South, where a nearby intercept of 12.08 g/t Au over 20.3 metres by Sirios Resources' Cheechoo property has sparked a bit of an area play. Eastmain is the operator and owns 38.7% of Eleonore South, a JV with Goldcorp (38.7%) and Azimut Exploration (22.6%) that has been dormant.

Columbus shares have lagged the junior and gold development complex, but Giustra says major shareholder Auplata -- Columbus optioned Paul Isnard from Auplata in 2010 -- is done selling. That should help the overhang on this stock.

Columbus Gold
Price: .55
Shares outstanding: 141.7 million
Market cap: $77.9 million
Cash: $7.5 million as of March 1

Pilot Gold (PLG-T)
The leadership has changed at Pilot Gold, a spinout from Mark O'Dea's Fronteer Gold, and so has the exploration focus. Drilling at Pilot's Kinsley Mountain project, a Carlin-style sediment-hosted property in Nevada, had failed to excite investors in recent years and the stock bottomed at 22 cents in January.

Fast-forward a few months and Pilot has a new CEO, Cal Everett, and a new exploration focus in Goldstrike. The Utah project, which includes a historical open-pit heap-leach mine, was picked up when Pilot acquired Cadillac Mining in 2014 for $7.2 million in shares. Goldstrike produced about 209,000 ounces of gold from an open-pit, heap-leach operation from 1988 to 1996.

I met Everett at O'Dea's Oxygen Capital offices in Vancouver recently and he told me about Goldstrike plans. He's well-familiar with the project from before the time he took over Pilot, as it turns out -- Everett was representing one of the other parties that bid against Pilot for the asset.

Goldstrike is a 96-sq-km property with drill-tested oxide gold occurences throughout that have not been followed up on. Pilot inherited a trove of data -- 20 years worth -- and put together a 3D geological model that is guiding this year's drill program. Pilot has already logged some nice drill intercepts at Goldstrike, including 57.9 metres of 1.19 g/t Au, 35.1 metres of 2.1 g/t and 39.6 metres of 1.01 g/t. The goal of this year's program is to identify mineralization and study metallurgy ahead of a resource estimate expected by year-end.

At least 100 drill holes are covered in the Phase 1 2016 budget, and Everett says the program is open-ended, depending on results. Year-round drilling should provide plenty of news flow this year and be a catalyst for the stock.

Pilot also recently launched a four-hole RC drill program at Kinsley Mountain, the Nevada project where it has delineated 284,000 indicated ounces at 6.04 g/t. Everett told me that while Pilot was successful outlining high-grade gold at Kinsley, they just didn't find enough of it. The Kinsley program is focused on a new IP anomaly.

Pilot's Turkey projects, TV Tower (60%) and Halilaga (40%), are on hold while the company looks at strategic options as geopolitical turmoil intensifies in the country. TV Tower and Halilaga are joint ventures with Teck.

Side note: Everett is also an advisor to Prosper Gold and owns a bunch of shares.

Pilot Gold
Price: .69
Shares outstanding: 125.3 million
Fully diluted: 149.2 million
Market cap: $86.5 million
Cash: $12.5 million

Pure Gold Mining (PGM-V)
I also met with Pure Gold CEO Darin Labrenz, who filled me in on the company's new geological interpretation of what lies under the ground at Madsen, their Red Lake project. Like Goldstrike, Madsen is a brownfield exploration project, which includes a mine that produced 2.5M oz Au at average grades of nearly 10 g/t.

Pure Gold has been hitting some sweet intercepts -- most recently 56.2 g/t over 1.3 metres and 22.1 g/t over 3.5 metres at Russet South, more than 1.5 km away from the main mineralization zones at Madsen. The stock has been on a tear this year, rising from .10 in January to above 50 cents. But there could still be upside. Pure Gold just published a low-capex PEA showing a pre-tax net present value (at a 5% discount) of $104 million and an IRR of 74%, with a 1.6-year payback.

The new geological model could also provide some juice, and more ounces at Madsen. Most of the historic production at Madsen came from the Austin zone, which was mined to depths below a kilometre. Pure Gold's exploration is focused on the parallel McVeigh zone, which was only mined to a depth of 230 metres.

Labrenz says Pure Gold geologists have discovered that the McVeigh is a folded continuation of the Austin horizon, which produced more than 2 million ounces of gold over 36 years of mining. The mineralized shoots of the parallel McVeigh horizon share similar characteristics, including widths and grades, as the Austin horizon. That dramatically expands the exploration potential of the McVeigh, Labrenz says.

Pure Gold Mining
Price: .53
Shares outstanding: 125.3 million
Fully diluted: 149.2 million
Market cap: $66.4 million
Cash: $12.5 million

A few more gold drill plays that haven't kept pace in this bull market. Randy Turner's **Independence Gold (IGO-V)** is an area play adjacent to Kaminak Gold's (KAM-V) Coffee deposit in the Yukon's White Gold district. Kaminak shares have more than doubled in the past year -- to a market cap of $335 million -- as CEO Eira Thomas moved the multi-million-ounce heap-leach project through a Feasibility Study and into permitting. The project routinely tops the list of potential Canadian takeover candidates in the junior gold space.

Independence Gold's Boulevard project occupies ground to the southwest of the Coffee deposit. A discovery hole at its Sunrise zone last summer returned 7.23 g/t gold over 12.2 metres, and subsequent intercepts included 15 g/t over 3.05m and The company just announced a follow-up summer exploration program there targeting the Denali zone, northwest of Sunrise, consisting of 1,500 metres of RC drilling and 500 metres of trenching.

Independence Gold shares have moved from 8 cents to 13 cents in the past year, for a market cap of just $5.7 million. That's less than the company's working capital of $5.8 million as of Dec. 31, including cash and equivalents of $1.57 million. Gold hits this summer should move the stock, as would any takeover bid for neighbour Kaminak Gold.

Independence Gold
Price: .13
Shares outstanding: 43.8 million
Fully diluted: 47.6 million
Market cap: $5.7 million
Working capital: $5.8 million (as of Dec. 31)

Westhaven Ventures (WHN-V)
Westhaven is exploring British Columbia's Spences Bridge gold district, a historic placer gold region that kicked off the gold rush that led to Barkerville and later, the Klondike. A modest 1,500-metre drill program is planned at Westhaven's Shovelnose project and a larger 5,000-metre late-summer program is envisioned at its recently acquired Prospect Valley gold project. Both projects are road-accessible and a few hours up the highway from Vancouver.

Westhaven's CEO, Gren Thomas, is known for diamonds but he's been buying a lot of Westhaven shares in the market -- more than $200,000 worth in the past 3 months. His stake in Westhaven has grown to be bigger than his stake in diamond exploreco North Arrow Minerals, where he is chairman. He's also been keeping Westhaven afloat through the lean years through loans. Thomas owns 31.9% of outstanding shares.

He told me in a phone conversation that both properties have seen little modern exploration, despite evidence of epithermal gold mineralization. Strongbow -- which sold Shovelnose to Westhaven -- drilled 20.2 g/t gold over 12.8 metres at the property in 2005. But with Westhaven operating on a "shoestring," there hasn't been much work done since.

Thomas's son Gareth, a Westhaven director and cofounder, and geologists have been going through data on its Prospect Valley project. The company plans to further narrow down drill targets through a ground program including soil sampling, geochem and mapping.

Westhaven remains on a "shoestring" -- the company is down to about $80,000 -- and a financing is planned to raise money for the Prospect Valley drill program, Thomas told me. The company is a speculation on a neglected gold district and a management team with a track record of discovery.

Westhaven Ventures
Price: .14
Shares outstanding: 41 million
Fully diluted: 58.5 million
Market cap: $5.75 million
Working capital: $80,000

IDM Mining (IDM-V)

Rob McLeod's IDM Mining recently closed a $10.8-million financing for its permitting-stage Red Mountain high-grade gold project in northwestern British Columbia's Golden Triangle. Red Mountain is in the permitting stage, and proceeds will be used for a 5,000-metre underground core drill program to expand and upgrade the resource, as well as for a feasibility study and permitting, environmental and engineering work.

The company's plan is get a small high-grade gold mine operating and expand it using cash flow. A PEA shows $76 million in initial capex (existing infrastructure keeps costs down) and annual production of 55,500 ounces of gold and 177,000 ounces of silver at low cash costs using a 1,000tpd operation. Measured and indicated resources total 441,500 Au ounces and 1,379,800 Ag ounces at average grades of 8.36 g/t gold and 18 g/t silver (3 g/t Au cutoff).

This is ground McLeod knows well -- nearby Stewart is his hometown and the Red Mountain project -- then owned by Lac Minerals -- was the first place he worked as an exploration geologist. Glacial retreat in the years since has opened up new exploration frontiers for IDM.

The company is targeting project approval and a final investment decision for 2017. If that timing works out and the gold price continues to rise, IDM could be hitting a development sweet spot. I expect the stock to rerate as it moves through permitting and development.

Price: .14
Shares outstanding: 219.5 million
Fully diluted: 330.1 million
Market cap: $30.7 million
Working capital: $80,000

Rockhaven Resources (RK-V), Strategic Metals (SMD-V)
Matt Turner's Rockhaven Resources published a PEA on March 1 for its high-grade Klaza project in the Yukon. The PEA -- for a combination open pit and underground mining operation -- showed initial capex of $262 million ($358 million life-of-mine) and a pre-tax NPV of $150 million (after-tax $86M) and pre-tax IRR of 20% (after-tax 14%) at a 5% discount. The PEA shows a 14-year mine life producing about 630,000 ounces of gold, 11.36M silver oz, 51.2M lbs lead and 52.5M lbs zinc.

The devil's in the details, and in the case of Rockhaven's PEA, the details include three expensive underground declines and a 7-year payback on capex. The relatively high capex and less-than-stellar economics are primarily a reflection of the long mine life -- at 14 years, longer than most -- and limits of the current resource. Rockhaven is only scratching the surface of mineralization at its Klaza deposit, but building ounces takes time and money. Metallurgy is not straighforward at Klaza either.

I sold my Rockhaven shares as I believe there are better opportunities elsewhere in this market. The company is into permitting and development work, and will need to raise substantial money to drill more ounces. As it is, Rockhaven is short of cash -- it had $368,300 as of Dec. 31 -- and will need to finance soon.

I like Matt and the Archer Cathro team and I hope they succeed in building a mine at Klaza. To their credit, the Klaza PEA is a serious economic study -- not a marketing document like many of the PEAs published in the junior mining world. I will continue to have exposure to Rockhaven through parent company Strategic Metals (SMD-V), which owns more than 46% of Rockhaven shares and is a superior investment in a gold bull market.

Owning Strategic shares offers the value proposition of potential upside at Rockhaven and exposure to other stronger-performing portfolio companies, including Yukon exploreco ATAC Resources (ATC-V), which is up 144% YTD (Strategic owns 8.6% of shares). In a gold bull market, Strategic shares are a powerful tool for value creation, as the 2010-2011 period shows. Strategic shares traded above $4 in 2011, the year gold hit US$1,900/oz. Strategic shares are near 52-week highs, but the company is still trading at about working capital.

Rockhaven Resources
Price: .195
Shares outstanding: 105.2 million
Fully diluted: 114.7 million
Market cap: $20.5 million
Working capital: $368,300 (as of Dec. 31)

Strategic Metals
Price: .45
Shares outstanding: 86.8 million
Fully diluted: 91.9 million
Market cap: $39 million
Working capital: $39 million (as of Feb. 29)

Morien Resources (MOX-V)
Morien recently announced the receipt of federal and provincial environmental permits for the Black Point aggregate deposit in Nova Scotia, on which it owns a royalty. Morien helped property owner Vulcan Materials, America's largest aggregates producer which is listed on the NYSE, with the permitting and receives an $800,000 milestone payment (for a total of $1.8 million from Vulcan).

But the real prize for Morien shareholders will be the milestone payments and royalties flowing from the Donkin coal mine, also in Nova Scotia. Owner Kameron Collieries, a division of the Cline group, is a private operator so information flow is limited. But Kameron continues to ramp up construction at the Nova Scotia site, including building a power line and wash plant. I expect to get an update in May and will pass that along.

Over the year-to-date and 1-year periods, Morien shares have outperformed those of other Canadian-based royalty plays, including AuRico Metals, Altius and Sandstorm Gold. The stock has appreciated almost 50% in the past year, but bigger gains await when the rerating based on Donkin royalties and milestone payments takes effect.

Morien Resources
Price: .295
Shares outstanding: 54.8 million
Fully diluted: 60.3 million
Market cap: $15.9 million
Working capital: $3 million

Disclosure: I own shares of NexGen Energy, Prosper Gold, Columbus Gold, Independence Gold, IDM Mining, Strategic Metals, and Morien Resources. Prosper Gold and IDM Mining are sponsors of Pacific Website Company Inc., CEO.CA's parent company, and I am a consultant to CEO.CA.

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