

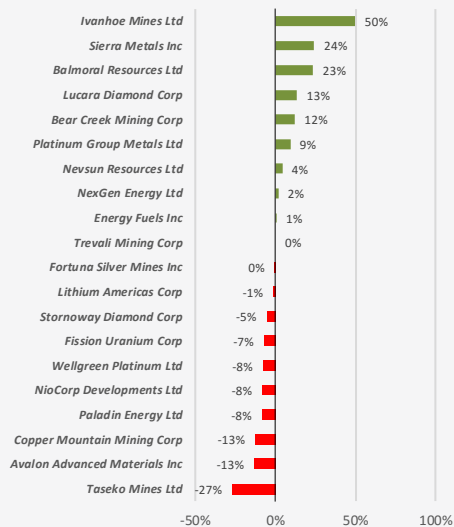
Ubika Mining 20

Jul. 25, 2016 - Aug. 29, 2016

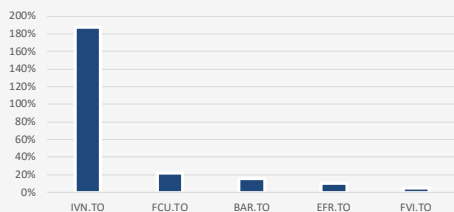
UM20: +6.8% (+76% Y/Y)
 TSX Venture: +5.1% (+48% Y/Y)
 TSX Mining: -0.6% (+24% Y/Y)



Ubika Mining 20: Performance Distribution



Top Volume Gainers (m/m)



Alex Cutulenco | Analyst | Gravitas Financial Inc. | alex@gravitasfinancial.com | 1 (416) 992-6731

Janet Yellen's Improved Outlook on Rate Hikes and Volatility Ahead, as Presidential Election Nears, Have Mixed Effects on the Mining Sector

The Ubika Mining 20 (UM20) index rose 7% for the period of July 25, 2016 to August 26, 2016, beating both TSX Venture Exchange's 5% rise, and TSX Mining Index's 1% drop. For the year, the UM20 has surged an impressive 76%, handily beating the two other benchmarks, with have gained 48% and 24%, respectively.

Gold is up 16.0% over the past year, falling short to Silver's 26.5% gain

Industry Highlights

- The increased investor interest and development within the electric vehicle sector has brought great attention to the essential raw elements that are used in its production, specifically lithium and cobalt. With this macro trend in mind, lithium prices are already at multi-year highs and cobalt is set for a bull run.
- High-grade cobalt prices stand at a range of \$12.10 to \$12.90 per lb, in warehouse, up over 14% from the beginning of June.
- Lithium carbonate spot prices range between \$21 and \$23.50 per kg on a cif China basis, up from \$6-7 per kg last autumn, according to an assessment by Metal Bulletin sister title Industrial Minerals.
- In a much-anticipated speech on Friday, Aug. 26, 2016, at the central bank's annual Jackson Hole summit, Fed Chair Janet Yellen voiced optimism about the economy and an expectation of interest rate hikes ahead.
 - The possibility of a December rate increase, about 50% before Yellen's remarks, moved up to 60.2%, according to the CME Group.
 - Higher confidence for an increase in rates had a positive effect on the gold price.
- The supply and demand dynamics of copper has stayed in surplus in recent months, dropping the price of copper to six-week low prices. Peruvian copper production surged by more than 50% to just under 741,000 tonnes in the first half of the year.
 - Additional supply includes increased production from Freeport's Cerro Verde mine and the ramp-up of the Chinese-backed Las Bambas mine, both in Peru.

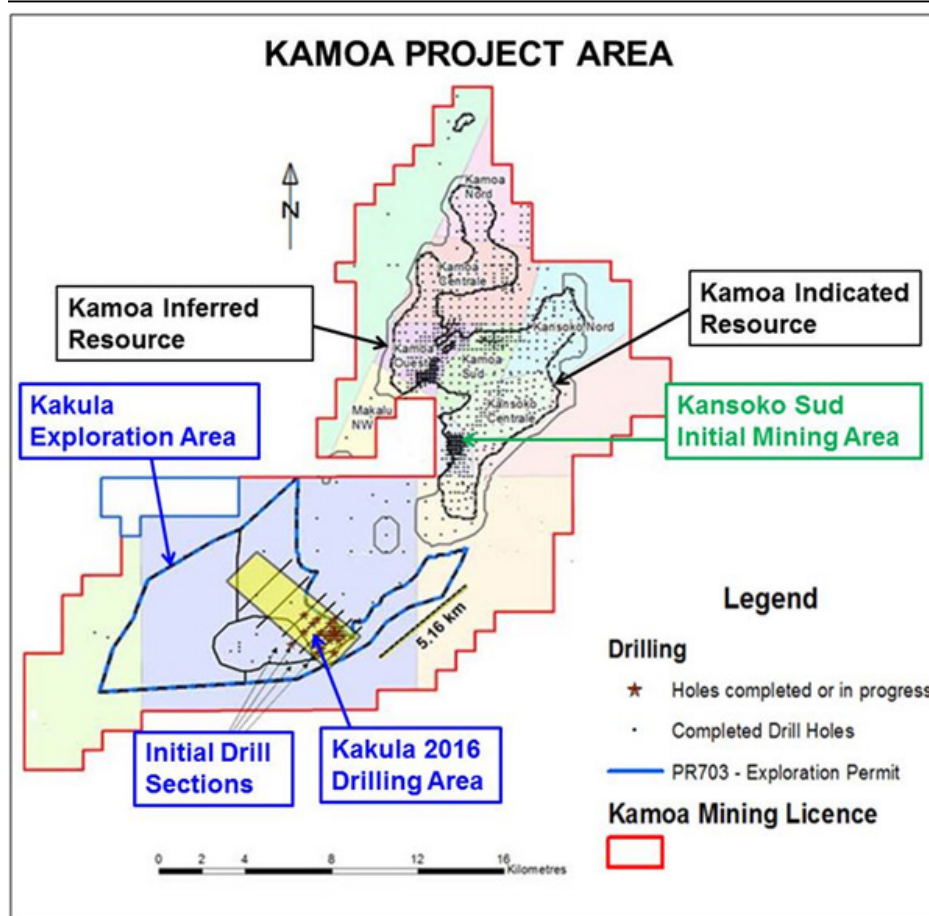
Notable UM20 Winners

Ivanhoe Mines Ltd. (TSE:IVN)

Ivanhoe Mines was the top performer over the past month, as the Company had three impactful news releases in August. As a result, the stock powered 50% higher and now stands at a solid market cap of \$1.3 Billion.

First and foremost, the Company announced assay results from 20 total additional drill holes, as part of the 2016 drilling program at the Tier One Kamoia Copper project in the Democratic Republic of Congo (DRC). “The consistent frequency of thick intersections of exceptionally-high-grade copper mineralization from both infill and step-out drill holes enhances our absolute confidence that Kakula is a game-changing discovery for the Kamoia Project,” said Ivanhoe Chairman and Founder Robert Friedland. The primary objective of the current drilling program at Kakula, which is using seven rigs, is to expand the thick, flat-lying, bottom-loaded zone of very high-grade, stratabound copper mineralization at the southern part of the discovery area.

Figure 1. Kamoia Project map shows the planned initial mining area at Kansoko Sud and the nearby Kakula exploration and discovery area



Source: Company Filings, Ubika Research

Highlights of the drill program confirm the exceptional grades and shallow, flat-lying geometry of the Kakula mineralized zone, including:

- DD1016 intersected 8.75 metres (true width) of 9.84% copper at a 3.0% copper cut-off, beginning at a downhole depth of 362.0 metres; 9.27 metres (true width) of 9.11% copper at a 2.5% copper cut-off; 10.22 metres (true width) of 8.49% copper at a 2.0% copper cut-off; and 18.78 metres (true width) of 5.32% copper at a 1.0% copper cut-off.
- DD1020 intersected 5.29 metres (true width) of 10.33% copper at a 3.0% copper cut-off beginning at a downhole depth of 424.0 metres; 6.29 metres (true width) of 9.15% copper at a 2.5% copper cut-off; 6.29 metres (true width) of 9.15% copper at a 2.0% copper cut-off; and 7.61 metres (true width) of 7.81% copper at a 1.0% copper cut-off.
- DD1021 intersected 8.34 metres (true width) of 7.82% copper at a 3.0% copper cut-off, beginning at a downhole depth of 377.0 metres; 9.31 metres (true width) of 7.31% copper at a 2.5% copper cut-off; 12.32 metres (true width) of 6.11% copper at a 2.0% copper cut-off; and 16.79 metres (true width) of 4.86% copper at a 1.0% copper cut-off.

Additionally, the Company released Q2/2016 results, reporting a much lower comprehensive loss of \$4.5 million vs. \$14.6 million in Q2/2015.

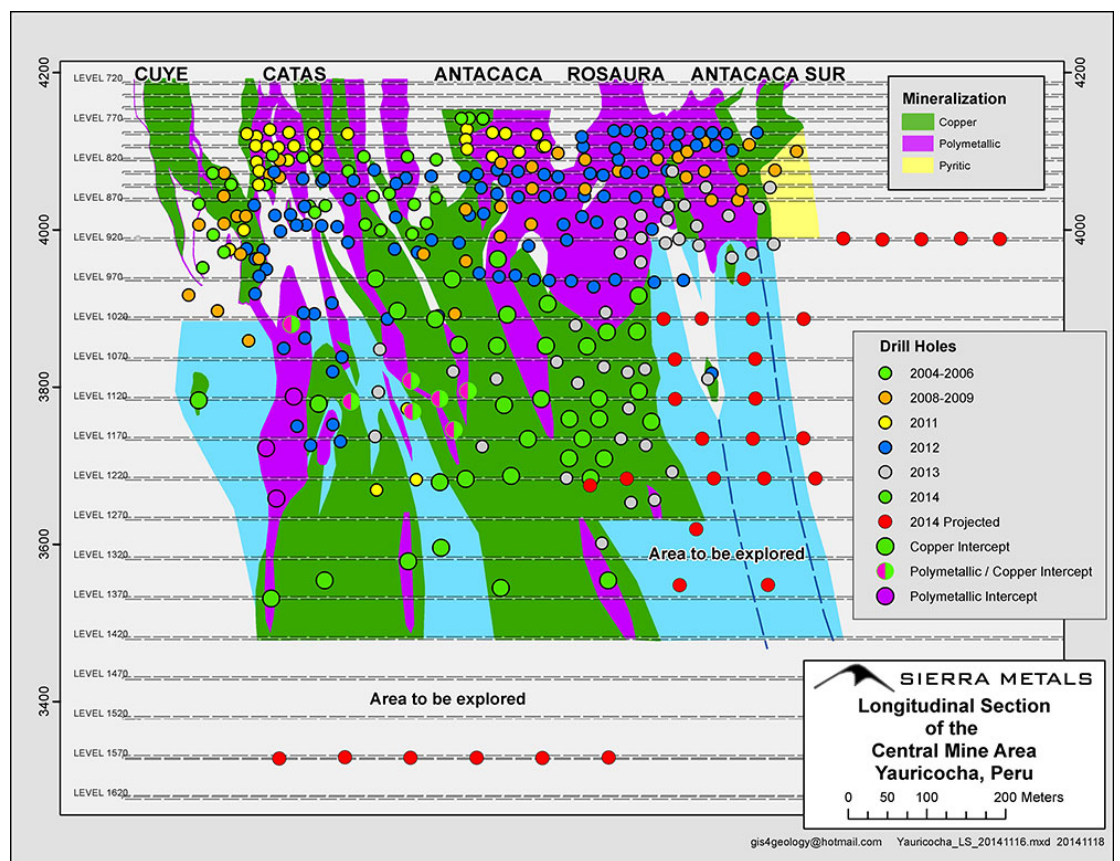
Sierra Metals Inc. (TSE:SMT)

Sierra Metals, a newer addition to the Ubika Mining 20, appears as the second best performer for the month, as the stock surged 24% on a positive corporate update filed on August 15th, and an updated resource and reserve estimate for its Yauricocha mine in Peru.

Sierra is nearing the completion of the first phase of its operational improvements program at the Yauricocha Mine. In the second quarter of 2016, the Company saw a production increase of 24% despite only a 4% increase in throughput compared to Q1 2016. The Company's focus on the production of higher-quality NSR tonnage, along with the upturn in metal prices, has contributed to a significant increase in revenues and adjusted EBITDA in Q2 2016, versus the previous two quarters.

Consolidated Yauricocha Proven and Probable Mineral Reserve estimates now total 3.8 million tonnes, with a grade of 61 g/t Ag, 0.84% Cu, 1.15% Pb, 2.92% Zn and 0.62 g/t Au. The Measured and Indicated resource totals 7.9 million tonnes, while the Inferred resource totalled 3.7 million.

Figure 2. Longitudinal Section of the Yauricocha Mine, Peru



Source: Company Filings, Ubika Research

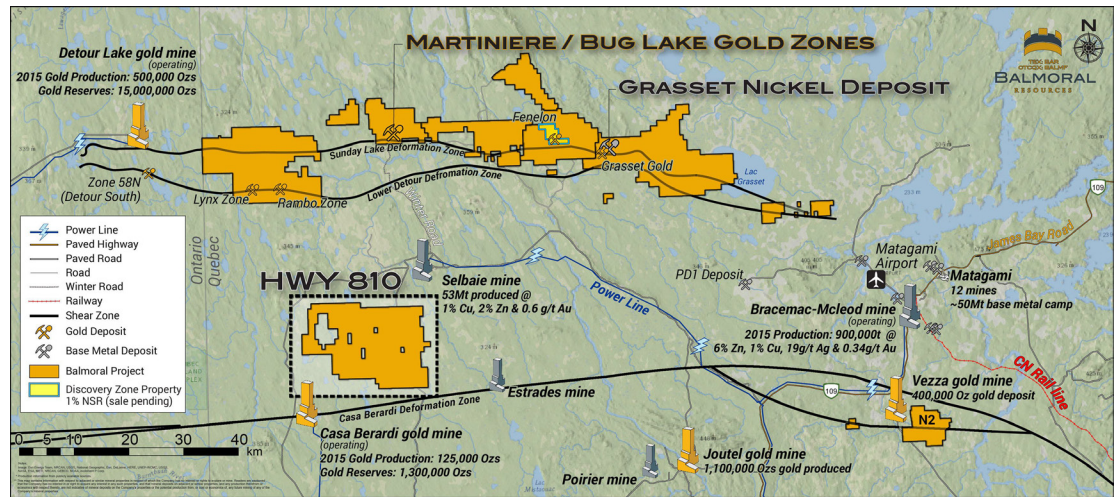
Balmoral Resources Ltd. (TSE:BAR)

Balmoral Resources is another top performer of the UM20 index, rising 23% over the month. The Company reported solid drill results from the program at its Northshore property in Ontario. Additionally, Balmoral announced an acquisition of a new gold project in West Central Quebec.

The newly-acquired project, Hwy 810 Property, covers an area of over 250 square km and is centered 15 km northeast of Casa Berardi, and 35 km south of Balmoral's Bug Lake and Martiniere West gold deposits.

Like the Company's Detour Trend Project to the north, historic exploration on the Hwy 810 Property appears to have predominantly focused on the base metal potential of the area with only minor effort directed toward structurally-controlled gold targets similar to Detour, Casa Berardi and the Martiniere discoveries. Balmoral does not anticipate that the acquisition of the Hwy 810 Property will significantly impact its summer/fall 2016 budget, with initial target testing on the property likely to take place during the winter 2017 season.

Figure 3: Hwy 810 Property



Source: Company Filings, Ubika Research

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