

Ubika Mining 20

October 3, 2016

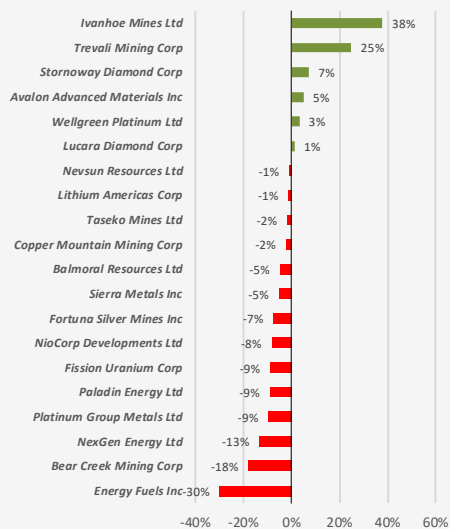
Ubika Mining 20

Aug. 29, 2016 - Oct. 3, 2016

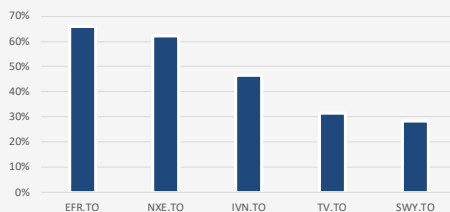
UM20: -2.8% (+74% Y/Y)
 TSX Venture: -0.7% (+38% Y/Y)
 TSX Mining: +3.1% (+52% Y/Y)



Ubika Mining 20: Performance Distribution



Top Volume Gainers (m/m)



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Ubika Mining 20 Index Relatively Flat, Yet Ivanhoe and Trevali Still Made Big Gains On Great Drill Results

The Ubika Mining 20 Index (UM20) fell 2.8% over the past month (August 29th - October 3rd), slipping more than the TSX Venture composite, which was down by 0.7%. The TSX Mining Index, meanwhile, rose 3.1% over the same period. However, this month's performance is just a blip on the radar, as the UM20 is blowing past both benchmarks on a 52-week basis, gaining 74%, relative to the 52% and 38% gains for the TSX Venture Index and TSX Mining Index, respectively.

With the first ever Mines and Money conference this past week, September 26th-28th, in Toronto Ontario, we saw at least 48 companies with presentation booths as well as expert presentations and panel discussions on the current and future state of the mining industry. Catch those insights here and on our website over the coming days.

Industry Highlights

- Cobalt seems to be many experts' favourite for the next metal boom (recent article here). Cobalt is a major component of lithium ion batteries, as 49% of cobalt's demand is used in batteries.
- World renowned mining expert Robert Friedland, Executive Chairman and Founder of Ivanhoe Mines, told the Mines and Money crowd that platinum demand driven by fuel cell technology will be the future. A fuel cell for a standard car will use approximately 1 ounce of platinum.
- September 12th saw a monumental deal made as Potash Corp and Agrium agreed to a merge, creating a global agricultural giant worth an estimated US\$36 billion. PotashCorp shareholders will receive 0.4 of a share in the new company for each common share of PotashCorp they own, while Agrium shareholders will receive 2.23 shares for each Agrium share they own.
- You may not need to worry about falling lithium prices as an expert panel discussion from the Mines and Money Americas felt that the value of the metal will rise again. Anthony Milewski VP, Investment Team from Pala even stated that, "analysts have completely under projected demand, and we'll see it far exceed expectations." (CEO of Avalon Advanced Materials thinks so as well, see his video here)
- Metal Prices have remained relatively flat with only slight growth
 - Copper prices are up just below 5% to \$2.19/lb, from \$2.09/lb a month ago.
 - Nickel is up just over 7% to \$4.74/lb, up from \$4.41/pound a month ago.

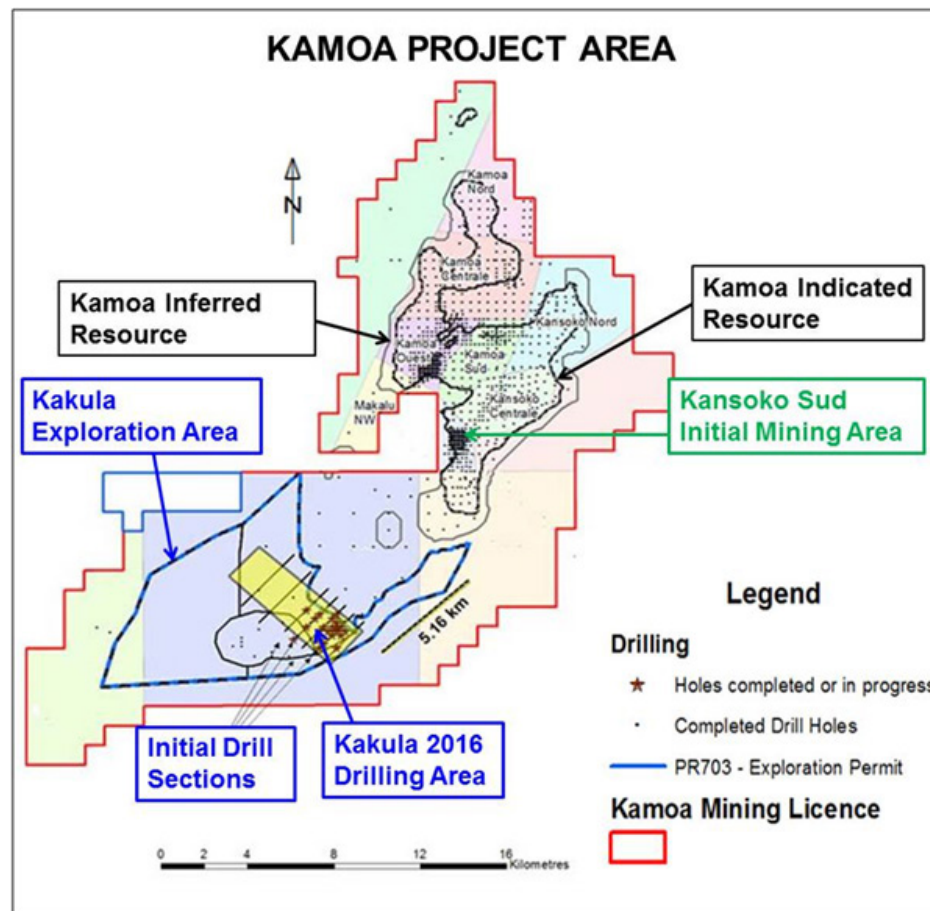
Notable UM20 Winners

Ivanhoe Mines Ltd. (TSX:IVN)

Ivanhoe Mines is a mineral exploration and development company with interests in three projects, in South Africa and the Democratic Republic of Congo, focusing on copper and platinum group metals. Once again, Ivanhoe Mines has topped our list, increasing shareholder value by 38% over the past month.

There has been a number of very positive events for Ivanhoe over the past month that have led to the overall increase in share price. Firstly, Ivanhoe was added to the S&P/TSX Composite Index, effective September 16th, which boasts the largest companies on the TSX by market capitalization and liquidity. As Ivanhoe advances its three projects closer to production this will broaden its reach to investors and improve liquidity.

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

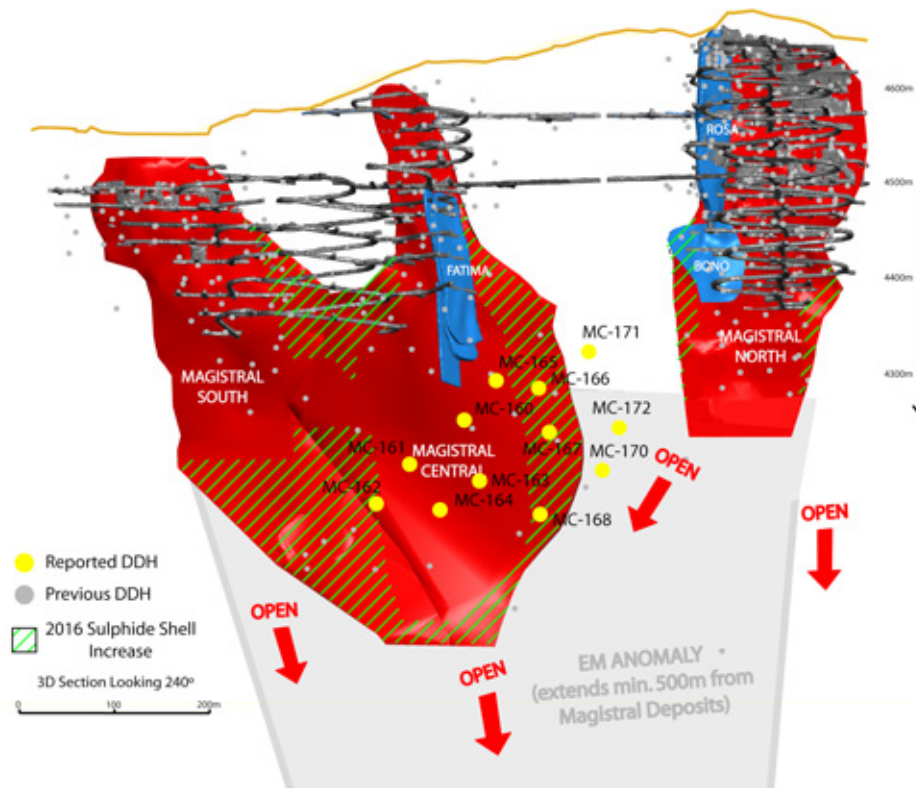
Near Ivanhoe’s Kamoia Copper Project, the first of six turbine generators at the Mwadingusha hydropower plant began supplying 11 megawatts (MW) of the expected 71MW of energy that the entire will plant produce once upgrades are finished. Ivanhoe, in partnership with Zijin Mining Group and the government of the Democratic Republic of Congo’s state-owned power company, La Societe Nationale d’Electricite (SNEL), are upgrading and modernizing the plant that was built in the 1930s. This is significant for Ivanhoe and the Kamoia mine as it will supply continuous and reliable energy for production.

In addition, Ivanhoe recently announced more high-grade copper results from ongoing drilling at the Kakula Discovery on the Kamoia project property. Drilling has expanded the high-grade deposit to at least 3.5 kilometers in length, highlighted by cores that contained 11.9metres of 6.2% copper, 17.9m of 5.8% copper, 13.1m of 4.3% copper and 14.0m of 4.7%.

Trevali Mining Corp. (TSX:TV)

Trevali Mining Corporation is a Canadian-based natural resource company that engages in the exploration, development and production of mineral resource properties in Canada and Peru. Trevali Mining had a great month, increasing its shareholder value by 25% to grab the second spot on our Ubika Mining 20 Index.

Figure 2. Trevali’s Expanded Deposit



Source: Company Filings, Ubika Research

The big story for Trevali came on September 21st, with the expansion of its high-grade zinc-lead-silver mineralization and the discovery of a new zone at its Santander Zinc Mine in Peru. Through its current underground drill program, it announced that 90% of the 12 holes completed have returned samples with materially higher zinc grades than most current operations, which typically range from 4-4.5%. The most notable grades sampled were 24.25 meters of 5.57% zinc, and 2.86 g/t silver; 16.55 meters of 13.8% zinc, 4.6% lead, and 3.3; 11 meters of 16.3% zinc, 6.7% lead, and 4.4 g/t silver. These results extend sulphide shell mineral resource base significantly.

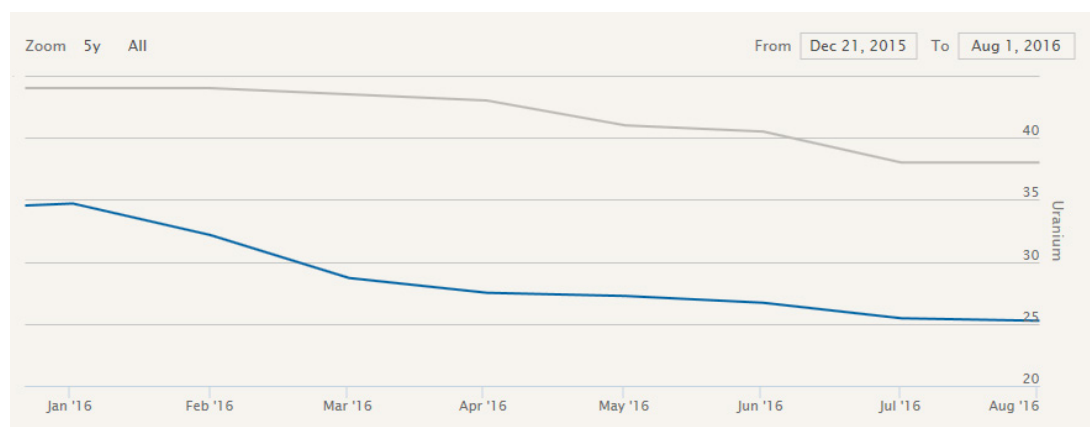
Energy Fuels (TSX:EFR)

Energy Fuels is a uranium exploration and extraction company with conventional and in situ deposits in the United States. Unfortunately Energy Fuels has fallen 30% over the last month and grabs the bottom spot on the Ubika Mining 20 Index.

Overall it's a tough time for uranium producers as spot, and long-term uranium prices continue to drop, causing the value of uranium companies to follow. Spot prices have been on an eight-month decline, dropping almost 29% since January 2016, when the metal was \$34.70/lb to the September spot price of \$24.75/lb. Long-term prices are down at \$38/lb versus the \$44/lb that they started the year off at.

These weak prices have caused Energy Fuels to approve a revised business plan that they announced on September 12th. The new plan will see production drop from 950,000lbs in 2016 to 800,000lbs in 2017, compared to the 11.5 million pounds per year that they are licensed to produce. One positive note looking forward is that 65% of the production for 2016 and 2017 is contracted at prices above current market levels.

Figure 3. Uranium Prices



Source: asianmetals.com

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