



# Ubika Gold 20

September 19, 2016



## Ubika Gold 20

August 15, 2016 - September 19, 2016

UG20: -7.2% (+81% Y/Y)  
 Gold: -2.2% (+15% Y/Y)  
 TSX Gold Index: -14.2% (+80% Y/Y)

*Dollar amounts in CAD unless otherwise stated.*



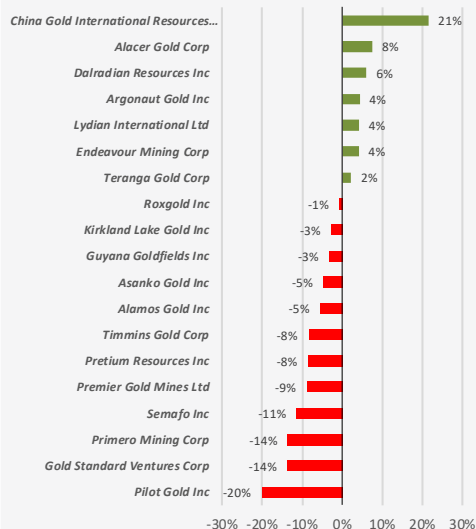
## UG20 Slightly Down as Gold Drops 2%

The UG20 lost roughly 7% of value over the August 15, 2016 to September 16, 2016 period. Concurrently, the price of gold was down by 2%, and the TSX Gold Index, UG20's most closely watched benchmark, has fallen by 14%. On an annual basis, the UG20 is outperforming both benchmarks, with a return of 81%.

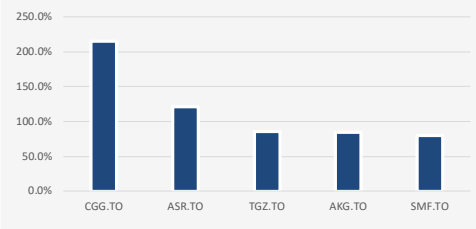
### Industry Highlights

- The price of gold has eased 2.2% from August 15<sup>th</sup> to September 16<sup>th</sup>, but throughout the time period has remained relatively consistent fluctuating between \$1,310.90/oz and \$1,354.30/oz.
- Operations have been halted at Barrick Gold's Veladero mine in Argentina after a cyanide spill was reported on September 8th. Earlier this year, Barrick was ordered to pay a fine to a tune of just shy of \$10 million for a cyanide spill at the same mine almost exactly one year ago today. This is bad news for Barrick and Argentina as Veladero is one of the country's largest gold mines, having produced 602,000 ounces last year.
- Now eight weeks away from the November U.S Presidential elections, Donald Trump is slowly gaining in the polls and sits less than 2% back of Hillary Clinton. Over the coming weeks you can expect uncertainty to start to rise in the markets, pushing investors into gold and increasing its value.
- Recently, on September 12, Barrick Gold and Cisco announced a partnership to integrate state of the art digital technology into Barrick's operations. This is exciting news as Barrick looks to digitize its entire operations, which will lead to a more efficient, environmental-friendly and safer mining company that will hopefully be the posterboy for an industry that has long needed a makeover.
- September's release of Canadian jobs date showed a 26,000 job increase for August, almost completely offsetting July's decrease. Stats Canada also saw the unemployment rate rise as more individuals participated in the job market. This, along with the Bank of Canada holding the interest rate in expectation of a rebound in the Canadian economy, could be a sign that the contracting economy may make a turn by year end.

### UG20: Performance Distribution



### Top Volume Gainers (m/m)



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## Notable Outperformers

### China Gold International Resources Corp Ltd (TSE:CGG)

China Gold is a gold and base metal mining company that focuses on the acquisition, exploration and development of mineral properties. China Gold's focus is on two mines: its CSH and Jiama mines in Asia. Over the past month, China Gold's stock climbed 22%, taking the top spot on our index.

One of the main reasons that can be identified for the large increase in stock price through this period is the diversity in minerals that China Gold produces. As gold spiked on September 1<sup>st</sup> it was followed by the rise of copper and the recent spike in the price of copper on September 14<sup>th</sup>, ultimately offsetting the slight decrease in gold.

More good news came for China Gold in September as well, with Standard and Poor's Rating Services reaffirming the Company's investment grade rating of BBB for long-term corporate credit. This rating will play nicely for China Gold as it completes its mine expansions and looks for further loans and investment to ramp up production and exploration efforts.

Although China Gold saw a net loss for its Q2 operations, the Company has a lot of opportunity as it finishes fine tuning the first phase of expansion at its Jiama Mine. This is set to be commissioned December 1<sup>st</sup>, and hopes to have the construction of Phase Two finished by the end of 2016. These upgrades will improve the capacity of the processing plant from 6,000tpd to 28,000tpd and then 50,000tpd, respectively, as the expansions come online.

Figure 1. Resource Map



Source: Company Filings, Ubika Research

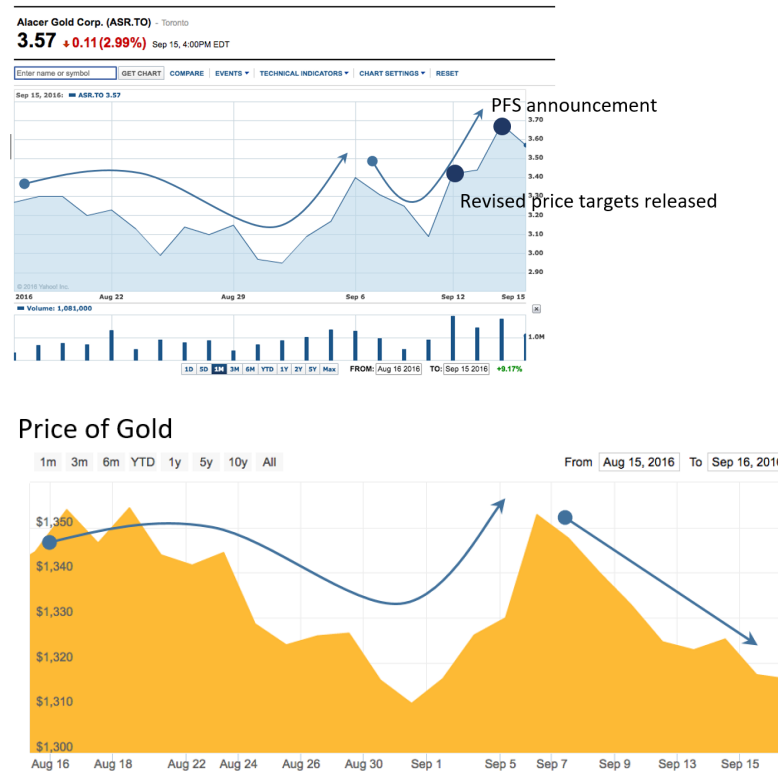
## Alacer Gold (TSE:ASR)

Alacer Gold is an intermediate gold miner, which explores, develops and operates mines in Turkey. The main metals that Alacer mines are gold, copper and silver, with main interests in the Coper mine in Turkey, however it has interests in multiple prospects and projects in the area that it is pursuing.

Over the course of this past period, Alacer's stock movement can be mainly attributed to the movement in the price of gold. However, on September 10th, 3 of 4 analysts had revised their price targets for the miner, so sentiment concerning the stock was strong and you can see the market react positively when it opened up on Monday the 12<sup>th</sup>.

In addition, on September 13, there was a spike in price as the Company announced positive results from the Prefeasibility Study (PFS) for its 50% owned Gediktepe Project in Western Turkey. For the project, total payable metals are 400,000 oz of gold, 8 million oz of silver, 315 million lbs of copper and 780 million lbs of zinc. In total that's 1.8 million ounces of gold equivalent to be split between Alacer and its partner Lidya Mining. This presents a large growth opportunity for Alacer and you could see more growth as news is released on the next steps of the project.

Figure 2. ASR Stock Price vs. Price of Gold



Source: Yahoo Finance, Ubika Research

### Pilot Gold Inc. (TSE:PLG)

Pilot Gold is a gold discovery company, driven by its proprietary “Science of Discovery,” which is both a philosophy and a practice. The Company acquires, explores and develops mineral properties in the United States and Turkey. Unfortunately, Pilot Gold’s stock fell 19% over the past month and claimed the spot on the bottom of our index.

There was some positive movement in the stock at the beginning of August on the 4th, and at the end of August on the 31<sup>st</sup> as the Company released drill results from its Gold Strike project in Utah.

However, for this period a major factor in the current stock price of Pilot Gold is the price of gold falling over the course of the period. As the drill results were not outstanding and the higher grade drill samples were over very short distances, the gains were overshadowed by the falling price of gold.

Figure 3. Pilot Gold’s August 31st Drill Results

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#### GOLDSTRIKE MAIN ZONE

Current drill highlights include:

- **0.43 grams per tonne gold (g/t Au) over 10.7 metres (m) and 1.10 g/t Au over 3.0 m** in PGS092
- **0.67 g/t Au over 9.1 m** in PGS095
- **0.90 g/t Au over 18.3 m including 1.32 g/t Au over 7.6 m** in PGS096
- **1.08 g/t Au over 45.7 m including 3.06 g/t Au over 6.1 m** in PGS097
- **0.68 g/t Au over 29.0 m including 1.61 g/t Au over 4.6 m** in PGS098

Source: Company Filings, Ubika Research

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