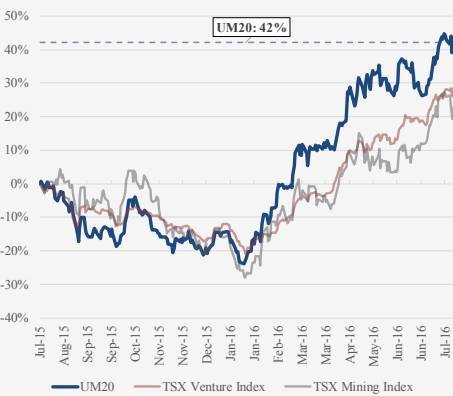


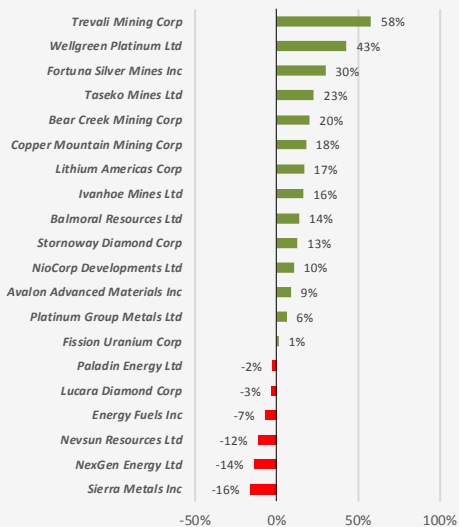
Ubika Mining 20

Jun. 13, 2016 - Jul. 25, 2016

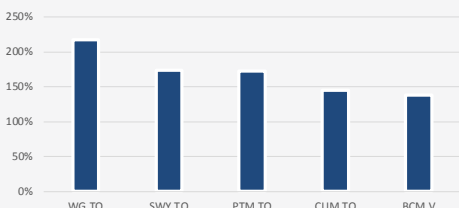
UM20: +6.2% (+42% Y/Y)
 TSX Venture: +7.6% (+29% Y/Y)
 TSX Mining: +13.6% (+23% Y/Y)



Ubika Mining 20: Performance Distribution



Top Volume Gainers (m/m)



Alex Cutulenco | Analyst | Gravitas Financial Inc. | alex@gravitasfinancial.com | 1 (416) 992-6731
 Juri Zguri | Analyst | Gravitas Financial Inc. | juri@gravitasfinancial.com | 1 (647) 712-7838

Precious Metals Begin Slowing Down Amidst Upbeat Financial Markets

The Ubika Mining 20 (UM20) index increased in value by 6.2% since the last issue on June 13, 2016. Precious metals continue its rise upwards following more political turmoil across the globe: gold, silver and copper surged 3.1%, 12.5%, and 10%, respectively during the focus period. Market uncertainties are, once again, stemming from a more-divided Europe. Specifically, investors continue to seek investments with less risk due to more Brexit uncertainties, continued terrorist attacks and, most recently, a failed coup in Turkey that has led to the detainment of over 60,000 residents, and a formal state of emergency.

Industry Highlights

- Gold prices, although, are still up significantly since the last issue of the UM20, but have been trending lower due to an upbeat post-Brexit assessment from the Bank of England. New prime-minister Theresa May has noted that Article 50 (official reassignment from the EU) will not be enacted until 2017. Additionally, risk appetite seems to be growing across markets as firms are delivering stronger-than-expected earnings, moving funds towards risky assets (i.e. stocks).
- The generally more positive sentiment across markets recently has also put pressure on silver prices, falling almost 4% since its highs above \$20/oz. This should come as no surprise for investors as lower volatility means higher yields and less demand for precious metals, which offer a 0% yield and a safe-haven from inflation.
- Zinc prices have shot up 10% in the span of the last 30 days. This is the result of heightened projected demand for the depressed commodity, as well as lower supply following major mine production cuts announced by Glencore and Nyrstar. A surging zinc price has had a huge impact on the TSX' primary zinc constituent and best-performing constituent in this issue of the UM20 – Trevali Mining.
- From a low of ~\$990/oz on June 12, 2016, Platinum has spiked up to near \$1100/oz, representing an increase of 11%. This is a result of global emissions standards continuing to rise, requiring more PGMs. This is especially true in China, where there are an estimated 4,000 deaths/day attributed to air pollution. Platinum is used to reduce harmful emissions as it is resistant to oxidation and high temperature corrosion. It is also a key component in fuel-cell vehicles.
- The 'new normal' Chinese economy continues to drive down industrial commodity prices, such as copper. While demand falls for the commodity, supply is not following. With Chinese growth forecasts remaining in the 5.5-6.5% range, we believe continued suppression of copper prices is on the horizon.

The Group of Outperforming Constituents

Trevali Mining – (TSE:TV)

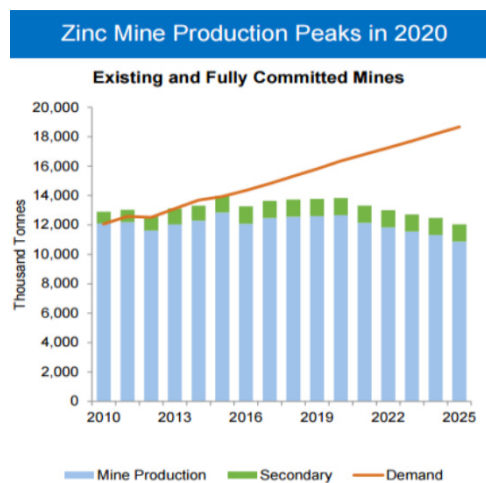
Trevali Mining is in the zinc-lead-silver mining business. It holds approximately four properties in Canada and has an interest in a property in Peru. Its Peruvian property – Santander – is a zinc and lead-silver producing underground mine. This mine operates at approximately the 2000 ton/day mark. Back home in Canada, the Company owns the Caribou mine and mill, the Halfmile mine, and Stratmat polymetallic deposit, all of which are located in northern New Brunswick. Trevali’s focus recently has been to commission the Caribou mine and mill.

The Company has topped the UM20 index during the focus period of June 13, 2016 to July 22, 2016, by surging more than 70%. This came from a series of positive news regarding production in the Santander Mine in Peru, as well as the new commercialized production operation at the Caribou Mine. The Santander reported record output of ~15.2 million lb. of zinc for just 2Q16, recoveries yielding 89%, 87% and 73% for zinc, lead and silver, respectively.

Aside from the 3-year production machine, Trevali has been operating in a relatively safe mining region (Peru), and its Caribou mine in Canada has recently been commercialized. Its Measured & Indicated resources are 1.1 billion lbs. of zinc, 468 million lbs. of lead, and 19.6 million pounds of silver. Its current stage has approximately 3,000 tons/day of Zinc and Lead-Silver concentrates.

We believe Trevali is headed towards further success as a result of its position as the primary zinc producer listed on the TSX, its exclusive partnership with Glencoe, and continual commercialization of its Canadian properties. Finally, demand for zinc continues to rise, and mine production has peaked. The result is higher prices, which should lift the value of Trevali even further.

Figure 1. Historical & Projected Zinc Demand and Mine Supply



Source: Company Filings, Ubika Research

Wellgreen Platinum – (TSE:WG)

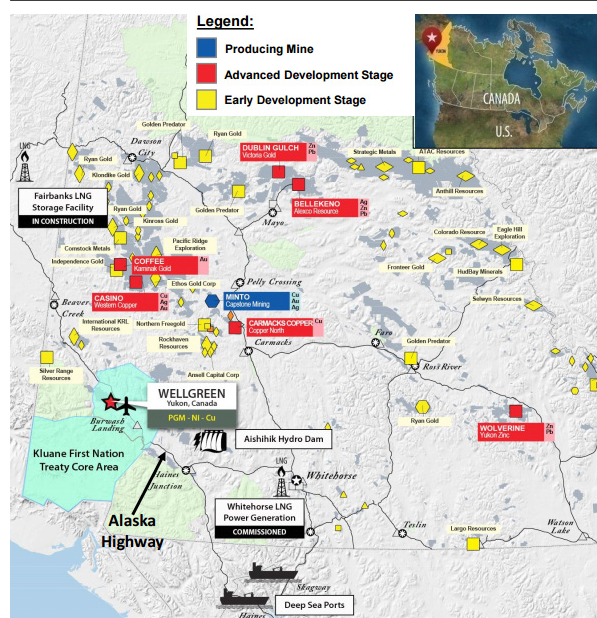
Wellgreen Platinum is in the exploration-stage of mining platinum group metals (PGM) and some nickel minerals. Its current focus is on exploring and developing its Wellgreen PGM and nickel projected located in the Yukon Territory. Its interest also extends into the Shakespeare Property and Baldwin Townships in Ontario. The Company is also involved in Uruguayan properties: Cerro Chato, Molles North, Molles South, Quebracho and Polanco.

Wellgreen Platinum has surged 30% since we last covered them on June 13, 2016. A significant contributor to the rise of Wellgreen is the surging price of platinum over the past 60 days, as mentioned in the industry highlights. On July 8, 2016, Wellgreen announced the closing of its private placement for gross proceeds of \$2M to be used for the development of the PGM-nickel project. Commencement of a drill program has begun as of 3 days after the private placement.

Specifics for the project are as follows:

- Measured & Indicated: 5.1 million oz Platinum + Palladium (split 50/50) and 1.9 billion lb. Nickel
- Inferred: 12.5 million oz Platinum + Palladium and 4.4 billion lb. Nickel
- Initial Capex. Required: \$586 million for 25-year base case mine, utilizing 34% of total resources
- Safe and Supportive Jurisdiction: unlike many PGM projects, Wellgreen is located in Canada, and specifically a territory with strong support from the government and Kluane First Nation

Figure 2. Project Location and Infrastructure Stage



Source: Company Filings, Ubika Research

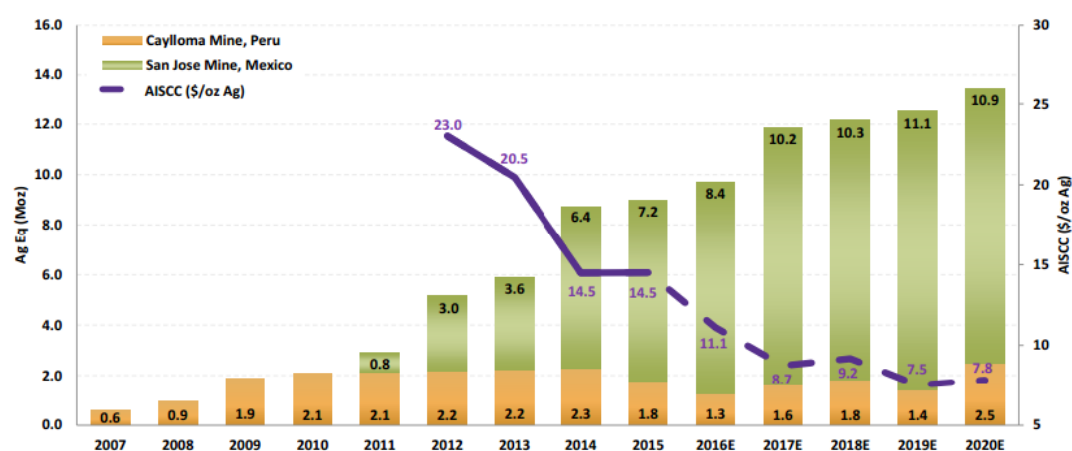
Fortuna Silver Mines – (TSE:FVI)

Fortuna Silver Mines is engaged silver mining across Latin America. The Company operates the Caylloma silver, lead and zinc mine in southern Peru and the San Jose silver and gold mine in southern Mexico. Fortuna produces approximately 1.7 million oz. of silver and roughly 1,160 oz. of gold at Caylloma. At San Jose, the Company produces 4.9 million oz. of silver and over 38,530 oz. of gold.

Since we last covered them, Fortuna Silver has appreciated by more than 35%. Having relatively safe jurisdictions (Canada, Mexico and Peru), as well as low cost silver mines (\$79.4/t and \$57.4/t projected 2016 cash cost for the Caylloma and San Jose mine, respectively). We believe Fortuna Silver is moving forward towards its long-term growth plans.

Aside from the rising silver prices, Fortuna has been benefiting from its primary assets growing at a strong pace. Specifically, while the Caylloma mine is projected to initially reduce production throughout the rest of 2016 (and later ramp up again), the San Jose mine in Mexico is doing just the opposite. Silver production will grow at a CAGR of 10% from 2015-2020, whereas gold production, albeit a bit slower, is projected to rise at a 5% CAGR. In fact, the San Jose mill expansion is expected to reach 3,000 tons/day in July 2016.

Figure 3. Project Location and Infrastructure Stage



Source: Company Filings, Ubika Research

Our view on precious metals is neutral at the moment following upbeat market sentiment across the globe. That being said, we would like to reassure ourselves of such trends before moving towards a certain direction.

Because of Fortuna's heavy dependency on the price of silver and gold, we believe investors should be aware of the headwinds the commodity may face in the near-term horizon. Specifically, silver has experienced a massive surge in price throughout the past few weeks. We believe there may be a retraction following strong employment figures in the US and upbeat commentary in the EU (aside from the Turkish dilemma). With the ECB opting out of a rate cut this summer, and the Bank of England doing the same until perhaps August, we believe the US is finally on track

again for their path forward towards more conventional interest rates. In turn, precious metals investors should proceed with stocks they believe have near-term catalysts

Soft Performers

In this issue of the UM20, while the majority of constituents reported strong returns, we found one mentionable underperformer in the group:

NexGen Energy – (TSE:NXE)

NexGen Energy has fallen 11% in value since June 13, 2016. The Company is in exploration-stage and operations within the uranium space. Similar to copper, the demand for uranium has not been great – the commodity's price has been generally trending downward this year.

About the Index

We believe that there is a lack of high quality, widely available research of promising small cap Canadian companies. To fill this gap, we have come up with various industry reports, such as the Ubika Mining 20, to provide coverage of quality Canadian mining juniors. We hope that our work, meets your investment standard.

Important Disclosure

Smallcappower.com is owned and operated by Ubika Corporation whose divisions include Ubika Research and Ubika Communications. Ubika Corp. is a wholly owned subsidiary of Gravititas Financial Inc. The following terms and conditions ("Terms of Use") govern the use of this website ("site") www.SmallCapPower.com. By accessing this site, you agree to comply with and be legally bound by the Terms of Use as set out herein. Ubika reserves the right to seek all remedies available at law and in equity for violations of these Terms of Use, including the right to block access from a particular internet address to our site.

Disclaimer

Ubika Corporation and its affiliates or partners will seek to provide services to companies mentioned on the smallcappower.com website. Hence, all information available on smallcappower.com should be considered as commercial advertisement and not an endorsement, offer or recommendation to buy or sell securities. Ubika Corporation and its related companies (including its directors, employees and representatives) or a connected person may have ownership/stock positions in, or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time.

Ubika and/or its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities and/or commodities and/or commodity futures contracts in certain underlying companies mentioned in this site and which may also be clients of Ubika's affiliates. In such instances, Ubika and/or its affiliates and/or their respective officers, directors or employees will use all reasonable efforts to avoid engaging in activities that would lead to conflicts of interest and Ubika and/or its affiliates will use all reasonable efforts to comply with conflicts of interest disclosures and regulations to minimize the conflict.

Specifically all companies mentioned or listed as "Analyst Covered Companies" at smallcappower.com and which are shown under the heading "Analyst Covered Companies" on the page: <http://www.smallcappower.com/companies> have entered into a commercial relationship with Ubika Corporation or our affiliates for capital market services and have paid fees and/or shares or stock options or warrants for being featured and mentioned in smallcappower.com. Hence these "Analyst Covered Companies" at smallcappower.com are shown at the website as an advertisement only and any mention of these companies does not and will not constitute an offer to buy or sell securities in the featured companies. Ubika Corporation, its affiliates or partners will seek to provide services to companies mentioned in smallcappower.com website. Hence, all information available on smallcappower.com should be considered as commercial advertisement and not an endorsement, offer or recommendation to buy or sell securities.

Ubika Corporation and its divisions Ubika Communication and Ubika Research (collectively, "Ubika") are not registered with any financial or securities regulatory authority in Ontario or Canada, and do not provide nor claims to provide investment advice or recommendations to any visitor of this site or readers of any content on this site.

The information on this site is for informational purposes only. This site, including the data, information, research reports, press releases, findings, comments, views and opinions of Ubika's analysts, columnists, speakers or commentators, and other contents contained in it, is not intended to be: investment, tax, banking, accounting, legal, financial or other professional or expert advice of Ubika or its affiliates, or a recommendation, solicitation or offer by Ubika or its affiliates to buy or sell any securities, futures, options or other financial instruments, and such information should not be relied upon for such advice. Every user of this site is advised to seek professional advice before acting or omitting to act on any information contained in the site.

Research reports and newsletters have been prepared without reference to any particular user's investment requirements or financial situation. Where reference is made to estimate of value or relative value of a specific company, there is no guarantee that these estimates are reliable or will materialize. Readers of these reports and newsletters are advised to conduct their own due diligence before making any investment decisions. Ubika does not make independent investigation or inquiry as to the accuracy and completeness of any information provided by the Analyst Covered companies. Although the content has been obtained from sources believed to be reliable, this website could include technical or other inaccuracies or typographical errors and it is provided to you on an "as is" basis without warranties or representations of any kind. Ubika and its affiliates make no representation and disclaim all express and implied warranties and conditions of any kind, including without limitation, representations, warranties or conditions regarding accuracy, timeliness, completeness, non-infringement, satisfactory quality, merchantability, merchantable quality or fitness for any particular purpose or those arising by law, statute, usage of trade, or course of dealing. Ubika and its affiliates assume no responsibility to you or any third party for the consequences of any errors or omissions.

Information in this site is subject to change without notice. Ubika assumes no liability for any inaccurate, delayed or incomplete information, nor for any actions taken in reliance thereon.

Ubika, its affiliates and their respective directors, officers, employees, or agents expressly disclaim any liability for losses or damages, whether direct, indirect, special, or consequential, or other consequences, howsoever caused, arising out of any use or reproduction of this site or any decision made or action taken in reliance upon the content of this site, whether authorized or not. By accessing this site, each user of this site releases Ubika, its affiliates and their respective officers, directors, agents and employees from all claims and proceedings for such losses, damages or consequences.

Ubika and its affiliates do not endorse or recommend any securities issued by any companies identified on, or linked through, this site. Please seek professional advice to evaluate specific securities or other content on this site. Links, if any, to third party sites are for informational purposes only and not for trading purposes. Ubika and its affiliates have not prepared, reviewed or updated any content on third party sites and assume no responsibility for the information posted on them.

Ubika and/or its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities and/or commodities and/or commodity futures contracts mentioned in this site.

This site may include forward-looking statements about objectives, strategies and expected financial results of companies featured in this site or where research reports are available on companies displayed and/or featured on this site. Such forward-looking statements are inherently subject to uncertainties beyond the control of such companies. The users of this site are cautioned that the company's actual performance could differ materially from such forward-looking statements.

World Wide Web sites accessed by hypertext links ("hyperlinks") appearing in this site have been independently developed by parties other than Ubika and Ubika has no control over information in any hyperlinked site. Ubika is providing hyperlinks to users of this site only as a convenience. Ubika makes no representation and is not responsible for the quality, content or reliability of any information in any hyperlinked site. The inclusion of any hyperlink in this site should not be construed as an endorsement by Ubika of the information in such hyperlinked site and does not imply that Ubika has investigated, verified or monitored the information in any such hyperlinked site. Should you wish to inquire about creating a link from your World Wide Web site to this site, contact SCP marketing via e-mail at: info@smallcappower.com. for written authorization.

[See our full disclaimer here.](#)